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## MNE internationalization in the retail industry in 12 EU countries

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## The WIBAR-2-MNE-database

The WIBAR-2-MNE database is developed as part of the WIBAR-2 project. The aim of the database is to facilitate the answers in the WageIndicator web-survey to the survey question in what company respondents work. This survey questions enables data analyses of the country-specific impact of Foreign Direct Investment on wages and working conditions, as well as comparing wages across countries within one company. A Multinational Enterprise (further MNE)-database has been developed for twelve EU member states and five industries by Van Klaveren and Tijdens. These countries are Belgium, Denmark, Finland, France, Germany, Hungary, Italy, the Netherlands, Poland, Spain, Sweden, and the United Kingdom. These five industries are retail; call centers and finance; IT; metal and electronics manufacturing, and parts of the transport industry.

The database is underlying the WageIndicator web-survey for its survey question “What is the name of the company where you work?”. In this survey, respondents first tick the industry where they work, and then a list of company names in this particular industry pops up. At the bottom of the list an option ‘Other’ allows respondents to key in the company name if that name is not listed. An option “Don’t want to say” facilitates respondents not to identify the name of the company where they are working.

For the database sound knowledge of industries and enterprises was combined with information gathered through the Internet. Industry knowledge partly relied on industry studies carried out since 2000 by AIAS and STZ consultancy & research. This knowledge was brought up-to-date through Google and Wikipedia search efforts. Names and ownership relations have been updated until March 25, 2008. This means that the situation concerning ownership relations as of that date will be the starting point for all analyses in the course of the WIBAR-2 project.

The WIBAR-2 database contains 577 MNE names with in total 1,057 subsidiaries, with in total 3,630 establishments in the twelve countries involved. For the purpose of this research, a MNE is defined as a company with one or more subsidiaries, whereby at least one subsidiary has establishments in two or more countries. An establishment is defined at the level of the country. Within one country, establishments are not distinguished individually; even if subsidiaries own many establishments in that country, like stores in retail chains, these establishments are counted as one. In addition to MNE-establishments, for a few countries the database also contains names of large domestic companies in the five industries.

## The retail industry in the database

This paper presents brief results of a first exploration of the database. Its focus is on the retail industry, detailed in Table 1 hereafter.

*Table 1: The retail industry by sub-sector, according to NACE-coding.*

5210	department stores and supermarkets
5220	specialized stores: food, beverages, tobacco
5230	pharmaceutical goods, cosmetics
5242	clothing
5243	footwear and leather goods
5244	furniture, lighting and household
5245	electrical household appliances, RTV
5246	hardware, paints and glass
5247	books, newspapers and stationery
5248	specialized stores: other retail sale
5270	repair of personal and household goods
5249.1	flowers, plants, seeds, pet animals, pet food
5249.2	games and toys

For the retail industry, the database contains 165 company names, of which 87 are defined as MNE's, 6 as VM and 72 are domestic companies. The VM companies are voluntary associations, functioning as multinational enterprises, for example the Spar retail chain. Our analyses will be limited to the MNE's and VM companies, thus we exclude the domestic companies. Our further analysis will be based on these 93 MNE's.

## Internationalization in the retail industry

In the twelve countries at stake, these 93 MNE's have in total 222 MNE subsidiaries and 31 VM subsidiaries. The 222 MNE subsidiaries have 626 establishments, and the 31 VM subsidiaries have 53 establishments.

### Internationalization by host country

Table 2 presents the number of establishments of these 626 + 31 subsidiaries.

*Table 2: Number of establishments in twelve countries by host country of the MNE company of the establishment.*

country	MNE establishments	VM establishments	country	MNE establishments	VM establishments
BE	77	2	HU	40	3
DE	68	10	IT	39	2
DK	31	9	NL	93	7
ES	46	2	PL	56	0
FI	20	2	SW	27	8
FR	81	5	UK	48	3
			total	626	53

### Internationalization by sub-sector

Table 3 shows that 30 per cent of all MNE/VM establishments are found in the department stores and supermarkets sub-sector (206 of 679), followed by clothing (166) and electrical appliances (117). The table shows that internationalization in the books, flowers etc and repair sub-sectors is very limited. Looking at the twelve countries, it shows that most establishments are found in the Netherlands (100 of 679), followed by France (86), and Belgium and Germany (79 resp. 78). The fewest establishments are found in Finland (22).

*Table 3: Number of establishments in the twelve countries, break down by sub-sector (NACE code according to Table 1).*

	5210	5220	5230	5242	5243	5244	5245	5246	5247	5248	5270	5249.1	5249.2	total
BE	19	2	2	22	1	6	11	2	0	10	1	1	2	79
DE	33	4	3	17	2	2	11	0	0	3	1	0	2	78
DK	15	0	2	10	1	1	6	0	0	3	1	0	1	40
ES	14	1	2	16	0	2	8	0	0	3	1	0	1	48
FI	2	0	2	7	0	1	6	0	0	3	0	0	1	22
FR	34	2	4	17	1	4	16	2	0	5	0	0	1	86
HU	17	0	4	9	1	1	7	0	0	3	1	0	0	43
IT	9	0	4	13	0	1	9	0	0	4	1	0	0	41
NL	12	2	11	22	6	7	19	3	1	9	1	3	4	100
PL	28	1	4	12	1	1	6	1	0	2	0	0	0	56
SW	11	0	2	9	0	1	8	0	0	3	0	0	1	35
UK	12	2	5	12	1	2	10	1	1	3	1	0	1	51
total	206	14	45	166	14	29	117	9	2	51	8	4	14	679

## Internationalization by MNE home country

Table 4 shows that most establishments (126) are owned by MNE's with Germany as their home country in, followed by France (119) and the Netherlands (110). These countries have most establishments in their own country.

The table indicates various patterns of internationalization of retailing by MNE home country. For example, Germany-based retail MNE's have expanded particularly to France, the Netherlands, and Poland. French MNE's mainly internationalized towards Belgium, Spain and, again, Poland. Dutch retail MNE's particularly invested in Belgium, Germany and France. UK-based retail MNE's notably internationalized towards France and the Netherlands. The US-based retailers have spread their interests across Europe, be it with some concentration on the UK.

*Table 4: Number of establishments in twelve countries, break down vertical by MNE home country and horizontal by host country*

	BE	DE	DK	ES	FI	FR	HU	IT	NL	PL	SW	UK	total
Austria	0	0	0	0	0	0	0	1	0	1	0	0	2
Belgium	<b>14</b>	1	1	0	1	3	4	0	2	0	1	0	27
Canada	0	0	0	0	0	1	0	0	0	0	0	0	1
Denmark	0	2	<b>8</b>	0	0	0	1	0	0	0	7	0	18
France	11	8	2	15	3	<b>34</b>	7	10	5	15	3	6	119
Germany	7	<b>34</b>	7	7	2	11	9	7	15	16	5	6	126
Hong Kong	1	0	0	0	0	0	1	0	3	1	0	2	8
Hungary	0	0	0	0	0	0	<b>1</b>	1	0	0	0	0	2
Italy	1	1	1	1	1	2	1	<b>2</b>	2	1	1	1	15
Japan	3	3	3	3	3	3	3	3	3	3	3	3	36
Luxembourg	3	1	2	3	0	0	1	1	3	0	0	1	15
Netherlands	23	11	2	2	1	11	3	1	<b>47</b>	4	2	3	110
Norway	0	0	1	0	0	0	0	0	0	0	1	0	2
Portugal	0	0	0	0	0	0	0	0	0	1	0	0	1
Spain	4	2	2	<b>5</b>	2	3	2	5	3	3	2	3	36
Sweden	3	3	2	3	1	3	1	1	2	2	<b>2</b>	3	26
Switzerland	2	4	3	1	1	1	2	0	1	0	1	1	17
United Kingdom	3	2	2	3	3	9	4	5	9	6	3	<b>15</b>	64
United States	4	6	4	5	4	5	3	4	5	3	4	7	54
total	79	78	40	48	22	86	43	41	100	56	35	51	679

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