

Scenes from a mall: Retail training and the social exclusion of low-skilled workers

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Abstract

In this article we examine how post-industrial Britain and Denmark undertake vocational training for low-skilled retail workers. Specifically, we evaluate whether leaders in training skilled industrial workers are also doing the best job with low-skilled service workers. While Danish retail is increasingly becoming a haven for low-skilled workers, British workers are gaining in skills levels with the transition to services even in the retail sector. While some suggest that social democratic countries have sacrificed the political interests of low-skilled workers in order to protect core manufacturing workers, we find no evidence of this. Rather, the high expectations of vocational training in Denmark have forged barriers to the easy admission of low-skilled service workers, while the British system provides more entry points for vocational training at different levels. The structures of coordination that had narrowed the gap between white-collar and blue-collar manufacturing workers during the industrial age are creating new cleavages in the post-industrial economy.

Keywords: dualism, low-skilled worker, retail services, social exclusion, vocational training model.

Introduction

There is much to celebrate about the marvelous advances of human capital in the post-industrial, knowledge society, but there is also a risk that low-skilled workers are becoming even more marginalized. Advanced societies have now largely developed post-industrial economies, in which service sector production accounts for three-quarters of economic output and a growing number of jobs demand high skills and often college degrees. Yet these post-industrial societies typically have a high concentration of low-end service workers as well; indeed, analysts point to a “hollowing out” of the medium-skilled jobs that predominated in industrial economies (Lash & Urry 1987). This ebbing away of medium-skilled jobs could more sharply delineate the gulf between the intellectual haves and have-nots.

Even in Denmark, with its world-class training system, a growing concern about the plight of low-skilled workers has recently appeared on the public agenda. Statistics

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Denmark recently revealed that 31% of young people under the age of 30 had stopped school after the foundational nine years (*grundskolen*) (Sørensen 2010). While some go back for additional training, Danes worry that these unskilled, “forgotten men” are becoming a new underclass and will be left behind in the knowledge economy (Flensburg 2009).

In this article we consider how countries with diverse training traditions are grappling with the problem of allocating skills to workers in low-skilled service jobs in sectors that are not much affected by outsourcing of production; moreover, we contemplate how variations in vocational training models influence patterns of social exclusion. To this end, we investigate cross-national distinctions in the skills of low-skilled retail workers in Denmark (with a dual system of vocational training) and Britain (a liberal market economy whose general education system produces general skills) to discover how low-skilled workers’ needs are served in the different training systems. Both countries have passed recent reforms to expand skills for this precarious segment of the population.

We surmise that each system might have certain strengths in addressing the skills needs of low-skilled workers. Denmark’s advantage lies in its legacy of having one of the best training systems in the world for industrial workers. As a coordinated market economy with a dual system of vocational training, it develops the specific skills of non-college-bound, industrial workers through apprenticeships or through technical schools and might well preserve this edge in developing the talents of service workers at the low end of the skills spectrum. In contrast, Britain is the prototypical liberal market economy and, as such, has specialized in producing general skills through the general education system – general skills might be more appropriate for low-end service workers, who are not suitable candidates for the intensive vocational training courses at the core of the Danish system.

We find, somewhat surprisingly, that Denmark – which is known for its inclusive labor market policies – has a higher concentration of very low-skilled retail workers than Britain. This is largely due to the very high standards of the country’s vocational training programs. Created to meet the skills needs of high-skilled industrial workers, the programmatic structures of vocational training seem less functional to the requirements of lower-skilled service workers. The success of extensive training for manufacturing workers has created institutional hurdles for low-skilled service workers; thus, Danish retail workers’ problems reveal the sizable divide separating retail from manufacturing workers. Many Danish blue-collar workers participate in four-year vocational training programs and these workers are better trained than their British counterparts, yet compared to manufacturing, retail workers are less likely to enter these programs and the sector is a magnet for unskilled workers. Thus, retail is becoming something of a haven for low-skilled workers and this has been a great source of growing concern.

Yet while Britain has attempted to invest low-skilled workers with real, certified skills through general education and through the flexible National Vocational Qualification (NVQ) skills system, Britain’s training regime suffers from many of the problems that have plagued past vocational education experiments. This “disorderly qualification system” has an insufficient investment in upfront training to link practical and theoretical skills (Winch & Clarke 2003, p. 250). Moreover, low-skilled individuals in Britain are less likely than their Danish counterparts to have permanent, full-time employment and relative wage equality, and the bouts of unemployment create lasting scars on the career paths of the unemployed (Gangl 2006).

Thus, paradoxically, Denmark has lower formal skills but better labor market conditions: high rates of employment and wage equality characterize the lives of low-skilled workers, even while the high threshold for training creates an educational divide between the insider skilled workers and their outsider unskilled counterparts. Britain is moving beyond its historical reliance on general education toward the creation of a system for according more formal certified skills and this system is fairly accessible to low-skilled individuals. Yet it is not clear that these skills are offering tangible improvements in labor market outcomes, as there is still significant unemployment and wage inequality among low-skilled people.

These insights contribute to our broader understanding of the sources of dualism in advanced industrialized countries. Scholars such as Rueda (2006) and Busemeyer (2006, 2007) point to a hidden problem of dualism in social democratic welfare states, and draw attention to the political sources of this dualism: social democratic parties sometimes focus primarily on the interests of skilled workers to the neglect of unskilled workers' concerns. We add to this discussion a programmatic basis for dualism: structures of coordination forge barriers to the easy incorporation of marginal low-skilled workers into training systems. Thus, while institutions for reconciling industrial conflict may bridge the class divide, they may enlarge the gulf between core and periphery workers.

The case of retail sector training has pernicious implications for the future of skills development and for coordination in the post-industrial economy. Coordinated countries' treatment of their low-skilled service sector workers has bearing on their broader capacities to protect the system of cooperation from encroaching liberalism, a topic closely examined in political economy circles, although seldom at the mall level. Historically, vocational training institutions have been used to narrow the distance between skilled blue-collar and white-collar workers; however, in the service economy, these institutions may exacerbate the distance between those employed in core manufacturing sectors and marginal service workers and create new class cleavages. Unskilled workers in the retail sector are at risk of an erosion of competencies, which will further exclude them from others in the workplace.

The problem of low-skilled service workers

Advanced societies today largely have post-industrial economies, in which service sector production claims an average of 70% of the workforce for the EU 15. This economic transformation has created a pattern of skilled, semi-skilled, and unskilled employment that differs dramatically from the profile established during the Golden Age of manufacturing (OECD Observer 2005). Many manufacturing jobs have been outsourced from high-wage OECD countries to nations with lower wages such as China and India, and this shift to services production has been associated with a polarization in the levels of worker skills: firms in the service sectors tend to employ high-skilled, knowledge-intensive professionals or low-skilled workers, and this has produced a "hollowing out" of jobs for workers with mid-range skills (Lash & Urry 1987). While many working in services are highly educated through the general education system (Castells 1996; Brown & Lauder 2001; Fagan *et al.* 2004; Rubery 2005), low-end sectors such as retail and hospitality also provide many jobs. As industrial firms leave Europe for the developing world, former manufacturing workers and new workforce entrants will continue to be forced to tailor their talents to jobs in the service sector.

The bimodal distribution of jobs into highly skilled and, essentially, unskilled with the rise of services presents obvious problems to the goals of sustaining solidarity and peace among the social classes. During the manufacturing era, blue-collar workers with highly developed skills were very productive, and their wages both revealed their significant contribution to economic output and approximated the levels of their white-collar counterparts. Societies with large concentrations of low-skilled workers will have greater difficulty sustaining the high levels of wage equality and social harmony that was a cornerstone of these manufacturing-age experiments in managed capitalism. Thus, the degree to which low-end jobs in the service sectors can be imbued with relatively higher levels of skills and the provision of qualifications to these low-skilled workers will influence greatly the degree to which those employed in these sectors are marginalized (Marsden 2002).

Models of vocational education and the training of low-skilled service workers

Vocational training systems for industrial workers gravitate toward two broad and fundamentally different institutional processes for skills development. In the first set of countries (coordinated market economies such as Denmark and Germany), skilled manufacturing workers are provided firm-specific skills through apprenticeships within a firm and/or industry-specific skills through vocational instruction in a technical school. A second set of countries (generally liberal market economies such as the UK and the US) relies more on general educational systems to provide general skills to workers or technical schools to develop transferrable, occupational skills. Firms in these countries typically use price competition to sell products manufactured by low-skilled workers and these countries have less evolved vocational training systems (Streeck 1996; Hall & Soskice 2001). Our central question is how these systems will address the training needs of service workers with low skills.

First, it is possible that vocational training systems equipped to deliver specific skills to skilled and semi-skilled manufacturing workers will also excel in training low-end service workers. In this case, training programs for service workers might build on policy legacies established by institutions for developing the skills of industrial workers. Stratified systems of education (in which students obtain skills through various tracks that are tailored to their job ambitions) tend to produce better labor market outcomes and a faster school-to-work transition than non-stratified systems (in which all education is done through general educational programs, less closely connected to ultimate occupational attainment) (Allmendinger 1989, pp. 231–240; Shavit & Müller 1998.) Moreover, highly stratified vocational training programs also tend to be located in countries with generous unemployment benefits – income guarantees permit workers to choose more carefully work that matches their qualifications, and workers are unlikely to cycle in and out of employment with the same frequency as occurs in less stratified systems (Gangl 2006, pp. 1323–1328).

A second possibility is that countries relying on training systems delivering general skills will be better equipped to meet the needs of low-skilled service workers. Countries with highly developed vocational training systems might have some difficulties in making the transition to the post-industrial economy, because their vocational training programs create incentives for manufacturing firms and workers to engage in training that is

inappropriate for service sector employers and employees. Countries that rely heavily on firm-based training to provide specific assets may have difficulty getting service firms to pick up this vocational training model because of the more general skills requirement of the services sector (H. Steedman & K. Wagner, unpublished paper).

It is also possible that countries with strongly organized working-class manufacturing workers will be *less* likely to serve the interests of service workers for political reasons, as Social Democratic parties may be more anxious to represent the interests of their core manufacturing worker constituents than to serve the needs of low-skilled service workers (Marsden 2002; Thelen 2004; Culpepper 2007; Culpepper & Thelen 2007; King & Rueda 2008). As one of us has argued elsewhere, this dualism in the treatment of skilled manufacturing and unskilled service workers is more likely to occur in the continental countries than in Scandinavian ones, because social democratic states have greater power to force the social partners to attend to the needs of low-skilled workers (Martin & Swank 2004; Martin & Thelen 2007; Trampusch 2007).

A potential misfit with the vocational training system can also affect service workers' willingness to participate in training, because workers must be willing to delay wages for training in fields that are often rapidly changing. Lower-skilled workers may well have difficulty making a commitment to a lengthy vocational training program, and while extensive training may seem appropriate for highly skilled manufacturing workers, a comparable commitment may not make sense for service workers. In countries with highly regulated training options, low-skilled workers may be forced to choose between all and nothing.

Vocational training for service sector workers in Denmark and Britain

To evaluate the impact of training regimes on low-skilled service workers, we compare recent reforms and skills profiles of retail workers in Denmark and Great Britain. While we see a movement toward convergence in the two countries, fundamental differences remain. We chose these cases in order to compare a coordinated country that specializes in specific skills development and a liberal country that specializes in general skills. Despite their model differences, the countries are similar in background economic conditions: both have relatively high rates of employment and high levels of per capita Gross Domestic Product (GDP) (OECD Observer 2005, pp. 78–79). We chose the retail sector because it is one of the largest service sectors and has a large share of unskilled workers. In the UK in 2002, the broad category of the combined wholesale and retail sectors accounted for 24.2% of total employment while in Denmark in 2003, the wholesale and retail sectors contributed 19.2% of jobs (OECD Observer 2005, p. 7). Unskilled workers are over-represented in the retail sector in both countries, because the educational background and skills content of retail jobs are relatively low in proportion to general service sector employment.

Denmark has historically made major investments in vocational training.¹ Citizens enjoy a statutory entitlement to vocational training; the social partners play a major role in skills-building processes and programs with an explicitly vocational content constitute a greater percentage of all secondary education in Denmark (48%) than in Britain (42%) (OECD 2008a, table C1.1). Moreover, Denmark spends more on education overall (7.4% of GDP) than Britain (6.2%) (OECD 2008a, table B2.2). The Danish system of vocational training relies on a dual system of school-based instruction and apprenticeship positions.²

The role of the social partners has always been exceedingly strong in determining the content and in providing oversight of vocational training (Nielsen & Cort 2002, p. 4).

Recent reforms have followed the traditional vocational training programs for manufacturing workers by setting goals for creating sector-specific skills for retail workers, yet have also tried to strengthen the traditional model by improving the general education component and the intellectual content of vocational training and by offering shorter vocational education programs. Thus, the Mercantile Reform of 1996 strengthened the links between the general academic and the vocational tracks; in addition, the bill fortified the “dual training principle” in vocational education that emphasized theoretical as well as practical learning. Because vocational programs had been dropping in both applicants and graduates, reformers sought to enable graduates of vocational training to move more easily to additional educational programs, to switch back to post-secondary academic educational programs, or to leave vocational training early with a degree (Koudahl 2004). The reform also tried to strengthen the links between training content and subsequent jobs by integrating better the theoretical and practical components of the training and adding a final project that is assessed. These changes dramatically increased the importance of basic academic skills in the preparation of vocational workers (interview with Birgit Thorup, Uddannelsesnævnet [Danish Board of Education], 2006).

More recent retail reforms such as the Reform 2000 have sought to create shorter vocational training options, as many young people consider the four-year program too lengthy. Thus, a new degree for shop assistants (*butiksmedhjælper*) was created that consists of one year in school and one year practical training.³ The retail training reforms continue the long-time Danish practice of relying heavily on social partners: business and labor have historically played a critical role in overseeing vocational training, identifying new skill needs, and developing curriculum. At the same time, Denmark does not impose formal training requirements on retail chain stores and relies on voluntary participation by firms in workplace training.

Britain has historically had a much more limited system of vocational training, and has largely educated manual workers through general primary and secondary schools. While vocational schools have existed, these typically have not provided transferrable occupational skills with credentials and the content of the school-based education is not closely linked to the needs of employment, as business and labor play a much less strong oversight role in this system than in the dual training models and the involvement of the social partners is completely voluntary. British training programs typically deliver general skills that have only limited application to future employment and British employers have, consequently, operated in a low-skill equilibrium in many sectors. Moreover, Britain relies to a large extent on in-house continuing education (Hall & Soskice 2001; Winch & Clarke 2003, pp. 241–243).

British Prime Minister Tony Blair made the reform of education and training a centerpiece of his initial term (1997–2001), and central to this ambition was the creation of a new vocational track. The creation of a new vocational track within the general education system was a significant departure from the British status quo.⁴ To improve the general education system, Blair sought to raise standards, to alter methods of teacher assessment, and to make financial investments. He also recognized that, under Conservative rule, vocational training had received limited support (apart from some youth programs), lacked national coherence, and was not viewed as a way to

prepare students for real jobs (King 1995; Wood 2001).⁵ The Blair administration also sought to create service sector training mechanisms that were explicitly modeled on a continental European tradition for the vocational training of manufacturing workers. Blair criticized Margaret Thatcher's NVQ system for lacking a connection to real skills; hence, his initiatives sought to produce real competencies and stronger links between training and work (Secretary of State for Education and Skills 2005, p. 6). The administration envisioned a critical role for employers and, to a lesser extent, unions; to that end, it sought new structures for business–government relations somewhat reminiscent of British manufacturing training institutions of the 1960s. Each sector had a network of firms called the "Sector Skills Councils" (SSC) that were formally licensed to establish skills standards for workers in their industry (Secretary of State for Education and Skills 2005, p. 6). In retail, Skillsmart Retail created skills and qualifications frameworks for six standard job profiles, developed uniform "national occupational standards" based on job functions, and worked on a Retail Diploma ("Skills Strategy," <http://www.skillsmartretail.com>). In February 2008, a new Apprenticeships, Skills, Children and Learning Bill was passed, which put apprenticeships on a statutory basis and established the entitlement to apprenticeships. The legislation gives all employees the right to training during their working lives. The administration also sought to expand firm-based training and apprenticeships with National Employer Training Pilots to subsidize training in basic reading and mathematics skills for low-skilled workers (Skillsmart Retail 2005, pp. 11–12). Skillsmart also worked with large retail firms to help them devise apprenticeship programs to meet national qualification standards. Yet persuading workers to do the off-the-job training and to take the external test has been difficult according to three-quarters of the industry respondents in one study (Tait 2005, p. 2).

In some respects, the administration's actions deviated somewhat from what we might expect from a liberal market economy: making skills development a central ambition, proposing specialized vocational diplomas, developing accrediting institutions outside the traditional educational framework, and building and licensing new non-market institutions for coordinating employers that seem reminiscent of training traditions in coordinated market economies. Yet Blair's efforts to fill some of the traditional gaps in skills training for non-academic track citizens has a liberal patina, in that the administration encouraged the use of private sector intermediaries, and proposed a rather confusing mixture of public and private initiatives. Moreover, the Blair emphasis on "lifelong learning" had limited impact on the need for the up-front, intensive skill development that is necessary to move Britain beyond its low-skill equilibrium (Winch & Clarke 2003). In addition, British firms' participation has remained entirely voluntary, since Thatcher ended the former Labour government's industry training boards and training levies that resembled institutions found in continental Europe. According to Beverley Paddy of Skillsmart (interview, March 2006), 60% of the industry was sympathetic to the need for training, but only 3% participated.

Thus, in recent reforms, both Denmark and Britain attempted to create training options that were friendlier to the needs of low-skilled service workers and that recognized the growing importance of general skills. Both countries joined more closely the vocational and the general education tracks, both attempted to expand formal school-based and on-the-job training, both expanded apprenticeships, and both sought to enlist employers in the task of up-skilling low-skilled retail workers. While the countries came

from very different starting points, they converged ideologically and programmatically on quite similar solutions. Yet despite the similarities, significant differences persist and reveal a more significant commitment by the Danish government to the training of low-skilled retail workers than by the British government, which continued to be plagued by some of the limitations of its liberal policy regime.

The Danish government devoted substantial resources to enhancing the skills of low-skilled workers and engaged in significant education reform to improve basic competencies. The retail training reforms, as well as other policies directed at low-skilled workers such as active labor market reforms, continued the long-time Danish practice of relying heavily on social partners, as business and labor have historically played a critical role in overseeing vocational training, identifying new skill needs, and developing curriculum (Martin 2004).

In contrast, while the British government's actions sharply differ from its liberal past, in emphasizing specific skills, proposing specialized vocational diplomas, developing accrediting institutions outside the traditional educational framework, and building and licensing new non-market institutions for coordinating employers, these programs remain hampered by the defects of the liberal welfare regime. The infamous limitations to training in the British system have persisted through the new reform cycle, in the high level of voluntarism, absence of compulsory training funds, lack of quality control in the NVQ system, and little trade union involvement in the implementation and oversight of the programs.

A comparative portrait of low-skilled retail workers

To gain greater insight into cross-national differences in the skills development of low-end service workers, we now assess the skills of low-skilled retail workers in Britain and Denmark and seek to understand the reasons why the two countries vary in training their low-skilled workers. We compare education data for full-time workers in the Danish retail sector with occupation data for British full-time retail workers. For Denmark, we use data from Statistics Denmark that provide information on the employment and educational level of every retail worker in Denmark. For Britain, we use data from the Labour Force Survey (LFS), a quarterly randomly drawn sample survey of 60,000 households that provides information about workers' qualifications rather than education levels using the NVQ scheme. In contrast to the Danish system, Britain combines different types of degrees within the same NVQ category and the NVQ system recently expanded from five to eight levels of qualifications (Danish Ministry of Education 2006).

We grouped Danish retail workers into four categories, and included only full-time retail workers who had worked in the sector for at least one year. Thus, we excluded part-time students and those who worked briefly before beginning full-time studies. We grouped the British retail workers into a comparable set of four groupings. The comparison is somewhat problematic in that the Danish data reflect formal skills while the British data reflect competencies, and occupational and educational categories are imperfect matches. The formal qualifications captured in the Danish data only capture some dimension of skill and do not provide information about overall achievement levels of those who do not possess formal qualifications. In addition, only survey data are available for Britain, while comprehensive data for all workers are available for Denmark.

Table 1 Comparison of British and Danish skills, 1997 and 2003

	UK	1997	2003	Denmark	1997	2003
Unskilled	No qualifications, NVQ1	34%	30%	Folkeskole	44%	40%
Skilled	NVQ2 + NVQ3, A levels	55%	58%	Vocational training, gymnasium	52%	55%
Medium-length education	NVQ4, BA	10%	11%	BA, KVVU, MVU	3%	4%
Advanced education	NVQ5, Masters, PhD	1%	1%	Masters, PhD	1%	1%

BA, bachelor's degree; KVVU, short degree (kort videregående uddannelse); MVU, medium-length degree (mellemlang videregående uddannelse).

Moreover, in contrast to the competence-based focus in the UK, in Denmark the Ministry of Education lays down the content and structure of the training programs in cooperation with the social partners after consultation with the National Council of Vocational Education (Nordentoft *et al.* 2003). Yet while these data may not be fully comparable, they are used for official comparisons by CIRIUS, the authority within the Danish Ministry of Science, Technology and Innovation responsible for assessing foreign qualifications and easing Danish participation in international education programs.⁶ Thus, our Danish and British comparisons are officially recognized as fully interchangeable by the Danish government (Shapiro 2004, p. 27; correspondence with CIRIUS, September 2009).

We find that a greater proportion of Danish retail workers has only minimal skills than British workers. While one must be cautious in generalizing from a two-country comparison, this finding casts doubt on the assumption that success stories in training manufacturing workers also lead to providing skills to low-end service sector workers. Table 1 compares British and Danish skills in 1997 and 2003. In 2003, 30% of British workers fell into the lowest level of unskilled workers compared to 34% in 1997, while in 2003 40% of the Danish retail workers had no skills compared to 44% in 1997. In 2003, slightly fewer Danish retail workers (55%) fell into the second skills category of having secondary education – including both general education and vocational training qualifications – than British workers (58%). In this second level, British workers would have completed A levels in educational attainment or completed a qualifications course of NVQ2 or NVQ3. In Denmark, students at this level would have completed gymnasium or a vocational degree (“faglært”). While the first level (unskilled) is completely comparable, a case might be made that Danes at the second level (skilled) might be slightly more qualified than their corresponding British workers, even though for the purposes of the Danish national government, these qualifications are treated as interchangeable. Danes finish gymnasium at around the age of 19, while British students finish A levels at around the age of 18, although Danish children begin school a year later than British children.

Explaining the higher concentration of low-skilled retail workers in Denmark than in Britain

The essential question, of course, is how to interpret this finding of a high concentration of very low-skilled workers within the Danish retail sector, a finding which seems

inconsistent with the general perception of the country's flagship vocational training system and high level of equality. In the following pages, we examine evidence pertinent to this finding, having to do with the position of retail in the broader economy, the relationship between skills classifications and educational attainment, the vulnerable position of immigrants, and the programmatic mismatch between the educational needs of the low-skilled workers and the available training programs. Finally, we reflect on the broader labor market conditions for low-skilled workers in Denmark and Britain.

First, it is possible that the retail sector constitutes a particular refuge for low-skilled workers in Denmark, and that a comparison of the distribution of skills across a broader cross-section of the Danish and British economies would tell a much different story. There is some evidence that while retail is something of a haven for lower-skilled workers in both countries, less skilled workers are drawn to retail particularly in Denmark, because the Danish manufacturing sector can attract better-trained workers. Retail workers constitute a somewhat smaller proportion of the workforce in Denmark (8%) than in Britain (10%) (Experian 2004, p. 2; Statistics Denmark). Moreover, while semi-skilled non-manufacturing workers exceed semi-skilled manufacturing workers in both countries, Denmark has more manufacturing workers than the UK. Among semi-skilled workers as a percentage of the total workforce, manufacturing jobs occupy 20% in Denmark and 16% in the UK, services claim 17% in both countries, and clerical positions are 12% in Denmark and 14% in the UK. In both countries, 11% of workers work in unskilled elementary positions (OECD 2008a, p. 47).

Evidence that the retail sector is something of a dumping ground for the less skilled is further provided by a six-country comparison of value added per hour by retail workers: Danish workers contribute less than their counterparts in France, Germany, the Netherlands, the UK or the US (Carré *et al.* 2008, p. 6). It also appears that low-skilled workers in the Danish service sector are having greater difficulty in accessing training than either their fellow service workers in Britain or their manufacturing counterparts in Denmark. In the past decade, British service sectors have been losing low-skilled employment more quickly than manufacturing sectors; however, in Denmark, the distribution of low-skilled jobs among manufacturing and service sectors is more comparable. British service sectors had, on average, a smaller share of low-skilled jobs (11%) than British manufacturing sectors (23%) in 2001 (Fagan *et al.* 2004). According to Statistics Denmark, the proportion of low-skilled jobs in services and manufacturing has been fairly comparable in Denmark; however, manufacturing sectors have experienced a greater rate of change than services in the decline of unskilled employment between 1993 and 2001. The decline in unskilled manufacturing is undoubtedly related to the outsourcing of jobs: in manufacturing, about 12% of unskilled jobs has been transported to offshore locations, compared to 7% of skilled jobs. But in services, only 2% of unskilled jobs was exported, compared to 7% of skilled jobs (Danish Ministry of Economics and Business Affairs 2008).

Yet it is not true that Danish jobs, in general, demand more highly skilled workers across the economy than jobs in the UK. While the numbers are not radically different, there are slightly more unskilled jobs in the workforce in Denmark (12%) than in the UK (11%), and slightly fewer highly skilled jobs in Denmark (40%) than in the UK (42%) (OECD 2008a, p. 35) (see Table 2). Thus, it appears that Denmark exceeds the UK in having slightly more workers in manufacturing than in service

Table 2 Skills and education in Denmark and the UK

Skills in various populations	Denmark (%)	UK (%)	Data source
Retail workers' skills: Level 1: low skills (not above primary and lower secondary school [grades 1–10] or NVQ1, or O levels)	40	30	Denmark Statistics Labour Force Survey (LFS)
Level 2: retail workers with gymnasium or apprentice, NVQ2 or NVQ3, or A levels	55	58	Labour Force Survey (LFS)
Level 3: retail workers with tertiary education	5	10	Labour Force Survey (LFS)
Proportion of retail workers in the workforce	8	10	Experian (2004, p. 2); Statistics Denmark
Percent of working population in retail sector			
Percent of total employment in wholesale and retail sectors (UK 2002, Denmark 2003)	24	19	OECD Observer (2005, p. 7)
Percent of working age population in skill categories: semi-skilled service workers (2006)	17	17	OECD (2008a, table A1.6, p. 47)
Semi-skilled: clerks	12	14	OECD (2008a, table A1.6, p. 47)
Semi-skilled: practical skills and related trades	12	9	OECD (2008a, table A1.6, p. 47)
Semi-skilled: plant and machine workers	8	7	OECD (2008a, table A1.6, p. 47)
Low-skilled: elementary positions	11	11	OECD (2008a, table A1.6, p. 47)
Distribution of occupations by skills level in workforce: Unskilled (2006)	12	11	OECD (2008a, chart A1.5, p. 35)
Occupations by skills in workforce: semi-skilled	48	47	OECD (2008a, chart A1.5, p. 35)
Occupations by skills in workforce: highly skilled	40	42	OECD (2008a, chart A1.5, p. 35)
Adult education attainment:	17	14	OECD (2008a, table A1.1a, p. 42)
preprimary/primary (2006) (Levels 1 and 2)			
Short program (between primary and secondary) ISCED level 3c	2	17	OECD (2008a, table A1.1a, p. 42)
Upper secondary (ISCED gymnasium, vocational training, A levels) (levels 3a and 3b)	47	39	OECD (2008a, table A1.1a, p. 42)
Upper secondary and below	66	70	OECD (2008a, table A1.1a, p. 42)
Adult education: tertiary and advanced research (ISCED levels 4–6)	36	30	OECD (2008a, table A1.1a, p. 42)

sectors, which might make retail an especially convenient location for low-skilled workers, but the distribution of jobs according to skills levels is much the same in the two countries, with Denmark having slightly more unskilled and semi-skilled jobs than the UK.

Second, the occupational definition of skills may hold a different significance for workers in the two countries: unskilled Danish workers may be better trained than their British counterparts and may have higher levels of educational attainment. While the above discussion focuses on skills, one might also look at International Standard Classi-

fication of Education (ISCED) standardized data on educational attainment for citizens across sectors in Denmark and the UK. It is possible that Denmark has as many low-skilled and semi-skilled jobs as the UK, but that the individuals occupying these jobs have higher levels of educational attainment. Thus, data on educational attainment allows us to evaluate whether the distribution of semi-skilled and low-skilled occupations within the two countries is matched by a similar distribution in education. Our concerns about workers with the lowest skills lead us to focus on the proportion of workers who have attained up to the first two of six ISCED levels – these workers have no more than nine years of education.⁷

OECD (2008a) data reveal that the concentration of low-skilled Danish retail workers is mirrored by a concentration of Danish workers with very low educational attainment: 17% of 25–64-year-old Danes have completed no more than the ISCED levels 0–2, meaning they have finished no more than nine years of education, compared to 14% of British people. Denmark does relatively better than Britain in the number of students who have only completed an education up to level 3, or a high school or a vocational training equivalent. Seventy percent of British workers have only completed some sort of secondary education, while 66% of Danish workers have stopped schooling at this level; moreover, while only 2% of Danes have stopped at the ISCED short course (an intermediate level between primary education and secondary education), 17% of those in the UK ended their education with this short course (OECD 2008a, p. 42) (Table 2). Thus, while Denmark does slightly better at producing people with at least an upper secondary education, the country also has a higher percentage of people with the most minimal of schooling, suggesting that the abundance of low-skilled workers in the Danish retail sector is a real problem. While in the short term the retail sector may offer employment opportunities to young people who may not be able to overcome the hurdles posed by ambitious training programs, in the longer term the lack of training or education could severely impact the employability of these workers.

The image of Denmark as having a large gulf between the generally highly trained population and a group of low-skilled individuals is also revealed by the Program for International Student Assessment (PISA) scores in reading, mathematics, and science literacy.⁸ In 2004, Denmark was one of a handful of countries noted for its relatively large gap between students in the 75th and 25th percentiles. The countries were otherwise roughly equal in reading literacy (with Denmark at 494 and the UK at 495). Amongst European countries, Finland performed the best in reading literacy (547) while at the other end of the scale, Greece had a score of 460 and Spain a score of 461. In mathematics, Denmark (at 513) performed better than Britain (at 495), and Britain (at 515) had a slight edge in science (at 496) (OECD 2004, pp. 112, 115; OECD 2006).

Third, the surprising concentration of low-skilled workers in the Danish retail sector might reflect a less advantageous position for immigrants in Denmark than in Britain; however, immigrants are under-represented in the Danish retail sector, even while they are over-represented in the UK (Carré *et al.* 2008, p. 11). The same number (8%) of 20 to 24 year olds was born elsewhere in both countries (OECD 2004, p. 352). Moreover, first-generation immigrants in Denmark have had special difficulty historically using qualifications that they imported from their own countries, and children of immigrants have performed more poorly in measurements of skills and education in

Denmark than in Britain. In 2004, while 27% of native Danes had either no qualifications or only a primary or lower-secondary education, 44% of children of non-western immigrants fell into this extremely limited educational category. A full 80% of first-generation immigrants was evaluated as having no qualifications, but these included individuals with educational degrees from their own countries that were not recognized by Denmark (Shapiro 2004, p. 20). In comparison, British immigrants seem to perform less poorly vis-à-vis the general population than Danish immigrants. For example, one study found that 17.7% of white residents between 19 and 64 had qualifications below ISCED level 2, while 18.4% of non-white residents had such skills (Department for Innovation and Universities and Skills 2008, p. 10). Thus, while the social inclusion of immigrants has been truly problematic in Denmark, the majority of low-skilled retail workers are not immigrants.

A fourth reason for the larger concentration in retail of low-skilled Danish workers than British workers may reflect a programmatic mismatch between the vocational training regime and the needs of low-skilled service workers. The lengthy apprenticeship programs do, indeed, seem to create a programmatic hurdle for those who need or want fewer skills than are offered by these expansive programs. Thus, the very strengths of these top-notch experiments in vocational training seem to contribute to an insider-outsider dynamic, in which a fundamental misfit between the needs of the haves and have-nots prevent training interventions from meeting the needs of low-skilled workers. The Danish government has recognized that the high standards of the Danish vocational training system pose constraints for low-skilled people who cannot manage a more ambitious course of study and it has tried to create less rigid alternatives. To date, however, even the two-year shop assistant degree has had limited participation, although it may still be too early to predict future participation.

A large part of the misfit between training institutions and low-end workers' skills is due to the firms' incentives to offer training, or lack thereof. While a smaller firm size might work against incentives to train, this does not seem to be the problem. Danish firms do tend to be smaller than their British counterparts; however, the top five food retail firms in Denmark control 95% of sales, compared to 75% in the UK, and the top five electronics firms control 71% of sales in Denmark, as opposed to 44% in the UK (Carré *et al.* 2008, p. 6). These large chain stores have been particularly reluctant to offer much firm-level training to compensate for the limited participation of low-skilled workers in formal apprenticeship programs. One might assume that these chain stores would offer more training, because they rely on information technology software programs to manage inventory and to reap benefits of economies of scale, and these developments have increased requirements for skills (Griffith & Harmgart 2005; Danish Ministry of Education 2009). Yet some of the fastest-growing companies, such as the discount supermarket retail chains Netto and Fakta, almost exclusively employ unskilled workers and only systematically train their store managers. Moreover, training is largely restricted to online programs (interview with Poul Erik Pedersen, Grenå Handelsskole, 29 June 2009). But the development of basic skills is virtually nonexistent, as training is primarily focused on learning about the practicalities of assisting the daily operation of the stores (interview with Fakta, 2 October 2006).

Certainly, some large retail firms have been deeply committed to employee training; for example, the up-scale Danish supermarket chain, Irma, which sells specialty high-end products, does extensive in-house training for both skilled and unskilled employees.

These courses use experienced-based learning to develop firm-specific skills rather than more formal approaches to education. Experienced workers run this training program and help new employees become knowledgeable about Irma's products; the company has shied away from e-learning and other techniques that lack human contact. The human resources and sales functions are institutionally integrated within the company, which may give training a higher profile. Irma's human resource management strategy has meant that the company has no difficulties recruiting employees (interview with Irma, 5 October 2006), and since 2001 each year the firm ends up on a list of the best places to work in Denmark. Moreover, some low-skilled workers receive some on-the-job training through the government *Arbejdsmarkedsuddannelsessystem* (AMU) program for continuing education for unskilled workers. Representatives from employers and unions work together with the firms to design courses that satisfy the skills needs in the retail sector, and these typically concentrate on products, IT, management, work environment, customer relations, and sales. These courses do not give the workers any formal competencies, yet they create some portable skills and to respond to employers' demands.

British firms also exhibit a wide range of experiences, yet the British training system has had greater historical reliance on the pluralist approach: while lacking in consistency and rational design, retail training has a plethora of options and possibilities and some firms have tailored the British qualifications system for their own training purposes (Steedman *et al.* 2004; Steedman *et al.* 1998). Tesco, Britain's largest supermarket chain, earned front-runner status in retail training in 2004, when it became the first British retail company to win accreditation for its in-house training program. Other British companies have lower training rates than this flagship retail chain; indeed, according to Skillsmart although 60% of the industry is sympathetic to the need of training, only a small percentage participates in a meaningful way. Yet the flexibility of the British training system has allowed less ambitious companies to develop less extensive training options (interview with Skillsmart Retail, March 2006).

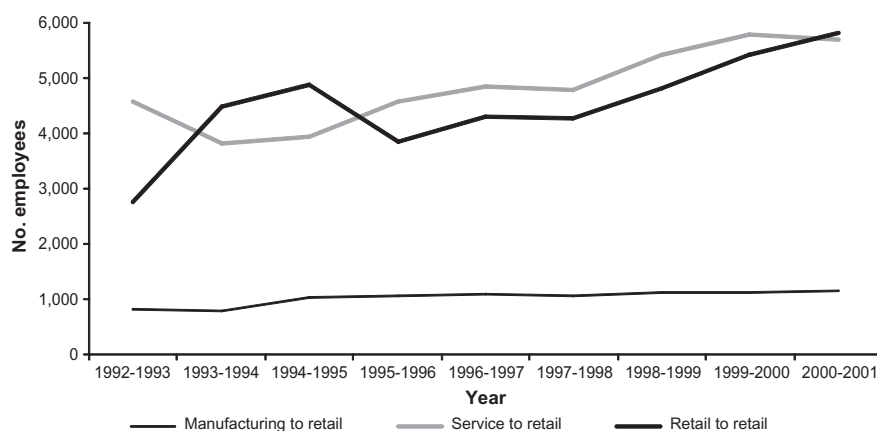
The labor market impacts low-skilled workers

As our puzzle concerns the higher concentration of low-skilled retail workers in famously equitable Denmark than in notoriously unequal Britain, we must also explore the labor market conditions for low-skilled workers in the two countries. It is possible that individuals with low skills are more likely to be employed and to receive a better wage in Denmark than in Britain. Thus, the retail sector may be thought of as a magnet for those who would end up unemployed elsewhere, and the educational evidence captures only a small aspect of the labor market position of the low skilled.

This, in fact, appears to be the case: when one compares Danish and British workers in terms of employment rates, wage equality, and the labor force participation of young workers, Denmark seems to do a better job of including marginal workers. Denmark has a lower unemployment rate (3.7% for 2007) than Britain (5.4%) (OECD 2008b, p. 20) and employment for workers aged 15 to 24 is also better in Denmark. Danish youths have half as much unemployment (7.6%) as British youths (13.9%), and Danish youths with less than an upper secondary education have an unemployment rate of 8.2%, compared with their British counterparts' rate of 12% (OECD 2004, pp. 336–337) (see Table 3 describing labor market conditions for low-skilled workers in Denmark and the UK).

Table 3 Labor market conditions for low-skilled workers in Denmark and the UK

	Denmark	Britain	Source
GDP spent on education (%)	7.4	6.2	OECD (2008a, table B2.2)
Secondary education in vocational education (%)	48.0	42.0	OECD (2008a, table C1)
Unemployment (total) (%)	3.7	5.4	OECD (2008b, table 0.3, p.20)
Unemployment rates among adults (25–64 year olds) with less than an upper secondary education (%)	5.5	5.7	OECD (2008b, table D, pp. 348–350)
Unemployment rates (15–24 year olds) (%)	7.6	13.9	OECD (2008b, table 1.1A1, p. 89)
Long-term unemployment (15–24 year olds) (%)	1.0	14.5	OECD (2008b, table 1.1A1, p. 89)
School enrollment rates (15–24 year olds) (%)	32.0	35.4	OECD (2008b, table 1.1A1, p. 89)
Unemployment among youths (15–24 year olds) having less than an upper secondary education (%)	8.2	12.0	OECD (2004, pp. 336–337)
Wage equity (Gini Coefficient)	24.7	36.0	UNDP (2009)

**Figure 1** Movement into unskilled retail jobs by sector in Denmark.

Low-skilled jobs in retail might be helpful if they absorbed redundant manufacturing workers, but few low-skilled service sector workers come from the manufacturing sectors (see Fig. 1).

This employment portrait suggests that there are more job opportunities in low-skilled work for uneducated Danish youth than for uneducated British youth, and one might guess that many of these young uneducated Danes are ending up in the retail sector. Thus, from another perspective, the higher share of low-skilled workers in the retail sector might be regarded as an example of successful integration of young people with few skills. This more felicitous employment portrait in Denmark is mirrored in lower wage inequality and some evidence of higher job satisfaction; thus, it would appear that Danish policymakers and collective bargaining processes have created

decent working conditions for low-skilled workers, even while these policymakers and processes have had difficulty raising the skills of these workers. The Danish Gini Coefficient is 24.7, while the British is 36.0 (UNDP 2009). A smaller proportion of Danish retail workers (23%) earn only two-thirds of the national wage average than employees in the UK (49%), and Danish workers have better hours (Carré *et al.* 2008, pp. 2, 13).

At the same time, Esbjerg *et al.* (2008b, pp. 154–173) suggest that working conditions for low-skilled retail workers are less beneficial than for better-skilled workers. For better-skilled workers, retail can be an avenue for job mobility, as the large stores tend to promote from within and a motivated employee can work his or her way up the management ladder. For low-skilled, part-time retail workers, the jobs can offer flexible hours and an opportunity to work outside the home: these workers do not want more hours and responsibility and are often merging work with home life. Yet for full-time, low-skilled retail workers, especially in the discount chains, the experience can be much less pleasant (Esbjerg *et al.* 2008a).

Conclusion

The rise of the service economy – with its waning share of medium-skilled jobs and waxing share of low-skilled work – threatens to create an enlarged pool of marginal workers and to exacerbate social and economic inequalities. At the same time, these low-skilled jobs pose a practical problem for traditional vocational training systems that were designed to benefit highly skilled manufacturing workers. We find that although Denmark has made a substantial political and economic commitment to training its low-skilled workforce, there is a larger concentration of low-skilled retail workers there than in Britain. Today Denmark has an astonishing share of young people who pursue no advanced education and many are seeking retail jobs; moreover, while many workers pursue lengthy vocational education programs, these low-skilled retail employees receive virtually no retail training. Thus, the pluralism of the British training system may be more accessible to low-skilled workers, who have difficulty meeting more formidable programmatic challenges. While British training programs most certainly deliver a lower level of skills than the four-year Danish vocational program, they may succeed in offering some competencies to the unskilled workforce.

Denmark's growing ranks of low-skilled retail workers point to a crucial flaw in the social democratic accord. In this bastion of coordinated capitalism and full employment, retail workers may be forgoing training altogether because the training hurdle is too high; moreover, the very strengths of the Danish system – the highly developed training apparatus – may be part of the problem for the marginal retail workers. Just as a political tension between working-class insiders and outsiders may bring parties on the left to dump low-skilled workers for electoral reasons, and to favor their more highly skilled constituents over their less skilled counterparts, so the Danish vocational training system may be better equipped to train high- and medium-skilled manufacturing workers than low-skilled ones. The policy legacies of an impressive vocational education tradition may now divide the working class into haves and have-nots. The Danish training system may be terrific for everyone except for those excluded from the core training institutions: low-skilled workers may be joining immigrants as a forgotten minority, excluded from occupational identities and skills.

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Notes

- 1 Danish retail workers are less educated than their peers, with an average level of education of 10.73 years, compared to 11.24 years in private services and 11.17 years in industry (Statistics Denmark 2005).
- 2 The initial vocational training track typically entails students spending two-thirds of their time in a firm, with a journeyman's examination at the end, and continuing vocational training allows adults to upgrade their qualifications and also awards formal qualifications (Cort 2002, pp. 21–25). Vocational training in retail is a four-year program (including a two-year practicum) for students who have completed 9 or 10 years of basic schooling.
- 3 This degree is shorter than the vocational program in retail (with two years of theoretical and two years of practical training program), lacks a final exam project, and does not award a vocational training degree. In 2005, only 96 contracts were signed in contrast to 6,000 for the four-year program, but the programs are new and expected to increase with time, especially among the large discount chains where there is greater division of labor among employees.
- 4 Margaret Thatcher, British Prime Minister 1979–1990, replaced the Labour government's quasi-corporatist industrial training boards and national training organizations, ended most mandatory training levies, and created the NVQ scheme, which imperfectly matched real job requirements, in 1986.
- 5 Blair's "14–19 Education and Skills" created a new entitlement to skills development and developed a "Specialised Diploma" for students on the vocational track (Department for Education and Skills 2005, pp. 5–6, 14, 20).
- 6 The CIRIUS web-based handbook states equivalent Danish and foreign competencies so that foreigners and immigrants can automatically receive credit for their qualifications obtained in their home countries (<http://www.ciriushonline.dk/anerkendelse/landehaandbog/slaa-op-i-landehaandbogen/landehaandbogen>).
- 7 The International Standard Classification of Education (ISCED) was created by UNESCO to offer standardized cross-national comparisons of educational attainment, identifying six levels of education (UNESCO Institute for Statistics 2006).
- 8 The PISA assessment conducts a cross-national comparison of 15-year-old students in reading, mathematics, and science.

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