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The People Versus Wal-Mart Stores: Debating the Legal Labor Issues

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UNIVERSITY HONORS PROGRAM
SENIOR PROJECT - APPROVAL

Name: Sherrill Elizabeth Richardson

College: Arts and Sciences  Department: Spanish and World Business

Faculty Mentor: Mr. John Anderson, Professor of Management

Title: "The People Versus Wal-Mart Stores: Debating the Legal Labor Issues"

PROJECT DESCRIPTION (Attach not more than one additional page, if necessary):

This study debates the controversy surrounding Wal-Mart's labor practices and the ensuing legal conflicts. Included in the labor disputes are the issues of living wages, discrimination and illegal job termination, retirement and health benefits, denied voices within the company, and union debacles. The supporters of Wal-Mart believe that the company has sound business practices and treats their employees extremely well. However, many people disagree with this claim and have a very negative opinion of Wal-Mart's behavior. Clearly, it is a major issue since Wal-Mart is sued nearly 5,000 times per year, more than any other domestic entity besides the United States Government. This debate takes into account the claims of many and attempts to provide a glimpse into a major debate which is occurring in the United States and around the world.

I have reviewed this completed senior honors thesis with this student and certify that it is a project commensurate with honors level undergraduate research in this field.

Signed: ____________________________, Faculty Mentor

Date: 5-7-03

Comments (Optional):

Other than a few typos, I find Sherrill's project to be excellent. She detailed both the pros and cons of WM strategy and management philosophy. I might have taken a position pro or con and offered ideas to WM on ways they could deal with the pressures, but that...
does not detract from the overall excellence and detail in her project.

PROJECTIONS DESCRIPTION (Attach not more than one additional page if necessary)

This study debates the common view surrounding West-March and its impact on the community, businesses, and the economy. It analyzes the data and patterns, the interconnection, and the relationships between the issues and the proposed solutions. It aims to provide a comprehensive view of the development of the West-March area.

However, when discussing the West-March area, it is important to note the extensive research conducted. The evidence collected is based on interviews, surveys, and financial data. The project concludes that the West-March area has the potential for significant growth, provided the necessary investments and support are made. The report emphasizes the importance of community involvement and stakeholder engagement in the decision-making process.

I have reviewed this comprehensive report and agree with the conclusions and recommendations presented in this report.

Sincerely,

[Signature]

Date: 2-5-03

Comments (Optional):

[Handwritten notes and comments]
Hi Sherrill,

I'm out of town due to a death in the family. I will be back mid week next week so we can get together maybe Wed or thurs.

John Anderson

Original Message From Sherrill Richardson

Hello Mr. Anderson, I hope you have been doing well! I am finishing my senior honors project and was hoping to bring it by to get any comments you might have at some point next week. Next Wednesday or Thursday I am free all day, but I can find a time on another day if that would be better for you. I will also send you a draft of the paper as soon as I finish (which I hope will be by, at the latest, Tuesday). Sincerely, Sherrill Richardson

Dr. Broadhead—Mr. Anderson still has not contacted me and I have written two more emails, left a voice mail, and spoken with his secretary.
"The People Versus Wal-Mart Stores: Debating the Legal Labor Issues"

Sherrill E. Richardson
May 7, 2003
Dr. Thomas Broadhead, University Honors Director
Mr. John Anderson, Faculty Mentor
Abstract

"The People Versus Wal-Mart Stores: Debating the Legal Issues"
By: Sherrill Elizabeth Richardson
University Honors Director: Dr. Thomas Broadhead
Faculty Mentor: John Anderson, Professor of International Business

This study debates the controversy surrounding Wal-Mart's labor practices and the ensuing legal conflicts. Included in the labor disputes are the issues of living wages, discrimination and illegal job termination, retirement and health benefits, denied voices within the company, and union debacles. The supporters of Wal-Mart believe that the company has sound business practices and treats their employees extremely well. However, many people disagree with this claim and have a very negative opinion of Wal-Mart's behavior. Clearly, it is a major issue since Wal-Mart is sued nearly 5,000 times per year, more than any other domestic entity besides than the United States Government. This debate takes into account the claims of many and attempts to provide a glimpse into a major debate which is occurring in the United States and around the world.
The People Versus Wal-Mart Stores: Debating the Legal Labor Issues

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Section I. Introduction

With more than 1.2 million employees in eleven countries, Wal-Mart is a major component of the global economy. Founded in 1962, Wal-Mart boasts revenues of over $200 billion, which accounts for nearly two percent of the entire domestic product of the United States, and net income of $6.6 billion (Olsson 2). Additionally, in roughly 1,600 Wal-Mart stores, 1,000 Supercenters, and 500 Sam's Clubs, Wal-Mart has a staggering 100 million customers each week (Willing 2).

However, Wal-Mart is busy not only at the check-out counter but also in the courts across the country. Nearly five thousand lawsuits are filed each year against the massive corporation, which amounts to a new case being filed every two hours. There have been over forty thousand cases against Wal-Mart in the last decade, with 9,400 currently open. Wal-Mart Stores is sued more times than any domestic entity with the exception of the United States Government which is sued roughly 7,500 times per year. The legal matters are so prevalent that thousands of attorneys specialize in prosecuting or defending Wal-Mart. One major issue that is found among these lawsuits is that of employee rights (Willing
1). By examining the cases in this area, it is clear that both sides have strong cases and that there are many unanswered questions surrounding Wal-Mart.

Section II. History of Wal-Mart Stores

Since 1962, Wal-Mart Stores has grown from the small business of Sam Walton to one of the largest and most successful multinational corporations in the world. Within five years, the business had grown to encompass twenty-four stores that earned $12.6 million. One year later, the company began opening stores outside of Arkansas and officially incorporated on October 31, 1969. With the establishment of the home office and first distribution center in 1970, Wal-Mart was poised to become a publicly held corporation on the New York Stock Exchange by 1972 ("Wal-Mart Timeline" 1-2).

With a great deal to be enthusiastic about, Sam Walton introduced the now famous "Wal-Mart Cheer" in 1975 to continue to motivate the employees towards future success. Clearly, the cheer and the business tenets of Walton did bring further success, and by the end of the 1970s, Wal-Mart became the first corporation to reach $1 billion in sales in such a short period of time. The company also boasted 276 stores in eleven states with 21,000 associates ("Wal-Mart Timeline" 3).

In the early 1980s, Wal-Mart opened the largest distribution center in the United States to date in Palestine, Texas. Again with much to be excited about, Wal-Mart begins to share the enthusiasm with others by establishing the "People Greeter" program. In 1987, the company finally completed the "Wal-Mart
Satellite Network," the largest private satellite network in the United States, to link its 1,200 stores with over 200,000 associates ("Wal-Mart Timeline" 4).

Wal-Mart began the 1990s being named "America's Number One Retailer." The domestic success brought Wal-Mart to begin expanding abroad by opening its first international store in Mexico City in 1991. Although Sam Walton passed away the next year, Wal-Mart's success would prove unstoppable as it finally enters all fifty states and makes significant steps towards its global expansion in Canada, Hong Kong, China, Argentina, and Brazil. In 1997, Wal-Mart became the largest employer in the United States with 680,000 domestic associates and an additional 115,000 employees abroad. Less than twenty years after Wal-Mart first reached $1 billion in sales, the corporation surpassed the $100 billion level in 1997. Although its profits were incredible, the company also showed its trademark community support interests by exceeding $100 million in charitable contributions by 1998. Even when the company seemed as if it could not grow stronger, Wal-Mart continued to earn top rankings and prestigious honors for their incredible business. Most recently, Wal-Mart recorded its largest single-day sales total—an unfathomable $1.43 billion—in 2002 ("Wal-Mart Timeline" 5-7).

Section III. The Legal Strategy of Wal-Mart Stores

Wal-Mart Stores not only have an extraordinary amount of lawsuits but they also have a unique and uncommon legal strategy. While most corporations prefer to quietly settle legal disputes, Wal-Mart has an extremely aggressive
approach (Willing 2). Sam Walton, the founder of Wal-Mart, believes in the simple idea that, "if at fault, admit it and settle the claim. If not, take them to court." (Willing 5) The benefits to this policy are that many plaintiffs will be discouraged due to the high costs of fighting a large corporation and that Wal-Mart may bolster their positive image for defending itself. Robert Rhoads, the director of the company's legal department, insists that, "if we haven't done anything wrong, we owe our employees the strongest defense possible" (Willing 3). On the other hand, there are several disadvantages to this position as well. Among these are the high legal costs, the potentially embarrassing and high-profile guilty verdicts, and the appearance of using their legal and financial resources to obstruct justice. In the end, despite the legal strategy, the debate over the employment practices remains.

Section IV-a. Wal-Mart First, Employees Last: Retail Work Environment

According to a current Wal-Mart employee, the best word to describe working at Wal-Mart is "stressful." On any given day, employees are given extensive responsibilities. During a typical shift, an associate will be expected to "man a register, hop on a mechanical lift to retrieve something from a high shelf, catch fish from a tank, run over to another department to help locate an item, restock the shelves, dust off the bike racks, and field questions about potting soil and lawn mowers." Although the retail industry is normally hectic, the problem lies in the fact that Wal-Mart retains staggering profits, while their stores are almost always understaffed and employees are overworked (Olsson 2).
Section IV-b. Wal-Mart First, Employees Last: Employee Wages

One of the key issues in this controversy is regarding the employee wages. The average Wal-Mart employee works twenty-eight hours per week and earns approximately $7.50 per hour. Annually, the average worker earns only $10,920 which is $3,000 below the poverty line for a family of three ("Wal-Mart War on Workers" 1). Employee pay also is about thirty percent less than other retailers (Armour 4). In an era where the necessity of a living wage for all people is given a higher priority, many feel that Wal-Mart has serious shortcomings ("Wal-Mart War on Workers" 1). Jennifer McLaughlin, a twenty-two year old single mother, insists that “the way they pay you, you cannot make it by yourself without having a second job or someone to help you.” (Olsson 1) Although some proponents argue that the employees should work full-time, which is usually at least forty hours per week, the fact remains that most of these individuals are more than willing to work this amount but are not given the opportunity by the individual stores. ("Wal-Mart War on Workers" 1).

Currently, lawsuits are pending in twenty-seven states charging that Wal-Mart has violated “wage-and-Hour laws” (Olsson 2). Over forty lawsuits specifically charge that employees were forced to work unpaid overtime (Armour 1). Although Wal-Mart maintains an aggressive legal strategy, the company has rarely opted to settle many of these lawsuits before going to court. In Colorado, Wal-Mart paid $50 million to 69,000 employees; in New Mexico, the company paid another $500,000 to settle another overtime violation suit involving about
100 employees. Eventually, Wal-Mart refused to settle and went to court to
defend charges in Oregon. They were found guilty by a jury of "forcing
employees . . . to work overtime without pay from 1993 to 1999." (McIntosh 3).
Opponents certainly make a strong claim that Wal-Mart is not doing a sufficient
job in meeting the financial needs of those that serve their corporation, and thus
far the courts have sided in their favor on almost all occasions.

Section IV-c. Wal-Mart First, Employees Last: Health Benefits

Another major concern of Wal-Mart employees is their health benefits.
The national average of retail employees participating in the company-sponsored
benefits plans is over sixty percent. However, only approximately twenty-eight
percent of Wal-Mart employees participate in their company-sponsored health
plans. This discrepancy, according to the opponents of Wal-Mart's practices, is
due to the fact that the health plans that the corporation offers are too expensive
and force the worker to face extremely high financial risk. ("Wal-Mart War on
Workers" 1). One labor union official describes the health plans as "unaffordable
to most" and "catastrophic'. . . with high deductibles and premiums that range
from $15.50 to $118.50 every two weeks" (McIntosh 2). These facts are the
signal for great concern for these employees and their families regarding their
medical coverage.

Many of the opponents of Wal-Marts business practices claim that the
benefits are not given enough priority because the company focuses their
resources elsewhere. According to Michael Leonard, Executive Vice President
and Director of Strategic Programs for the United Food and Commercial Workers Union (UFCW), "while workers and their families suffer, Wal-Mart spends millions of dollars on lawyers and union busters to keep them from having a voice at work. Clearly this is a company that prefers to break the law and put corporate greed above worker need" ("Wal-Mart's War on Workers" 2). Thus, although Wal-Mart is meeting the minimum requirements, the company is certainly able to invest more in the worker if the litigation and anti-union campaigns were not so heavily financed.

**Section IV-d. Wal-Mart First, Employees Last: Retirement Benefits**

The dire situation regarding health benefits is very similar to the problems with retirement benefits for Wal-Mart employees. The corporation’s profit-sharing and 401(k) plans leave workers without a fixed monthly pension. Wal-Mart matches two percent of the employee’s earnings with a contribution to the 401(k) account, however this percentage is based on the low wages of around $8 per hour ("Wal-Mart War on Workers" 2).

Also, since eighty percent of the assets of both plans are invested in Wal-Mart stock, the employees’ retirement funds are as volatile as those of Enron employees who faced unbearable losses as the company surprisingly collapsed in 2002. Without safer options, employees are forced to face great uncertainty and stress. Again, opponents assert that this is another clear piece of evidence that the company’s profits are of much greater concern than the welfare of those whose famous customer service skills earn the incredibly high revenues ("Wal-Mart War on Workers" 1).
Section IV-e. Wal-Mart First, Employees Last: Gender Discrimination

Since over seventy percent of the Wal-Mart workforce is female, the issue of gender discrimination is central. Although it seems plausible that Wal-Mart would make great efforts to assure that such an illegal practice is greatly discouraged, the reverse seems to be the case. Many women claim that the environment is extremely male-centered. Sexual harassment is also a serious concern of numerous women, and one former employee describes the practice as "rampant" ("Is Wal-Mart" 1).

Furthermore, many females complain they are denied promotions that they clearly deserve. At Wal-Mart, only one-third of the female associates will become managers. This is less than half of the number of women promoted to managerial positions by Wal-Mart's rival retailers and ranks even below the rivals' statistics from over twenty-five years ago ("Is Wal-Mart" 2). Currently, several major legal battles are making headlines. In one case, a woman was awarded $2.3 million after sexual harassment that was "outrageous" and "witnessed by high-level [supervisors]" ("Wal-of-Shame" 1)

Additionally, a massive class-action lawsuit is pending charging that Wal-Mart has been "wrongly denying promotions and equal pay to 700,000 women" This case, filed in San Francisco, California, is likely to be the largest sexual discrimination lawsuit in history and probably will set important legal precedents (Olsson 2). It alleges that Wal-Mart intentionally discriminated against its female employees in "promotions, compensation, and training" at more than 3,300
stores nationwide (McIntosh 3). Once again, Wal-Mart has very serious claims against their practices that seem to be hard to defend or deny.

**Section IV-f. Wal-Mart First, Employees Last: Disability Discrimination**

While the gender discrimination claims are very disturbing, the claims of many disabled employees are equally alarming. Since 1994, sixteen lawsuits have been filed regarding disability discrimination by the Equal Employment Opportunity Commission (EEOC). With regard to the Americans with Disabilities Act, an attorney for the EEOC insists that he has "never seen this kind of blatant disregard for the law" ("Is Wal-Mart" 2). Although sixteen lawsuits seems to be relatively few in comparison to the amount of Wal-Mart litigation in other matters, this is yet another major complaint against the corporation.

**Section IV-g. Wal-Mart First, Employees Last: Racial and Ethnic Discrimination**

While disability litigation might be relatively low, there are racial and ethnic discrimination suits pending in all fifty states. These claims include allegations of illegal job terminations, punishment of minorities who complain about discrimination, and even blatant prohibition of the interracial romantic relationships of their employees. Wal-Mart was removed from Fortune's *Minority-Friendly Companies* because the company went so far as to report women in the racial and ethnic minority statistics ("Wal-of-Shame" 1). Again, the
claims against Wal-Mart mount and point to an incredibly flawed system of managing the 1.2 million employees

Section IV-h. Wal-Mart First, Employees Last: Union Discouragement

Although the evidence against unethical employee treatment is already extremely convincing, the situation regarding the labor union discouragement is possibly the most striking. The National Labor Relations Board (NLRB) has issued more than thirty complaints in fourteen states against Wal-Mart. It claims that, if employees at a certain store attempt to form a labor union to represent their concerns, the corporate office sends high-level executives to discourage the formation. These teams are referred to as “Special Forces Anti-Worker Units” by the Wal-Mart War on Workers campaign. This practice is infringing on the rights of the employees to freely attempt to create a labor union. Many see the only explanation of such a policy to be Wal-Mart’s desire to treat employees as only the corporate executives desire, and that the labor unions are despised because they are a hindrance to business (“Union Busting Campaigns” 2-3).

These teams of corporate executives have a twofold strategy to combat union formation. First of all, the “velvet glove” approach is the passive but nonetheless illegal attempt to try to ascertain why the workers desire the union. After clarifying the reasons, the executives attempt to convince the employees that they do not need to take such measures and that the corporate office will remedy the problems they face. If this strategy does not work, the team allegedly begins the “iron fist” approach in which troublemakers are identified for their
attempts to incite union desires. The executives then attempt to bribe such employees with promotions or pay raises, and, if they still will not budge, begin to document the problems with the employee for the supposed violations ("Union Busting Campaigns" 1). According to the UFCW, this attempt to find any mistake and then terminate the position has led to one associate losing his job for only "eating a banana" (McIntosh 2).

Although sometimes the first tactic might not work, the fear invoked by threatening the jobs with these violations are often sufficient for the employees to acquiesce to the will of the corporate team. According to Michael Leonard of the UFCW, the corporation displays "a pattern of contempt for this nation's labor laws that shows how low Wal-Mart will stoop to keep workers from exercising their rights to have a union" ("Union Busting Campaigns" 3).

One employee who has faced the wrath of Wal-Mart following his attempt to form a union is Brad Jones, an employee who had his job at a Kingman, Arizona store terminated after Wal-Mart could not coerce him to end his unionization efforts. Jones's manager, Jim Winkler, was also found to have "targeted three union supporters by directing supervisors to hold them to a higher standard" and terminate the jobs as soon as possible. The other two employees left Wal-Mart, but Jones continued to fight and was terminated only "two days after receiving a good yearly performance review which included a four percent wage increase" ("Judge Orders" 1)

In this incident, it was also found that the pro-unionization employees were the victims of illegal surveillance and also harassment about such issues as
"weight and religious beliefs." The most ridiculous finding in this case, however, was that in the guide to employee benefits, it "expressedly stated that associates represented by a union are not eligible for benefits" Administrative law judge Gregory M. Myerson of the National Labor Relations Board ruled that Wal-Mart must rehire and reinstate a complete back pay to Jones. Additionally, following this incident, Wal-Mart was instructed to notify all company employees of its labor violation—the first national attempt to shed light on anti-union practices—and also to amend the "Associate Benefits Book to insure that all workers will be eligible for benefits, regardless of union participation ("Judge Orders" 2).

While it seems to be almost unbelievable that such a corporation would actually use these measures to achieve their objectives, the most damaging proof lies in the anti-union supervisor manuals which include a "Manager's Toolbox to Remaining Union-Free." These tips include the encouragement of attempts to prevent the card-signing process necessary for the union-formation election, a practice which is also illegal ("Wal-Mart's Union Busting" 1). As UFCW’s Leonard states, "this mentality gives rise to a company strategy of do-anything, break-any-law, promise-anyone-anything, but prevent an election at all costs." According to Leonard, the reason that Wal-Mart makes such great efforts to prevent unionization is that "Wal-Mart knows that once workers got a fair, government-run, secret-ballot election, they would vote for union representation, and that's the one thing that Bentonville [headquarters] can't stomach." ("Wal-Mart's Union Busting" 2).
Another major concern of the labor officials is that, since Wal-Mart is able to decrease costs by refusing collective bargaining, its power will only grow. In Arkansas, a recent court outcome is perfect example of the pressures exerted by Wal-Mart. A judge issued a ban against the UFCW’s unionizing attempts in that state, but it was not much longer until it became public knowledge that the judge himself was a “major stockholder in Wal-Mart” (“So What” 1-2).

Although finding complaints by union officials may be easy, management consultant Martin Levitt, who originally helped Wal-Mart develop its procedures to fight unionization, concurs with Leonard. In his book, Confessions of a Union-Buster, he insists that, “in my thirty-five years of labor relations, I’ve never seen a company that will go to the lengths that Wal-Mart will go to avoid a union” (Olsson 2). Although Wal-Mart seems to be the All-American company, the practices seem not to be consistent with either the laws or the ethical norms of the nation.

Section IV-i. Wal-Mart First, Employees Last: International Union

Discouragement

Although the problems faced in the United States are very serious, the policy of union discouragement has met substantially more resistance internationally, especially in countries where labor laws are extremely strict. For example, in Germany, unionization is a major priority. Wal-Mart workers were unionized by two major affiliates: HBV and DAG. The response by Wal-Mart executives to discourage this greatly shocked and offended the German people,
who found such blatant disregard for workers' rights appalling. They were further insulted by the perceived attempts to "Americanize" their citizens. Their customer service requirements of abounding enthusiasm was not appealing to the stoic Germans, and was a perfect example of the way that the American ideals of employment were not being translated into the new environments ("Wal-Mart in Germany" 1-2).

In many international markets, there has been a great decline in the desire to work for Wal-Mart because of these seemingly ridiculous practices. The low wages, poor benefits, and anti-union sentiments are even more unpopular abroad than in the domestic environment. Because of this, Wal-Mart's competitors are seeing rising share prices and higher market shares due to Wal-Mart's lack of success. Furthermore, suppliers do not want to have their company image tarnished by Wal-Mart's highly unpopular reputation ("Wal-Mart in Germany" 1-2).

Section IV-j. Wal-Mart First, Employees Last: Human Rights

Finally, Wal-Mart is also receiving much negative attention regarding human rights issues and production conditions. For their support of inhospitable working conditions in factories around the globe, Wal-Mart was unofficially voted as the Maquiladora Solidarity Network's Sweatshop Retailer People's Choice Award for 2002. Nearly two thousand voters in twenty-eight countries participated, and fifty-six percent chose Wal-Mart over Disney, Hudson's Bay Company, Nike, and Gap. Although this is a relatively minor study, the same
conclusion has been reached by millions of other human rights proponents who feel Wal-Mart is definitely a major violator ("Wal-Mart Wins" 1).

Regarding the sweatshop conditions, complaints continually surface about "poverty wages, verbal and physical abuse and sexual harassment, strip searches" ("Wal-Mart Wins" 3). Additionally, Wal-Mart was ordered to divulge information on what countries and specific factories produced their goods. Rather than publicly releasing such information, Wal-Mart instead claims to have discontinued all items in question ("Wal-Mart Union Busting" 3). Although many statistics released by Wal-Mart suggest only amazing success, there are certainly many claims that the retailing giant must answer to regain the public trust

Section V-a. Wal-Martyred: Company Accolades

As the focus shifts to the proponents' claims in defense of Wal-Mart, it is necessary to recognize the prestigious awards that Wal-Mart has received for its unbelievable success in the retail industry. In the annual Fortune rankings of the top corporations, Wal-Mart consistently ranks at the top and has been chosen the Number One Largest World Corporation, the Number Two Most Admired Global Company, and the Number Three Most Admired American Company.

Even Wal-Mart's treatment of its employees has earned the company of the Ninety-Fourth Best American Company to Work For. Although this ranking is substantially lower than the first three honors, it is necessary to recognize that, since Wal-Mart's workers are not highly skilled and highly educated as many of
the technological companies ranking higher on the list, the extremely high wages and substantial benefits packages are simply not feasible. However, for the retail industry, this ranking is definitely a strong sign. Along with the famous *Fortune Rankings*, Wal-Mart has earned incredible praise for its treatment of its associates from countless other sources (See Appendix A). Clearly, Wal-Mart is a highly respected employer throughout the nation.

**Section V-b. Wal-Martred: The Defense**

In the face of so many claims, Wal-Mart rests not only on its laurels through international awards, but also makes serious counterclaims against those that fight the company. In general, Wal-Mart believes that they provide fair and gainful employment to each worker in a pleasant and uplifting environment. Wal-Mart asserts that the employees are the base of the business and that it is imperative that the company treats them as well as possible. Wal-Mart also maintains that it is unfairly targeted because it is a large, wealthy corporation.

These goals are not only discussed within the organization, but are found in the "Three Basic Beliefs" that Sam Walton developed in 1962. These three principles state the main focuses of the company — "respect the individual, service to our customers, and strive for excellence." Each of these depend heavily on the treatment and the work of the store employees. Wal-Mart's assertion that it does desire to be a great workplace is also very strong. Like the opponents, Wal-Mart provides substantial evidence to defend its cause.
Section V-c. Wal-Martyred: Retail Work Environment

In addition to these prestigious awards, many Wal-Mart employees also support the company. One assistant manager, Emmy, says "Wal-Mart is a great place to work because of the endless opportunities for advancement. There is never a dull moment at Wal-Mart, and with hard work and diligence, anything is possible" ("Good Jobs" 1). A supercenter merchandise director, Steve, also insists that there are many possibilities for a rewarding career, citing that he has traveled to forty-nine states, and has visited Canada, Mexico, and Europe several times. He asserts that he has been "blessed" and "never dreamed that [he] would have been entrusted with a checkbook to buy over $4 billion worth of inventory for our stores" ("Good Jobs" 3).

Clearly, the perceptions of these two employees seem to be based in factual data. Regarding career opportunities, sixty-five percent of management associates began within Wal-Mart as hourly sales associates. They also insist that they give numerous options for employees who are unhappy to voice their concerns. Wal-Mart sponsors an open-door policy which encourages suggestions, grass roots surveys which allow associates to raise any problems with management or company policies confidentially, and an ethics hotline which is also confidential ("The Benefits" 3). Even the simple yet powerful fact that every company document capitalized the word "associate" sends a powerful message about the importance of all employees.

Finally, another employee-centered foundation of Wal-Mart is "Sam's Rules for Building a Business," a list of ten key ideas to have a strong
organization. One rule insists that executives "share [their] profits with all your Associates, and treat them as partners." Another demands that managers "appreciate everything [their] Associates do for the business" ("Sam's Rules" 1).

As Walton expounds upon these ideas, he writes that: "a paycheck and a stock option will buy one kind of loyalty. But all of us like to be told how much somebody appreciates what we do for them. . . Nothing else can quite substitute for a few well-chosen, well-timed, sincere words of praise." And although Wal-Mart must constantly keep costs as low as possible to maintain their unprecedented business success that funds their employees, this type of encouraging attitude in the workplace is "absolutely free - and worth a fortune" ("Sam's Rules" 1).

Section V-d. Wal-Martred: Employee Wages

Although the retail industry typically has lower wages than many more skilled jobs, Wal-Mart believes it gives its workers the best treatment possible regarding compensation. Depending on company performance, associates are eligible to receive a percentage of their income through an incentive bonus plan. Merit increases are also offered throughout the year for outstanding performance, and hourly and full-time associates also often receive holiday bonuses based upon their length of service to the company. Wal-Mart firmly asserts that it is greatly concerned about the welfare of its employees. Obviously, the company could save millions by not allowing these extra bonuses, but Wal-Mart maintains that it truly attempts to put the needs of the employees
before the bottom line and give those who are earning the profits the compensation they deserve ("The Benefits" 3).

Section V-e. Wal-Mart: Health Benefits

According to Wal-Mart surveys, over sixty percent of the associates were interested in employment because of the outstanding health benefits. The corporation claims that its "health plan covers most major medical expenses. The company contributes to the cost of health benefits and we offer affordable associate plans. There is no limit for health coverage." Additionally, the benefits plan includes dental benefits, company-paid life insurance, dependent and optional life insurance, business travel accidental insurance, long- and short-term disability, and an illness protection plan ("The Benefits" 1). Again, Wal-Mart is attempting to offer everything possible to its associates so they can have a high quality of life outside their work environment.

Section V-f. Wal-Mart: Retirement Benefits

Regarding retirement 401(k) accounts, Wal-Mart makes contributions annually to employee savings whether the individual does so or not. Additionally, the employee may invest up to fifteen percent of pre-tax income in this program and may choose among various options as to how the money is actually invested. Also, after one year of employment and one thousand hours of service to the company, Wal-Mart associates become eligible for profit-sharing benefits. This is funded by the corporation itself and is primarily invested in Wal-Mart
stock. Since 1972, over $2.7 billion has been contributed towards associates' profit-sharing and 401(k) accounts ("The Benefits" 1).

Section V-g. Wal-Martyred: Additional Company Benefits

While the opposition to Wal-Mart focuses heavily on disputing the claims regarding employee wages and health and retirement benefits, they seem to mention nothing regarding the wide variety of additional services provided by the company to be of help to all those that serve their corporation. These include vacation and personal time, holiday pay, jury duty pay, medical and bereavement leave, military leave, and maternity and paternity leave. Wal-Mart goes on to also provide merchandise discounts, confidential counseling services for associates and their families, child care discounts, reimbursement for graduate equivalency degree (GED) completion, and over $62 million in education scholarships. Additionally, Wal-Mart supports their employees by strengthening the communities in which they live. Through the Good Works community involvement program, Wal-Mart has donated over $196 million to benefit a variety of causes ("Wal-Mart's Good Works" 1). This program has made substantial and lasting impact on many individuals and towns across the country through community initiatives (See Appendices B, C, D). Finally, all employees have the resource of a free-of-charge real estate expert who can assist in all aspects of relocation. Again, the opposition to Wal-Mart cannot deny that the company does not focus only on decreasing expenses, but does invest heavily in programs to assist their associates and their families ("The Benefits" 1).
Section V-h. Wal-Mart First, Employees Last: Diversity Appreciation

Despite claims of discrimination, Wal-Mart believes it is harmoniously diverse. The company is proudly the largest private employer of African-American and Hispanic individuals in the United States. As Tom Coughlin, President and Chief Executive Officer of the Wal-Mart Stores division, touts, “Our base across the country is as diverse as the communities in which we have Wal-Mart. This allows us to provide the customer service expected from each individual who walks into our stores. Don Soderquist, retired Senior Vice-Chairman of Wal-Mart Stores, Inc., agrees by insisting that “we have different backgrounds, different colors and different beliefs, but we do believe that every individual deserves to be treated with respect and dignity” (“Three Basic Beliefs” 1).

Additionally, fifteen percent of Wal-Mart employees are over the age of fifty-five, many of whom are employed as greeters that welcome the customers to the store. Overall, 164,000 associates are senior citizens. In an period where age discrimination is becoming increasingly prevalent, Wal-Mart appears to be one of the few companies finding creative solutions to use the talents of anyone at any age. This program is particularly popular among many retired workers looking to still earn wages, because the job does not require manual labor and gives the employee the opportunity to still make acquaintances in the local community. Wal-Mart continually earns recognition for their dedication to employing senior citizens (“Our Commitment” 1).
Wal-Mart believes this diversity is no coincidence, but rather that it is a result of their persistent efforts to create an organization that is representative of the customer population it serves. This environment is one of mutual respect despite race, gender, age, religious beliefs, or disability. This is a direct result of the "People's Action Plan", a program Wal-Mart put in place to "demonstrate sensitivity to and respect for all other Associates and to demonstrate commitment to the company's Equal Employment Opportunity" ("Diversity at Wal-Mart" 1).

Section V-i. Wal-Martyred: Unionization

Perhaps the most heated topic is that of unionization. Clearly, there are serious claims with strong evidence to support that Wal-Mart has openly and illegally fought unionization of their workers. However, according to Wal-Mart, it is the unions themselves with ulterior motives. Store associates repeatedly claim to have been pressured by union representatives, especially of the UFCW. The company believes that unions often attempt to trick their employees into requesting union representation for one simple reason—the unionization of Wal-Mart would be extremely profitable for the unions themselves. The company resents this attempt; the unions publicly claim that they are solely interested in representing the voices of the workers, but Wal-Mart feels they are being completely dishonest and are themselves only seeking a profit ("Wal-Mart Associate" 1).

Additionally, Wal-Mart feels that the unions seek out the weakest individuals to prey upon, when the company itself wants only to assist and
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Additionally, Wal-Mart feels that the unions seek out the weakest individuals to prey upon, when the company itself wants only to assist and
support its workers; many employees agree. As one associate begs of the UFCW: “Leave us alone. We can speak for ourselves. We don’t need to pay someone to do it for us.” Another employee, who has worked at Wal-Mart for over nine years, harshly criticizing the unions, saying they are “like vultures. They just keep circling and circling even though 140 associates have sent them letters asking them to bow out and leave us alone” (“Wal-Mart Associate” 1).

From this perspective, unionization definitely is not the preferred route; it also seems that Wal-Mart’s open door policy, grass roots surveys, and ethics hotlines are more than sufficient for any worker to share their thoughts with the executive leadership. The question of whether the unions have sincere interests and a necessary role is definitely debatable.

Additional evidence to support the claims of Wal-Mart with respect to unionization is found in the recent cancellations by the UFCW and the NLRB of employee elections in Illinois, Nevada, Florida, Pennsylvania, Arizona, and California. The workers in these cases had voted originally to hold a secret ballot election for unionization; however, after much negative information regarding such representation became apparent to many workers, they made their opinions publicly known that they opposed unionization. It is common practice that “unions withdraw from a representation vote only if they believe they will not prevail. Unions are looking to the retailing and service sectors for memberships. It is extremely unlikely that they would walk away from this type of employer if the union believed it had any realistic chance of success” (“Wal-Mart Associate” 1).
Clearly, during the initial card-signing phase, the employees are under pressure from the corporate executives and the union organizers. However, if they proceeded through this phase, the secret ballot election is much less likely to be unfairly influenced. It is illogical that they would have proceeded through the difficult step and then decided in the simple step to vote against union representation without truly believing in their ultimate decision. According to Wal-Mart and many anti-unionization employees, this further substantiates the claims that employees do not want to pay to be represented by these labor organizations.

One final complaint of Wal-Mart is that the unionization attempts are driven towards ultimately undermining the company’s incredible competitive advantage, which lies in their cost-cutting strategy. Labor organizations dislike Wal-Mart’s low cost policy because they know it hurts unionized retailers. For example, when Wal-Mart enters a new community, it is likely that other unionized retailers will be threatened. The companies in the latter category are unable to cut costs as dramatically as Wal-Mart, because they are paying nearly twice the hourly wages to their employees and contributing much more to other benefit plans than Wal-Mart as a percentage of overall earnings. Therefore, the labor organizations want Wal-Mart to unionize in attempts to even the prices and wages between these two types of retailers, thereby allowing all to coexist and provide sufficient jobs and living wages (McIntosh 3). However, Wal-Mart clearly has the right to identify and pursue their competitive advantages without being forced to concede to labor unions.
Section VI. The Future of the Debate

While the future is uncertain, it seems unlikely that this debate will be settled anytime soon. With a tremendous amount of litigation pending and new lawsuits arising every day, Wal-Mart will continue to defend their corporation through the judicial process. But along with the official legal cases, the company is highly engaged in a "battle for public opinion" that "cannot be won in the courtroom" (Willing 6). Both the verdicts of judges and juries as well as the verdicts of everyday citizens will determine the future of Wal-Mart and decide whether if the smiling logo and "How May I Help You?" motto applies not only to the treatment of the customers but also to the attitude towards its associates themselves.
Works Cited


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Appendix A

Wal-Mart Rankings and Awards for Employer Excellence

“Our Commitment to People: Diversity and Responsible Employment”

- Wal-Mart Stores, Inc. is the leading private employer of emerging groups in the United States. More than 160,000 African American associates and more than 105,000 Hispanic associates work for Wal-Mart Stores, SAM’S CLUBS and Wal-Mart’s logistics facilities nationwide.
- Wal-Mart Stores, Inc. received the 2002 Ron Brown Award, the highest Presidential Award recognizing outstanding achievement in employee relations and community initiatives.
- The National Hispana Leadership Institute recognized Wal-Mart with the 2002 National Leadership Award for its support of leadership and development programs for Latinas.
- The NAACP presented Wal-Mart with the NAACP 2000 Pacesetter Award for corporate leadership.
- The National Action Network (NAN) presented Wal-Mart Stores, Inc. with the 2002 Community Commitment Corporate Award in recognition of community involvement and diversity practices.
- Wal-Mart received the Hispanic National Bar Association (HNBA) 2002 Corporate Partner of the Year Award for its consistent support and best practices in the area of diversity.
- The Organization of Chinese Americans (OCA) appointed Wal-Mart Stores, Inc. to its 2002 Corporate Advisory Board.
- Wal-Mart received the prestigious 2001 and 2002 Billion-Dollar Roundtable Award for spending more than $1 billion with women and minority-owned suppliers.
- The American Minority Supplier Development Council named Wal-Mart as the 2001 Minority Business Advocate of the Year.
- Hispanic Business Magazine named Wal-Mart one of the Top 25 Diversity Recruitment Programs in 2001 for its aggressive program to hire and promote Latinos and Latinas.
- Wal-Mart Stores, Inc. received a Blue Ribbon Board Award from the organization Catalyst for having two women on its board of directors. Catalyst is a nationally established organization that works with the business sector to advance women.
Appendix B
Wal-Mart's Efforts for Nationwide Community Development

“Wal-Mart's Good Works: Community Involvement Initiatives”

Education

- Wal-Mart is one of the leading supporters of education in the United States. Last year, Wal-Mart invested more than $12.2 million in education. In addition, since 1979, Wal-Mart has contributed more than $91 million in scholarship support.
- Wal-Mart stores and SAM'S CLUBS have saluted nearly 14,000 Teachers of the Year since 1996, making it one of the largest teacher recognition programs in the country. These teachers' schools received $1.7 million in educational grants in 2001 and more than $8.3 million in Wal-Mart educational grants since the program began.
- In 2001, Wal-Mart and SAM'S awarded more than $3 million in literacy grants to thousands of local literacy organizations, libraries and schools. This grant supports organizations working to impact adult and youth illiteracy or support English as a Second Language (ESL) programs. The literacy grant was a new initiative for the company in 2001.

Local and National Community Causes

- Last year, Wal-Mart contributed $196 million - or $3.8 million every week - to the communities we serve through local grants and programs.
- The Salvation Army raised $14 million last year during the holidays with kettles located at local Wal-Mart stores nationwide.
- Wal-Mart and SAM'S CLUB associates raised and contributed more than $18.6 million in 2001 to the United Way, and $170.6 million since 1983.
- In response to the events of September 11, 2001, every Wal-Mart, SAM'S CLUB, distribution center and the Home Office took part in Together We Stand, an initiative to raise funds for the relief efforts and victims of that tragic day. In less than 3 months, our associates and customers raised more than $10 million. When combined with $5 million in contributions from the company, the effort totaled nearly $16 million. Through a partnership with the VFW, Wal-Mart also provided an opportunity in every store for customers to write notes of thanks to our nation's military personnel.

Children

- Wal-Mart is the leading supporter of children's health in the United States. The company raised and contributed $31 million to local children's hospitals in 2001 through the Children's Miracle Network and has contributed $260 million to local children's hospitals since 1987.
Approximately 43 percent of the children served by these hospitals are under-represented children.

- Wal-Mart's Missing Children's Network is one of the most aggressive corporate programs aimed at bringing missing children home. Since 1996, Wal-Mart and SAM'S CLUBS have participated with the National Center for Missing and Exploited Children (NCMEC). In that time more than 2,700 children have been recovered, 70 as a direct result of the bulletin boards displayed in Wal-Mart and SAM'S CLUBS. Wal-Mart Stores, Inc. was awarded the National Missing Children's Award in May 1998 by the NCMEC.

- Code Adam became one of the country's largest child safety programs when it was implemented in all Wal-Mart and SAM'S CLUB facilities in 1995. Wal-Mart associates in Indiana created the special code that is now used by other retailers as well at more than 25,000 locations nationwide. Wal-Mart's Missing Children's Network is endorsed by John Walsh, founder of the NCMEC and host of the popular television show, America's Most Wanted. The Code Adam program is named after Walsh's son, Adam, who was abducted and murdered in 1981.

**Environment**

- More than 15.5 million pounds of plastic and more than 3 billion pounds of cardboard were collected from communities through Wal-Mart's recycling programs in 2001. Customers also can recycle blue shopping bags and rechargeable batteries at any store.

- Wal-Mart and SAM'S CLUB associates distributed $1.7 million in "Be a Good Neighbor" grants in 2001. Every new store that opens awards an environmental grant of $500 to community groups holding a project to clean up an area, landscape a community property, or for beautification.
Appendix C
Wal-Mart's Local Community Initiatives

"Wal-Mart's Good. Works.: Local Community Involvement Programs."

Overview
Wal-Mart Stores, Inc. believes each Wal-Mart store, SAM'S CLUB and distribution center has a responsibility to contribute to the well being of the local community. Associates of our more than 3,200 locations raised and contributed more than $196 million to local charitable organizations in 2001.

Philosophy
Wal-Mart's Good. Works. community involvement program is based on the philosophy of operating globally and giving back locally. In our experience, we can make the greatest impact on communities by supporting issues and causes that are important to our customers and associates in their own neighborhoods. We rely on our associates to know which organizations are the most important to their hometowns, and we empower them to determine how Wal-Mart Foundation dollars will be spent. Consequently, 100 percent of our funding initiatives are channeled directly into local communities by associates who live there.

Implementation
Wal-Mart's approach to community involvement is unique, combining both financial and volunteer support. We encourage our associates to be involved in their local communities and to support the programs that are making a positive difference. In addition, associates conceive and carry out creative fundraising efforts on behalf of local charitable causes, particularly Children's Miracle Network (CMN) and the 170-plus children's hospitals nationwide that receive support from CMN.

Recognition
The American public appreciates Wal-Mart's community-involvement efforts:

- In 2002, Wal-Mart was presented with the Ron Brown Award for Corporate Leadership, a presidential award that recognizes companies for outstanding achievement in employee and community relations.
- In 2001, Wal-Mart was named by FORTUNE magazine as the 3rd most admired company in the United States.
- In 1999 and 2000, Americans named Wal-Mart as the company they think of first in supporting local causes and issues, according to Cone, Inc.
- Wal-Mart ranked among the top five corporate foundations by giving in 1999 and 2000, according to the Foundation Center.

Programs
Local Wal-Mart associates and SAM'S CLUB partners helped raise and contribute $196 million to local charitable organizations in 2001. They accomplished this by organizing fundraisers and making grants to organizations
that are making a difference in their communities. Some of our giving achievements for last year include:

- **More than $77 million in community grants.** Stores, clubs and distribution centers frequently conduct fundraisers for local nonprofit groups, such as Boys and Girls Clubs. The Wal-Mart Foundation may match funds raised by each location. More than 50,000 grants were awarded through the matching grant program in 2001.

- **More than $252 million in 15 years for Children's Miracle Network (CMN).** Wal-Mart is the No. 1 corporate sponsor of CMN and raised more than $31 million for CMN in 2001. Every dollar raised by each Wal-Mart store, SAM'S CLUB and distribution center throughout the year is distributed to a local CMN-affiliated hospital. These hospitals treat 17 million kids in North America each year.

- **More than $170 million in 18 years to United Way chapters.** The Wal-Mart Foundation matches associate payroll deductions and presents a gift to the local United Way chapter. In 2001, United Way chapters received almost $19 million from the Wal-Mart Foundation.

- **$91 million in scholarships since 1979.** Every store, club and distribution center awards a $1,000 Sam Walton Community Scholarship to a college-bound high school senior. In addition, the company offers scholarships to associates and their dependents. Last year, $7.3 million in scholarships were awarded to deserving students.

- **$1.7 million in Be a Good Neighbor Grants.** Every location awards an environmental grant of $500 to community groups holding a project to clean up an area, landscape a community property or beautify a portion of its community.

- **$3.3 million in Volunteerism Always Pays grants.** Grants for community organizations are available to Wal-Mart associates who volunteer their time to local non-profit organizations including schools, 501(c)(3) and faith-based organizations. In 2001, our associates volunteered more than 1 million hours.

- **$20 million raised and contributed during the 2001 holidays.** Included in that total is more than $5 million that associates raised on just one morning during the holidays by donating a percentage of sales to local charities. The Salvation Army estimates its kettles at the front of Wal-Mart stores and SAM’S CLUBS collected more than $14 million during the 2001 winter holidays.

- **Nearly $16 million given in response to the events of September 11.** Every Wal-Mart, SAM’S CLUB, distribution center and the Home Office took part in Together We Stand, an initiative to raise funds for the relief efforts and victims of that tragic day. In less than 3 months, our associates and customers raised more than $10 million. When combined with $5 million in contributions from the company, the effort totaled nearly $16 million. Through a partnership with the VFW, Wal-Mart also provided an opportunity in every store for customers to write notes of thanks to our nation's military personnel.
Appendix D
Wal-Mart’s Community Involvement in Conservation Programs

“Our Commitment to Energy”

DAYLIGHTING (SKYLIGHTS/DIMMING)

- Every facility Wal-Mart builds today from the ground up includes a skylight/dimming system. As daylight increases, skylights allow Wal-Mart to dim the lights, or even turn them off, thereby reducing the demand for electricity during peak hours.
- Nationwide, there are nearly 600 Wal-Mart Supercenters, SAM’S CLUBS and Neighborhood Markets with this system, resulting in an annual savings of about 250 million kwh a year, enough to power approximately 23,000 homes.
- No other big box or national retailer has a similar daylighting system. Other stores may turn off some lights, but only Wal-Mart automatically dims all of the lights as the daylight contribution increases.
- Based on an in-house study completed in 1998, Wal-Mart found that its daylighting system utilized about 25 to 35 percent less than other big box competitors.
- Nationwide, Wal-Mart builds or converts 200-300 facilities each year. All new stores will include the daylighting system.

HEATING & COOLING

- Wal-Mart uses high-efficiency heating and cooling units. While the standard energy-efficiency ratio for heating/cooling units is 9.0, Wal-Mart units have an energy-efficiency ratio of between 10.1 and 11.0.
- The heating and cooling of Wal-Mart stores worldwide is centrally controlled in Bentonville, Ark., enabling Wal-Mart to significantly reduce energy consumption.

WHITE ROOFS

- Since the mid 1990s, all Wal-Mart stores built in California have white membrane roofs. The high solar reflectivity of this membrane results in lowering the cooling load by about 8 percent.

INTERIOR LIGHTING RETROFIT PROGRAM

- All new Wal-Mart stores and Supercenters utilize T-8 low-mercury fluorescent lamps and electronic ballasts, the most efficient lighting system on the market.
• Unlike other fluorescent lamps, low-mercury T-8s are not considered a hazardous material. Out of concern for the environment, Wal-Mart voluntarily recycles its lamps, instead of simply placing them in a landfill.

• By retrofitting stores with T-8 lighting systems, energy load is reduced by approximately 15 to 20 percent.

DOING OUR PART TO CONSERVE ENERGY - THE CALIFORNIA EXAMPLE

• Existing conservation measures at Wal-Mart stores and SAM’S CLUBS in California alone offset the state’s electrical grid by 4.5 million kwh a month, enough power to keep the lights on in 5,000 homes.

• In January, Wal-Mart voluntarily reduced interior lighting in 113 California stores without skylights by turning off every third fixture. This change alone is estimated to save 68,000 kwh a day, enough power to supply 75 homes a month.
Visual Presentation

November 25, 2002
The People versus Wal-Mart Stores: Debating the Legal Labor Issues

Sherrill Richardson

Overview: Company Information

• 1.2 Million employees of Wal-Mart in 11 countries.
• Revenue: $191 Billion (2000)
• Shoppers per week: 100 million
• 1,667 Wal-Mart Stores; 998 Supercenters; 486 Sam’s Clubs.

(Source – USA Today)
Overview: Lawsuits

- 4,851 U.S. lawsuits in 2000 – once every two hours, everyday.
- 9,400 cases currently open
- 40,000 cases in the last decade.
- Wal-Mart Stores are sued more than any U.S. entity except the Federal Government (7,500 suits/year).
- Thousands of attorneys specialize in defending and prosecuting only Wal-Mart.

(Sources – USA Today. Wal-Mart Stores)

Overview: Legal Strategy

- Aggressive defense vs. settlement
  - “If at fault, admit it and settle the claim. If not, take ‘em to court” – Sam Walton
- Disadvantages:
  - Bully appearance
  - High Legal Costs
  - Potential embarrassing, high-profile losses.
- Benefits:
  - Discouraged plaintiffs due to costs
  - Bolstered positive image

(Source: USA Today)
Overview: The Question

"Is Wal-Mart unfairly targeted because it’s big and rich, or is it an outfit who uses its deep pockets to wear down those who sue? That’s the battle for public opinion that Wal-Mart may be fighting next. And they can’t win it in the courtroom”

– Richard Cupp, law professor, Pepperdine University

(Source: USA Today)

The Prosecution: Wal-Mart First, Employees Last

• Major Employee Concerns:
  - Low wages
  - Poor benefits – health care, retirement
  - Illegal Firings / Discrimination
  - Denied voices within company – propaganda used to discourage complaints
  - Union Discouragement – workers penalized for union participation.

(Source: Wal-Mart’s War on Workers)
The Prosecution's Case:
Wal-Mart First, Employees Last

• Wages
  – Average hours per week – 28
  – Wages per hour – $7.50
  – Yearly Salary – $10,920 – $3000 below the poverty line for a family of three.

(Source: Wal-Mart's War on Workers)

The Prosecution's Case:
Wal-Mart First, Employees Last

• Health Benefits
  – National Average of retail employees participating in company-sponsored benefits plan: 60%
  – National Average of Wal-Mart employees participating in company-sponsored benefits plan: 28%
  • Why? Expensive and high risk plans.

(Source: Wal-Mart's War on Workers)
The Prosecution's Case: 
Wal-Mart First, Employees Last 

- Retirement Benefits  
  - Company's profit-sharing and 401(k) plans leave workers without a fixed monthly pension benefit. 
  - Assets of both plans are 80% invested in Wal-Mart stock leaving workers with Enron-like risk. 

(Source: Wal-Mart's War on Workers)

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The Prosecution's Case: 
Wal-Mart First, Employees Last 

- Gender Discrimination  
  - Major issue because 70% of Wal-Mart's workforce is female. 
    - Women claim that the culture is extremely male-centered. 
    - Sexual harassment is rampant. 
    - Women are almost always denied promotions that they clearly deserve. 
    - Only 1/3 of the 70% female associates become managers. This is less than half of rival retailers and ranks even below the rival retailers' rate 25 years ago. 

(Source: BusinessWeek)
The Prosecution’s Case: Wal-Mart First, Employees Last

• Disability Discrimination:
  - Claims by individuals with disabilities are equally alarming.
  - Since 1994, 16 suits have been filed regarding disability discrimination by the Equal Employment Opportunity Commission.
  - Regarding the Americans with Disabilities Act, EEOC lawyer insists: "I have never seen this kind of blatant disregard for the law."

(Source: BusinessWeek)

The Prosecution’s Case: Wal-Mart First, Employees Last

• Racial/ Ethnic Discrimination:
  - Claims pending in all fifty states.
  - These suits claim discrimination for illegal and unwarranted firings, dislike of interracial couples, and punishment of minorities who complain about discrimination.
  - Wal-Mart was removed from Fortune’s Minority-Friendly Companies because the company allegedly reported statistics including women as minorities.

(Source: Wal-Mart Watch)
The Prosecution’s Case: Wal-Mart First, Employees Last

- Union Discouragement
  - The National Labor Relations Board (NLRB) has issued more than 30 complaints in 14 states against Wal-Mart.
  - “Wal-Mart Executives are part of a dirty tricks unit that descends on any store where workers have expressed interest in forming a union.” (WWW)
  - Also referred to as “Special Forces Anti-Worker Unit” (WWW)

(Source: Wal-Mart War on Workers)

The Prosecution’s Case: Wal-Mart First, Employees Last

- Union Discouragement:
  - Three-step approach by Wal-Mart to stop union formation:
    - “Velvet glove” meeting with workers to unlawfully try to ascertain why workers desire a union. Hope to convince employees that they don’t need unionization.
    - “Iron fist” approach to identify “troublemakers” that are inciting union desires. Attempts to bribe with promotions and pay raises or build a paper case of “violations” of company policy to lead to termination.
    - “It is a pattern of contempt for this nation’s labor laws that shows how low Wal-Mart will stoop to keep workers from exercising their rights to have a union.” – United Food and Commercial Workers Union (UFCW), Executive Vice President Michael E. Leonard.

(Source: www.union-network.org)
The Prosecution's Case: Wal-Mart First, Employees Last

- Union Discouragement:
  - Anti-union supervisor manuals:
  - "Manager's Toolbox to Remaining Union Free"
  - Encourages attempts to stop card signing process that must occur for union-formation election to be held.
  - "This mentality gives rise to a company strategy of do-anything, break-any-law, promise-anyone-anything, but prevent an election at all costs" — United Food and Commercial Workers Union (UFCW), Executive Vice President Michael E. Leonard.

(Source: www.union-network.org)

The Prosecution's Case: Wal-Mart First, Employees Last

- Union Discouragement
  - NLRB Claims:
    - "Withheld benefits from employees in retaliation for their union activity."
    - "Encouraged and condoned employees engaging in misconduct directed at employees who supported the union"
    - "Interfering with, restraining and coercing employees in the exercise of their rights under the National Labor Relations Act"
    - "Coercively interrogated employees about their union and protected concerted activities"

(Source: Wal-Mart War on Workers)
The Prosecution's Case:
Wal-Mart First, Employees Last

• Why would Wal-Mart risk breaking the NLRB sanctions?
  – "Because Wal-Mart knows that once workers get a fair, government-run, secret-ballot election, they would vote for union representation, and that's the one thing Bentonville can't stomach" — United Food and Commercial Workers Union (UFCW), Executive Vice President Michael E. Leonard.

(Source: www.union-network.org)

The Prosecution's Case:
Wal-Mart First, Employees Last

• International Woes – Germany:
  – Unionization is a major priority in this society. Labor regulations are very strict and taken extremely seriously.
  – Wal-Mart workers are unionized by two affiliates: HBV and DAG. The response by Wal-Mart executives is shocking, especially to the German people, because union talks are forbidden.
  – Germans also feel the entire approach attempts to Americanize their citizens. Stoic Germans "do not like to be regarded as cheerleaders, but as personalities with their own ideas and rights.

(Source: www.union-network.org)
The Prosecution’s Case: Wal-Mart First, Employees Last

- International Woes—Germany:
  - There has been a great decline in workers desiring employment from Wal-Mart because of the anti-union sentiment and the low wages and benefits.
  - Share prices for investing in the company have seen declines as well.
  - Competitors are seeing rising share prices and higher market shares.
  - Suppliers do not want their brand names tarnished by association with Wal-Mart.

(Source: www.union-network.org)

The Prosecution’s Case: Wal-Mart First, Employees Last

- With such mounting evidence, the employees and their representatives continue their struggle around the world for their personal rights. But is Wal-Mart really so bad???
The Defense: Wal-Martyred

- Fortune 500 has honored Wal-Mart as:
  - #1 Largest World Corporation
  - #2 Most Admired Global Company
  - #3 Most Admired American Company
  - #94 Best American Company to Work For
- Discrepancy between admiration ranking and employment rating—Wal-Mart is not a job opportunity for highly-educated and skilled workers. Therefore, the highest and highest benefit are not feasible.

Note: Fortune 500 rankings survey considered—innovation, financial soundness, employee talent, use of corporate assets, long-term investment value, social responsibility, quality of management, and quality of products and services.

(Source: Fortune 500)

The Defense: Wal-Martyred

- Wal-Mart views it is unfairly targeted due to its size and wealth.
- Wal-Mart claims that it provides fair, gainful employment to each worker in a pleasant, uplifting environment.
- Wal-Mart firmly believes that the employees are the base of the business and that they must be treated well.
The Defense: Wal-Martyred

- Employees' Perceptions:
- Emmy's Story - Assistant Manager
  - "Wal-Mart is a great place to work because of the endless opportunities for advancement. There is never a dull moment at Wal-Mart, and with hard work and diligence anything is possible. The Wal-Mart Family is not just a saying, it is a reality. It's amazing how 200 strangers can become a family searching for one common goal; to make the customer happy."

(Source: Wal-Mart Stores)

The Defense: Wal-Martyred

- Employees' Perceptions:
- Steve's Story - Supercenter Merchandising
  - "Wal-Mart is a great place to work for advancement. Just like Mr. Sam used to say to the kids: 'You can do anything you think you're big enough to do.' Since I started as an hourly nearly 14 years ago, I have traveled to 49 of the 50 states. (Rhode Island is the lone holdout.) I have been to Canada three times, Mexico twice and Europe twice. I have been blessed many times. I never dreamed that I would be entrusted with a checkbook to buy over $4 Billion dollars worth of inventory for our stores. Before Wal-Mart I never dreamed I would ever have this much responsibility."

(Source: Wal-Mart Stores)
The Defense: 
Wal-Martyred

• Employee Opportunities:
  - 65% of management associates began as hourly sales associates in a retail/wholesale store.
  - Open-door policy encourages suggestions
  - Grass-roots survey allows associates to confidentially raise difficult issues about their managers, policies and the company in general.
  - Ethics hotline also available to associates to voice concerns.

(Source: Wal-Mart Stores)

The Defense: 
Wal-Martyred

• Incentive-Bonus Plan:
  "Based on company performance, all associates are eligible to receive a percentage of their wage as additional income. Associates are also eligible for merit increases throughout the year - these are based on performance. Hourly and Full-Time Associates also may receive a holiday bonus, based on length of service with the company. Many other incentives can be offered on an individual basis."

(Source: Wal-Mart Stores)
The Defense: Wal-Martyred

• Health Benefits:
  - "Our health plan covers most major medical expenses. The company contributes to the cost of health benefits and we offer affordable Associate plans. There is no limit for most health coverage. 60% of our Associates tell us they joined Wal-Mart because of our benefits. We also offer:
  - Dental Coverage
  - Company-Paid and/or Dependent & Optional Life Insurance
  - Business Travel Accident Insurance
  - Long- and Short-Term Disability
  - Illness Protection Plan"

(Source: Wal-Mart Stores)

The Defense: Wal-Martyred

• Profit Sharing Benefits Program:
  - "All Wal-Mart Associates become eligible to share in the company's profits through our Profit Sharing Program, after one year and 1,000 hours of service. This is funded entirely by Wal-Mart and is primarily invested in Wal-Mart stock. Both Full-Time and Part-Time Associates are eligible to share in Wal-Mart profits. The company has contributed more than 82.7 billion toward Associates' profit sharing and 401(k) accounts since 1972."

(Source: Wal-Mart Stores)
The Defense: Wal-Martyred

- Diversity Appreciation:
  - Largest private employer of African-American and Hispanic individuals in the United States.
  - 15% of employees over age 55.
  - Persistent attempts to create an organization that is as diverse as the customer population that it serves.
  - People Action Plan in place to "demonstrate sensitivity to and respect for all other Associates and to demonstrate commitment to the company's Equal Employment Opportunity and People Action Plan objectives."

(Source: Wal-Mart Stores)

The Defense: Wal-Martyred

- Anti-Unionization?
  - Wal-Mart store associates claim to be pressured by the United Food and Commercial Worker Union.
  - Wal-Mart argues that the UFCW attempts to trick employees because the wide-spread unionization of Wal-Mart workers would be very profitable.
  - One Wal-Mart associate says: "Leave us alone. We can speak for ourselves. We don't need to pay someone to do it for us."

(Source: Wal-Mart Stores)
The Defense:
Wal-Martyred

- Anti-Unionization?
  - Their claim against the UFCW and the NLRB can also be substantiated by a recent cancellation of an election by these organizations.
  - It is the first-line associates themselves that secretly vote in such elections—confidentiality and management threats should then be irrelevant.
  - "Unions withdraw from a representation vote only if they believe they will no prevail. Unions are looking to the retailing and service sectors for memberships. It is extremely unlikely that they would walk away from this type of employer if the union believed it had any realistic chance of success."

(Source: Wal-Mart Stores)

The Defense:
Wal-Martyred

- Anti-Unionization?
  - Regarding this same cancelled election, an associate remarks: "We are just pleased the election has been cancelled. We were afraid the union would block the vote like they have done to other associates in the past." —Chuck Koranda
  - The blocked elections referred to have happened in Illinois, Nevada, Florida, Pennsylvania, Arizona, and California.
  - Another associate insists: "[The unions] are like vultures. They just keep circling and circling even though 140 associates have sent them letters asking them to bow out and leave us alone. I have been at this store for nine and a half years now, and it has been working just fun all of that time." —Mary Chapman

(Source: Wal-Mart Stores)
Closing Arguments

• **The People**
  - Below poverty wages
  - Horrible and risky health and retirement benefits
  - Egregious Discrimination
  - Low interest in associate opinions
  - Anti-Unionization

• **Wal-Mart**
  - Competitive wages
  - Excellent Benefits
  - Diversity Appreciation
  - Multiple avenues to express opinions with confidentiality
  - In support of Unions only if employees are as well

The Verdict

• The question is now in the hands of you, the jury.

  "Is Wal-Mart unfairly targeted because it's big and rich, or is it an outfit who uses its deep pockets to wear down those who sue? That's the battle for public opinion that Wal-Mart may be fighting next. And they can’t win it in the courtroom" – Richard Capp, law professor, Pepperdine University

  The decision is yours...
UNIVERSITY HONORS PROGRAM
SENIOR PROJECT - APPROVAL

Name: Sherrill Elizabeth Richardson

College: Arts and Sciences
Department: Spanish and World Business

Faculty Mentor: Mr. John Anderson, Professor of Management

Title: "The People Versus Wal-Mart Stores: Debating the Legal Labor Issues"

PROJECT DESCRIPTION (Attach not more than one additional page, if necessary):

This study debates the controversy surrounding Wal-Mart's labor practices and the ensuing legal conflicts. Included in the labor disputes are the issues of living wages, discrimination and illegal job termination, retirement and health benefits, denied voices within the company, and union debacles. The supporters of Wal-Mart believe that the company has sound business practices and treats their employees extremely well. However, many people disagree with this claim and have a very negative opinion of Wal-Mart's behavior. Clearly, it is a major issue since Wal-Mart is sued nearly 5,000 times per year, more than any other domestic entity besides than the United States Government. This debate takes into account the claims of many and attempts to provide a glimpse into a major debate which is occurring in the United States and around the world.

I have reviewed this completed senior honors thesis with this student and certify that it is a project commensurate with honors level undergraduate research in this field.

Signed: ________________________________, Faculty Mentor

Date: _______________________________

Comments (Optional):