

Walmart unethical behavior

[Sociology](#), [Ethics](#)



Ciara Vensel Principles of Management Individual Research Project Part VI
2/15/13 Wal-Mart, is one of the biggest well know companies in the United States and in the world since 1962 when founder Sam Walton created Wal-Mart. It has been the place where a lot of people usually do their shopping for the low prices and variety of products. This is why it is so controversial Wal-Mart continues to grow even with the accusations of unethical business practices.

Wal-Mart has been accused of sexual discrimination and unfair pay for employees, and destruction of small towns, excessive amounts of corporate power through the government and how Wal-Mart is turning into a monopoly. With all of these allegations, Wal-Mart is still one of the leading discount retailers in the country, and as a corporate office, they still stand tall and state that they follow fair ethical values. Walton was an entrepreneur with a vision that started his own company and made into the leader of discount retailing like it is today.

Walton borrowed some money from his father-in-law and opened a variety store after serving as an Army captain in World War II. A chain of drugstores followed, Walton went into business with his brother and by 1960 the Walton's had 15 stores that were taking in \$1.4 million a year. However, Walton soon saw a new competitor arise, which was the discount store. The Walton brothers opened their first Wal-Mart in 1962 in Rogers, Arkansas. Specializing in name brands at low prices, the chain of Wal-Mart stores sprang across rural America.

Walton's management style was popular with employees and helped to spur growth. As the years past, the chain of stores grew sporadically. The sales

grew to \$26 billion by 1989. (Store Wars, www.pbs.org) However, as sales grew ethical standards lowered throughout the company. Wal-Mart's poor labor practice consists of avoiding non-unionizing of all employees, low wages, expensive benefit packages, and sexual discrimination. They insist on keeping full time employees to minimum to avoid handing out benefit packages and yet they are making employees work full time hours.

There is dozens of wage and hour suits against Wal-Mart accusing the company and its managers of various illegal practices. Those included forcing employees to work unpaid off the clock, erasing hours from time cards, and preventing workers from taking lunch and other breaks that were promised by the company or guaranteed by the state laws. In 2008 Wal-Mart announced that they have agreed to pay between \$352 million and \$640 million to settle 63 wage and hour lawsuits filed against the retailer in 42 different states.

The lawsuits accused the company of cheating hourly workers by forcing them to work through breaks and not paying them for overtime. (Wal-Mart to Settle Suits over Pay, NYTimes.com.) Full-time employees are eligible for benefits, but the health insurance package is so expensive employees pay 35 percent which is almost double the national average. (Store Wars, pbs.org) Wal-Mart is also the leading employer of diversity and different cultures in the United States and the majority of this is men.

More than 125, 000 African Americans and more than 74, 000 Latinos work at Wal-Mart nationwide. Two Latinos sit on the board of directors along with two women out of 15 board members. Only one woman serves as an executive officer of the company. Almost 2, 000 women in 48 states claim
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that Wal-Mart discriminated against them for pay and promotions. The filings state women who say Wal-Mart systematically favors men for raises and promotions. (Wal-Mart Sex Discrimination Claims Filed by 2, 000 Women, huffingtonpost. om) Wal-Mart's London Kentucky Distribution Center denied jobs to female applicants from 1998 through February 2005. During that time, Wal-Mart regularly hired male entry level applicants for the warehouse positions, but excluded female applicants who were equally or better qualified. Wal-Mart regularly used gender stereotypes in filling entry-level order filler positions. Hiring officials told applicants that order filling positions were not suitable for women, and that they hired mainly 18 to 25 year old males for order filling positions.

Excluding women from employment or excluding them from certain positions because of gender violates Title VII of the Civil Rights Act of 1964. Wal-Mart ended paying \$11. 7 million in back wages and compensatory damages to settle the sex discrimination lawsuit. (Wal-Mart to Pay More Than \$11. 7 Million to Settle EEOC Sex Discrimination Suit, 2013) The amounts of unethical business practices that are evolving throughout the years regarding Wal-Mart really does amaze me; how a business can be so disrespectful to their employees and still be the leading retailer in the world, and have millions of consumers.

Wal-Mart's employees for the first time in Wal-Mart history went on strike in the fall of 2012. Wal-Mart workers across the country coordinated a Black Friday walkout in an effort to build awareness about the retailer's low wages and poor working conditions. (CNN Host, Calls Out Wal-Mart Executive over Poverty Level Wages, 2013) “ Wal-Mart employs more people than any

other company in the United States outside of the Federal government, yet the majority of its employees with children live below the poverty line. "(Store Wars, www. bs. org) There was an interview conducted on CNN by host Carol Costello with Wal-Mart's Vice President of Communications David Tovar regarding the Black Friday walkout, when Tovar is confronted about these labor practices he is unsure of his answers. Currently in the United States, the poverty level is \$15000 for a yearly income and a Wal-Mart employee is making an average of \$15350, Costello is arguing this level of income with Tovar because he claims that they provide more support for their employees than the average retailer.

She states, " Is it Wal-Mart's responsibility to make sure that its employees can support a strong middle-class lifestyle? " Tovar's response is, " We're working hard every day to provide more opportunities for associates. " (CNN Confronts Walmart Spokesperson Over Retailer's Low Wages, Poor Working Conditions | ThinkProgress, 2013) Costello abruptly argues, " But if a lot of them are making \$15, 000 a year, you can't live a strong middle-class lifestyle on that! (CNN Confronts Walmart Spokesperson Over Retailer's Low Wages, Poor Working Conditions | ThinkProgress, 2013) Tovar also tries to justify the average wage of a Wal-Mart employee by not giving a straight answer and showing how to help their employees by stating, " Our average rate is about \$12. 40 an hour for a full time associate. We also offer comprehensive benefit packages as low as \$17 a pay period, which is very affordable and we also pay quarterly bonuses, which is something that not a lot of retailers do. In addition, we know that they appreciate that. They also get a 10 percent discount card.

So you have to factor in all of those things when you're looking for how we're helping associates. " (CNN Confronts Walmart Spokesperson Over Retailer's Low Wages, Poor Working Conditions | ThinkProgress, 2013) In reality, he is just working his way around stating the obvious that employees are getting paid low wages for today's economy. Wal-Mart CEO Michael Duke has an average income of \$18.1 million; it would take more than 700 employees salaries to match his total compensation package. Not only does Wal-Mart treat employees unfairly, but also it is unethical to the communities it develops in.

It is certainly true that Wal-Mart has a tendency to crush competitors. The more successful Wal-Mart is, the more there will be bankruptcies of smaller businesses. According to the National Bureau of Economic research it's been proven that Wal-Mart has adverse effects on small town stores. They did a study on Wal-Mart store in Arkansas; the employment results indicated that a Wal-Mart store opening reduces small town retail employment by about 150 workers, meaning that each Wal-Mart worker replaces approximately 1.4 small town workers.

This represents a 2.7 percent reduction in average retail employment. The payroll results indicate that Wal-Mart store openings lead to declines in small town retail earnings of about \$1.4 million. (The Effects of Wal-Mart on Local Labor Markets, 2013) I myself come from a small town with a population of less than a 1000 people; we are mainly a tourist town because we are located right next to Mille Lacs Lake, which means we are only seasonally making a profit. Whenever it is fishing season in our area is where we have the most profitable seasons.

Coming from a small town, I know that it is very hard to keep small businesses going; Wal-Mart thrives on making new establishments in these types of areas. This is very profitable for Wal-Mart but not for the community's small businesses this causes these family businesses that have been around for years to come to a screeching halt, because it is more convenient to get everything at Wal-Mart for a low price then go to each individual small business for different items. Without these small businesses, small towns like mine gradually disappear. How Wal-Mart is destroying America (and the world) and what you can do about it, Quinn, B) With that said Wal-Mart has taken over some many rural areas and they pay their employees at such low wages that Wal-Mart is increase in corporate power through the government and are becoming a monopoly. A monopoly is a situation in which a single company owns all or nearly all of the market for a given type of product or service. Everywhere you go you see more and more Wal-Mart's even if there in cities that is 10 minutes apart from each other.

Especially with most Wal-Mart's, now being super Wal-Mart's there profit is immensely growing to outrageous amounts. (Corporate Power, Wal-Mart and the Undermining of the Democratic Process Dollars ; Sense, <http://dollarsandsense.org>) With all the controversy surrounding Wal-Mart the corporate office still claims that they are an ethical company that favors their employees. Their website has a statement of ethics stating all of their policies are for the employees. They state to be a non-discriminative work place and that they offer fair wages.

This is obviously something that is corrupt within their company because there would not be that many lawsuits and complaints about Wal-Mart's

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business practices if they abided by their statement of ethics. They also claim that Wal-Mart builds small communities by offering more employment in the rural areas. The website states, “ It’s our mission to create opportunities so people can live better. We consider it our responsibility to make a positive impact in the communities we serve.

Whether it is through the grants we provide to the thousands of organizations that share our mission or through the inspiring volunteer efforts of Wal-Mart associates, we are passionate about helping people live better. One community at a time. ” Companies like this that survive these major ethical issues are the ones that can spot the issues and correct them before they become a problem. In the case of Wal-Mart, it failed to acknowledge these potential problems and they are probably going to pay for it in the end.

Wal-Mart’s unethical business practices have hurt its company’s reputation. Although millions of people still shop at Wal-Mart knowing the rising allegations still many consumers have stopped shopping at Wal-Mart. This includes my mother who is very against shopping at Wal-Mart and will avoid if it is at all possible. If Wal-Mart wants to survive they will have to try harder to improve their image; not only at the corporate level but also within in each individual establishment level.

They need to show that they care about ethics by treating employees fairly, and the communities that are allowing Wal-Mart to establish their stores. As a result, it will attract good employees and consumers and keep this business thriving to its full potential. A company this large should admit its faults to overcome any obstacles to obtain success.

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