Labour market analysis in the commerce sector: which are the key challenges and factors of change?

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Executive summary

Objectives of the study

*"The retail and wholesale services sector is **one of the most important sectors in the EU economy** and should play an important part in stimulating growth and job creation under the **Europe 2020 strategy**"* stated a press release of DG Growth of the European Commission in 2013. However, as recognised by different actors in the sector, descriptive and data driven analysis of these drivers of change and their impact on the sectoral labour market is needed. Following both the Global dialogue of April 2015 as well as the advice of the sub-groups of the High Level Group for Competitiveness of the Retail sector, EuroCommerce and UNIEuropa decided to jointly carry out a European study in order to address this gap. The aim of this European study is to gain a better understanding of the impact of current core trends regarding employment and work arrangements in the commerce sector across different member states in Europe.

This report provides a structured and comprehensive insight into the following research topics:

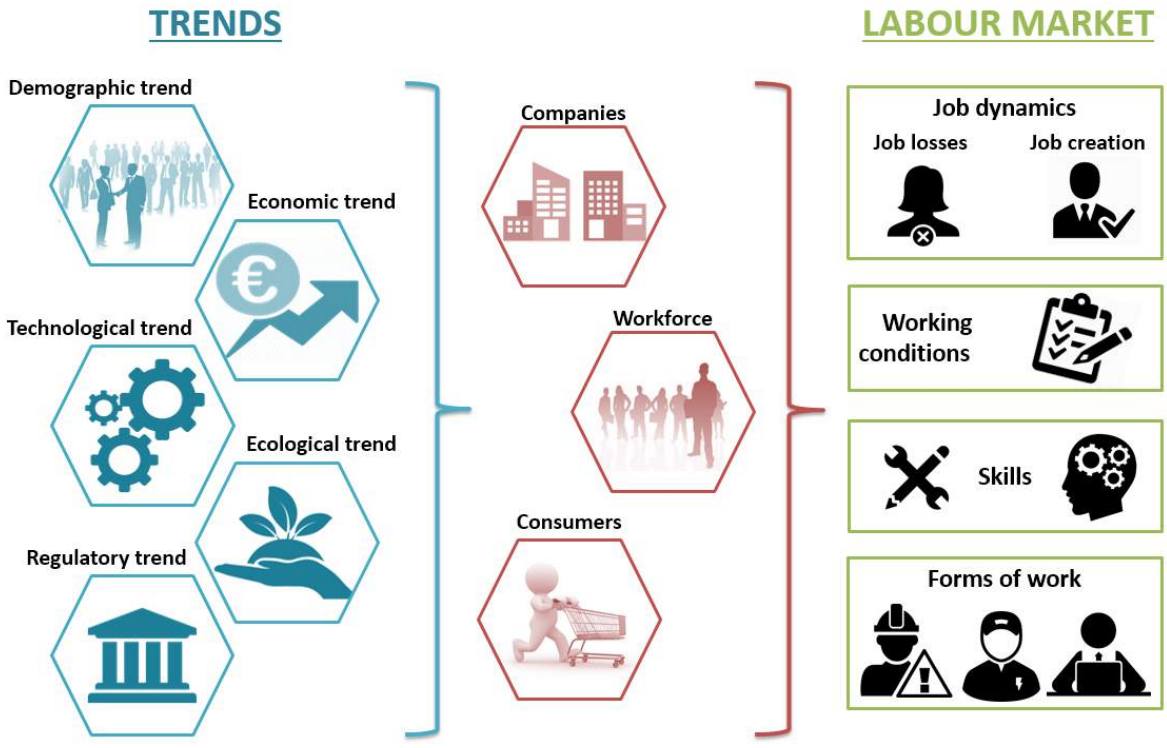
- Structure and major trends in the EU commerce sector
- Labour market analysis and changing forms of employment and work arrangements
- Industrial relations

The outcome of the study assists in promoting and further developing European social dialogue at sectoral level since it provides descriptive and data driven information that can nourish a consensus based approach between the EU social partners (and their members).

Methodology of the study

These objectives were translated into an analytical framework that underlies the structure of this study. More specifically, five clusters of trends were identified through various methods of information gathering, having impact on companies, workforce and consumers within the European commerce sector. This in turn affects the labour market.

Within the scope of this study, the focus lays upon resulting working conditions and forms of work. The effect on job dynamics and skills is mentioned where relevant, but those aspects of the labour market will be treated in a parallel study and hence were not analysed in depth here.



While the causal line between trends, sector and labour market looks rather straightforward in the above figure, it is important to note that in reality, trends and their effects are highly interconnected.

In order to achieve these objectives, the study was conducted on the basis of the following methodological steps:

- Desk research through literature review of several main sources;
- Additional qualitative data through 6 in-depth interviews with experts
- Data collection and analysis
- A country case analysis with ten EU countries
- A workshop with national representatives where the additional information is collected and validated

Structure and trends in the EU commerce sector

Commerce is an important sector for Europe, both in terms of economic size as well as in terms of societal impact. In total, one third of all enterprises within the European non-financial business economy are active in commerce, representing mainly small to medium size retailers and wholesalers that serve local markets. Moreover, as commerce represents an act of exchange between manufacturers, wholesalers, retailers, governments, other businesses, consumers and citizens, a wide range of actors are affected by the sector.

Several trends drive changes affecting both the structure and labour market of the sector. The rise of digitalisation and e-commerce, evolving demographic patterns and consumer demands, changing technological capacities, increasing pressure on natural resources and ecological concerns, intensification of globalisation and hence increasing pressure on efficiency gains cause amongst others a flourishing diversity of business models, product assortments, ownership and management forms within the sector. The traditional clear distinction between actors in wholesale and retail increasingly turns into a more complex relational network of enterprises active in distributive trades, making existing sectoral delineation subject to discussion.

We have distinguished 5 broad clusters of trends that affect the labour market of the commerce sector;

1. Changes in the demographic structure of Europe's' population such as ageing and diversifying national and cultural backgrounds create challenges concerning retention and attraction of both young and senior employees. In combination with the sector responding to technological and digital revolutions, content of functional profiles and recruitment and marketing strategies such as etno-marketing are subject to innovation. With respect to migration and the recent wave of asylum seekers, questions regarding, language skills and foreign owned business in retail and wholesale emerge.
2. Economic trends such as recession, globalisation and urbanisation all create a variety of challenges and opportunities for the labour market in commerce. Following the economic crisis, significant drops in level of consumption and hence increased competition through low growth numbers caused companies to reduce labour costs. Although levels of employment have been reinstalled at a pre-crisis level some of the countries studied in this report note that this goes hand in hand with increasing the level of service through longer opening hours. Globalisation has led to a sectoral labour market with increased global competition for jobs in the sector and increasing demand for multi-lingual and international trading skills. Finally, urbanisation together with the rise of e-commerce has caused large retailers to move to (distribution) spaces outside town while at the same time strengthening concept, convenient and small outlets in the heart of city centres.
3. Technological trends such as digitalisation, automation and 3D printing probably most disrupt and shape the world of work in commerce (and other sectors). Digitalisation affects the way of working in the sector in terms of job content, skills demand, job dynamics, forms of work, function profiles and location of work. The rise of e-commerce as a consequence of digitalisation has fundamentally changed the way products are bought and sold, and hence the content of jobs in the sector. Automation and optimisation of business processes transformed functions within the sector such as e.g. cashiers and customer service staff.
4. Ecological challenges such as climate change and natural resource depletion form a fourth cluster of trends affecting commerce and its labour market. Labour intensive green jobs originating from attempts to mitigate the effects of climate change such as bike-delivery services and ecological friendly packaging developments are only one example. In a more pessimistic scenario, deterioration of working conditions and job losses due to extreme weather conditions pose serious challenges to the commerce sector. Increasing attention for economic and societal opportunities of circular economy as an answer to natural resource depletion poses further challenges to the sector. As dropping levels of consumption of new products is the end goal of circular economy, it depends on the adaptation capacity of retail and wholesale companies to implement innovative strategies.

5. Finally, regulatory changes with regard to opening hours, data-protection and privacy, liability and international trade deals and a framework towards a European digital single market affect to a varying extent the European commerce sector and its labour market.

The labour market in the EU commerce sector

In this part we provide a detailed description of the labour market in the EU commerce sector. We first focus on the **size and employment in the EU commerce sector**, based on data of Eurostat. Following findings can be stressed based on this data:

- Commerce is an important generator of work in the European Union: this sector employs the second largest workforce throughout the European Union (15% of workers), just after the manufacturing sector. In total, 23.2 billion workers were employed in the retail sector and 9.1 billion workers in the wholesale sector in Europe in 2015.
- The relative importance of commerce varies across EU members States: In Cyprus, up to one out of four employees works in the commerce business, whereas in Romania only one out of ten employees find themselves working in the retail or wholesale sector.
- In most European countries, commerce suffered more than other sectors from the crisis: The commerce sector has suffered from the post-2008 crisis, especially in the wholesale sector where the employment reduced in the EU with 7% between 2008 and 2011, for a reduction of 3% in the retail sector and a reduction of the total employment of 2.4% in the EU.
- The loss in employment during the crisis has been recovered in the commerce sector: In 2015, 23.3 billion workers where employed in the retail sector versus 23.1 billion in 2008. The level of employment in the European wholesale is currently only slightly under the pre 2008-level (9.1 billion in 2015 versus 9.2 billion in 2008).

We then focus on the **different profile characteristics of the workers of the commerce** sector, also based on Eurostat data. Following findings can be stressed based on this data:

- Overrepresentation of women in retail and underrepresentation in wholesale: 62% of workers in the retail sector in the EU are women, while they are only 34% in the wholesale sector and 46% in all EU sectors.
- Retail employs relatively more young workers than wholesale and other sectors: 15% of workers in the retail in the EU are aged between 15 and 24 year, while they are 7% in the wholesale and 8.4% in all EU sectors.
- The share of young workers diminished in an important way in both sub-sectors: In 2008, 18.5% of all workers in the retail sector where aged between 15 and 24 years, in 2015, this percentage reduced to 15.3%. This evolution can also be observed in wholesale (the share of young workers reduced from 8.8% to 6.9%) and on average in all sectors (from 10.3% to 8.4%), but in a less drastic way.
- Retail employs proportionally more low-qualified and medium-qualified workers than wholesale and other sectors: In 2015, 19% of workers in the wholesale were low-qualified (less than lower secondary education); while this percentage amounts to 24% in the retail. On the contrary, 30% of workers in the wholesale were high-qualified (tertiary education), while this percentage amounts to 20% in the retail.
- The number of low qualified workers diminishes, while the number of high-qualified workers in the commerce sector increases: For both sub-sectors, it seems that the number of low-qualified workers reduced drastically from 2008 to 2015: in the retail sector; from 29% to 24% and in the wholesale sector; from 24% to 19%. On the contrary, the number of highly qualified workers increased: in the retail sector; from 14% to 20% and in the wholesale sector; from 23% to 30%. The main explanation for this evolution is digitalisation and automation, which replaces low-skilled routine tasks and repetitive work.
- Compared to other sectors, wholesale and retail employ a higher share of EU workers of another country: In both sub-sectors, around 17% of workers are EU workers of another country, while this percentage amounts to only 3.5% in other EU sectors. This is an important observation as the increasing migration shows the importance of keeping up with these dynamic shifts and hiring a diverse workforce that truly represents the consumer demography.

The **different forms of work** that occur in the EU commerce sector are then highlighted:

- More contracts of unlimited duration in the wholesale sector compared to the retail sector: 84% of all contracts in the wholesale were of unlimited duration, compared to 78% of all contracts in the retail and in other sectors.

- Important increase in number of self-employed workers in wholesale: 13% of all workers in the wholesale sector and 17% in the retail sector are self-employed, compared to 15% in other sectors. The number of self-employed has increased in both sub-sectors, but especially in the wholesale sector (from 8% in 2010 to 13.4% in 2015). This is also the case in the retail sector and in other sectors but to a lesser extent.
- Three new forms of work gain prominence within the commerce sector: Casual work (where the employer is not obliged to regularly provide the worker with work, but has the flexibility to call on them when needed), portfolio work (where self-employed work for a large number of clients, providing just small amounts of work for each of them) and voucher based work (where the employment relationship and related payment is based on a voucher rather than an employment contract). These new forms of work imply both opportunities and threats to current working conditions.

Finally, we focus on the **working conditions** in the EU commerce sector, based on data of Eurofound (European Working Conditions Survey). Following findings can be stressed based on this data:

- Overrepresentation of part-time work in the retail sector compared to the wholesale and other sectors: 16.2% of workers in wholesale and 32% workers in the retail were employed through a part-time contract, for an EU-average of 22.5% part-time workers.
- The majority of workers in retail and wholesale work as many hours as they would prefer (respectively 57% and 61%). However, when working part-time it seems that more workers in retail have indicated to prefer working more hours than in wholesale or other sectors (40% of part-time workers in retail versus 30% of part-time workers in wholesale). This shows that involuntary part time work is occurring somewhat more in retail than in other sectors.
- Atypical hours are more common in retail than in wholesale or other sectors: The retail sector makes more use of shift work, evening work, Sunday work and night work.
- Lower average hourly wage in retail sector compared to wholesale and other sectors: On average, the gross hourly wage in retail equalled 8.9 euro in 2015 for an average hourly wage of 10.5 euro in wholesale and 11.5 euro on average in all other sectors.
- The average monthly wage increased more in retail than in wholesale and other sectors: On average, the monthly wage is lower in the retail sector (1,112 euro in 2015), compared to wholesale (1,546 euro) and other sectors (1,548 euro). However, the average monthly wage in the retail sector increased with 14.9%, while it increased with 8% in wholesale.
- Less employer paid trainings in retail compared to wholesale and other sectors: 42% of all workers in wholesale received at least one training paid by their employer. In retail, this percentage falls to 30%. However, it is interesting to note that the share of employer paid trainings increased considerably in retail (from 20.8% in 2010 to 30% in 2015, which represents a rise of 44%).
- Less workers in the retail and wholesale sector consider that their health and safety is at risk because of their job compared to other sectors: only 13% of workers in retail consider that their health and safety is at risk because of their job, while this percentage increases to 20% in wholesale and even 24% in other sectors.
- Workers in the wholesale and retail sector perceive having fewer possibilities for career advancement than workers in other sectors: Around 35% of the workers in commerce think their job offers good prospects for career advancement while this percentage increases to 39% in the other sectors. However, the share of workers declaring to have possibilities for career advancement increased in a significant way in both sub-sectors: from 27% in wholesale in 2010 to 34.4% in 2015 and from 26% in retail in 2010 to 35% in 2015.
- Higher organizational tenure in wholesale compared to retail: 37% of workers in the wholesale are working for more than 10 years in the sector, while this percentage reduces to 28% in the retail.
- Relatively higher satisfaction with working conditions in retail compared to wholesale: 86.5% of workers in retail are satisfied with their working conditions, while this percentage amounts to 83.5% in the wholesale. This difference is interesting since various aspects of working conditions shown throughout this chapter are almost always relatively better in wholesale compared to retail. However, perception concerning these working conditions is different between the two sectors.

Country cases analyses

The third part of the study presents more in-depth information collected on a European level through ten specific country case analyses. The countries include Finland, France, Germany, Greece, Italy, Poland, Spain, Sweden, Turkey and the United Kingdom.[1] Within each country, an expert was selected to conduct interviews with a minimum of one employee organisation, one employer organisation and an academic expert. Based on these interviews, the experts reported on three specific topics:

- Evolution of e-commerce in their country: Although consistent data on e-commerce is difficult to obtain due to companies' multi-channel approach (i.e. companies selling not only online but also at local stores, not having separate data for these different activities), the country cases show that e-commerce is a young and growing sector. E-commerce seemed particularly established in France, Germany and the UK but less so in Sweden, Finland, Italy and Greece. Moreover, European companies focusing only on e-commerce activities appeared to be mostly small (one-person) including start-ups while those using a multi-channel approach were mainly large companies.
- Ongoing trends that affect commerce in their country: Most countries identified the economic crisis, digitalization (linked to automatization and the growth of e-commerce) and changing consumer preferences as important trends for the commerce sector. Interestingly, not only the most important trends according to literature and qualitative data (i.e. demographic, economic, technological, ecological and regulatory trends) were mentioned in the cases but also some country-specific trends emerged such as the impact of migration and the asylum crisis on the commerce sectors in Italy, Sweden and Turkey.
- Evolution of working conditions, forms of work and industrial relations noted in the sector: Overall, the country cases confirm our statistical findings from part 2. Commerce is characterized by a full-time/male-dominated wholesale sector and a part-time/female-dominated retail sector. Furthermore, while mostly permanent contracts are used in the wholesale sector, more fixed-term contracts exist in the retail sector. Compared to wholesale, more workers in retail perform atypical hours and retail can be considered as a stepping stone on the labour market attracting young workers. In addition, some new forms of work were detected from the country cases such as portfolio work in Italy and France and zero hour contracts in the UK. Finally, the evolution of industrial relations appeared to be very country specific although discussions focused on similar topics including working conditions, working time/schedule and wages. Overall, there seems to be a tendency to decentralize the negotiations within the European countries.

Main challenges for the sector

Based on all information collected in the study and a workshop with national social partners, we identified following challenges for the European commerce sector:

- The type of actors within the commerce sector such as manufacturers, retailers, wholesalers and customers become less distinct one another. The result is a flourishing diversity of business models, product assortments, ownership and management forms which causes increasing complexity for all actors involved. As a consequence, grasping different realities of these businesses and design adequate agreements is an increasing challenge for the social partners of the sector.
- In most EU-countries, the commerce sector suffered more than other sectors from the crisis. Even if the employment level has been recovered since 2015, the crisis generated structural changes within companies and remaining competitive pressures.
- Digitalisation is one of the most important drivers of change in the sector, and leads to new businesses, new jobs and the substitution of jobs. For workers in the commerce sector, digitalisation is also expected to lead to both job creation and job losses. Hence, the net impact of digitalisation on jobs in the sector is not clear. In this context, further research is needed to identify the new and upcoming jobs within companies in the sector. Social partners can also play an important prospective role within the sector.
- Digitalisation leads to the need for new skills and more trainings in the sector. In order to function in an ever more digital society, workers will be expected to develop a certain ability to work with digital tools and to be able to use digital media. Besides the evident growth of importance of high skills (e.g. ICT skills), there will also be an increasing demand for specialised workers with strong interpersonal and cognitive skills (e.g. creativity and emotional intelligence) in order to have an added value compared to robots. In this context, raising awareness of the importance of trainings and stimulating the provision of adequate trainings to workers in the sector is an important role for social partners.

[1] The ten countries were selected by EuroCommerce and UNIEurope on the basis of geographical balance and interest to work on this topic.

- Digitalisation leads to the use of new forms of work and the increase of self-employment: Digitalisation affects the way in which work is organized and transforms employment relationships. Businesses can now hire specialists on demand and keep their workforce flexible in response to fluctuations, for example in the form of self-employed workers or freelance workers. In the commerce sector, contracts of unlimited duration remain the most important contracts but there is an emergence and increase of other and new forms of work in the commerce sector: like e.g. Self-employment, casual work such as on-call work, zero-hour contracts, portfolio work. One of the main challenges for the social partners is to better cover and protect those workers.
- A significant part of workers in the retail sector are willing to work more hours, however liberalization of opening hours remains a sensitive subject: An important discussion in the sector concerns the number of hours of work. Providing more hours of work to workers willing to work more is an important challenge for the sector. This is also linked to the regulation on opening hours that has been subject to change or to intense debates in several EU countries. The actual net effect of liberalisation of opening hours should be further investigated by the social partners, especially in the context of the redraft of the Working Time Directive (2003/88/EC).
- Even if an improvement can be observed, the working conditions in the retail sector, remain worse than in the wholesale and other sectors, e.g. concerning the possibilities for career advancement, the average wage, the number of hours of work, the number of contracts of undetermined duration, the number of atypical hours of work, the number of trainings, etc. In the context of ageing population and shrinking of the workforce it will be an important challenge for social partners to improve the working conditions and rethink the type of jobs in the commerce sector in order to attract young workers and to retain older workers in the sector.
- Industrial relations are country specific, but it seems that in several countries there is a tendency of decentralisation or disruption of social dialogue: In this context, a constructive national social dialogue is an important pre-requirement in order to tackle all above mentioned challenges for the sector.

1/ Introduction

1.1 General context of the study

The commerce sector is one of the most important sectors in the EU

*"The retail and wholesale services sector is **one of the most important sectors in the EU economy** and should play an important part in stimulating growth and job creation under the **Europe 2020 strategy**"*[2] stated a press release of DG Growth of the European Commission in 2013. The commerce sector, comprising of wholesale and retail, generated with 29 million European employees and 5.4 million enterprises as much as 8.7 trillion euros in 2013 accounting for 11% of the EU GDP total[3]. Furthermore, the fast growing e-commerce industry forms a crucial part of the EU's Digital Single Market Strategy.

Ongoing and fast evolving trends affect the *modus operandi* of the commerce sector

Current trends that shape the environment in which the sector operates can be grasped as five distinct yet interacting clusters:

- Demography; First of all, Europe's' population becomes increasingly old, more and more diverse and largely urban, creating changing needs regarding consumption, work, and business strategies.
- Economy: Secondly, the financial crisis and following recession have spurred enterprises to increase cost efficiency mostly by simplifying their supply chains and hence pursuing economies of scale. This evolution goes hand in hand with a geographical reality where larger retailers gain prominence outside urban city centres because of increased accessibility and cheaper housing. Globalisation equally transforms the sector by connecting geographically dispersed manufacturers, wholesalers, retailers and consumers via fast moving transport channels and digital technology.
- Technology: The latter is part of a third major driver of change within the commerce sector. Digitalisation as part of technological transformations such as click-and-collect services, 'same-day' or 'next-day' deliveries, new marketing forms, development of app-technology, use of social media, e-commerce, mobile phone retailing, QR-codes, omni-channel shopping, etc,… have changed the way products are marketed and sold, the way customers engage with businesses and business with their supply chain and thus the way employees and employers within the sector relate.
- Ecological factors: such as climate change and natural resource depletion have changed consumer behaviour and create vast challenges for business as usual. Measures to control or decrease the negative effects of climate change and dependency on natural resources however equally call opportunities into being. Advancement in recycling technologies, demand for 'green jobs', rise in innovative low energy consumption product development, waste reduction strategies, etc, all generate an alternative to this possible disruptive trend.
- Changes in the regulatory framework: form a fourth cluster that drives changes in the European sector and its labour market. Reforms of laws regarding opening hours, changes in data protection regulation, protectionism and liability rules, shape interaction and dynamics between actors within the sector.

The ongoing trends affect the labour market of the commerce sector

The diverse and interacting trends all influence in varying ways the **sectoral labour market** of the commerce sector and more specifically its job dynamics and working conditions. For example, the completion of the digital single market through the removal of trade barriers and harmonization of the legal framework could increase digital growth by 1.7% per year and create around 900,000 new jobs by 2020[4]. Moreover, due to technical evolution and increased complexity of products and processes, more specialised skill patterns become apparent and more regular trainings become vital. Furthermore, as mentioned in a study of the European Parliament on the impact of digitalisation, in the e-commerce, working hours and employment contracts tend to become increasingly flexible.

[2] European Commission, press release 31 January 2013, Commission adopts a European Retail Action Plan and consults on unfair trading practices, http://europa.eu/rapid/press-release_IP-13-78_en.htm?locale=en.

[3] Institute of Retail Management, 2013, Retail & Wholesale: Key Sectors for the European Economy, Understanding the role of retailing and wholesaling within the European Union.

[4] Report of the preparatory working group on e-commerce of the High Level Group on Retail Competitiveness, p10.

As recognised by different actors in the sector, descriptive and data driven analysis of these drivers of change and their impact on the sectoral labour market is needed.

Following both the Global dialogue of April 2015 as well as the advice of the sub-groups of the High Level Group for Competitiveness of the Retail sector, EuroCommerce and UNIEuropa decided to jointly carry out a European study in order to address this gap. The aim of this European study is to gain a better understanding of the impact of current core trends regarding employment and work arrangements in the commerce sector across different member states in Europe.

Hence, this report analyses the most recent wave of the European Working Conditions Survey, released in the first quarter of 2017. It provides a solid base for discussions on the long term sustainability and growth of the sector between EU's social partners on (the evolution of) working arrangements within the sector.

1.2 Objectives of the study

This report provides a structured and comprehensive insight into the following research topics:

- Structure and major trends in the EU commerce sector:
  - What are the major types of organisations employing/contracting work arrangements.
  - What are the major trends over the past 5 years regarding main technological, economic changes as well as re-structuring in the sector and possible future perspectives affecting employment and work arrangements?
- Labour market analysis and changing forms of employment and work arrangements:
  - What are the main types of employment and work arrangements in the commerce sector in different EU countries?
  - How do the different types of employment and work arrangement have changed since 2008? Figures should ideally be broken down according to age, gender, different professional categories, sub-sectors (wholesale/international trade, retail, e-commerce) as well as combined forms of employment and work arrangements.
  - What are the major trends of professional mobility between different professions in the commerce sector and between types of employment/ work arrangements in the light of the structural and technological changes?
- Industrial relations:
  - How the terms and conditions of the different types of employment and work arrangements are agreed upon and the role played in this respect by social partners?

The outcome of the study assists in promoting and further developing European social dialogue at sectoral level since it provides descriptive and data driven information that can nourish a consensus based approach between the EU social partners (and their members).

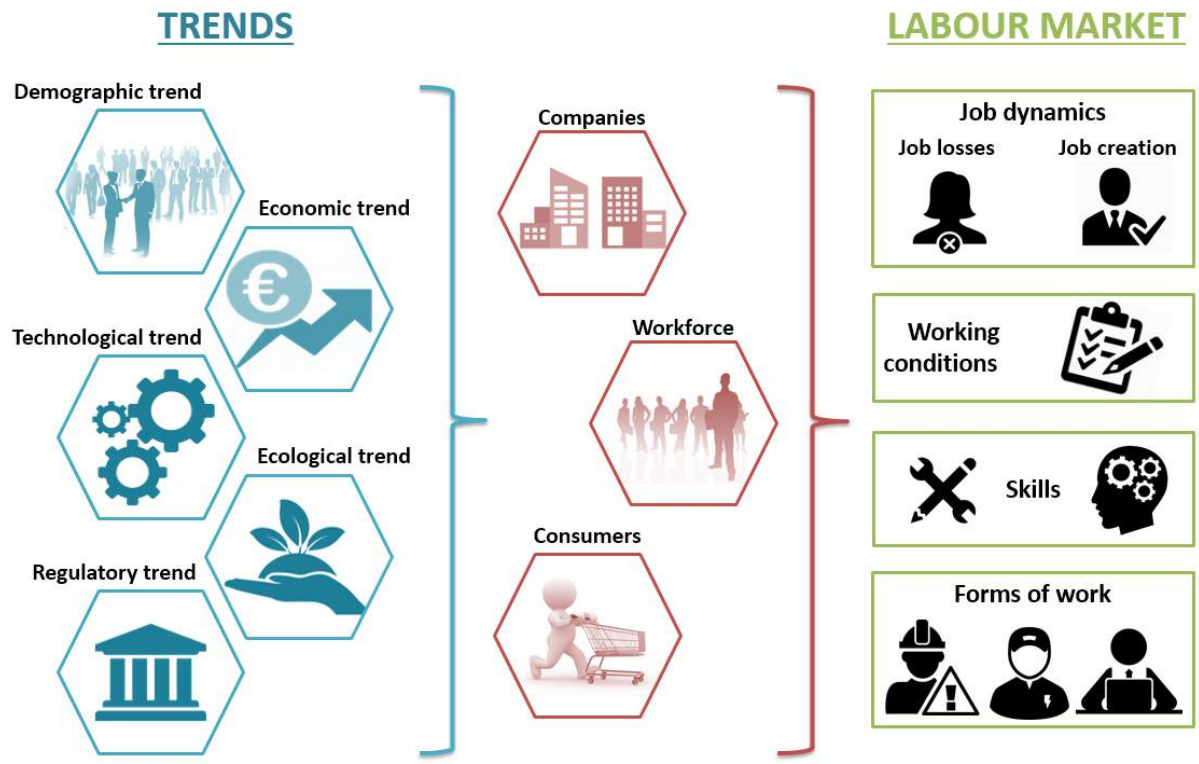
1.3 Methodology of the study

These objectives were translated into an analytical framework that underlies the structure of this study. It takes into account the impact of several trends on the sector and its labour market.

More specifically, five clusters of trends were identified through various methods of information gathering (see below), having impact on companies, workforce and consumers within the European commerce sector. This in turn affects the labour market.

Within the scope of this study, the focus lays upon resulting working conditions and forms of work. The effect on job dynamics and skills is mentioned where relevant, but those aspects of the labour market will be treated in a parallel study and hence were not analysed in depth here.

Figure 1: Analytical framework underlying the structure of this study



Source: IDEA Consult

While the causal line between trends, sector and labour market looks rather straightforward in the above figure, it is important to note that in reality, trends and their effects are highly interconnected.

In order to achieve these objectives, the study was conducted on the basis of the following methodological steps:

- Desk research through literature review of several main sources;
- Additional qualitative data through 6 in-depth interviews with experts
- Data collection and analysis
- A country case analysis with ten EU countries
- A workshop with national representatives where the additional information is collected and validated

These methods of research are described below.

1.3.1 Desk research through literature review of several main sources

On the basis of the following non-exhaustive list[5] of studies we carried out desk research that formed, together with other methods the basis of this study;

- Eurofound, 2007, Trends and drivers of change in the European commerce sector: Mapping report, 42p.
- Eurofound, 2014A, Working Conditions and job quality: Comparing sectors in Europe – Overview Report, Publications Office of the European Union, Luxembourg , 59p.
- Eurofound, 2014B, Retail sector: Working conditions and job quality, Eurofound Working Conditions Survey, 11p.
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- Eurofound, 2015, Doors opening for more Sunday work in the EU, 5p.
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- UKCES Evidence Report 87, 2014, Understanding Skills and Performance Challenges in the Wholesale and Retail Sector.

[5] For an exhaustive list of used literature, please see Bibliography in Annex.

1.3.2 *Additional qualitative data through 6 in-depth interviews with experts*

In addition to a review of existing literature on trends and working conditions in the EU commerce sector, we gathered information through six in-depth interviews with sectoral experts. We chose these experts in close collaboration with both UNIEuropa and EuroCommerce but also through own desk research.

Organisation	Contact Person	Function	Expertise	Contact form
Eurocommerce	Ilara Savoini Ralph Kamphöner	Wholesale Director	Social Affairs + Wholesale	Interview on May 10th 2016
IKEA	Neena Potenza	Global HR Manager IKEA Group	Working Conditions	Interview on May 11th 2016
UNIEuropa	Laila Castaldo	Director Commerce	Commerce	Interview on April 27th 2016
	Alke Boessiger	Head of Department UNIEuropa Commerce	Commerce	Interview on April 28th 2016
ZSI/FORBA	Ursula Holtgrewe	Professor/Dr. In Labour and Organisation	Quality of jobs new sectors	Interview on April 27th 2016
Oxford Institute of Retail Management, UK	Jonathan Reynolds	Associate professor in Retail Marketing	Retail Marketing	Interview on April 22nd 2016

1.3.3 *Data collection and analysis*

As it was one of the major objectives of this study to provide data on the evolution of the employment and working conditions within the European commerce sector, we analysed two complementary sets of data which we crossed with our qualitative information findings.

The first is data from Eurostat from 2008 to 2015 based on the Labour Force Survey, which we requested for both the wholesale sector (NACE-code 46) and retail sector (NACE code 47).[6] Based on this data, we provide more information for both sub-sectors on:

- The current size and evolution of employment;
- The profile of employees;
- Some working conditions.

The second is the European Working Conditions Survey for the year 2015 (sixth Wave). This survey is carried out by Eurofound, the European Foundation for the Improvement of Living and Working Conditions, and provides an overview of working conditions in Europe since 1990.

It is executed every 5 years, whereby thousands of employees and self-employed workers throughout Europe are questioned about key issues related to their work and employment during, on average, 45 minutes. The sixth Wave of the Survey is based on 35,765 interviews taking place between February and September 2015 in 35 countries. The data used for this report was launched in January 2017 and hence provides a highly up to date picture about working conditions throughout Europe

For this study, we have selected and analysed data on EU 28-level and compared data for wholesale (G46), retail (G47) and other sectors combined, for the year 20107 and 20158. Other sectors include e.g. education, human health activities, crop and animal production, public administration, etc (for a complete list of all sectors included in the EWCS see Annex 3). Based on this data we provide more information per sub-sector on:

[6] This data is additional labour market data based on the Labour Force Survey which we obtained from Eurostat through an additional request (it is thus not available online). Specifically, data was requested on number of workers in the subsectors G46 and G47 by profile, type of employment in G46 and G47, working hours in G46 and G47, accidents at work and other work-related health problems in G46 and G47 and earnings in G46 and G47.

[7] European Foundation for the Improvement of Living and Working Conditions. (2012). European Working Conditions Survey, 2010. [data collection]. UK Data Service. SN: 6971, http://doi.org/10.5255/UKDA-SN-6971-1

[8] European Foundation for the Improvement of Living and Working Conditions. (2017). European Working Conditions Survey, 2015. [data collection]. 3rd Edition. UK Data Service. SN: 8098, http://doi.org/10.5255/UKDA-SN-8098-3

- Kind of employment contracts;
- Working time; hours, regularity, preferences, flexibility, arrangements;
- Occurrence of restructurings;
- Work-life balance;
- Training;
- Health at work;
- Job insecurity;
- Evolution of wage.

Data is provided for these both years (2010 and 2015), as the European Working Conditions Survey is a survey that is conducted each 5-years. However, the analysis of the evolution between 2010 and 2015 has to be done with prudence as 2010 was still a crisis year. When available, data for a longer period is provided (e.g. since 2008 for Eurostat data). The results of these analyses can be found in Part 2 of the report.

1.3.4 A country case analysis with ten EU countries.

In order to collect additional and more in-depth information to that attained at European level, a set of ten country cases was executed from June to November 2016.

The national point of view is crucial to provide a context for research on industrial relations (amongst others), since this is still grounded in national legislative contexts and historically grown traditions, despite increasing globalization and European integration. Several experts mentioned social dialogue becoming more and more decentralized towards company level agreements, making interactions and labour negotiations difficult to assess on European wide level. The country cases have been used to investigate developments in this field in more detail.

Country cases were selected by EuroCommerce and UNIEuropa on the basis of geographical balance and interests to work on this topic. From there on, national experts were selected by IDEA Consult to carry out desk research and face-to-face interviews with representatives from employer federations and unions, as well as academic experts see).

Table 1: Overview of country cases and national experts

Nr.	Country	Expert	Institute
1	Italy	Maurizio Curtarelli	Ecorys UK
2	Greece	Lena Tsipouri	National and Kapodistrian University of Athens
3	France	Marion Sevrin	Amnyos
4	Germany	Werner Eichhorst	IZA
5	Sweden	Mats Kullander	Oxford Research
6	Finland	Anna-Karin Gustafsson	Oxford Research
7	United Kingdom	Christine Bertram	Ecorys UK
8	Poland	Agnieszka Makulec	Ecorys Polska
9	Spain	Tania Gomez Carrion	Ecorys Spain
10	Turkey	Özlem Boztas	Ecorys Turkey

More specifically, the national country experts were asked to analyse;

- the evolution of e-commerce in the national context;
- current and upcoming forms of employment;
- data on current working conditions and possible evolution in this respect;
- and information on industrial relations within the national commerce sector.

In order to maintain a general structure and increase comparability of cases, we provided the experts with a structured topic list that was used for the interviews and a template to be filled in by the national experts. The results of these country cases can be found in Part 3 of the report.

1.3.5 *A workshop with national representatives*

A workshop has been organized with national social partners in order to discuss and validate the conclusions of the study and the country cases and generate ideas on the main challenges for the sector and how to best organize industrial relations to jointly tackle these future challenges.

1.4 Structure of the report

The structure of this report is as follows:

Part 1. In the first part, the **structure and trends of the European commerce sector** are outlined. More specifically, a first chapter describes both sub-sectors of the commerce sector and the main evolutions regarding e-commerce. The second chapter provides a mapping of 5 clusters of trends that are identified to affect the sector and its' workforce, organisations and consumers

Part 2. The second part shows the **analysis of the sectoral labour market**. In a first chapter it provides an overview on the evolution of level of employment and profile of workers while in the second chapter the evolution of working conditions in the last 5 years are shown. A third chapter provides insights in forms of employment and changes in this respect.

Part 3. The third part contains the detailed **country cases** of Finland, France, Germany, Greece, Italy, Poland, Spain, Sweden, Turkey and the UK.

Part 4. The fourth and final part provides **conclusions** of the study and identifies **main challenges** for the sector.

PART 1: Structure and trends in the EU commerce sector

1/ Introduction

In this part of the report, we analyse the structure and trends of the European commerce sector.

In the first chapter we provide a short description of the businesses and activities of the EU commerce sector. More specifically, the first chapter provides following information:

- Some facts and figures about commerce companies;
- A focus on wholesale-activities;
- A focus on retail-activities;
- A focus on e-commerce activities;
- The blurring line between the commerce subsectors.

In the second chapter, we analyse the major trends in the EU commerce sector. The EU commerce sector has undergone considerable changes due to a variety of trends:

- Demographic;
- Economic;
- Technological;
- Ecological;
- Regulatory trends.

All these trends are described in detail in the second chapter.

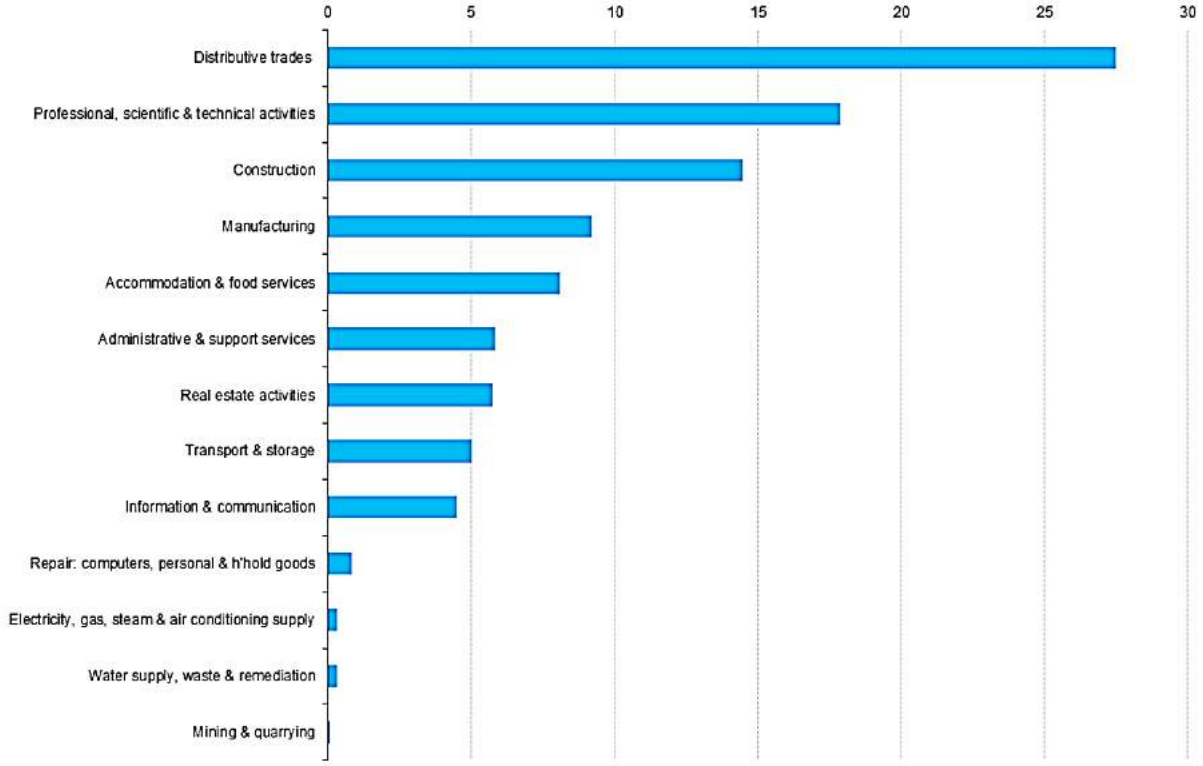
2/ The EU commerce sector: a brief overview of the activities

2.1 Commerce is an important sector due to its local and intermediary nature

Commerce originates from an act of exchange and refers to the process whereby a product or service is exchanged with an actor (in most cases for money). This actor can well be another business, government, or merchant in which case we speak about wholesale or business-to-business sales. Eventually this business will sell the good or service to a consumer, or end-user, in which case we speak about retailing. Commonly, retail and wholesale are often referred to as the distributive trades sector as they are crucial to an efficient flow of goods from producer to consumer.

As can be seen in the figure below, almost one-third (27.5%) of all enterprises in the European non-financial business economy are active in the commerce sector. This can be explained by the nature of their activity; as they mostly serve a local market, the sector is characterised by a large number of enterprises. They also generated the largest turnover (37.5% of all turnover generated by European enterprises) in sales across the whole EU-28 in 2013, compared to other non-financial business sectors.

Figure 2: Breakdown of number of enterprises within the non-financial business economy, EU-28, 2013 (%)



Source: Structural Business Statistics Europe

Another feature of this sector is its intermediary nature. Through an act of exchange, commerce connects different actors within society. Therefore, when changes in the sector occur, a large number of different actors are either directly or indirectly affected.

In sum, the distributive trades' sector is important for the European economy and due to its intermediary nature, changes in the sector directly or indirectly affect a large range of actors in society.

2.2 A focus on wholesale-activities

Wholesale or, as defined by the OECD, "**wholesale trade**" is *the resale (sale without transformation) of new and used goods to retailers; to industrial, commercial, institutional or professional users; to other wholesalers; or acting as agents in buying merchandise for, or selling merchandise to, such persons or companies*[9].

The principal types of businesses included are:

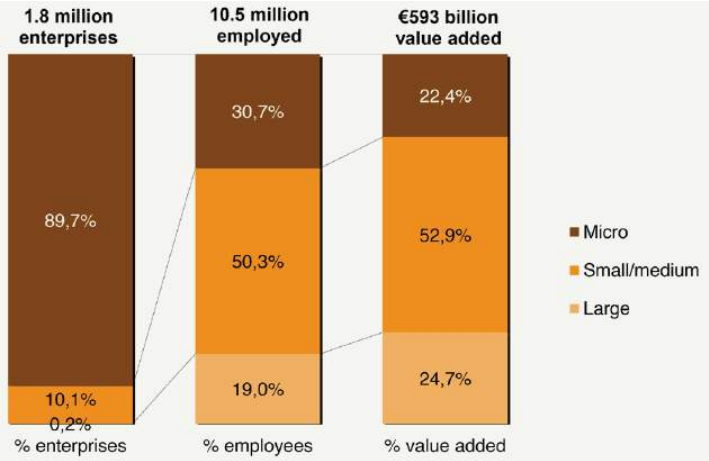
- Merchant wholesalers, in other words, wholesalers who **take title to the goods they sell**, such as wholesale merchants or jobbers, industrial distributors, exporters, importers, and cooperative buying associations;
- **Sales branches and sales offices** (but not retail stores) that are maintained by producers apart from their production operations for the purpose of marketing their products and that do not merely take orders to be filled by direct shipments from the production operations.
- **Merchandise** and commodity brokers, commission merchants and agents and assemblers, buyers and cooperative associations engaged in the marketing of farm products.

Wholesale **connects** the world of **manufacturers** or producers with the world of **retailers** and other professional business by distributing, stocking, and procuring raw materials and finished products and goods towards the end of the supply chain. However, their position in the supply chain has changed to varying extent and increasingly, due to the consolidation of distributive activities wholesalers have to reinvent themselves to survive economically[10].

The large majority of wholesale enterprises are **small to medium sized enterprises** (SME's), accounting for 94% of all the wholesalers in the EU. Together, these SME's employ 6.2 billion people, or 83% of the total workforce in the sector (Eurocommerce, 2015). The 6% largest wholesalers however, together employ over 17% of the total workforce in the sector, implying that the wholesale sector consists on one hand of many small businesses, complemented by a few huge wholesale organisations, employing over several hundred thousands of employees.

In terms of employment, wholesale represents the seventh largest non-financial business sector in the EU (7.9% of total employment), equalling the EU tourism industry and the transport industry, but, smaller than business services, construction and retail trade[11]. In 2011, it generated the second largest turnover (5.7 trillion) in the EU, after manufacturing and before retail trade. The relative high turnover is a natural consequence of its business model; aggregate buying and selling. In terms of economic performance, the sector has been relatively robust during the economic crisis and recession of 2008, due to the heterogeneity of products offered and sold (Oxford Institute of Retail Management, 2014).

Figure 3: Wholesaling's contribution in number of enterprises, employees and value added, by size of firm 2011



Source: Oxford University of Retail Management, 2014

[9] OECD Glossary of Statistical Terms; http://stats.oecd.org/glossary/detail.asp?ID=2926.

[10] Oxford Institute of Retail Management (OXIRM), 2014, Retail & Wholesale: Key Sectors For The European Economy; Understanding The Role Of Retailing And Wholesaling Within The European Union.

[11] AIT & IDEA Consult, 2016, EU Wholesale Trade: Analysis of the sector and Value Chains, Research Report 415, Wiener Institut für Internationale Wirtschaftsvergleiche.

2.3 A focus on retail-activities

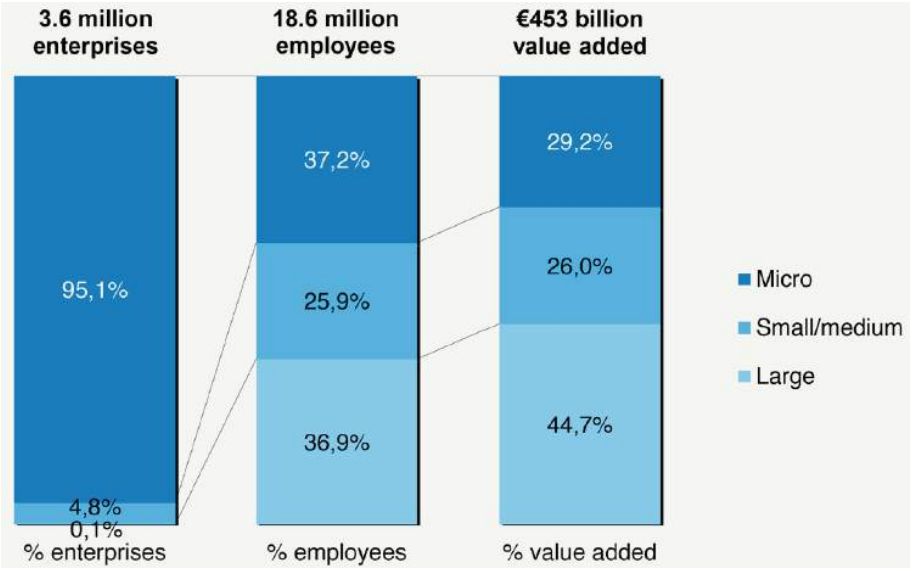
Retail or, as defined by the OECD; "retail trade", is a *form of trade in which goods are mainly purchased and resold to the consumer or end- user, generally in small quantities and in the state in which they were purchased (or following minor transformations)"*[12].

Although very diverse in size and structure, the vast majority of European retailers are **micro- and small and medium sized enterprises** (i.e. 99.9% of all the enterprises in the retail sector) whereas only 0.1% of the total amount of enterprises represents large retailers.

This shows the general duality within the retail sector; at one hand, it's driven by local demand and consumption through billions of small shops, while at the other hand it is subject to a very high degree of globalisation, where very large organisations respond to worldwide consumption demands via multiple online and instore channels. Half of the list of largest global retailers originates the European Union (European Commission, 2015).

Compared to other sectors in the European Union, retail employs the second largest workforce in the EU, after manufacturing and before construction (Eurofound, 2014A). In terms of economic performance, the retail sector equals the construction sector with a total of 2.7 trillion euro's in 2010 (Oxford Institute of Retail Management, 2014).

Figure 4: EU Retailing's contribution in terms of enterprises, employees and value added by size of firm 2011



Source: Oxford University of Retail Management, 2014

[12] OECD Glossary of Statistical Terms; http://stats.oecd.org/glossary/detail.asp?ID=2345

2.4 A focus on e-Commerce activities

At European level, e-commerce is defined as *the sale or purchase of goods or services, whether between businesses (B2B), households, individuals, or private organisations, through electronic transactions conducted via the internet or other computer-mediated (online communication) networks*.

From the literature, it is clear that e-commerce has been on a **steady rise**, both **within as well as outside Europe**. The share of consumers that bought a product online has more than doubled between 2004 and 2013 and the total turnover of the sector increased by an **average annual growth rate of 17.4%** from 2009 to 2013. Today, more than half of Europeans aged between 16 and 74 have ordered goods or services over the internet (53%). [13] Compared to other regions, the **European e-commerce sector** represents the **largest market share**, followed by the Asian-Pacific market and then the Northern-American market (EMOTA, 2014).

According to Eurostat, the **share of e-commerce in the total turnover** of the European companies increased from 12% in 2009 to 14% in 2013 (EMOTA, 2014). The share of generated turnover by e-commerce varies however considerably with company size. In general, larger companies generate more than four times the turnover from e-commerce compared to small enterprises, corresponding with 19% and 5% respectively. As shown before, the European wholesale and retail sector represents mostly small and medium sized enterprises, implying that e-commerce has still a **way to go to become fully integrated** in the supply chain of the majority of retailers and wholesalers in Europe.

In some European member states however, the opposite seems true. In Poland for example, the overwhelming majority of companies selling their articles online are micro companies younger than five years.[14] This shows that European markets are diverse in terms of e-commerce penetration rate and business structures.

However, an important characteristic of the e-commerce business, is that it **cannot be seen as a distinct sector**, but rather as a diversification of the supply of traditional so-called 'mortar and brick'-shops who increasingly become multi-and omni-channel enterprises with both physical as well as online stores. Therefore, in this report, all data focusses on the both subsectors: retail and wholesale, including B2C and B2B e-commerce resp.

[13] European Commission, 2016, Preliminary Report on the E-commerce Sector Inquiry, Commission Staff Working Document, SWD(2016) 312 final

[14] See country case Poland

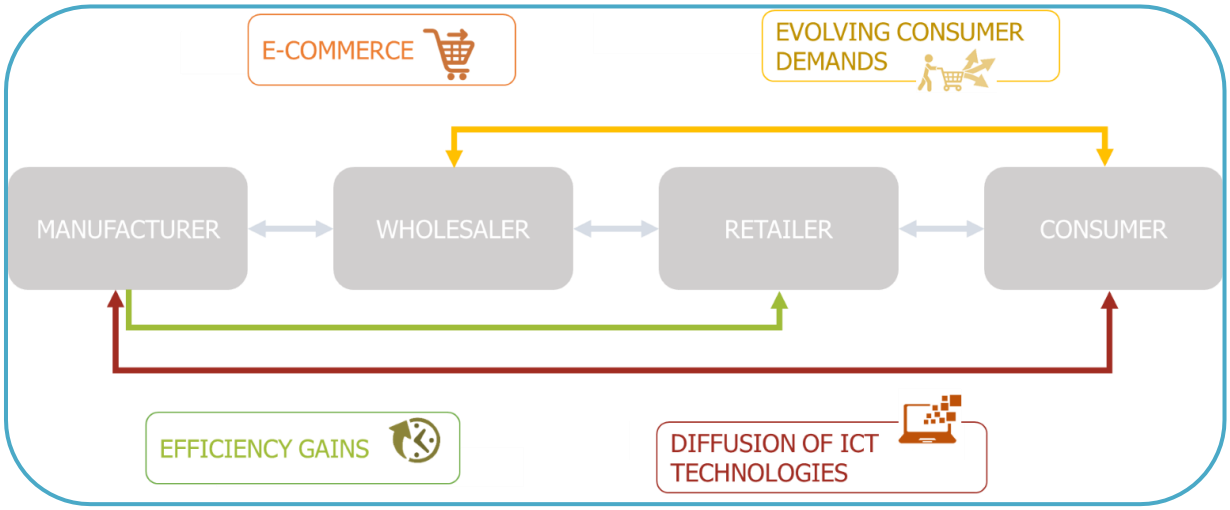
2.5 The blurring line between the commerce subsectors

Several sources denote that increasingly, the line between wholesale and retail is blurring, due to evolving consumer demands, further diffusion of information technologies, the search for efficiency gains through economies of scale and a need for differentiation.

Moreover, supply chains grow increasingly global as products are moving from one continent to another while being manufactured, shipped, assembled, labelled, processed, stored and sold in different locations.

The growing importance of e-commerce on the other hand causes organisations active in the commerce industry to become more and more multi- and omni-channel businesses, where activities that traditionally belong to wholesale such as distribution and stocking are taken up by retailers with an individual consumer as end-user, and vice-versa.

Figure 5: Increasing complexity of supply chain



Source: IDEA Consult on basis of literature

The result is a flourishing diversity of business models, product assortments, ownership and management forms which causes increasing complexity for all actors involved. For governments, grasping different realities of these businesses and designing adequate policies is hence a challenge. More and more, regulations applying to one segment of the sector no longer apply to others due to upstream or downstream movements in the supply chain. For example, the nature of postal services or parcel deliveries grows increasingly parallel to some distributive services of wholesalers, with the latter being subject to a different set of regulations and legal obligations while transporting similar products.

Consumers, being both drivers of change as well as subordinate to evolving business processes in the sector, increasingly ask for transparency of supply chains and clear product description and prices. More and more, ethical and sustainable consumption, product personalization and local consumption gains prominence, while consumption levels have not risen to pre-crisis levels.

Employees in the sector also work in increasingly diverse locations and work arrangements, supported or confronted by fast developing technological evolutions and increasingly internationally entangled processes.

Throughout this study, the effects of above-mentioned drivers of change will become apparent and it is our ambition to contribute to the clarity of roles and factors by clearly defining what we understand by wholesale, retail and e-commerce.

3/ Ongoing trends that affect the EU commerce sector

3.1 A general overview of the trends

The EU commerce sector has undergone considerable changes due to a variety of trends. This chapter investigates the ongoing trends in the sector while the next part will have a closer look at the consequences of these trends for the sectoral labour market (part 2 of the report).

Based on the assembled data and information (mainly the desk research, interviews with experts but also the country cases), this chapter structures these trends around five major clusters;

- Demographical;
- Economic;
- Technological;
- Ecological;
- regulatory trends.

Before analyzing the different clusters in detail, it is important to note that these trends are highly intertwined. In other words, the trends identified below can be viewed as a complex network of drivers of change, both from within the sector as well as outside the sector, shaping a different context in which consumers, workers and companies interact.

The table below provides an overview of the trends. Each trend is described in detail in the next chapters.

Table 2: Major trends that affect the commerce sector

	Trend	Impact
DEMOGRAPHY	Ageing	Both sub-natural replacement fertility rates and increasing longevity causes Europe's population to become increasingly older and changes drastically Europe's age structure: ▸ from the standard pyramid-shaped form, where age cohorts between 40-years and 50-years represent the largest share; ▸ to a pillar-form where every cohort largely represents the same amount of people. This can even result in a situation where the number of people aged above 80 almost become as numerous as the young population. This causes several challenges for the commerce sector: ▸ Attract and retain young employees in companies ; ▸ Adapt content and feasibility to ageing population ; ▸ Adapt technology in shops and products more diversified for different age categories ▸ Packaging and way of shopping adapted to 'obstacles' of ageing ; ▸ Develop marketing strategies that appeal to different age categories.
	Diversifying backgrounds	The share of foreign people in EU member states will rise in some countries above 50%, due to intra-European mobility and immigration of third country nationals. This causes: ▸ A growing importance of integration of foreigners and Europeans on national and regional labour markets in commerce sector; ▸ Language skills for workers becoming more important to meet customers and consumer's needs; ▸ A rise in etno-marketing due to increasing heterogeneity of cultural backgrounds.

ECONOMY	Recession	Economic growth is expected to continue, although recovery of euro area remains slow. This causes: ▶ A significant drop in the level of consumption; ▶ An increase of competitive pressure due to low growth in sales; ▶ Economic pressures force companies to reduce (labour) costs.
	Globalisation	Continued globalization of retail and wholesale enterprises causes: ▶ More globalized supply chains; ▶ The emergence of large foreign multinational retail chains; ▶ More ethical consumption patterns; ▶ New job opportunities for multinational and internationally skilled workers.
	Movement outside urban cities	Localization of food superstores, shopping centers and non-food superstores towards the periphery of the city.
TECHNOLOGICAL	Digitalisation	The increase in extensive use of internet and digital data collection for purchasing, monitoring, and processing goods and information is expected to drastically change several aspects of the commerce sector; ▶ Growth of e-commerce; ▶ Use of big data to gain insight into consumer preferences; ▶ Risk of job losses combined with creation of new jobs.
	Innovation through Key Enabling Technologies	The development of applications, 3-D printing, software for stock-management and facility systems, online transaction systems, self-service checkouts, etc. continuously reforms current business models in the sector. More specifically; ▶ 3-D printing enables increased customization; ▶ Automation improves business processes and challenges job dynamics.
ECOLOGICAL	Climate change	Rising temperatures and increasing extremity in weather conditions associated with uncontrolled climate change causes: ▶ Need for innovative transport strategies; ▶ Increasing awareness of consumer responsibility; ▶ Opportunities for green jobs and skills.
	Pressure on natural resources	Pressure on natural resources has given rise to a circular economy whereby waste of products and services is re-used or minimized. For the commerce sector this means: ▶ Challenges for regular business strategies; ▶ Consumers are increasingly turning to collaborative and local consumption.
REGULATORY	Opening Hours	Throughout Europe, several member states have increasingly liberalized opening hours, changing working time arrangements mostly on the retail sector.
	Data protection	New regulation on data protection changes business strategies regarding use of consumer data.
	Digital Single Market Strategy	Unification of the Digital Single Market comes with several regulatory changes that will affect online B2B and B2C practices such as geo-blocking, big data analysis, copy righting, online platforms

	Liability	Due to evolutions in supply chain, distinction of responsibilities regarding possible harming effects of defective products between different actors in the supply chain becomes blurred
	Protectionism	Trends towards more protectionism will probably have a negative impact on the EU commerce sector, however it is still to early to evaluate the exact impact on the sector yet

3.2 Demographic trends

A first cluster of trends that affected the European commerce sector in the past years and will continue to do so in the upcoming years are changes in the demographic composition of the EU population. Demographic transitions such as population ageing and migration have a direct impact on the commerce sector since changes in the structure of the European population also modifies the pool of consumers and their consumption patterns, but also the pool of workers.

Two important demographic trends can be identified:

- An ageing European population and diminishing workforce;
- A slightly growing population due to migration.

For both trends, we first provide a general description and describe thereafter the impact of these trends on the European Commerce sector.

3.2.1 An ageing European population and diminishing workforce

3.2.1.1 A general overview

A first and probably most important demographic trend is population ageing; a process whereby the median age of a population rises significantly when compared to the total population. In Europe, this is caused by two reinforcing phenomena;

- **Increasing longevity:** Since 1950's life expectancy estimates have increased throughout Europe due to medical breakthroughs, rise in public health programmes, changing societal behavior such as smoking and eating patterns, stabilizing political environments etc.,.. On average, life expectancy of men in Europe has increased by 3.3 years between 2000 and 2012, resulting in a life expectancy at birth of 76 years in 2012, whereas life expectancy of woman increased with 2.6 years on average in the same period, resulting in a life expectancy at birth of 82 years[15].
- **Falling fertility rates**: The average European fertility rate is been since early 80's below this natural replacement rate, meaning that without migration the population would not grow. The dramatic decline in birth rates during the past few decades can be explained by postponed family formation and child-bearing as well as a decrease in desired family sizes[16]. Moreover, fertility is closely related to unemployment or unstable economic climate, and especially younger 'to-be' mothers seem to react actively on economic situations by postponing child-bearing.

In sum, both sub-natural replacement fertility rates and increasing longevity causes Europe's population to become increasingly older and changes drastically Europe's age structure, which is shown in Figure 6. Increased longevity is often referred to as ageing at the top of the population pyramid, while low levels of fertility causing a decline in the proportion of young people in the total population.

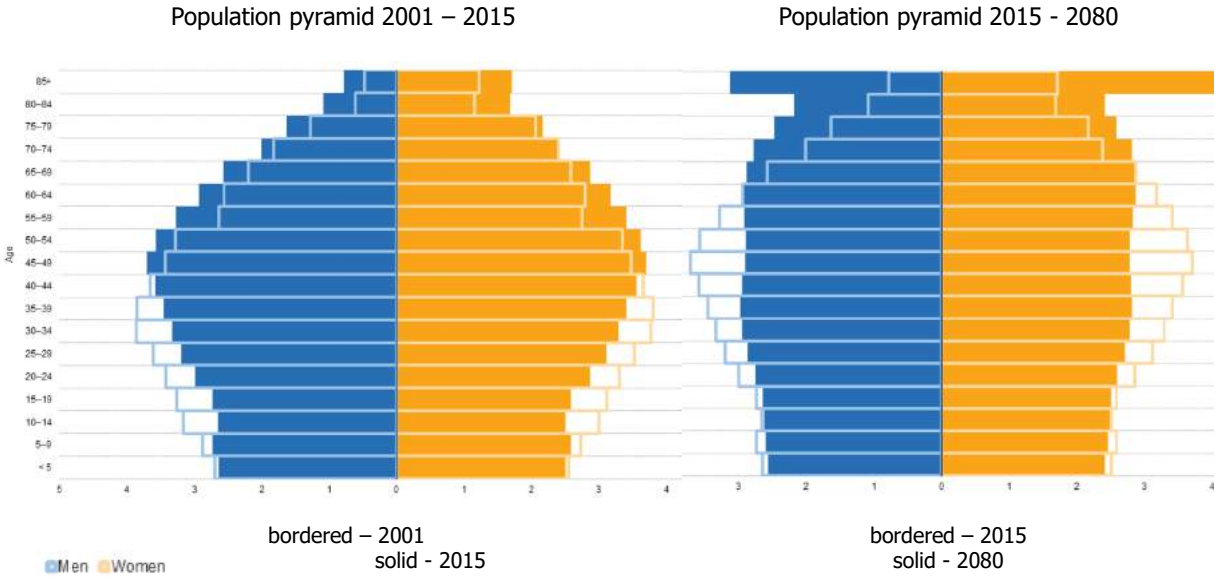
Gradually, the age pyramid of the European population is changing;

- from the standard pyramid-shaped form, where age cohorts between 40-years and 50-years represent the largest share;
- to a pillar-form where every cohort largely represents the same amount of people. This can even result in a situation where the number of people aged above 80 almost become as numerous as the young population (European Commission, 2015).

[15] European Commission, 2015, The 2015 Ageing Report; Underlying Assumptions and Projection Methodologies, p.12, accessed via http://ec.europa.eu/economy_finance/publications/european_economy/2014/pdf/ee8_en.pdf on January 11th 2017

[16] OECD Data, accessed on https://data.oecd.org/pop/fertility-rates.htm#indicator-chart, January 12 2017

Figure 6: Population pyramids (in thousands), EU 28, in 2001, 2015 and 2080



Source: Eurostat (online data codes: demo_pjan and proj_13npms)

3.2.1.2 The impact of the ageing population and diminishing workforce on the European commerce sector

The ageing population and diminishing workforce affects the European commerce sector in two ways: e

- Challenge to find and retain workers in the commerce sector;
- Changing consumer patterns.

Challenge to find and retain workers in the commerce sector

The ageing population has a direct effect on the workforce and available skillsets in the economy. Several studies show that the supply of workforce will decrease in the coming years. However, the concerns are especially critical for the retail industry, which is well-known for its high level of labour intensity and above-average labour turnover rate.

Moreover, the sector is also characterised by the employment of young workers. This demographic trend makes it difficult for this sector to continue to attract workers from their traditional labor pool of young workers. In the future, retailers will be competing with other industries for a cohort of younger workers whose share of the workforce will be gradually declining. This may encourage employers to seek older employees to meet their labour needs.

In September 2011, the ILO organised a forum with government, employers' and workers' representatives called The Global Dialogue Forum on the Needs of Older Workers in relation to Changing Work Processes and the Working Environment in Retail Commerce. During this forum, the ILO suggested that the sector should review its employment practices, work processes and working environment to improve its ability to attract and retain more people aged 50 and over, especially in sales and customer service roles[17]. The meeting was intended, among others, to help come up with measures and policies that allow the sector to increase their ability beyond that labour pool of young workers; to extend it to older workers.

According to Peter James Stark, Spokesperson for the workers at the Forum, there is an urgent need for such measures. "*We have a sense that the commercial retail sector is not quite geared towards keeping the elderly workers in the workplace. And while we do have to focus on getting the younger workers in, we also have to be aware of the demographic changes that are happening and that we need to make extra efforts to tailor the workplace to elderly people, especially since in most places around the world, governments are trying to increase the retirement age*".

The retail industry may need to consider job redesign in order to attract and retain older workers. The advent of new technologies across the enterprise may well be an enabler of such change, and the demand for more

[17] ILO, 2011, "A changing world: Adapting to an ageing population in the workplace".

sophisticated interpersonal skills to engage customers may provide a good fit for mature-age workers. In this context, training and human resource policies and programmes should be geared to workers' specific needs.

Changing consumer patterns

The change in age structure leads to modifications in the strategy, marketing, product placement, development as well as the way in which products can be purchased and sold. Regarding e-commerce and digitalisation e.g. it will become increasingly important to incorporate the needs and concerns of the 80+ year olds since they will be the cohort that will have grown strongest by 2060.

"Ageing populations will dramatically shape the face of our society moving into the future"

says Dick Boer, board and co-sponsor of the Consumer Goods Forum .

Consumers of the age above 65 indicate that product packaging should be made easier to open, and labels, prices and directions in shops should be easier to read. They prefer smaller shops with a more personal contact between staff and consumer and the possibility to rest in the shop. They also tend to look differently to the activity of shopping, experiencing it not so much as a necessity per se but more as a leisure or social activity.

Moreover, their consumption pattern is relatively different from other age groups, i.e. they tend to be more loyal to brands, spend proportionally less of their income to clothing and transport but more on food and beverages and are not particularly price-sensitive (although notable differences exist between different continents and cultures) .

Contrary to what is often thought, technology use is extensive among older consumers, albeit not in the 80+ category. Since mature consumers often have more time to discover and surf online and see large benefits in home delivery services, in some countries this age group is the fastest growing cohort for internet adoption. However, a strong schism remains between those of the mature consumers that have discovered internet and those that haven't discovered the internet and mobile era yet.

In sum, although "the" more mature consumer does not exist and heterogeneity within the category of 65+ consumers increases, for business in the commerce sector it is important to take into account the growing presence of the 65+ consumer relative to other age categories when developing market strategy.

3.2.2 A slightly growing population due to migration

3.2.2.1 A general overview

Despite low birth rates, Europe's population continues to grow for some decades mainly due to increasing migration. By 2050, the EU population will have grown by almost 5%, representing the tipping point where after the total population will start declining slowly (European Commission, 2015). This European projection does however mask considerable differences between the EU member states, where about half of the EU Member states' populations is expected to decrease by 2060 and the other half of the EU Member States' populations expected to increase. The group of European consumers will thus grow slightly during the coming five decades mainly due to the increase of consumers with a non-EU background.

From projections of the share of population with a foreign background in the EU, it seems that there will be a widespread variety in the share of population with a foreign background between the different member states. Most of the Mediterranean and Central-Northern Europe countries will see their share rising to values above one third, while Eastern EU and Baltic countries will hardly go above the levels that some are already experiencing today (Lanzieri, 2011). Moreover, the proportion of residents with foreign background is projected in at least three countries to exceed the proportion of native people (Lithuania, Cyprus and Austria).

3.2.2.2 The impact of the increasing diversification of the population on the commerce sector

Although surprisingly few sources study the implications of the diversification of the population for the commerce sector, several consequences can be assumed to impact the sector:

- An increasing diversified workplace;
- Changing consumer patterns.

An increasing diversified workplace

An option for employers to address labour and skill shortages is to directly employ migrants. According to literature, keeping up with these dynamic shifts and hiring a diverse workforce that truly represents the consumer demography will be crucial to finding success in retail. Literature considers that a diverse workplace fosters great innovative solutions especially in retail. Moreover, diversity brings all different backgrounds and points of view to the table when making decisions.

However, a multicultural diverse workforce has different attitudes, needs, desires, values and work behaviours (Morrison 1992). Moreover, with diversity comes new means of expression, as employees from different cultures and backgrounds communicate in slightly different ways. As a consequence, diversity on the work floor brings also some challenges and human resource managers will face more and more issues in relation to workforce diversity in organisations. Companies should improve communication in a diverse workplace by fostering an atmosphere of clarity, and by tasking managers with understanding individual cultures as much as possible to help smooth over any misunderstanding.

The increase of foreign workers in the commerce sector will also lead to the need for some trainings, especially language trainings to meet and understand consumer's needs.

Changing consumer patterns

The current market strategies of retailers and wholesalers is already evolving towards more diverse product supply such as the 'hallal' supply chain, more ethnic diverse advertising campaigns and even a distinct marketing branch called 'ethno-marketing'. However, much more is to be done and more research on the impact of the increasing diversity of national backgrounds within the EU consumer group is necessary.

Moreover, migration is tightly linked to the age structure and composition of the EU consumers. For a few decades, the most important increase in share of foreign consumers will be those between 15-39, having clearly different consumption needs than other age groups.

3.3 Economic trends

The commerce sector is affected by three main economic trends. These are described in the paragraphs below:

- The aftermath of the economic and financial crisis;
- The globalization of economic activities;
- The movement outside of urban cities.

For each of these trends, we first provide a general description and describe thereafter the impact of these trends on the European Commerce sector.

3.3.1 The aftermath of the economic and financial crisis

3.3.1.1 A general overview

The global financial crisis of 2007-2008 led to one of the largest recessions since the Great Depression in the 1930s. The recovery from this crisis has been a long and difficult process affecting organizations as well as their workers and consumers. Below, we discuss the following important consequences:

- Changes in consumption patterns;
- Restructuring of companies;
- Changes in entrepreneurship culture;
- Slow, but continuous, recovery.

Changes in consumption patterns

Levels of private consumption dropped as people lost spending power, although this impact varied across different households. Overall, the crisis affected traditional consumer patterns and created new ways of consuming such as the sharing economy which allows end users to share products with one another. A key component of this new form of economy is the temporary use of goods or services (often offered by private individuals). This adds a new, collective dimension to consumption where goods and services are shared, hired, exchanged, etc.[18]

Restructuring of companies

Overall, fewer new companies were created as the crisis affected levels of activity and investments. In this respect, banks became (even) more risk-averse and increased barriers to access financial means (e.g. venture capital). However, the crisis, in combination with technological evolutions, diversified financial players and resulted into alternative funding systems for new ventures such as crowdfunding. Rather than relying on the opinions of experts, crowdfunding enables millions of individuals to make decisions about which entrepreneurial projects they want to test and support[19].

In such economic climate, existing enterprises were forced to increase their cost efficiency. In specific, companies experienced pressure on their profits, revenue and labour costs. For labour costs, Eurofound (2013) reported that the first measure adopted was cuts in employment (hours) rather than cuts in wages. Reduction in wages was seen as detrimental to worker motivation and retention. While cuts in employment (hours) particularly hit workers in low-paid and temporary jobs, wage cuts occurred most often in higher-ranking jobs through cuts in bonuses and other rewards.[20]

Changes in entrepreneurship culture

Another important change in business models due to the crisis is the increased importance of self-employment and entrepreneurship. Entrepreneurs are vital for technology breakthroughs, especially in emerging industries. Given their important role, alternative funding systems for new ventures are emerging such as crowdfunding.

[18] IDEA Consult, 2017, 'The sharing economy', Study for the Flemish government.

[19] European Cluster Observatory, 2015.

[20] Eurofound report 2013 'Wages and working conditions in the crisis'.

Crowdfunding refers to open calls to the public, generally via Internet, to finance a project through either a donation, a monetary contribution in exchange for a reward, lending or investment. As a result, individuals –rather than specific experts- decide which entrepreneurial projects are worth supporting.

Moreover, organizations are increasingly expected to further professionalize their businesses and master entrepreneurial and managerial capabilities. This requires profound knowledge of their field of business, which allows to identify opportunities and assess the accompanied risks. Indeed, the number of self-employed professionals continues to increase over the past years. This can be linked to diverse economic factors such as the reduction in stability of contracts and cuts in labour costs due to the recession and the automation of tasks due to digitalisation.

Slow, but continuous, recovery

At the start of 2016, the European Commission presented its' European Economic Forecast Winter 2016, concluding that although growth is expected to continue, recovery of the euro area remains slow, both compared to its historical path as well as compared to other advanced economies (European Commission, 2016). However, due to factors such as the arrival of unprecedented number of migrants, public consumption is expected to remain quite high. Moreover, 2015 was the first year in which every member state experienced an increase or maintenance in output level since the crisis, although substantial differences between the member states regarding both openness to trade and the geographical orientation of trading relationships persist (European Commission, 2016).[21]

3.3.1.2 The impact of the financial crisis on the European commerce sector

The economic and financial crisis has been an important driver of change for the European commerce sector. This is apparent on three levels:

- A significant drop in the level of consumption;
- An increase of competitive pressure due to low growth in sales;
- Economic pressures force companies to reduce (labour) costs.

A significant drop in the level of consumption

Both retailers and wholesalers in the European commerce sector are faced with changes in consumption patterns. This is mainly due to the evolution in the profiles of European consumers towards more numerous, longer living, more diverse, more urbanely living and better-educated people. This is especially the case in times of recession when consumer confidence usually falls causing people to hold back their purchases (in particular make fewer luxury purchases).[22]

Indeed, according to the country cases, household consumption expenditure in the UK, Greek, Spanish and Italian commerce sectors dropped due to consumers making more considered choices. For example, Spanish household consumption expenditure had negative annual growth rates from the first quarter of 2011 until 2013. Yet, such declining national consumption levels can be countered by compensating for this loss with more exports. The food sector in Greece has also made extensive efforts to increase its exports both through traditional channels and e-commerce. However, overall, very few companies in Greece succeeded in changing their market outlet because they were unable to fund new activities.

An increase of competitive pressure due to low growth in sales

Due to lower levels of consumption, the European commerce sector suffers from increased competition which is most evident for supply chain professionals and retail entrepreneurs.[23] This is illustrated by the Polish country case where the commerce sector is struck by increased competition and very low margins. The Polish Sales Study shows for 2015 that 85% of companies did not achieve their expected sales targets and that 60% of these failing companies attributed this to increasing price competition.

As the lower purchasing power of consumers leads to a reduction in sales and thus in profit levels, the recession pressures companies to adjust their business models. Over the past 5 years, the sector was characterized by an

[21] Forecast winter 2016 – European Commission.

[22] Commerce - European Commerce Skills Council Report 2014.

[23] Idem.

overall shrinkage in the number of active enterprises and by further restructuring.[24] The reduction in new ventures can also be related to limited access to credit in the banking system, which for example was noted for the Spanish commerce sector. As a consequence, the commerce sector has become increasingly concentrated through mergers and acquisitions in order to generate economies of scale. A key factor in this process for the commerce sector is to simplify supply chains and reduce the role of intermediary players, in order to increase profits. Therefore, in some countries, the sector is characterized by a decrease in the number of new companies and the restructuring of existing stores. For example, in Italy, large retail chains (as opposed to small retailers) suffered from fewer openings of new stores and restructuring.

Economic pressures force companies to reduce (labour) costs

At the organizational level in the commerce sector, many country cases confirmed that companies experienced a lot of pressure on profits, revenue and labour costs. For example, in Greece, salaries were reduced through government regulation and cost cuts were made through a change of suppliers, i.e. substituting imports from more expensive countries to local producers or low-cost countries. Nevertheless, the Greek commerce sector went through a large number of bankruptcies (mostly SMEs) and saw its trade volume plummeting. The Italian commerce sector is also becoming a sector with highly structured companies that base their profits mostly on the compression of labour costs. While this translates into fewer new companies for large Italian retail chains (see earlier), small retailers have to survive by increasing the level of service they provide (e.g. working unsocial and long working hours). In that respect, the Italian case points out higher levels of work intensity and workload as a consequence of these economic pressures.

However, for some countries, these economic pressures have also resulted into positive effects. The Greek commerce sector has seen an increase in specific activities such as cloth repair or mechanical repairs. Furthermore, the Spanish commerce sector is marked by an economic recovery over these last years which is thanks to product specialisation (e.g. tourism) but also development of e-commerce. Also, there has been important openness in the Spanish commerce sectors to new markets and new products, turning the focus from domestic commerce to foreign trade.

3.3.2 The globalization of economic activities

3.3.2.1 A general overview

Globalization refers to transnational connectedness and thus to the process of continuing integration of various parts of the world.[25] Since the 1980s, consumers, workers, organizations and countries as a whole are becoming more globally connected. On an economic level, this increasing interconnectivity has several important implications that are described below.

- Outsourcing of production activities in countries with low labour cost;
- Global competitive pressures increase international trade levels;
- Changes in number and structure of jobs.

Outsourcing of production activities in countries with low labour cost

Globalization motivates organizations to restructure their production process via outsourcing and offshoring of activities, especially of their production activities. As a consequence, international production of goods are increasingly organized through global value chains where the different production stages are located across different countries. In 2011, half (49%) of world trade in goods and services was organized through global value chains.[26]

Yet, outsourcing and offshoring activities from home to host countries can also lead to criticism. Since developing countries offer the prospect of a lower cost labour pool, globalizing supply chains can also lead to significant job losses or lower wages in organizations' home countries. Furthermore, regulation in host countries are typically

[24] Ebinter (2016), Il Mercato del Lavoro nel Settore Terziario. Available at: http://www.ebinter.it/new/site/media/570b7f74dfaf4.pdf.

[25] Eriksen, T. H. (2014). Globalization: The key concepts. A&C Black.

[26] World Trade Organization (2015) International Trade Statistics, available at https://www.wto.org/english/res_e/statis_e/its2015_e/its15_toc_e.htm

inferior to those in home countries. That is, workers in host countries are often poorly protected, having less than ideal working conditions and low wages and lacking an efficient social security, medical and unemployment compensation system.[27]

Global competitive pressures increase international trade levels

Due to globalization, organizations are challenged by powerful multinationals and are exposed to much more competition over the past decade than ever before. This global competitive pressure has contributed to the expansion of international trade in products and services. International trade has been increasing since 1995 and strongly rose in the early 2000s. After a sharp fall during the 2008-2010 period of the financial crisis, international trade continues to increase over the past years (although recovery is slow). Furthermore, the increased international competitiveness may pressure certain companies to further specialize their goods and services to offer sufficient added value compared to their international competitors. As a result, consumers get access to a wider range of brands, products and services at lower prices. Besides access to a wider range of products and services, globalization has also stimulated consumers to want immediate availability of products and services.

Changes in number and structure of jobs

Besides having implications on the organizational level, economic globalization also has significant effects for employment. Economic globalization may affect the structure of employment such that jobs linked to certain economic activities may disappear while jobs linked to other –probably new- activities may be created.[28] This change in distribution of jobs across economic activities is caused by globalized supply chains and competitive pressures arising from economic globalization.

First of all, economic globalization increased the globalization of supply chains through offshoring and outsourcing activities. Jobs were often migrated to Asia but are also being moved to North Africa and central Europe. The lost jobs were initially in labour-intensive, low-skilled areas such as assembly lines where competition originated from low-skilled workers in developing countries. Yet, this trend did not only hit industrial activities but also the service sector. In 2004, 1 out of 2 companies considered to relocate a service activity.[29] As the workforce in developing countries is becoming better qualified, also skilled workers in developed countries are experiencing competition of their counterparts in developing countries.

Globalized supply chains are not the only aspect of economic globalization which affects employment. OECD countries faced many job losses due to the increase in international trade levels which led to imported products competing against domestic products. This was particularly felt in sectors where products do not require specialized skills and technology such as textile, electronics, toys and household objects. For example, competition from emerging countries caused jobs in the textile industry of G7 countries to drop with 60% between 1970 and 2003. As a result, OECD companies had to refocus on branches such as textile technology, design and haute couture which offered them higher value added.

Huwart and Verdier (2013) argue that while globalization may destroy some jobs, it can create many more. As labour flows are increasing between countries, a larger number of jobs are becoming available for workers in the economy. Thanks to the growth promoted by economic integration, companies are able to realize productivity gains and spread new technologies.

3.3.2.2 Impact of economic globalization on European commerce sector

In this section, we discuss the impact of economic globalization on the European commerce sector. Increased interconnectivity between economic players in this sector has had four main consequences:

- Supply chains become more globalized;
- Emergence of large foreign multinational retail chains;
- More ethical consumption patterns;
- New job opportunities for multinational and internationally skilled workers.

[27] Ruzic, F. (2006) New Ethics for E-Business Offshore Outsourcing in Harbhajan, K. (2006) Outsourcing and Offshoring in the 21st Century: A Socio-Economic Perspective, Idea Group Inc.

[28] Di Pietro, M. A., Girsberger, E., M., Vuille, A. (2007) The impact of globalisation on employment. Swiss Federal Statistical Office (FSO).

[29] Huwart, J-Y., Verdier, L. (2013) Economic Globalisation. Origins and consequences. OECD Insights.

Supply chains become more globalized

Economic globalization has opened new markets for the commerce sector by connecting manufacturers, wholesalers, retailers and consumers across the globe. While the wholesale sector was traditionally characterized by local contractors, it has become involved in globalized supply chains. This is especially the case for large companies and less so for SMEs.[30] Together with e-commerce, this increased competitiveness has given consumers in the commerce sector access to a wider range of products and services.

For example, the openness to new markets and products has turned the focus of the Spanish commerce sector from domestic production to foreign trade. However, the movement to global supply chains within the commerce sector was less apparent in some European countries. For example, in Greece, only a few large companies benefitted from the globalization pressures, mostly because these companies had the resources to expand to the Balkans.

Emergence of large foreign multinational retail chains

Increasing interconnectivity has led to structural changes within the sector including the development of large foreign multinational retail chains. For organizations with smaller structures, the way to develop an international dimension and face the competition would be to join forces with other actors in foreign countries. Such international networks allow them to respond to the internationalisation of both manufacturers and customers. Indeed, the German commerce sector expects stronger integration in sales of small retailers due to the growing competition with large international companies and this in particular by local stores and delivery services.

More ethical consumption patterns

As mentioned earlier, outsourcing and offshoring of activities from home to host countries can lead to criticism. Moreover, an increasing number of people make their consumption decisions based on certain production methods or labour standards (such as wage rates and working conditions). [31] While global value chains thus offer cost advantages to companies, they can also make them lose clients as ethical awareness in consumption patterns is increasing.

New job opportunities for multinational and internationally skilled workers

A recent ILO study revealed that the number of jobs related to global supply chains (GSCs) has increased rapidly over the past decades, both in absolute terms and as a share of total jobs. Since 1995 the share of jobs in GSCs in the total employment volume has risen from 19% to 25% in 2013. This implies that overall, almost a quarter of the entire workforce in advanced economies works in jobs related to global supply chains, according to the specially developed ILO methodology. [32]

Also in the commerce sector, economic globalization has contributed to more job opportunities for workers. Noticeably more multinational and internationally skilled employees are hired, for example in tourist areas in Greece. Also for the Finish commerce sector, the extent to which businesses need to become more versatile stimulates the demand for new skills and knowledge (e.g. language skills). However, in the UK, the commerce sector tends to outsource certain job functions (e.g. delivery functions) or to share these functions with competitors (e.g. a supermarket that entered the home delivery market late joined forces with an established competitor).

[30] Wholesale job engine at the centre of europe's economy – Eurocommerce.

[31] Tallontire, A., Rentsendorj, E. and Blowfield, M. (2001) Ethical consumers and ethical trade: a review of current literature (NRI Policy Series 12). [Working Paper]. Available at http://gala.gre.ac.uk/11125

[32] ILO, 2015, World Employment Social Outlook, The changing Nature of Jobs, 155p.

3.3.3 The movement of companies away from urban cities

3.3.3.1 A general overview

The economic crisis and globalization trends have gone hand in hand with a trend of geographical dispersion where large companies gain prominence outside urban city centers. Since the industrial revolution, cities have increasingly offered benefits of scale as increasing parts of the population settled down in cities. However, today, the number of people migrating to urban centers, counts up to more than half a million per week, creating both opportunities and threats in terms of transport, housing, geospatial planning, energy supply and business development.

'Humanity's entrance into the era of homo urbanus is irreversible. In 2007, 50% of the inhabitants of the planet were urban. Urban dwellers are expected to be 70% of the world population in 2050.' European Commission, Foresight Fiches 2030, 2013

In times of recession, the cheaper housing in the peripheral areas of cities attract organizations that have sufficient size to ensure a solid client base. A new location outside the city center is not only attractive to organizations in terms of the availability of bigger units and cheaper housing prices. It has advantages for consumers as well such as better car accessibility and mobility along with lower parking costs. Also globalization plays a role in this movement away from urban centers. That is, it allows economic players to become more geographically dispersed, as they remain connected through fast moving transport channels and digital technology.

3.3.3.2 Impact of movement outside of urban cities on European commerce sector

The trend of geographical dispersion has several implications for the commerce sector. One of the main reasons is that retailing and wholesaling activities are predominantly focused on the local community. The commerce sector sells physical goods and services to consumers and employs a substantial share of the workforce. Therefore, when a retail store or a wholesaler warehouse moves, this has a much more obvious impact than when a factory moves.

The economic recession and globalization have contributed to the development of large multinational retail chains in Europe. The establishment of these multinationals created food superstores, shopping centers and non-food superstores (big-box developments) towards the periphery of the city. Such peripheral shopping spaces attract consumers who used to purchase their goods in city centers where traditional small retail shops are active which was for example the case for the Italian commerce sector. Furthermore, recent developments show that large chains have a tendency to return to city centres by creating small outlets, concept and convenient stores within the urban areas.[33] These developments together with the lower rents in peripheral areas have, in turn, driven local retail shops to delocalize outside urban city centers.

Yet, not all traditional retailers may design new strategies to deal with this competition. Out-of-town retailing can also lead to significant losses for retailers in city centers.[34] According to the hierarchical principle of Central Place Theory, local retailers vanish in urban cities because of two mechanisms which occur simultaneously. On the one hand, higher-order goods become scarce in the city center which forces consumers to make longer trips for certain goods. On the other hand, cheap lower-order goods become attractive in the more peripheral areas where larger retailers undercut the prices of smaller retailers.[35]

Simultaneously, some traditional retailers may not face severe competition thanks to recent changes in consumption patterns. In some countries, purchase patterns have changed such that people are more driven towards immediate consumption and more specialized products. This is, for example, observed for the Spanish commerce sector where households prefer to buy regularly in an urban medium-size shop rather than occasionally in a big supermarket outside of urban cities.

[33] Ruddick, G. (2015) 'Little convenience stores could become a big problem for supermarkets'. Available at http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/11652760/Little-convenience-stores-could-become-a-big-problem-for-supermarkets.html

[34] Leeuwen, E.S. (2010). The effects of future retail developments on the local economy: combining micro and macro approaches. Papers In Regional Science 89(4): 691-710.

[35] Christaller, W. (1933). Central Places in Southern Germany (translated by Baskin, C., 1966). Englewood Cliffs: Prentice-Hall.; Lösch, A. (1940). The Economics of Location (translated by Woglam, W.H. & W.F. Stolper, 1954). New Haven: Yale University

3.4 Technological trends

Technological trends have a major impact on the commerce sector, causing an increasingly blurring line between consumers and producers. Moreover, technological trends cause new forms of competition, not only between emerging or established firms but also between different actors within the supply chain.

We have listed some of the most important technological trends below:

- Digitalisation;
- Innovation through Key Enabling Technologies.
- For both trends, we first provide a general description and describe thereafter the impact of these trends on the European Commerce sector.

3.4.1 Digitalisation

3.4.1.1 A general overview

Digitalisation (or often interchangeably named *digitisation*), refers to the process of mass adoption of internet-connected digital technologies and applications by consumers, enterprises, and governments. Applications include daily activities such as internet banking and online shopping but also changes in terms of communication (e.g. skype). In the same way as the steam, steel, coal, electricity and petrochemical revolution, the digital era changes not only the products but also the way we produce, organize and even value things. It is thus considered as a so-called 'General Purpose Technology' which illustrates that digitalisation has an impact on society as a whole.[36] In the paragraphs below we discuss the impact of this trend on companies, workers and consumers.

- Digitalisation affects business models and communication strategies;
- The net impact of digitalization on job dynamics remains ambiguous;
- Digitalisation leads to the need for new skills;
- Digitalisation leads to new forms of work.

Digitalisation affects business models and communication strategies

For organizations, the trend of digitalisation affect their business models. Companies invest in digital applications, digitalise their internal processes and digitalise work itself. Such digitisation of business processes can significantly cut costs (by up to 90%) and increase turnover. Moreover, the increase of communication applications (social media) changes organizations' marketing strategies. Rather than investing in TV or radio advertisements, companies may look for immediate feedback on their products through social media and other digital platforms (i.e., consumer recommendations). This requires them to adjust and rebuilt data models (e.g. to integrate customer insights) and to create new roles such as data scientists or user-experience designers[37].

The net impact of digitalization on job dynamics remains ambiguous

The digitalisation trend also calls for a reorganisation of the labour market in terms of job dynamics. According to a report by the OECD of 2014, job losses in certain sectors will be inevitable.[38] For the EU, estimations show that 35% to 60% jobs are at risk due to digitalisation substituting parts of or entire jobs. This is particularly the case for medium-skilled jobs including office and administrative support work, manufacturing and transportation.

At the same time, digitalisation will lead to the creation of new types of employment involving digital activity. The impact on job creation varies across sectors depending on the effect of digitalisation on business models, associated production costs and potential customers. The employment in the ICT sector is, for example, expected to grow by

[36] IDEA Consult, 2015, 'The impact of digitalisation on the labour market', European Parliament.

[37] McKinsey, 2014, 'Accelerating the digitization of business processes'.

[38] OECD (2014) 'Skills and Jobs in the Internet Economy', OECD Digital Economy Papers, No. 242, OECD Publishing. Available at http://dx.doi.org/10.1787/5jxvbrjm9bns-en

6.8% between 2012 and 2020. New jobs will mostly be in knowledge- and skill-intensive jobs such as high level managerial and technical occupations.

Given these opposing effects of digitalisation on employment, the net impact on job dynamics remains ambiguous. According to the 2010 forecast by Cedefop, the net growth of jobs in Europe is expected to amount to more or less 7 million by 2020. Digitalisation is considered to be one of the key factors explaining the creation of new jobs. [39]

Digitalisation leads to the need for new skills

In order to function in the ever more digital society, workers will be expected to develop a certain ability to work with digital tools and to be able to use digital media. Specifically, workers will need to supply the expertise that is required to interpret data that new digital technologies produce. Yet, data from the European Commission show that many EU workers have insufficient digital skills or e-skills.

Indeed, many firms, for example in Germany, complain about skills shortages which is possibly due to high e-skill requirements. In response to the shortage in digitally skilled labour, Ecommerce Europe has endorsed several initiatives to boost e-skills (these are already in effect in Belgium, Denmark, Portugal and Switzerland).

Besides the evident growth of importance of high skills (e.g. ICT skills), there will also be an increasing demand for specialised workers with strong interpersonal and cognitive skills. That is because skills such as creativity and emotional intelligence will tap human potential and allow people to have added value compared to robots.

Digitalisation leads to new forms of work

- Digitalisation affects the way in which work is organized and transforms employment relationships. Thanks to smartphones, free global videoconferencing and cloud-based document sharing there are no barriers anymore regarding the time and place of work. As a consequence, workers have more freedom and flexibility to work at anytime and anyplace. This offers opportunities to develop worker-friendly forms of flexibility but has also some negative side effects, e.g. increased work intensification and the obligation for workers to always be available may cause stress and burn-out.

- Moreover, digital technologies enable fragmented business models, as information can be shared across large distances and audiences at lower cost. As a result, businesses can now hire specialists on demand and keep their workforce flexible in response to fluctuations, for example in the form of self-employed workers or freelance workers. However, there are important concerns about access to social protection for workers under these flexible work arrangements. Full social protection rights such as health assistance, sick leave, unemployment or parental/maternity leave are usually the sole responsibility of the self-employed workers themselves. They are often not covered by collective agreements, nor able to bargain individually or collectively for adequate remuneration, and cannot enjoy traditional pension, social and trade union rights. Moreover, it appears to be more and more complex to distinguish the bogus self-employed from those who are pure entrepreneurs.

[39] IDEA Consult, 2015, 'The impact of digitalisation on the labour market', European Parliament.

3.4.1.2 Impact of digitalisation on European commerce sector

The digitalisation trend has been particularly relevant for the commerce sector and this more so for the wholesale sector than for the retail sector. We discuss the most important implications below.

- The growing e-commerce;
- Big data offers more insight into consumer preferences;
- Risk of job losses combined with creation of new jobs.

The growing e-commerce

The digitalisation trend is expected to drastically change several aspects of the commerce sector. The literature on the impact of digitalisation on the commerce sector primarily focuses on the rising sub-sector of e-commerce. E-commerce includes the sale or purchase of goods and services through digital and electronic interfaces. These online commercial transactions may take place via websites or electronic messages using not only computers but also tablets, connected TV's and mobile applications.

The increasingly extensive use of the internet together with the development of e-commerce, has led to organizational restructuring in the sector. Companies are transformed into multi-channel enterprises with online and instore shops. This generates a more competitive climate for wholesalers and retailers. Although a commonly perceived threat is the possible replacement of traditional brick-and-mortar shops, studies show that the internet strengthens the physical stores rather than replace them. [40] Online purchases generate opportunities to compare prices, and this also across borders. Furthermore, certain products and services can be transformed into digital versions. Products and services can receive new functionalities due to connection with a network or become freely accessible, thus creating the need to supply new products and services.

Case studies show that investment in e-commerce varies across European countries. While the expansion of e-commerce is among the most important goals for German trading companies, Finish businesses have so far not been very effective in transforming their structure to e-commerce activities. For example, in 2014 almost half of the Finnish retail e-shopping was done on foreign sites. Furthermore, investment in e-commerce may also vary across organizations within European countries. For example, in Italy, e-commerce is common among large companies (in particular those with more than 250 employees) while small companies do not take full advantage of e-commerce (e.g. they use online trading only to a limited extent). In contrast, e-commerce is dominantly applied by micro companies (89% of e-commerce activity) and small enterprises (9% of e-commerce activity) in Poland.

For consumers, the rise in the internet use has increased transparency of information and purchases. This change in consumer behaviour (e.g. price comparison and product comparison) required many retailers and wholesalers to rethink their market positioning which was for example the case in the UK. Moreover, the digitalisation trend has created new distribution channels. In-store purchases or home-deliveries are increasingly complemented by new forms of distribution such as collection points for specific products and groceries and consumer to consumer distribution forms where homemade meals can be purchased.[41]

Big data offers more insight into consumer preferences

Overall, digitalisation offers broader opportunities to adapt to changing consumer preferences. The mass adoption of internet-connected digital technologies and applications generates a mine of information. Such 'big data' can be transmitted, collected, aggregated and analysed to provide insights into processes and human behaviours. One of the greatest challenges for the future lies with using and integrating this 'big data' in a logical manner and taking into account issues of privacy and individual rights.

Companies may use 'big data' to create innovative products and services and thereby increase their productivity growth. In specific, 'big data' can be used as a way to understand consumer preferences by analysing their behaviour. Traditional marketing strategies are replaced by complex, multi-channel market strategies nourished by real-time information about consumers. Organizations access such information through big data and the use of various machine-to-machine and internet of things devices. Especially in the retail sector, innovate technological devices may be used such as wrist bands that collect personnel data, smartphones and computer stations. An example of big data analytics in the retail sector are supermarket chains which collects huge data flows through their consumer loyalty cards and use the information to provide tailored services to its customers.

[40] Ericsson, 2014, 'Industry Transformation – Horizon Scan: ICT & the Future of Retail'.

[41] Haghberg et al., 2016.

Risk of job losses combined with creation of new jobs

For workers in the commerce sector, digitalisation is expected to lead to both job creation and job losses. Jobs are likely to be lost or substituted due to digitalisation and preliminary evidence shows that the retail sector is one of the sectors which is most at risk.[42]

However, new jobs may result from the need of new functional profiles with different skills and competences in entertainment, software, digital products and information-related goods and services. For example, online shopping is likely to increase the demand for customer service assistants. Also indirectly, the rise in e-commerce can increase productivity and demand and thereby create new job opportunities. According to the e-Commerce association the gross number of jobs created, directly and indirectly, by the 'business to consumer' e-Commerce sector is estimated at nearly 2.5 million in Europe. They claim that "*this figure will undoubtedly grow with the on-going increase and penetration of the Internet in the European society, and the projected growth of (B2C) ecommerce"* (Ecommerce Europe, 2015).

3.4.2 Innovation through Key Enabling Technologies

3.4.2.1 A general overview

Key Enabling Technologies are technologies with important product applications, which have a lot of potential to fuel economic growth and create jobs. Some examples are micro and nanoelectronics, nanotechnology, advanced materials and photonics. These technologies have provided the basis for the creation of 3-D printing, connected machines and other work automation processes. Below, we discuss how such creations have influenced business processes, workers and consumers:

- Cost reduction with 3-D printing;
- Automation of business processes.

Cost reduction with 3-D printing

The rise of 3-D technology is one of the most important technological developments of our time. 3-D printing refers to "the process for making three-dimensional solid objects of virtually any shape and any size from a digital model"[43]. The three main implications of 3-D printing are making prototypes, rapid manufacturing (3-D printing enables to produce lighter, more resistant products using 90% less energy and making few labour costs) and mass customization (e.g. consumers can customize objects such as furniture and smartphone cases through the use of 3-D files). The EU has a very healthy 3-D printing climate in terms of patenting, research, 3-D printing services and companies investing in the technology. However, 3-D printing is mainly limited to Western Europe with Germany, the UK, the Netherlands, France, Belgium, Italy, Spain and Sweden emerging as global leaders in specific fields.[44]

According to a report by McKinsey, 3-D printing will unleash an economic revolution. They estimate that, by the year of 2025, 30% to 50% of product parts and components will be produced by 3-D printing. This would amount to 40% to 55% in cost savings for the end buyer compared to non 3-D printed products.[45] As 3-D printing increases the importance of local production and personalization of products, it allows companies to transform their business model and produce their basic materials themselves. Furthermore, 3-D printing significantly accelerates the development of new products as it allows to rapidly translate ideas into tangible prototypes. Thereby, it can increase market competition as it lowers the cost for new economic players to enter niche markets with specialized products. In addition, 3-D printing changes consumption patterns because it enables unique products to be delivered to individuals which could ultimately even impact consumers' sense of ownership of goods. As 3-D printing will almost eliminate the labour costs of manufacturing, it is expected to result into the demise of low-skilled assembly and operational jobs in manufacturing.

[42] IDEA Consult, 2015, 'The impact of digitalisation on the labour market', European Parliament.

[43] European Foresight Fiches 2014.

[44] IDEA Consult report 3D Printing.

[45] McKinsey (2014) "3-D printing takes shape"

Automation of business processes

Key Enabling Technologies have led to a trend of work automation. While there already exist machines that can answer emails and draft summaries of sport games, we may expect to see driverless cars, drones delivering goods and algorithms replacing accountants, bank staff and legal assistance in the future.[46] Nowadays, there are three types of automation technology:

- robotic process automation (transferring data from one software system to another),
- cognitive automation (systems that can automate human cognition, e.g. voice recognition and image understanding)
- social robotics (mobile robots that are programmable and can adapt to new tasks, e.g. drones).

Each of these forms of automation technologies has different implications on business models and processes. While robotic process automation may be compatible with current operational and business models, cognitive automation and social robotics are likely to transform these models. These types of technologies create areas of opportunities for companies such as further automating or reengineering their business processes (e.g. streamlining operational processes) or developing new products and services.[47]

Such automation can replace workers, especially those doing medium-skilled routine tasks and repetitive work and those in low-skilled routine jobs. According to a recent report, automation is expected to replace 45% of activities within jobs and 5% complete jobs.[48] Simultaneously, the rise of automation and artificial intelligence creates opportunities for high-skilled workers. This is because it changes the nature of work such that humans will be monitoring rather than operating machines. High-skilled workers will be needed first to creatively identify tasks and then to use robots to complete these objectives. Frey and Osborne (2013) examined which jobs are particularly susceptible to automation. They documented the highest risk of computer substitution for workers in transport and logistics (such as taxi and delivery drivers) and office support (such as receptionists and security guards). Also many workers in sales and services (such as cashiers, counter and rental clerks, telemarketers and accountants) faced a high risk of being substituted due to automation.

3.4.2.2 Impact of innovation on European commerce sector

The development of Key Enabling Technologies has led to a significant increase in automation in the commerce sector. Retailers and wholesalers are implementing innovative applications such as 3-D printing, software for stock-management and facility systems, online transaction systems and self-service checkouts. Below, we discuss further implications of this trend on the commerce sector.

- 3-D printing enables increased customization;
- Automation improves business processes and challenges job dynamics.

3-D printing enables increased customization

Both at global and local levels, 3-D printing creates major challenges for the commerce sector. As it makes traditional manufacturing steps obsolete, it has the capacity to alter supply value chains. In addition, online 3-D marketplaces and personal 3-D printers change consumer preferences as it enables them to adapt goods to their own needs. Indeed, more and more consumers are asking for product diversity and personalization of products. This was for example observed within the French commerce sector where enterprises feel the need to develop relationship marketing (e.g. oriented emailing). Whereas the direction of the supply chain used to be downwards, i.e. from manufacturer over the wholesaler, to retailer and finally to consumer, personalisation has altered this one-way process into a two-way process whereby end-users or consumers increasingly decide what is provided by the retailer, wholesaler and eventually produced by the manufacturer. As the commerce sector becomes increasingly consumer-oriented, companies respond by providing customers with the opportunity to choose product specifications of their interest.

[46] Frey, C. B., Osborne, M. A. (2013), 'The future of employment: how susceptible are jobs to computerisation', Study for the Oxford Martin Programme on the Impacts of Future Technology; Thompson D. (2015), A World Without Work.

[47] Zarkadakis, G., Jesuthasan, R., & Malcolm, T. (2016) The 3 ways work can be automated.

[48] ManpowerGroup (2017), 'The Skills Revolution: Digitization and why skills and talent matter'.

Automation improves business processes and challenges job dynamics

The increase in work automation continuously reforms current retail and wholesale business processes. The retail sector has a high automation potential because it involves physical activities and use of machinery (e.g. packaging products) where changes are relatively easy to anticipate.

Automation in the commerce sector can lead to improvements in transportation management and product traceability.[49] A typical example for retail is the automation of a grocery store which can result into better customer experience and higher productivity by using e.g. facial recognition software, store sensors, smartphones, delivery drones or vehicles and robots for cleaning and stock management.

While automation offers opportunities to optimize business processes further, it also challenges the European commerce sector as work automation may cause significant job losses. For example, the hypothetical fully automated grocery store which was discussed above is expected to have a significant impact on staffing needs. Specifically, it could lead to reductions in hours of about 65%, typically for jobs such as front-end cashiers, stocking and cleaning staff. [50] Yet, it will most likely also create new jobs and this replacement process may be seen as positive. Indeed, the hypothetical automated grocery store is also predicted to redirect certain workers towards other activities such as customer engagement. Swedish employers and unions for example welcome automation as they feel the new technologies (e.g. self-service check-out) replace jobs that can be physically strenuous (e.g. a check-out counter) and create other, less strenuous jobs.

Nevertheless, since most new jobs will require low- or high skills (and since mainly medium-skilled employees will lose their jobs), the replacement process may also result into a growing polarization of higher and lower-skilled jobs. Such polarized work force is already apparent in the UK commerce sector where the emergence of new technology has led to on the one hand, high skilled people at the design and development end of retail operations and on the other hand, low skilled workers in distribution centres carrying out routine tasks.

[49] Maras, E. (2014) The race to automate: wholesalers and retailers pass new milestones; Available at http://www.foodlogistics.com/article/11536316/the-race-to-automate-wholesalers-and-retailers-pass-new-milestones

[50] McKinsey & Company (2017) 'A future that works: automation, employment, and productivity' McKinsey Global Institute

3.5 Ecological trends

The commerce sector is affected by two main ecological trends. These are described in the paragraphs below:

- Climate change raises ecological awareness;
- Pressure on available natural resources lead to the development of the circular economy.

For each of these trends, we first provide a general description and describe thereafter the impact of these trends on the European Commerce sector.

3.5.1 Climate change raises ecological awareness

3.5.1.1 A general overview

Climate change, referred to as the *entirety of natural phenomena and impacts caused by an increase of the average atmospheric temperature because of increasing concentration of greenhouse gas*, forms a first and most important ecological trend that affects every aspect of society and economy. Climate change is largely caused by human activity and more specifically intensive use of fossil fuel burning, agriculture and deforestation.

In the paragraphs below we discuss the impact of climate change on companies and workers.

- Climate change affects especially SME's and some sectors;
- Opportunities for green jobs and skills.

Climate change affects especially SME's and some sectors

The impact of climate change on the general European economy is substantial; over the period 1980-2015, the total reported economic losses caused by weather and climate-related extremes in the EEA member countries is estimated around € 433 billion. Between 2010 and 2015, the annual average economic loss accounted to around € 13.3 billion.[51] These alarming numbers have forced business, governments and consumers to change business as usual and rethink current production and consumption processes.

All businesses in European sectors experience to some extent in a direct or indirect way a large impact of climate change. However, SMEs and some sectors (e.g. agriculture sector) more than others will experience a disproportionally large impact of changing climate phenomena. Costs due to disrupting business operations, property damage and disruption to supply chains and infrastructures will increase maintenance and materials costs and raising prices, felt more strongly by SME's.

Opportunities for green jobs and skills

As climate actions and policies directed towards mitigation or adaptation rise throughout Europe, opportunities for new jobs; so-called green jobs are prominent. Transitions towards low-carbon, environmentally and socially sustainable economies generate massive investments in clean and efficient energy production which in turn generates different job dynamics; i.e. a creation, substitution, elimination, and transformation of current jobs.[52]

Direct, indirect and induced job creation will occur due to rising labour demand across many sectors that involve creation of greener products, services and infrastructures. Examples of this are[53]:

- jobs in the renewable or efficient energy sector;
- jobs in green infrastructure and green public works;

Certain jobs will be (gradually or suddenly) substituted as a result of transforming economies from high-carbon to low-carbon, from more polluting to less polluting products, services and infrastructures. This will occur both within as across different sectors. Examples of this are:

[51] European Employment Agency, January 2017, "Economic losses from climate-related extremes".

[52] ILO & The Green Initiative, 2016, A Just transition to climate-resilient economies and societies: Issues and perspectives for the worlds of work, Technical Paper

[53] Important to note that up until today these jobs are additional to those in the fossil fuel industry because of demand from emerging economies. This can change when the transition from fossil fuel to renewables is comprehensive.

- Truck-based transportation to rail-transportation;
- Jobs in internal combustion engine manufacturing to electric vehicle production;
- Jobs in landfilling to jobs in recycling and refurbishing.

Most jobs will be transformed or redefined in terms of occupational qualifications and profiles, requiring a mix of macroeconomic, industrial, social, labour market and skills policies. Examples of these jobs are

- Jobs such as plumbing, masonry, and electricians require new skills in green technology and practices as standards regarding energy efficiency rapidly evolve;
- Jobs in the supplier industry will require knowledge on new energy efficient materials.

3.5.1.2 The impact of climate change on the European commerce sector

In the paragraphs below we discuss the impact of climate change on the European commerce sector.

- Need for innovative transport strategies;
- Increasing awareness of consumer responsibility;
- Opportunities for green jobs and skills.

Need for innovative transport strategies

Taking the larger problem of diminishing available natural resources into account, a specific challenge for the distributive sectors becomes apparent. Transport, being a mass consumer of natural resources and representing a quarter of Europe's greenhouse gas emissions, is crucial to effective and profitable wholesale and retail businesses. Organisations in both sectors will have to develop innovative transport strategies that are both fast and efficient, as well as less dependent on traditional high carbon consuming transport such as cars, trucks and shipment.

Increasing awareness of consumer responsibility

The largest impact of climate change on the commerce sector is the increasing awareness of consumer responsibility towards sustainable and environmentally friendly products and services. A recent survey with 30.000 consumers in 60 countries shows that globally, more than 55% of respondents said they are willing to pay more when companies are committed to positive social and environmental impact, which is an increase of 10% compared to 2011[54]. This means that retailers and wholesalers that answer to these attitudes by introducing initiatives such as reusable 'bags for life', biodegradable packaging, locally grown and sourced organic produce, and clothing manufactured using recycled materials, are likely to retain customer loyalty and attract new consumers[55].

E-commerce offers a great opportunity for consumers in this respect as it provides immediate access to a wide and diverse supply of such greener products. However, increasing concerns about additional greenhouse gas emissions caused by individual parcel delivery urges companies to find solutions. Moreover, packaging materials used by logistics networks for product fulfillment and delivery create additional waste. As such, eco-friendly delivery services are mushrooming in urban areas throughout Europe, where packages and food is delivered through (electric) bike transport, electric motorcycle transport, carbon neutral cars, recyclable boxes etc.

Opportunities for green jobs and skills

Due to climate change mitigation and adaptation measures, a positive effect on employment in the sector can be noted. The eco-friendly package and food delivery for instance is much more labour-intensive than regular high carbon transport methods. Moreover, developing sustainable and innovative solutions to distribution and online sales, requires new skills and potential additional labour demand.

In sum, climate change and subsequent actions regarding mitigation of and adaptation to its negative consequences will dramatically affect business as usual. The exact size and direction of effects will depend on how successfully and rapidly businesses, governments and consumers are able to change behavior and hence turn this major challenge into an economic, societal and political opportunity.

[54] http://www.nielsen.com/us/en/insights/reports/2014/doing-well-by-doing-good.html.

[55] UK Commission for Employment and Skills, 2014, Understanding Skills and Challenges in the Wholesale and retail Sector, Evidence report 87.

3.5.2 The development of the circular economy

3.5.2.1 A general overview

More and more material and immaterial natural resources are insufficiently available to serve the needs and demands of current societies, economy and consumption levels. As a consequence, recycling technology, the valorisation of waste management and strategies towards residual streams have gained attention from (business) engineers and researchers around the globe in order to find sustainable solutions for governments, business and consumers alike. The term 'circular economy' has been introduced as opposed to a linear economy, meaning a transition to an economy whereby the value of products, materials and resources is maintained in the economy for as long as possible, and the generation of waste minimised. [56] The circular economy tends to end reliance on waste and turns it into resources whereby one industries' waste becomes another ones' raw material.

« A circular economy is one that is restorative and regenerative by design, and which aims to keep products, components and materials at their highest utility and value at all times, distinguishing between technical and biological cycles. » Ellen Mc Arthur Foundation

Figure 7: Principles of linear economy vs circular economy

Source: Ellen McArthur Foundation, Principles of a Circular Economy

In the paragraphs below we discuss the impact of the circular economy on companies and workers.

- Need for innovative transport strategies;
- The circular economy induces major economic opportunities;
- New jobs and skills in the circular economy.

The circular economy induces major economic opportunities

The circular economy is estimated to offer major economic opportunities, increasing resource productivity, decreasing resource dependency and waste and increasing employment and growth. A recent study showed that the circular economy could generate a GDP increase of 7 percentage points relative to current development scenarios with additional positive impacts on employment[57]. For business across Europe, the circular economy is believed to boost productivity through enhanced resource and energy efficiency and reduced input costs, whilst reducing external costs and impacts. It will also protect businesses against scarcity and volatile prices, fostering the emergence of new businesses and innovative, new ways of producing and consuming. Especially in areas such as green public procurement, investments in waste and water infrastructure, sustainable construction, critical raw

[56] European Commission, 2015, Closing the loop - An EU action plan for the Circular Economy, accessed through http://eur-lex.europa.eu/resource.html?uri=cellar:8a8ef5e8-99a0-11e5-b3b7-01aa75ed71a1.0012.02/DOC_1&format=PDF on January 18th, 2017.

[57] Ellen McArthur Foundation, https://www.ellenmacarthurfoundation.org/assets/downloads/publications/EllenMacArthur Foundation_Growth-Within_July15.pdf

materials, biofuels and biochemical, and energy and climate related investments, the impact of circular economic activity will be prominent.

New jobs and skills in the circular economy

The impact on the European workforce is estimated to be considerate, as local jobs at all skills levels will rise. A recent study by WRAP, indicates that circular economy could generate 3 million extra jobs and reduce unemployment by 520.000 jobs by 2030 across the EU member states. [58]

Regarding skills, studies indicate that recycling and waste management sector will need additional mainly low to medium skilled workers in the area of collection, handling and processing materials. Remanufacturing and servitisation however, would indeed require more medium to high skilled workers. However, some sources equally estimate a lack of technical skills to support the economy and businesses in transition. Designing products based on a principle of circularity, integrate recycling into business strategies and successfully deploying technology regarding waste management require skills that are currently not sufficiently present in the European workforce[59].

3.5.2.2 The impact of the development of circular economy on the European commerce sector

In the paragraphs below we discuss the impact of the circular economy on the European commerce sector.

- Circular economy challenges regular business strategies;
- Consumers are increasingly turning to collaborative and local consumption.

Circular economy challenges regular business strategies

- Circular economy that has been developed as answer to an increasing pressure on natural resources, challenges regular business strategies within the European commerce sector and especially retailers, as it implies declining output of new products. On the other hand, retail of second hand products and wholesale of waste and scrap is on the rise. Moreover, major opportunities for the packaging industry such as post-consumer packaging recycling will increase revenues in the sector. They are also engaged to reducing energy consumption in stores.

Consumers are increasingly turning to collaborative and local consumption

- As a response to natural resource depletion, consumers are increasingly turning to collaborative consumption patterns whereby a certain good or service is shared with other consumers through online platforms. Examples of such initiatives are AirBnb where people rent their house for short periods of time, Poshmark, a fashion marketplace that lets people shop from other's closets, or Spinlister a peer-to-peer marketplace for renting bikes, skis, surfboards and other sporting equipment.
- "… the rise of borrowing doesn't mean retail will be decimated – it's simply a heads up for companies to take a fresh look at their brand, their product and their operations in this new ecosystem and weave sharing into the omnichannel experiences they are creating." [60]
- Another consequence of the general awareness regarding pressure on natural resources is a shifting consumption preference towards more local production. Practices such as urban farming and city farms are an extreme version of short distance production chains and go hand in hand with increasing urbanization. While acknowledging the value added by small scale local production chains for robustness of local socio-economic systems, experts still estimate that large-scale production processes will remain dominant because of economies of scale.

[58] WRAP, 2015, "Circular economy study identifies 3 million jobs across Europe", http://www.wrap.org.uk/content/circular-economy-study-identifies-3-million-jobs-across-europe.

[59] European Parliament, 2015,"Closing the loop new circular economy package".

[60] PWC, 2016, "The Sharing Economy".

3.6 Regulatory trends

Changes in the regulatory framework, form a fifth and final cluster of trends that change (inter)action within the European commerce sector. As many studies have shown before, the amount and type of regulation applied to a sector is tightly linked to competitiveness and productivity in that sector. Regulations on planning, hiring and firing i.e. tend to make European companies more reluctant to increase their workforce but find other ways to increase output instead[61].

The heterogeneity of both retail and wholesale sector in terms of products and services provided, makes a general statement on the impact of regulation on these sectors difficult. The automotive retail subsector for example, is mainly influenced by emission regulations and environmental legislation, while business operating in e-commerce sector are more impacted by transport regulation and international trade rules[62].

Through desk research, expert interviews and country cases we distinguished however five main regulatory changes with regard to the European commerce sector, i.e.

- Opening hours;
- Brand-new regulation on privacy and consumer data protection;
- The regulatory changes made within the Digital Single Market Strategy;
- Liability;
- Protectionism.

3.6.1 Opening-hours

Opening hours, although regulated differently throughout the EU member states, have been subject to change throughout the past 5 years. Several sources denote the connection between liberalisation of opening hours to mitigate effects of the crisis, as well as to be able to compete with online shops. In a world where brick and mortar shops are increasingly seen as experience locations with actual transaction processes take place in digital and online environments, it becomes more and more important to adjust to spare time slots of consumers.

In some countries such as Italy, Finland, Lithuania, Ireland and Czech Republic a complete liberalisation of opening hours has occurred where retailers can extend their opening hours to weekends and evenings to be able to respond to higher inflow of consumers.

At EU level, the Working Time Directive (2003/88/EC) has provided a general framework for member states regarding:

- minimum periods of daily and weekly rest, annual leave, breaks, maximum weekly working time and
- aspects of night and shift work.

However, due to rapidly changing working patterns and schemes, the Directive has become less effective in responding to workers' and business needs. Subsequently, social partners together with the European Commission have started negotiations to redraft the current version of the Directive. However, due to strong disagreement between unions and employer organisations as to which implications these changes in the world of work have on the organisation of work, a review of the Directive has not been installed yet[63].

A rather intense debate has taken place between stakeholders in the sector on the actual net effects of liberalisation of opening hours. Some stress the impact it has on competition within the sector between small and large retailers and on the working conditions of workers, while others focus on the effect on general employment levels.

It is argued that for small and independent retailers, liberalisation of opening hours forms a possible threat compared to large retailers whose capacity in terms of personnel and flexibility is larger. Moreover, labour unions stress the possible negative effects on work-life balance of workers, working on anti-social hours and the occurrence of working alone when shops are 24/7 open. With regard to Sunday opening hours, many people see merit in a common rest day as it stimulates communal life and societal interaction[64].

[61] In Trends and drivers of change on the European Commerce sector: mapping Report, Eurofound 2008.

[62] UKCES challenges commerce 2014, p. 35

[63] European Commission, 2010, 'Reviewing the Working Time Directive', Second-phase consultation of the social partners at European level under Article 154 TFEU, COM(2010) 801 final.

[64] Genakos, C., and Danchev, S., 2015, Evaluating the Impact of Sunday Trading Deregulation, CEP Discussion paper No 1336.

However, from a consumer point of view, longer and flexible opening hours allows for more informed decisions regarding prices and quality of products provided by different shops. Moreover, some workers (such as students, part-time workers) welcome the possibility to work during untraditional hours since it allows for different daily pursuits. Also, according to a recent study by the London School of Economics, at least Sunday trade deregulation has a positive effect on employment stemming both from new market entrants and also from existing firms hiring more people. It was also argued by employer organisations in the sector that liberalization of opening hours has contributed to sustain employment in the sector through the crisis.

In sum, throughout Europe, a deregulation of opening hours for shops has taken place but the effects on the sector differs depending on which aspects of the labour market one prioritizes.

3.6.2 Brand-new regulation on privacy and consumer data protection

A second and maybe even more pertinent regulatory change that went hand in hand with the (r)evolution of the Internet of Things is data protection. It has become clear that Big Data fosters economic growth by revealing patterns between different sources and data sets, enabling useful insights for governments and companies and thereby allowing higher productivity levels and improved services[65].

At the same time, privacy and safety concerns have been expressed by EU citizens, consumers and policy makers regarding (re)use, stock and release of personal data. The 2015 Eurobarometer revealed that 81% of European feel that they do not have complete control over their personal data online, and only 24% of Europeans have trust in online businesses such as search engines, social networking sites and e-mail services.

Therefore, one of the sixteen initiatives within the DSM Strategy is reinforcing trust and security in digital services and in the handling of personal data. Moreover, data protection is one of the ten pillars of the European Commission's priority regarding Justice and Fundamental Rights and the EU's Charter of Fundamental Rights says that everyone has the right to personal data protection in all aspects of life; at home, whilst shopping, when receiving medical treatment, at a police station or on the Internet.

In 2016, the General Data Protection Regulation (GDPR) was adopted by the European Parliament and entered into force on 24 May 2016 and will be enforced after a two-year transition period for Member States by May 2018. The objective of the GDPR is to strengthen and unify data protection within the EU and to address export of personal data outside the EU.

"GDPR is a paradigm change in the way that data collection and use is regulated. We have moved from an era of relatively laissez-faire regulation of data in Europe to having the most stringent data laws in the world," said Ross McKean, partner at law firm Olswang"[66]

The Regulation has significant impact on firms as they will have to comply with stricter but unified rules on data gathering and use. Companies in- and outside the EU that do business with(in), will have to review data protection compliance documents, find EU representatives, review and update privacy policy and recruit or train an employee serving as data protection officer[67]. At the same time, it will also make legal requirements to firms clear, as this Regulation surpasses national legislation of the different Member States.

Consumers or individuals will be given more ownership regarding storage and use of their personal data by companies through 'the right to be forgotten', the right of data portability and enhanced rights to access and demand and of use of their data. This is in line with the trustworthiness the Commission is aiming at through installing a Digital Single Market Strategy.

Workers in the commerce sector (and not only the European), will become increasingly trained in and aware of the need to develop privacy friendly strategies. Companies operating in Europe and gathering personal data (be it on a website, through an application, wearable, etc.) will need expertise and skills in developing privacy friendly and transparent competitive business strategies.

[65] European Commission, 2016, Factsheet 'the EU Data Protection Reform and Big Data', accessed on January 10th 2017, via http://ec.europa.eu/justice/data-protection/files/data-protection-big-data_factsheet_web_en.pdf.

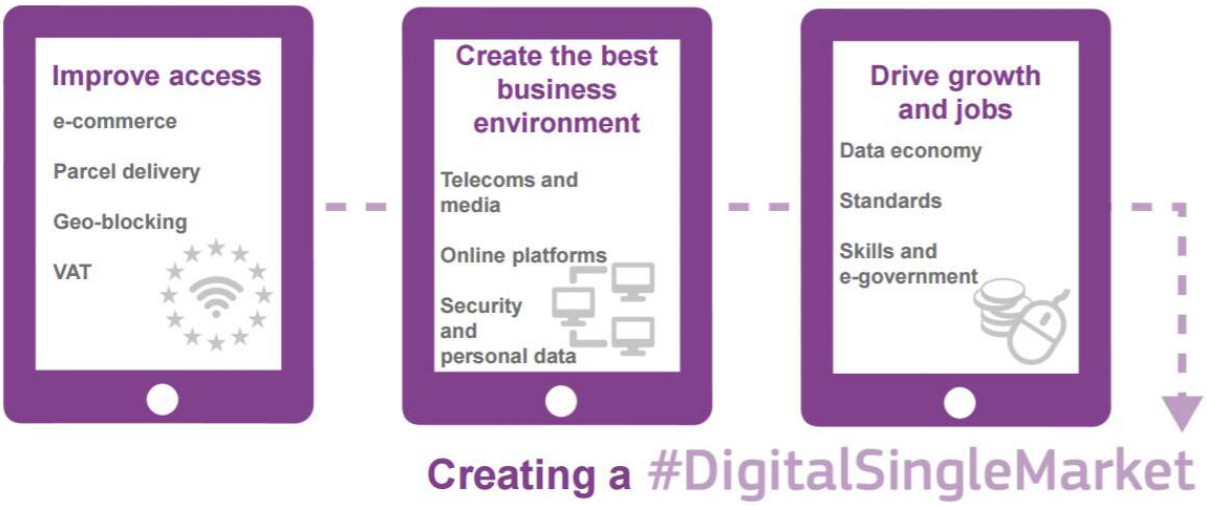
[66] Warwich Ashford, 2016, "EU data protection rules affect everyone, say legal experts" in Computer Weekly".

[67] Lawgroup, 2016, GDPR: Getting Ready for the New EU General Data Protection Regulation, accessed on http://www.infolawgroup.com/2016/05/articles/gdpr/gdpr-getting-ready-for-the-new-eu-general-data-protection-regulation/, January 12th 2017

3.6.3 *Upcoming regulations under the Digital Single Market Strategy*

Booming online shops, flourishing application development business, tailor-made consumption products and far-reaching data analysis gave, besides innovative solutions and new economic opportunities rise to concern regarding the pertinence of current European regulations. At the same time, the expansion of e-commerce is hindered by inconsistency of different national regulations and protective business strategies. To tackle these concerns, the European Commission launched a Digital Single Market Strategy (DSM Strategy) in May 2015 "*to make the EU's single market fit for the digital age – tearing down regulatory walls and moving from 28 national markets to a single one".* The DSM Strategy is built on three pillars or policy areas and includes 16 initiatives[68]

Figure 8: Three pillars of the Digital Single Market Strategy – 2 years on the DSMS



Source: European Commission 'A digital single market for Europe' p. 4 https://ec.europa.eu/priorities/sites/beta-political/files/2-years-on-dsm_en_0.pdf

These initiatives will be translated into legislative proposals by the European Commission, thereby harmonising regulations regarding internet and digital technologies and '*making the EU's single market fit for the digital age'.* Most initiatives and their accompanying legislation applies to all sectors and impacts citizens, consumers, workers, business and organisations in a variety of ways.

For the scope of this study we will briefly discuss regulatory initiatives concerning geo-blocking as these affect in particular consumers, retailers, wholesalers and e-commerce enterprises.

Geo-blocking is a relatively new phenomenon related to the rise of e-commerce but can be compared to former protective strategies of traditional brick and mortar commerce business before the unification of the European Single Market. It refers to the practice where '[online] *providers of goods and services impose restrictions on a customer's ability to purchase those goods and services based on their geographic location*[69].

Geo-blocking is different to so-called *geo-filtering*, whereby access and purchase of online services and goods from other member states is allowed, be it on different terms and conditions than those prevalent in the member state of the provider.

Geo-blocking within the EU poses a problem insofar it hinders the possibility of a consumer to buy products from another Member State online, thereby hindering the integration of a European Single Market. The European Commission identifies several ways in which business apply geo-blocking[70]:

- Refusing to supply goods and services to companies outside the retailers' jurisdiction

[68] European Commission, 2015, *A Digital Single Market Strategy for Europe*, Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions

[69] King & Wood Mallesons, 2016, "European Commission's draft Geo-Blocking Regulation fails to clear the way" accessed via http://www.kwm.com/en/be/knowledge/insights/european-commissions-draft-geo-blocking-regulation-fails-to-clear-the-way-20160621 on January 6th 2017

[70] European Commission, 2016, *Geo-Blocking practices in the e-commerce*, Issues paper presenting initial findings of the e-commerce sector inquiry conducted by the DG for Competition, SWD(2016) 70 final

- Requiring customers to pay for goods and services with cards/bank accounts registered in the companies' jurisdiction
- Redirecting customers between websites for different jurisdictions
- Blocking website access to foreign customers

Regulation to mitigate the impact of geo-blocking or restricting its use are still in the early stages of EU legislative procedure. In November 2016, the European Council agreed on the draft proposal of the European Commission to ban unjustified geo-blocking between member states, hence further negotiations will start between the Commission, Parliament and Council.

Under the new rules, traders will not be able to discriminate between customers with regard to the general terms and conditions - including prices - they offer on the sales of goods and services, in three cases where the provider:

- sells goods that are delivered in a member state to which the trader offers delivery or are collected at a location agreed upon with the customer;
- provides electronically supplied services, such as cloud services, data warehousing services, website hosting and the provision of firewalls. This does not apply to services where the main feature is the provision of access to or use of copyright protected works or other protected subject matter, or the selling of copyright protected works in an intangible form, such as e-books or online music;
- provides services which are received by the customer in the country where the trader operates, such as hotel accommodation, sports events, car rental, and entry tickets to music festivals or leisure parks.

These rules will have implications for consumers and companies within the commerce sector as the online market becomes broader with lesser geographical boundaries, requiring different business strategies towards competition and services. For workers within the sector, these regulations can cause a need for more knowledge on cross-border trading, cross-border delivery strategies, skills regarding languages and national postal services, etc.

3.6.4 Liability

Traditionally, producers or manufacturers are the actors held responsible for potential injuries or harming (side) effects of products through a variety of regulations and standards such as the Directive on liability for defective products. [71] As this regulation dates from 1985 and was only minory changed in 1999, the European Commission is currently evaluating the effectiveness, efficiency, coherence and relevance of its scope.

However, as supply chains become more and more complex, legal responsibilities for wholesalers and retailers regarding e.g. traceability of products especially in the food business is growing. Wholesalers are for example required to keep records when they supply to retail outlet or other food business. Withdrawal of food when not in compliance with food safety requirements is also part of wholesalers' and retailers' responsibility.

In sum, as the line between wholesale and retail activities becomes increasingly vague due to digital transactions and e-commerce, the exercise around who is responsible for which part of the supply chain is too.

3.6.5 Protectionism

Another trend related to regulation is an increasing call from various corners of Europe for a more protectionist stance of Europes economy and industries. Opposition against trade deals such as the Trans-Atlantic Trade and Investment Partnership (TTIP) and the fierce debate on the Comprehensive Economic and Trade Agreement between Europe and Canada are an example of this trend.

An expert also mentioned the obstacles arising for businesses in the wholesale sector from the recent reflex to close or control EU internal borders as a consequence of the asylum crisis. This implies economic losses due to lines at borders, additional administration work and time schedules to hold on to. The expert noted that this reflex of governments inhibited successful cooperation and fluent distributive activities, causing a negative spiral on the economy.

Although not strictu senso, the UK referendum of June 23 2016, resulting in Britain leaving the European Union can also be seen as a stringent call for protectionism. While some authors argue that Brexit was not only caused by recent events stating that the opposition to Britain's membership of the European Union is as old as it's membership self, the recent wave of migration and asylum crisis at the borders of Europe as well as austerity measures were probably significant tipping points for Britain to rebound to it's sovereignty.

[71] Directive 85/374/EEC and Directive 1999/34/EC.

At the time of writing of this report, it was still too early to anticipate on the various consequences of Brexit for commerce sector or its labour market. However, several items regarding the state of affairs of UK labour market regarding European nationals working and living there have been assessed in a very recent report by the Institute of Employment Studies.

- Currently almost 3 billion EU-27 nationals live in the UK, of which the largest groups represent Polish, German, and Irish citizens;
- In terms of age, those between 25 and 34 years old represent the largest share of EU-27 nationals in the UK ;
- These EU-27 nationals tend to be employed more often in low-skilled jobs than in high skilled jobs.
- Overall, the data suggest that EU-27 nationals contribute more to the UK economy than they cost it, since the expenditure on welfare benefits for EU-27 nationals in the UK is more than 40 times lower than the expenditure for UK nationals. [72] As written before, it is however still not clear which measures will be taken regarding the EU-27 nationals that reside in the UK and what status they will be able to grant.
- More generally, all these trends towards more protectionism will probably have a negative impact on the EU commerce sector, however it is still to early to evaluate the exact impact on the sector yet.

[72] European Parliament, 2017, "Brexit implications for employment and social affairs, facts and figures".

PART 2: The labour market in the EU commerce sector

1/ Introduction

This part of the report provides a detailed description of the labour market in the EU commerce sector.

In the first chapter, we provide data and figures about the **size and employment in the EU commerce sector**, based on data from the Labour Force Survey of Eurostat. We used yearly data from 2008 to 2015, which we requested for both the wholesale sector (NACE-code 46) and retail sector (NACE code 47).[73]

In the second chapter, we focus on the different **profile characteristics of the workers** of the commerce sector based on Eurostat data.

In the third chapter, we focus on the different forms of work that occur in the EU commerce sector. More specifically, we focus on following aspects:

- Type of contracts;
- Status of employment;
- Other (new) forms of work.

In the fourth chapter, we focus on the **working conditions in the EU commerce sector**. This chapter is mainly based on the European Working Conditions Survey. This survey is carried out by Eurofound, the European Foundation for the Improvement of Living and Working Conditions. It is executed every 5 years, whereby thousands of employees and self-employed workers throughout Europe are questioned about key issues related to their work and employment

Based on this data we provide more information per sub-sector on:

- The number of working hours and atypical hours;
- The average wages;
- Training opportunities;
- Health and safety at work;
- Type of work tasks;
- Career opportunities;
- Global satisfaction with working conditions.

For each indicators, the figures for the retail and wholesale sector are analysed and compared to all the other sectors in the EU. Other sectors include e.g. education, human health activities, crop and animal production, public administration, etc. (for a complete list of all sectors included in the EWCS see Annex 3).

Moreover, we provide data for 2010 and 2015 so that any evolution in the working conditions in both subsectors can be stressed out. Data is provided for these both years, as the European Working Conditions Survey is a survey that is conducted each 5-years. However, the analysis of the evolution between 2010 and 2015 has to be done with prudence as 2010 was still a crisis year. When available, data for a longer period is provided (e.g. since 2008 for Eurostat data).

Moreover, this data is only available at an EU-level. National specificities in the working conditions can be observed trough the country cases in part 3 of this report.

[73] This data is additional labour market data based on the Labour Force Survey which we obtained from Eurostat through an additional request (it is thus not available online). Specifically, data was requested on number of workers in the subsectors G46 and G47 by profile, type of employment in G46 and G47, working hours in G46 and G47, accidents at work and other work-related health problems in G46 and G47 and earnings in G46 and G47.

2/ The size and employment in the EU commerce sector

In this chapter, we focus on the size and employment in the EU commerce sector, based on data of Eurostat. Following findings can be stressed based on this data:

- Commerce is an important generator of work in the European Union
- The relative importance of commerce varies across EU members States
- Commerce suffered more than other sectors from the crisis, but in a varying way across EU countries
- The loss in employment during the crisis has been recovered in the commerce sector;
- Restructurings occur more often in wholesale sector and less in retail compared to other sectors;
- There are large differences in most prevalent type of occupations between sub-sectors

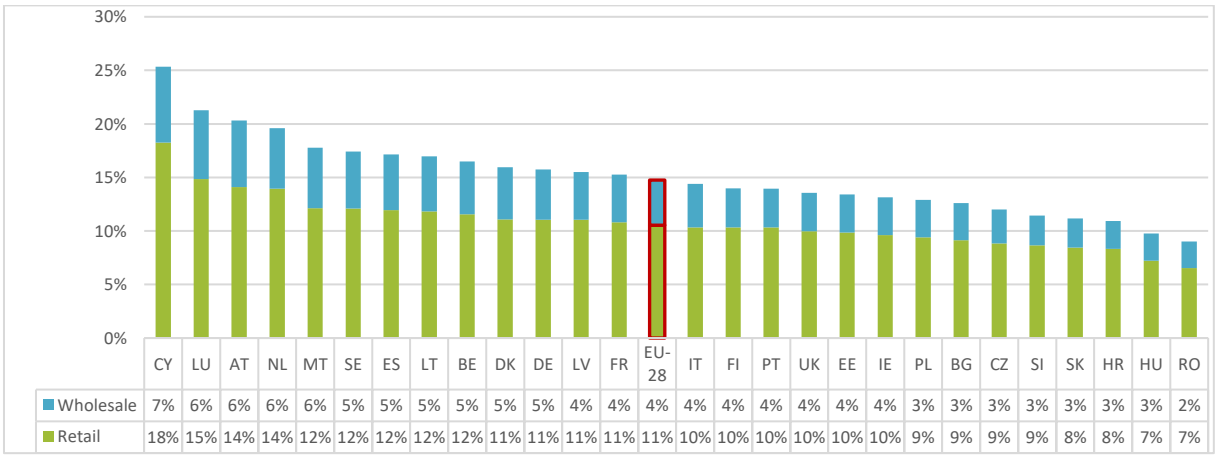
These findings are discussed below.

Commerce is an important generator of work in the European Union

Based on Eurostat data, it seems that in total, the commerce sector employs 15% of the workforce in the European Union. Compared to other sectors, this sector employs the second largest workforce throughout the European Union, just after the manufacturing sector that employs 15.6% of the European total labour force. In total, 23.2 billion workers were employed in the retail sector and 9.1 billion workers in the wholesale sector in Europe in 2015.

Figure 9 shows the relative size of the sector in terms of employment both for the wholesale and retail subsector in the different EU member states. Retail and wholesale represent respectively two-third and one-third of the total workforce in the commerce sector.

Figure 9: % employment in wholesale and retail sector compared to total employment in EU member states, 2015



	CY	LU	AT	NL	MT	SE	ES	LT	BE	DK	DE	LV	FR	EU-28	IT	FI	PT	UK	EE	IE	PL	BG	CZ	SI	SK	HR	HU	RO
Wholesale	7%	6%	6%	6%	6%	5%	5%	5%	5%	5%	5%	4%	4%	4%	4%	4%	4%	4%	4%	4%	3%	3%	3%	3%	3%	3%	3%	2%
Retail	18%	15%	14%	14%	12%	12%	12%	12%	12%	11%	11%	11%	11%	11%	10%	10%	10%	10%	10%	10%	9%	9%	9%	9%	8%	8%	7%	7%

Source: IDEA Consult based on Eurostat

The relative importance of commerce varies across EU members States

The sectors' relative importance in terms of employment varies considerably between the EU member states. In Cyprus, up to one out of four employees works in the commerce business, whereas in Romania only one out of ten employees find themselves working in the retail or wholesale sector. Luxembourg (21%), Austria (20%) and the Netherlands (20%) are also characterised by a substantial part of their workforce working in the commerce sector while the contrary can be observed in Hungary (10%), Croatia (11%) and Slovakia (11%).

In absolute terms, Germany's retail and wholesale sector represents the largest workforce within the European Union, with an employment number of 4.3 billion and 1.8 billion respectively for 2015.

Commerce suffered more than other sectors from the crisis, but in a varying way across EU countries

In terms of growth, Table 3 shows that the commerce sector has suffered from the post-2008 crisis, especially in the wholesale sector where the employment reduced in the EU with 7% between 2008 and 2011, for a reduction of 3% in the retail sector and a reduction of the total employment of 2.4% in the EU.

The wholesale sector, and in a more limited way, the retail sector, have been affected in a considerable way by the economic crisis, and even more than the other sectors. As described in part 1 of this report, the crisis of 2008 led to a significant drop in the level of consumption and an increase of competitive pressure in the commerce sector due to low growth in sales.

Table 3: Evolution of total employment (in thousands) for wholesale and retail sector in different EU member states

	Wholesale						Retail				
Country	2008	Δ2011-2008	2011	Δ2015-2011	2015	Country	2008	Δ2011-2008	2011	Δ2015-2011	2015
EU-28	**9,195**	***-7%***	**8,543**	***6%***	**9,086**	**EU-28**	**23,062**	***-3%***	**22,443**	***4%***	**23,270**
DE	1,445	*-4%*	1,391	*32%*	1,839	**DE**	4,060	*0%*	4,041	*7%*	4,343
FR	1,173	*-3%*	1,136	*2%*	1,163	**UK**	3,619	*-3%*	3,526	*0%*	3,538
UK	881	*11%*	975	*11%*	1,078	**ES**	2,708	*-9%*	2,475	*1%*	2,498
ES	1,094	*-10%*	984	*-7%*	919	**IT**	2,209	*4%*	2,301	*6%*	2,428
IT	1,190	*-18%*	977	*-9%*	894	**FR**	2,150	*-3%*	2,085	*8%*	2,258
PL	556	*-6%*	525	*5%*	551	**PL**	1,507	*-4%*	1,451	*3%*	1,488
NL	363	*-18%*	298	***54%***	460	**NL**	795	*-5%*	759	*7%*	808
AT	283	*-13%*	247	*2%*	253	**RO**	773	*-8%*	711	*11%*	793
SE	239	*2%*	243	*2%*	247	**GR**	645	*-4%*	619	*-6%*	584
BE	178	*6%*	188	*18%*	221	**AT**	464	*4%*	484	*2%*	492
RO	282	*-22%*	221	*-8%*	204	**PT**	520	*-10%*	469	*2%*	476
CZ	180	*-10%*	162	*-3%*	157	**BE**	443	*5%*	464	*0%*	464
PT	165	*-1%*	165	*-5%*	156	**CZ**	383	*3%*	393	*11%*	436
DK	151	*-24%*	115	*14%*	130	**HU**	398	*-7%*	370	*3%*	381
GR	196	*-4%*	188	*-33%*	126	**BG**	350	*8%*	378	*-6%*	356
HU	120	*-10%*	107	*-2%*	105	**SE**	303	*0%*	304	*0%*	304
BG	124	*-13%*	108	*-4%*	103	**DK**	294	*-4%*	281	*1%*	282
FI	105	*-8%*	97	*-11%*	86	**IE**	327	*-13%*	283	*0%*	282
IE	89	*-23%*	69	*-3%*	67	**SK**	191	*0%*	191	*5%*	200
LT	65	*1%*	66	*1%*	67	**FI**	168	*6%*	178	*-4%*	171
SK	66	*5%*	70	*-5%*	66	**HR**	183	*-19%*	149	*9%*	162
HR	63	*-17%*	52	*-22%*	41	**LT**	147	*-14%*	127	*1%*	128
LV	64	***-39%***	39	*-1%*	39	**LV**	159	*-17%*	133	*-9%*	121
SI	25	*-15%*	21	*18%*	25	**SI**	78	*1%*	79	*-3%*	76
CY	25	*14%*	29	*-14%*	25	**EE**	72	*-1%*	71	*0%*	71
EE	31	*-22%*	24	*-10%*	22	**CY**	63	*14%*	71	*-9%*	64
LU	17	*5%*	18	*-9%*	16	**LU**	25	*16%*	29	*7%*	31
MT	7	*27%*	9	*11%*	10	**MT**	15	*-13%*	13	*46%*	19

Source: IDEA Consult based on Eurostat

However, it can also be observed that the crisis has affected the commerce sector of the EU Member States in a different way, especially the wholesale sector. The wholesale sector of countries as Latvia (-39%), Denmark (-24%), Ireland (-23%), Romania (-22%) and Estonia (-22%) have been the most affected, while Malta (+27%), Cyprus (+14%) and the United Kingdom (11%) have increased their employment in this sector during the period 2008-2011.

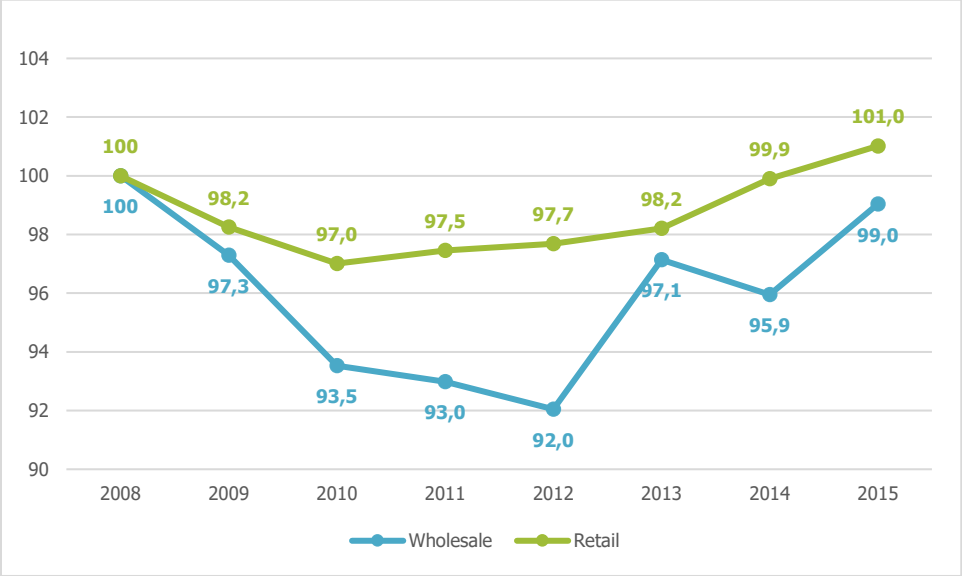
Concerning the retail sector, countries as Croatia (-19%), Latvia (-17%), Lithuania (-14%) and Ireland (-13%) have been the most affected by the crisis, however, the disparities between countries are less significant than for the wholesale sector.

The loss in employment during the crisis has been recovered in the commerce sector

It seems that the loss in employment during the crisis has been recovered in the retail sector. In 2015, 23.3 billion workers where employed in the retail sector versus 23.1 billion in 2008. The level of employment in the European wholesale is currently only slightly under the pre 2008-level (9.1 billion in 2015 versus 9.2 billion in 2008).

The significant impact of the crisis of 2008 on the wholesale sector is confirmed by the figure below. This figure represents the evolution of the employment in the wholesale and retail sector, indexed for 2008. This figure shows clearly the drastic reduction of the EU employment in the wholesale sub-sector between 2008 and 2012. The retail sector has been affected in a lesser extent and the employment in this sector was in 2015 higher than in 2008.

Figure 10: Evolution of employment in wholesale and retail sector as an index of 2008 (EU28)



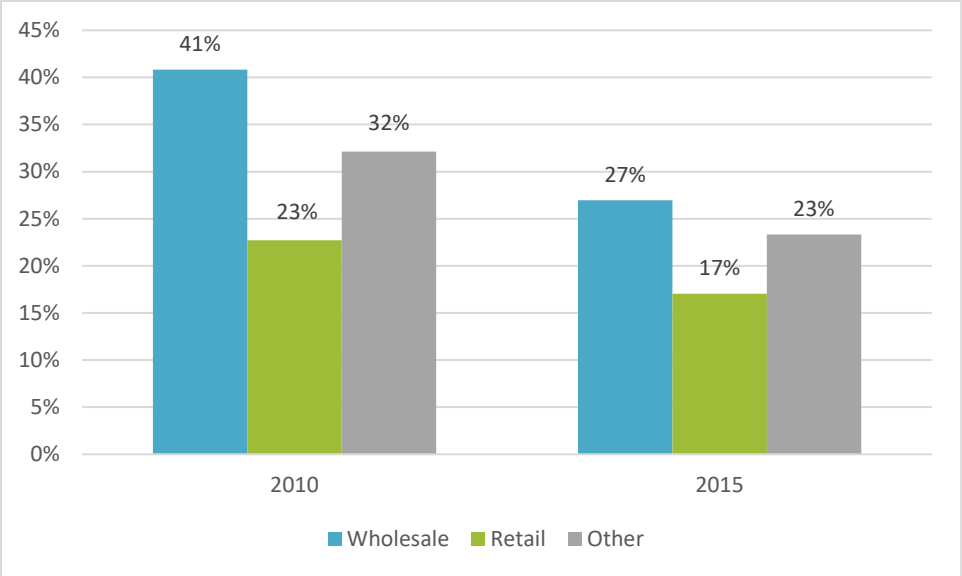
Source: IDEA Consult based on Eurostat

Restructurings occur more often in wholesale sector and less in retail compared to other sectors

Although employment in the sector has been recovered, restructurings occur more regularly in the wholesale sector than in other sectors. Based on Eurofound data (see figure below), it seems that 27% of the workers in the wholesale sector went through substantial restructuring or reorganisation at their workplace in 2015. This is the case for only 23% of all workers in other sectors and even 17% of workers in the retail sector (see Figure 11).

As mentioned in part 1 of this report, the lower purchasing power of consumers led to a reduction in sales and thus in profit levels which pressured companies to adjust their business models. Over the past 5 years, the sector was characterized by both an overall shrinkage in the number of active enterprises as well as further restructuring. As a consequence, the commerce sector has become increasingly concentrated through mergers and acquisitions in order to generate economies of scale. A key factor in this process for the commerce sector is to simplify supply chains and reduce the role of intermediary players, in order to increase profits.

Figure 11: Evolution of % of workers who went through substantial restructuring or reorganisation at their workplace during past 3 years between 2010 and 2015



Source: IDEA Consult based on Eurofound data on the European Working Conditions Survey 2010 and 2015

Yet, although the wholesale sector is characterized by more restructurings than other sectors and especially than the retail sector, the number of restructurings is decreasing since 2010. In 2010, 41% of all workers in the wholesale sector went through substantial restructuring or reorganisation at their workplace. This percentage reduced to 27% in 2015.

There are large differences in most prevalent type of occupations between sub-sectors

As can be observed in Table 4, there are large differences between both retail and wholesale regarding the ten most prevalent occupations. The most prevalent occupation in retail is sales work (62.5%) while in wholesale sector, business and administration associate professionals (18.3%) are the most prevalent occupations.

*Table 4: % of workers in the 10 most prevalent occupations in the European **retail** sector*

ISCO	2011	2012	2013	2014	2015
Sales workers	63.1%	63.2%	62.4%	62.3%	62.4%
Labourers in transport	4.2%	4.1%	4.6%	4.7%	4.5%
Retail and other services managers	4.4%	4.0%	4.0%	3.9%	3.9%
Business and administration associate professionals	3.6%	3.4%	3.4%	3.3%	3.3%
Numerical and material recording clerks	2.6%	3.3%	3.2%	2.9%	2.9%
Health associate professionals	2.2%	2.3%	2.4%	2.4%	2.5%
Food processing, wood working, garment and other craft and related trades workers	2.2%	2.3%	2.3%	2.4%	2.3%
Health professionals	2.1%	2.1%	2.0%	2.2%	2.2%
Drivers and mobile plant operators	1.5%	1.5%	1.5%	1.6%	1.6%
Business and administration professionals	1.2%	1.2%	1.3%	1.4%	1.4%

Source: IDEA Consult based on Eurostat

*Table 5: % of workers in the 10 most prevalent occupations in the European **wholesale** sector*

ISCO	2011	2012	2013	2014	2015
Business and administration associate professionals	20.4%	20.4%	18.9%	18.3%	18.3%
Sales workers	13.9%	13.3%	12.7%	12.7%	12.9%
Numerical and material recording clerks	8.8%	10.8%	10.2%	9.9%	9.8%
Labourers in transport	7.6%	7.2%	7.2%	7.0%	7.2%
Business and administration professionals	4.4%	4.6%	5.9%	6.8%	7.1%
Drivers and mobile plant operators	7.6%	7.4%	7.0%	7.1%	6.8%
Retail and other services managers	5.2%	5.2%	5.1%	5.2%	4.8%
General and keyboard clerks	5.7%	4.6%	4.3%	4.3%	4.2%
Administrative and commercial managers	5.1%	4.8%	4.3%	3.8%	3.7%
Science and engineering associate professionals	2.4%	2.5%	2.7%	2.5%	2.4%

Source: IDEA Consult based on Eurostat

3/ Profile of workers in the commerce sector

In this section, we focus on the different profile characteristics of workers in the commerce sector based on Eurostat data. Following findings can be stressed:

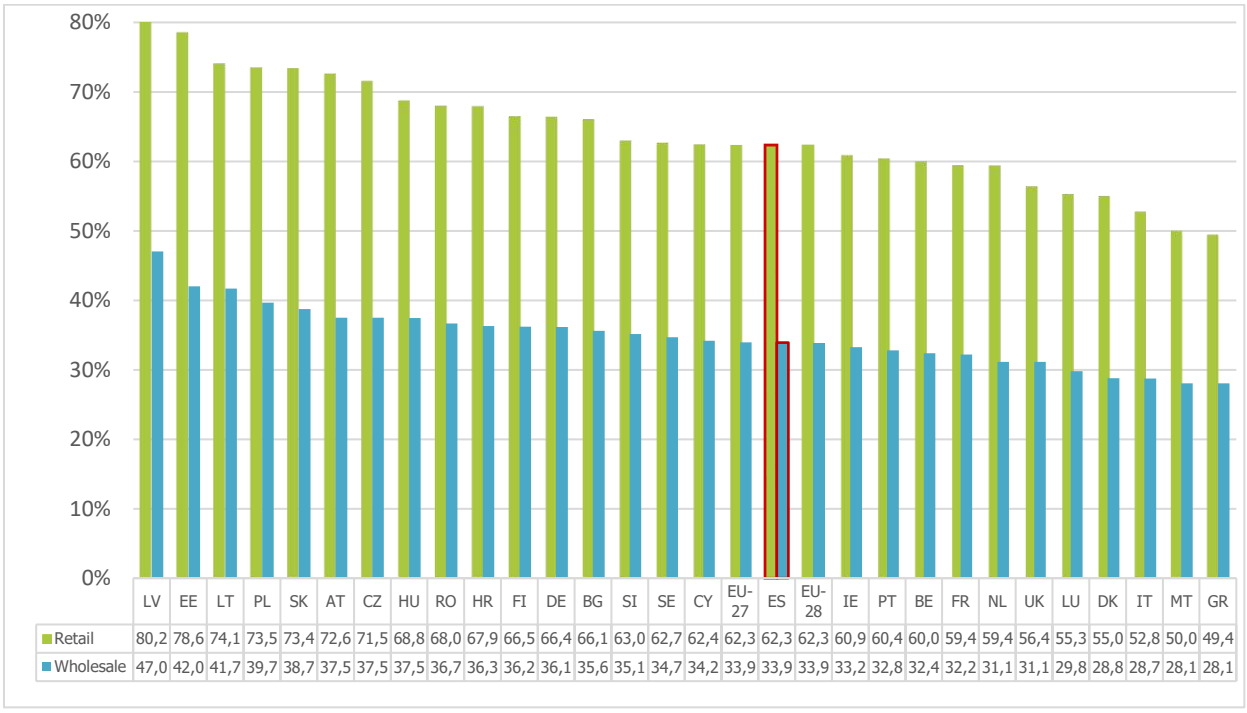
- Overrepresentation of women in retail and underrepresentation in wholesale;
- Retail employs relatively more young workers than wholesale and other sectors;
- The share of young workers diminished in an important way in both sub-sectors;
- Retail employs proportionally more low-qualified and medium-qualified workers than wholesale and others sectors
- Number of low qualified workers diminishes, while number of high-qualified workers in the commerce sector increases
- Compared to other sectors, wholesale and retail employ a higher share of EU workers of another country
  - These findings are discussed in detail below.

Overrepresentation of women in retail and underrepresentation in wholesale

The figure below shows the share of female workers in retail and wholesale for 2015. As can be observed, 62% of workers in the retail sector in the EU are women, while they are only 34% in the wholesale sector. Compared to the average number in all EU sectors (46%), women are over-represented in retail, while being underrepresented in wholesale.

However, there are large disparities between EU countries. East European countries (Latvia, Estonia, Lithuania, Poland and Slovakia) are characterised by a high proportion of women, while Greece, Malta, Italy and Denmark are characterised by the lowest proportion of women.

Figure 12: Percentage of female employees in wholesale and retail sector in EU member states, 2015

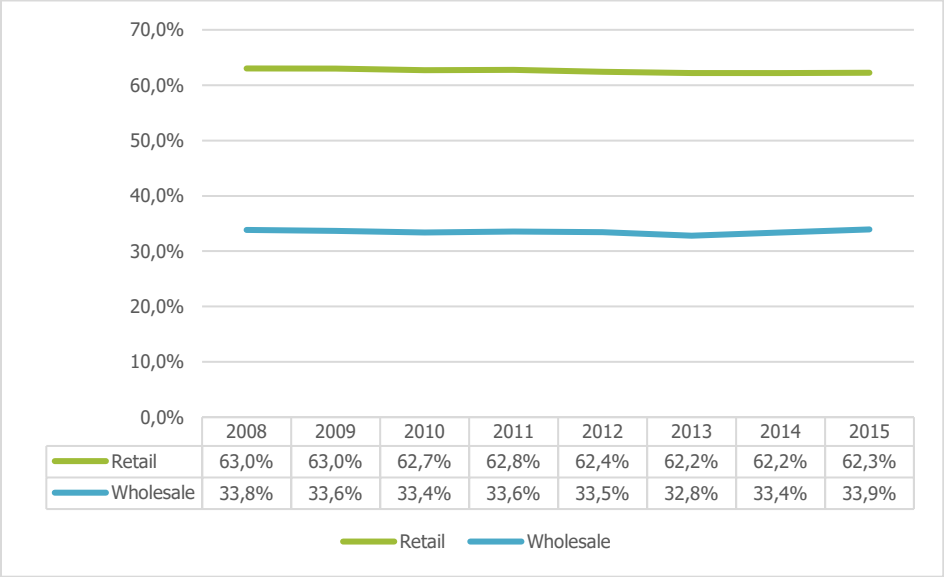


	LV	EE	LT	PL	SK	AT	CZ	HU	RO	HR	FI	DE	BG	SI	SE	CY	EU-27	ES	EU-28	IE	PT	BE	FR	NL	UK	LU	DK	IT	MT	GR
Retail	80,2	78,6	74,1	73,5	73,4	72,6	71,5	68,8	68,0	67,9	66,5	66,4	66,1	63,0	62,7	62,4	62,3	62,3	62,3	60,9	60,4	60,0	59,4	59,4	56,4	55,3	55,0	52,8	50,0	49,4
Wholesale	47,0	42,0	41,7	39,7	38,7	37,5	37,5	37,5	36,7	36,3	36,2	36,1	35,6	35,1	34,7	34,2	33,9	33,9	33,9	33,2	32,8	32,4	32,2	31,1	31,1	29,8	28,8	28,7	28,1	28,1

Source: IDEA Consult based on Eurostat

As can be seen in Figure 13, the share of women employed in both sub-sectors remained stable since 2008.

Figure 13: Evolution of female employment in the EU wholesale and retail sector (2008-2015)



	2008	2009	2010	2011	2012	2013	2014	2015
Retail	63,0%	63,0%	62,7%	62,8%	62,4%	62,2%	62,2%	62,3%
Wholesale	33,8%	33,6%	33,4%	33,6%	33,5%	32,8%	33,4%	33,9%

Source: IDEA Consult based on Eurostat

Retail employs relatively more young workers than wholesale and other sectors

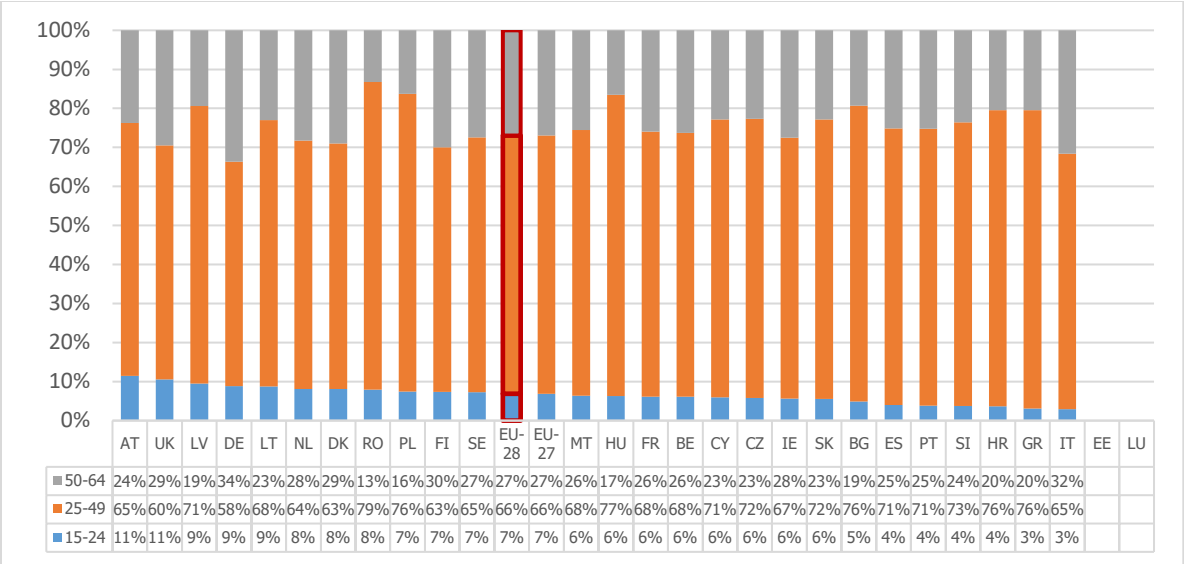
The figures below show the percentage of workers in wholesale and retail by age. As can be observed, respectively in the wholesale and retail sector:

- 7% and 15% of workers are between 15 and 24 year;
- 66% and 62% of workers are between 25 and 49 year;
- 27% and 23% of workers are between 50 and 64 year.

Compared to the wholesale sector but also to the average other sectors in the EU (8.4% young workers and 29% older workers), retail employs relatively more young workers and less older workers.

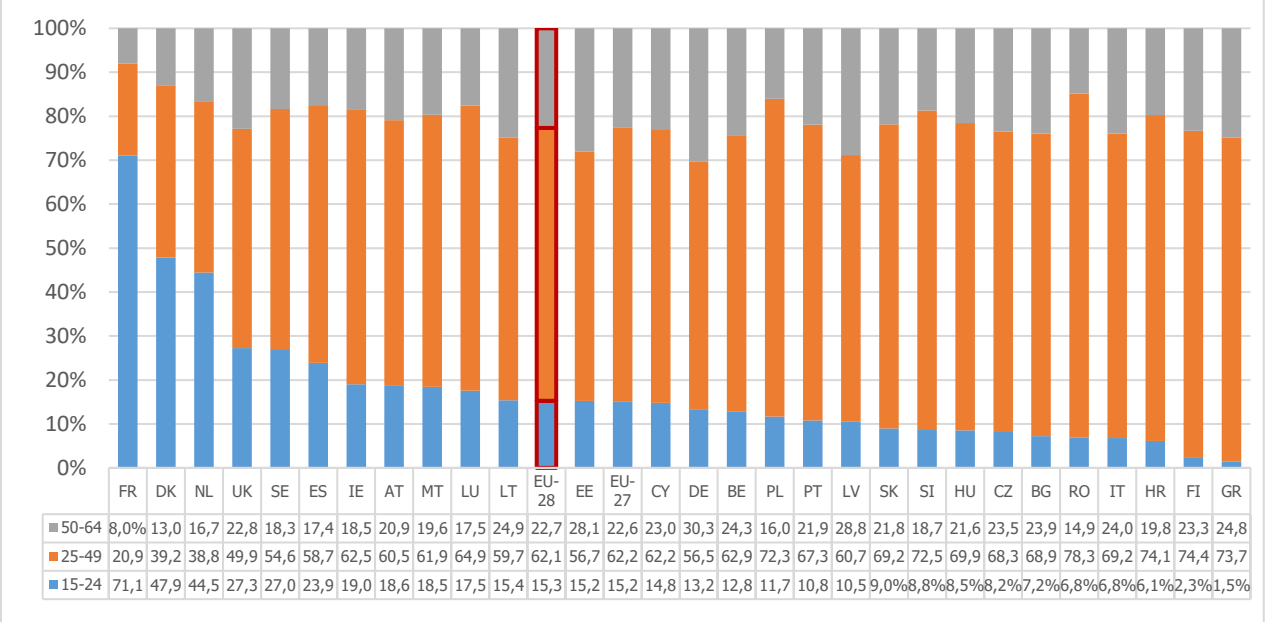
Again, there are large disparities between EU countries, which are more emphasized in the retail sector. As can be observed in the figure below, retail is characterized in the following countries by a very high proportion of young workers: France (71%), Denmark (48%), the Netherlands (44%), the UK (27%) and Sweden (27%).

*Figure 14: % of workers by age in **wholesale** sector in EU member states*, 2015*



Source: IDEA Consult based on Eurostat

*Figure 15: % of workers by age in **retail** sector in EU member states, 2015*



Source: IDEA Consult based on Eurostat

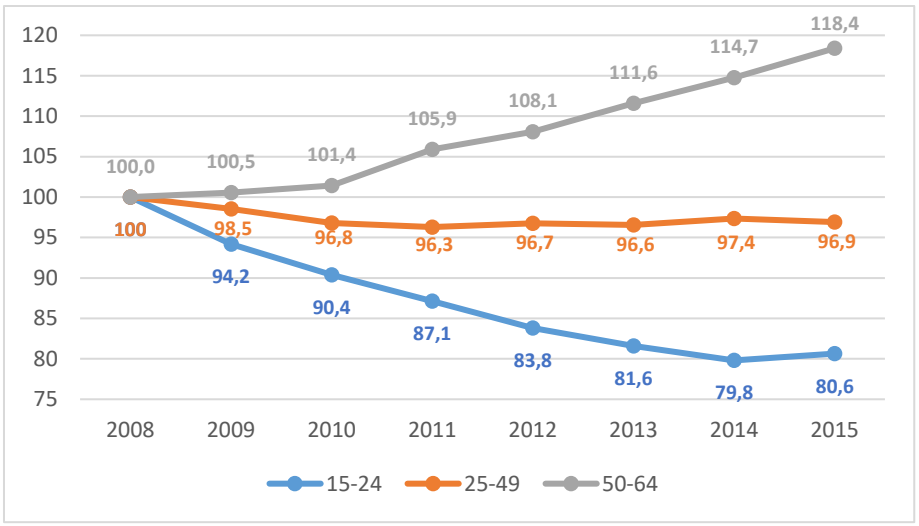
The share of young workers diminished in an important way in both sub-sectors

It is interesting to notice that the share of young workers has diminished in an important way in both sub-sectors but especially in the retail sector since 2008. In 2008, 18.5% of all workers in the retail sector where aged between 15 and 24 years. In 2015, this percentage reduced to 15.3%. This evolution can also be observed in wholesale (the share of young workers reduced from 8.8% to 6.9%) and on average in all sectors (the share of young workers reduced from 10.3% to 8.4%), but is more drastic in retail. On the contrary, the number of workers aged between 50 and 64 years increased in retail from 18.8% to 22.7%, in the wholesale sector from 21.1% to 27% and in all sectors from 24% to 29%.

The reduction of the share of young workers and increase of the share of older workers can also be confirmed by the figures below. These figures show the evolution of the employment by age in both sub-sectors, indexed for 2008. As can be observed, the number of workers between 15 and 24 years drastically reduced after the crisis of 2008 in the retail and wholesale sector. On the contrary, the number of workers between 50 and 64 years increased

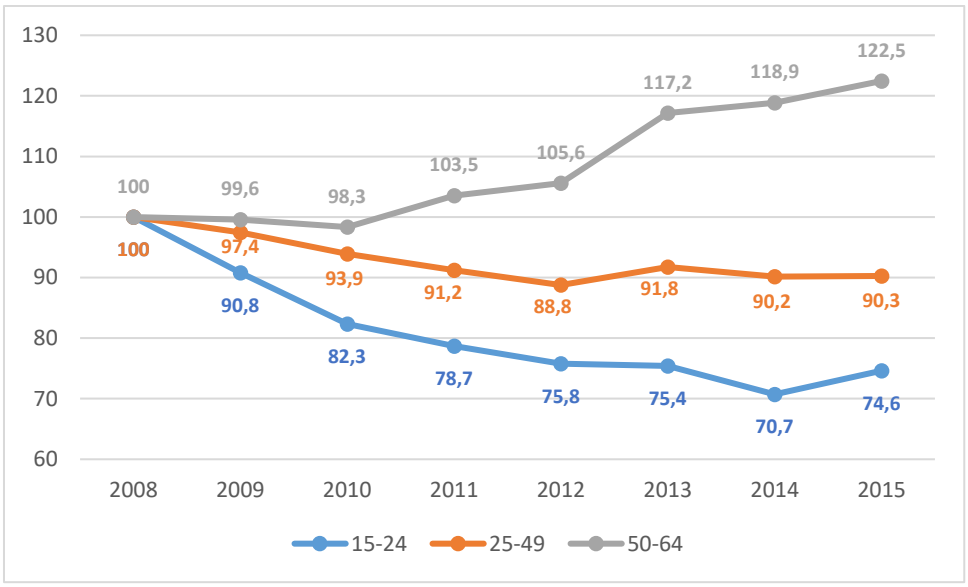
in a significant way. Between 2014 and 2015, the number of young workers increased again in both sub-sectors but it did not recover the level of 2008.

*Figure 16: Evolution of the employment by age in the European **retail sector**, indexed for 2008*



Source: IDEA Consult based on Eurostat

*Figure 17: Evolution of age structure of employees in European **wholesale** sector, indexed for 2008*



Source: IDEA Consult based on Eurostat

This evolution can be explained in different ways:

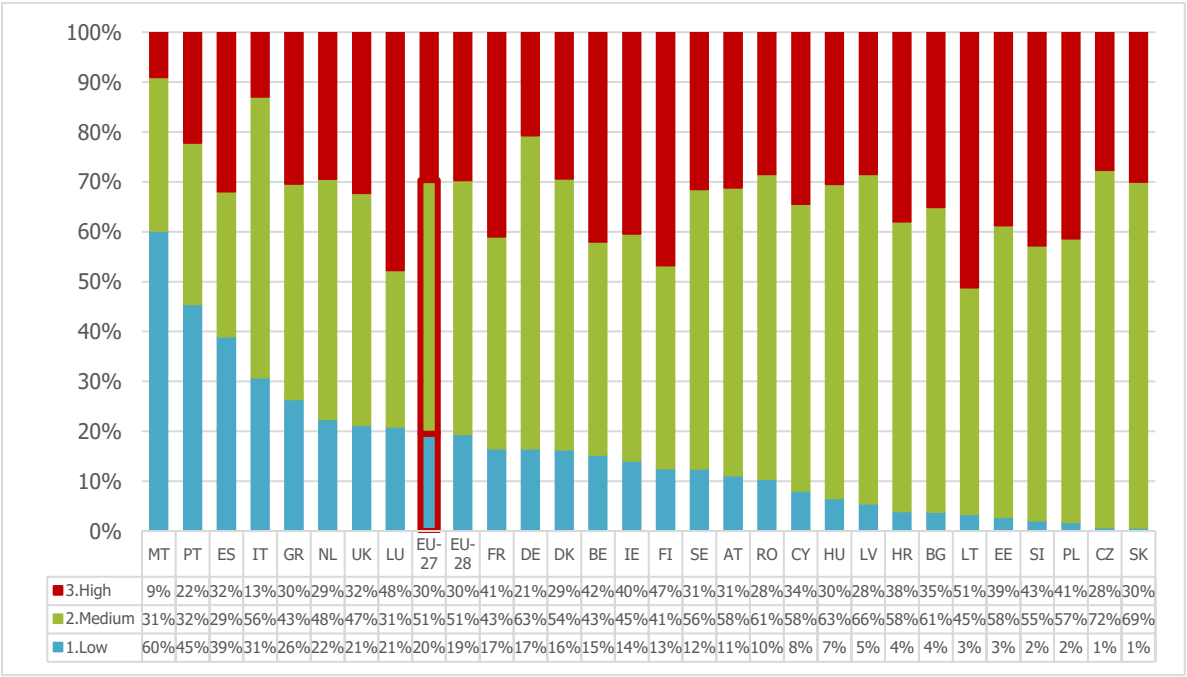
- Firstly, in general younger workers are most affected by the crisis, in all sectors. During economic downturn, young people are often the last to be hired, and the first to be dismissed ("the 'last in' and the 'first out' ").
- Secondly, as mentioned in part 1 of this report, the European Union faces an important ageing of its population. This demographic trend makes it difficult for the sector to continue to attract workers from their traditional labor pool of young workers. This encourages employers to seek but also to maintain older employees to meet their labour needs. Therefore, some companies in the commerce sector already redesigned some of their jobs in order to attract and retain older workers.
  -
  -

Retail employs proportionally more low-qualified and medium-qualified workers than wholesale and others sectors

As can be observed in Figure 18, in 2015 in the EU, in the wholesale sector, 19% of workers were low-qualified (less than primary, primary and lower secondary education), 51% were medium-qualified (upper secondary and post-secondary non-tertiary education) and 30% were high-qualified (tertiary education). For retail, these percentages are respectively: 24%, 56% and 20%. There are thus more high-qualified workers in the wholesale sector than in the retail sector, while there are more low-qualified and medium qualified workers in the retail sector compared to the wholesale sector.

If we compare these percentages to the level of education of the total employment in the EU, we can observe that retail employs proportionally more low-qualified workers (24% versus 18% in average) and medium-qualified workers (56% versus 48% in average) than other sectors on average. Moreover, this sector employs proportionally less high-qualified workers than other sectors on average (20% versus 34% on average). The same observations can be made for the wholesale sector, but to a lesser extent.

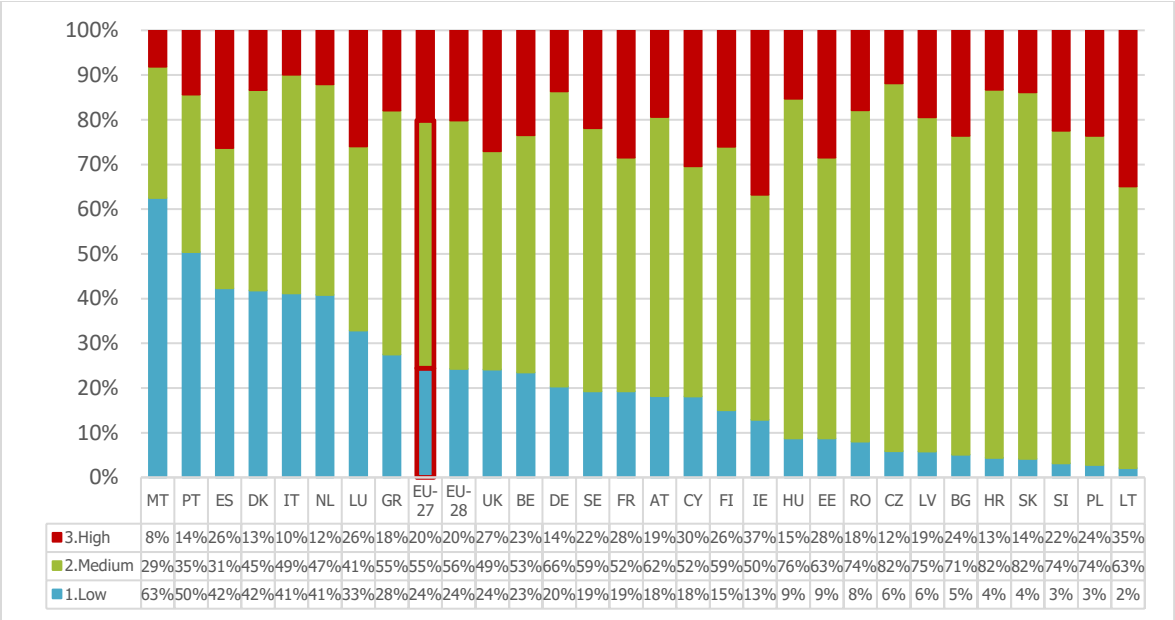
*Figure 18: % of workers by level of qualification in the **wholesale sector** in EU member states, 2015*



	MT	PT	ES	IT	GR	NL	UK	LU	EU-27	EU-28	FR	DE	DK	BE	IE	FI	SE	AT	RO	CY	HU	LV	HR	BG	LT	EE	SI	PL	CZ	SK
3.High	9%	22%	32%	13%	30%	29%	32%	48%	30%	30%	41%	21%	29%	42%	40%	47%	31%	31%	28%	34%	30%	28%	38%	35%	51%	39%	43%	41%	28%	30%
2.Medium	31%	32%	29%	56%	43%	48%	47%	31%	51%	51%	43%	63%	54%	43%	45%	41%	56%	58%	61%	58%	63%	66%	58%	61%	45%	58%	55%	57%	72%	69%
1.Low	60%	45%	39%	31%	26%	22%	21%	21%	20%	19%	17%	17%	16%	15%	14%	13%	12%	11%	10%	8%	7%	5%	4%	4%	3%	3%	2%	2%	1%	1%

Source: IDEA Consult based on Eurostat

*Figure 19: % of workers by level of qualification in the **retail sector** in EU member states, 2015*



	MT	PT	ES	DK	IT	NL	LU	GR	EU-27	EU-28	UK	BE	DE	SE	FR	AT	CY	FI	IE	HU	EE	RO	CZ	LV	BG	HR	SK	SI	PL	LT
3.High	8%	14%	26%	13%	10%	12%	26%	18%	20%	20%	27%	23%	14%	22%	28%	19%	30%	26%	37%	15%	28%	18%	12%	19%	24%	13%	14%	22%	24%	35%
2.Medium	29%	35%	31%	45%	49%	47%	41%	55%	55%	56%	49%	53%	66%	59%	52%	62%	52%	59%	50%	76%	63%	74%	82%	75%	71%	82%	82%	74%	74%	63%
1.Low	63%	50%	42%	42%	41%	41%	33%	28%	24%	24%	24%	23%	20%	19%	19%	18%	18%	15%	13%	9%	9%	8%	6%	6%	5%	4%	4%	3%	3%	2%

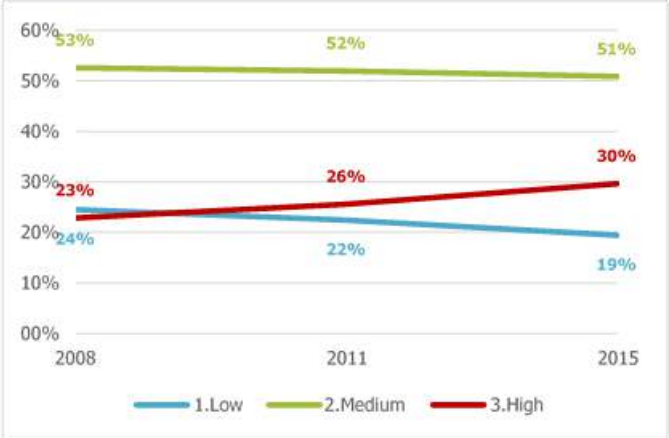
Source: IDEA Consult based on Eurostat

Number of low qualified workers diminishes, while number of high-qualified workers in the commerce sector increases

The figures below show the evolution of the level of qualification of workers in the retail sector and wholesale sector between 2008 and 2015. For both sub-sectors, it seems that the number of low-qualified workers reduced drastically from 2008 to 2015: in the retail sector; from 29% to 24% and in the wholesale sector; from 24% to 19%. On the contrary, the number of highly qualified workers increased: in the retail sector; from 14% to 20% and in the wholesale sector; from 23% to 30%. The share of medium-skilled workers remained more stable in both sub-sectors.

*Figure 2. Evolution of level of education of employees in **retail sector** 2008-2015, EU28*

*Figure 2. Evolution of level of education of employees in **wholesale sector** 2008-2015, EU28*



Source: IDEA Consult based on Eurostat

However, this evolution is a general evolution in all sectors. It is true that overall, the percentage of low-qualified workers reduced from 24% in 2008 to 18% in 2015; the percentage of high-qualified workers increased from 27% in 2008 to 37% in 2015; while the percentage of medium-qualified workers remained stable.

As mentioned in part 1 of this report, the main explanation for this evolution is digitalisation and automation. Such automation can replace workers, especially those doing medium-skilled routine tasks and repetitive work and those in low-skilled routine jobs.

According to a recent report, automation is expected to replace 45% of activities within jobs and 5% complete jobs.[74] Simultaneously, the rise of automation and artificial intelligence creates opportunities for high-skilled workers. This is because it changes the nature of work such that humans will be monitoring rather than operating machines. High-skilled workers will be needed first to creatively identify tasks and then to use robots to complete these objectives.

Compared to other sectors, wholesale and retail employ a higher share of EU workers of another country

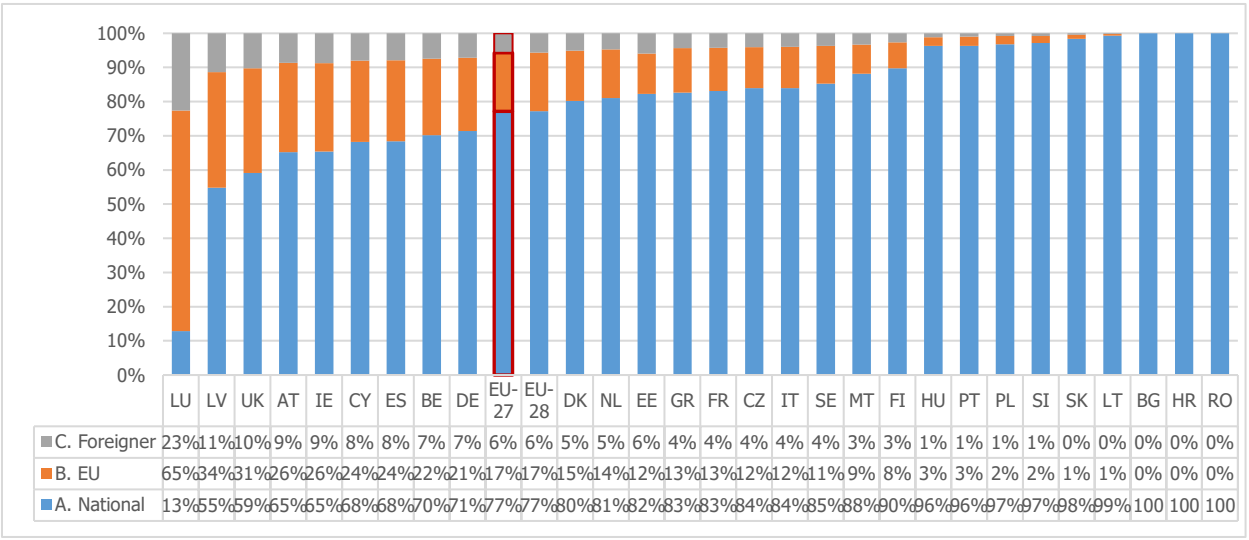
The figures below show the proportion of workers by nationality in the wholesale and retail sector in the EU in 2015. There are no significant differences between wholesale and retail. In both sub-sectors, around 77% of workers are nationals, 17% are EU workers of another country and 6% are non-EU nationals.

However, compared to the average of all sectors, wholesale and retail are characterised by:

- a higher share of EU workers of another country (EU average of 3.5% versus 17% in the wholesale and retail sector)
- and a lower share of national workers (EU average of 89% versus 77% in the wholesale and retail sector).

Moreover, since 2008, the part of EU workers of another country and foreigners is increasing in both sub-sectors while the share of national workers is decreasing.

*Figure 20: % of workers by nationality in **wholesale sector** in EU member states*, 2015*



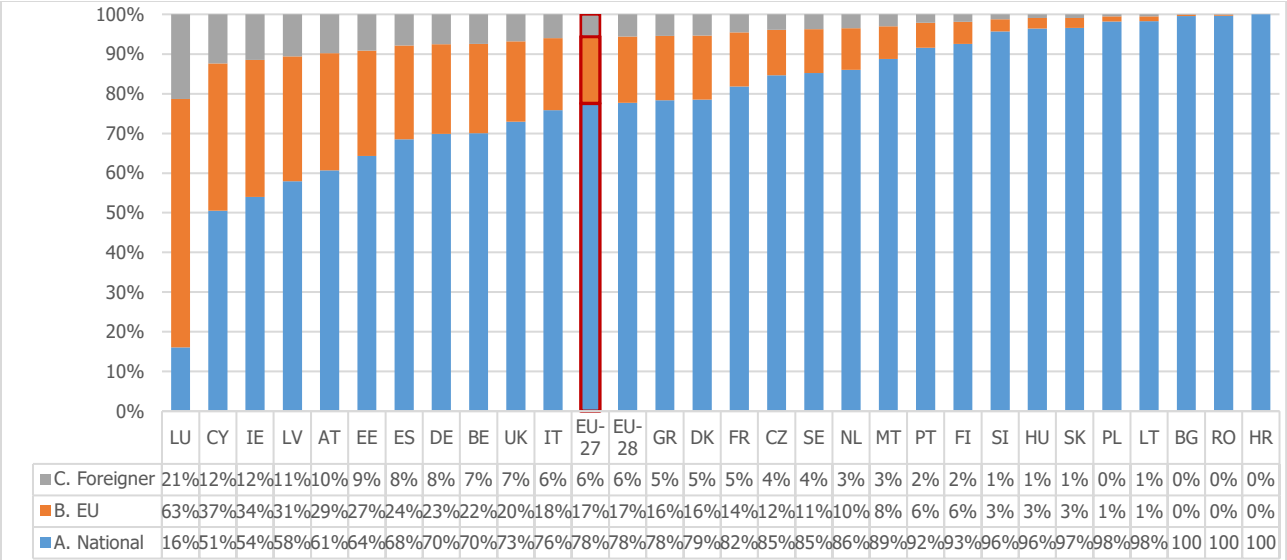
	LU	LV	UK	AT	IE	CY	ES	BE	DE	EU-27	EU-28	DK	NL	EE	GR	FR	CZ	IT	SE	MT	FI	HU	PT	PL	SI	SK	LT	BG	HR	RO
C. Foreigner	23%	11%	10%	9%	9%	8%	8%	7%	7%	6%	6%	5%	5%	6%	4%	4%	4%	4%	4%	3%	3%	1%	1%	1%	1%	0%	0%	0%	0%	0%
B. EU	65%	34%	31%	26%	26%	24%	24%	22%	21%	17%	17%	15%	14%	12%	13%	13%	12%	12%	11%	9%	8%	3%	3%	2%	2%	1%	1%	0%	0%	0%
A. National	13%	55%	59%	65%	65%	68%	68%	70%	71%	77%	77%	80%	81%	82%	83%	83%	84%	84%	85%	88%	90%	96%	96%	97%	97%	98%	99%	100	100	100

** No data for Bulgaria, Romania or Croatia available*

Source: IDEA Consult based on Eurostat

[74] ManpowerGroup (2017), 'The Skills Revolution: Digitization and why skills and talent matter'.

*Figure 21: % of workers by nationality in **retail sector** in EU member states*, 2015*



	LU	CY	IE	LV	AT	EE	ES	DE	BE	UK	IT	EU-27	EU-28	GR	DK	FR	CZ	SE	NL	MT	PT	FI	SI	HU	SK	PL	LT	BG	RO	HR
C. Foreigner	21%	12%	12%	11%	10%	9%	8%	8%	7%	7%	6%	6%	6%	5%	5%	5%	4%	4%	3%	3%	2%	2%	1%	1%	1%	0%	1%	0%	0%	0%
B. EU	63%	37%	34%	31%	29%	27%	24%	23%	22%	20%	18%	17%	17%	16%	16%	14%	12%	11%	10%	8%	6%	6%	3%	3%	3%	1%	1%	0%	0%	0%
A. National	16%	51%	54%	58%	61%	64%	68%	70%	70%	73%	76%	78%	78%	78%	79%	82%	85%	85%	86%	89%	92%	93%	96%	96%	97%	98%	98%	100	100	100

Source: IDEA Consult based on Eurostat

As mentioned in part 1 of the report, despite low birth rates, Europe's population continues to grow for some decades mainly due to increasing migration. It has been shown that keeping up with these dynamic shifts and hiring a diverse workforce that truly represents the consumer demography is crucial to find success in retail.

4/ The forms of work in the EU commerce sector

In this section, we focus on different forms of work that occur in the EU commerce sector. More specifically, we focus on following aspects:

- Type of contracts;
- Status of employment;
- Other (new) forms of work.
  - These forms of work are discussed in detail below.

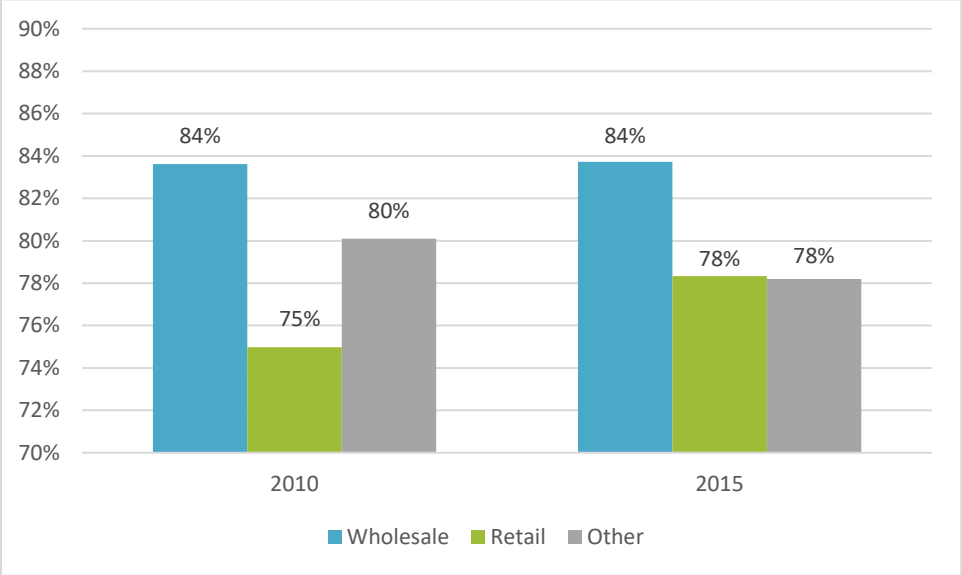
4.1 Type of contracts

More contracts of unlimited duration in the wholesale sector compared to the retail sector

As can be seen in the figure below, in both 2010 and 2015, 84% of all contracts in the wholesale sector where of unlimited duration, compared to 78% of all contracts in the retail sector and in other sectors for 2015. The share of unlimited contracts in wholesale has indeed remained very stable during the past years.

It is interesting to note that the number of contracts of unlimited duration has however increased in the retail sector between 2010 and 2015 (from 75% to 78%), while it has decreased on average in other sectors (from 80% to 78%).

Figure 22: Evolution of % of unlimited contract in wholesale and retail sector between 2010 and 2015



Source: IDEA Consult based on EWCS 2010 and 2015

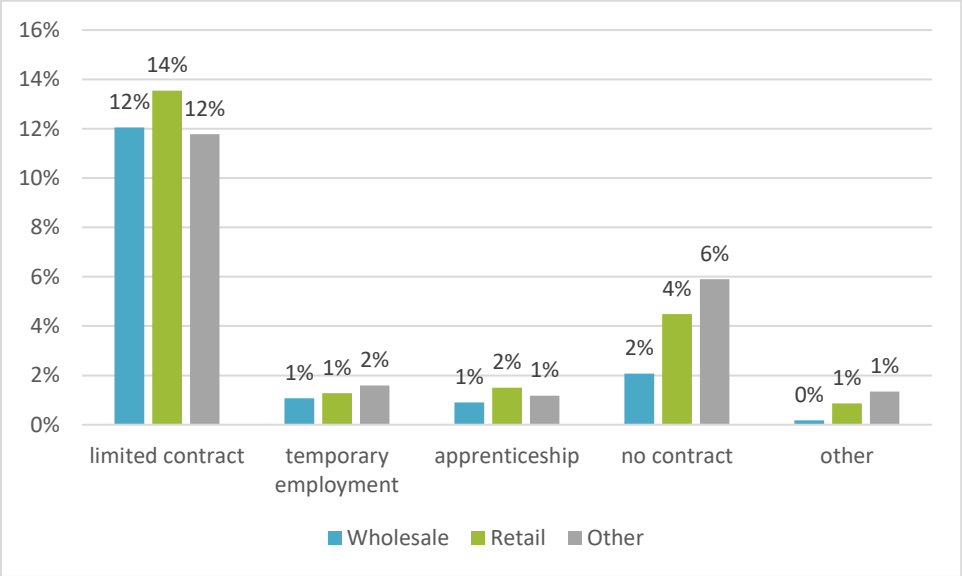
Most other contracts are contracts of limited duration

Although unlimited contracts predominate wholesale and retail, other types of contracts are also present (see Figure 23). The second most commonly used contract is a limited contract that encompasses 12% and 14% of all contracts in the wholesale and retail sector, respectively. However, the concept of contracts of limited duration is a general concept that can include very different type of contracts (e.g. casual work, zero-hours contracts, etc. see also paragraph 4.3.).

Another important observation is that jobs without contract are less common in the commerce sectors (2% for the wholesale sector and 4% for the retail sector) compared to other sectors (6%).

Finally, there are also around 1% of apprenticeship in the sector. According to the country cases this is mostly the case in France and Germany.

Figure 23: % of other type of contracts for the wholesale and retail sector in 2015



Source: IDEA Consult based on EWCS 2010 and 2015

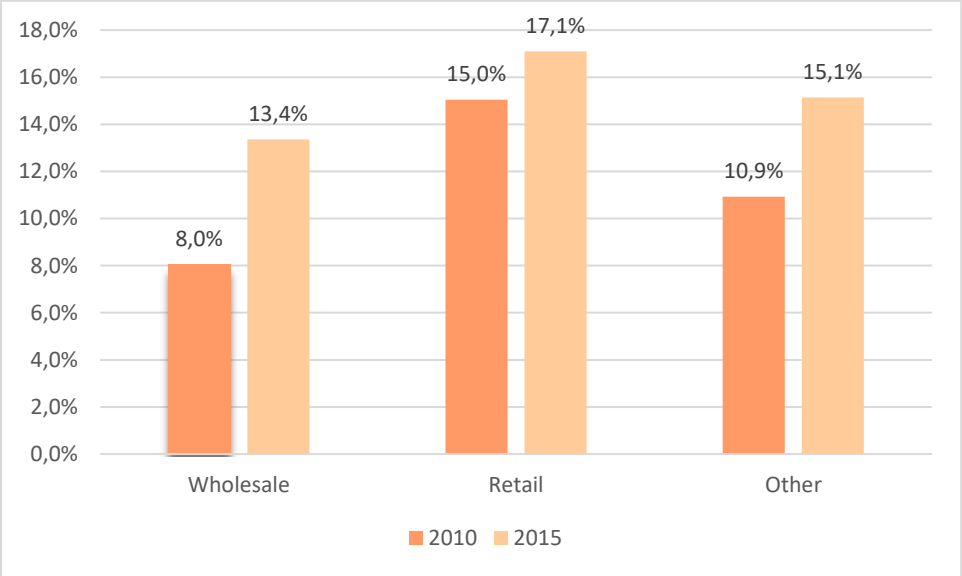
4.2 Status of employment

Important increase in number of self-employed workers in wholesale

The figure below show the percentage of self-employed in wholesale and retail in 2010 and 2015. As can be seen, 13% of all workers in the wholesale sector and 17% in the retail sector are self-employed, compared to 15% in other sectors. There are thus relatively more self-employed in retail and less in wholesale compared to other sectors.

It is also interesting to note that there was an important increase in the number of self-employed workers in the wholesale sector between 2010 and 2015 (from 8% in 2010 to 13.4% in 2015). This is also the case in the retail sector and in other sectors but in a lesser extend.

Figure 24: Evolution of % of self-employed in wholesale and retail sector between 2010 and 2015



Source: IDEA Consult based on EWCS 2010 and 2015

4.3 Other (new) forms of work

Nine prominent new forms of work across all sectors in the European economy

Next to the 'classic' forms of work, for which Eurostat and Eurofound provide data, the literature and the country cases also mention the existence of other (new) forms of work.

Eurofound has identified in a recent study nine prominent new forms of work that have been on the rise across all sectors in the European economy, especially since the financial crisis of 2008;

- **Employee Sharing** where an individual worker is jointly hired by a group of employers (who are not clients of a traditional temporary work agency). Such workers rotate between the different companies.
- **Job Sharing** where a single employer hires two or more workers to jointly fill a specific job, combining two or more part-time jobs into a full-time position
- **Interim Management** where a worker – usually a highly skilled expert – is hired for a temporary period of time by an employer, often to conduct a specific project or solve a specific problem. In contrast to traditional fixed-term work arrangements, interim management has some elements of consultancy, but the expert has employee status rather than that of external advisor.
- **Casual Work** where the employer is not obliged to regularly provide the worker with work, but has the flexibility to call on them when needed
- **ICT-based mobile work** where the worker (whether employee or self-employed) operates from various possible locations outside the premises of their employer (for example, at home, at a client's premises or 'on the road'), supported by modern technologies such as laptop and tablet computers. This is different from traditional teleworking in the sense of being even less 'place-bound'.

- **Voucher-based work** where the employment relationship and related payment is based on a voucher rather than an employment contract. In most cases, the workers then have a status somewhere between employees and self-employed.
- **Portfolio Work** where self-employed work for a large number of clients, providing just small amounts of work for each of them.
- **Crowd Employment** where the self-employed are not being place-bound. Virtual platforms match a large number of buyers and sellers of services or products, often with larger tasks being broken down into small jobs.
- **Collaborative employment** that that go beyond traditional business partner relationships were found in a variety of countries.

Three new forms of work gain prominence within the commerce sector: Casual work, portfolio work and voucher based work

Varying studies use different definitions or categorisations of these new forms of employment, which makes comparison and reliable data gathering difficult. Based on a literature review, compared with data from the country cases, we have however identified three new forms of employment that appear to gain prominence specifically within the commerce sector;

- Casual work;
- Portfolio work;
- Voucher based work.

According to the ILO study, **casual work** is associated mostly with retail trade and hospitality sectors, as this form of work is contingent with fluctuating consumer flows. Eurofound differentiates two types of this employment form, i.e., intermittent work and on-call work. The former involves an employer approaching workers on a regular or irregular basis to conduct specific tasks, while the latter involves a continuous relationship between employer and employee without the employer being obliged to provide continuous work for the employee. **On-call work** is especially associated with the retail sector, whereby just-in-time-scheduling provides information on the exact staffing needs based on weather conditions, sales patterns and other data. As far information out of the ILO study is concerned, this type of work in the retail sector is widely used in the United States, while the extent to which European stores use this employment form is still not clear yet.

Zero-hours contracts are also a form of casual work, where there is no guarantee of a minimum amount of working hours. According to the ILO study, they are prevalent in the UK, mostly in education, health and public administration (30%of all zero-hours contracts) and hospitality and retail services (27% of all zero-hours contracts)[75]. Similarly, the UK country expert mentioned a growing concern regarding zero-hours contracts among employers and unions alike in the retail sector. In Finland, national statistics estimate 15.000 zero-hour contracts occur in the commerce sector in 2014, although they are against collective agreements.

According to the Greek case, almost one third of workers in the sector indicated to work in irregular shifts frequently when need occurs (29,1%). Large chains and supermarkets frequently work with 4-hour a day contracts to adjust with peak hours. These systems of discontinued working hours, whereby significant time-gaps in between shifts cause problems regarding traveling to and from workplaces, are on a steady rise.

Also in the German case, the occurrence of marginal part-time work (as a form of casual work) was mentioned to gain prominence in the retail sector. About 1 million so-called mini-job holders are employed in the retail sector, stemming again from the need to react to fluctuating customer flows.

For wholesale trade on the other hand, the increasing sophistication of logistic services accommodating innovative supply chains have given rise to an employment model whereby drivers are contracted as independent service suppliers, thereby losing their social and legal protection status as an employee. As roles and tasks within supply chains are changing, retailers also increasingly tend to outsource specific logistic functions such as long-distance transport, making subcontracting in the sector the new norm.[76] Both evolutions indicate that also **portfolio work** as new employment form gains prominence in the commerce sector.

Looking at the country cases, this trend is further confirmed in the French case e.g., where the commerce sector is becoming 'Uberized', i.e., externalizing parts of their activities such as delivery services. Bicycle and scooter deliverers who work with their own material and have stringent delivery schedules, although being self-employed and hence do not enjoy social coverage of employee-status, are mushrooming in the capital city of Paris.

[75] ILO, 2015, Non-Standard Employment Around the World, Understanding Challenges, Shaping Prospects.

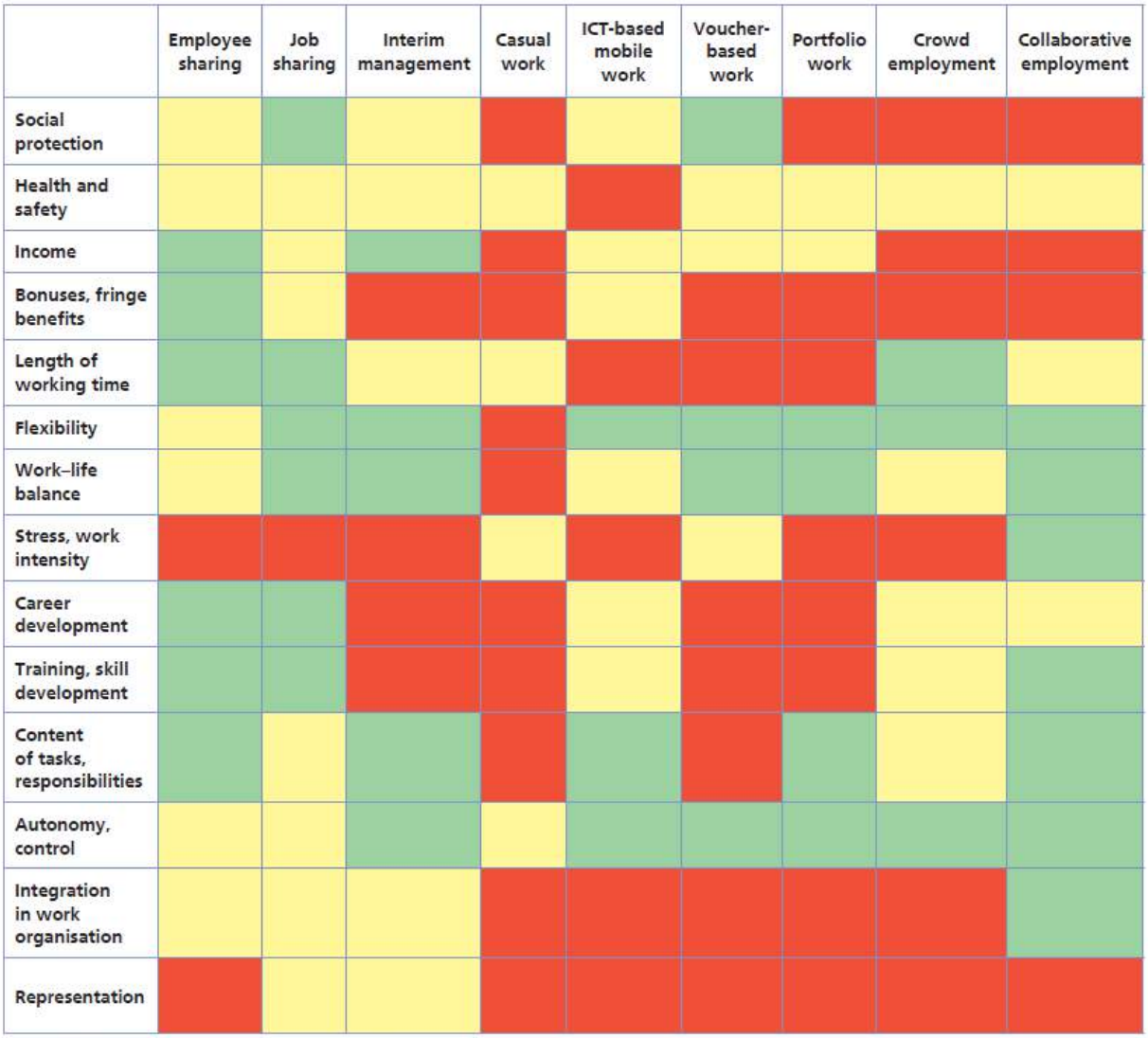
[76] Idem

A last form of work that has been associated with the commerce sector is **voucher based work**. Especially the Italian country case mentioned a frequent use of such '*lavoro occasionale accessorio*' in the commerce sector, whereby services are remunerated by a voucher provided by an authorised organisation that covers both pay and social security contributions. Data on the extent to which this new form is actually used in the Italian sector does not exist, which makes it difficult to assess its actual prominence.

The new forms of work mean opportunity and threat to current working conditions

These new forms of employment mean an opportunity as well as a threat to current working conditions and working arrangements. Figure 25 represents a general overview of these possible positive and negative implications for working conditions, linked to the new forms of employment.

Figure 25: Overview of implications of new forms of employment for selected working conditions



Notes: The operational implications of each employment form might, in practice, vary strongly from case to case.
Green: beneficial working conditions
Yellow: neutral working conditions (or evidence for both benefits and disadvantages)
Red: disadvantageous working conditions
Source: Eurofound, based on national contributions

Source: Eurofound, 2015, New Forms of Employment

5/ Working conditions in the EU commerce sector

In this section, we focus on working conditions in the EU commerce sector. This chapter is mainly based on data of Eurofound (European Working Conditions Survey) analysing the following indicators of working conditions;

- The number of working hours and atypical hours;
- The average wages;
- Training opportunities;
- Health and safety at work;
- Type of work tasks;
- Career opportunities;
- Global satisfaction with working conditions.

For each indicator, the figures for retail and wholesale are analysed and compared to other sectors. Moreover, we provide data for 2010 and 2015 in order to catch possible evolutions in working conditions. However, this data is only available at an EU-level. National specificities in the working conditions can be observed trough the country cases in part 3 of this report.

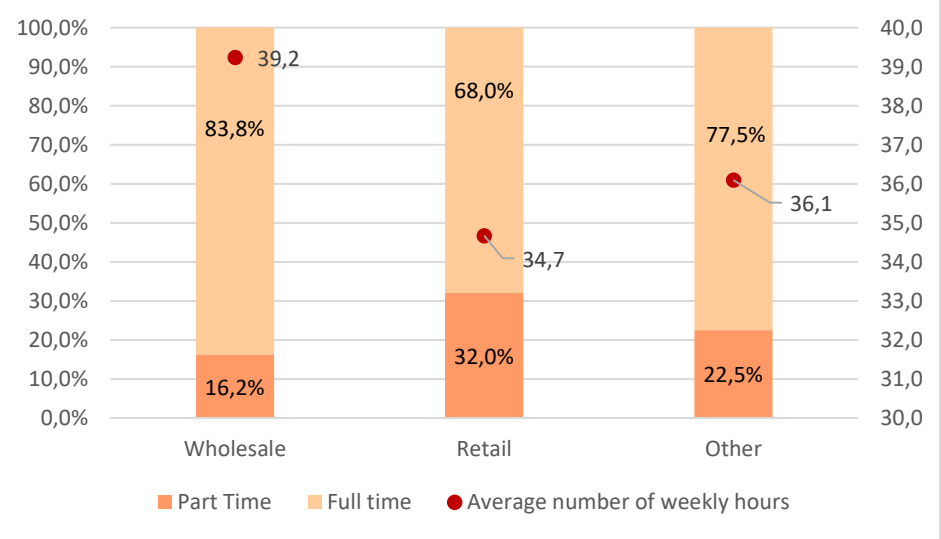
5.1 Number of working hours and atypical hours

Overrepresentation of part-time work in the retail sector compared to the wholesale and other sectors

The figure below (left axis) shows that in 2015, 16.2% of the workers in wholesale and 32% of the workers in the retail sector were employed through a part-time contract. Since on average 22.5% of workers in other sectors work part-time, wholesale is characterized by relatively few part-time workers while the retail sector is characterized by relatively many part-time workers.

The same distribution is reflected by the average number of weekly hours across different sectors (right axis of Figure 26). Compared to the average in other sectors (36.1 hours), weekly hours are higher in wholesale (39.2 hours) and lower in retail (34.7 hours).

Figure 26: % of workers by working time regime (left axis) and average number of working hours (right axis) in wholesale and retail sector in 2015



Source: IDEA Consult based on EWCS 2015

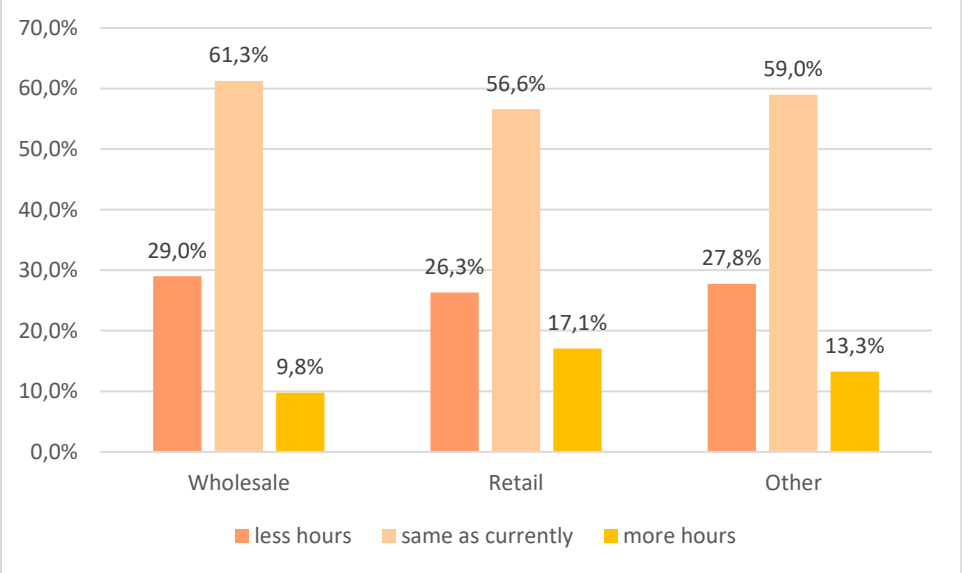
The majority of workers in retail and wholesale work as many hours as they would prefer

The retail industry traditionally employs a larger proportion of casual staff and part-time staff than other industries. From the employer perspective, part-time and casual work gives them the flexibility to meet changing seasonal demands and to customise shifts to meet the day-to-day needs of the business. From the employee perspective, it allows them to balance work with other activities such as study, home duties and caring. Retail can also serve as a transition pathway from study to work by providing the opportunity for the practical development of employability skills. However, in some cases, part-time work can be considered as involuntary part-time work.

Several experts mentioned the future challenge of finding the right balance between flexibility, that stems from a transformation towards a sector with multi-channel businesses, and job quality for workers, in order to retain workers and create a durable working situation for both employee and employer.

Figure 27 represents the proportion of workers who would prefer to work different (or the same) weekly hours if they could make a free choice (taking into account the need to earn a living). This figure shows that the majority of workers in retail and wholesale work as many hours as they would prefer (respectively 57% and 61%). However, it seems that more workers in retail have indicated to prefer working more hours than in wholesale or other sectors (17.1% of workers in retail versus 9.8% of workers in wholesale). Moreover, more than in other sectors, workers in wholesale would prefer working less hours (29.0% of workers in wholesale versus 26.3% of workers in retail).

Figure 27: % of workers by preference of working less, the same or more weekly hours in wholesale and retail sector in 2015

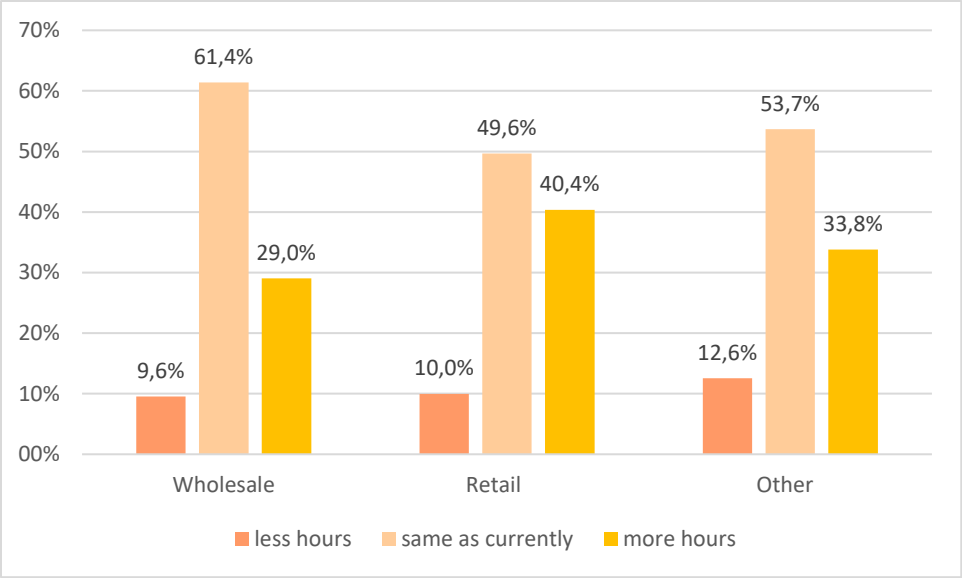


Source: IDEA Consult based on EWCS 2015

When one analyses the satisfaction of part time workers with the amount of working hours (see Figure 28), the willingness to work more hours becomes more pronounced, especially for part time workers in retail. Where approximately one third of the part time workers in both wholesale and other sectors express their preference to work more hours than they currently do (provided that they can make a free choice regarding working hours and taking into account the need to earn a living), almost 40% of the part time workers in retail prefer to work more hours.

More part time workers in wholesale are generally satisfied with their amount of working hours than the other sectors and retail, indicating that involuntary part time work is occurring somewhat less in wholesale than in other sectors. For retail the opposite is true where less part time workers are happy with their current amount of working hours than other sectors or wholesale.

Figure 28. % of part time workers preferring working less, the same or more hours as currently in wholesale, retail and other sectors (2015)



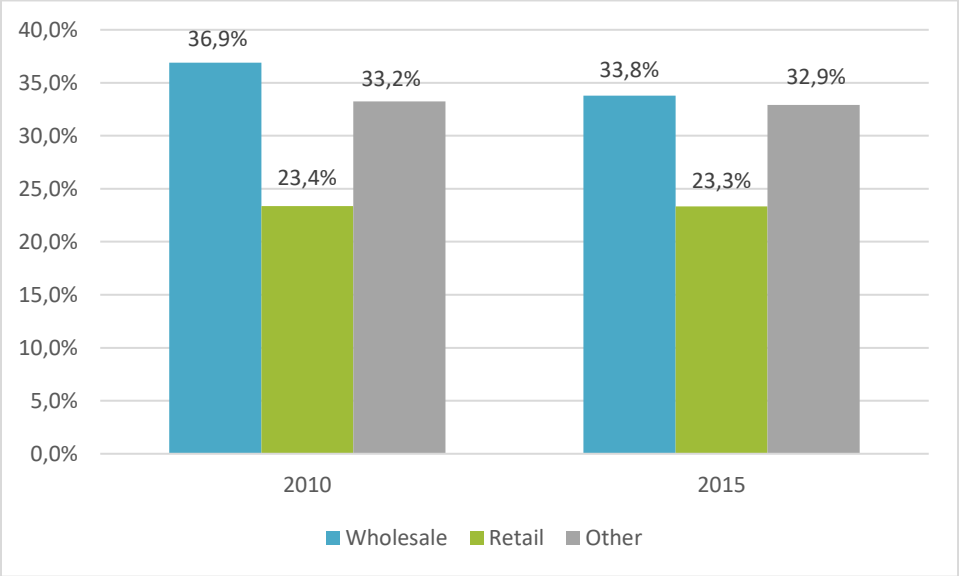
Source: IDEA Consult based on EWCS 2015

Relatively more long working days in wholesale compared to retail and other sectors

The figure below shows the share of workers that sometimes work more than 10 hours a day in the wholesale and retail sector compared to other sectors. Based on this figure, it seems that workers in wholesale have a higher probability of working more than 10 hours a day than other sectors. In 2015, 34% of workers in wholesale indicated working more than 10 hours a day 1 or more times a month, while this percentage is only 23% in the retail sector.

However, for wholesale this percentage has decreased since 2010 while remaining fairly stable for the retail and other sectors alike.

Figure 29: Evolution of workers working more than 10 hours a day 1 or more times a month in wholesale and retail sector between 2010 and 2015



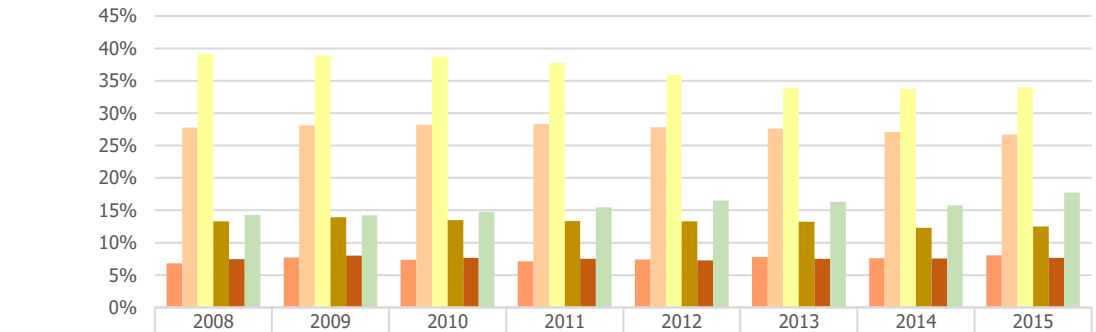
Source: IDEA Consult based on EWCS 2010 and 2015

Atypical hours are more common in retail than in wholesale or other sectors

Figure 30 and Figure 31 provide information on the evolution of workers working atypical hours in wholesale and retail in the EU. Large differences can be observed in the use of atypical hours in both sub-sectors:

- The **retail sector makes more use of shift work** (23%) than wholesale (8%) but also than other sectors on average (18.4%). The use of shift work has also increased in the retail sector while it remained stable in wholesale and in other sectors on average.
- **Evening work is also more predominant in the retail sector** (40%) than in wholesale (27%) or in other sectors on average (16%).
- **3 out of 4 workers in the retail sector work in weekends and 3 on 10 on Sundays.** For workers in wholesale, 34% work during weekends and 12% on Sundays, while the EU average is 41% and 15% respectively.
- Around the same percentage of workers in the retail and wholesale sector work at night (7% to 8%), this is slightly more than the EU average of all sectors (6%).
- 18% of workers in wholesale work from home, against 7% of workers of the retail sector and 14.5% on EU average. This percentage is growing rapidly since 2008.

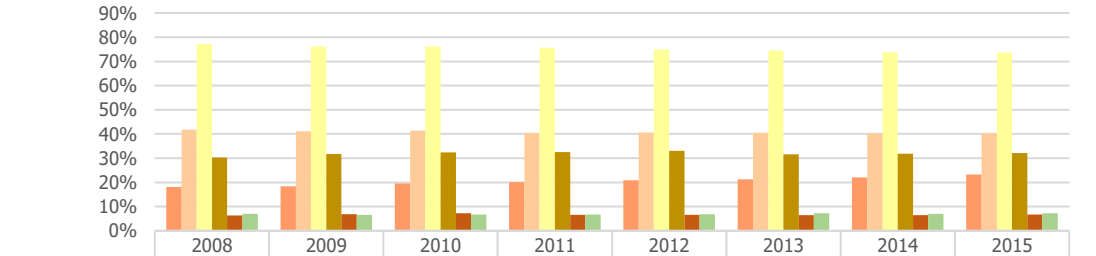
Figure 30: Evolution of atypical hours of work in wholesale sector in Europe



	2008	2009	2010	2011	2012	2013	2014	2015
Shift work	7%	8%	7%	7%	7%	8%	8%	8%
Evening work	28%	28%	28%	28%	28%	28%	27%	27%
Weekend work	39%	39%	39%	38%	36%	34%	34%	34%
Sunday work	13%	14%	14%	13%	13%	13%	12%	12%
Night work	7%	8%	8%	7%	7%	8%	8%	8%
Home work	14%	14%	15%	15%	16%	16%	16%	18%

Source: IDEA Consult based on Eurostat

Figure 31: Evolution of atypical hours of work in retail sector in Europe



	2008	2009	2010	2011	2012	2013	2014	2015
Shift work	18%	18%	20%	20%	21%	21%	22%	23%
Evening work	42%	41%	41%	41%	41%	40%	40%	40%
Weekend work	77%	76%	76%	76%	75%	74%	74%	74%
Sunday work	30%	32%	32%	32%	33%	32%	32%	32%
Night work	6%	7%	7%	7%	7%	6%	6%	7%
Home work	7%	7%	7%	7%	7%	7%	7%	7%

Source: IDEA Consult based on Eurostat

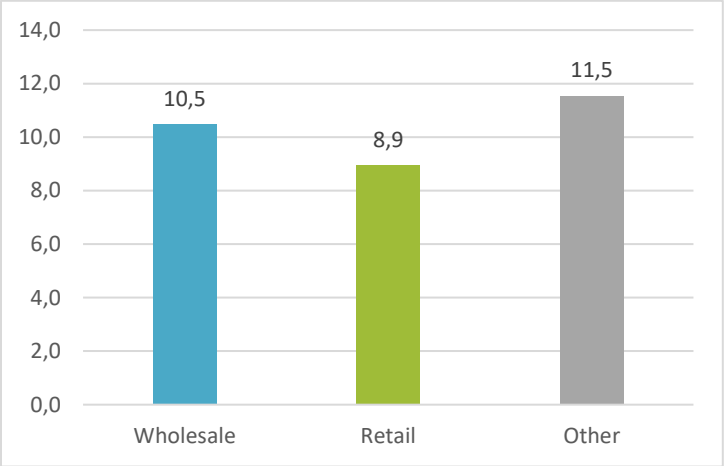
5.2 Average wages

Lower average hourly wage in retail sector compared to wholesale and other sectors

The figure below shows the average hourly wage in wholesale and retail sector in 2015, compared to the average of all other sectors in the EU-28. It seems that on average, the hourly wage in retail equalled 8.9 euro in 2015. This is lower than the average hourly wage in wholesale. However, with an average of 10.5 euro by hour, the average hourly wage in wholesale is lower than the average wage in all sectors of the EU-28.

It has to be noted that data on wages at an European level have to be analysed with great prudence as there are large disparities in wages between EU member States.

Figure 32: Average hourly wage in wholesale and retail sector in 2015



Source: IDEA Consult based on EWCS 2015

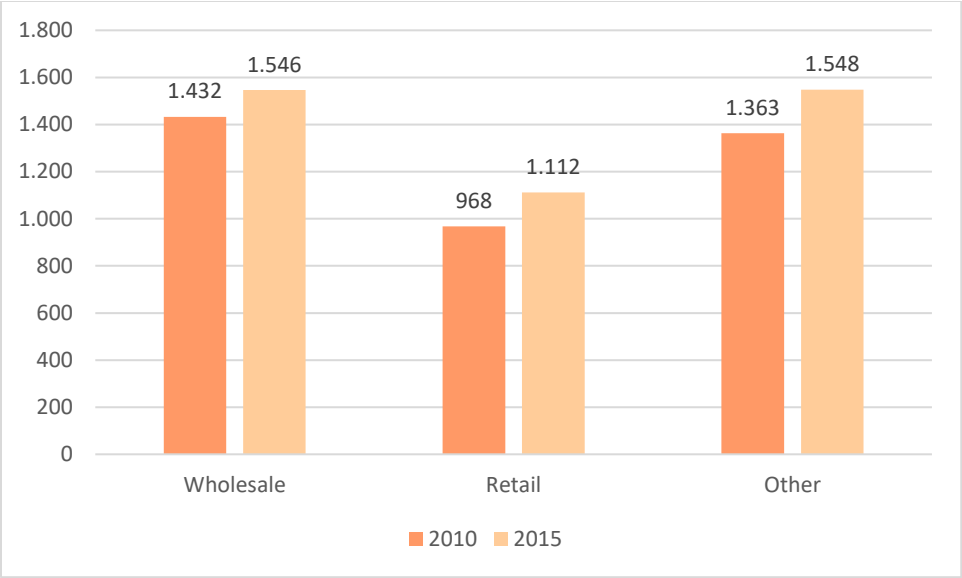
The average monthly wage increased more in retail than in wholesale and other sectors

The figure below shows the evolution in the monthly wage in the wholesale and retail sector, compared to other sectors, between 2010 and 2015. This figure shows that on average, the monthly wage is lower in the retail sector (1,112 euro in 2015), compared to wholesale (1,546 euro) and other sectors (1,548 euro). These differences can both be explained by different hourly wages in the sub-sectors (see Figure 32) but also the average hours of work (see Figure 26).

However, it is interesting to notice that the average monthly wage has increased more in the retail sector compared to other sectors, but especially to wholesale. It is true that the average monthly wage in the retail sector increased with 14.9%, while in other sectors the average wage increased with 13.6% and in wholesale with 8.0%.

It seems that economic pressures forced especially wholesale companies to reduce labour costs. This can be linked to the fact that wholesale has been affected in a greater extend by the economic crisis than the retail sector and that more wholesale companies had to reorganise between 2010 and 2015.

Figure 33: Evolution of monthly wage in wholesale and retail sector between 2010 and 2015



Source: IDEA Consult based on EWCS 2010 and 2015

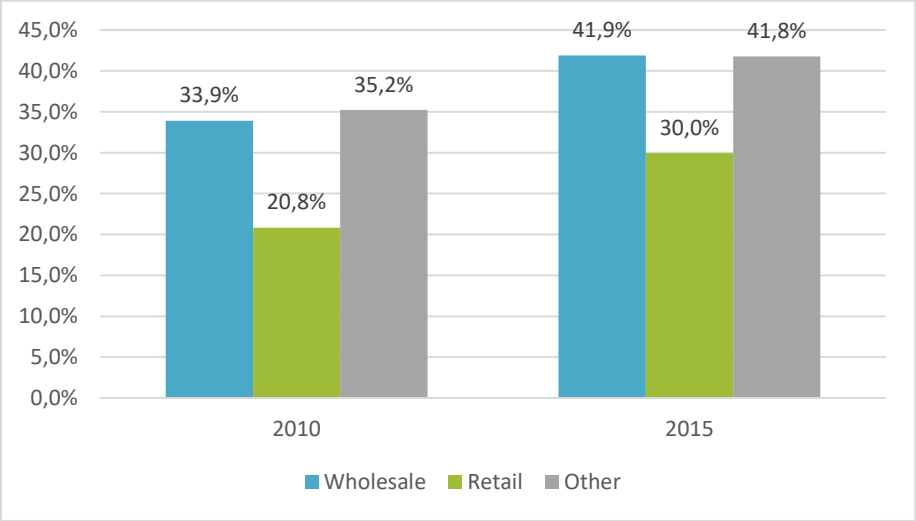
5.3 Training opportunities

Less employer paid trainings in retail compared to wholesale and other sectors

In 2015, 42% of all workers in wholesale received at least one training paid by their employer. This percentage corresponds to the average training rate of other sectors. In retail, this percentage falls to 30%, indicating that there are less employer paid trainings in retail compared to wholesale and other sectors.

However, it is interesting to note that the share of employer paid trainings increased considerably in retail. Between 2010 and 2015, the percentage of workers stating that they received a training paid by their employer increased from 20.8% to 30% in this sector, which represents a rise of 44%. The percentage of employer-paid trained workers also increased in wholesale and in other sectors, but in a lesser extent, respectively 24% and 19%.

Figure 34: The % of workers that received an employer paid training in wholesale and retail sector between 2010 and 2015



Source: IDEA Consult based on EWCS 2010 and 2015

The increase of the percentage of employer paid trainings in all sectors can be explained by the growing importance of trainings. It is so that in part 1 of this report we mentioned that the digitalisation leads to the need for new skills. In order to function in the ever more digital society, workers are expected to develop a certain ability to work with digital tools and to be able to use digital media. Specifically, workers need to be able to use new digital technologies produces.

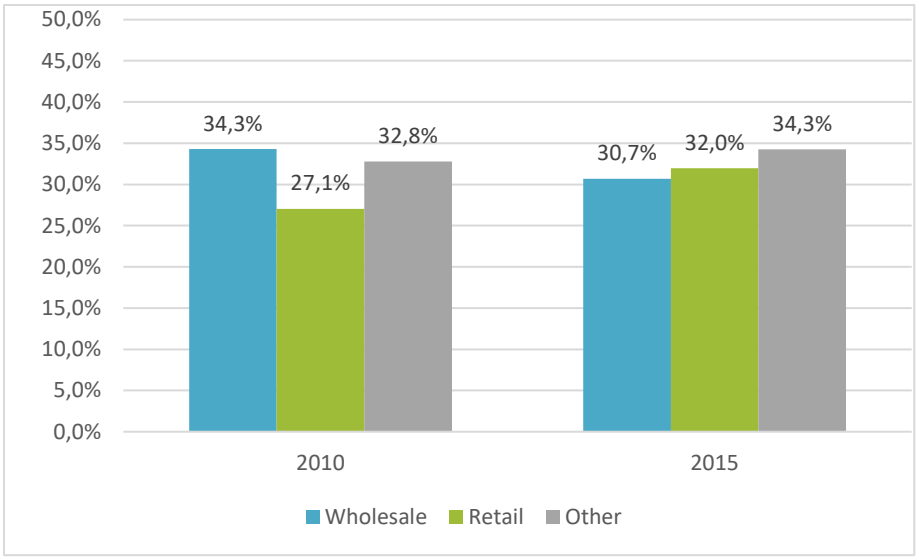
Yet, data from the European Commission show that many EU workers have insufficient digital skills or e-skills. Indeed, many firms, for example in Germany, complain about skills shortages which is possibly due to high e-skill requirements. In response to the shortage in digitally skilled labour, Ecommerce Europe has endorsed several initiatives to boost e-skills (these are already in effect in Belgium, Denmark, Portugal and Switzerland).

Increase in the number of on-the-job trainings in retail

Formal trainings are not the only kind of trainings proposed to workers. As can be seen in the figure below, on-the-job trainings are also an important part of the training programmes of workers, especially in retail.

In 2015, 32% of workers in retail and 31% of workers in wholesale received an on-the-job training. It is also interesting to note that the percentage of workers that received an on-the-job training increased from 27% in retail in 2010 to 32% in 2015, while this percentage decreased from 34% in wholesale in 2010 to 31% in 2015.

Figure 35: The % of workers that received an on the job training in wholesale and retail sector between 2010 and 2015



Source: IDEA Consult based on EWCS 2010 and 2015

5.4 Health and safety at work

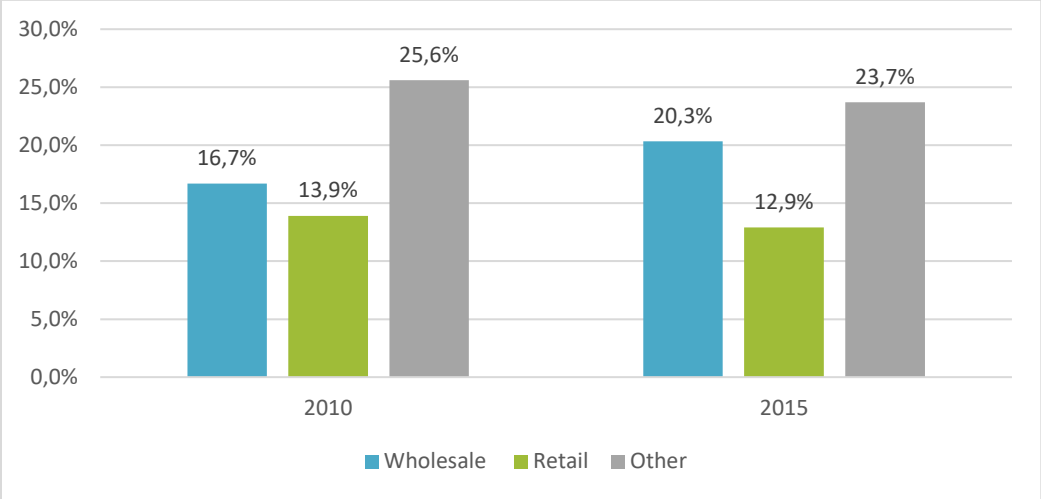
Less workers in the retail and wholesale sector consider that their health and safety is at risk because of their job compared to other sectors

An important indicator of the quality of working conditions concerns health and safety issues. In the survey of Eurofound, workers were questioned about this aspect. More specifically, they answered the question "*Do you consider that your health or safety is at risk because of your job?*".

As can be seen in the figure below, less workers in the retail and wholesale sector considered that their health and safety is at risk because of their job compared to other sectors. It is true that only 13% of workers in retail consider that their health and safety is at risk because of their job. This percentage increases to 20% in wholesale and even 24% in other sectors.

It is also interesting to note that the percentage of workers experiencing health and safety risks at work decreased in retail (from 14% in 2010 to 13% in 2015) while this percentage increased considerably in wholesale (from 17% to 20%)

Figure 36: Evolution of workers experiencing health or safety risks in wholesale and retail sector between 2010 and 2015



Source: IDEA Consult based on EWCS 2010 and 2015

Health and safety issues are very important for the commerce sector. In supply chains in recent years, a corporate social responsibility model has been developed and widely adopted by multinational companies, whereby brands and retailers voluntarily adopt codes of conduct.

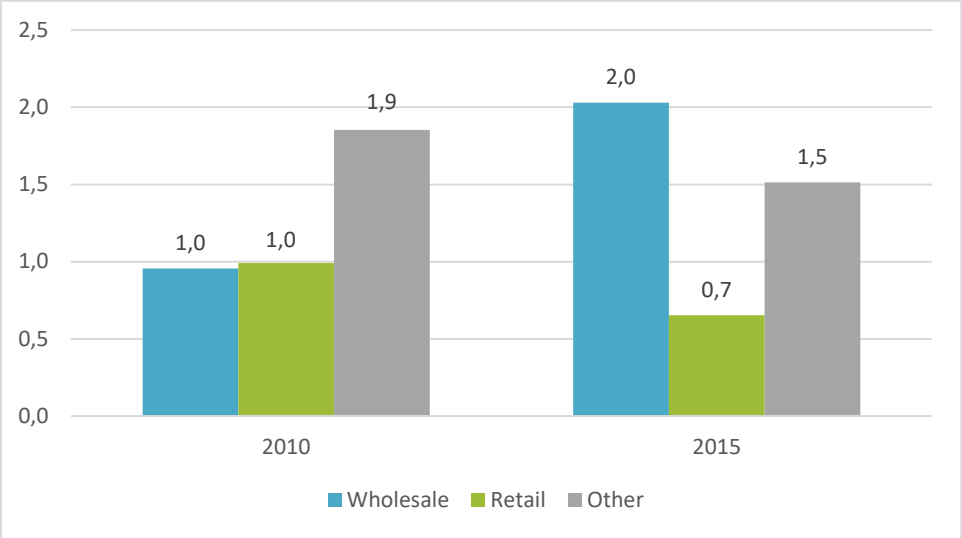
Following the 2013 collapse of the Rana Plaza building in Bangladesh that left over 1,200 workers dead in one of the deadliest industrial accidents of all time, the Accord on Fire and Building Safety in Bangladesh has been signed (2013). This accord is a five-year, independent, legally binding "agreement between brands and trade unions to work towards a safe and healthy Bangladeshi Ready-Made Garment Industry". It was signed by over 200 apparel brands from over 20 countries; two global trade unions – UNI and IndustriALL; eight Bangladesh trade unions, and four NGO witnesses. It aims at improving safety conditions for all workers, and is an example of a new model of corporate accountability.

More days of absence due to work accidents in wholesale compared to retail

Figure 37 shows the average number of absence days due to work accidents in wholesale and retail sector between 2010 and 2015. As can be seen, in 2015, there were on average more absence days because of accidents in wholesale compared to retail and other sectors.

On average, there were 2 days of absence due to a work accident in wholesale and 0,7 in retail. The number of absence days due to a work accident also increased in wholesale (from 1 day in 2010 to 2 days in 2015) while it decreased in retail (1 day in 2010 to 0,7 day in 2015). This evolution corresponds to the evolution of the percentage of workers that consider that their health and safety is at risk because of their job (see Figure 36).

Figure 37: Evolution of the average absence days due to work accidents in wholesale and retail sector between 2010 and 2015



Source: IDEA Consult based on EWCS 2010 and 2015

5.5 Type of work tasks

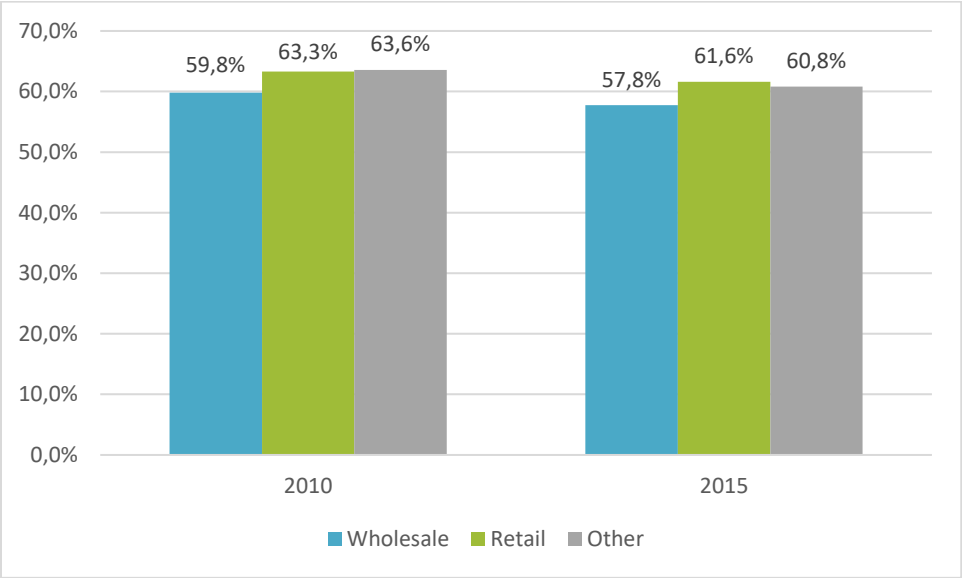
Jobs in retail characterized by more repetitive work

As can be seen in the figure below, 62% of workers in retail are doing repetitive work, versus 58% in wholesale and 61% in all other sectors. Jobs in retail are thus characterized by more repetitive work than jobs in other sectors or in wholesale.

However, it is interesting to note that in general, the share of workers doing repetitive tasks reduced between 2010 and 2015. In 2010, 63.3% of the workers in retail declared doing repetitive work versus 61.6% in 2015. This is also the case in wholesale were 59.8% of workers were doing repetitive work in 2010 versus 57.8% in 2015.

The reduction of the number of workers doing repetitive work can be explained by the technological evolution. As mentioned in part 1 of this report, automation replaces workers, especially those doing medium-skilled routine tasks and repetitive work and those in low-skilled routine jobs. According to a recent report, automation is expected to replace 45% of activities within jobs and 5% complete jobs.[77] Frey and Osborne (2013) examined which jobs are particularly susceptible to automation. They documented that many workers in sales and services (such as cashiers, counter and rental clerks, telemarketers and accountants) face a high risk of being substituted due to automation

Figure 38: Evolution of workers doing repetitive work in wholesale and retail sector between 2010 and 2015



Source: IDEA Consult based on EWCS 2010 and 2015

Higher degree of digitalisation in wholesale

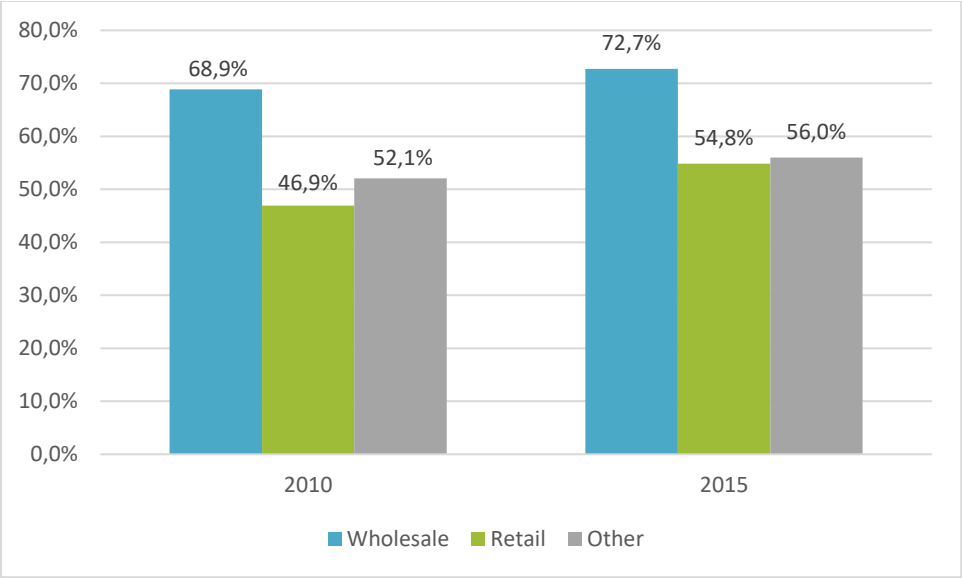
The figure below shows the percentage of workers that work with computers in wholesale and retail. As can be seen, 4 workers in wholesale on 5 work with a computer, while they are only around 1 on 2 in retail and in other sectors. There is thus a higher degree of digitalisation in wholesale.

It is also interesting to note that the percentage of workers working with computers has increased much more between 2010 and 2015 in retail compared with wholesale or other sectors. It is so that only 47% of the workers in retail worked with a computer in 2010 versus 55% in 2015.

This evolution can also be explained by the technological evolution. For organizations, the trend of digitalisation affect their business models. Companies invest in digital applications, digitalise their internal processes and digitalise work itself. Such digitisation of business processes can significantly cut costs and increase turnover.

[77] ManpowerGroup (2017), 'The Skills Revolution: Digitization and why skills and talent matter'.

Figure 39: Evolution of workers working with computers in wholesale and retail sector between 2010 and 2015



Source: IDEA Consult based on EWCS 2010 and 2015

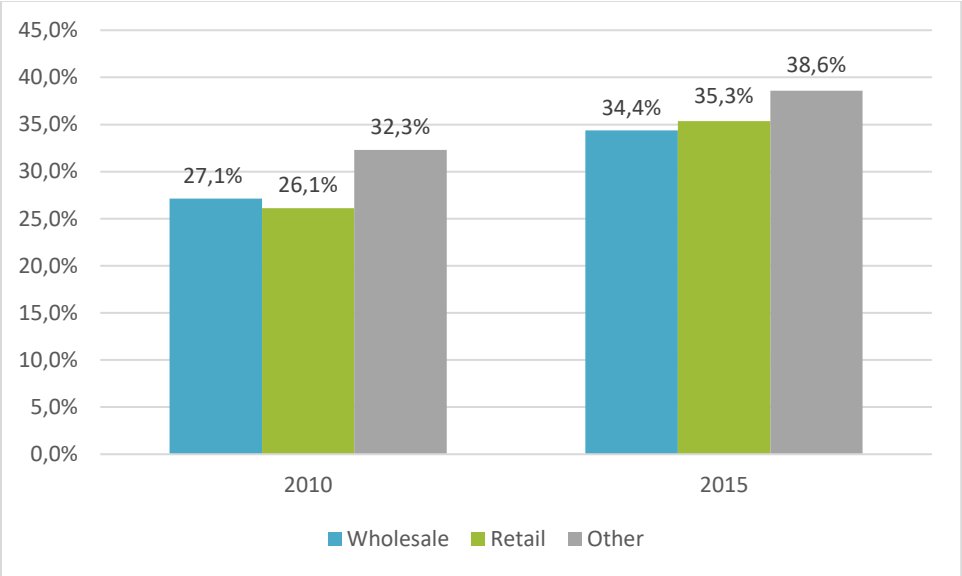
5.6 Professional mobility

Workers in the wholesale and retail sector perceive having fewer possibilities for career advancement than workers in other sectors

In the survey of Eurofound, workers were questioned about their perception concerning their career advancement possibilities. It seems that workers in wholesale and retail perceive having fewer possibilities for career advancement than workers in other sectors. Around 35% of the workers in commerce think their job offers good prospects for career advancement while this percentage increases to 39% in the other sectors.

However, it is interesting to note that the share of workers declaring having possibilities for career advancement increased in a significant way in both sub-sectors: from 27% in wholesale in 2010 to 34.4% in 2015 and from 26% in retail in 2010 to 35% in 2015.

Figure 40: Evolution of workers experiencing good prospects for career advancement in wholesale and retail sector between 2010 and 2015



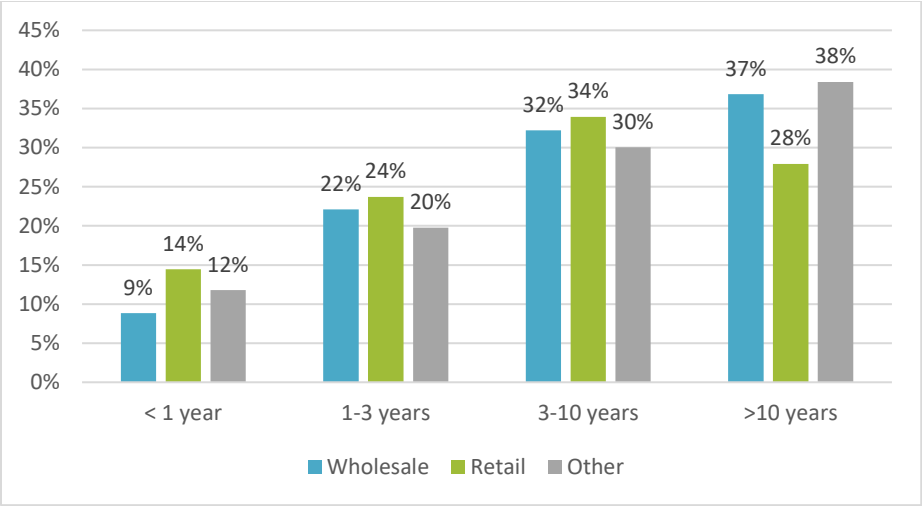
Source: IDEA Consult based on EWCS 2010 and 2015

Higher organizational tenure in wholesale compared to retail

Error! Reference source not found. shows the proportion of workers by organizational tenure in wholesale and retail in the EU in 2015. Compared to wholesale, organizational tenure is lower in retail. That is, retail has a larger proportion of workers with short organizational tenure (<1 year; 14% in retail versus 9% in wholesale) and a smaller proportion of workers with long organizational tenure (>10 years; 28% in retail versus 37% in wholesale). This shows that workers in retail tend to stay for a shorter period in their job than workers in wholesale of other sectors.

This characteristic can be explained by the profile of the workers in retail (more young workers) but also by the differences in working conditions between both sub-sectors (more contracts of limited duration in retail, less hours of work, more atypical work, etc.). Several experts mentioned retail as facing considerable difficulties retaining workers, whereas individual career curricula in wholesale are generally longer and more diverse. The rising diversification of (content of) jobs due to digitalization might formulate a part of the answer to the problem of retention in retail, although sufficient training and a good equilibrium between flexibility and job quality are conditional to the success of creating attractive and long term engagement.

Figure 41: % of workers by organizational tenure in the wholesale and retail sector in 2015



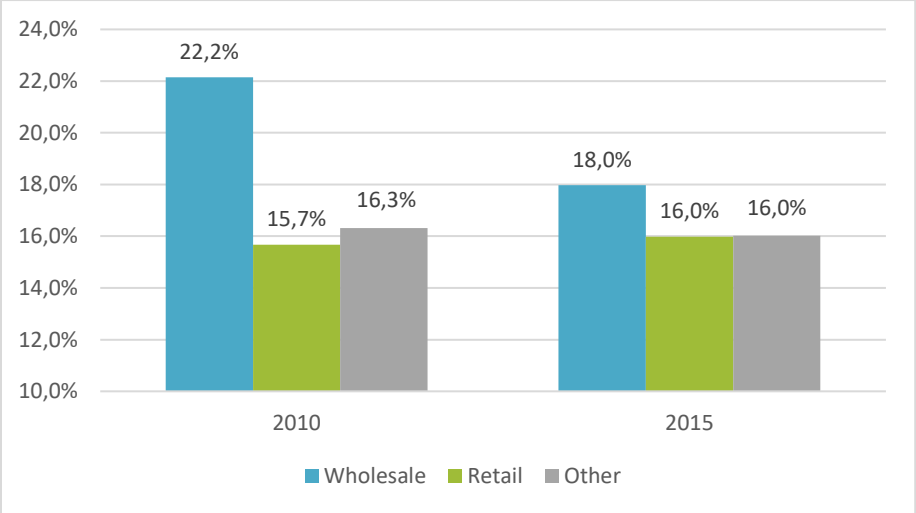
Source: IDEA Consult based on EWCS 2015

More workers in wholesale compared to retail and other sectors experience job insecurity

In 2015, 18% of workers in wholesale experienced job insecurity. In retail and other sectors, this percentage decreased to 16%.This result can be explained by the fact that wholesale has been affected in a considerable way by the economic crisis, and even more than other sectors and retail. We previously observed that wholesale was also characterized by a larger number of restructuring or reorganisation.

However, it is interesting to note that the percentage of workers that perceive job insecurity reduced drastically in wholesale, from 22% in 2010 to 18% in 2015. However, it still remains higher than other sectors. The reduction of job insecurity in the sector shows that it has recovered but still remains under pressure.

Figure 42: Evolution of workers experiencing job insecurity in wholesale and retail sector between 2010 and 2015



Source: IDEA Consult based on EWCS 2010 and 2015

5.7 Satisfaction with working conditions

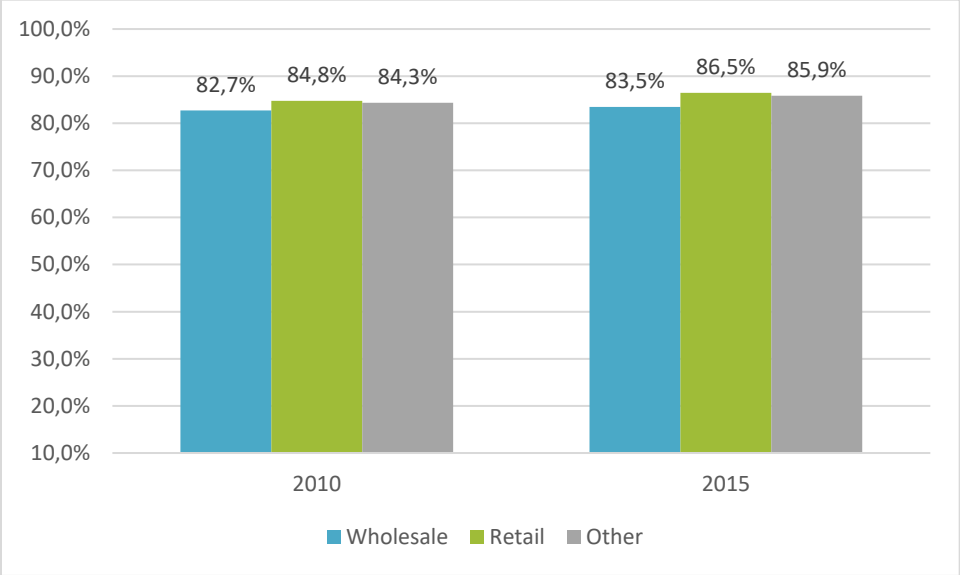
Relatively higher satisfaction with working conditions in retail compared to wholesale

Finally, Eurofound questioned workers on their general satisfaction with working conditions in their current job. As can be seen in the Figure 43, 86.5% of workers in retail are satisfied with their working conditions. This percentage approximates the general satisfaction rate of other sectors.

However, it seems that there is a relatively higher satisfaction with working conditions in retail compared to wholesale (respectively 86.5% versus 83.5%). This difference is interesting since various aspects of working conditions shown throughout this chapter were are almost always relatively better in wholesale compared to retail. However, perception concerning these working conditions is different between the two sectors.

It is also interesting to note that the satisfaction rate has increased in all sectors between 2010 and 2015. This evolution can be linked to the improvement of most indicators of working conditions in all sectors.

Figure 43: Evolution of workers who are satisfied with working conditions in wholesale and retail sector between 2010 and 2015



Source: IDEA Consult based on EWCS 2010 and 2015

PART 3: Country case studies

1/ Introduction

Ten geographically dispersed member states[78] were studied more in-depth in addition to analysing trends and transitions in the labour market of the commerce sector on a European level, in order to refine general conclusions and fill gaps of information.

The choice of countries was made in close consultation with UNIEuropa and EuroCommerce, based on the one hand on an aspiration to represent different geographical regions in Europe and on the other hand on the articulation of interest by national representatives of both social partners to participate in this study. This resulted in the following countries;

1. Finland
2. France
3. Germany
4. Greece
5. Italy
6. Poland
7. Spain
8. Sweden
9. Turkey
10. United Kingdom

Several gaps of information and data on a European level became apparent after a first wave of desk research and data analysis. The country case experts were hence asked to focus on filling those gaps of information and complementing conclusions were possible. More specifically, the following topics were outlined:

- Data and evolution of e-commerce in a national context
- Trends and drivers of change that particularly apply to the national commerce sector
- Changes in working conditions including professional mobility patterns in the national commerce sector
- Changes in forms of work noted at national level
- Evolution in the way working arrangements were met in the sector (industrial relations)

The following chapter provides an insight in the in-depth reports of all country cases structured around the topics mentioned above.

[78] Turkey was included due to its' status of candidate member state

2/ The case of Finland

2.1 e-Commerce in Finland

Measured through businesses whose main activity is within e-commerce (NACE 47.91: retail sale via mail order houses or via Internet), the Finnish e-commerce sector is small yet growing: in 2010-2014 the number of companies increased from 400 to 600, the number of employees from 600 to 800, and the sector turnover from €298 million to €413 million (OSF, 2016a, 2016c). Workplaces within the sector are small, 98% employing fewer than ten people (Santasalo & Koskela, 2015). However, these figures are not representative of all e-commerce, as most businesses engaged in e-commerce have a multi-channel approach with e-commerce as a secondary activity.

According to statistics based on consumer interviews, Finnish customers spent a total of €10.5 billion on B2C e-commerce of services, physical goods and digital contents in 2014. The figure includes VAT and delivery charges, and therefore depicts purchases rather than turnover. The overall growth of e-commerce in 2010-2014 was nearly 20%, but the growth rate was very uneven, varying from 0% to 9% annually (Finnish Commerce Federation, 2015a). This is mainly due to two factors: first, e-purchases of high value, such as flights and hotel bookings, are sensitive to the general economic situation; and second, during 2010-2014 many services started reaching saturation points where growth is no longer possible. In the same period, the national economy and the commercial sector at large experienced mostly small or negative growth (OSF, 2015a, 2016d).

Regarding specialisation of e-commerce, in 2010-2014 services stood for 52-57% of the total worth of e-purchases, physical goods for 42-47%, and digital contents for 1%. No clear trends are observable. Examined by product category, by far the greatest amounts of money are spent on travel (33-37% of the annual total worth in 2010-2014), followed by electronics (10-11%) and gambling (8-10%). The most significant growth in value in 2013-2014 was seen in purchases of mobile applications, bus tickets and films (downloaded content), while adult entertainment, real estate, finance and travel purchases decreased (Finnish Commerce Federation, 2011-2015a).

Zooming in on e-commerce of retail products, the annual growth in 2010-2014 was on average 7.5%, while retail at large stagnated since 2012 (OSF, 2016d). Of the €4.7 billion spent on physical goods in 2014, €3.6 billion were spent on retail products, making up some 8% of all retail purchases in the country. In e-commerce retail purchases in 2014, the biggest increases were within men's clothing, kitchenware and mobile phone products (Finnish Commerce Federation, 2015a).

The market share of Finnish-language online shops (nationality unspecified) dropped from 87% in 2011 to 79% by 2014. In the same year, Finnish businesses – with the main office in Finland – only stood for an estimated 56% of the total value of e-purchases of retail products (Finnish Commerce Federation, 2015b). Overall, Finnish e-commerce is estimated to still be relatively minor.

Note should be taken of the fact that the commerce sector in Finland especially in grocery sales, but partly also in service stations, hotels, warehouses etc., is strongly concentrated with two giant actors, the S-Group and the K-Group, together holding over 80% of the grocery sale market. This is important to consider when answering the research question concerning organisations employing/contracting work arrangements.

Data on wholesale e-commerce are not available.

2.2 Ongoing trends that affect the Finnish commerce sector

The long **recession**, tightly related to the country's international competitiveness, has had a significant impact on the commercial sector in Finland in the past years and serves as a backdrop for development in the years to come. The recession has influenced the sector in various ways – through the lower purchasing power of clients and the weakening finances of companies, as well as through the generally gloomy and negative outlook in the country in recent years. In 2016, the commerce sector experienced enormous restructuring measures as the department store chain Anttila went bankrupt and the department store chain Stockmann downsized its services. As a consequence, the Finnish Government applied for emergency support from the European Globalisation Fund. Lower sales imply lower profits and fewer jobs, as well as a greater need for businesses to adjust their labour force according to customer flows. This could increase the occurrence of part-time and seasonal work and deteriorate the experienced work quality.

Digitalisation and technological progress more generally are a principal trend of the commercial sector in the 2010s. This involves a multitude of developments, such as increasing online shopping, customer-to-customer services, platformisation, automatization of warehouse functions, etc. Finnish businesses have so far not been very prominent or effective in these activities; in 2014 almost half of the Finnish retail e-shopping was done on foreign sites (Finnish Commerce Federation, 2015b). The technological evolution has already created new types of jobs within the sector, and will presumably necessitate a range of new skills in the future. This could imply higher skills being required also from lower-level employees, or might on the other hand equally result in a growing polarisation of higher- and lower-level jobs.

Also the **changing consumer preference**s have been notable in recent years. This is linked to various major currents such as demographic changes, globalisation, individualisation and political and economic polarisation. These developments have given rise to a fragmentation of values and allowed subcultures to flourish; according to a popular (yet also contested) discourse, the previously relatively uniform and unitary national culture has been and is being breaking down. Businesses must thus grow more versatile to cater for the different tastes and preferences of the consumers, which creates a demand for new skills and knowledge on the labour market.

Importantly, these and other phenomena are seen to be strongly interrelated: for instance, technological development has contributed strongly to globalisation and changing customer preferences, while it at the same time also provides broader opportunities to adapt to the changing preferences.

2.3 Evolution of the labour market in the Finnish commerce sector

Working Conditions

National statistics show that the share of **part-time work** in 2010-2014 was some 35-39% (growing trend) in the retail and 6-8% (no visible trend) in wholesale.[79] In 2014, some 46% of retail sales personnel working part-time declared they did so because no full-time work is available. The figure has increased slightly in recent years, from 40% in 2012 and 44% in 2011 as well as in 2013 (OSF, 2015b). Research by the Labour Institute for Economic Research suggests that more than half of the part-time workers in retail wish for longer working hours, on average some ten hours more per week (Kauhanen, 2016)[80]; the mean weekly working hours in retail are 30, compared to 33 in all sectors (Santasalo & Koskela, 2015).

Work-life balance in the commercial sector – at least in the retail subsector – appears to have deteriorated somewhat since 2009. In 2009, up to 57% of employee respondents in the entire commercial sector found that work improved their spirits and made them better spouses/parents, compared to only 40% in 2016. Also in 2016, some 65% thought work interfered too much with their family life (59% in 2009) (PAM, 2016a[81]). Part-time workers within retail seem particularly affected, with around 32% agreeing that their working times are ill-suited for work-life balance, compared to 20% of full-time workers (Kauhanen, 2016).

It was noted during interviews that irregular working hours often work rather well for employees without families, whereas those with children generally need more predictable work arrangements. In contrast to these numbers,

[79] N.B. that the figures for wholesale differ strongly from the 28% indicated in the Briefing Note, p. 24.

[80] additional findings on retail part-time work
- 26 was the average number of agreed weekly working hours for part-timers, while the average realised number of hours was 28
- Part-time work often combines with unsocial hours: 67.7% of retail part-timers had their workshifts on any day of the week and 67.4% worked mornings and evenings, compared to 40.9% and 51.5% of full-timers

[81] Concerning work-life balance and employee representatives, no studies were found besides PAM data. The Commerce Federation also did not have any particular comments on work-life balance; they report that there are an estimated 500-600 employee representatives (and 230,000-240,000 employees) in the entire commerce sector.

the estimate is that most of the part-time work within wholesale is done voluntarily, and the work-life balance is found more satisfactory. Of retail shop personnel, 55% worked variable morning and evening shifts and 30% regular day shifts in 2013 (53% and 32% in 2008). Some 41% found they could influence their working schemes often or rather often, and 68% thought their working schemes were in order (39% and 70% in 2008). Forty-two per cent had to be flexible with their working time at least once a month due to work or manager requirements (46% in 2008) (FIOH, 2014a).

Around 40% of employees in the entire commercial sector fear their **skills and competencies** will be insufficient on the future labour market. This fear is somewhat accentuated (47%) among employees at small workplaces with less than 10 people, where employer-financed training is also less common than at larger workplaces. As of 2016, sixty-seven per cent of employees at the smallest workplaces had not had such training days in the past year, compared to 54% at the largest workplaces with more than 100 people, and to an average of 59% of all workplaces (PAM, 2016a). These numbers may be compared with largely converging national statistics from 2010, when 63% of wholesale and 61% of retail sector staff had not participated in employee-financed training (OSF, 2010). On the employer side, a certain skills gap is reported in the form of a shortage of international competence within retail, and of combined commercial and technical competence within wholesale business. There is also an awareness that new competencies will be needed in the future.

According to PAM data, 65% of the staff in the entire commercial sector are at workplaces where an **employee representative** is available. There has been no significant change in their availability in recent years, and differentiation between wholesale and retail has not been made (PAM, 2016a).

As for **physical risks**, the occurrence of accidents at work, and trends thereof, differ clearly between wholesale and retail trade, as presented in Table 1 below. In wholesale, the annual number of accidents per one million working hours varied between 21 and 24.4 in 2009-2013, demonstrating no significant trend. In retail, meanwhile, the accident frequency increased somewhat from less than 27 in 2009 to over 31 in 2013. The low accident frequency in wholesale can potentially be explained by the subsector becoming increasingly dominated by low-risk office work. Occupational accidents in retail most commonly involve injuries in upper limbs and the back, occurring as a result of something falling or breaking or when lifting something (TVL, 2015).

Table 6: Frequency of accidents at work (number of accidents per one million working hours) (TVK 2015).

Sector	Year				
	2009	2010	2011	2012	2013
Wholesale	21.4	21.7	24.4	23.6	20.9
Retail	26.8	28.1	28.1	29.8	31.1

Furthermore, a survey study indicates that 5% of retail sales personnel suffered customer-inflicted physical violence in 2013. The proportion was the same as five years earlier in 2008. Another 6% had been threatened with an object, e.g. a weapon or a bottle, and as many as 40% had experienced verbal threats (7% and 38% respectively in 2008) (FIOH, 2014a). Violence is most commonly committed in smaller rather than larger stores, and against younger rather than older employees (Kandolin & Lindström, 2013). PAM fears that crime may increase with the abolishment of regulations on retail opening hours, effective since January 2016. It was further pointed out that simply the stress or fear of working at night and/or alone can be a significant strain factor for an employee. According to the Finnish Commerce Federation, as of April 2017, there would not seem to be evidence of increased crime.

Overall, working conditions in the sector differ significantly between wholesale and retail, but also between businesses within retail. The general perception on the employee side is that in retail certain working conditions have deteriorated somewhat in recent years, notably as concerns involuntary part-time work and irregular hours, as well as the extended opening hours implying more working alone. Trade unions also fear that increasing local bargaining might weaken employees' negotiating position and could thereby deteriorate working conditions in the years to come. Employers, however, do not regard this as a plausible development.

Professional Mobility

In wholesale, labour market entrants generally are required to have post-secondary education. They have also usually specifically chosen the field, and the stepping stone role is therefore not very pertinent. Meanwhile, retail so far still requires relatively low or even no formal qualifications from the beginner, and it does indeed employ 20% of the under-25-year-olds in employment in Finland today. As such, the sector may be considered to function as a kind of **stepping stone** for labour market entrants. However, it can hardly be said there would have been a significant evolution in this sense, as this has traditionally been the case. On the other hand, it is speculated that due to e.g. digitalisation, retail may in the future require more advanced skills also from performing-level staff, and fewer jobs may be available for unqualified employees.

While little hard data is available concerning **career opportunities**, the estimate is that employers today have an increasing awareness and intent to support and plan career opportunities within the sector. This applies to

employees of all education levels. It is possible to advance within organisations from low levels, and there are ways to get informal qualifications formally recognised. However, opportunities for moving from less to more stable forms of employment are estimated to vary strongly between individuals. The Finnish Commerce Federation has also developed a so called training-work relationship model, where a year of apprenticeship-type work would yield a sectoral diploma (not a formally recognised degree). The model is aimed at alleviating youth unemployment (Finnish Commerce Federation, 2016a).

In 2015, **turnover** of sales staff in the entire commerce sector was 33%, compared to 17% among warehouse staff and 13% among managers (Finnish Commerce Federation, 2016b). Within wholesale employment relationships are generally still quite long, while in retail turnover rates are higher. Regarding the latter, interviewees noted that this is natural for a sector employing many students and young workers, and that it is indeed in the nature of many retail businesses to have a high turnover; for instance youth fashion sales personnel often also function as mannequins for the garments they sell. The turnover also depends on the region, being lower in less populated areas with fewer job opportunities.

The popularity of unqualified job opportunities in retail is divided. On the one hand, trendy fashion shops and the like are highly popular temporary workplaces among students. On the other hand, few young people want to stay within the retail sector and make a career within it. Especially grocery store work suffers from a bad image, with many young people viewing it as a 'last resort' alongside with for instance sanitary work, which may have partly resulted from the low qualification requirements and the high turnover. The employer and employee organisations within the retail sector both wish to remedy these public perceptions.

Forms of Work

The wholesale and retail subsectors differ slightly as to the occurrence of different forms of work. Interviewees estimated permanent full-time contracts to be the norm in wholesale, except where otherwise requested by the employee; in 2015, only 7% of wholesale employees had fixed-period contracts (OSF, 2016b). Within retail, contracts are somewhat more atypical, but permanent contracts nevertheless make up 85% of all retail employment contracts in 2015 (OSF, 2016b). Temporary agency work is still unusual despite increasing slightly in both subsectors. In wholesale agency work rose from 2.3% in 2010 to 2.6% in 2014, and in retail from 2.2% to 3.2% (OSF, 2015b). In both wholesale and retail, of those employed in the sectors some 88% are salaried employees and 12% entrepreneurs or entrepreneur family members. The proportions have remained stable in recent years (OSF, 2016b).

Zero-hour contracts are undefined in legislation and against sectoral collective agreement clauses, but they nevertheless do occur[82], counting approximately 15,000 in the entire commercial sector in 2014 (OSF, 2016c). Six per cent of PAM members working in the commercial sector have multiple jobs, a phenomenon that is regarded as having grown increasingly common in recent years (PAM, 2016b).

2.4 Industrial relations in the Finnish commerce sector

The social partners are integral to the development of industrial relations in Finland and a centralised tripartite consensus has generally been negotiated on all relevant policies since the 1960s. Collective bargaining starts with negotiations on the national level between peak-level organisations, after which negotiations are brought down to the sectoral and local levels (for further details, see e.g. Eurofound, 'Finland: Working country profile'). Also the commercial sector is part of this general framework. The types of employment and working conditions for both retail and wholesale are defined in collective agreements on the sectoral level between the Service Union United PAM and the Finnish Commerce Federation. Most employment relationships in the entire commercial sector are covered by the Collective Agreement for the Commercial Sector, in addition to which there are a few company-wide collective agreements, such as that of the state's alcoholic beverage monopoly Alko, as well as some separate agreements for managerial and IT staff. Somewhat unusually, the agreements of PAM, a blue-collar union, also cover white-collar workers within the sector.

However, this tripartite system currently appears to be in a state of change. The Government of Prime Minister Juha Sipilä has acted in a less conciliatory fashion towards trade unions than any of its predecessors. Furthermore, in recent years employer organisations have grown increasingly critical of central-level agreements, with many employers aiming at more flexible negotiations on the local level. In a move to promote local bargaining, the peak-level employer organisation the Confederation of Finnish Industries EK changed its internal rules to prohibit itself

[82] There is no legal definition of zero-hour contracts, but Statistics Finland and PAM understand it as a contract where the minimum number of working hours is zero, while the Commerce Federation has no definition, stressing such contracts to be against collective agreement. There are also other irregular work forms: variable working time (with minimum working hours above zero) or "invited to work when necesserary" (where each shift constitutes a fixed-term contract). These have not been debated as much as 0-hour contracts, and little qualitative or quantitative information is available on them.

from participating in centralised tripartite negotiations from May 2016 onwards, but the effects of this decision are still uncertain and unclear.

Local bargaining was also one of the hot topics of the 2015-2016 negotiations for the so called Competitiveness Pact, a major tripartite labour market agreement driven by PM Sipilä (for further details, see Eurofound, 'Finland: Tripartite Competitiveness Pact signed'). It was agreed that local bargaining will increase through provisions in collective agreements, which disappointed many employers and employer organisations, who had sought to guarantee local bargaining through legislation. Adjacent to the Competitiveness Pact, the social partners also preliminarily agreed to replace centralised collective bargaining with a so called Finnish wage model. The model, based in fact on the Swedish wage-setting pattern, would imply that export industries and other sectors sensitive to international competition would define wage raises in the future. With thus apparently decreasing centralised and increasing sectoral and local bargaining, the role of the social partners on both sides might change markedly in the years to come.

Interview data suggest that local bargaining is important, yet perhaps not a top priority for employers within the sector. The main point of interest for commercial sector employers are local wage agreements, whereas for instance working time arrangements are somewhat less important. On the employee side, PAM emphasises that commercial sector collective agreements are already very flexible compared to most collective agreements.

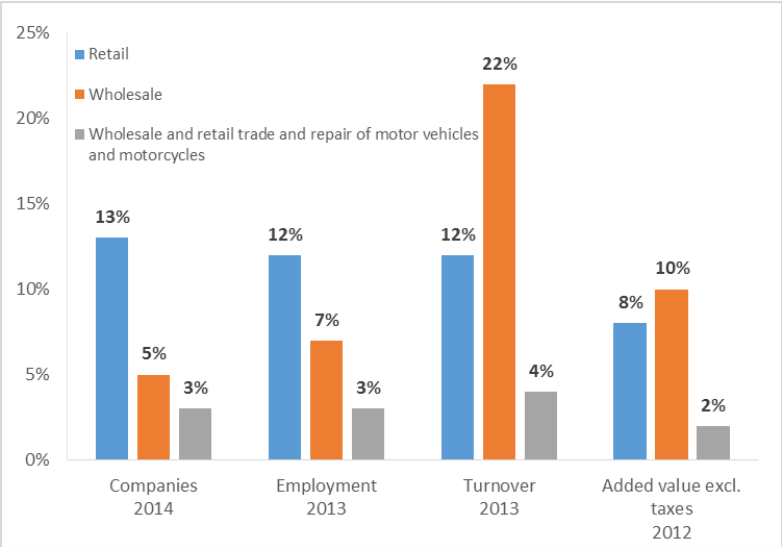
3/ The case of France

France does not distinct two categories in the commerce sector but three: the wholesale sector, the retail sector and the wholesale and retail trade and repair of motor vehicles and motorcycles. Consequently, a particular attention must be given to categories and we will meticulously indicate which category is concerned when exploring data. When including the three categories, we will use the term "commerce". If one category is excluded (we do not systematically have data on wholesale and retail trade and repair of motor vehicles and motorcycles), it will be indicated.

The French commerce sector employs 3.4 million people[83]:

- 1,032,000 employees work in the wholesale sector within 194,947 companies.
- 1,980,000 employees work in the retail sector within 488,095 companies.
- 427,000 employees work in the wholesale and retail trade and repair of motor vehicles and motorcycles within 99,159 companies.

*Figure 44: The share in the market sector**



*excl. agriculture and finance

Source: Insee, estimations d'emploi, comptes du commerce, Sirène in DGE

The large majority of wholesale enterprises are micro companies, accounting for 90.7% of all the wholesalers in France (142,000 companies). Nevertheless, small to medium sized enterprises (SME's) employ half of the total workforce in the sector, even though they account for 9% of all the wholesalers *(see annex 2, figure 10)*[84].

These kind of enterprises also have the highest score of added value, with 40.8%, followed by large enterprises (39.3%) and micro enterprises (19.8%).

[83] Insee 2014 in Direction Générale des Entreprises, 2015, Chiffres clés du commerce

[84] We do not have equivalent data for the retail sector

3.1 e-Commerce in France

Turnover and job creation in the e-commerce sector

E-commerce includes all distance commercial transactions via digital and electronic interfaces. It essentially includes online commercial transactions from different types of terminals (computers, tablets, consoles, connected TVs) but also from specific applications (mobile applications) which do not consistently appeal to Internet protocols[85].

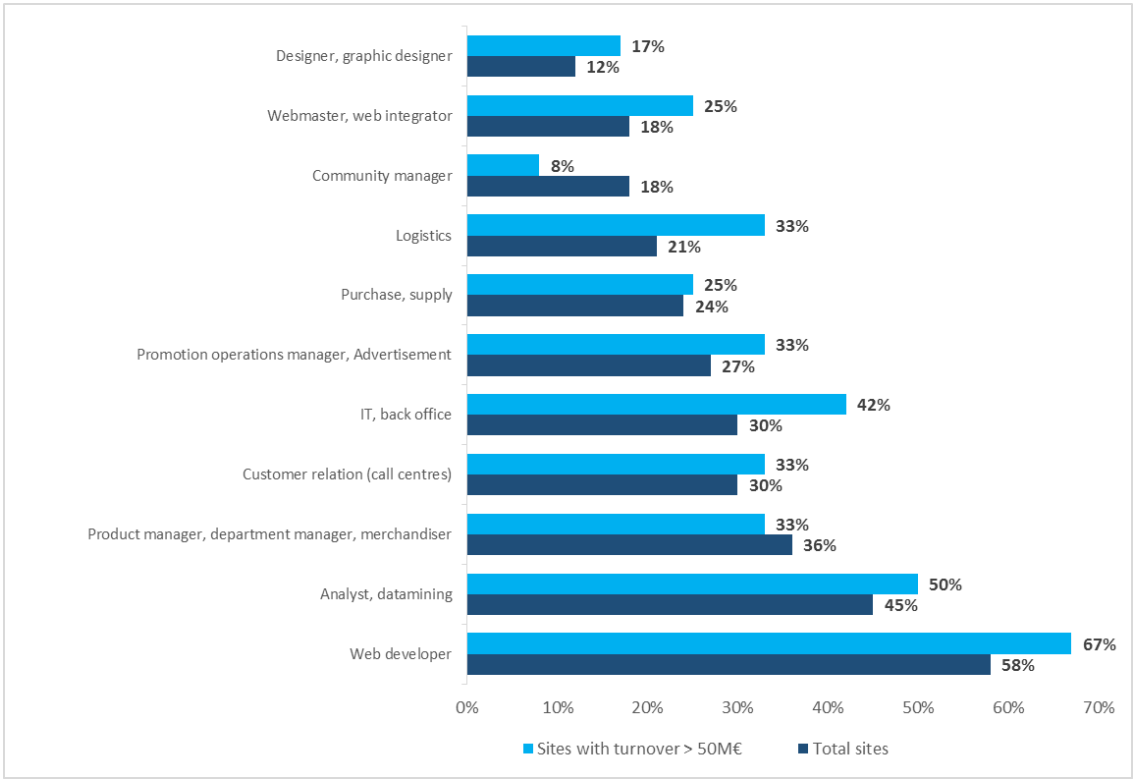
More than 12,000 news jobs have been created in the e-commerce sector in 2013[86]. Right across the spectrum, the number of jobs created has continuously been growing: +15% in 2012 and +21% in 2013. At the end of 2013, the number of jobs in the e-commerce sector is estimated at 87,000, of whom 50,000 concern e-commerce websites.

The most important evolutions occurred in the clothes and tourism sub-sectors, increasing respectively by 35% and 32%. The high-tech sub-sector is more moderated, with a 7%-increase. The number of jobs in the e-commerce sector was expected to grow by 14% in 2014, since 70% of e-commerce sites planned to recruit.

The most sought-after profiles (see table below) are web developers (58%), analysts (45%), product managers (35%), CRM managers (30%).

This evolution of recruitments is highly linked to the evolution of online spending, which grew by 12.95% between the 2nd semester of 2015 and 2nd semester of 2016, after 2 sluggish years of growth stagnating around 11%[87].

*Figure 45: E-commerce websites' planned recruitment in 2014**



*planned recruitment stated by enterprises

Source: CCM Benchmark, 2014

[85] Bertrand Bathelot, digital marketing specialist

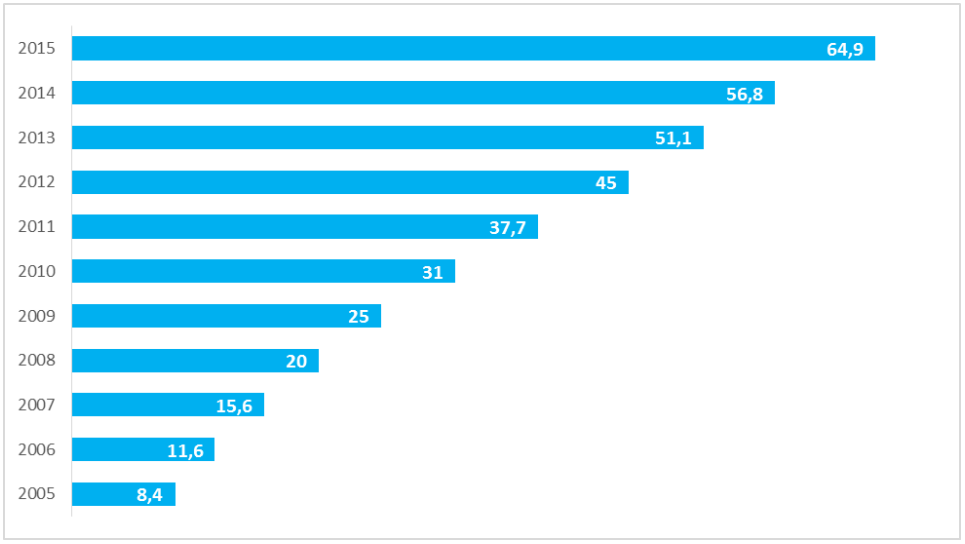
[86] Fevad, CCM Benchmark, 2014

[87] Flore Fauconnier in Journal du Net, 23/08/2016

E-commerce in the retail sector (BtoC)

The e-commerce sector represents 7%[88] of the retail sector market share; some sub-sectors exceed 20% of the market share. In 2015, it generated a turnover of 64.9 billion euros, a -14% increase compared to 2014.

Figure 46: Evolution of e-commerce revenues (billion €)



Source: Fevad iCE iCM[89], 2016

In 2014, the e-commerce sector accounts for 112 000 full-time equivalent employments. 57% of websites increased their number of employees in 2015 and 52% forecast an increase in 2016.

The most important revenues of e-commerce come from tourism (€18.7 billion in 2015), drive through and mass consumption (€4.5 billion) and clothes (€4.2 billion). If tourism has the highest market share (43%), clothes and drive through are well behind; they account respectively for 15% and 4% of the market share.

Table 7: E-commerce market share per sub-sector in the retail sector (2015 estimates)

Tourism	43%
Cultural goods	39%
Home textiles	25%
Toys	22%
High tech home equipment	21%
Home electrical goods	17%
Clothes	15%
Furniture	12%
Footwear	11%
Sporting goods	10%
Health and Beauty	8%
Watches and Jewellery	7%
Drive through - mass consumption goods	4%

Source: Fevad, 2016

[88] Fevad, Insee

[89] iCE: the e-commerce index is calculated from revenues (fixed and mobile internet) of the iCE 40 enterprises (off marketplaces). It concerns solely orders delivered in France, whatever the place of delivery. It is based on the realized turnover, cancellations, exchanges and returns deducted, including shipping costs

The share of consumers that bought a product online grew rapidly: + 850,000 within one year. 35.5 million French people buy products online, that is to say 78.3% of internet users. This increase is attributed to the rise of online transactions between 2014 and 2015: + 19%, reaching 835 million online transactions. This growth also results from a steady rise of the retail websites supply, with 182,000 retail websites in 2015 and an estimated 200,000 in 2016 *(see annex 2, figure 11).* Indeed, **the growth of e-commerce is essentially supply-driven.**

Even though e-commerce in the retail sector is increasingly growing, it is nevertheless **a concentrated market**. Indeed, the turnover is highly concentrated since 85% of it goes through 5% of e-commerce retail websites (around 9,000 websites). It is even more concentrated for enterprises with a turnover exceeding 10 million euros: they account for 0.6% of the e-commerce websites but 61% of the turnover.

Table 8: Annual turnover brackets

Turnover	Less than 1 million €	1 - 10 million €	More than 10 million €
Share of e-commerce websites	95.1%	4.3%	0.6%
Share of turnover	15.0%	24.0%	61.0%

Source: Fevad iCE, 2016

Moreover, if the number of retail websites and transactions are growing, the average basket is decreasing (-4.5% compared to 2014) to €78 per transaction, converging towards the amount of purchase in other types of commerce. At the same time, we observe an increase of online collaborative consumption: 1 internet user out of 2 resorts to that kind of consumption. In 2015, 34% of internet users used online websites to book accommodation to non-professional individuals, 32% for joint purchasing to producers, 29% for car-pooling.

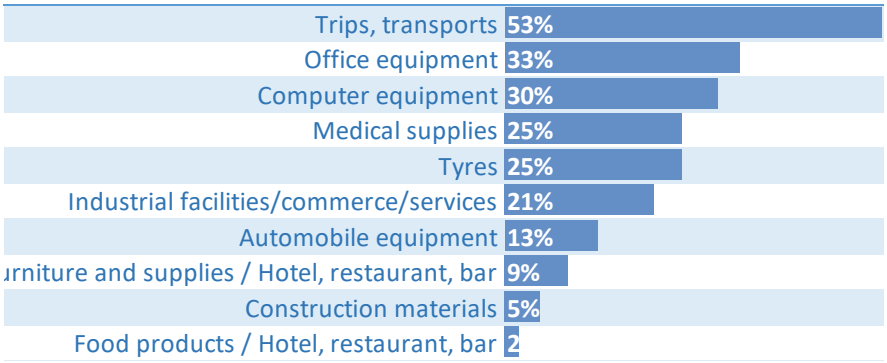
These practices reflect a changing environment in which the commerce sector has to renew, with consumers stepping away from mass-consumption while fostering collaborative consumption.

E-commerce in the wholesale sector (BtoB)

The share of e-commerce in the total sales of the wholesale sector is 18% and is expected to reach 24% in 2020, an increase of 32% since 2010.

The most important market share in the wholesale sector concerns trips and transports (53%), followed by office equipment (33%) and computer equipment (30%). On the other hand, the market share for food products for hotels, restaurants and bars in the e-commerce sector is very low (2%). This distribution of the market share for wholesaling shows how food products face difficulties to penetrate the online market. It seems easily understandable that professionals need to control the quality of food they use.

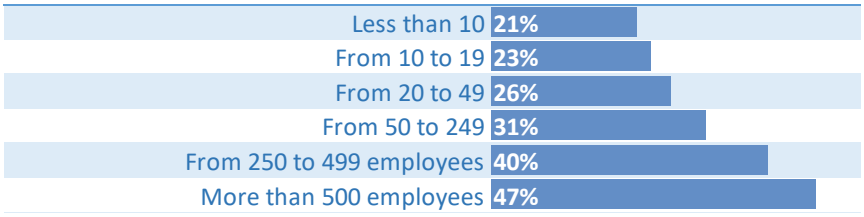
Figure 47: E-commerce market share per sub-sector in the wholesale sector in 2015 (estimates)



Source: Fevad, 2016

The most important e-buyers for the wholesale sector are enterprises with more than 500 employees. The bigger, the more enterprises buy online products, due in particular to the use of Electronic Data Interchange.

Figure 48: The share of e-buyers depending on the size of enterprises (number of employees)



Source: Insee, Enquête TIC 2014, données 2013. Données 2012 pour les entreprises de moins de 10 salariés ; in Fevad, Chiffres Clés 2016

3.2 Ongoing trends that affect the French commerce sector

Clusters	Trend	Challenges for the labour market of the French commerce sector
TECHNOLOGY	Digitalisation	Adapt organizational strategy and people's skills to the rise of e-commerce and digitalization. ▸ Drive through, automatization and robotization of warehouses: more temporary workers work in these "cathedrals" of logistics. ▸ Logistic issues: loss of warehouses which become centralized ▸ Downgrading of working conditions: people have to work very fast (robots impose a certain pace) and are in competition with each other, based on their statistic performance (e.g time taken between each item, down time…) ▸ Reduction of the number of employees and modification of the nature of work: robots replace some employees because they work faster, are able to carry heavy loads and are not ruled by labour law. Employees in the commerce sector have to be increasingly qualified in maintenance, so as to understand the context in which they evolve at work.
SOCIEY	Consumer preferences	Industrials must adapt to a changing environment based on enthusiasm for e-commerce and smart consumption[90], from which they have to renew their economic model, structures, work processes and contents. ▸ Ecological constraints linked to global warming: enterprises have to develop "green" products (organic, ethical, fair). Products have to integrate sustainable development criteria. For instance, Carrefour opened in 2013 his first "Organic shop" (Carrefour Bio). ▸ Consumers ask for product diversity and personalization of products: enterprises must develop relationship marketing (e.g oriented emailing) ▸ Consumers ask for fast delivery: enterprises develop delivery services so that they manage every step: from purchase over storage, to the sale and delivery.
REGULATORY	Regulation	Recent laws and agreements have deeply modified the commerce sector and impacted the labour market. ▸ Sunday work and working hours extension: since 2009, France has been voting laws simplifying derogations for Sunday work. Sunday work has been extended to touristic zones, large conurbations (before, it was rather allowed in food retail stores, under derogation). These new organisations of work reorganize societal life (transport issues, family issues…) and worsen working conditions (some employees do not have the choice not to work on Sunday). Moreover it has increased competition between supermarkets (non-specialised) and specialised shops for products such as hardware, garden equipment… ▸ This regulation can also create competitive advantages between those structures that are allowed to open on Sundays and those which are not. Hypermarkets which are not allowed to open for Sunday shopping may see their market share cut. Moreover, the necessary competitiveness of hypermarkets requires a significant price investment that could restrict means devoted to working conditions.

[90] Y Marlière et D Jacomet (2014), in CREDOC, Cahier de Recherche

3.3 Evolution of the labour market in the French commerce sector

Working Conditions

(In)voluntary part-time work

In the large retail sector, a third of part-time employees consider their part-time contract as involuntary. 44% of them report having a part-time job because they did not find a full-time job[91].

Table 9: Likelihood of having an involuntary or voluntary part-time job compared to a full-time job in the commerce sector

Model 1: male		Model 2: female	
Involuntary part-time work vs Full-time	Voluntary part-time work vs Full-time	Involuntary part-time work vs Full-time	Voluntary part-time work vs Full-time
3.9***	2.3***	4.3***	1.5***

Scope: Employees of the commerce sector, excl. work-study contracts

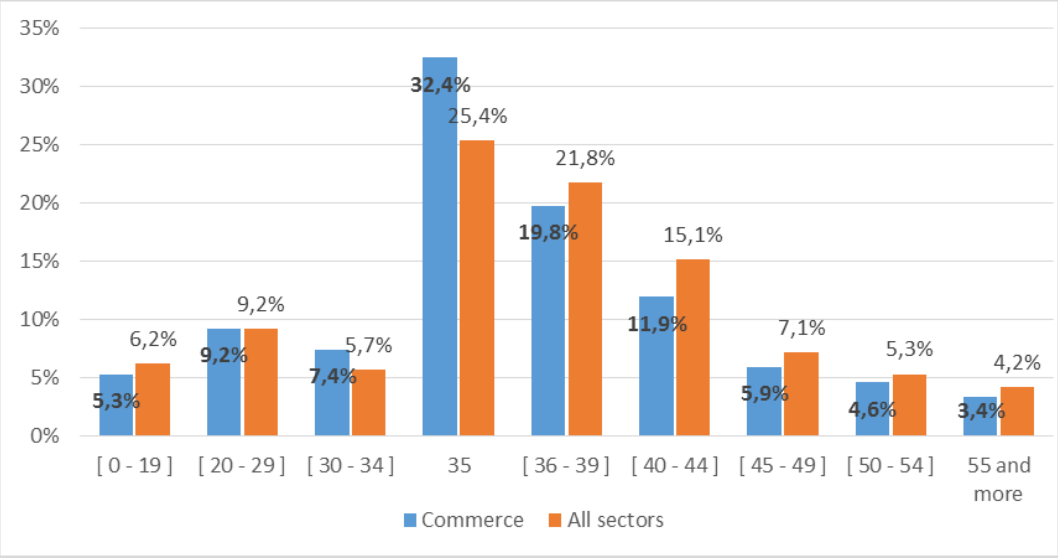
*** Significance at the 1% level, in comparison with the industrial sector (reference)

Source: Insee, enquête emploi 2011, in Dares, 2015[92]

Working in the commerce sector increases the likelihood of having an involuntary part-time job rather than a full-time job, at similar individual characteristics. Indeed, the likelihood of having an involuntary part-time job is 4.3 times higher for women and 3.9 times higher for men than in the industrial sector. Moreover, the likelihood of having an involuntary part-time job compared to a voluntary part-time job is higher, for men and women.

Work-life balance

Figure 49: Comparison of the number of hours worked per week in the commerce sector and all sectors



Source: Dares-Drees-DGAFP-Insee, enquêtes Conditions de travail, 2013, in Dares 2015

Compared to all sectors, employees in the commerce sector work less hours per week. Indeed, 54.3% work between 35 hours or less per week compared to 46.5% in all sectors. On the contrary, 31.7% of employees in the commerce sector work from 36 to 44 against 36.9% in all sectors, and 13.9% work more than 45 hours, compared to 16.6% in all sectors. The majority of employees in the commerce sector work from 35 to 44 hours.

[91] Dares, Le temps partiel subi, 2011

[92] These figures are extracted from a document published in 2015 in which they have integrated their more recent data. Unfortunately for this variable "voluntary or involuntary part time work", the most recent data go back to 2011. The "enquête emploi" 2013 and 2015 do not include this variable, which I found very interesting

Moreover, the commerce sector has the highest proportion of workers not being able to take 48 consecutive hours of weekly rest. They account for 33%, compared to 16.3% among all sectors in 2013.

Table 10: Saturday work

Sector	Number of workers	Proportion of employees working on Saturday			Among them, number of Saturdays worked per year at workplace					
		Usually	Occasionally	Never	None	From 1 to 6	From 7 to 12	From 13 to 24	From 25 to 46	47 and more
Commerce	2,798,000	49.7%	13.7%	36.6%	0.7%	11.9%	5.4%	13.6%	22.5%	45.9%
All sectors	22,859,000	25.8%	22.1%	52.2%	3.1%	23.1%	14.6%	22.6%	16.9%	19.7%

Source: Dares-Drees-DGAFP-Insee, enquêtes Conditions de travail, 2013, in Dares, 2015

Moreover, 63.4% of employees in the commerce sector work on Saturday (49.7% usually), compared to 47.9% among all sectors. Among those working on Saturday, 22.5% work from 25 to 46 Saturdays per year and even 45.9% of them work 47 Saturdays per year or more.

Table 11: Sunday work

Sector	Number of workers	Proportion of employees working on Sunday			Among them, number of Sundays worked per year at workplace					
		Usually	Occasionally	Never	None	From 1 to 6	From 7 to 12	From 13 to 24	From 25 to 46	47 and more
Commerce	2,798,000	8.26%	22.52%	69.22 %	1.20%	59.52 %	11.04 %	10.77 %	8.93%	8.57%
All sectors	22,859,000	12.97%	15.37%	71.65 %	5.23%	28.92 %	16.78 %	27.30 %	13.28 %	8.49%

Source: Dares-Drees-DGAFP-Insee, enquêtes Conditions de travail, 2013, in Dares, 2015

30.9% of employees in the commerce work on Sundays, 2.6 points more than Sunday work in all sectors. The majority of them (59.5%) work occasionally on Sunday that is to say from 1 to 6 Sundays per year. Nevertheless, 8.6% of those working on Sunday work 47 or more Sundays per year.

Moreover, a significant proportion of employees in the commerce sector start early in the morning and/or finish late in the evening. Indeed, 11.7% of them start work between 5am and 7am and 17.9% finish work between 7.30pm and 11pm, whereas in all sectors it represents respectively 7.4% and 10.5%.

In parallel, a majority of 74.3% work more than 8 hours per day:

- 22.1% between 8 and 9 hours per day
- 26.4% between 9 and 10 hours per day
- 15.6% between 10 and 11 hours per day
- 10.2% more than 11 hours per day

However, night work is not widespread in this sector, only 2.1% usually work at night and 5.5% work occasionally, compared to 6.5% and 9% in all sectors.

Compared to other sectors, few people working in the commerce have to sleep away from home for work reasons. Indeed, only 2.3% sleep away from home once or more per week compared to 4% in all sectors, 3.2% from one to three times per month compared to 3.4%, and 8.4% less often compared to 12.3%.

Moreover, 79% of employees in the commerce sector consider that their work schedule match with their family and social commitments *(see annex 2, figure 12)*. 15.1% consider their work schedule does not match very well (compared to 13.5% in all sectors), and 5.9% even consider that is does not match well at all (compared to 5% in all sectors).

Consequently, even though the work-life balance is appreciated by a majority of employee in the commerce sector, 1 employee out of 5 faces difficulties to organize his professional and personal time.

Regularity of working time

Even though 73.4% of employees in the commerce sector know their schedule one month in advance so that they can organize their life, they have less leeway compared to all sectors (79.8%). For the 6.4% who know their schedule from one day to the next, they may face difficulties to find their work-life balance.

The most consistent types of schedules in the commerce sector are "same schedule everyday", which concerns 51.1% employees and "flexible schedule set by the enterprise" which concerns 21.8% employees. Thus, planned schedules, even alternating between two or three shifts, concern 57.1% employees, flexible schedules concern 28.4% employees. The 14.5% remaining employees determine their own schedule. This breakdown is nearly equivalent in all sectors (see annex 2, table 7).

Concerning schedule overruns, 78.2%[93] of commerce sector employee's work in excess of the normal schedule:

- 7.7% work in excess everyday
- 17.9% often work in excess
- 52.6% sometimes work in excess

Nevertheless, these rates are equivalent to those in all sectors.

Availability of employee representative

Compared to all sectors, employees in the commerce sector have few contacts with employee representative. Indeed, only 17.4% of them report having participated to a discussion on work-related issues with an employee representative within the last 12 months (25.3% for all sectors), 61.7% report not having participated to such discussion (58% for all sectors), and 20.9% are not concerned by this question (16.7 for all sectors), that is to say they do not have employee representative[94].

In 2013, 5.3% of employees in the commerce sector are trade union members and 2.3% are supporters, which is very low compared to all sectors, with respectively 11% members and 4.5% supporters.

Exposure to physical risks

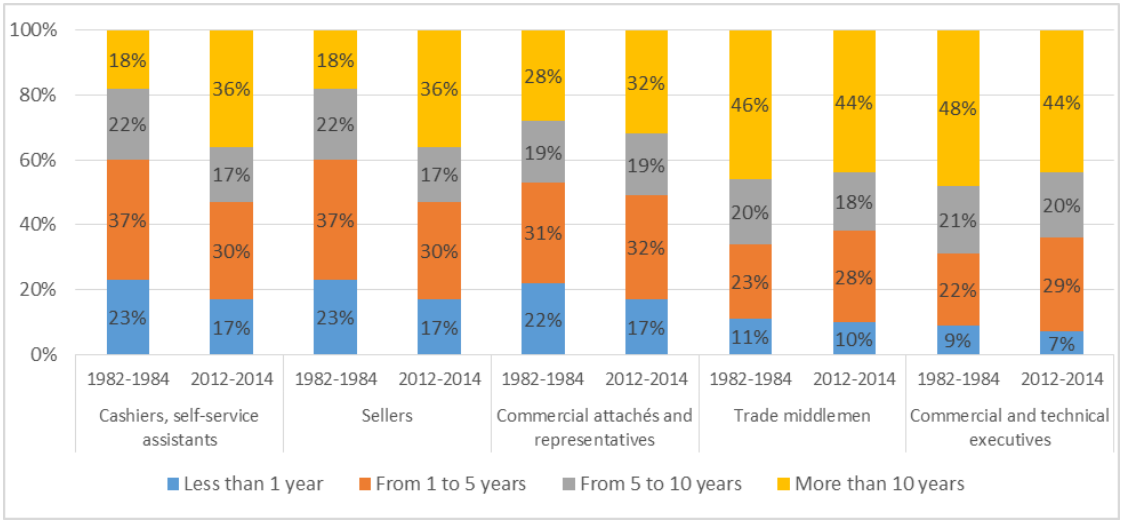
People working in the commerce sector are more exposed to physical risks than in all sectors. Indeed, in 2013, 61.8% of employees in the commerce sector report standing for long periods of time and 34% in a painful posture, against 50.8% in all sectors (but 34.6% for painful posture)[95].

Moreover, 55.4% of employees in the commerce sector report carrying and moving heavy loads, 14 points more than in all sectors; 41.8% of them report performing painful or tiring movements, against 36.9% in all sectors.

Concerning professional risks, 52.6% of employees in the commerce sector report being in danger of physical injury or accident (50.5% in all sectors). However, they are less exposed to infection risks, smoke and dust and hazardous materials than in all sectors.

Professional mobility

Figure 50: Seniority in the enterprise in 1982-1984 and 2012-2014



Source: Dares, Portraits Statistiques des Métiers 1982-2014

[93] Dares, 2015

[94] Dares-Drees-DGAFP-Insee, enquêtes Conditions de travail, 2015

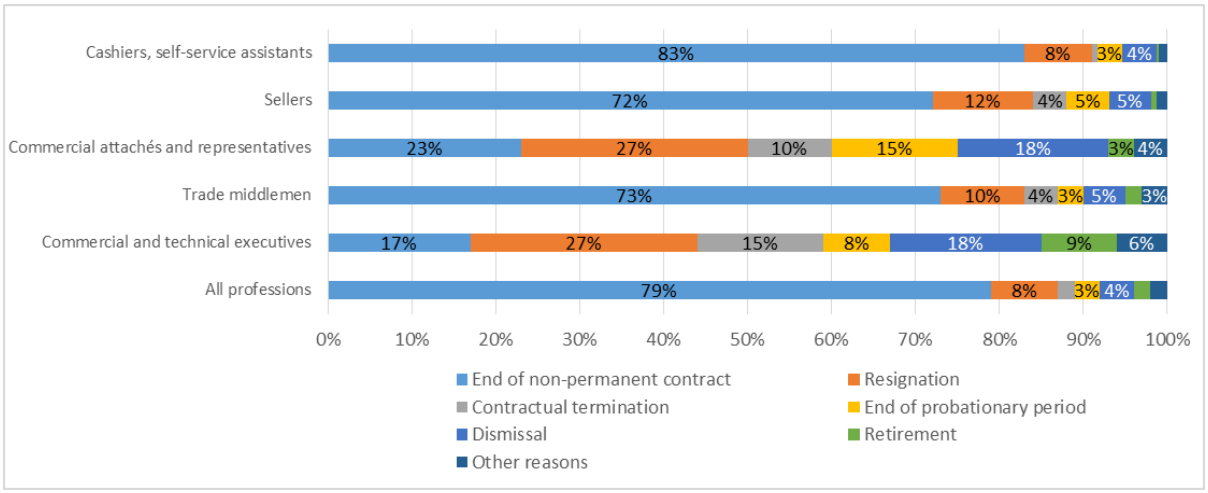
[95] ibid

Figure 50 shows the evolution of seniority in the commerce sector, comparing the period 1982-1984 to 2012-2014. Seniority of more than 10 years has increased in every occupations between both periods, strong signal that the sector tries to retain workers. This increase is especially true for low level qualification occupations such as cashiers, self-service assistants and sellers, but only concerns those staying 10 years or more in the enterprise. Indeed, seniority for people with less than 10 years decreased during the same period of time.

In general, the sector face more and more difficulties to retain employees with less than 1 year in the enterprise or those who have between 5 and 10 years. Moreover, the more qualified, the more seniority increases.

Thus, even though low level qualification employees has known the most important increase of more than 10 years seniority, people occupying a skilled employment, with responsibilities (commercial attachés and representatives, trade middlemen, commercial and technical executives) have higher chance to stay longer within the enterprise.

Figure 51: Reasons for leaving the enterprise



Source: DMMO-EMMO 2014, in Dares, Portraits statistiques des métiers

The first reason for leaving the enterprise in the commerce sector is the end of a non-permanent contract (79%), especially for cashiers, self-service assistants, sellers and trade middlemen. However, the first reason for commercial attachés and representatives and commercial and technical executives to leave the enterprise is a resignation (27%).

The commerce sector promotes mobility (internal/external as well as functional/geographic) and professional paths as important elements fostering employability. Enterprise mobility are also impacted by the economic environment. Thus, economic crises can have an impact on turnover and mobility. The economic activity remains the key employment growth or decline factor. At Carrefour group, internal promotion is enhanced since almost 50% of the management originates from internal promotion. Thus, internal promotion remains a strength of mass retail. Average seniority within the Group in France is 11.6 years. However, internal promotion can also be enhanced or restrained depending on economic performances and the availability of position created or vacancies.

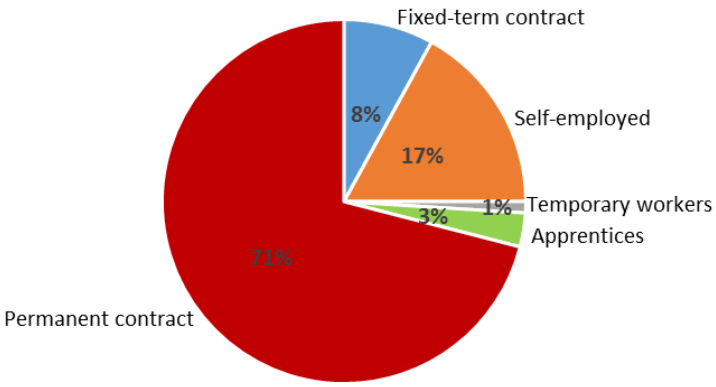
The forms of work in the commerce sector

The three main current forms of work in the commerce sector are:

- The permanent contract ("CDI")
- The fixed-term contract ("CDD")
- The self-employment

Figure 52 illustrates how these forms of work are distributed within the retail sector precisely.

*Figure 52: Different forms of work in the retail sector**



*excl. retail sale via stalls and markets and other non-store retail sale

Source: Insee, enquête emploi 2012, in DGE, 2015

In the wholesale sector, 95% of employees have a permanent contract[96]. Thus, there is an undeniable importance of permanent and fixed-term contract both in the retail and wholesale sector. Temporary workers in the commerce sector only account for 1.5% (in 2014, they were 50,285).

If we do not have precise data on the new forms of work in the commerce sector, an undeniable "Uberization" of work is taking place in this sector especially in the large retail sector. Since physical enterprises have to stand the competition with e-commerce giants (e.g. Amazon), enterprises externalize parts of their activities which become uberized, such as delivery services. Indeed, delivery has become a true marketing lever in this sector, via alternative modes of delivery (click-to-possession, same-day, same-hour) through which customers click and wish to get their order in record time. In response to this, many enterprises have externalized their delivery system and resort to self-employed workers who are not part of the enterprise.

Even though France does not have official data on this new form of work known as uberization, it is however very strong at the moment[97], especially in the capital city since Amazon launched "Prime Now" last June. This system delivers food (fruits, vegetables, bread, frozen food) to Parisians and dwellers of close towns ("Petite Couronne") within one hour or two. They resort to external contractors who deliver products by scooter or van and are equipped with the Amazon software.

Another visible example of this trend is bicycle deliverers, who work with their own material, have stringent delivery constraints, no social coverage; in this scheme, workplace accident is not recognized and this modifies the typical relation between employers and employees. According to Carole Desiano, this uberization of work is paving the way for a single-task system. However, this new form of work is not dominant in the commerce sector, which sticks mainly to an "employee relation" with permanent and fixed-term contracts, as figure 9 shows[98].

[96] Cgi, June 2016

[97] Carole Desiano, Federal Secretary, Force Ouvrière

[98] They are rather "self-employed" because to work for such companies they have to create their own status (in French, "auto entrepreneurs"). However, since this system is quite new, I would say that all these new self employed people are not registered within this statistic category, moreover some of them do not declare their situation. Thus, the % is not representative of the number of self employed people on the labour market in this sector, and it hides very different situations of self employment (voluntary or forced, full time part time, full time with very hard schedules). Amazon also launched a system in which amateur deliverers are recruted via a simple mobile applications. These people do not have a self employed status (they just need a ca rand smartphone), thus they are not registered in any statistics

3.4 Industrial relations in the French commerce sector

There exists a noticeable difference between companies that are integrated in a larger group and companies that have pooled their commercial activity. The first ones have achieved or are nearing a mature state, with a tradition for social dialogue; the others do not precisely have an HR culture.

Moreover, since the 2008 law on trade-union representativeness (under President Nicolas Sarkozy), there has been a change in the relation between trade-unions and employees. Before 2008, trade-unionism was rather based on conviction, with employees calling for representativeness from trade-unions; nowadays, the relation is rather reversed: trade-unions go to seek employees[99].

The organisation of industrial relations also depends on the culture of the group itself. For instance, Carrefour group has been a pioneer in terms of reflection on working conditions and arrangements for cashiers within its French hypermarkets. Since 1999 by collective agreement with its union representatives, Carrefour offers the possibility to organize a "free choice" (libre choix) schedule for cashiers, which allow them to become actors of their working hours and days planning, in order to better reconcile work and private life (especially for employees who have important personal constraints). Since 2008, they organize for every newcomer (cashier) a conflict management training program in order to help handle different types of aggressiveness in their working environment.

The organization of industrial relations is a burning topic in France at the moment, since the new labour law known as "El Kohmri Law" after the French Minister of Labour Myriam El Khomri, has just been adopted after months of tensions and disagreements between social partners, the government, parts of the civil society and opposition parties. One cannot precisely plan the changes the law will bring to industrial relations, however some questions or uncertainties arise:

This law grants primacy to company-level agreements, derogating sectoral agreements in the background. According to Alain Supiot, French jurist specialist in labour law, it gives the idea that companies could be "small and self-organized political societies", that they could adopt their own laws, if certain non-derogable main rules are respected. This would imply a disequilibrium of representation within companies despite the presence of staff representative. The primary function of the labour law is to ensure a social police of competition, a social police which would put the protection of the conditions of workers off competition. The primary instrument for this social police to submit companies to the same social rules is the law or the sectoral agreement. However, company-level agreements do not have this virtue of social harmonization. Consequently, the risk with this reform is to make company-level agreements become an instrument for social competition between workers, but also between enterprises. For this purpose, there is increasing recognition that enterprises promoting a social dialogue policy based on union recognition and negotiations on collective work agreements implement wider social measures, but possibly more expensive. The necessary enterprises competitiveness and investment needed could also limit the means and thus the results of social negotiation; then, this would not enhance the development of a better social working environment.

Towards the "uberization" of jobs and the rise of new forms of works which are not based on a collective, the space and essence of trade unionism –precisely based on a collective "we" – are weakened. How can trade unionism be renewed? Shall a trade union for self-employed persons be created? Shall we rather create special agreements for tasks and occupations?

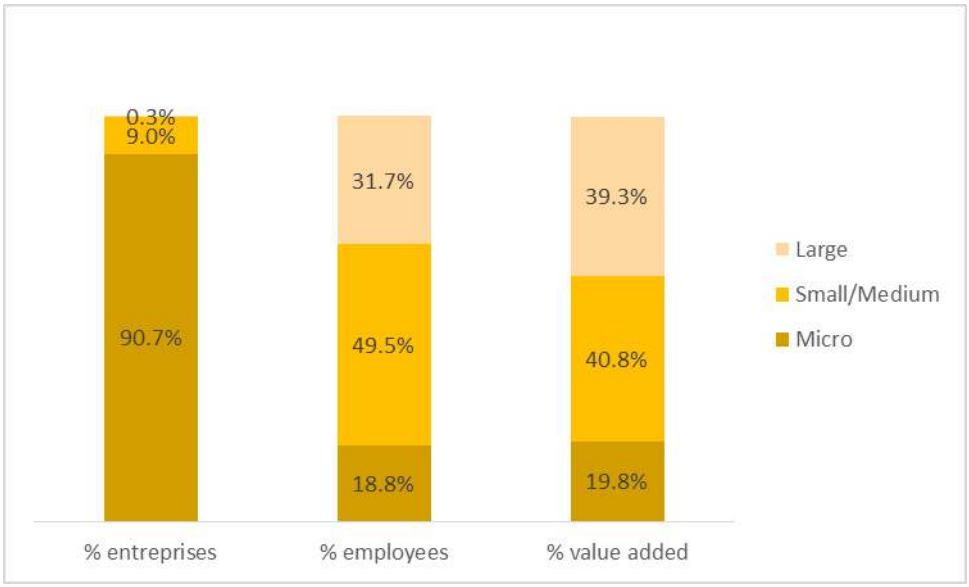
Moreover, what importance should be given to divisions if sectoral agreements are replaced by company-level agreements? What is its added value compared to the enterprise?

Towards these issues, trade unions have started to widen their positions so as to remain in the system by creating activities of prospective analysis. Carole Desiano, Federal Secretary at Force Ouvrière, speaks about "a modern trade-unionism".

[99] Carole Desiano, Federal Secretary, Force Ouvrière

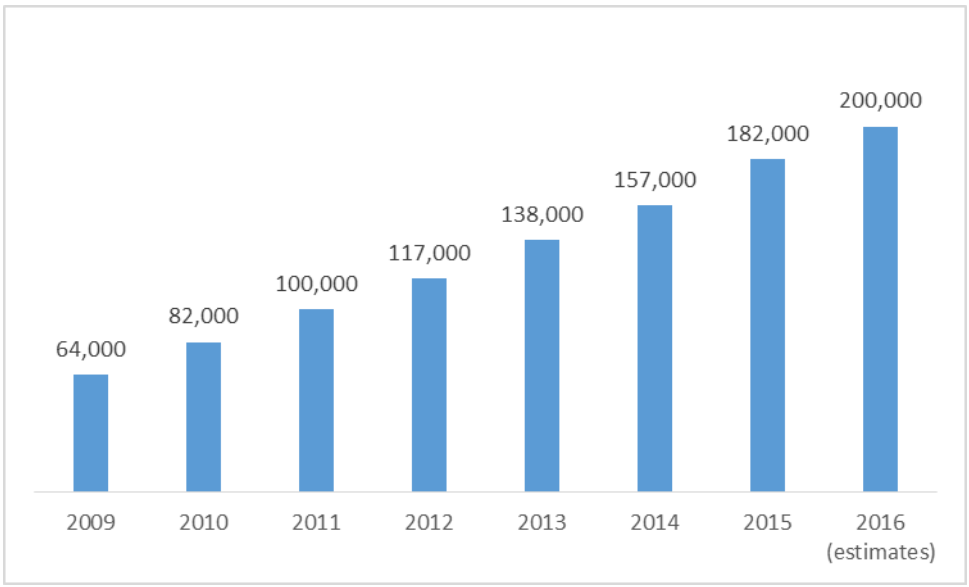
3.5 Annex – Tables and graphs

Figure 53: Wholesaling's contribution in number of enterprises, employees and value added, by size of firm



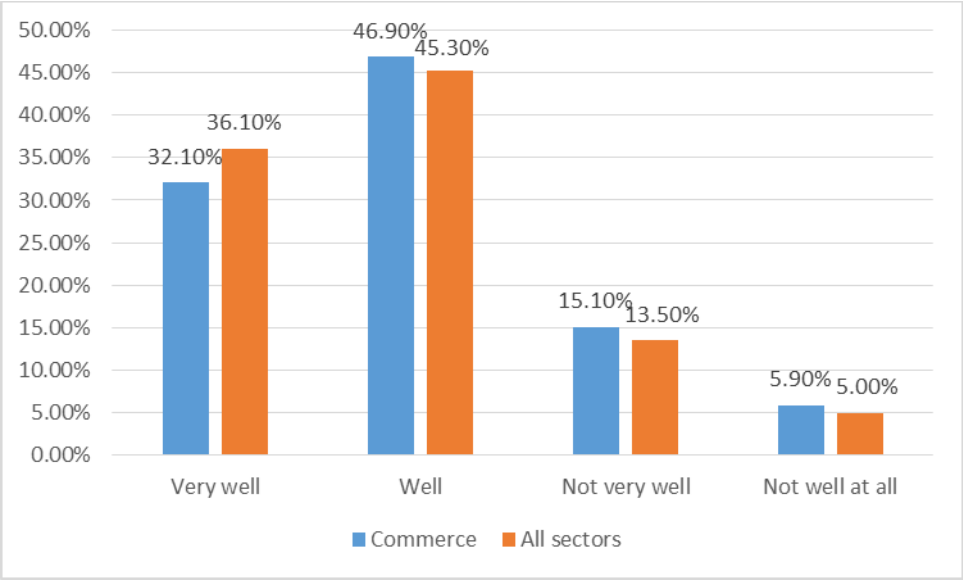
Source: Insee, Esane, Chiffres clés du commerce de gros en 2012

Figure 54: Evolution of the number of active online retail stores



Source: Fevad iCE, 2016

Figure 55: Concordance of work schedule with family and social commitments



Source: Dares-Drees-DGAFP-Insee, enquêtes Conditions de travail, 2013, in Dares, 2015

Table 12: Comparison of the different types of schedules in the commerce sector and all sectors

		Breakdown of employees according to types of schedules					
Sector	Number of workers	Same schedule every day	Schedule alternating between two shifts	Schedule alternating between three or more shifts	Flexible schedule set by the enterprise	"A la carte" schedule	Schedule determined by the employee
Commerce	2,798,000	51.10%	4.60%	1.40%	21.80%	6.60%	14.50%
All sectors	22,859,000	50.70%	5.00%	2.70%	18.80%	9.60%	13.10%

Source: Dares-Drees-DGAFP-Insee, enquêtes Conditions de travail, 2013, in Dares 2015

4/ The case of Germany

4.1 e-Commerce in Germany

The e-commerce sector is emerging all over Europe, especially in the UK and Germany. These two countries are claimed to have the largest online market (A.T. Kearney's Global Retail E-Commerce Index 2015). In the German case, the e-commerce sector accounts for **nine percent** of the whole retail industry (Germany trade & invest) and according to the Federal Bureau of Statistics (2014) 6.6% of the industry's turnover (Retail trade, except motor vehicles a. motorcycles) stems from e-commerce. Statistics reveal that e-commerce is slightly more important in wholesale trade (except motor vehicles, motorcycles) in terms of turnover, with 7.3% turnover from e-commerce in 2014.

The leading online retailer in terms of turnover is Amazon, while online retailers like Otto or Tchibo also have a high turnover and a large number of clients. Different product groups are purchased differently: whereas 67% of books are purchased online, only 20% of furniture/decorations is bought online and even less food (5%) is purchased via an online market place (Germany trade & invest).

The turnover in the e-commerce sector has increased from 13.8 billion euros in 2005 to 41.7 billion euros in 2015 (see emphasising that this **sector is the main driver of growth in the commerce sector** (including retail and wholesale) (HDE Handelsverband Deutschland).

Figure 56: E-commerce Turnover

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Turnover (Billion EUR)	13.8	15.7	17.8	19.7	21.8	23.9	26.8	29.7	33.3	39.0	41.7

Source: HDE Handelsverband Deutschland (Stand 29. January 2016)

Beside the increasing turnover from e-commerce the share of German companies that are engaged in online purchases or sales has grown over the last years (Table 2). In 2015, a quarter of companies distributed their products via multiple online channels whereas in 2012 only 17% did so.

Table 13: Share of companies that have made purchases or sales online (%)

	2012	2013	2014	2015
Sales online through Web, App and/or EDI	17	19	17	25
Purchases online through web, App and/or EDI	41	42	36	44

Source: Federal Bureau of Statistics, Unternehmen und Arbeitsstätten Nutzung von Informations- und Kommunikationstechnologien in Unternehmen (2015).

Altogether, the data provided by the Federal Bureau of Statistics emphasizes the importance of e-commerce in retail trade, and the wholesale sector compared to all other economic sectors (Table 3). The share of companies active in e-commerce is significantly higher in the commerce sector, regardless of the size of the company.

Table 14: Businesses active in the e-commerce sector, all economic sectors and commerce in 2014, by size (%)

Share of businesses that have made sales online, by size of company (%)	All economic sectors	Commerce sector
1-9 employees	25	35
10-49 employees	25	33
50-249 employees	34	56
250 and more employees	51	69

Source: Federal Bureau of Statistics, Unternehmen und Arbeitsstätten Nutzung von Informations- und Kommunikationstechnologien in Unternehmen (2015), page 7.

According to representatives of the segments, the e-commerce sector has become **increasingly engaged in logistics** due to the very large trading volume. Amazon has recently announced its plans to develop its own delivery service to become independent of DHL or other services. This could affect the logistics sector and the working conditions. The logistics sector tends to be characterised by less favourable working conditions (ver.di: Die Arbeitsbedingungen im Post- und Logistiksektor, 2013). Time and price pressure transforms into direct pressure on

workers. Thus, an increasing e-commerce sector will inevitably affect logistics. It might be a challenge **not to assimilate to the quality of working conditions of the logistic sector** but rather create a good work environment in both sectors.

4.2 Ongoing trends that affect the German commerce sector

Wholesale and foreign trade are among the most important and largest employers in Germany, employing about 1.94 million people in 2015 (BGA Jahresbericht 2015/16). Besides the wholesale sector contributed about 9.5 percent to the gross domestic product in 2013. In Germany 148,000 companies are engaged in the wholesale sector and had a turnover of 1.154 billion in 2014 (Federal Bureau of Statistics). However, the retail sector counts 300,000 firms employing over 3 million people and 103,000 apprentices is therefore the largest commercial subsector.

Germany faces an **ageing population**, meaning that the commerce sector has to adjust its labour demand and marketing strategies according to the needs of older people. "Best Ager" are people older than 50 years, whereby this group usually has a high propensity to consume. Therefore, the retail industry should adapt stores, products and personnel to the needs of these people (Trends im Handel2020). Another important group are **people below the age of 20**. Since most of them are highly educated, they are able to handle new innovations and technologies more easily and use them more frequently (Trends im Handel 2020). The Federal Bureau of Statistics predicts that the group of young workers will comprise 6.5 million fewer people in 2020 compared to 2000. Overall, the commerce sector is affected by a **decrease in potential consumers** (if population ageing and shrinking continue as predicted) and a potential **decline in available employees** (Trends im Handel 2020), meaning that it is necessary to find strategies to increase the demand for goods.

The **household size** has declined over recent decades, with increasingly more single households (Trends im Handel 2020). On the one hand, the retail sector benefits from this trend because increasingly more products for a household's daily needs are bought; for example, more furniture or electronic devices are inquired. On the other hand, it is difficult to provide the perfect products for every single household, since it is not a homogenous group with homogenous needs (Trends im Handel 2010).

Furthermore, we face stronger **digitalisation** in many sectors. Especially in the e-commerce sector, **skills** like programming or at least basic knowledge of logistics, are essential. According to the "Trends im Handel 2020" study, German trading companies spent about 4 billion euros on investments in information technologies in 2010. Furthermore, the study claims that the expansion of e-commerce is among the most important goals. By contrast, many firms complain about skill shortages, possibly due to higher skill requirements or a brain drain of young talented people to other sectors.

The interviewees in the retail sector emphasised that there are great difficulties in recruitings for vocational training. A core reason is seen in the **atypical working hours** and the **moderate pay** (see below). The union representative pointed to the large number of workers that have to top up wages with unemployment benefits (although the recently-introduced statutory minimum wage has attenuated this problem).

Recruitment problems also exist in the wholesale sector. Besides the generally unfavourable demography, important reasons are seen in the **negative or non-existent image of the sector** and **strong competition with industry** for applicants.

4.3 Evolution of the labour market in the German commerce sector

Working conditions

A study conducted by BIBB/BAuA in 2012 surveyed the working conditions in the commerce sector, paying attention to the impact on physical and mental health. It found that the **expansion of opening hours leads to an increase in atypical working hours**. In the sale of food sector, 36% work outside of normal working hours (between 7am and 7pm) or on Saturdays (BiBB/BAuA, 2012). Working in retail or especially the sale of food demands **high physical resilience** because most workers have to work while standing up all day (83% in sale of food) and about half of workers in the sale of food claim that they have to lift heavy objects, according to the BIBB/BAuB study. If we consider that 87% of workers in the sale of food sector are women, carrying heavy objects could cause severe health complaints. Furthermore, **fast and monotonous work** cause physiological stress.

A similar study conducted by Verdi Hamburg finds that 53% of workers in wholesale and 61% in retail consider their employment as a "bad job". These results are based on a survey of 2,620 workers in Hamburg who had to answer several questions regarding their working conditions. 34% claim to have a constant fear of losing their job, 85% of workers think that they are paid unfairly and 67% believe that they cannot live with their retirement pension (Verdi, 2013). Due to the **feeling of having an insecure job**, workers tend to rush and even go to work when they are sick (Verdi, 2013). This influences the quality of work.

According to our interview, the retail sector mostly uses (marginal) part-time to cope with workload fluctuation. Agency work is seen as too expensive (due to additional fees for agencies) and thus it is not frequently used. The employer association insisted that on-call work of zero-hour contracts is also uncommon (the union representative disagreed, but admitted that data on these phenomena are rare). Fixed-term contracts are used moderately and according to the employer association, prospects of transition into permanent employment are consistently found at around 40%. Overall, working conditions are seen as rather stable, according to interviewees from the sector.

The situation differs in wholesale trading, where more men than women are employed and where full-time employment dominates. The representative of the employer association described the sector as the "logistics branch of Germany inc.", which also means that working conditions are closer to the more favourable ones in industry. Atypical working hours, (marginal) part-time work and low pay are much less widespread than in retail. However, considerable heterogeneity in the sector was also acknowledged (for instance, long working hours and flexibility are more of an issue for segments linked to the hospitality sector). The union representative confirmed that the working conditions are much more favourable overall than in retail. An important reason is the lower need for long working hours and flexibility. However, it was highlighted that pressure for fast responsiveness and long working hours is growing.

Forms of work

In general, marginal part-time employment (with monthly earnings of less than 450 EUR, exempt from income taxes and employee contributions to social insurance) expanded across Germany during the mid-2000s, although this development has subsequently come to a halt and has been slightly reversed recently in the presence of the newly-introduced minimum wage. As a result, adopting a long-term perspective, full- and part-time employment fully integrated into social insurance have significantly declined or being substituted by marginal employment. As regards low-pay, the retail sector and catering rank among the most affected sectors (Eichhorst et al. 2012). According to the German Federal Bureau of Statistics, 38% of workers in the retail sector receive a wage considered as low pay, namely less than €10.36 per hour. Among them, women are more strongly affected (40%) (see Deutscher Bundestag Drucksache 18/7325, Tabelle 13 or Niedriglohn und Beschäftigung 2010: Statistisches Bundesamt).

About one million **marginal part-time workers** (mini-job holders) are employed in the retail sector, which allows firms to be more flexible and adapt to different demand situations appropriately (Eichhorst et al., 2012). The change in forms of work has an impact on working conditions. Obviously, workers might suffer from temporary work or marginal employment as it becomes **more difficult for them to predict their income** and plan their lives accordingly. However, marginal part-time work is seen as an **attractive option to earn some extra money** and complement other sources of income. Nonetheless, as these contracts are **not fully integrated into public old-age pension insurance**, they tend to bring only negligible pension entitlements in the future. In 2014, 37.5% of all new hires in the commerce sector were fixed-term contracts (IAB Stellenerhebung).

Table 15: Number of people 15 or older working in the commerce sector (Wholesale and retail trade; repair of motor vehicles and motorcycles) by employment (thousands)

Professional status		2008	2009	2010	2011	2012	2013	2014	2015
Employees	Male	1,995.4	1,975.9	1,964.7	1,993.3	2,025.4	2,343.8	2,291	2,328.3
	Female	2,499.3	2,515.9	2,511.9	2,556.8	2,515.9	2,647.4	2,649.2	2,680.1
	Total	4,494.8	4,491.8	4,476.6	4,550.1	4,541.3	4,991.2	4,940.3	5,008.4
Self-emloyed	Male	398.6	393.9	378.5	374.8	373.8	378.9	357.7	339.3
	Female	181.5	183.8	176.8	170.4	164.3	155.4	150.5	145
	Total	580.1	577.6	555.3	545.2	538.1	534.3	508.1	484.3

Source: Eurostat, Labour Force Survey

Table 16: Workers in the sector by worktime and sex (15 and older)(thousands)

Worktime	Sex	2008	2009	2010	2011	2012	2013	2014	2015
Part-time	Male	265.6	259.1	259.1	289.5	294	330.1	334.3	347.2
	Female	1,480.4	1,480.7	1,472.5	1,518.3	1,481.7	1,561.4	1,558.8	1,588.1
	Total	1,746.0	1,739.8	1,731.6	1,807.8	1,775.7	1,891.5	1,893.1	1,935.4
Full-time	Male	2,199.9	2176.7	2,154.2	2,150	2,177.4	2,476.4	2,403.4	2,418.8
	Female	1,272.6	1,280.3	1,276.2	1,274.2	1,261.4	1,311.4	1,316.4	1,316.7
	Total	3,472.5	3,457	3,430.5	3,424.1	3,438.9	3,787.8	3,719.8	3,735.5

Source: Eurostat, Labour Force Survey

An important development expected by interviewees representing the retail sector is **further automation**. In particular, it is expected that self-check-out terminals will replace jobs. It was even mentioned that cashiers could disappear entirely unless their jobs are enriched by new or complementary forms of customer service and advice. The union representative took a more hesitant stance, highlighting that self-check-out is rather cumbersome at present, while the need for surveillance makes it inefficient.

Furthermore, a stronger integration of sales in local stores, delivery services and e-commerce is expected. A strong reason is the growing competition with large internationals (at present, this is more relevant for segments such as clothing and furniture compared with food). One possible reaction could **be joint e-commerce activities of smaller retailers**. This could imply outsourcing and further pressure on working conditions. For some products, interviewees expect a continuing strong role of physical stores, because customers emotionally value the shopping experience. Important trends in wholesale include the **automation of stock keeping and clerical tasks**.

4.4 Industrial relations in the German commerce sector

The social partnership in the retail sector is described by both sides as being rather **conflictual**. Major issues include **working conditions**, particularly regarding health prevention and reducing physical strain. Moreover, **working time** is an important component. Generally, the employer side is rather reluctant to include such aspects in comprehensive collective agreements. **Many companies opt out of collective agreements** and both employer organisation density and bargaining coverage have declined over recent years. The union representative highlighted that an increase in union membership would be important to develop organisational strength in this area. The **heterogeneity of the sector** is a key problem in this regard.

The relationship is described by both sides as being much **more pragmatic** in wholesale trading, although collective bargaining coverage is low (and even below the coverage in the retail sector). One reason is that office workers have a low level of organisation as opposed to workers in warehouses. According to our interviewees, commitment to collective agreements is further declining.

A major challenge for the sector is to update the long-standing system of structure of earnings laid down in collective agreements, which still refers to traditional job descriptions that have become obsolete. Nonetheless, no major agreement has been achieved in this respect. However, for workers filling up shelves in stores, a specific earnings level was negotiated that can be applied if employers refrain from outsourcing this activity. Furthermore, updating **the dual vocational education and training system** in the commerce sector and its branches is a core topic, given that attracting young people for training is seen as a major challenge for the sector.

5/ The case of Greece

The interviews on which this case is based on were carried out with the General Confederation of Greek Workers (GSEE), the Institute of Trade and Services of the Hellenic Confederation of Commerce and Entrepreneurship (I.NE.MY.-ESEE) and a representative of the academic world. Therefore, the reported opinion on the evolution of the Greek commerce sector and the industrial relation system in Greece only reflects the view of the GSEE. This case does not reflect the opinion of UNI Europa affiliate OIYE, the federation of private employees, which also represent Greek commerce workers.

Therefore, the reader should keep in mind that the following information is based on desk research of limited available amount of data and literature and interviews with unions.

5.1 The EU commerce sector: a brief overview of the subsectors

E-commerce in Greece is characterised by two opposed trends:

- On the negative side the country has been a laggard, in terms of electronic infrastructure and computer literacy; this has delayed the emergence of e-commerce; at the same time the severe economic crisis and capital controls hampering the expansion of the business sector have discouraged new investments.
- On the positive side, however, a number companies realising the constraints imposed by the crisis and the well-educated labour force are engaging in electronic expansion. Start-ups (partly e-commerce apps) have been driving a rapid emergence of e-commerce activities.

In terms of consumer demand: The population of 10.9 million people includes 5.9 63% internet users. 41% of the Greek population uses social media. 2.4 million of these internet users shop online. These online shoppers or e-shoppers on average spend €1,624 per year. The Greek E-commerce sales reached €3.9bn in 2014, which means there has been a 20.4% e-commerce growth in 2014 (the VAT-rate in Greece in 2014 was 19%). E-commerce growth in 2014 was 20.4%[100] i.e. 2.15% of GDP. The estimated share of online retail goods in total retail of goods is 2.9%, and 50% services and 50% goods. Total turnover in e-commerce was 3.850bn in 2014, and 2015 forecast was €4,4bn. Cross Border B2C e-Commerce was in 2012: 9%, 2013: 11%, and 2014: 10%[101]. Greece is among the top 10 countries in terms of e-commerce growth rate, which was 18.8% in 2015.

A recent survey reports that Greek on-line consumer trust and prefer foreign establishments. Almost 95% of Greek e-shoppers has purchased items from abroad. The highest demand is to the UK (54 % of all e0shoppers), followed by China (47%), the US (34%) and Germany (21%). The reason for preference is mainly lower price followed by access to products that are not available in the local market. Better consumer protection is also a reason for trusting foreign market more than the Greek e-commerce[102].

In terms of business: Greece remains a laggard with the percentage of enterprises making purchases electronically at 11 % (compared to 68 % of the champion - Austria[103]. Data from 2014 indicate that 9.3% of Greece companies have received electronic orders; this represented 1.59 of their total turnover[104]. The sectoral composition is as follows[105]:

- clothing and footwear - sports equipment 47.6%,
- electronic devices (camcorders, cameras, mobile phones, televisions, DVDs, etc.) 26.3%
- travel services (flights, car hire etc.) 18.5%,
- household appliances (furniture, toys, art supplies, electrical appliances etc.) 16.8%,

[100] Ecommerce Europe (2014).

[101] Ecommerce Europe (2016).

[102] http://www.sepe.gr/gr/research-studies/article/7291248/psifo-ebistosunis-se-xena-online-katastimata-dinoun-oi-ellines-katanalotes/

[103] Ecommerce Europe (2016).

[104] Hellenic Statistical Authority (2015a).

[105] Hellenic Statistical Authority (2015b).

- components and peripherals (hardware computer 15.0%,
- accommodation (hotels, rooms, apartments, etc.) of 12.4%,
- books (e-books or books in print), magazines, newspapers 12.3%,
- tickets for events (concerts, theater, cinema etc.) 11.6%,
- other (jewelry, information from databases, etc.) 9.8%
- medicines 9.7%,
- computer software and its upgrades, including software for computer and video games 6.6%,
- food - groceries 5.6%,
- movies, music 5.5%,
- telecommunication services (pay TV, broadband subscriptions, mobile or landline phone bills etc.) 2.4%,
- e-learning material 1.3%,
- shares, financial services, insurance (all types) 0.6%

The share of services (not included in the formal definition of trade) are low but there is a rapid increase of services sold via e-commerce (Interview Prof. Doukidis)

Analyzing the profile of those who make online purchases / orders shows that for the first quarter of 2015, 54.2% of all transactions made by men and 45.8% by women. 29.7% of the online purchasers belongs in the age group of 35-44 years old. Regarding the education level, 51.3% are highly educated (PhD, Masters, Universities, colleges, military schools, colleges, etc.), 40.6% has a middle level education (Vocational, Technical / Professional School, etc.) and 8.1% has low level of education (High School, Elementary, has not completed or attended any educational level, etc.).

The new developments are concentrated more (but not exclusively) in larger companies. The Hellenic Confederation of Commerce and Entrepreneurship (ESEE) has offered incentives, such as a free of cost CD to guide its members to introduce e-commerce and internet applications. The response was limited and only 60 of its members showed interest and took the CD; there are no data on whether it was used, successfully or not. There are limited efforts in micro-companies (Interview ESEE).

Skills used are mainly via externalisation/consultants only very large companies have internal skills.

The rise of e-commerce has attracted new business models: the market has grown sufficiently to attract companies that offer cash returns to clients that are loyal to their platforms. This is based on the finding on the e-commerce lab of the Economic University of Athens (ELTRUN) that in 2015 25% of all people using e-commerce have been covering more than half of their commercial need from on-line purchases. The corresponding figure for 2014 was 9%[106].

[106] Kathimerini, Greek Daily Newspaper 11.9.2016

5.2 Ongoing trends that affect the EU commerce sector in the country case

In agreement with the interviewees listed in the Appendix we considered that the three most important trends in the sector are:

Economy: Greece is the Member-state that suffered most from the 2008 crisis and it has seen per capita GDP declining by more than 25%. This had a major influence in commerce:

- Trade volume and employment plummeted during the crisis, regained some dynamism in 2015 but according to the most recent figures in June 2016 retail volume went down by 3.6%; only clothing and footwear as well as books increased, while supermarkets decreased. Turnover compared to the corresponding period in 2015 was down 9.7%[107].
- Both retailers and wholesalers had to diminish their prices and reduce their profitability since 2008. There has been a large number of bankruptcies and exits of companies in the sector, mostly SMEs; this applies both to the retail and the wholesale sectors (Interview ESEE).
- However, there is an opposite trend as well in consumer patterns: there is a shift in the way people shop, in particular regular items (groceries etc.). Instead of mass purchasing they shop more often but smaller numbers of items; this shifts demand from large shopping malls to neighbourhood shops (Interview ESEE).
- Actually the main beneficiaries are the budget retailers, because consumers have been very sensitive to prices (Interview ESEE).
- Cost cuts were necessary to survive, including not only the reduced salaries imposed through government regulation but also through the change of suppliers, substituting imports from more expensive countries to local producers or low-cost countries (Interview ESEE).
- Only very few companies succeeded in substituting the declining national turnover by exports because they were unable to fund new activities. The food sector is the one that has made extensive efforts to increase exports both via traditional channels and e-commerce (Interview ESEE).
- Globalisation pressures have only benefitted very few large Greek companies, who had the resources to expand to the Balkans (Interview GSEE).
- In terms of market shares large companies and multinational companies have benefited from the restructuring; the latter in particular had a big advantage over national companies because of the lack of access to capital by the latter. Via their mother companies they could mitigate the consequences of capital controls (Interview GSEE).
- Multinational and internationally skilled employees are hired in tourist areas (Interview ESEE).
- There are locational changes observed during the crisis: because rents have decreased shops have been moving to more visible/more prestigious locations leaving lower end shops empty (Interview ESEE)
- Some activities have been increasing because of the crisis: cloth repair at the cost of new clothes, mechanical repairs, etc.[108]

Regulation: In the past regulation has been highly protective and hence part of the lack of competitiveness and high prices in the country were attributed to lack of competition.

- All social partners agree that there is strong need for the modernisation of the regulatory framework (interview GSEE).
- Consumer protection relies on a Law introduced in 1994 (Law 2251/1994) totally inappropriate for the digital age; it is judged as confusing for both consumers and producers; arbitration is also insufficiently clear. In the context of the Structural Reform Programme promoted jointly by the country and the Troika the OECD has stipulated that Greece should reform the ecommerce regulation framework. In this spirit the OECD developed a toolkit, conceived to stimulate the Greek market under the reform programme introduced by the Troika, is addressing consumer protection legislation and is expected to address wholesale as well in the near future (Interview GSEE and (Interview ESEE).
- There is no regulation for e-commerce (Interview Prof. Doukidis and GSEE).

[107] I.NE.MY EESE Annual Report 2015

[108] ibid

- Pricing policy and service of the Public Post Office compared to corresponding EU post offices (high prices, no tracking service) (Interview LPCD reissues).
- There are huge bureaucratic hurdles (e.g. export documentation required for extra-EU exports) (Interview LPCD Reissues).
- Country risk (Amazon, eBay and other major platforms occasionally ban interactions with the country) is affecting efforts of companies to sell via large, global platforms; there is no effort by the government to support retailers in e-commerce in that respect or otherwise (Interview LPCD Reissues).

Greek SMEs estimate that there is a general barrier to e-commerce for micro companies and SMEs: Large platforms are automated and this operates at the cost of small companies unable to cope with their generic rules (Interview LPCD Reissues).

Demography: There are demographic changes both in the population as a whole as well as in the composition of employment in the commerce sector:

- Retail attracts young people (ages 20-35) and is considered as an entry point to the labour market (Interview ESEE).
- Usually young people, in particular HEI graduates, do not see commerce as a career opportunity but as a way to earn a basic salary until they find something more attractive. This applies in particular to less skilled jobs (Interview GSEE).
- In smaller retail shops the young generation is mostly family109.
- Retention is high only in the large super markets and retail chains (Interview ESEE).
- While there is an increasing number of establishments in trade by foreigners (Chinese and Pakistani mainly) these shops are directly linked to their home countries and do not mingle with the Greek commerce establishments. They import directly from home. They are very small family businesses and are not members of ESEE (Interview ESEE).
- Foreigners, as dependent workers in the commerce sector, only undertake low-skilled job in retail, like cleaning jobs, working in the stock house etc. (Interview GSEE).

5.3 Evolution of the labour market in the commerce sector of the country case

The evolution of the working conditions in the commerce sector of the country case

Wholesale and retail are covered together in most national statistics (including wholesale and retails of cars). The sector constitutes the largest employer in the country with 18.1%. Of them only 26.8% of total employment work in limited liability companies. The highest share is composed of salaried people (nearly 400,000), followed by self-employed (160,000), employers (70,000) and auxiliary personnel (40,000). The relative share of employees is increasing. Employment in the commerce sector grew for the first time since 2009 reaching 657,319 people. 32,824 jobs were created, exclusively in retail. Wholesale saw a further reduction of its workforce (car wholesale grew)[110]. This rise is partly attributed to increased tourism flows and the temporary employment created to serve tourist destinations.

While 2016 data[111] indicate loss of jobs, detailed data are only available for 2015. The most recent data (second trimester 2014-second trimester 2015) indicate that the commerce sector is among those where employment increased with a rise of 5.3% with significant differences in many dimensions:

- The 2015 rise is attributed almost explosively to female employment, which rose by 9.8% compared to 2.1 in male employment.
- The highest rise was in the age group 20-24, but decreased in 15-19 and rose in ages over 60.
- The rise was mainly in the category of employers (11.1%), followed by salaried employees (7.7%) and auxiliary personnel (4.4%), while the number of self-employed was reduced by 2%. Dependent employees remain still the highest share with 85%[112].

[109] ibid

[110] ibid

[111] Daily electronic automatic reporting of the Athens Chamber of Industry and Commerce

[112] IN.E.MY ESSE, Annual Rerport 2015

Flexible forms of work in the commerce sector (although data, all coming from the IN.E.MY Annual Report, are not broken down by subsector interviewees stressed that the influence on the data comes mainly from retail:

- 52% of the employment rise was in part-time employment (ESEE, 2016, p.43-44). Part-time work increased from 30,000 in 1998 to 70,000 in 2015, from 4% to 10% of total employment but is still lower than in the other Member States. Seven out of ten part time employees are women. Part-time is also concentrated in the younger age groups 15-29. The representation of part-time is mostly apparent in 4-hour per day contracts in large chains and super-markets to comply with peak hours. The share of people doing involuntary part time is very high in active age groups and male employees (reaching 100% for mails in the age groups of 30-34) but lower for women and higher ages. The specialisation index[113] calculated demonstrates that the sector is highly below the country average in full employment and slightly over in terms of part-time.
- Also a higher share of the rise was attributed to temporary employment, which was almost twice as high in new recruitment as permanent jobs. However, temporary employment is in relative terms lower than the rest of the economy (8% compared to 12.5% in the economy as a whole). Temporary employment peaked in the years 2000 and 2010 reaching almost 40,000 and went down to 15,000 jobs in 2012 to rise to 30,000 in 2015. Temporary is overwhelming in the 15-24 age group. Involuntary temporary is higher in female employment and in older age groups reaching 100% in employees over 55 years old. The characteristic period for temporary employment is 406 months (41%) followed by 7-12 months (26.4%).
- Shift work (or discontinued working hours) is frequent: 29.1% of employees have to work in shifts frequently or occasionally, when need occurs. This share is higher for women (35%) than men (22.9%). This is increasing in the country and described in more detail below.
- Hiring via temporary agencies is practically inexistent (0.2%) but rose from 640 people to 841 from 2014 to 2015. There are also no 0 hour contracts, which are practically unnecessary, given the high unemployment willing to step in at any need.
- Conversely, a form for saving costs is the substitution of salaried work by external consulting to avoid fixed cost (Interviews ESEE and GSEE).
- It is anticipated that the austerity conditions have led to increasing the informal sector (Interviews both ESEE and GSEE).

Employees work 5 days a week but 30% do so 6 days a week, while 70% of employers work 6 days a week. 18.2% works regularly on Sunday. With the exception of tourism areas Sunday commerce remains limited. Self-employed have the highest hours of work.

The pressure for cost cutting has deteriorated job quality, which has been suffering from the pressures indicated above, which affect the work-life balance, but also from a relative reduction of managers, skilled personnel and technicians since 2008, while the only category with increasing employment are people in sales and services. This reflects a need for cost cutting but is considered a dangerous situation for quality and competitiveness by ESEE.

Pressures via employee representatives are hard, given the new Industrial Relations framework described below. However, several companies are reported to be valued employers.

Professional mobility

The current situation is not favourable to professional mobility. By and large young people see retail in particular as an opportunity for their first job, but when skilled they aim at changing sector, if the opportunity presents (interview GSEE). Hence, the sector acts as a stepping stone but career opportunities are limited because of the high number of very small establishments.

In addition, because of the crisis employees are now often considered as "multi-tasking employees" without specialisation, covering needs wherever they appear. This hampers accumulation of expertise (Interview GSEE).

The composition of skills implies limited career opportunities because the level of education is lower than in other sectors with a very high share of people not having gone to school at all and very low tertiary education; these people have hardly any chance of improving their career. This fortunately seems to be recently changing with more hiring for technicians and tertiary education graduates. There is in particular increasing demand for e-skills, logistics and shop designers (Interview ESEE).

Careers and working conditions are probably better in tourist areas, where multilingual skills are needed, but also in areas where innovation takes place, namely in merchandising and design; automation and logistics careers are relevant (Interview ESEE)

[113] Share of full-time (part-time employment) in the sector comapred to the share of full-time (part-time) employment in all sectors

Another area attracting interest is the connection of shop owners to tourists they serve, trying to connect globally and provide them after their return with products they bought in Greece via e-commerce in the home country (Interview ESEE).

The forms of work in the commerce sector

The main current form remains salaried full-time employees. But new forms of work are rapidly emerging as a consequence of the crisis. In an effort to survive the reduced demand, increased taxation and competition the retail sector in particular has adopted flexible forms of work. The three main forms that are characteristic for the Greek crisis period are based on interviews (there is no quantitative information, more than what is presented in Section 3.1):

Part time: This has increased significantly as a means to face reduced activity. However, based on the interviews of both ESEE and GSEE it seems that part-time work is also used:

- In agreement with employees who work full time but are declared part time; this allows employees to avoid taxes and both employers and employees to save on social security costs:
- Without the agreement of employees, when asked to work longer, whether they want it or not. The conditions in the labour market discourage them from refusing. .

As in both cases this is illegal there are no formal statistics on the extent to which part-time work may be used for tax evasion or otherwise; however, the issueraised in interviews and is also often reported in the press. It seems that this is more the case in the retail than in the wholesale sector.

Discontinued working hours: In order to cover the rush hour needs retailers ask employees to work their full time but splitting it into shifts with a significant time interval in-between. This proves highly problematic for employees, because they need to commute twice a day and in case they do not live close-by it is not worthwhile leaving the workplace. Usually they end up working also during their time off.

Employees declared as self-employed: Employers prefer their employees to register as self-employed. By paying their own social security employees cost less; there is no cost for over-hours and there are no dismissal costs for the employer. This is introduced very often in large e-shops.

5.4 Industrial relations in the commerce sector of the country case

Industrial relation in the wholesale and retail follow the overall framework of industrial relations, which has been significantly altered after the severe economic crisis and the introduction of mandatory reforms by the Troika in an effort to curtail labour cost and increase competitiveness. Through the Second Memorandum and the second medium term development programme (2012) there has been a reform of the National General Collective Labour Agreement, which has been "frozen" and *the State decides* on the minimum wage, after consultation with the unions and employers' organisations. Sectoral bargaining has been suspended since 2011. Hence, since 2010 there has been a significant reduction in the number of national/sectoral labour agreements and an increase of company-level agreements. The regulation of collective agreements has been affected in multiple ways (agreements binding only for the signatories; changes in arbitration etc.).

The recession and massive state intervention has changed attitude of the social partners. While they have in the past had strong negotiations and opposing views in the last two years they have come very close in their positions. Both see the protection of employment (in a country with 23.5% unemployment) as a key issue; hence while industrial relations the need to increase employment is recognised as a priority (Interview GSEE).

The responsible social partners for the trade sector, which follows the general regulation on industrial relations, are:

- the Hellenic Confederation of Commerce and Entrepreneurship representing employers
- the General Confederation of Labour (GSEE), which has a special unit for workers in the service sector but no trade-specific organisation.

Both agree that there should be a gradual rise in the minimum wage and collective bargaining should be reintroduced. The Confederation of Commerce has been more active and has explicitly stated its positions for the future of Industrial Relations[114] proposing to raise the minimum wage to 751 Euros (more than other employers'

[114] Appendix on the Memorandum of ESEE with positions and proposals on the Darft Law of the Ministry of Labour for the miminum wage and collective bargain, p. 95 IN.E.MY ESSE, Annual Report 2015

associations they see the rise of the minimum wage as increased demand for the trade sector) and to reinforce the role of the Organisation of Mediation and Arbitration. It has, however, expressed itself in favour of increasing the number of dismissals and against company-level agreements. They have also taken a pragmatic stance in undeclared work, which is in some cases the only way to maintain employment but have proposed ways to fight or at least mitigate the consequences[115].

[115] ESEE (2016)

6/ The case of Italy

6.1 e-Commerce in Italy

The e-Commerce segment in Italy is still quite limited compared to other European countries, even though in the past years a significant growth has been registered with regard to online sales and purchases in the country. The slow development of the *sub-sector* is linked, as pointed out by stakeholders, to specific characteristics of the *Made in Italy*, in addition to certain consumer preferences which are specific to the Italian market, as illustrated below.

According to the most recent publicly available ISTAT data, in 2014 about 41.5% of companies in Italy – regardless of the sector of activity - were trading online, selling or purchasing goods and services, with a small decrease compared to the two previous years. Of these businesses, the share of companies involved in online sales remains low (about 10%), even though an increase has been registered since 2011 (Source: Istat).

Table 17: Businesses active in the e-commerce sector, all economic sectors (%)

		2011	2012	2013	2014
Share of companies which have made purchases or sales online (%)	Sales online through web and/or EDI systems	6.24	7.55	8.19	9.95
	Purchases online through web and/or EDI systems	35.07	41.69	39.58	37.98
Total		37.54	44.42	42.5	41.56

Source: ISTAT

Small enterprises still do not take full advantage of e-commerce or use online trading only to a limited extent. On the other hand, e-commerce is more common among larger businesses, and in particular among those with more than 250 employees (see table below).

Table 18: Businesses active in the e-commerce sector, all economic sectors, by size (%)

	No of employees	2011	2012	2013	2014
Share of businesses which have made sales online, by size of company (%)	10-49	5.43	6.77	7.34	9.01
	50-99	9.05	10.48	12.21	13.97
	100-249	13.22	14.6	14.72	17.3
	More than 250	26.73	24.63	26.02	29.6
	More than 10	6.24	7.55	8.19	9.95
Share of businesses which have made purchases online, by size of company (%)	10-49	33.34	40.11	37.77	36.17
	50-99	45.25	50.88	51.68	49.29
	100-249	51.76	57.21	55.08	53.51
	More than 250	59.73	61.52	59.55	58.8
	More than 10	35.07	41.69	39.58	37.98
Total: Share of businesses which have made sales and/or purchases online, by size of company (%)	10-49	35.6	42.62	40.45	39.46
	50-99	48.29	54.78	55.93	54.09
	100-249	56.22	61.74	59.98	59.29
	More than 250	67.86	68.06	67.15	67.98
	More than 10	*37.54*	*44.42*	*42.5*	*41.56*

Source: ISTAT

On average the value of e-commerce sales represents about 9% of turnover for businesses with 10 or more employees, and has grown over the last few years. The value of online sales is relatively higher for medium and large enterprises, especially for companies with 100-249 employees, for which online sales amounted to 18% of overall turnover in 2015, with a 12% increase compared to the previous year.

Table 19: Value of online sales as percentage of overall turnover of businesses by size (%)

	Size of company (No employees)	2012	2013	2014	2015
Value of online sales (through web and Edi, net of VAT) compared to the overall sales value[116]	10-49	1.5	2.33	2.31	2.59
	50-99	6.62	10.42	9.89	10.17
	100-249	6.93	5.41	6.44	18.04
	More than 250	9.68	10.58	10.71	10.71
	More than 10	6.36	7.23	7.1	9.16

Source: ISTAT

In terms of overall turnover of e-commerce in Italy, in 2015, the sector was estimated to account for EUR 28.85bil, with a 19% increase compared to 2014 (when the value of the sector was estimated to be EUR 24.2bil) (Casaleggio Associati, 2016). In line with what said above, the medium term trend is of overall growth, even though this has been slower since 2012.

Table 20: E-commerce Turnover

Year	2008	2009	2010	2011	2012	2013	2014	2015
Turnover (Billion EUR)	6.37	10.04	14.36	18.97	21.15	22.34	24.19	28.85
Change (Pecentage)	+ 31%	+ 58%	+ 43%	+ 32%	+ 12%	+ 6%	+ 8%	+ 19%

Source: Casaleggio Associati (2016)

A different source – the *Osservatorio eCommerce B2C* of the Polytechnic University of Milan – confirms the trend identified: focusing only on B2C sales, i.e. direct sales to consumers, these amounted in 2015 to about EUR 16.6bil (with a growth of 15% compared to 2014) and are expected to increase up to EUR 19.3bil in 2016 (Osservatorio Digital Innovation, 2015a).

According to stakeholders interviewed, an indirect indicator of the expansion of e-commerce in Italy is provided by the growth of postal and courier services in the country (other than those under obligation of universal service), which are among the few segments in the transport sector showing a positive trend (with an increase of about 10% of people employed in these activities between 2012 and 2014).[117] This growth indeed is to be linked to the increase in the use of this type of services by businesses to ensure product delivery to clients, either through third companies or expanding their in-house delivery services.[118]

In line with the data on the number and size of the enterprises active in the e-commerce sector, this growth is mainly generated by large international players (Amazon, Booking, eBay, Expedia, Privalia, venteprivee.com), which count for more than 50% of online sales in the B2C e-commerce sector, while there is still an overall underdevelopment of specialised product channels(Osservatorio Digital Innovation, 2015a).

In the past years, international players have further developed and expanded their presence on the Italian market. In the food sector, for example, Just Eat recently acquired *Clicca e Mangia* active in Milan, *DeliveRex* in Rome, *HelloFood Italia* and *PizzaBo*. Amazon is also making substantial investments to develop new centres for logistics and data management in the country, to pick up on the increase in consumer demand and in light of the margin of further growth offered by the Italian market (Il Sole 24 Ore, 2016) While this is not a negative trend in itself, it highlights the weakness of more traditional producers and retailers which still do not make use of online channels to their potential (Osservatori Digital Innovation, 2015). The scarce presence of traditional players and artisans in the e-commerce market is also due – as pointed out by one of the experts interviewed – to the fact that enterprises

[116] The value includes both orders made through a website or "apps" (web sales) and those made in a format that allowed automated processing (EDI-type sales) using Electronic Data Interchange or Extensible Markup Language (XML) format for example.

[117] Source: ISTAT http://dati.istat.it/Index.aspx?lang=en&SubSessionId=a9610e8f-7839-4c56-bdad-bf731cacdc76&themetreeid=-200

[118] This type of service relates to the class H.53.20 of the NACE Rev.2, which: "includes pickup, sorting, transport and delivery (domestic or international) of letter-post and (mail-type) parcels and packages by firms operating outside the scope of a universal service obligation. One or more modes of transport may be involved and the activity may be carried out with either self-owned (private) transport or via public transport. This class also includes: home delivery services This class excludes: transport of freight, see (according to mode of transport) 49.20, 49.41, 50.20, 50.40, 51.21, 51.22".

need to reorganise their downstream supply chain to be able to make use of online platforms, which requires a certain type of expertise. Confartigianato Vicenza (artisan organisation) and Amazon have promoted a co-operation to supply the required expertise to artisans who want to have access to the platform.

In terms of product specialisation, the value of sales seems to concentrate on the following kind of products and services: travel/tourism and leisure, electronic products, insurance, fashion, clothes and accessories. The more developed sectors, such as leisure and tourism, represent the larger share of the market (Casaleggio Associati, 2016). In particular, the turnover linked to leisure products increased due to the recovery and expansion of online gaming. The food&grocery sector shows some level of growth as well, thanks to new players and the expansion of fresh food delivery, but similililarly to other sectors such as publishing, fashion, furniture and home living, health and beauty, still registers an overall turnover which is limited in absolute values and when compared to the whole e-commerce sector. According to stakeholders, the relative small size of the clothing industry within the e-commerce is linked to the specificity of consumer preferences in this segment in Italy, as consumers still place added value to the contact with the product. The only segment of the market which has contracted in 2015 is the one of electronic products, which faces difficulties standing the competition of multi-product online platforms and thus lost part of its online turnover, still remaining one of the most important segments in the sector (Casaleggio Associati, 2016). In order to resist the competition of online retailers, some of the large players within this segment have combined traditional retail with online sales, allowing for consumers who buy products on their websites to access after-sale services in stores, such as assistance and installation.

Looking at the typology of markets reached by Italian businesses which are active in online sales, business to final consumers (B2C) operations are more common than sales to other companies or public administrations (B2B and B2G), with 79% of enterprises operating B2C web sales, against 59% of businesses involved in B2B and B2G web sales in 2014 (see Table 5).

Almost all enterprises which set up a system for online sales targeted national clients in 2014 (99% through web sales and 94% through EDI systems), while a smaller group of businesses reached clients resident in other EU member states (55% through web sales and 49% through EDI systems) and third countries (37% through web sales and 30% through EDI systems).

Table 21: Businesses active in e-commerce per type of market reached (%)

		2013	2014	2015
Share of companies which have made sales online during the previous year, per type of market (%)	Web sales to national clients	96.99	..	98.77
	Web sales to clients resident in other EU Member States	58	..	55.18
	Web sales to clients resident in non-EU countries	41.33	..	37.32
	Web sales to final clients (B2C)	83.62	79.59	78.88
	Web sales to other companies or public administration (B2B o B2G)	55.84	56.39	58.66
	Sales through EDI to national clients	95.19	..	94.92
	Sales through EDI to clients resident in other EU member states	46.06	..	48.53
	Sales through EDI to clients resident in non-EU countries	27.44	..	30.47

Source: ISTAT

6.2 Ongoing trends that affect the Italian commerce sector

The commerce sector in Italy is characterised by a structural crisis, generated by long-term trends which have been exacerbated by more recent phenomena. These trends relate mainly to structural changes within the sector, such as the development of large foreign multinational retail chains, which entered the Italian market in the 90s. This had several impacts, affecting consumer preferences, moving shopping spaces towards the periphery of the city and putting pressure on more traditional retail structures (small retail shops) normally active in city centres. Similarly, processes linked to the globalisation of production and commerce have impacted Italian commercial activities, as businesses have struggled to adopt an international outlook. The economic crisis and the decrease in the levels of consumption which followed, together with the increasing liberalisation of commercial activities, which culminated with the complete liberalisation of opening hours in 2011, further affected the sector, both in terms of crisis of traditional retailers and further changes in consumer preferences. Increasing levels of immigration have caused a further change in the demographics of the sector, creating a *niche* for small foreign businesses, entering the sector offering long opening hours or trading in imported goods. In this context, further changes are caused

by digitalisation and by the development of e-commerce, which further call for a re-organisation of the sector and its labour market, in terms of new services and skills that need to be supplied.

The growth of e-commerce (as described above) constitutes one of the main novelties in the commerce sector in Italy. Notwithstanding the continuous growth of the sector, however, the phenomenon is still limited in the country, especially when considering its incidence on the overall consumer consumption in the country (it accounts for about 7% of it). As said in Section 1, the growth of the sector is strongly linked to the expansion of international players' presence in the country, putting further pressure on traditional actors within the industry. The growth of e-commerce has a potential impact both on employment and professional skills in the commerce sector. Italian producers and retailers are still lagging behind in the provision of e-commerce services, needing to further develop and re-organise the structure of their supply chain to adapt to these changes. At the same time, traditional players are to transform and strengthen certain services (especially post-sale services) in order to retain clients. Both these trends imply a change in the professional skills required to succeed in the sector.

The trends briefly presented above are listed in more detail below:

1. The **economic crisis – and the general decrease in the levels of consumer expenditure** which followed and still lasts - affected the commerce sector, which in the last 5 years has been characterised by an overall shrinkage of the number of enterprises active in the industry, a high turnover rate of businesses and a further restructuring of the sector (Ebiter, 2016). In this context, indeed, according to a stakeholder interviewed, the outlook of commerce is changing, and the sector is becoming more and more a sector with increased work intensity and higher levels of workload, with highly structured companies which base their profits mostly on the compression of labour costs.

   The negative trend in the sector has interested both traditional segments (small retailers) and the large retailers belonging to (mostly foreign) chains[119] (*Grande Distribuzione Organizzata* – GDO).

   Fixed small retailers (*negozi di prossimita'*) are those who have been hit harder by the crisis, because already suffering from the structural changes which characterised the sector in the past decades and changes in families' expenditure behaviours (see below). In this sense, small traditional retail shops survive by increasing the level of the service provided or specialising their services. This includes also a change in opening hours, which for many businesses implies unsocial and long working hours for the owner and his family (as explained in Section 3.1).[120]

   On the other hand, large retail chains, which seemed to have larger margins of growth, have also suffered the impact of the crisis, which resulted in a decrease of the number of new openings and the restructuring of existing stores (e.g. merging). In addition, in this period, large retail chains in the food sector focused on the format of small outlets and discount shops, which are still required by consumers (Ebinter, 2014).

2. One of the main drivers of change within the commerce sector in Italy in the last five years is **regulatory**. In a long-term perspective the commerce sector has been affected by a number of changes in the regulatory framework which applies to it, which overall aimed at the liberalisation of the economic activities within the industry (e.g. 1998 reform of the retail sector). In the last 5 years, the main catalyst of change in the sector has been the **complete liberalisation of opening hours introduced by the Decree Salva Italia (Decree Law No 201/2011)**. In an opinion prepared for the Parliament, the National Economic and Labour Council (CNEL, 2014) highlighted how the liberalisation of working hours has penalised traditional enterprises within the fixed retail segment. As a consequence of the liberalisation indeed, large retailers have extended their opening hours to weekends and evenings as to attract higher inflow of consumers, penalising small shops which followed a more traditional opening schedule.

   At the same time, the majority of stakeholders pointed out that the liberalisation has not increased consumers' expenditure or created new employment, but has negatively affected the labour market in the sector. As explained in Section 3 on working conditions, employers prioritise workforce flexibility, requiring workers to work more during unsocial hours, when consumers inflows are higher, and tend to use part-time and fixed term employment contracts. This affects the working conditions and work-life balance of workers in the sector. Of a different opinion, Federdistribuzione, the employer organisation representing large retail businesses, according to which the liberalisation has contributed to sustain employment in the sector through the crisis, as about 4,200 workers were hired to cover the 5% more hours to be worked in the sector as effect of new opening schedules (Federdistribuzione, 2013).[121] More specifically, according to a survey conducted across the members of the organisation, the liberalisation of opening hours has increased the number of hours

[119] The landscape of commerce in Italy has been shaped by the entry in the sector, already in the 90s and due to the first round of liberalisation of the sector, of large French (Auchan, Carrefour) and German (Metro) retailers.

[120] Unsocial hours are here intendes as hours worked on Saturday, Sunday, in the evening or at night. Eurofound (2009) defines unsocial also shift work (especially when not fixed); See: http://www.eurofound.europa.eu/sites/default/files/ef_files/pubdocs/2009/27/en/1/EF0927EN.pdf

[121] Federdistribuzione is the employer organisation representing large distribution chains in the sector. See section 4.1

worked in the sector by 5%, which implies an increase of EUR 400mil per year in terms of salaries paid. Part of these hours are covered by new employees: 4,200 workers were newly hired, mainly (55%) through part time fixed term contracts (including weekend part time contracts), but also through other forms of employment

3. A further change in the demographics of the sector stems from the **increase of foreign-owned businesses and foreign nationals employed** in commercial activities.

   According to a study carried out by Confesercenti (2015), 36.4% of foreign businesses active in Italy fall in the commerce sector (wholesale and retail), which is also the sector with the highest level of internationalisation in the country: 12% of businesses in the sector are foreign-owned (17% in the retail segment, 29% for activities outside shops, 51% within mobile retailers, against an overall 9% across the whole economy).[122] In the past 5 years (2011–2015) the number of foreign businesses in the sector registered an increase by 30.6%. Within the retail sector, in particular, the se gments which grew the most are: street retail (*ambulanti*) (38%), minimarkets (36%), shops which sell ICT and electronic products (50%), the latter still representing a smaller number of businesses. These businesses are active mostly in big cities (Rome, Milan, Naples, Palermo and Turin) and often consist of shops targeting foreign consumers resident in the country and/or trading in imported products (so-called "ethnic commerce" - "*commercio etnico"* or "*canali distributivi etnici)*.

   In addition to foreign businesses, the share of foreign labour force in the sector is also growing. The main driver behind this trend is the increasing number of foreign citizens resident in the country, especially large cities, due to the immigration flows in the last decades. The commerce sector remains for many foreigners one of the sectors which is easier to penetrate, also because of the deterioration of working conditions in the industry, which make it unappealing for many Italian citizens, but still viable and acceptable for many foreigners who otherwise struggle entering the labour market, as pointed out by employee organisations heard. In this regard, it is worth keeping in mind that for many disadvantaged immigrants, who may not be legally present in the country or may not have the right to work, entering the commerce sector represent a positive development, given that they are more frequently informally employed in the agriculture sector and (for women) in domestic work.[123]

6.3 Evolution of the labour market in the Italian commerce sector

The trends presented above had an impact on the labour market in the commerce sector in Italy, in terms of number of people employed in the sector, deterioration of working conditions, job quality and stability.

The long-term employment trend in the sector was generally of growth until 2008 (Ebiter, 2016). However, since the beginning of the crisis and more so in the last 5 years, the number of people employed in the sector has decreased. Similarly, self-employment - traditionally very high in the sector, compared to other sectors and also to other countries - has suffered significantly, with a decrease and change in the demographics of handicrafts, entrepreneurs and small businesses which operate in the sector.

At the same time, a shift was reported in terms of type of contracts used in the sector and conditions imposed to workers. Temporary contracts and new forms of employment became more common, while the sector moves towards longer and unsocial working hours and high work intensity, affecting the work-life balance of employees and not offering opportunities for skills and career development.

Working conditions

Generally speaking, stakeholders stated that the working conditions in the sector are poor and deteriorating. While contractual wage levels are aligned to those in the manufacturing sector, wages that are actually paid are reported to be lower because of the contractual and working time arrangements, the large use of new forms of employment, which in fact make workers position more precarious and unprotected, and the lack of investment in skills and career development.

In terms of **working time arrangements,** one of the main issues which affected the labour market is the liberalisation of opening hours, its effect on working hours and rules and conditions for working on Sundays or on public holidays and generally speaking on work-life balance for employees. Following the complete liberalisation of opening hours (Decree Salva Italia, No 201/2011) indeed, businesses – especially large retail chains- have extended

[122] Foreign businesses here include " businesses in which the participation of foreign-born citizens is above 50%, with reference to the legal form of the business, to the share of capital they own and to the share of foreign-born nationals within managers, shareholders and owners (Confesercenti, 2015)

[123] Asylum seekers for examples are allowed to work only in certain circumstances.

the opening hours to attract and adapt to consumers' flows. Generally, activity periods go from 6.00 to 23.00 and in certain instances they include working at nights (one of the large distribution chains in Italy introduced continuous opening hours in some of its shops and small retailers in big city, e.g. foreign minimarkets, are open all night).

As employers aim at optimising the distribution of the workforce as to concentrate it in the periods of high inflow of consumers, a high level of flexibility is required from workers. This had produced several effects.

First, shift work is used to answer to this need for flexibility, imposing rhythms which can hinder the possibility for workers to have adequate work-life balance. According to the collective agreement applicable to most workers in the sector, the weekly working time (on average 40 hours for full-time employees) can be distributed over 5 or 6 days, with the possibility of shifts longer than 8 hours. [124] The allocation of the hours over the week is left to negotiation with the employer and this often translates in long hours or the use of "broken" shifts, i.e. two daily shifts which can be interrupted by a break varying from one to a several hours (Eurofound, 2012). Especially, within large retail chains, the distribution of shifts during the day and the short notice provided to employees with regard to shift allocation were mentioned as problems.

In addition, as pointed out by stakeholders interviewed, as consumer flows tend to be higher in weekends or at evenings, the number of people who work in the sector and have unsocial working hours (including work on Sundays) is growing, with a normalisation of this phenomenon[125]. Even those workers who normally have their day of rest on Sundays can be asked to work up to the 30% of opening Sundays (agreed in territorial collective agreements and in addition to those already foreseen by law) against a 30% increase of their hourly normal compensation (in absence of better conditions negotiated at the local level). Certain categories of workers are exempted from this obligation, but generally speaking the system is considered by employee organisations as not considerate of employees' needs, especially when having a family.[126]

For workers on non-standard contracts and self-employed, who often work in smaller retail shops, working during antisocial hours often becomes a necessity imposed by the need to be competitive on the market, with a general increase in the total number of hours worked per week and a significant stretch on their work-life balance.

Similarly, workers in the sector are required to work more hours in certain periods of the year than others to face seasonal peaks. In this perspective, *multi-week flexibility* (*flessibilita' plurisettimanale)* is often used in the sector[127]. It consists of a mechanism which allows an employee to work more hours than specified in his contract (up to 44 a week, instead of 40) for certain periods of the year, without receiving any paid overtime, but reducing the amount of hours worked other weeks, thus balancing out the amount of hours worked during the year and leaving the remuneration fixed.[128] The use of this mechanism –already present in previous agreements – was simplified in 2015, lifting the obligation for employers to agree on its utilisation with company-level employee representatives (*RSU*), when the period of flexibility relates to less than 16 weeks a year. As of today, employers only need to provide these organisations with a communication, thus lowering the level of protection for employees in this situation.[129] In addition, second level negotiations are allowed to agree on longer periods (24 weeks) and higher ceiling of working time (45/48 hours).

In terms of **wages**, the normalisation which was registered with respect to working evenings, nights and Sundays had also repercussions on the economic conditions linked to work during unsocial hours, as employment contracts within the sector often do not provide for increased remuneration for hours worked in these periods.

In terms of **type of contract** used, the push towards flexibility implies that employers tend to prefer the use of part-time and fixed term contracts – including the voucher-based work - which allow them to best fit the yearly, monthly, weekly but also daily consumer inflow. As reported in Section 3.3 the number of people employed with this type of contract is thus constantly increasing, in contrast with the overall employment trend of the sector, showing a partial substitution of full-time permanent contracts with more unstable forms of employment on behalf of employers.

[124] Article 121 CCNL Commerce sector between employee organisations and Confcommercio, signed on 30 March 2015.

[125] Stated by unions and academics

[126] This is the case for parents of children under three years of age, those who assist people with disabilities who live with them, people with disabilities as established by Art.3(3) of Law 104/1992, or as agreed at the local level of collective bargaining.

[127] Stated by academic

[128] Article 125 CCNL Commerce sector between employee organisations and Confcommercio, see note 12.

[129] If the hours worked this way are balanced out in other weeks, the employee is entitled to have them paid as overtime. Similarly, every hour which exceed the working time agreed upon is considered overtime.

A signal of this situation is provided by the fact that, among part-timers in the sector, **involuntary part time** is relatively high and constantly increasing, indicating that this type of contract is generally and increasingly made available by employers as only opportunity. More specifically, about 740,000 workers were involuntarily part-timers in the commerce and restaurant sector in 2015, with a 17% increase compared to 2010 and amounting to about 66% of those who were employed with this type of contract.

This number is much higher among men (80.7%) than women (60.4%). In addition, and again following similar patterns than the whole economy, involuntary part time in the sector is a more recurrent phenomenon in the south of Italy, even though the levels remain high across the country when compared to 2010 values (Istat).

Table 22: Workers employed on involuntary part time in the trade, hotel and restaurant sector (NACE G and I[130]), 2010-2015 (N and %)

		2010	2011	2012	2013	2014	2015
involuntary part time	Male	120,629	137,857	171,934	205,500	227,930	248,353
	Female	322,185	345,492	421,553	476,249	493,104	491,593
	Total	442,814	483,350	593,487	681,749	721,033	739,946
involuntary part-time (as % of the total part-time)	Male	63.29	67.85	70.14	76.82	78.49	80.66
	Female	45.26	48.72	53.44	59.07	61.72	60.40
	Total	49.07	52.98	57.40	63.49	66.19	65.96

Source: Istat

In terms of **skills and development**, stakeholders pointed out that the past years were characterised by a decrease in investments relating to workers' training and professional development, which remain lower than in other sectors of the economy (both within the services and the manufacturing industry).[131] This is to be linked with the general perception that many of the jobs in the sector are low skilled occupations which do not require training, but also with an underestimation of soft skills and the decreased level of stability of employment. Some level of skills development is linked to the use of apprenticeships, a type of employment contract which requires an element of training, as it is addressed to people entering the labour market.

The **level of investment** with regard to other employee welfare initiatives is also low in the commerce sector when compared with the service and manufacturing industry. According to Istat in 2014, fewer welfare initiatives were adopted in the commerce area, mainly relating to: the protection of health and safety of workers (65% of businesses in the sector – also because of compliance reasons), training and professional development for employees (61% of enterprises), strengthening internal communication (28.9%), flexible working arrangements and facilitation of employees' work-life balance (24.2%), support to employees' participation (24.9%). Only 4.2% of enterprises offered nursery, social, recreational, support services (against 30.7% of businesses in the service sector and 17.6% of companies in the manufacturing sector) (Istat, 2015).[132]

In terms of **health and safety** and exposure to physical risks, in 2013 the commerce sector was the segment within the tertiary industry with most accidents in the workplace (about 20%) followed by the healthcare and the transport sectors (INAIL, 2014). Overall, however, the number of accidents on the workplace in the sector is decreasing (in the period between 2009 and 2013, a 27% decrease was registered), in line with the trend of the whole economy. A higher number of accidents take place in the retail sector (56.7%, against 26.6% in the wholesale segment). With regard to sickness, the number of professional sickness (*malattie professionali*) reported in 2013 was 36% higher than in 2009 (for a total of 2,743), accounting for 24% of the service industry. The most recurrent reasons for the reports were skeletal muscle problems (80%), followed by nervous system problems (8%) and respiratory problems (4%). According to a survey on the quality of work conducted by ISFOL in 2010, furthermore, the commerce sector was also one of the sectors (together with other segments in the service area) with the highest incidence of harassment cases.

The commerce sector in Italy is seen as a transitional sector with very limited **career development** opportunities, as reflected by the high turnover of workers.

[130] Unofrtunately ISTAT releases tables on involuntary part time only for groupings of NACE codes (in this case ISTAT groups G and I)

[131] In 2012, according to the *Intangible Assets Survey* conducted by ISFOL, the number of companies investing in this type of initiative was 44% in the commerce sector, against much higher values in other segments of the service sector.

[132] The data reveals which type of initiative enterprises undertook with regard to employee welfare, but not the amount and share of employees involved, thus the high amount of enterprises carrying out certain types of initiative should not be considered in contrast with the overall negative trend observed by stakeholders.

Workers – especially young people – engage in jobs within the sector on temporary basis, while looking for other opportunities or in between unemployment periods. This is mostly because of the poor working conditions offered, the type of contracts offered, including a high incidence of traineeships, and mainly employment in occupations which are low-skilled or are characterised by a high incidence of seasonal work. In 2015, for example, the highest number of vacancies in the sector were for the post of shop salesperson, a notoriously low-skilled and precarious job.

Career development opportunities, in line with existing literature , are reported by interviewed stakeholders and academic experts to be lacking in the sector, even in the larger retailers, which in theory could offer more positions requiring more complex skills.

As a consequence, the turnover rate has traditionally been very high in the sector, although in this period of prolonged economic stagnation, this trend is partially changed, and the turnover rate is lower because workers who are able to enter the labour market, even in suboptimal conditions, are adverse to change or risk losing their position.

Forms of work

As mentioned above, since 2008 the number of people employed in the sector has decreased (of about 8%) as a result of the economic crisis and the other long term trends described above. In this period, the ratio between employed and self-employed people in the sector remained quite stable, with about 60% of persons being occupied in the sectors as employees. Generally speaking, more men than women are employed in the sector (about 58.5% of workers are males), but the discrepancy is higher among self-employed persons, (67.6% men in 2015). The relatively high incidence of self-employed people in the sector is affected by the presence of so-called *bogus self-employed*, a phenomenon that is mostly linked to an attempt to conceal employment relationships to avoid incurring in the higher costs linked to it, as pointed out by one of the interviewed stakeholders.

Table 23: number of people 15 or older working in the commerce sector by employment status by sex (thousands)

Professional status	Sex	2008	2009	2010	2011	2012	2013	2014	2015
Employees	**males**	1,095.63	1,070.378	1,034.202	1,004.382	1,037.355	1,018.578	1,004.841	1,008.289
	females	948.675	930.281	923.114	909.611	970.229	958.026	933.656	907.367
	total	2,044.305	2,000.659	1,957.316	1,913.993	2,007.584	1,976.604	1,938.496	1,915.656
Self-employed	**males**	952.382	930.886	929.114	913.459	900.691	911.353	883.161	861.707
	females	455.655	432.032	418.93	424.712	422.966	399.564	404.853	416.846
	total	1,408.037	1,362.918	1,348.045	1,338.17	1,323.657	1,310.918	1,288.014	1,278.553
Total	**males**	2,048.011	2,001.264	1,963.316	1,917.841	1,938.046	1,929.932	1,888.002	1,869.996
	females	1,404.33	1,362.313	1,342.044	1,334.323	1,393.195	1,357.59	1,338.509	1,324.213
	total	3,452.342	3,363.577	3,305.360	3,252.164	3,331.241	3,287.522	3,226.51	3,194.209

Source: Eurostat

Similarly part-time workers are very frequent in the commerce sector in Italy, constantly increasing in the last 5 years and accounting to about 20% of workers in the commerce sector. Part-time is mostly used by women, who accounted for 75% of part-timers in 2015 (while they account for 30% of full-timers), even though a 5% decrease is to be registered since 2008.

Table 24: Workers in the sector by worktime and sex (15 and older) (thousands)

Worktime	Sex	2008	2009	2010	2011	2012	2013	2014	2015
Part-time	Males	110.7	103.9	108.7	118.5	142.1	151.0	160.8	168.6
	Females	448.3	431.8	455.9	447.0	489.8	499.3	487.5	490.3
	Total	559.0	535.7	564.6	565.5	631.9	650.3	648.3	658.9
Full-time	Males	1,937.3	1,897.4	1,854.6	1,799.3	1,795.9	1,778.9	1,727.2	1,701.4
	Females	956.1	930.5	886.2	887.3	903.4	858.3	851.0	833.9
	Total	2,893.3	2,827.9	2,740.7	2,686.6	2,699.3	2,637.3	2,578.3	2,535.3

Source: Eurostat

As for the type of contracts which are most used within the sector, as shown in the table below, fixed term contracts are the most recurrent, making up for more than half of the new contracts concluded between 2013 and 2015. In 2015, the number of permanent employment contracts however has increased, accounting for about 40% of the total amount of new contracts (Source: INPS).

Apprenticeships which make up for a small share of new contracts are used mostly in the north of Italy (in 2013, 56% of this type of contract was concluded in this macro-region) and are very diffused in the commerce sector when compared to other industries (Istat, 2015). This is also because – according to the newly signed collective agreement applicable to most employees in the sector – the threshold of apprentices whose contract had to be transformed into a more permanent employment relationship in order for employers to hire new apprentices has been decreased from 80% to 20% in the previous 36 months.

Table 25: New employment relationships activated between January and December 2013-2015

		2013	2014	2015
Permanent employment contract	Number	436,808	424,765	650,234
	%	28.9%	28.2%	39.6%
Fixed term contracts	Number	973,211	979,901	913,696
	%	64.4%	65.1%	55.6%
Apprenticeship	Number	100,927	100,687	79,907
	%	6.7%	6.7%	4.9%
Total	Number	1,510,946	1,505,353	1,643,837
	%	100%	100%	100%

Source: INPS, Osservatorio sul Precariato

Among new forms of employment, stakeholders reported a very frequent use of *voucher-based work* (*lavoro occasionale accessorio*) in the commerce sectoreven though no data is available on the concrete incidence of this type of work.[133] For its own characteristics, this typology of work has allowed for a further destructuralisation of the labour market in the sector, especially because vouchers are generally used to fill the least attractive positions and to replace more durable forms of employment, in addition to be associated with informal work.[134]

[133] In voucher-based work, the employment relationship is based on payment for services with a voucher purchased from an authorised organisation that covers both pay and social security contributions.

[134] The use of voucher-work is linked to occasional work, or as defined by the Italian system, accessory, meaning that it is not meant in its original rationale to be used to regulate more structured employment relationships. For this reason, in its current formulation (as per legistative decree No. 81/2015) the Italian law on voucher-based work establish a limit of EUR7,000 which can be earned through this type of work over one year, with the further limitation that only EUR2,000 can be earned by a worker from the same employer.

6.4 Industrial relations in the Italian commerce sector

The industrial relations system in the commerce sector in Italy is characterised as of today by a fragmented landscape, especially on the side of employers' organisations. In general temrs the main conditions of employment in the sector are negotiated at the national level between social partners. Certain subject matters (e.g. distribution of working time, Sunday openings) and more detailed provisions are then delegated by national collective agreement to second level bargaining, which takes place at the local or company level.

In terms of subjects involved and evolution of the industrial relations, a quite stable and homogeneous development can be observed in the representation of employees, with three main sectoral organisations being active in the sector and belonging to the three most representative confederations of employees in Italy. More specifically:

- **FILCAMS** represents employees in the commerce sector (and more generally those employed in the Tourism, Service and Tertiary sectors) under the umbrella of CGIL since 1960;[135]
- **FISACAT** operates within CISL with a similar scope;[136]
- **UILTuCS** is part of UIL and has been active since 1950.[137]

These three organisations are present at the regional, provincial level across Italy and are responsible for the conclusion of collective agreements in the sector on the employee side.

Employers in the sector are mainly represented by:

- **Confcommercio**, which is the biggest employers' organisation in the sector, representing employers across all segments of the sector;[138]
- **Confesercenti**, which represents small- and medium-sized enterprises running commercial activities, and;[139]
- **Federdistribuzione**, which represents employers in the large retail chains segment.[140]
- Another segment which is worth mentioning is the one of cooperatives. A number of players within the retail sector, mostly large food and groceries retailers, fall within this category. **Ancc Coop, Confcooperative ed Agci Agrital** are the three main organisations representing this type of business, again with a much smaller representation than the three organisations above, but nevertheless they can conclude collective agreements for employees of the cooperative system.[141]

In addition to the main organisations mentioned above, a number of other organisations are active representing the interest of smaller segments of the sector. Within the handicraft sector, the most important organisations are: **Confartigianato,** representing employers, **CNA,** which represent the interests of both employers and employee and **Casartigiani,** which represents employees in the sector. While the representation of this organisation is much more limited than the ones of the main organisations, they represent an important segment of the market in Italy, given the importance of handicrafts for *Made in Italy.* The sector furthermore is developing in parallel to the mainstream commerce sector, showing to some extent more positive development dynamics.

In terms of negotiations of employment conditions, until 2012, Confcommerciowas responsible for the conclusion of a single national-level collective agreement on behalf of employers of the sector and of their organisations, acting as an umbrella organisation In 2012, however, Federdistribuzione decided to break the collaboration with the parent organisation and to exit the confederation, requesting the establishment of a separate negotiation forum for companies belonging to the large retail chains.

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[135] Filcams CGIL stands for "Italian Confederation of workers in Commerce, Hotels, Canteens and Services" (Federazione Italiana dei lavoratori del Commercio, Alberghi, Mense e Servizi), an employee sectorial organisation which came to life in March 1960 from the union of two previous organisation.Website available at: http://www.filcams.cgil.it/la-filcams/

[136] .I.S.A.S.C.A.T. (Federazione Italiana Sindacati Addetti Servizi Commerciali, Affini e del Turismo) is the sectorial employee organisation of CILS which represents workers within the Tertiary, Tourism and Service sector. Website available at: http://www.fisascat.it/

[137] UILTuCS (Unione Italiana Lavoratori Turismo Commercio e Servizi) represents workers within the Tertiary, Tourism and Service sector within UIL since 1950. Website available at: http://www.uiltucs.it/

[138] Confederazione Generale Italiana del Commercio, active since 1945. Website available at: http://www.confcommercio.it/

[139] Confesercenti is active since 1971. Website available at: http://www.confesercenti.it/

[140] Federdistribuzione, as it stands now, is active since 2006, even though its history dates back to the 1960s. Website available at: http://www.federdistribuzione.it/

[141] Confcommercio, Confesercenti, Confartigianato, CNA and Casartigiani established Rete Imprese Italia in 2010 (but informally already in 2006) promoting a single strategy.

This break up has reportedly created tensions and stalled the negotiations for the conclusion of a national collective agreement in 2015 and 2016. While the employees' organisations were able to conclude the negotiations with Confcommercio in 2015[142] and Confesercenti in 2016[143],, signing a collective agreement which will be in force until 2017 in both cases, replacing the previous agreement signed in 2011, this was not possible with regard to employers in the large retail chains (including the cooperatives), whose demands are considered by the trade unions too harmful of employees' rights.[144] As of today, negotiations are still ongoing with the employer organisations which represent cooperatives (the new collective agreement for the employees of cooperatives has not been signed yet, although the recent meeting of January 2017 has not supposed any advancement[145]), but trade unions have in fact completely stopped the negotiations with Federdistribuzione, and legal action has been undertaken to make sure that rights of workers are protected, as Federdistribuzione members are currently operating in a grey area in which they should apply the previous general commerce agreement, but they are reported not always doing so.

In this context, thus, about 80% of employees in the sector are covered by the collective agreement signed by the unions and Confcommercio in 2015 and Confesercenti in 2016, in light of the larger representation of these organisation. For the remaining 20%, on the other side, there is no collective agreement in force. Employers thus operate applying the previous national agreement beyond its expiration (what is called *ultravigenza*, beyond validity), according to which the previous collective agreement will apply until a new one has been concluded.

In addition to this deterioration of industrial relations in the sector, it is worth to mention that the system based on the establishment of a bilateral body which provides certain services to actors in the sector (as established by the national collective agreement in 1995) is also experiencing a crisis to some extent. In the new collective agreement signed by Confcommercio and Confesercenti, indeed, the levels of contributions to bilateral bodies have been decreased of 50%, which implies a subsequent decrease in the level of services provided.[146]

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[142] The new collective agreement was signed on 30 March 2015 and it is available here: http://www2.filcams.cgil.it/info.nsf/0/E61760E9FA127C33C1257E19004728E6/$file/CCNLTds%20IpotesiAccordo300315.pdf?OpenElement

The 2011 collective agreemtent is available here: http://www.top-ix.org/wp-content/uploads/2014/12/CCNL.pdf

[143] http://www.filcams.cgil.it/t-d-s-confesercenti-ipotesi-accordo-rinnovo-ccnl-01-07-2016-31-12-2017/?size=x

[144] The new collective agreement was signed on 30 March 2015 and it is available here: http://www2.filcams.cgil.it/info.nsf/0/E61760E9FA127C33C1257E19004728E6/$file/CCNLTds%20IpotesiAccordo300315.pdf?OpenElement

The 2011 collective agreemtent is available here: http://www.top-ix.org/wp-content/uploads/2014/12/CCNL.pdf

[145] http://www.uiltucs.it/ccnl-distribuzione-cooperativa-continua-lo-stallo/

[146] This information was provided by the inteviewees from CGIL and UIL

7/ The case of Poland

7.1 e-Commerce in Poland

The Central Statistical Office of Poland defines e-commerce as all kind of transactions via networks, based on IP protocol and by other computer networks. Whereas goods and services are ordered by these networks, payment and final product delivery may take place online and offline. The transactions could be carried out between companies, with individual consumers, governmental institutions and other private and public organisations. Orders through telephone, telefax and e-mails are e-commerce.

The estimation of B2C e-commerce market value in 2014 predicts values between 27 and 27.5 bln PLN (about 6.3 bln EUR). The estimations for 2015 exceeded the level of 30 bln PLN (ca. 7 bln EUR). Thus, this is still one of the fast growing sectors in Poland[147]. The annual growth rate of the sector in the last 5 years stabilizes at the two-digital level (e.g. 2011 – 16.2%, 2014 – 15.5%, 2015 – 15.4%). According to the projections, this value will double up to 2020 and reach 10% of the total value of retail sector, mainly due to the further expansion of biggest retailers and expected improvement of general economic conditions[148] (in 2013 it reached only about 4%[149]). The growth was not affected by the change of legislation concerning consumer protection, which was adopted in December 2014 and provided protection mechanisms for e-commerce consumers. There is an observable increase in the number of e-shops in Poland. In 2012 there were about 3.5 thousands shops (in 2009 merely 1000) selling about 13 mln articles[150]. The overwhelming majority of companies selling their articles in Internet are micro companies (up to 9 employees) – 89%, followed by small enterprises (10-49 employees) – 9% and middle enterprises (50-249) – 3%. This structure is similar to the general structure of companies in Poland[151]. However, the research findings show that this sector in Poland is very young. About 2/3 of Polish companies selling in Internet are younger than 5 year old[152].

The structure of the purchases via Internet is the following: house and garden (21%), accessories and presents (11%), clothes (11%), health and beauty (9%), articles for children (8%), computer appliances (8%), photo and household goods (8%), sport and tourism (7%), automotive articles (5%), hobby (5%), books and multimedia (5%), food and drinks (3%)[153]. The purchase of food articles via Internet is still not very popular, but is also gaining at attractiveness. In 2012, only about 13% of respondents declared that they buy food via Internet[154]. In 2016, 23% of Internet users declared they buy food via Internet (72% - clothes and accessories, 68% books and multimedia, 55-56% electronic devices and household appliances)[155]. The new developments in the e-commerce sector include the increasing interest of traditional shops in selling via Internet (e.g. supermarkets and hypermarkets).

The dynamic growth of e-commerce in Poland is even more observable in the B2B sector. The value of Polish B2B e-commerce accounted in 2011 for 120 bln PLN (about 28 bln EUR) and was 8 times higher than the value of B2C e-commerce. At the same time however, it only accounted for 5-6% of all B2B transactions in Poland In 2013 the estimated value of B2B e-commerce in Poland equalled 140 bln PLN (ca. 33 bln EUR) and in 2014 – for 215 bln EUR (ca. 50 bln EUR) and was estimated to increase by half within 4-5 years. According to the survey by Ecommmerce Polska, only 4% of B2B companies use only traditional sales channels. 36% companies use traditional sales channels supported by internet media (social media, website, e-mail, online catalogue, EDI, internet

147 2016, Raport Interktywnie.com – E-commerce [Report Interactively.com – E-commerce], http://interaktywnie.com/biznes/artykuly/raporty-interaktywnie-com/raport-interaktywnie-com-e-commerce-2015-252160 (accessed on 20.09.2016).

148 PMR (2015). Handel internetowy w Polsce 2015. Analiza i prognoza rozwoju rynku e-commerce na lata 2015-2020 [E-commerce in Poland in 2015. Analysis and forecast of e-commerce market development in 2015-2020]..

149 Kłosiewicz-Górecka (2013). Struktura handlu detalicznego w Polsce a preferowane prze konsumentów miejsca zakupu FCMG. [Structure of retail market in Poland and prefered FCMG shopping destinations by consumers].

150 Ibid.

151 Gruszczyński, J.H., Gruszczyński, M., Hinc, A., Hoffman, M., Kolenda, P., Małachowski, M., Tokarska, D. (2014). E-handel w polskich małych i średnich przedsiębiorstwach [E-commerce in Polish SMEs], IABPolska i Ministerstwo Gospodarki.

152 Ibid.

153 POHID, Moc zakupów. Jak handel detaliczny i hurtowy może przyśpieszyć wzrost i kreować miejsca pracy (brochure) [Power of buying. How retail and wholesale could accelarate the growth and create workplaces].

154 Kłosiewicz-Górecka (2013). Struktura handlu detalicznego w Polsce a preferowane prze konsumentów miejsca zakupu FCMG. [Structure of retail market in Poland and prefered FCMG shopping destinations by consumers].

155 E-commerce w Polsce 2016 [E-commerce in Poland 2016. Research report]. Gemius dla e-Commerce Polska.

communicators, mobile applications). All companies plan to open an online shop if they do not have any[156]. The B2B e-commerce does not require a big backoffice service – in 67% of B2B companies selling through Internet was supported by 2-5 people team and in only 33% of companies by teams of more than 10 people. The structure of B2B e-commerce is similar to B2C – the majority of companies buy IT and electronic appliances.

7.2 Ongoing trends that affect the Polish commerce sector

The three main trends affecting the working conditions in the Polish commerce sector are the following:

- **Ageing** – one of the main challenges in the commerce sector is the need to attract the new employees to the sector and retain them. Because of the relatively low wages in the sector (salaries in this sector are generally lower than the average salary and also increased at the lower pace in the last year as – whereas between 2009-2011 the salaries in the economy increased by 7.8%, in commerce sector only by 4.1%[157]) and difficult working conditions (in particular shift work, high workload, multitasking), the commerce sector is not considered as an attractive employer[158]. The average age of workers in the sector is high and the young people do not want to enter this sector because they do not see that there are career progression possibilities there[159]. The difficulties in attracting workers for commerce sector are higher in the big cities than in the small ones and in the villages (where the unemployment rate is higher). Several retailers run promotional campaigns to increase the attractiveness of careers in the commerce sector (e.g. currently there is a big campaign of Lidl, one of two main discount retailers in Poland). Although the employment of workers from different background (in particular from Ukraine and other Eastern European countries) is growing phenomenon particularly in big cities, its scope is still rather marginal. However, the workers from Eastern European countries are easily integrated in Poland due to the similarity of languages, culture, etc.
- **Recession -** increased competition and very low margins are the main reasons affecting the commerce sector in Poland[160]. According to the Global Pricing Study 2016, 36% companies in Poland are actively engaged in price competition and only 53% admit that they were able to increase the margins in the last year. It is estimated that margins may decrease in 2016 by 0.7% (globally) and by 1% in Poland due to the high fixed costs that will increase by 4.2% (whereas prices are estimated to increase by 3.2%)[161]. Similarly, the Polish Sales Study shows that in 2015 only 15% companies achieved its expected sales targets. 60% of companies blamed increasing price competition for this failures[162]. The labour market is highly dependent on the economic situation in the economy, in the recession the employment in wholesale was more affected than retail sector due to its dependence on the decreasing number of small shops[163]. Referring to data from National Statistics Office, the representatives of the national section of trade workers "NSZZ Solidarity" claim that the retail trade sector in Poland was not affected by recent economic downturn as in most European countries, but the employers used it as an excuse not to increase wages and to reduce employment.

[156] E-commerce Polska, 2015, Trendy sprzedaży B2B w Polsce 2015 [Sales trends of B2B sector in Poland in 2015]. http://www.ecommercepolska.pl/files/8414/4705/0137/Trendy_w_sprzedazy_B2B.pdf

[157] POHID, Moc zakupów. Jak handel detaliczny i hurtowy może przyśpieszyć wzrost i kreować miejsca pracy (brochure). [Power of buying. How retail and wholesale could accelarate the growth and create workplaces].

[158] Based on experts' interviews.

[159] According to stakeholders interviewed

[160] Based on experts' opinions, but also confirmed in the further quoted studies.

[161] http://www.dlahandlu.pl/handel-wielkopowierzchniowy/wiadomosci/marze-firm-w-polsce-moga-spasc-o-1-proc-bo-ceny-rosna-wolniej-niz-koszty,54803.html (accessed on 23.09.2016).

[162] http://www.dlahandlu.pl/handel-wielkopowierzchniowy/wiadomosci/firmy-ktore-realizuja-wyzsze-zyski-dluzej-szkola-i-lepiej-wynagradzaja-handlowcow,55104.html (accessed on 23.09.2016).

[163] POHID, Moc zakupów. Jak handel detaliczny i hurtowy może przyśpieszyć wzrost i kreować miejsca pracy (brochure). [Power of buying. How retail and wholesale could accelarate the growth and create workplaces].

- And **Regulation –** in Poland the discussion about the working conditions of the commerce sector as well as about its wages is currently a hot issue in Poland. Currently, the restriction on sale on Sunday is discussed in Polish Parliament (the project was submitted by Solidarność, the biggest trade union in Poland)[164]. Recently, a new tax on the retail sales has been introduced from the 1st September 2016. This tax foresees two rates – 0.8% of income between 17 mln and 170 mln PLN monthly (3.96 and 39.63 mln EUR) and 1.4% from income above 170 mln PLN monthly (39.63 mln EUR) (the idea of the tax was to increase the taxes paid by the biggest retailers and favour the small shops). This tax has already been questioned by the European Commission as not being in accordance with the competition rules.

7.3 Evolution of the labour market in the Polish commerce sector

The commerce sector creates about 2 mln of workplaces in Poland, what accounts for about 15% of total employment. At the end of 2014 there were 2.17 mln persons employed in the trade and repair of motor vehicles sector[165]. There is a discrepancy in the number of employed in retails and in wholesale, much more workplaces are created by the retail sector – in 54.6% in 2000 and 56.6% in 2011[166]. In 2012, there were 1,179.3 thousand workers employed in the retail sector and 711.7 thousands workers in wholesale. This is a stable trend over 2000-2012 years[167]. The newest data show a slight increase. 1,216.5 thousand workers were employed in 2014 in the retail and 723 thousand in the whole sale. Much more women than men were employed in commerce sector in 2014 – whereas in the whole sale about 37% of employees are women, in the retail sector they account for almost 70%[168]. The majority of workers are employed in private sector (public sector accounts for only 0.13% of workers).

The commerce sector in Poland has a higher number of employed in micro and small companies (up to 49 employees) compared to the total economy. The remarkable trend is the increase in the significance of companies with foreign capital as employers in that sector. In 2011 the number of employed persons in foreign companies increased by above 150% compared to 2005 and accounted for an increase of 11.9% in 2005 up to 17.1% rate of all employed in commerce sector[169].

It is important to notice that the number of discounts (shops selling goods of limited assortment at discounted prices, e.g. German Lidl, Portugese Biedronka, Germand Kaufland) in Poland (and the demand on workers in this sector) is rapidly growing. It is the fast growing sector for food selling in Poland with regard to the value of annual sale – in the last 6 years the sale at discounts increased annually by 16% (for hypermarkets – by 2%, for supermarkets – by 6%, for convenience shops[170] – by 12%)[171]. At the time, the number of shops increased by 10% for discounts, whereas for convenience shops - by 11%, for hypermarkets by 9% and supermarkets by 4%[172].

The official statistics show that commerce sector is one with the highest demand on workers (after manufacturing). In 2015, the sector demanded 14.8 thousands of employees, the number of vacancies increased by 54.9% compared to the year before[173]. It is interesting to notice that 6.8 thousands of vacancies concerned sales workers. There were 142.7 thousands newly created jobs in this sector. The vacancies in newly created jobs in 2015 in the sector accounted for as much as 3.6 thousands. Although the employment of foreign workers (mainly from Ukraine and Eastern European countries) is a new phenomenon, it is growing on significance. The other observable trends in this regard is the overall increase of the age of workers employed in the commerce sector and the increased

[164] As explained by the representative of the national section of trade workers "NSZZ Solidarity", the idea behind this project is to exclude workers from work on Sundays. However, a number of exemptions are envisaged such as: maintenance-free online commerce, small centres as the train stations, bus stations, airports and gas stations, and small shops with services provided by their employers-owners.

[165] GUS, Pracujący w gospodarce narodowej w 2014 roku [Employed in national economy in 2014].

[166] POHID, Moc zakupów. Jak handel detaliczny i hurtowy może przyśpieszyć wzrost i kreować miejsca pracy (brochure). [Power of buying. How retail and wholesale could accelerate the growth and create workplaces].

[167] Kłosiewicz-Górecka, U. (2014). Znaczenie przedsiębiorstw handlu wewnętrznego dla rynku pracy [Importance of entreprises of internal trade for labour market], Wiadomości statystyczne 11/2014.

[168] GUS, Pracujący w gospodarce narodowej w 2014 roku [Employed in national economy in 2014].

[169] POHID, Moc zakupów. Jak handel detaliczny i hurtowy może przyśpieszyć wzrost i kreować miejsca pracy (brochure). [Power of buying. How retail and wholesale could accelerate the growth and create workplaces].

[170] A convenience store is a small retail business that stocks a range of everyday items such as groceries, snack foods, confectionery,toiletries, soft drinks, tobacco products, magazines and newspapers.

[171] http://www.dlahandlu.pl/handel-wielkopowierzchniowy/wiadomosci/roland-berger-w-ciagu-6-lat-udzial-10-sieci-wzrosl-z-43-do-58-proc,54447.html (accessed on 26.09.2016)

[172] Ibid.

[173] GUS, Popyt na pracę w 2015 roku [Labour demand in 2015].

employment of people with different kind of disabilities. Unfortunately, there is no real data that could provide the necessary statistical evidence of these trends.

Working conditions

The difficulties in finding the employees willing to work in the commerce sector are mainly caused by the low salaries and perceived unfavourable working conditions[174] – shift work and unfavourable working hours (long opening hours of shops in Poland), the need to work during Sundays and holiday time, overload and multitasking, and highly limited career progress opportunities. However, there is little statistical evidence to confirm the unfavourable working conditions in this sector. The work-life balance study of 2010 showed that in the commerce and repair of motor vehicles sector 88% of employees had fixed start and end of working day or varying working time as decided by the employer (similarly to the relevant data for all sectors), 6% had daily number of hours fixed with some flexibility within the day and 4% have flexitime (working time banking). These trends are comparable to the total economy averages[175]. The studies on exposure on physicial risks show that commerce is one of the least exposing sector – in 2015 the total exposure was 13.4 per 1,000 employees, whereas in the commerce and repair of motor vehicle sectors it was negligible at the 1.9 per 1,000 employees level[176].

However, comparing the number of workers employed in the shops with the number of the shops the number of workers in Poland per shop is much lower than in other countries – e.g. in France in the similar number of retail shops works 600 thousands workers more and in UK – more than twice as much as in Poland. This may lead to the conclusion that the workload is much higher for the workers working in Polish shops, but may also have different grounds (e.g. difference in shop organisation and management)[177]. In particular, it is believed that the workers in the discounts are particularly overloaded and required to undertake very different duties (so called multitasking)[178]. On the contrary, the work overload at the biggest retailers (supermarkets and hypermarkets) is believed to have improved in the recent years, in particular through the better organisation of the delivery service (thanks to the creation of the distribution centres, the workers at the supermarkets and hypermarkets are no longer required to unpack the goods packed in the huge packages, but they reach the shops packed in a more convenient packages)[179]. Main discount retailers run a promotional campaigns to improve their attractiveness as employer in Poland as well as to fill the labour shortages they encounter (e.g. currently campaign of Lidl that is reinforced with the provision of trainings for current employees[180]).

Between 2009 and 2011 the salaries in the commerce sector increased by 10%, still being about 20% lower than the average salary in the economy[181]. The newest data show a median of salaries in the commerce sector in Poland accounted for 3,493 PLN (ca. 814 EUR) gross in 2015. The lowest salaries were observed in the retail sector (3,000 PLN, about 700 EUR), the highest in the wholesale (3,916 PLN, about 913 EUR). In median salary in e-commerce accounted for 3,670 PLN (ca. 856 EUR)[182].

Due to the low salaries and perceived unfavourable working conditions in particular in the retail sector, the employment in the commerce sector is not seen as very attractive[183]. The career in commerce sector is neither seen as stepping stone for entrants nor as offering further development opportunities for experienced workers. Although the training opportunities are available at the biggest retailers, professional promotion is slow for the workers working in that sector. On the contrary, due to the difficulties in finding new employees the new employees are sometimes offered better salary and working conditions that those currently employed.

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[174] Based on stakeholders' interviews.

[175] GUS. Praca a obowiązki rodzinne w 2010 roku [Work-life balance in 2010].

[176] GUS. Warunki pracy w 2015 roku [Working conditions in 2015].

[177] http://www.dlahandlu.pl/handel-wielkopowierzchniowy/wiadomosci/sklepy-w-polsce-zatrudniaja-polowe-mniej-pracownikow-niz-placowki-w-europie-zachodniej,52346.html (accessed on 23.09.2016).

[178] Multiple press releases, e.g. http://gazetapraca.pl/gazetapraca/1,90443,17578474,Praca_w_Biedronce__jak_ja_dostac__ile_mozna_zarobic_.html (accessed on 23.09.2016).

[179] According to the employers' organisations interviewed for this study.

[180] http://www.dlahandlu.pl/handel-wielkopowierzchniowy/wiadomosci/lidl-rusza-z-nowa-kampania-i-wydaje-24-mln-zl-na-szkolenia-pracownicze,55060.html (accessed on 26.09.2016).

[181] Kłosiewicz-Górecka, U. (2014). Znaczenie przedsiębiorstw handlu wewnętrznego dla rynku pracy [Importance of entreprises of internal trade for labour market],, Wiadomości statystyczne 11/2014.

[182] http://wynagrodzenia.pl/artykul/wynagrodzenia-w-handlu-i-e-commerce-w-2015-roku (accessed on 23.09.2016).

[183] This is particularly true for retail

Despite the widespread beliefs, the commerce sector does not offer less favourable working arrangements that the other sectors. The commerce sector has one of the highest rates of **employment contracts** in the economy (on the contrary to civil contract employment that does not guarantee equal Labour Law protection as well as often used to avoid the payments of social contributions that have negative consequences for the employee). In 2011, the rate of employed based on employment contracts in the whole economy accounted for 70.3% and 29% were employers and self-employed. At the same time, in the commerce sector these rates were higher – respectively 71.6% and 28.4%[184].

However, due to the specificity of the commerce sector (fluctuations of demand during the day and seasons), the number of **part-time employed** in that sector is higher than for the whole economy. In 2011, the number of part-time workers in the commerce sector was higher than for the whole economy (respectively 9.1% and 7.6%[185]). Agency-work is one of the form of employment that is gaining at popularity as one of the form of employment at the commerce sector.

Unfortunately, there is no direct data available despite the growing number of **temporary work agencies** in Poland. At the end of 2015, there were 6,081 temporary work agencies in Poland, which is an increase of 924 compared to the year 2014. In 2015, about 278,062 people found employment through temporary work agencies and 120 thousands of them were employed for employment contracts. Among the most popular occupations employed through agencies there are many employers of commerce sector – warehousemen, cashiers and tickets sellers, manual packers and stencilers, shopkeepers, workers working on the cargo handling, other kind of employees performing simple tasks[186]. The employees working at the retailers who are employed through temporary employment agencies do not benefit the same rights as their colleagues employed directly by the big retailers – in particular in terms of salaries, non-wage benefits, forms of employment (employment contracts are less frequently used by temporary work agencies), rights (e.g. they cannot join trade union that is present in their place of work).

7.4 Industrial relations in the Polish commerce sector

The social dialogue in the commerce sector in Poland is less developed as in many other European countries. The plurality of trade unions represent (e.g. Solidarność, OPZZ, FZZ) the interest of the workers in the sector. However, the organisations representing the employers (such as POIH, PIH) do not participate in the social dialogue with the trade unions at the national level. They claim not to have a mandate from their members to do so. The social dialogue between the industry and trade unions is carried out in Poland on the national level in the form of Council of Social Dialogue. Whereas the main trade unions representing the interest of the workers of the commerce sector are working there are active in the Council, none of the employers' representing organization is a member of Council (POIH is represented as being part of Lewiatan). The employers' representing organizations claim the high requirements for employers' organisations required by the Ministry of Family, Labour and Social Policy to be part of the council (in terms of the costs and the number of organization represented). According to trade unions' representatives (i.e. the national section of trade workers "NSZZ Solidarity"), on the other hand, the main reason for the lack of participation of employers is the lack of will on their part and not the problem of meeting statutory formal requirements for social partners. The Council of Social Dialogue was only created in 2015[187] and replaced the Tripartie Social-Economic Commission operating since 1994 which provided limited consultation power for social partners (mainly focusing on consulting budget issues). The Council of Social Dialogue is supposed to provide the broad consultation forum on policy making in Poland.

The trade unions are active by the biggest retailers mainly, but their trading power is seen to be very weak[188] as the membership is not very high. According to Solidarność, the membership at trade unions in the commerce sector is lower than in general. 6% of the commerce sector workers being members of the trade unions and 12% of all employees are members of trade unions in general.

[184] Kuczewska, L. (2012), Pracujący w handlu [Employed in commerce], [w:] Handel wewnętrzny w Polsce 2008-2012 [Internal trade in Poland 2008-2012] , IBRKK, Warszawa.

[185] POHID, Moc zakupów. Jak handel detaliczny i hurtowy może przyśpieszyć wzrost i kreować miejsca pracy (brochure). [Power of buying. How retail and wholesale could accelerate the growth and create workplaces].

[186] Ministry of Family, Labour and Social Policy, Informacja o działalności agencji zatrudnienia w 2015 r. [Information on the activity of employment agencies in 2015]

[187] http://www.dialog.gov.pl/gfx/mpips/userfiles/m.sobczyk/Ustawa%20o%20RDS.pdf

[188] http://www.portalspozywczy.pl/handel/wiadomosci/zwiazki-zawodowe-w-sieciach-handlowych-sa-slabe,117913.html (accessed on 26.09.2016).

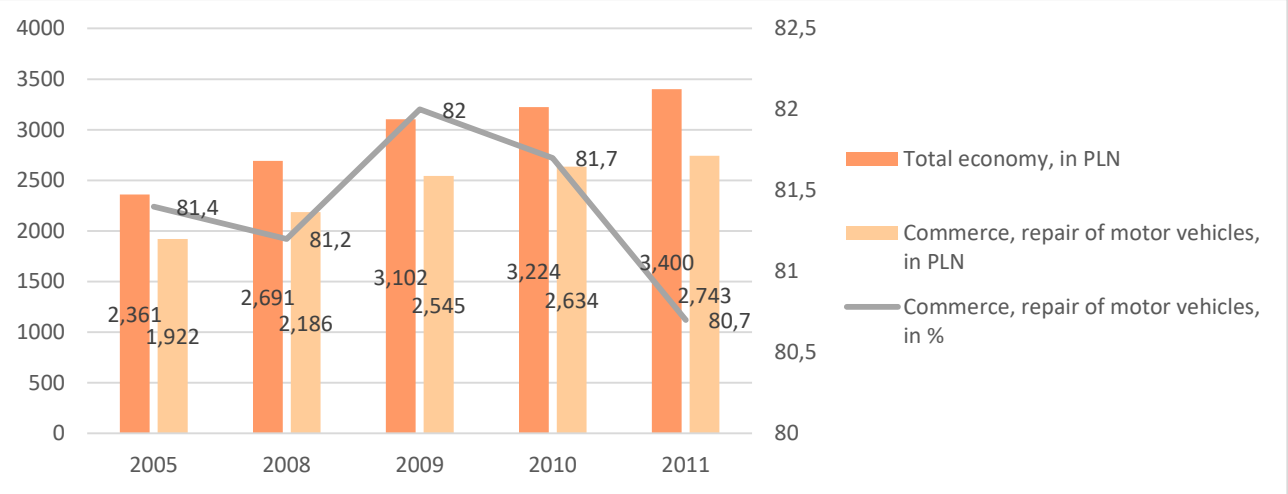
7.5 Annex - Tables and Graphs

Table 26: Full and part-time employed in commerce sector in Poland

Year	Full-time employed, %		Part-time employed, %	
	Total, Poland	Commerce, repair of motor vehicles	Total, Poland	Commerce, repair of motor vehicles
2005	90.4	86.1	8.4	11.5
2008	91.2	89.9	7.6	7.9
2009	90.9	89.7	7.9	8.5
2010	91.1	89.4	7.8	8.7
2011	91.2	89.1	7.6	9.1

Source: U. Kłosiewicz-Górecka, POHID brochure

Figure 57: Average monthly salary gross in national economy and in Commerce and Repair of motor vehicles sectors.



Source: U. Klosiewicz-Gorécka, POHID brochure

Table 27: Salaries in commerce in 2015 according to job position

Job position	Salary
Sales director	11,000
Key Account Manager	8,600
Product Manager	6,100
Large store Manager	4,200
Marketing specialist	3,900
Small store Manager	3,700
Sales Representative	3,668
Warehouseman	2,450
Shop assistant	2,000

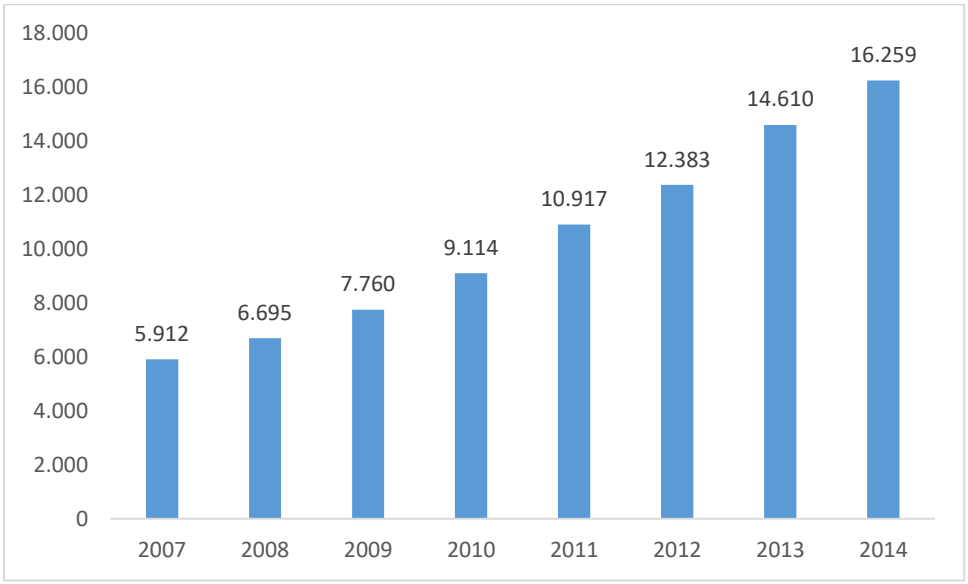
Source: Sedlak&Sedlak, Online study of salaries, 2015.

8/ The case of Spain

8.1 e-Commerce in Spain

Through the **Annual Survey in the use of ICTs and e-commerce in enterprises**[189], the **National Statistics Institute** is able to provide an overview of mayor trends and improvements by Spanish companies in the use of ICTS and e-commerce. At this regard, around 20.4% of enterprises are active in e-commerce[190], although with important differences between the size of the company, varying from 39.78% for companies with more than 250 employees to 29.02% for companies with 49-249 employees and 17.98% for companies with 10-49 employees.

Figure 58: Volume of e-commerce (B2C)



Source: National Observatory for Telecommunications (Data from 2015)

This information is completed by the **National Observatory for Telecommunications**[191] that can provide more accurate and processed data. At this regard the following table (table 1) provides an overview of the evolution of the B2C e-commerce (all economic sectors) since 2007- 2014 in terms of turnover. On the other hand, the **National Stock Market Commission** provides quarterly information on the evolution of the e-commerce sector. In the 4th quarter of 2015, e-commerce achieved 5,300 m€, thus meaning 23% more that in the same period for the year 2014[192]. For 2015, e-commerce represents 13.74% of the total commerce[193] and accounts for 65,177.09 m€.

As such, since 2009, both in purchasing and sales, the commerce sector is the one that has a higher percentage of companies that makes e-commerce (14.4% for sales and 22.2% for purchases)[194]. However there are still important

[189] National Statistics Institute, Survey on the Use of ICT and e-commerce in enterprises: http://www.ine.es/ss/Satellite?L=es_ES&c=INECifrasINE_C&cid=1259943296411&p=1254735116567&pagename=ProductosYServicios%2FINECifrasINE_C%2FPYSDetalleCifrasINE

[190] National Statistics Institute, Shrare of entreprises condunting e-commerce sales. Data for 2015. http://www.ine.es/jaxi/Datos.htm?path=/t09/e02/a2015-2016/l0/&file=01001.px

[191] Observatorio Nacional Observatorio Nacional de las Telecomunicaciones y de la Sociedad de la Información (ONTSI). http://www.ontsi.red.es/ontsi/es/indicadores/empresas/comercio-electronico

[192] Comisión Nacional del Mercado de Valores (CNMC Data), Press report IV 2015 on E-commerce. http://data.cnmc.es/datagraph/index.jsp

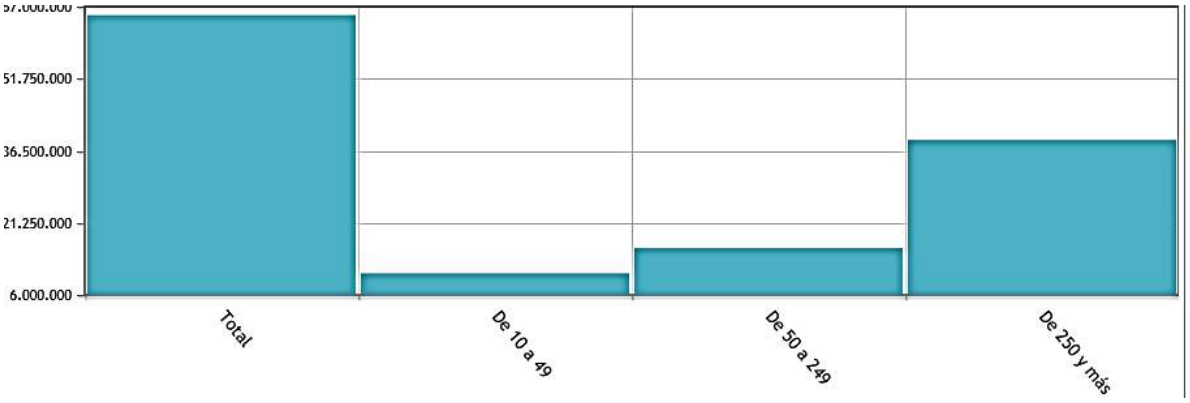
[193] National Statistics Institute, Data for 2015. http://www.ine.es/jaxi/Datos.htm?path=/t09/e02/a2015-2016/l0/&file=01001.px

Please note that the figures report to CNAE 45-47, thus referring as Wholesale and retail trade; repair of motor vehicles and motorcycles

[194] Observatorio Nacional Observatorio Nacional de las Telecomunicaciones y de la Sociedad de la Información (ONTSI). http://www.ontsi.red.es/ontsi/es/indicadores/empresas/comercio-electronico

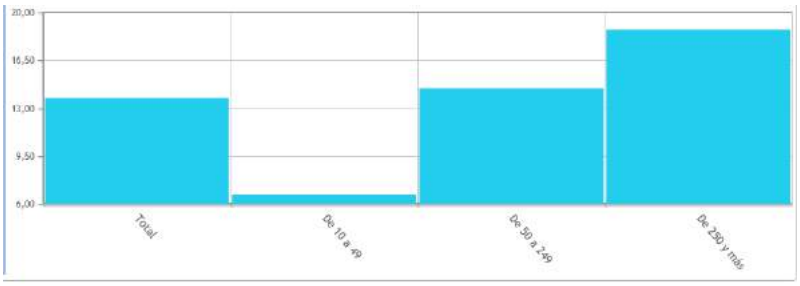
differences between small and big companies of the commerce and wholesale sector. In small enterprises (less than 10 employees)[195], only 4.20% report to sell their products through e-commerce and 16.63% have usually conduct purchases through the use of internet. Furthermore, the share of e-commerce sales on the total volume of sales is also very significant depending on the size of the company. The following graphs show an overview of the total volume of e-commerce sales by size of the company, as well as their share in the total volume of sells.

Figure 59: E-commerce sales in the sector (in thousands €) by size of company



Source: National Statistics Institute, 2015.

Figure 60: Share of e-commerce sales over total of sales in the sector (in thousands €) by size of company



Source: National Statistics Institute, 2015.

8.2 Ongoing trends that affect the Spanish commerce sector

According to the interviews conducted in the frame of this case study, these are the major trends that apply to the commerce sector in Spain. Experts' arguments have been developed with information founded in documentary sources, where possible.

Recession & Globalisation:

The evolution of the commerce sector in Spain, predominantly domestic, has meet a difficult time during the first years of the crises, reporting negative trends. The recession has more importantly affected the small retail sector, and to a lesser degree large retail companies, against large chains operating with small and medium-sized establishments, that had a more favourable evolution. Current trends of the retail sector as per the information provided through the Index of Small retailers report the following characteristics:

- The evolution of the sector has meet a difficult time during the first years of the crises, reporting negative trends During the last years, however the sector is experiencing an important recovery, representing today 5.7% of GDP (2015).
- There are a total of 469,938 retail companies, representing 14.7% of all enterprises (2015).

[195] National Statistics Institute, Data for 2015: http://www.ine.es/jaxi/Datos.htm?path=/t09/e02/a2015-2016/l0/&file=01004.px

- In terms of employment, the number of affiliates of the Small retail sector reached 1,865,983 in June 2016 (thus representing 60.2% of the trade), 34,590 more than in June 2015 (1.9% annual). Since 2009, the increase in June 2016 is the highest since the start of the series. After years of important fall, in recent developments, the retail sector shows a favourable trend since June 2013 in terms of employment.

The changes in the evolution of retail sector during the period 2010-2016, respond to the evolution of households' final consumption expenditure during the years after the economic crises. In the first quarter of 2016, the final consumption expenditure of households met an annual growth of 3.7%, two points higher than the fourth quarter of 2015 (3.5%). The final consumption expenditure of households already had positive annual growth rates throughout 2014 and 2015, after 3 years with negative annual rates (From the first quarter of 2011 until 2013).

Figure 61: Retail sector sales evolution (2007- 2014)

Source: Chamber of Commerce[196]

As a result, in a situation of low sales, entrepreneurs' first decision was to reduce the company structure and subsequently salary costs, instead of looking for new forms of cost savings[197], new markets or commitment from employees. At this regard, it is important to mention that labour regulations were very rigid (but reformed in 2012 to allow more flexibility), along with limited access to credit in the banking system, which has recovered very slowly (Int.3).

There has also been an important change in the pattern of purchase. The economic crisis has had effect towards inmediate consumption: households will then prefer to buy more regularly (once a week) in a medium-size shop in an urban area rather than once a month in a big supermarket, usually situated outside the city. (Int.2)

During the last years, the sector is experiencing an important recovery, especially regarding the retail sector, representing today 5.7% of GDP (2015) (5.3% in 2013). The main factors for this recovery are due to an increase in product specialisation[198] (e.g. tourism) but also in the development of e-commerce (Int.2). Also there has been an important openness to new markets and new products, thus turning the focus from domestic commerce to foreign trade (Int.3).

Digitalisation

E-commerce is still not the main selling channel for enterprises: it is more accurate to speak about distance commerce (which also includes telephone, today still very representative) and face to face commerce. The main brake for e-commerce growth is logistic costs, still very expensive. (Int. 1).

There is a need to master new technologies, as these allow very small structures to move better and have greater flow of trade. This includes a need to improve security processes in purchase (Int. 3). Furthermore digitalisation comes along with the development of logistics, in order not only to sell but to deliver the product at a low cost

[196] Chamber of Commerce of Spain, 2014: http://www.comercio.gob.es/es-ES/comercio-interior/Distribucion-Comercial-Estadisticas-y-Estudios/Pdf/BALANCE%20DEL%20COMERCIO%20MINORISTA%20EN%202014.pdf

[197] Mercadona: Best practice. (Int.2) In order to reduce costs without reducing salaries, this company has reduced marketing product packaging costs (e.g. less colours, simple packaging, etc.)

[198] National Statistics Institute, Annual Survey on Commerce, Press release 2015: http://www.ine.es/prensa/np894.pdf

(Int.2 &3). These two factors (logistics & digitalisation) will require more specialised labour skills in the commerce sector in the future.

Regulation

Spain has a very strict regulatory framework for business not only at national but also at regional level: different legislative procedures, political relations, business costs depending on the region. This conducts to a misplacement of national companies in the national market towards the benefit of foreign companies, for which entry regulations or political support is more flexible to enter the market, as they can enter though a single window. (Int.3)

Furthermore the Fiscal system is one the most complex in the EU, thus producing a delocalisation of Spanish enterprises (Int.3).

Also, labour costs (due to the labour/health & labour security regulations) are more expensive than in other EU countries. This means that in a context of recession, to be more competitive, efficiency and control in production costs is done through the reduction of company structure instead of the search of new company structures, despite the changes in labour legislation that have only searched for a flexibilisation in redundancies. (Int.3.)

In 2012, the Government introduced an important reform of the Labour Law, thus intended to favour internal mobility and market efficiency/labour duality[199]. The main changes are:

- Termination of the contract or workday reduction due to economic, technical, organizational or production reasons, or derived from force majeure
- Measures affecting collective agreements (company agreements are prior to regional/national agreements, temporary workers are not affected by collective agreements, etc.)
- Measures to support the termination of contracts and to reduce the number of working hours
- Temporary interruption of the automatic conversion of temporary into fixed contracts
- Expiration of the employment contract:
  - Collective dismissal (plus particularities for dismissal of +50 years old employees)
  - Dismissal for objective reasons
- Lowering the cost of dismissal

Along with the Labour reform, government policies have been accompanied by the liberalization of trading hours and opening of Sundays and holidays. In this sense the Royal Decree 19/2012[200] extended the weekly trading session from 72 to 90 hours and from 8 to 10 holidays and Sundays minimum openings. Also, large tourist areas were extended, increasing them to ten cities.

Here, it is important to draw a line between Small (usually retail) vs Medium/Big enterprises (usually large retailers and/or wholesale companies).

Although these changes do not seem by themselves to encourage consumption and/or create more jobs, big companies are positive with the results of this initiative. The National Association of Large Distribution Companies (ANGED in Spanish)[201] taking the case of the Madrid region defends that this initiative not only helps to create 24,000 new jobs (as per data reported by the National Statistics Institute) since the introduction of the law[202] but also to stimulate the creation of new companies. However, the initiative does not benefit the retail sector[203]. "These changes have not stimulated household spending, since consumption depends on variables such as household

[199] Real Decreto-Ley 3/2012, de medidas urgentes para la reforma del mercado laboral https://www.boe.es/diario_boe/txt.php?id=BOE-A-2012-2076

For more information, see Chapter III & IV.

[200] Real Decreto-Ley 19/2012, de medidas urgentes de liberalización del comercio y de determinados servicios. https://www.boe.es/diario_boe/txt.php?id=BOE-A-2012-6929

[201] The National Association of Large Distribution Companies is the most representative of retail in Spain. It offers the widest and most complete range of retail formats, products and brands in all categories: food, home, electronics, textiles, leisure, culture and services. It groups 19 distribution companies: AKÍ, Alcampo, Apple Retail, Bricomart, C & A, Carrefour, Conforama, Costco, El Corte Ingles, Cortefiel Group, Eroski, FNAC, Hipercor, Ikea, Leroy Merlin, Media Markt, Toys`R`Us , World Duty Free Group and Worten.

[202] Economic Balance of the liberalisation of the sector in the Madrid Region, 2015.

http://www.anged.es/wp-content/uploads/2016/04/balance_horarios_comerciales_comunidad_madrid.pdf

[203] Article "La liberalización de horarios comerciales asfixia a trabajadores y pequeño comercio", La Marea.com. 05 Decembre 2013. http://www.lamarea.com/2013/12/05/pequeno-comercio/

income (declining), unemployment rate (increasing) or interest rates and access to credit. In fact, the observation is that selling's have been displaced from Mondays to Sundays, which suppose a benefit for big companies, that can maintain larger working hours (Int.2, CCOO[204]).

8.3 Evolution of the labour market in the Spanish commerce sector

Working conditions

The latest information published by the National Statistics Institute regarding working conditions dates from 2014. However, the information reported by interviewers as well as analysed during the documentary research allows us to draw the evolution of working conditions in the commerce sector.

The labour market reform has produced an important impact in staff working conditions that mostly affect big retail companies, due to the number of staff employed. The following forms of work have been reported mostly in medium &big retail and wholesale companies (Int 2; CCOO[205])

1. Extension of the number of working days (thus including Sundays and Holidays throughout the calendar year)
2. Unilateral and irregular distribution of working time:
   - Uncertain or unknown in advance distribution of work shifts distribution. This is the most disturbing factor.
3. Mismatch of working times:
   - Working shifts with very long middle resting hours that sometimes are not very useful for the person, especially in large cities and metropolitan areas.
4. Working hours in times of intense social activity, personal and family General:
   - work out at very late hours (between 21 or 22, or later).
   - Work on non-work days of intense personal and family social relationship.
5. Frequent overtime, paid and unpaid. Unpaid overtime, no compensation with free time.

The new regulatory framework (labour & liberalisation of working hours), along with the high unemployment have propitiated the proliferance of these new forms of working conditions.

According to a study elaborated by the Spanish Confederation of Commerce[206], the liberalization of trading hours has not led to lower prices but on the contrary an increase in costs. This specially affects the retail sector/small companies that have to cover more working hours to meet the extended time frame, thus reducing their competitiveness.

On the other hand, this measure has not been directly followed by an increase in the employment rate. For example, in the Madrid Region, since the entry into force of the Law to boost the commercial activity in the Community of Madrid, July 2012[207], this community has lost a total of 3,684 jobs (CCOO). However, more updated information based on the Labour Force Survey of the National Statistics institute reports that at beginning of 2017, the employment figure raised in the region increased in 20,806 new jobs [208], which may imply a trend change along with the economic recovery of the country.

In line with this argument, the liberalisation of the trading hours along with the Labour reform, have seriously affect working conditions of large retailer's workers thus resulting in new forms of work. (Int.2; see point 3.3).

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[204] CCOO. INFORME DE LA ACTIVIDAD COMERCIAL Y EL EMPLEO. NUESTRO MODELO COMERCIAL Y NUESTRA APUESTA. Noviembre 2015.

[205] CCOO. INFORME DE LA ACTIVIDAD COMERCIAL Y EL EMPLEO. NUESTRO MODELO COMERCIAL Y NUESTRA APUESTA. Noviembre 2015.

[206] CEC (2015) Retail Revolution 2016. Parte 1: Analisis ¿Qué ha pasado en el comercio minorista de España en 2015? http://www.cec-comercio.com/wp-content/uploads/2014/04/INFORME-Retail-Revolution-2016.-Parte-1-Analisis.pdf

[207] Ley 2/2012, de 12 de Junio,de Dinamización de la Actividad Comercial en la Comunidad de Madrid

[208] Madrid Autonomous region Press reléase, March 2017. file:///C:/Users/TaniaGC/Downloads/NP%20Comercio%20Madrid.pdf

Figure 62: Summary of working conditions trends

	Trend	Large retail	Small Retail	Source
(in)voluntary part-time work	Increase of part-time work			National Statistics Institute, (Figure 4)
work-life balance	Extension of the number of working days (thus including Sundays and Holidays throughout the calendar year)			Royal Decree 19/2012
	Increase of w-end contracts			EWCS 2015
working time preferences	Unilateral and irregular distribution of working time			EWCS 2015 Int. 2
	Frequent paid overtime			National Statistics Institute (Figure 6) Int. 1
	Frequent unpaid overtime			National Statistics Institute (Figure 6) Int. 2
	Work out at very late hours			EWCS 2015, Int. 2
perceived skills gap	Overqualified employees			Int.1, Int.2 & Int.3.
	Replacement of cashiers (oftenly women) by machines			Int. 1 & Int. 2
	Increasing demand for qualified staff related to the fields of ICT, online marketing, etc			Int.1, Int.2 & Int.3.
regularity of working time	Increase of temporary contracts			National Statistics Institute, (Figure 5).
	Concatenation of temporary contracts			National Statistics Institute
	Temporary contracts linked to sale/Christmas periods			National Statistics Institute
availability of employee representative	Lack of employee representative			Workers rights legislation[209]
job quality	Increasing staff rotation			Int. 2
	More specialisation (ICT, online marketing, security, logistics, etc)			Int.1, Int.2 & Int.3.

Source: Elaborated by Ecorys

A major trend in the large retail sector, is the steadily disappearance of cashiers (usually low-skilled women) as well as staff linked to the replacement of products, than can both be substituted by machines. However, we can foresee an increase in client attention and product manipulation positions due to the increase of online shopping (especially food&beverage) (Int.1).

Also, current trends in the sector of commerce (both for wholesale and retail) are characterised by an increasing demand on labour specialisation in the fields of commerce, logistics, marketing, ICT, security, etc. rather than general background (e.g. Business administration). (Int.3)[210].

[209] The Spanish Workers Rights legislation, establishes that companies with less than 10 employees may designate one to three representatives. However, this is not a current trend in small-sized companies.

[210] From Interview 3. Enterprises don't want to invest in people: new workers are demanded not only to be specialised in one field, but also to have experience. At this regard, the Labour reform allows more "flexibility" for the entrepreneur but it also means an increase in the number of temporary contracts linked to apprenticeships, which are not turned into fixed-term contracts.

The market demands new labour structures to understand the companies' needs, its production flows with a focus on productivity. Therefore, labour reforms should concentrate in enabling new labour structures, standardisation of contracts, limiting the use of temporary contracts but encouraging workers to have an income in terms of productivity. This also demands more transparency from the entrepreneur.

These two trends go in line with the increase of e-commerce (Int.1), which demand more sophisticated skills. Therefore we can foresee an increase of job demand related to these fields, linked to highly qualified professionals (e.g. engineers, geo trade experts, etc) (Int.3)

Professional mobility can be positive for skilled labour, in terms of career opportunities. At this regard, the labour market requires a professionalization in the field of trade/commerce that demands more specific degrees at Graduate level (not Masters Level) as well as geo expertise[211] (Int 3).

At this regard, Spain is very well positioned towards latin-american/spanish speaking countries. However there is still a cultural bias because traditionally the Spanish population pursues long-term studies, avoidance of languages and ageing population.

At this regard, Eastern countries are already sending their students to obtain a specialisation in our country.

The forms of work in the commerce sector

Part-time workers are very frequent in the commerce sector, representing 15% of the total workers and constantly increasing in the last 5 years although diminishing in the current year. Part-time is mostly used by women, who accounted for 75% of part-timers in 2015 (while they account for 45 % of full-timers).

Figure 63: Workers in the sector by worktime and sex (in thousands)

	Full- time						Part-time					
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Total	2,398.9	2,379.9	2,324.6	2,383.2	2,450.5	2,508.7	502.8	517.9	489.4	451.1	433.2	435.7
Men	1,328.1	1,311.8	1,267.5	1,325.2	1,352.2	1,384.5	123.7	125.2	124.9	111.0	95.2	100.9
Women	1,070.8	1,068.1	1,057.2	1,058.0	1,098.3	1,124.2	379.1	392.7	364.5	340.1	337.9	334.8

Source: National Statistics Institute, 2016

Also, temporary contracts have increased during the last 5 years. At this regard, the most frequent type of contract is for a length of 6 months, thus affecting mostly women.

Figure 64: Temporary workers in the sector by length of contract and sex (in thousands)

	2016	**2015**	**2014**	**2013**	**2012**	**2011**
Total						
Total	447.1	416.7	393.7	365.5	401.1	369.6
Men	203.8	180.3	168.4	161.2	170.1	154.6
Women	243.3	236.5	225.2	204.3	231.0	214.9
1 day						
Total	4.2	1.5	1.5	2.6	0.4	1.4
Men	2.9	0.9	0.7	1.5	0.2	1.1
Women	1.3	0.6	0.9	1.1	0.2	0.3
From 2 days to less than 1 month						
Total	10.5	12.0	7.0	7.1	6.9	7.6
Men	3.7	5.7	4.2	2.9	3.2	4.4
Women	6.9	6.3	2.8	4.2	3.7	3.2
From 1 to 3 months						
Total	73.9	67.2	69.5	67.7	77.2	69.9
Men	32.7	27.7	30.0	26.1	29.1	23.4
Women	41.2	39.4	39.5	41.6	48.0	46.5
From 4 to 6 months						
Total	97.3	97.5	105.4	84.9	91.7	103.3
Men	47.0	39.0	44.1	31.0	40.4	41.8
Women	50.3	58.5	61.3	53.8	51.3	61.5

[211] This refers mostly to wholesale.

From 7 to 11 months						
Total	23.8	23.8	20.3	24.6	14.5	26.1
Men	10.7	10.0	6.8	8.5	6.3	10.6
Women	13.2	13.9	13.6	16.1	8.2	15.5
From 1 to less than 2 years						
Total	50.6	47.7	37.3	32.6	38.4	31.0
Men	24.3	20.6	17.7	18.7	17.7	14.4
Women	26.3	27.1	19.5	13.9	20.7	16.6

Source: National Statistics Institute, 2016.

Finally, only 5% report to have performed extra working hours. Of these, around 50% are paid and 50% unpaid.

Figure 65. Employed staff performing extra working hours in the sector, by sex (in thousands)

	2016	2015	2014	2013	2012	2011
Total						
Total	2,147.8	2,122.6	2,041.9	2,029.7	2,114.6	2,165.4
Men	1,012.4	983.4	949.5	957.8	1,019.1	1,048.1
Women	1,135.5	1,139.2	1,092.3	1,071.9	1,095.5	1,117.3
No extra hours						
Total	2,042.6	2,011.0	1,932.2	1,940.5	2,025.8	2,054.3
Men	958.3	923.6	894.6	919.0	973.6	979.7
Women	1,084.3	1,087.4	1,037.6	1,021.5	1,052.2	1,074.6
Extra hours						
Total	105.3	111.6	109.7	89.2	88.8	111.1
Men	54.1	59.8	55.0	38.8	45.5	68.4
Women	54.1	59.8	55.0	38.8	45.5	68.4
Paid						
Total	52.6	40.8	41.1	39.0	31.2	49.0
Men	26.0	16.9	16.1	16.1	13.2	26.5
Women	26.6	24.0	25.1	22.9	18.1	22.5
Non Paid						
Total	47.2	62.4	64.1	46.2	53.7	55.7
Men	25.3	40.3	37.0	21.4	31.9	36.4
Women	21.9	22.1	27.2	24.8	21.8	19.3

Source: National Statistics Institute, 2016

8.4 Industrial relations in the Spanish commerce sector

Collective agreements are the main procedure where employment and working conditions are negotiated and agreed although these usually apply to big enterprises.. The number of hours is agreed on collective agreement, and main unilateral decisions mostly affect the forms of employment (w-end contracts, temporary contracts, etc). The variety of modalities that have been introduced through the labour reform supposes greater flexibility for employers in order to adapt to the market demands (Int. 1).

In Spain, collective agreements are negotiated at sub-regional level. This supposes an important fragmentation of the system, that incurs in higher burocracy, both for employers and workers. During the last years there have been efforts to combine collective agreements to the regional level, or a minimum set of working conditions at national level but there has been a strong resistance from both sides (Int.1)

However it is important to mention the example of the Community of Andalusia with concern to the liberalisation of working hours. At this regard unions, consumer associations and small retail associations have arrived to an agreement to establish a standard minimum legal requirement for the sector. This agreement has created 6,970 new jobs. (Int. 2 ; CCOO)

The difference between both sides is reinforced by the media manipulation (Employers in search of neoliberal markets and practices vs Union environment where there is no flexibility). There is a need for greater dialogue in order to find agreements, midpoints, and new regulatory frameworks where both rights and obligations must be met. (Int.3).

Additionally, one of the challenges for unions is to introduce education& skills training policies into collective agreements, as a way to allow workers to be flexible to employers demands (Int. 2).

9/ The case of Sweden

9.1 e-Commerce in Sweden

E-commerce in Sweden is defined as retail sale via Internet. In 2014, there were approximately 7,200 companies active in e-commerce and the sector employed around 7,000 people (The Swedish Trade Federation, 2014).[212] This can be compared to around 127,000 companies and almost 500,000 employees in the whole commerce sector (Statistics Sweden).

Table 28: E-commerce turnover (billion SEK including VAT)

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
4.9	6.8	9	14.3	17.7	20.4	22.1	25	27.7	31.6	37	42.9	50.1	57.9

Source: HUI Research

Last year, e-commerce grew by 17%. In 2016, the turnover in Swedish e-commerce was SEK 57.9 billion (around EUR 5.7 billion). The median turnover for a company active in e-commerce was SEK 12.5 million with median labour costs of 15% (2014). The same year, the turnover in retail amounted to SEK 750 billion and the double in wholesale (HUI Research, 2017).

Table 29: E-commerce - Share of total retail sector

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
3.0%	3.4%	3.6%	3.9%	4.3%	4.8%	5.5%	6.1%	6.9%	7.7%

Source: HUI Research

In 2016, the e-commerce made up 7.7 % of all retail in Sweden. The sector is still very young, and many of the enterprises are one-person companies, e.g. selling handicrafts. The most commonly purchased items in Swedish e-commerce are clothes, electric appliances and books. In 2016, e-commerce grew by 29% in construction retail, 26% home décor and furniture, 23% in children's products and toys, 28% in sports retail, 11% in electric appliances, 8% in clothes and shoes, and 10% in books and media (HUI Research, 2017).

9.2 Ongoing trends that affect the Swedish commerce sector

Growing population/Asylum Crisis

Last year's asylum crisis had an immense effect on Sweden. The situation demands new strategies in order to quickly and efficiently integrate newly arrived immigrants into the Swedish labour market. The current circumstances made an old debate on how to create more jobs resurface, particularly between the social partners in the sector. Employers' organisations have advocated a freezing of the entry-level wages in order to incentivise employers to hire more workers (see e.g. The Swedish Trade Federation, 2016). The Commercial Employees' Union opposed this suggestion fearing that a lowering of the wages could spread to the whole of the labour market and due to the fact that six out of ten employees in commerce only work part-time. Instead, the union would like to see more investments in education initiatives (see e.g. Dagens Industri, 2016 and The Commercial Employees' Union, 2013). In the most recent bargaining round (spring of 2016) entry-level wages were neither lowered nor frozen, but the debate continues (Dagens Nyheter, 2016).

According to Professor Sven-Olov Daunfeldt, very little research has been conducted with regard to the effects of entry-level wages on labour market entrance in Sweden.

[212] This number is likely to be an underestimation since it only includes employees in NACE code 47.9 and employees working for multichannel companies.

Digitalisation

As described in section 1, e-commerce is growing rapidly in Sweden and many companies are in the process of adapting their organisations to meet the new demands (HUI Research, 2016). This digitalisation process is likely to become an important competitiveness factor, and those companies who are quick at adapting to the new circumstances will benefit.

Other types of digitalisation and automatization are also underway, self-scanning for example. As of yet, none of the interviewees for this study have seen any noticeable effects on labour demand. While shifts in the organisational structure due to new technology are expected, the social partners do not fear a great loss in the number of jobs. Technology needs to be maintained and this development is likely to create new *types* of jobs rather than act as a labour substitute. On the whole, this type of technological development is welcomed by employers and unions alike. For instance, working in a check-out counter can often be quite physically strenuous and if it could be replaced by other types of jobs, it would be considered positive.

Digitalisation is also an issue of distribution. As for labour market effects, a growing e-commerce sector and higher demands of quick shipping could potentially see a development toward to more weekend work for the employees in wholesale.

Consumer Preferences

During the past few years, the sector have seen a development toward having a more well-informed customer, partly due to how easy is has become to do research online. Consumers have high demands on online availability and fast shipping, something which actors in retail and wholesale must adapt to. Physical stores are to an increasing extent serving as 'showrooms' for the consumer to be able to study the item in detail, and then order it online. At the same time, 'webrooming' increases more rapidly, i.e. when the consumer researches the item online but buys the product in a physical store. Consumers are also increasingly demanding detailed information on social sustainability aspect, ethical and environmental aspects and health effects.

9.3 Evolution of the labour market in the Swedish commerce sector

Working Conditions

Working-time

Working conditions in the commerce sector vary a lot between the different subsectors. In wholesale, full-time employment is the norm but retail has seen an increase in part-time work. Six out of ten people in the whole commerce sector work part time and around one in ten people in commerce is underemployed, that is, part-time workers who could and would want to work more (Statistics Sweden, 2015b & interview with the Commercial Employees' Union).

Retail is primarily a female-dominated sector while wholesale is male-dominated. The higher rate of part-time work in retail follows the pattern of other female-dominated sectors in Sweden. In a survey conducted by The Swedish Trade Union Confederation (LO), 40 percent of the female and part-time working respondents (in all sectors) reported that the reason for their part-time contract was that they had not been offered more work (LO, 2016).

These differences between men and women in terms of the numbers of hours worked have significant effects on the (unadjusted) wage gap in the sector. Women in retail currently earn SEK 3,600 (around EUR 380) less per month than men in retail (ibid). It should be noted that for white-collar workers (in both retail and wholesale), full-time permanent positions are the norm.

Work-life balance

The Commercial Employees' Union (Handelsanställdas förbund) report that their members experience problems with their work-life balance, especially those on fixed-term contracts. It seems to be extra hard for those who are working parents, seeing as most jobs in retail require that you are able to work evenings and weekends. The result is that many, particularly women, start working part-time in order to be able to combine work and family life.

However, according to the union, the situation in Sweden is better than in many other countries. Partly due to affordable welfare services such as day-care, but also because workers covered by the retail collective agreement have a right to see their schedule six months in advance.

Work environment

The number of workplace accidents has decreased in the sector while work-related diseases has increased somewhat. In both retail and wholesale, ergonomic factors are the key cause for work-related disease, but both sectors have seen an increase in the number of cases due to social and organisational factors. However, this development is seen across all sectors in Sweden (see Eurofound, 2016).

Table 30: Number of workplace accidents (resulting in sick leave)

	2010	2011	2012	2013	2014	2015
Commerce (NACE 45-47)	1,988	2,061	2,274	2,239	2,402	1,687

Source: The Swedish Work Environment Authority

Table 31: Number of reported cases of work-related disease

	2010	2011	2012	2013	2014	2015
Commerce (NACE 45-47)	399	440	515	545	566	646

Source: The Swedish Work Environment Authority

Between 2010 and 2014 the share of employees in the commerce sector who experienced work-related anxiety increased from 4.1 to 5.5 percent, and the share who experienced discomfort due to stress increased from 6.2 to 8.8 percent. 47 percent of the respondents reported to have a hard time mentally disconnecting form work in thier free-time, but 71 percent stated that they were pleased with their job overall (Statistics Sweden, 2015 and 2014).

For white-collar workers, the main work environment issue is what the trade union Unionen calls 'boundaryless work'. That is, the spill-over of work into private life (Unionen, 2013). Workers experience that they are expected to be reachable around the clock. However, this seems to be the case in nearly all industries and is not unique to commerce.

In retail, one of the work environment problems on which the social partners work together most closely is robberies. As purchases by credit cards has increases and fewer people pay cash, the number of robberies of check-out counters has decreased. However, it is becoming more common that those who steal use force in order to get away, thus turning a theft into a robbery. Together, the social partners in the sector have developed a 13 point programme to improve safety against violence and robberies (The Swedish Retail and Wholesale Council, 2016).

E-commerce

As for working conditions specifically in e-commerce, it is difficult to say anything with certainty about the conditions for those working in the sector due to it being fairly young. However, the Commercial Employees' Union expect that those workers who are tied to storages (packing for shipping etc.) work under similar conditions as blue-collar workers in wholesale.

Career development opportunities

The commerce workforce is very young, particularly in retail where half of all workers are under the age of 30. Many people get their first job in the sector, and currently around one in five people aged 16-24 are employed in commerce. The sector is attractive for young people as the pay for night and weekend work is quite high, making it suitable to combine with studies.

As for career opportunities, the outlook is perhaps not as good. Once having entered the sector, the 'climbing' opportunities are limited, especially in retail. In some cases, there is a possibility of becoming a store- or department manager, but it generally depends a lot on the company and its structure. However, it is quite common that the larger commerce companies recruit workers from within the organisation to white-collar positions, for instance people who have worked extra while attaining a relevant university degree or have received in-company training.

The employee turnover rate in commerce is high but has remained fairly constant over the past few years – around 30% in retail and 22-23% in wholesale (The Commercial Employees' Union, interview). The rate is lower for white-collar workers in the sector. The trade union Unionen who organises this group suspects this might have to do with white-collar workers having a more long-term outlook on their positions in the sector, while it is perhaps more common for blue-collar workers to view the sector as way into the labour market and eventually toward other sectors.

The social partners in commerce all agree that the sector can be considered a stepping stone for labour market entrants. Workers who have experience from the sector are attractive to employers also in other sectors, much due to their experience of dealing with customers.

In both retail and wholesale, the majority of employees have permanent contracts. However, in retail there has been a large increase in some forms of fixed-term contracts (mainly 'allmän visstid', a general fixed-term employment) while others (mainly 'vikariat', a substitution employment, and 'provanställningar', a probationary employment) have decreased slightly. The Commercial Employees' Union argues that it is the more precarious forms of employment that have increased the most.

In 2015, around one in four were fixed-term employed in retail (around 10 percentage points over the national average) (Statistics Sweden's Labour Force Survey 2015 and interview with the Commercial Employees' Union[213]). The increase in some forms of fixed-term contracts is mainly due to the legal reform in 2007 which enabled employers to hire workers temporarily without having to provide just cause for the employment not being permanent. In wholesale, less than 10 percent were employed on fixed-term contracts in 2015. But on the other hand, there had been an increase in employment through temporary work agencies (TWA).

In summary, across the whole commerce sector, it is most common to be permanently employed, followed by general fixed-term contracts and substitution contracts. For white-collar workers, permanent positions are by far the most common. No interviewees in this study reported any significant rise in new forms of work.

9.4 Industrial relations in the commerce sector of the country case

The industrial relations in the Swedish commerce sector are similar to those in other Swedish sectors. Social partners negotiate wages and other working conditions without government intervention. In this area, little has changed in the past few years.

The rates of organisation for the social partners are believed to have remained quite constant, although it is difficult to get a precise estimate. For instance, the data from Statistics Sweden on which the Commercial Employees' Union rely, includes the organisation rate in retail and wholesale for *both* blue and white-collar workers (although the union only organises blue-collar workers), but does not include full-time students who work part-time in the sector. With that estimate, the rate of organisation is around 60 percent, 10 percentage point lower than the national average.

This could be explained by the fact that it generally in Sweden is much more common to be a member of a union once you have a steady job, and as many in commerce have part-time positions, the rate is therefore lower. When full-time students are included, the rate decreases due to many students not being organised (only around 10-15%). There is also a difference of around 10 percentage points in the rates of organisation between retail and wholesale.

According to the Swedish Trade Federation, larger companies in the sector are almost always members of the organisation. The Federation is one of a few Swedish employers' organisation in which a membership does not automatically entail a collective agreement. Most of the larger companies do have agreements, but some of the smaller members in retail (e.g. family-run shops) do not see the need for a collective agreement and have thus chosen to opt out. Overall, there are five big collective agreements in the sector, one for retail, one for wholesale, one for mail-order and e-commerce and two white-collar agreements.

The social partners in commerce have together established the Swedish Retail and Wholesale Council (Handelsrådet). The council works e.g. with occupational health and safety, R&D, international issues, restructuring and job transition. Activities carried out in The Council aim to facilitate and support the partners' efforts to develop the terms and conditions of retail and wholesale companies and employees.

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http://www.lo.se/home/lo/res.nsf/vRes/lo_fakta_1366027478784_sn_lo_tidsbegransade_pdf/$File/SN_LO_Tidsbegransade.pdf. The study was conducted jointly by the social parters, the data is from 2014. Fixed-term in retail was then around 29 percent and 13 percent in wholesale.

10/ The case of Turkey

It is important to include following background information while analysing the Turkish country case. During the process of this study, the collaboration of EuroCommerce with Turkey's national representative was put to a halt. Through the Turkish Chamber of Commerce several attempts were made to nevertheless include the position of employers in the country case, yet without success. Moreover, as the political situation in Turkey became highly instable during the summer, the work of our national expert was further obstructed. The contacted academia were no longer in position and hence impossible to interview.

Therefore, the reader should keep in mind that the following information is based on desk research of limited available amount of data and literature and interviews with unions.

10.1 E-Commerce in Turkey

The categorization of e-commerce companies in Turkey[214] is as follows;

Electronic and Computer sub-sector occupies the first rank with 32%, which is followed by Home Decoration with 20%, Mother, Baby and Toys with 19%, Cosmetics, Health and Personal Care with 19%, and Kitchen Appliances with 15%. Books, Films, and Music occupy the lowest ranks with 5%.

The number of employers can be categories in the following table;

Figure 66: Number of employees in e-commerce sector

Number of employee	Percentage
1-4	42
5-24	30
25-49	16
59-99	6
100-240	5
250 and more	4

Source: based on an internet survey by ikidilim.com.tr

As seen, only a small percentage of e-commerce companies employ 250 and more employees. The below table depicts the leading e-commerce companies in Turkey with the number of full time employees.

Figure 67: Main e-Commerce companies in Turkey, 2012

Company Name	Full time employee
Trendyol	900
Markafoni	730
Hepsiburada	700
Yemek Sepeti	250
Limango	150
Gittigidiyor	145

Source: Mobilsiad.org.tr

Recently, e-commerce market share has reached to 18.9 m TL with a growth of 35%. The most recent national data belongs to 2014 and it demonstrates that the share of online retail sales among the total retail sales is 1.6%, which is below the average in developed and developing countries.

The largest share belongs to online retail websites on travel-vacation category with 6.8 m TL, which is followed by multi-channel retail with 3.5 m TL and online legal betting websites with 2.1 m TL. The fastest growth happened in multi-channel retail category with 47%.

The share of online retail sales among the total retail sales is 1.6%, which is below the average in developed and developing countries.

[214] For a more detailed information on e-commerce please see Murat Sayılı et al., (2013), "E-Ticaret Yoluyla Gıda Maddeleri Satın Almaya Yönelik Tüketicilerin Tutumunu Etkileyen Faktörlerin Analizi", Journal of Agricultural Sciences, February 2013. (Analysis of the Factors İnfluencing Customer Attitutudes for Buying Food Products through E-commerce)

Figure 68: Market size of e-commerce categories

Categories	Market Size – Billion TL (2014)	Growth Rate %
Multi Channel - Vacation	5.9	35
Online - marketplace	2.7	62
Online - betting	2.1	30
Online – multi category	1.8	25
Online – private shopping	1.5	10
Multi channel – electronics	1.4	48
Online – vacation	1.0	30
Multi channel – Clothing and shoes	0.7	48
Online – vertical	0.6	15
Multi channel – Home & Decoration	0.4	40
Multi channel – Entertainment	0.2	59
Multi channel - Other	0.9	45

10.2 Ongoing trends that affect the Turkish commerce sector

Clusters	Trend	Challenges for the labour market of commerce sector
DEMOGRAPHY	Ageing	Attract and retain young employees in companies and match work processes with longer careers
	Growing population, due to migration	Integrate employees with varying national background, skills and competences.
	Different household composition	Need for reconciliation of work-life balance.
ECONOMY	Recession	Find balanced solutions for continuing pressure on profits, revenue and labour costs.
	Globalisation	Increase international competitiveness. Attract multi-language and internationally skilled employees.
TECHNOLO-GY	Digitalisation	Adapt organizational strategy and people's skills to the rise in e-commerce and digitalization.
	Innovation and R&D	Find, attract and train people to keep up with new technological processes and restructure in smart way as answer to automatization.
SOCIEY	Consumer preferences	Adapt work process and content to changing demands of consumer in terms of transparency of supply chain of products, (hyper-)fast delivery, personalization of products, low prices and high rate of product diversity.
	Asylum Crisis	Rethink recruiting strategies or job profiles in order to integrate non-native language speakers faster.
REGULA TORY	Regulation	Anticipate, co-create and adapt to changes in regulatory environment that determine possibilities and opportunities for organisations and workers in the sector.

Demography: Commerce sector is among the largest sectors with 2.8 million employees. Because of the circumstances in Syria, informal employment has raised. Below table depicts data on the rate of unregistered employment. As seen the figures are high already without even the latest increase caused by high flow of Syrian refugees.

*Table 32: Employment in Trade Sector According to the Registration**

2015, 15+	Registered	Unregistered	Total
Number	2,736,000	956,000	3,692,000
Rate	74.1%	25.9%	100%

Source: Turkish Statistical Institute
* Database of Turkish Statistical Institute does not allow to extract the data according to the employment status. Official application to Institute is required in order to access to the data on registered/unregistered employment of employees in the sector.

A large amount of registered workers are still of Turkish origin. However, in recent years, there have been an increasing number of Syrian workers employed in commerce sectored without registration/declaration. They are working without work contract or insurance and it is difficult to show statistics due to the nature of this kind of unregistered employment. They work for amounts lower than minimum wage. The language skills required to do this low-skilled job are not so high so Syrian people are easily integrated into this workforce.[215] So, commerce sector has been affected adversely because of low-cost labour provided by the cheap immigrant labour as the turn-over is high among these group and the supply of cheap labour affects the employment of other local workers. It is believed that the sector is lack of a serious inspection. Because of the increasing competition, working hours in companies are long.

Economy: There is intense competition in lower the labour force costs and this causes unfair competition. Not to pay overtime salaries, insurance premiums make companies financially more advantageous. So, corporate firms also get involved to this unfair competition and employees pay the price. Because of the fact that the sector becomes unqualified, employees are not expected to be qualified, this is the main problem. Senior employee means demanding employee. Rather than international competition, institutions breaking laws cause this problem. Foreign firms prevent this

10.3 Evolution of the labour market in the Turkish commerce sector

It is noteworthy to provide some statistical information on the employment rates and the size of trade sector in Turkey. The most recent data is from year 2015 and can be categorized as below.

Below table presents the size of trade sector in turkey by 2015. As seen, the trade sector employs 13.9% of the total workforce.

*Table 33. Share of Trade Sector in Employment:**

2015, +15	Total	Trade Sector	Share of Trade Sector
Workforce	26,620,000	3,693,000	13.9%
Employee	17,827,000	2,275,000	12.8%

Source: Turkish Statistical Institute
* Unregistered (undeclared) employment is included.

The below table depicts the number of employees by gender:

- 26.6 % of employees in trade sector is female.
- 23.4 % of total workforce in trade sector is female.

[215] Based on findings from face-to face interview with Mr. Onur Bakır, representative of Sosyal-iş Union, August 2016.

*Table 34. Basic Data on Employment According to the Employment Status in the Wholesale and Retail trade sector, age +15, 2015, by gender**

Status of Employment	Total	Male	Female
Employee	61.6%	73.4%	26.6%
	2,275,000	1,669,000	606,000
Employer	9.6%	92.4%	7.6%
	354,000	327,000	27,000
Own account worker	21.4%	88.1%	11.9%
	789,000	695,000	94,000
Unpaid family worker	7.4%	49.8%	50.2%
	275,000	137,000	138,000
Total	**3,693,000**	**2,828,000**	**865,000**

Source: Turkish Statistical Institute
* Unregistered (undeclared) employment is included.

Working conditions

Since database of Turkish Statistical Institute does not allow to extract the data on working hours at sectorial level, data on working hours of all employees is provided below:

Table 35: Average working hours in the sector

Working Hours	Share	Number of Employees
(1-16)	5.5%	1,473,000
(17-35)	14.9%	3,956,000
(36-39)	1.4%	360,000
(40h)	14.1%	3,761,000
(41-49)	23.1%	6,161,000
(50-59)	15.0%	3,986,000
(60-71)	16.0%	4,249,000
(72 +)	6.5%	1,733,000
Those not working at the moment of survey	3.5%	940,000
Total	100.0%	26,619,000

Source: Turkish Statistical Institute
* Unregistered (undeclared) employment is included.

The working hours of employees in trade sector is probably higher than the all employees due to the long working hours of non-unionized workers especially in small enterprises and the shops and stores in shopping malls which push workers to work from opening to closing hours of the shop/store without any shift. All markets generally are open for 7 days in a week and employees here start to work early in the morning until late hours. Many employees work more than legal working hours.

Also, there is shift working system requires working 7 days in a week and 10 hours in each day and generally shift hours are not fixed.

The workers are asked to come in the morning shift one day and for the afternoon shift another day which prevent them to make plans about their daily life like they cannot take their children from school or cannot make social plans. Because of this, work-life balance of employees is ruined. Especially women employees are affected adversely more.[216] For example, they work between 16.00-22.00 and the other day between 08.00-16-00.

Unfortunately, there is no national statistical data available on Turkish Statistical Institute for above mentioned indicators separately however there are some quantitative researches existing on the level of working conditions in the sector in terms of work-life balance.

[216] BLAU, Francine D. and LAWRENCE M. Kahn (2007). Changes in the Labor Supply Behavior of Married Women: 1980-2000. Journal of Labor Economics pg. 393-438.

According to unions, among the most outstanding problems in the sector can be listed as

- long and unstable working hours,
- lack of strict supervision of occupational health and safety regulations,
- considerable numbers of mobbing,
- intense harassment by clients to especially women working as salesclerk,
- cashier and customer relations.

For instance, Nurcan Ozkaplan et al., conducted research on the work life of women working in department stores and found that most of the part-time workers in the sector are students, most of the workers who work in the sector for less than 6 months are women, most of the workers who work in the sector for more than 5 years are men; average working hours per a day is 8-10 hours; and most of the interviewed workers stated that their work life is an obstacle for their private/family life.[217]

Table 36: Occupational Health and Safety:

Trade Sector, 2015	Male	Female	Total
Work Accidents	8,860	3,024	11,884
Number of Deaths	54	3	57

Source: Institution of Social Security

According to the law, working hours are determined as maximum 45 hours in a week and employers determine how to use these 45 hours. At the same time, there is working hours balancing application. For example, if an employee works 50 hours in a week, the other week she/he works 40 hours and by means of this, working hours are balanced. This prevents employers from paying overtime wages. Because of the fact that trade sector is not among hard labours, fatal work accidents do not occur as frequently as they do in sectors like construction or mining. However, more than 10 thousands of work accidents are reported each year besides a great number of work accidents that are not documented. Unfortunately, occupational diseases are not properly diagnosed and reported despite the fact that a considerable amount of commerce workers suffer from them.

There have been changes in collective labour agreement in 2003; the current law enacted. The new Labour Law was base on flexibility, and it has deteriorated many rights of the workers including the right to file a law suit in case of dismissal. The workers who were employed in workplaces with at least ten workers were able to take advantage of that right. However, the new Labour Law has increased that threshold to 30 workers which mean that almost half of the workers were deprived of that right. There is not an agreement among trade unions regarding the effects of the new Labour Law. There have been slight improvements regarding collective labour agreements. In 2003, the law that is currently effective was published. The organisation is a must for the implementation of the provisions of the law. The grounds are different according to different laws, and there is serious social rights imbalance between the civil servant workers and regular workers. For instance, while the breastfeeding duration for a regular worker is 1 hour for a year, the same duration is 3 hours for six months and 1.5 hours for the remaining six months for civil servant worker. From a social perspective, civil servant workers are much more comfortable compared to the regular workers. The situation is different in organised workplaces; means of contracts increased the duration of leaves. The collective labour agreements provide basis for the changes in the fundamental working conditions of the workers.[218]

According to unions, part-time employees mostly do not make career objectives for the long run. They consider a job in a supermarket as a transition or bridge.

Sale sector is always a career option for people who would like to start from the beginning. If you are a competitive salesman, you are less likely to become unemployed. As of multinational firms enter Turkish market, the number of employees planning to make career in these kind of firms is highly increased. This has caused domino effect and other firms have started to provide more opportunities by taking these multinational firms as examples. It is important to keep qualified employees in these times so that firms have started to offer higher salaries to get qualified employees.

[217] Nurcan Özkaplan et al. (2016), Alışveriş Merkezlerinde Çalışan Kadın Satış Elemanlarının Çalışma Yaşamları: Mesleki Algıları ve Kariyer Beklentileri, Ankara, study results from the project financed by SIDA and implemented by World Bank

[218] Based on an interview with the representatives from Koop-iş and Sosyal-iş Trade Unions, September 2016, Ankara.

We can give IKEA as an example. IKEA provides opportunity to make career to its employees. Employees do not continue to work in a company if they cannot make career there. In Turkey, textile firms like Inditex and H&M are preferred because of career opportunities they provide.

The laws and legislations are enacted but it is hard to implement them in terms of types. These kind of implementations cannot be made because of low incomes. Can we see the trade sector as a step for transition to labor market? Definitely yes.

Personnel turnover is really high.[219] Commerce sector is not considered as an area to make long-term career plans except some companies. Recent graduates start to work in this sector to find a job fast, like a stepping stone. Both the companies and employees see each other as temporary and this prevents the efforts for unionization. Weak work commitment causes problems in unionizing. Employees do not feel committed to work. Continuity expectation has got weak.

The forms of work in the commerce sector

Since database of Turkish Statistical Institute does not allow to extract the data on forms of employment at sectorial level, data on forms of employment of all employees is provided below:

Table 37: Number of employees by working status

2015, +15	Full Time	Part Time
Number of Employees	16,981,000	846,000

Source: Turkish Statistical Institute
* Unregistered (undeclared) employment is included.

- Part time employment is much more common in trade sector in comparison to the other sectors.
- There is no reliable data on fixed-term employment and other forms of employment.

In IKEA, one fourth of employees work as part time and only in weekends. Because of long working hours and also working times in weekends, these kinds of jobs are not preferred after marriage. It is better to categorize the sector as more institutional companies and small scale companies. Corporate and multinational companies are more flexible in working hours like IKEA. In weekends the highest revenue of retail sale sector is produced however employees also want to spend time with their family and child during weekends. So, this causes family problems and health problems in the future. IKEA has a good solution for this. They have two days of holiday, one of it is in weekdays and the other is in weekend. Also 45 hours of working is valid for 5 days. Part-time employees (generally students) see these kinds of companies only as income channels and they do not continue their careers there after graduation. On the other hand, students of vocational high schools advance in their careers in these kinds of companies because they work as qualified and profession oriented.[220]

New employment areas like working from home, private employment offices have occurred. Despite new employment areas, sub-contracting practices (subcontractor) have increased. Subcontracted workers have started to perform even main jobs. At the same time, under the TYP (On-the-job Training Programme) conducted by İŞKUR (Turkish Employment Agency), many people have been employed. Throughout the program, the wage and social security premiums of the workers are covered by Turkish Employment Agency. However financing source is the Fund of Unemployment. These employees, mostly temporarily, have started to work in various stores. However, these employees are excluded from the programme after 12 months and become unemployed. Though, at the end of the program, employers may decide to employ the trainees permanently and in that case they receive additional public incentives for a while more.

Subcontractor workers and firm employment have become widespread, (Firm personnel: salesmen employed by producer; producer aims to distribute promotional products by employing these employees in his stores). Some of the producers benefit from these employees for their own issues or put products in shelves etc. This creates labour force with zero cost. The company permits this to promote its products.

- Temporary agency workers become common and we expect an increase in their numbers,
- On-call working,

[219] Çoban, F. (2005). Kaybetme korkusu sadakati arttırdı mı? Capital, 1 Mart: 23.

[220] Murat İnce, E-Commerce: Possibilities and Policies for Developing Countries, State Planning Organization Publications, Ankara, 1999; Ekin Keskin, "Information Technology and E-Commerce", Stratejik Analiz, Vol 1, No 5, September 2000; Serdar Altınok et al. "Basic Economic Impact of E-commerce", Selcuk Unıversity Conference Papers

In Turkey, working programmes applied by İŞKUR have become incredibly widespread. Program for the Benefit of the Society (TPY) programme, for instance provides employment for 9 months maximum in jobs such as cleaning, recreation, school maintenance and this is paid from general budget of Unemployment Fund. İŞKUR also provides employees to stores in the scope of on-the-job training and it pays their premium payments and salaries and after one year if the store wants, they are recruited by the company. İŞKUR continues to pay a part of cost of the employee to facilitate payments of his premium payment and salary.

Table 38: On-job training implemented by Iskur, 2015

ON -JOB TRAINING IMPLEMENTED BY ISKUR, 2015			
Number of Program	Number Of Trainees		
	Male	Female	Total
76,934	81,830	77,246	159,076

Source: ISKUR website, http://www.iskur.gov.tr/kurumsalbilgi/istatistikler.aspx

10.4 Industrial relations in the Turkish commerce sector

Because of the fact that only a limited number of companies worker unions, there is a limited effect on community level. Because of the absence of sectorial collective agreements, unions do not have much power on changing the conditions in the sector. So, effect of the unions is very limited, mostly within specific companies.

There are 15 members and employees, 5 employers, 5 public and 5 union authorities in minimum wage determination commission. The employers are in majority because the largest employer institution is the government. For example, when subcontracted workers want to hold a public demonstration, it is hardly possible to make 50 thousands of people gathered. Workers are reluctant to actively involve in labour rights events, marches, strikes because of the pressure and fear of losing their job.[221] In trade sector, strike is an important factor. Strike is the biggest fear in trade sector because it suspends production and causes incredibly high costs. The more you are organized, the more you are effective. As indicated in below table, unionization rate is quite low in the sector in Turkey.

Table 39: Unionization Rates by 2016

2016, July	Trade, Office, Education and Fine Arts	Total
Number of Workers	3,079,761	13,038,351
Union Members	152,439	1,499,870
Unionization Rate	4.9%	11.5%

Source: Ministry of Labour and Social Security

- Turkish trade union system is based on "branches of business". Trade sector is a part of the branch of business titled "Trade, Office, Education and Fine Arts", however a huge majority of the workers employed in this branch of business is commerce workers.
- The chart above exclusively covers the registered workers.
- A considerable number of union-members are not covered by a collective agreement since double threshold is required for a collective agreement.

[221] Engin Yıldırım and Banu Uçkan (2010), Deunionisation Models of Employers in Turkey: A National Picture, Labor and Society Journal.

11/ The case of United Kingdom

11.1 e-Commerce in the UK

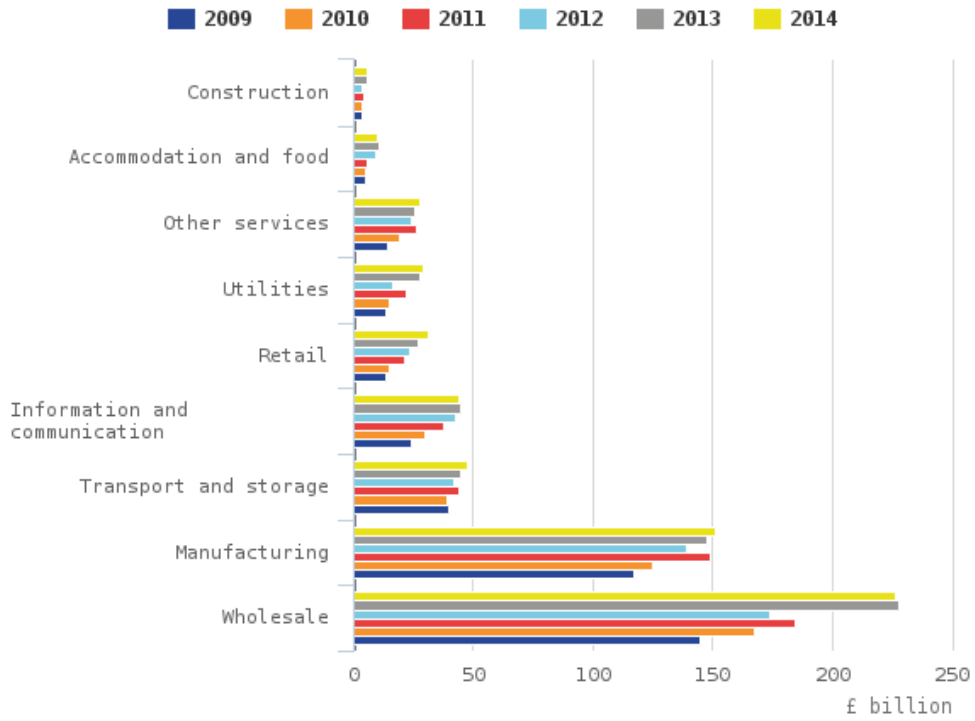
The overall e-commerce sales by businesses with 10 or more employees in the UK non-financial sector were £573 billion (EUR 684 billion), representing 20.1% of business turnover. E-commerce in the UK has grown substantially since 2008, where e-commerce contributed 13.7% of total business turnover. Micro-enterprises (businesses with less than 10 employees) generated £19.5 billion (EUR 23.2 billion), or 4.1% of business turnover for micro-enterprises in 2014[222]. Large companies (1,000 employees or more) dominate in e-commerce sales. They only represent 0.7% of the number of businesses with 10 or more employees, but account for 48% of e-commerce sales in 2014) (Prescott 2015).

Nearly half of all e-commerce sales come from the wholesale sector (40% or £227 billion (EUR 270 billion)) with manufacturing contributing £152 billion (EUR 181 billion) or 26% of all e-commerce sales in 2014. All sectors have experienced substantial growth in e-commerce sales since 2009, although the extent of growth has differed by sector (see Figure 69). The retail sector was comparatively small in the UK, contributing only 5.4% of e-commerce sales (£31 billion or EUR 37 billion) but registered the biggest growth (14% from 2013 to 2014) (Prescott 2015) which Rubin (2013) expects to nearly double by 2018.

The Centre for Retail Research (CRR) (2016) concludes that the UK online retail market is mature with 55+% of the population shopping online across a number of providers and on average about 12 times per year, increasingly on mobile devices. As such, CRR predict that growth in online retail sales will slow down but predicts a total share of retails sales of up to 21% by 2018.

Online retail sales follow seasonal patterns, with clothing, toys and electricals having the highest sales in December, while clothing (e.g. school uniforms) drive sales over the summer months, with home related items featuring strongly during the autumn (Verdict 2016). The single biggest categories in e-commerce sales in the UK were apparel, food and drink, media products as well as consumer electronics and video games hardware (OXIRM 2014).

Figure 69: Value of UK e-commerce sales, by industry sector, 2009 to 2014 (excluding micro-enterprises)



Source: Office of National Statistics (2014)

[222] There is no comparison figure to earlier as the indicator for micro-enterprises was only introduced in 2014.

It is difficult to ascertain the number of companies and the number of employees in the e-commerce sector in the UK. E-Commerce in the UK is part of the 'Digital Economy' which includes also upstream and downstream industries (e.g. producers of electronic goods as well as creative companies) (Gough 2015). It is estimated that there are in excess of 47,000 companies in the digital industries (Wauters 2015). Employment figures for the Digital Industries suggest that around 1.3 million people worked in the Digital Industries in 2013 a growth of 4.5% from 2009. This represents approximately 6% of the total working population in the UK. The Digital Industries are concentrated throughout London and the South East, with the remaining regions of the UK showing significantly smaller contributions (Gough 2015) in terms of turnover. However, nearly 75% of all employees in the digital industries are based outside London, with key centres in Brighton, Edinburgh and Cambridge (Wauters 2015) and further fast growing clusters in Liverpool, Bournemouth and South Wales.

The academics interviewed suggested caution regarding the statistics on internet sales and e-commerce, particularly with regards to regional distributions as it was unclear where and what specifically was measured. The definite effects of e-commerce and internet sales were in their eyes not yet fully understood by government, commerce associations and indeed the companies themselves.

11.2 Ongoing trends that affect the British commerce sector

The three trends affecting the commerce sector the most were identified as:

- The growing effect of the **internet and technology**: on the one hand this brought change in terms of distributions channels and new business and sales models emerged. On the other hand, the internet and mobile technology affected consumer behaviour significantly (e.g. price comparisons, product comparisons). This required many retailers and wholesalers to rethink their market positioning and business models. It also affected staff cost as higher quality labour means higher staff cost, which need to be balanced with physical store cost. Equally, the emergence of more technology focused solutions has led to a polarised work force, with on the one hand highly qualified individuals at the design and development end of retail operations, contrasted with a fairly low qualified work force in distributions centres carrying out highly routine tasks. The effects of the internet have been described by one of the interview participants as a "long, slow-burner" effect despite its rapid growth, as the full effects cannot yet be understood and change is continuously taking place.
- Changing **consumer behaviour**: consumers have become more "choosy" in what they buy. There is a constant weighing up of opportunity to own an item now (convenience) to owning an item at a cheaper price (value). Here the internet has had a major effect. Changing demographics, in terms of household structures and where people live, have also affected the sector. Academics interviewed suggested, that, there has a been a shift in power towards the consumer, which has led to spatial effects (e.g. the dying high street) with consumers going to locations where a variety of offers can be conveniently accessed. This in turn has affected workers (e.g. longer travel times, need for having transport available).
- Effects of the **recession**: the recession has affected the sector in a variety of ways. On the one hand, consumer buying behaviour has changed, with consumers making more considered choices, comparing more. One interviewee pointed out the importance of retailers catering for different population segments, e.g. the recession forced many people on low incomes to better manage their money and thus they were buying in smaller quantities and very targeted (e.g. meat by the slice), while retailers removed deli counters from their shops considering customers would buy larger savings packs, which was not the case. This also affects the workforce in that employers may demand higher flexibility with work patterns, while also trying mediate between the increase in labour cost due to the introduction of the national living wage, which is higher than the minimum wage; the introduction of the apprenticeship levy (employers who do not take on apprentices have to pay a penalty fee); as well as changes in business rates which are also imposing higher cost.

It is important to note that the effects outlined are all interacting and that they cannot be seen independently of each other. The internet and recession are driving consumer behaviour, while spatial changes and the need to balance cost are affecting how goods can be offered to the customer (whether wholesale or retail). Demographic changes are driving tech-savviness as well as consumer behaviour. At the same time, issues such as migration and the refugee crisis have expanded the labour pool significantly and provide potential for future development, combined with a more entrepreneurial attitude. It is therefore extremely difficult to isolate any of these factors.

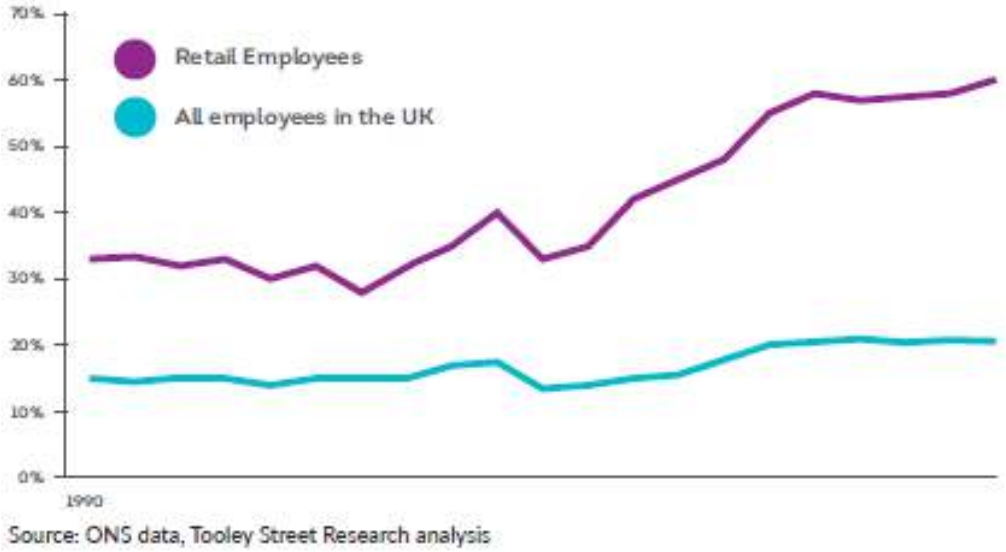
11.3 Evolution of the labour market in the British commerce sector

Working conditions

The report takes into account the wholesale and retail sectors in the UK where possible. However, based on the information provided by the interviewees, the wholesale sector was perceived as 'diminished' in its importance and certainly in terms of research was seen as hardly existent[223]. This is in stark contrast to some Southern European countries as well as the US, where the wholesale sector has a different importance. Certainly from the union perspective as well as from the side of the academics there was a suggestions that due to the emergence of warehouse-based online retailers who sold directly to customers, the wholesale sector had become much more integrated into the retail sector and in part had become more of a part in retail supply chains. The Union interviewee pointed out that workers in distribution centres tended to be covered by logistics or the retail union and would therefore not appear as wholesale union members separately. Labour market statistics from the Office of National Statistics (ONS) collate the information from retail, wholesale and car and motorcycle repair into one category[224], further highlighting the lack of individual insight into the wholesale sector from a working conditions point of view. The remainder of this section will therefore predominantly focus on the retail sector.

According to the "Retail 2020" briefing of the British Retail Consortium, the **incidence of low pay** (defined as pay being less than 20% above the minimum wage) has been increasing substantially in the retail sector from about 30% in 1990 to 57% in 2015 (see Figure 70). The UK government introduced the National Living Wage in 2015, however, this has been seen critically. On the one hand, employers cite rising cost, while on the other hand the unions point out that the living wage (£7.20/ hour) does not apply to individuals under 25 years of age and with a large number of young employees in the sector, they are therefore not covered and are being paid the minimum wage which is staggered across age bands (£6.70 for 21-24, £5.30 for 18-20, £ 3.87 for under 18s).[225] The National Living Wage is still substantially lower than the living wage as calculated by the Living Wage Foundation, which is £9.40/ hour for people living in London and £8.25/ hour for the rest of the UK[226].

Figure 70: % of people in retail earning less than 1.2 times the (actual or estimated) minimum wage



Source: BRC (2016)

[223] The academics interviewed were unable to refer a colleague who specialised in the wholesale sector.

[224] ONS (2016) Data set: JOBS02: Workforce jobs by industry. ONS. Published: 14.09.16. [Online] http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/workforcejobsbyindustryjobs02 [Accessed: 18/09/16].

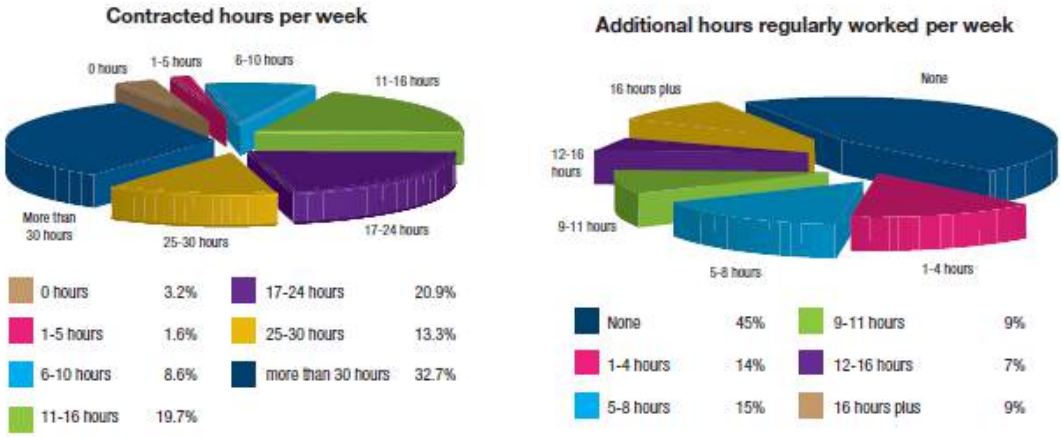
[225] Gov.uk (2016) National Minimum Wage and National Living Wage rates. [Online] https://www.gov.uk/national-minimum-wage-rates [Accessed: 18/09/16].

[226] For details and further insights on the Living Wage as calculated by the Living Wage Foundation see http://www.livingwage.org.uk/

USDAW conducted a member survey into the spread of **zero hours and short-hours contracts** and underemployment[227]. It showed that while in those businesses that were unionised, zero hour contracts were not very prevalent, the incidence of short-hours contracts and associated underemployment outside of unionised businesses were perceived to be growing. Estimates by the ONS suggest, that around 10% of workers in the wholesale and retail sector are on zero hour contracts. While there is no percentage change compared to 2015, a greater number of workers were on zero hour contracts in 2016 (an estimated 90,000 in 2016 compared to 75,000 in 2015)[228]. However, there was an admission by the the UK Government and the ONS that the likelihood they are underestimating this figure is quite high[229] although measures have been improved since 2014.

The majority of respondents to the USDAW survey were still employed on traditional full and part-time contracts (see Figure 71), but there were also a substantial number of survey respondents who reported regularly working additional hours on top of their contracted hours, without these being guaranteed.

Figure 71: Contracted hours per week and additional hours regularly worked per week



Source: USDAW (2014), Survey of USDAW union members, N=2132

Both of these issues, low pay in combination with zero hours and short-hour contracts, have implications for worker's pensions as well as for instance their ability to obtain a loan or a mortgage. Unions outlined that due to the economic crisis and the cautious lending strategies of banks and the financial services sector more widely, workers on part-time and zero-hour contracts were unlikely to be approved for a loan due to the perceived higher risk for the lender associated with the potential insecurity of their jobs. Additionally, pension contributions which are due based on the time worked are also negatively affected as no hours and therefore no income can be guaranteed[230]. There are also differences if a person is classed as an employee or a worker, with the latter having less rights than the former.[231] Unions and employers agree that in some circumstances these kinds of conditions work well around some individuals' current needs, but may have effects on individuals' ability to increase hours in the future.

Equally, the union respondent as well as the academics reported of fears and pressures on workers who had zero hours and short-hour contracts who turned worked down. The fear was that if workers turned down additional hours once they would not be offered additional hours in the future and thus, even though the hours were inconvenient at that particular moment, they would take them on and cope otherwise (e.g. engaging parents or grandparents in childcare).

[227] USDAW (2014) Zero-Hours and Short-Hours Contracts. Manchester: USDAW.

[228] ONS (2016) Labour Force Survey: Zero-hours contracts data tables. ONS. Published: 08/09/2016. [Online]: https://www.ons.gov.uk/file?uri=/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/zerohourssummarydatatables [Accessed: 16/09/16].

[229] USDAW (2014) Zero-Hours and Short-Hours Contracts. Manchester: USDAW.

[230] See the overview of contract types and responsibilities for employers: Gov.Uk (2016) Contract types and employer responsibilities. [Online] https://www.gov.uk/contract-types-and-employer-responsibilities/overview. [Accessed 27/09/16].

[231] CIPD (2013) Zero-hours contracts: Understanding the Law [Online] https://www.cipd.co.uk/binaries/zero-hours-contracts_2013-understanding-the-law.pdf [Accessed 27/09/16].

According to the interview respondents changes in the spatial distribution (e.g. more out of town superstores and the rise of the online warehouse based retailer (e.g. Amazon) had also led to more unsociable working hours.Particularly the introduction of more convenient delivery hours for customers (e.g. hourly slots up to mid-night and deliveries within an hour of ordering) had led to changing work patterns, high pressure environments, difficulties in getting to work (e.g. accessibility of public transport over night) as well as disruptions to work-life balance.

The employer representatives pointed out that the commerce sector, and particularly the retail sector in the UK, is **highly mobile** (meaning workers can easily switch from one employer to another) and has generally a very **short-term focus**. It is very much considered an **entry point to the labour market and a stepping stone** for future careers. Traditionally, there was a career ladder available to employees in the retail sector where it was possible to "work your way up" to leadership positions. With the emergence of the polarised workforce (low skilled at distribution and shop floor vs high skilled at the internet shop design end) this has become much more difficult. The emergence of online commerce has to some extent removed a middle layer of positions so that the step-up from the entry level positions to more senior positions has significantly increased to the point that the work is highly stratified by skills, which was outlined by employer representatives and unions alike.

Business and spatial restructuring have also played a part in this. Interview participants highlighted, that this has effectively **cut out some progression opportunities** for individuals and 'working your way up from the shopfloor' has become more difficult. In part, this has to do with fewer promotion opportunities being available due to more streamlined structures and personnel organisation, but also with the requirements for the higher level jobs becoming unattainable for many population groups. For example, while many shopfloor positions are available part-time, at the managerial level, full-time hours with possibly substantial amounts of travel are generally required which do not positively align with raising a family and child care responsibilities. While in theory, there is upward mobility, there is also a ceiling for part-time employees to progress.

Interview participants pointed out that due to the rise of technology, the e-commerce design and operational level jobs are quite highly paid and stable which stands in stark contrast to the shopfloor worker. Particularly academics noticed, that there is also an **increasing trend to outsource these functions** because it would be too costly to maintain an e-commerce function internally. Overall, a trend has been observed to outsource some functions (including for instance home delivery as well as delivery to shops) as well as to share some of these functions with competitors (e.g. a supermarket chain who entered the home delivery market late has joined forces with an established competitor).

There are also issues around turnover in the industry and the attraction of talent. Some of the interviewees outlined that the commerce sector was dissatisfied with the lack of talent available for employment in the sector. At the same time co-operations between businesses and universities to attract leadership talent into the sector, train them and retain them were only slow to start. Interviewees attributed this largely to the short-term focus of the sector as well as the extreme competitiveness that the commerce sector displayed, to the extent that buying in qualified talent was considered cheaper and less risky than developing their own talent.

The lack of talent was also affected by the way many workers were treated while in employment, particularly at a young age. Some of the interviewees pointed out that for instance, while earlier students were able to structure their work around their studies, retail employers now prescribed shift patterns which required students to schedule their studies around work. This required universities for instance to adapt how they delivered lectures, e.g. make them accessible online as webinars and live streams, while at the same time exerting pressures around taking on particular shifts to retain hours on students.

According to interview participants, a difference could also be seen in whether the employer invested in their employees in terms of training and recognition. Those where employees were supported and considered an asset and of value to the success of the company were seen as faring much better in retaining employees than for instance, distribution centres where highly routine tasks were carried out which were strictly timed and paid on performance and as a consequence employers struggled to attract and retain workers.

A major challenge from a regulatory point of view is the apprenticeship levy which employers with a pay bill of over £3 million annually have to pay[232]. The commerce sector traditionally provides intensive training to its employees on an as needed and targeted basis, usually at shop level. However, in an effort to promote apprenticeships and to create entry points for young people into the labour market, the UK Government has introduced the apprenticeship levy (despite apprenticeship policy being devolved to Scotland) which charges each employer who does not have an apprentice a fee. Apprenticeships require a long-term commitment and substantial cost to the employer and therefore are not seen as a preference for the sector due to its short-term nature and cost pressure on employers.

[232] Gov.uk (2016) Apprenticeship levy: how it will work. [Online] https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work [Accessed: 18/09/16].

As outlined above, the most common types of work are still the traditional full and part-time employment contracts with the majority of workers on traditional contracts. Several high-profile cases (e.g. SportsDirect) have drawn attention to the issue of Zero-Hour contracts and this is an issue that is of concern to employers and unions alike, although from different perspectives. Employers highlight the flexibility and convenience that these types of contracts bring for employees, while unions highlight the extensive economic, work-life balance as well as health issues (e.g. stress, exhaustion, health and safety) for workers.

The emergence and growth of wholesale-type selling to consumers directly (e.g. Amazon) together with a focus on increasing customer convenience has led to different work requirements and increased performance pressure on workers. Performance tracking and pay are now an everyday occurrence for jobs in distribution centres. Particularly in these types of jobs, migrant labour is playing an increasing role, with interview participants reporting of distribution centres where whole crews consist of Polish and Spanish workers and all signage having been changed to their native language.

However, with the restructuring of large retailers taking into account more spatial considerations, new forms of retail businesses arise in the UK and with them new forms of work. While still relatively **small, community enterprises, social enterprises and farmer's markets have seen strong growth in the UK, particularly in remote areas** (e.g. Scottish Highlands and Islands, Cornwall). Here particularly the arts and crafts have seen a strong emergence, while chains find it difficult to make sufficient profit, and have thus reduced their presence to a minimum (e.g. the next bigger supermarket is 60 km away). Communities have taken matters into their own hands and set-up community shops which are trading in local products, e.g. foods from local producers, craft items. Many of these local producers also run online shops (again the question emerges how online retail gets classified, would this small self-employed artist selling his work count as a retailer?). Community shops are often staffed with minimal paid staff (e.g. a store manager) while the people helping out on the shop floor are often community volunteers. As a result, these community stores fulfil several functions: they provide for daily shopping needs, they support the local food, art and craft production community, the provide work and work experience for possibly disadvantaged community members and they act as a community hub. At a larger scale, community renewable energy schemes have emerged which are selling the energy produced to the national grid for the benefit of the community.

11.4 Industrial relations in the British commerce sector

The commerce sector in the UK operates under enormous cost pressure. At the shop floor level, the national living wage has been implemented as a national standard. Larger employers tend to negotiate directly with the union (e.g. Union of Shop, Distributive and Allied Workers) while small retailers negotiate pay directly with their employees. Never the less, the National Living Wage is seen as a bone of contention as employers use the higher cost to justify changes in employment contracts and demanding higher flexibility, while the union sees it as a vital step to fight in-work poverty. This is closely connected to offering zero hour contracts and low hours contracts. The union (USDAW) highlights for instance that

Due to the structure of the commerce sector in the UK, interview participants highlighted that it was difficult to unionise the workforce globally. Generally, bigger employers were happy to have union representation and to negotiate pay conditions with the unions. However, there were also some larger retailers (at the high end as well as the discount retailer end) who did not allow their employees to unionise. In some of these organisations, there were workers' committees but these did not prevent the employers from making unilateral decisions on pay and pensions without consultation of the committee. Smaller employers lacked a critical mass to unionise, sometimes due to geographic dispersion, which was sometimes also driven by the make-up of their workforce (e.g. family members or a close-knit community).

That said, USDAW is now the 4th largest and one of the fastest growing trade unions in the UK[233]. Depending on the sector as well as the type of job, different unions might be responsible. Interview participants described union relationships as generally positive, with the distribution end being more vocal than the shop floor workers. This was due to the increasing work pressure through the introduction of performance measurement and performance pay. Equally, it was perceived that workers at the distribution centres were in a more powerful position as a strike in the distribution centre would affect deliveries to local shops and thus a much wider network, compared to a strike at a single location.

[233] See https://www.usdaw.org.uk/About-Us/News/2016/September/Usdaw-calls-for-a-real-Living-Wage-and-an-end-to-a

Together, unions and employer organisations have focused on improving working conditions, particularly in the areas of health and safety for workers. This work has recently focused particularly on violence in the workplace, with Scotland planning on implementing a law to protect workers (see for instance the Free from Fear campaign[234]).

[234] See https://www.usdaw.org.uk/Campaigns/Freedom-From-Fear

PART 4: Conclusions

1/ General conclusion of the study

In this study, we provide a structured and comprehensive insight into the following research topics:

- Structure and major trends in the EU commerce sector
- Labour market analysis and changing forms of employment and work arrangements
- National specificities through country case analysis

In this chapter we provide a summary of the results of each of these parts.

Structure and trends in the EU commerce sector

Commerce is an important sector for Europe, both in terms of economic size as well as in terms of societal impact. In total, one third of all enterprises within the European non-financial business economy are active in commerce, representing mainly small to medium size retailers and wholesalers that serve local markets. Moreover, as commerce represents an act of exchange between manufacturers, wholesalers, retailers, governments, other businesses, consumers and citizens, a wide range of actors are affected by the sector.

Several trends drive changes affecting both the structure and labour market of the sector. The rise of digitalisation and e-commerce, evolving demographic patterns and consumer demands, changing technological capacities, increasing pressure on natural resources and ecological concerns, intensification of globalisation and hence increasing pressure on efficiency gains cause amongst others a flourishing diversity of business models, product assortments, ownership and management forms within the sector. The traditional clear distinction between actors in wholesale and retail increasingly turns into a more complex relational network of enterprises active in distributive trades, making existing sectoral delineation subject to discussion.

We have distinguished 5 broad clusters of trends that affect the labour market of the commerce sector;

1. Changes in the demographic structure of Europe's' population such as ageing and diversifying national and cultural backgrounds create challenges concerning retention and attraction of both young and senior employees. In combination with the sector responding to technological and digital revolutions, content of functional profiles and recruitment and marketing strategies such as etno-marketing are subject to innovation. With respect to migration and the recent wave of asylum seekers, questions regarding, language skills and foreign owned business in retail and wholesale emerge.
2. Economic trends such as recession, globalisation and urbanisation all create a variety of challenges and opportunities for the labour market in commerce. Following the economic crisis, significant drops in level of consumption and hence increased competition through low growth numbers caused companies to reduce labour costs. Although levels of employment have been reinstalled at a pre-crisis level some of the countries studied in this report note that this goes hand in hand with increasing the level of service through longer opening hours. Globalisation has led to a sectoral labour market with increased global competition for jobs in the sector and increasing demand for multi-lingual and international trading skills. Finally, urbanisation together with the rise of e-commerce has caused large retailers to move to (distribution) spaces outside town while at the same time strengthening concept, convenient and small outlets in the heart of city centres.
3. Technological trends such as digitalisation, automation and 3D printing probably most disrupt and shape the world of work in commerce (and other sectors). Digitalisation affects the way of working in the sector in terms of job content, skills demand, job dynamics, forms of work, function profiles and location of work. The rise of e-commerce as a consequence of digitalisation has fundamentally changed the way products are bought and sold, and hence the content of jobs in the sector. Automation and optimisation of business processes transformed functions within the sector such as e.g. cashiers and customer service staff.
4. Ecological challenges such as climate change and natural resource depletion form a fourth cluster of trends affecting commerce and its labour market. Labour intensive green jobs originating from attempts to mitigate the effects of climate change such as bike-delivery services and ecological friendly packaging developments are only one example. In a more pessimistic scenario, deterioration of working conditions and job losses due to extreme weather conditions pose serious challenges to the commerce sector. Increasing attention for economic and societal opportunities of circular economy as

an answer to natural resource depletion poses further challenges to the sector. As dropping levels of consumption of new products is the end goal of circular economy, it depends on the adaptation capacity of retail and wholesale companies to implement innovative strategies.

5. Finally, regulatory changes with regard to opening hours, data-protection and privacy, liability and international trade deals and a framework towards a European digital single market affect to a varying extent the European commerce sector and its labour market.

The labour market in the EU commerce sector

In this part we provide a detailed description of the labour market in the EU commerce sector. We first focus on the **size and employment in the EU commerce sector**, based on data of Eurostat. Following findings can be stressed based on this data:

- Commerce is an important generator of work in the European Union: this sector employs the second largest workforce throughout the European Union (15% of workers), just after the manufacturing sector. In total, 23.2 billion workers were employed in the retail sector and 9.1 billion workers in the wholesale sector in Europe in 2015.
- The relative importance of commerce varies across EU members States: In Cyprus, up to one out of four employees works in the commerce business, whereas in Romania only one out of ten employees find themselves working in the retail or wholesale sector.
- In most European countries, commerce suffered more than other sectors from the crisis: The commerce sector has suffered from the post-2008 crisis, especially in the wholesale sector where the employment reduced in the EU with 7% between 2008 and 2011, for a reduction of 3% in the retail sector and a reduction of the total employment of 2.4% in the EU.
- The loss in employment during the crisis has been recovered in the commerce sector: In 2015, 23.3 billion workers where employed in the retail sector versus 23.1 billion in 2008. The level of employment in the European wholesale is currently only slightly under the pre 2008-level (9.1 billion in 2015 versus 9.2 billion in 2008).

We then focus on the **different profile characteristics of the workers of the commerce** sector, also based on Eurostat data. Following findings can be stressed based on this data:

- Overrepresentation of women in retail and underrepresentation in wholesale: 62% of workers in the retail sector in the EU are women, while they are only 34% in the wholesale sector and 46% in all EU sectors.
- Retail employs relatively more young workers than wholesale and other sectors: 15% of workers in the retail in the EU are aged between 15 and 24 year, while they are 7% in the wholesale and 8.4% in all EU sectors.
- The share of young workers diminished in an important way in both sub-sectors: In 2008, 18.5% of all workers in the retail sector where aged between 15 and 24 years, in 2015, this percentage reduced to 15.3%. This evolution can also be observed in wholesale (the share of young workers reduced from 8.8% to 6.9%) and on average in all sectors (from 10.3% to 8.4%), but in a less drastic way.
- Retail employs proportionally more low-qualified and medium-qualified workers than wholesale and other sectors: In 2015, 19% of workers in the wholesale were low-qualified (less than lower secondary education); while this percentage amounts to 24% in the retail. On the contrary, 30% of workers in the wholesale were high-qualified (tertiary education), while this percentage amounts to 20% in the retail.
- The number of low qualified workers diminishes, while the number of high-qualified workers in the commerce sector increases: For both sub-sectors, it seems that the number of low-qualified workers reduced drastically from 2008 to 2015: in the retail sector; from 29% to 24% and in the wholesale sector; from 24% to 19%. On the contrary, the number of highly qualified workers increased: in the retail sector; from 14% to 20% and in the wholesale sector; from 23% to 30%. The main explanation for this evolution is digitalisation and automation, which replaces low-skilled routine tasks and repetitive work.
- Compared to other sectors, wholesale and retail employ a higher share of EU workers of another country: In both sub-sectors, around 17% of workers are EU workers of another country, while this percentage amounts to only 3.5% in other EU sectors. This is an important observation as the increasing migration shows the importance of keeping up with these dynamic shifts and hiring a diverse workforce that truly represents the consumer demography.

The **different forms of work** that occur in the EU commerce sector are then highlighted:

- More contracts of unlimited duration in the wholesale sector compared to the retail sector: 84% of all contracts in the wholesale were of unlimited duration, compared to 78% of all contracts in the retail and in other sectors.
- Important increase in number of self-employed workers in wholesale: 13% of all workers in the wholesale sector and 17% in the retail sector are self-employed, compared to 15% in other sectors. The number of self-employed has increased in both sub-sectors, but especially in the wholesale sector (from 8% in 2010 to 13.4% in 2015). This is also the case in the retail sector and in other sectors but to a lesser extent.
- Three new forms of work gain prominence within the commerce sector: Casual work (where the employer is not obliged to regularly provide the worker with work, but has the flexibility to call on them when needed), portfolio work (where self-employed work for a large number of clients, providing just small amounts of work for each of them) and voucher based work (where the employment relationship and related payment is based on a voucher rather than an employment contract). These new forms of work imply both opportunities and threats to current working conditions.

Finally, we focus on the **working conditions** in the EU commerce sector, based on data of Eurofound (European Working Conditions Survey). Following findings can be stressed based on this data:

- Overrepresentation of part-time work in the retail sector compared to the wholesale and other sectors: 16.2% of workers in wholesale and 32% workers in the retail were employed through a part-time contract, for an EU-average of 22.5% part-time workers.
- The majority of workers in retail and wholesale work as many hours as they would prefer (respectively 57% and 61%). However, when working part-time it seems that more workers in retail have indicated to prefer working more hours than in wholesale or other sectors (40% of part-time workers in retail versus 30% of part-time workers in wholesale). This shows that involuntary part time work is occurring somewhat more in retail than in other sectors.
- Atypical hours are more common in retail than in wholesale or other sectors: The retail sector makes more use of shift work, evening work, Sunday work and night work.
- Lower average hourly wage in retail sector compared to wholesale and other sectors: On average, the gross hourly wage in retail equalled 8.9 euro in 2015 for an average hourly wage of 10.5 euro in wholesale and 11.5 euro on average in all other sectors.
- The average monthly wage increased more in retail than in wholesale and other sectors: On average, the monthly wage is lower in the retail sector (1,112 euro in 2015), compared to wholesale (1,546 euro) and other sectors (1,548 euro). However, the average monthly wage in the retail sector increased with 14.9%, while it increased with 8% in wholesale.
- Less employer paid trainings in retail compared to wholesale and other sectors: 42% of all workers in wholesale received at least one training paid by their employer. In retail, this percentage falls to 30%. However, it is interesting to note that the share of employer paid trainings increased considerably in retail (from 20.8% in 2010 to 30% in 2015, which represents a rise of 44%).
- Less workers in the retail and wholesale sector consider that their health and safety is at risk because of their job compared to other sectors: only 13% of workers in retail consider that their health and safety is at risk because of their job, while this percentage increases to 20% in wholesale and even 24% in other sectors.
- Workers in the wholesale and retail sector perceive having fewer possibilities for career advancement than workers in other sectors: Around 35% of the workers in commerce think their job offers good prospects for career advancement while this percentage increases to 39% in the other sectors. However, the share of workers declaring to have possibilities for career advancement increased in a significant way in both sub-sectors: from 27% in wholesale in 2010 to 34.4% in 2015 and from 26% in retail in 2010 to 35% in 2015.
- Higher organizational tenure in wholesale compared to retail: 37% of workers in the wholesale are working for more than 10 years in the sector, while this percentage reduces to 28% in the retail.
- Relatively higher satisfaction with working conditions in retail compared to wholesale: 86.5% of workers in retail are satisfied with their working conditions, while this percentage amounts to 83.5% in the wholesale. This difference is interesting since various aspects of working conditions shown throughout this chapter are almost always relatively better in wholesale compared to retail. However, perception concerning these working conditions is different between the two sectors.

Country cases analyses

The third part of the study presents more in-depth information collected on a European level through ten specific country case analyses. The countries include Finland, France, Germany, Greece, Italy, Poland, Spain, Sweden, Turkey and the United Kingdom.[235] Within each country, an expert was selected to conduct interviews with a minimum of one employee organisation, one employer organisation and an academic expert. Based on these interviews, the experts reported on three specific topics:

- Evolution of e-commerce in their country: Although consistent data on e-commerce is difficult to obtain due to companies' multi-channel approach (i.e. companies selling not only online but also at local stores, not having separate data for these different activities), the country cases show that e-commerce is a young and growing sector. E-commerce seemed particularly established in France, Germany and the UK but less so in Sweden, Finland, Italy and Greece. Moreover, European companies focusing only on e-commerce activities appeared to be mostly small (one-person) including start-ups while those using a multi-channel approach were mainly large companies.
- Ongoing trends that affect commerce in their country: Most countries identified the economic crisis, digitalization (linked to automatization and the growth of e-commerce) and changing consumer preferences as important trends for the commerce sector. Interestingly, not only the most important trends according to literature and qualitative data (i.e. demographic, economic, technological, ecological and regulatory trends) were mentioned in the cases but also some country-specific trends emerged such as the impact of migration and the asylum crisis on the commerce sectors in Italy, Sweden and Turkey.
- Evolution of working conditions, forms of work and industrial relations noted in the sector: Overall, the country cases confirm our statistical findings from part 2. Commerce is characterized by a full-time/male-dominated wholesale sector and a part-time/female-dominated retail sector. Furthermore, while mostly permanent contracts are used in the wholesale sector, more fixed-term contracts exist in the retail sector. Compared to wholesale, more workers in retail perform atypical hours and retail can be considered as a stepping stone on the labour market attracting young workers. In addition, some new forms of work were detected from the country cases such as portfolio work in Italy and France and zero hour contracts in the UK. Finally, the evolution of industrial relations appeared to be very country specific although discussions focused on similar topics including working conditions, working time/schedule and wages. Overall, there seems to be a tendency to decentralize the negotiations within the European countries.

[235] The ten countries were selected by EuroCommerce and UNIEurope on the basis of geographical balance and interest to work on this topic.

2/ Challenges for the sector

Based on all information collected in the study and a workshop with national social partners, we identified 8 challenges for the European commerce sector. These are described in detail below:

1. The type of actors within the commerce sector such as manufacturers, retailers, wholesalers and customers become less distinct from one another

This study showed that several factors are blurring the line between wholesale and retail, including evolving consumer demands, further diffusion of information technologies, the search for efficiency gains through economies of scale and a need for differentiation. Moreover, supply chains grow increasingly global as products are moving from one continent to another while being manufactured, shipped, assembled, labelled, processed, stored and sold in different locations. Finally, the growing importance of e-commerce causes organisations active in the commerce industry to become more and more multi- and omni-channel businesses. Activities that traditionally belong to wholesale such as distribution and stocking are taken up by retailers with an individual consumer as end-user, and vice-versa. The result is a flourishing diversity of business models, product assortments, ownership and management forms which cause increasing complexity for all actors involved. As a consequence, grasping different realities of these businesses and designing adequate agreements is an increasing challenge for the social partners of the sector.

2. In most EU-countries, the commerce sector suffered more than other sectors from the crisis, which led to structural changes within companies

The commerce sector has suffered from the post-2008 crisis, especially in the wholesale sector where the employment reduced in the EU with 7% between 2008 and 2011, compared to a reduction of 3% in the retail sector and a reduction of the total employment of 2.4% in all sectors in the EU. The wholesale sector, and in a more limited way, the retail sector, have thus been affected in a considerable way by the economic crisis, and even more than the other sectors. This is an important observation at an EU-level and for most EU countries, but not for all (e.g. the commerce sector in Spain, the UK and in Belgium seem to have been less affected).

Since then, the loss in employment during the crisis has been recovered in the commerce sector. While in 2015, 32.4 billion workers were employed in the commerce sector, 32.3 billion were employed in 2008. Yet, both retailers and wholesalers in the European commerce sector still face changes in consumption patterns due to consumers making more considered choices and using new ways of consuming (e.g. discount market and sharing economy) since the crisis. Due to lower levels of consumption, the European commerce sector suffers from increased competition which is most evident for supply chain professionals and retail entrepreneurs. This pressures companies to adjust their business models and reduce their labour cost. In addition, the commerce sector has become increasingly concentrated through mergers and acquisitions in order to generate economies of scale. Even if the employment level has been recovered since 2015, the crisis generated structural changes within companies and remaining competitive pressures.

3. Digitalisation is one of the most important drivers of change in the sector, and leads to new businesses, new jobs and the substitution of jobs

According to a report by the OECD of 2014, 35% to 60% jobs in the EU are at risk due to digitalisation substituting parts of or entire jobs. This is particularly the case for medium-skilled jobs including office and administrative support work, manufacturing and transportation. At the same time, digitalisation will lead to the creation of new jobs involving digital activity. Given these opposing effects of digitalisation on employment, the net impact on job dynamics remains ambiguous. However, according to the 2010 forecast by Cedefop, the net growth of jobs in Europe is expected to amount to more or less 7 million by 2020, while digitalisation is considered to be one of the key factors explaining the creation of new jobs.

For workers in the commerce sector, digitalisation is also expected to lead to both job creation and job losses. Evidence shows that the low-skilled jobs in the retail sector are particularly at risk of being substituted due to automation (such as cashiers). However, new jobs will also be created due to the need of new functional profiles with different skills and competences in entertainment, software, digital products and information-related goods and services. For example, online shopping is likely to increase the demand for customer service assistants. The rise of e-commerce also increases productivity and demand and thereby creates new job opportunities. According

to the e-Commerce association the gross number of jobs created, directly and indirectly, by the 'business to consumer' e-Commerce sector is estimated at nearly 2.5 million in Europe. They claim that "this figure will undoubtedly grow with the on-going increase and penetration of the Internet in the European society, and the projected growth of (B2C) ecommerce" (Ecommerce Europe, 2015).

Hence, the net impact of digitalisation on jobs in the sector are not clear. In this context, further research is needed to identify the new and upcoming jobs within companies in the sector. Social partners can also play an important prospective role within the sector, e.g. by trying to identify and promote new skills and job requirements in the sector.

4. Digitalisation leads to the need for new skills and more trainings in the sector

In order to function in an ever more digital society, workers will be expected to develop a certain ability to work with digital tools and to be able to use digital media. Yet, data from the European Commission show that many EU workers have insufficient digital skills or e-skills. Indeed, many firms, for example in Germany, complain about skills shortages which is possibly due to high e-skill requirements. In response to the shortage in digitally skilled labour, Ecommerce Europe has endorsed several initiatives to boost e-skills (these are already in effect in Belgium, Denmark, Portugal and Switzerland). Besides the evident growth of importance of high skills (e.g. ICT skills), there will also be an increasing demand for specialised workers with strong interpersonal and cognitive skills (e.g. creativity and emotional intelligence) in order to have added value compared to robots.

However, even if digitalisation asks for strengthening of skills, there are still fewer trainings in the sector, especially in the retail sector. In 2015, 30% of all workers in retail received at least one training paid by their employer, while this percentage is much higher for the wholesale and all other EU sectors (42%). Even if the share of employer paid trainings increased considerably in retail between 2010 and 2015 (from 20.8% to 30%), providing trainings remains an important challenge in the sector. In this context, social partners will need to raise awareness of the importance of trainings and stimulate the provision of adequate trainings to workers in the sector. However, in order to stimulate trainings in the sector, it is also important to tackle the higher turnover in the retail sector. It is clear that employers will not be willing to invest in trainings of employees if the risk of losing them is high. Therefore, improving the working conditions in the sector is a related challenge, which could also stimulate trainings in the sector (see also challenge 7).

5. Digitalisation leads to the use of new forms of work and the increase of self-employment

Digitalisation affects the way in which work is organized and transforms employment relationships. Thanks to smartphones, free global videoconferencing and cloud-based document sharing there are no barriers anymore regarding the time and place of work. As a result, workers have more freedom and flexibility to work at anytime and anyplace. This offers opportunities to develop worker-friendly forms of flexibility but also has some negative side effects, e.g. increased work intensification and higher stress and burn-out levels due to the obligation for workers to always be available.

Moreover, digital technologies enable fragmented business models, as information can be shared across large distances and audiences at lower cost. Businesses can now hire specialists on demand and keep their workforce flexible in response to fluctuations, for example in the form of self-employed workers or freelance workers. However, there are important concerns about access to social protection for workers under these flexible work arrangements. Full social protection rights such as health assistance, sick leave, unemployment or parental/maternity leave are usually the responsibility of the self-employed workers themselves. They are often not covered by collective agreements, nor able to bargain individually or collectively for adequate remuneration, and cannot enjoy traditional pension, social and trade union rights. Moreover, it appears to be more and more complex to distinguish the bogus self-employed from those who are pure entrepreneurs.

In the commerce sector, even if contracts of unlimited duration remain the most important contracts, we also observed an emergence and increase of other and new forms of work in the commerce sector: like e.g. self-employment, casual work such as on-call work, zero-hour contracts, portfolio work. In fact, 13% of all workers in the wholesale sector and 17% in the retail sector are self-employed, compared to 15% in other sectors. Moreover, the number of self-employed has increased in the commerce sector but especially in the wholesale sector (from 8% in 2010 to 13.4% in 2015).

One of the main challenges for the social partners is to better cover and protect those workers. Social partners may, for example, want to investigate how to ensure that these self-employed workers have the right to negotiate and be covered by collective agreements, considering the existing collective bargaining structures.

6. A significant part of workers in the retail sector are willing to work more hours, however liberalization of opening hours remains a sensitive subject

An important discussion in the sector concerns the number of work hours and schedules. As shown in the study, there is an overrepresentation of part-time work in the retail sector compared to the wholesale and other sectors: 16.2% of workers in wholesale and 32% workers in the retail were employed through a part-time contract, compared to an EU-average of 22.5% part-time workers. Atypical hours like shift work, evening work, Sunday work and night work are also more common in retail than in wholesale or other sectors. However, the majority of workers in the commerce sector work as many hours as they would like (respectively 57% and 61%). However, when working part-time it seems that more workers in retail have indicated to prefer working more hours than in wholesale or other sectors (40% of part-time workers in retail versus 30% of part-time workers in wholesale). This shows that involuntary part time work is occurring somewhat more in retail than in other sectors.

Answering to workers' wish to work more hours is an important challenge for the sector. This is also linked to the regulation of opening hours that has been subject to change or to intense debates in several EU countries. In some countries such as Italy, Finland, Lithuania, Ireland and Czech Republic a complete liberalisation of opening hours has occurred. Retailers can now extend their opening hours to weekends and evenings to be able to respond to higher inflow of consumers. However, a rather intense debate has taken place between stakeholders in the sector on the actual net effects of liberalisation of opening hours. Some stress the impact which it has on competition within the sector between small and large retailers and on the working conditions of workers, while others focus on the effect on general employment levels. Therefore, the actual net effect of liberalisation of opening hours should be further investigated by the social partners, especially in the context of the redraft of the Working Time Directive (2003/88/EC).

7. Working conditions in the retail sector remain, on average, worse than in the wholesale sector and in other sectors

We observed in this study that several working conditions improved since 2010, e.g. the average wage, the number of hours of work, the number of contracts of unlimited duration, the number of trainings, etc. However, this evolution needs to be analysed with caution since 2010 was during the crisis and is therefore not the best reference year. Moreover, even if an improvement can be observed, the working conditions in the retail sector, remain worse than in the wholesale and other sectors, e.g. concerning the possibilities for career advancement, the average wage, the number of hours of work, the number of contracts of unlimited duration, the number of atypical hours of work, the number of trainings, etc. The worse working conditions in the retail sector are also confirmed by the higher turnover rate in this sector: 37% of workers in the wholesale are working for more than 10 years in the sector, while this percentage reduces to 28% in the retail.

In the context of the shrinking workforce due to ageing population, there are particular concerns for the retail industry. The retail sector is characterised by the employment of young workers. Yet, the demographic trend makes it difficult for this sector to continue to attract workers from the traditional pool of young workers. In the future, retailers will be competing with other industries for a cohort of younger workers whose share of the workforce will be gradually declining. This may encourage employers to seek older employees to meet their labour needs. However, the retail sector is well-known for its high level of labour intensity and worse working conditions. Therefore, it will be an important challenge for social partners to improve the working conditions and rethink the type of jobs in the commerce sector in order to attract young workers and to retain older workers in the sector.

8. Industrial relations are country specific, but it seems in several countries that there is a tendency of decentralisation or disruption of social dialogue

The country case analysis has shown that the industrial relations are organised in very different ways within EU countries. However, in several countries, there seems to be a tendency of decentralisation of social dialogue. In other EU countries, the collective labour law has changed and social dialogue has been disrupted, leading to a growing tension among social partners. In this context, a constructive national social dialogue is an important pre-requirement in order to tackle all above mentioned challenges for the sector.

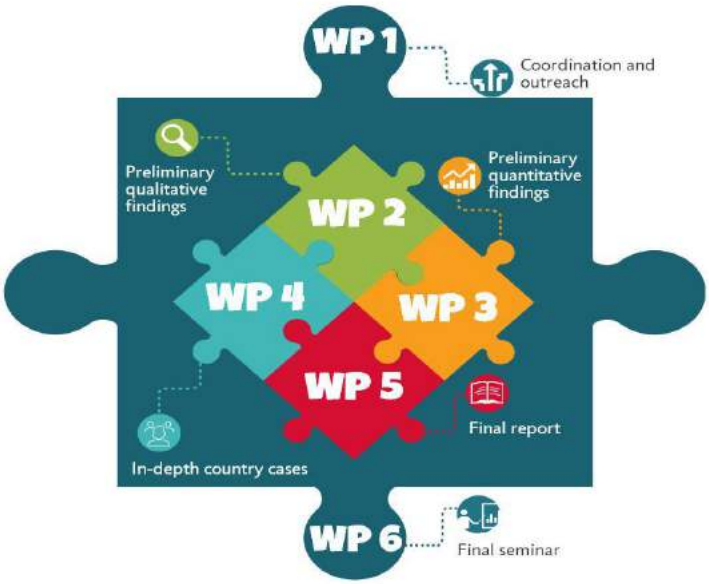
PART 5: Annexes

1/ Annex 1: Methodology

This chapter provides a brief overview of both the steps that have been taken in this study, as well as a preview on the upcoming work packages.

As shown in the figure below, our general approach for this study is based on six Work Packages, each representing a distinct, yet interrelated set of research actions. This briefing note is the result of the first three Work Packages, i.e. the initial kick-off phase, followed by the qualitative phase and quantitative phase.

Figure 72: Curriculum of study with six individual, though interrelated Work Packages



Source: IDEA Consult

The collection of qualitative data through initial desk research resulted in a first **literature overview**. The complete overview of sources and reports used are available in the bibliography.

In the **2nd work package**, we designed a topic list that served as starting point for the **explorative interviews** with experts and stakeholders.

Table 40 provides an overview of the contacted experts and stakeholders.

Table 40: Overview of contact persons and planning of explorative interviews

Actor	Organisation	Contact Person	Function	Expertise	Contact form
Employers	**Eurocommerce**	Ilara Savoini Ralph Kamphöner	Wholesale Director	Social Affairs + Wholesale	Interview on May 10th 2016
	IKEA	Neena Potenza	Global HR Manager IKEA Group	Working Conditions	Interview on May 11th 2016
Trade Unions	**UNIEuropa**	Laila Castaldo	Director Commerce	Commerce	Interview on April 27th 2016
		Alke Boessiger	Head of Department UNIEuropa Commerce	Commerce	Interview on April 28th 2016
Academic Experts	**ZSI/FORBA**	Ursula Holtgrewe	Professor/Dr. In Labour and Organisation	Quality of jobs new sectors	Interview on April 27th 2016
	Oxford Institute of Retail Management, UK	Jonathan Reynolds	Associate professor in Retail Marketing	Retail Marketing	Interview on April 22nd 2016
	EmLyon	Catherine Pardo	Professor Market and Innovation	Wholesale	Contacted via mail
	Vlerick	Gino Vanossel	Professor Market and Innovation	Retail	Contacted via mail
Organisations	**Eurofound**	Gijs Van Houten	International Survey Methodoligist	Working Conditions wholesale sector	Contacted via mail
		Irene Mandl	Research Manager Eurofound	New forms of employment	Contacted via mail
		John Hurley	Research Manager Employment and Change	Employment and change	Contacted via mail
		Christian Welz	Senior Programme Manager	Working conditions	Contact via mail
		Agnes Parent Thirion		Working conditions commerce	Contacted via mail
	ILO	John Sendanyoye	Commerce sector specialist	New forms of employment	Contacted via mail
		Janine Berg		New forms of employment	Contacted via mail
		Mariya Aleksynska		New forms of employment	Contacted via mail

The content of these interviews has been incorporated in the current briefing note and merged with the information of previous desk research.

The **3rd work package** entailed **data analysis** of employment and working conditions in the European wholesale and retail sector. W

The European Working Conditions Survey (EWCS), managed by Eurofound, also presents a comprehensive overview on the evolution of working conditions and job quality within the European member states. However, the most recent wave of this data stems from 2010, i.e. the fifth EWCS, whereas the sixth wave of data collection is currently being collected. We have contacted the Eurofound and they plan to release the microdata of the Survey by the first quarter of 2017. Analyses on working time, self-employed, ageing, employee engagement, work and health and employment statuses will be published earlier, by the second half of 2016 and 2017. Depending on their availability for the current study, we will include these data in the final report.

The results of these work packages have been wholly integrated in this briefing note, which will serve as input for the next work packages.

Preparatory work has been done for **work package 4**, i.e. the country cases, and the national experts of every country included in the study have been contacted and informed on the tasks to perform during the following months. Table 41 provides an overview of the names and affiliated institutes of each of the country experts.

The country cases are an important step in this research, in order to collect additional and more in-depth information for the study. The national point of view is crucial to provide a context for research on industrial relations (amongst others), since this is still grounded in national legislative contexts and historically grown traditions, despite increasing globalization and European integration. Several experts mentioned social dialogue becoming more and more decentralized towards company level agreements, making interactions and labour negotiations difficult to assess on European wide level. The country cases will be used to investigate developments in this field in more detail.

Table 41: Overview of the national country experts, the affiliated institutes and interviewed persons

Country	Name	Organisation
Finland	Arto Lindblom	Aalto University School of Business
	Riikka Lindholm	Finnish Commerce Federation
	Mia Suominen	Service Union United PAM
Greece	Dimitris Karageorgopoulos	Greek General Confederation of Labour
	Valia Arianitou	I.NE.MY.-ESEE Institute of Trade and Services of the Hellenic Confederation of Commerce and Entrepreneurship
	Prof. George Doukidis	Economic University of Athens
	Nick Voukoutis	Music Retailer, specialising in e-commerce
Germany	Heribert Jöris	HDE, Einzelhandel
	Christoph Wenk-Fischer	BEVH, E-commerce
	Stefanie Nutzenberger	Verdi Handel
	Denis Henkel	BGA, Groß- und Außenhandel
Italy	Dario Campeotto	CISL – FISASCAT
	Fabrizio Russo	CGIL – FILCAMS
	Marco Marroni	UIL – UILTuCS
	Stella Sassi	Confcommercio
	Mario Giaccone	Università degli Studi di Torino
France	Carole Desiano	Force Ouvrière
	Jean-Luc Delenne	Carrefour France and Group
Sweden	Karin Jungerhem & Stefan Carlén	Handelsanställdas förbund (The Commercial Employees' Union)
	Marie Kihlberg Nelving & Tero Huta	Unionen
	Clara Wiklund	Svensk Handel (The Swedish Trade Federation)
	Sven-Olov Daunfeldt	HUI Research
Poland	Jan Czarzasty,	Warsaw School of Economics
	Magdalena Osińska	POHID
	Alfred Bujara	Solidarność
	Maciej Ptaszyński	PIH
Spain	Miguel Devesa	CEC
	Fernando Medina Gómez	CCOO
	Ignacio Ruiz Guerra	UNIVERSIDAD COMPLUTENSE DE MADRID
Turkey	Onur Bakir - Sosyal IS	trade union expert
	Murat Cercek	international officer
UK	Fiona Wilson	USDAW - Head of Research and Economics
	Tom Ironside	British Retail Consortium
	Jonathan Reynolds	Oxford University Oxford Institute of Retail Management
	Leigh Sparks	University of Stirling Institute for Retail Studies

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3/ Annex 3: List of sectors

Table 42: List of sectors included in the EWCS data (2015)

Sector	Number of participants	percentage
Retail trade, except of motor vehicles	4,474	10.27
Education	3,685	8.46
Human health activities	2,445	5.61
Crop and animal production, hunting and	2,438	5.6
Public administration and defence; comp	2,410	5.53
Food and beverage service activities	1,924	4.42
Land transport and transport via pipelines	1,428	3.28
Specialised construction activities	1,426	3.27
Services to buildings and landscape act	1,181	2.71
Construction of buildings	1,125	2.58
Wholesale trade, except of motor vehicles	1,054	2.42
Manufacture of food products	1,033	2.37
Other personal service activities	1,004	2.31
Residential care activities	988	2.27
Wholesale and retail trade and repair o	966	2.22
Social work activities without accommodation	875	2.01
Financial service activities, except in	737	1.69
Legal and accounting activities	720	1.65
Activities of households as employers o	651	1.49
Manufacture of fabricated metal product	541	1.24
Accommodation	469	1.08
Office administrative, office support a	444	1.02
Security and investigation activities	426	0.98
Computer programming, consultancy and r	418	0.96
Manufacture of wearing apparel	413	0.95
Postal and courier activities	391	0.9
Manufacture of motor vehicles, trailers	371	0.85
Warehousing and support activities for	367	0.84
Insurance, reinsurance and pension fund	325	0.75
Manufacture of wood and of products of	314	0.72
Real estate activities	303	0.7
Manufacture of machinery and equipment	294	0.67
Electricity, gas, steam and air condition	291	0.67
Architectural and engineering activities	291	0.67
Civil engineering	281	0.65
Sports activities and amusement and rec	275	0.63
Telecommunications	263	0.6
Creative, arts and entertainment activities	257	0.59
Other manufacturing	247	0.57
Manufacture of furniture	243	0.56
Manufacture of textiles	229	0.53
Manufacture of electrical equipment	228	0.52
Activities of membership organisations	221	0.51
Manufacture of rubber and plastic production	215	0.49
Other professional, scientific and tech	215	0.49
Manufacture of other non-metallic miner	211	0.48
Repair and installation of machinery an	211	0.48
Manufacture of chemicals and chemical p	195	0.45
Manufacture of basic metals	194	0.45
Advertising and market research	193	0.44
Employment activities	180	0.41
Waste collection, treatment and disposal	173	0.4
Undifferentiated goods- and services-pr	172	0.39
Manufacture of basic pharmaceutical products	166	0.38
Libraries, archives, museums and other	166	0.38
Scientific research and development	162	0.37
Manufacture of computer, electronic and	158	0.36
Activities of head offices; management	156	0.36
Printing and reproduction of recorded material	148	0.34
Publishing activities	148	0.34

Forestry and logging	146	0.34
Travel agency, tour operator and other	144	0.33
Repair of computers and personal and home	136	0.31
Water collection, treatment and supply	122	0.28
Manufacture of leather and related prod	117	0.27
Water transport	116	0.27
Information service activities	105	0.24
Air transport	100	0.23
Manufacture of paper and paper products	93	0.21
Manufacture of beverages	90	0.21
Activities auxiliary to financial services	86	0.2
Manufacture of other transport equipment	84	0.19
Gambling and betting activities	83	0.19
Rental and leasing activities	69	0.16
Programming and broadcasting activities	67	0.15
40	54	0.12
Veterinary activities	53	0.12
Motion picture, video and television presentation	51	0.12
Other mining and quarrying	49	0.11
Mining of coal and lignite	47	0.11
Fishing and aquaculture	45	0.1
Extraction of crude petroleum and nature	43	0.1
Manufacture of tobacco products	24	0.06
Activities of extraterritorial organisation	24	0.06
Manufacture of coke and refined petroleum	22	0.05
Sewerage	21	0.05
Mining support service activities	18	0.04
Remediation activities and other waste	16	0.04
Mining of metal ores	3	0.01
Total	43,557	100