

Wal-mart: ethical or unethical

Business, Company



Wal-Mart: Ethical or Unethical? Almost everyone living in North America undoubtedly knows what Wal-Mart is and has already conceived some sort of opinion, whether it is good or bad. On one hand people complain that they are ruining competition, they are treating their employees' terribly or that they are given extreme unfair advantages that no other company receives.

However, on the other spectrum there are those that believe in the free market, as well as those that say Wal-Mart is cutting down the cost for low to average income families' cost of living or even those who claim that although wages are not perfect they are in fact employing a large amount of people whom would otherwise not have a job. Whichever end of the spectrum your beliefs may lay, there is no doubt that Wal-Mart does create very affordable prices for those families in need; however are these incredibly low prices taking an even greater toll on Wal-Mart employees and community members?

Throughout this paper we will explore the two main ideas of whether Wal-Mart's way of conducting business is ethical or unethical, and let you decide which end of the spectrum you are on. The American Economy is built upon Capitalistic Principles. American's have pride in their free market economy with the largest GDP in the world. Income in a capitalist system takes at least two forms, profit and wages. Profits are used to expand a company, creating more jobs and wealth. Every company's primary goal is to produce profit. The means by which each company produces profit contrasts in accordance with the market said company is in.

Companies can attempt to differentiate themselves in their business model but generally certain sectors of the market produce similar profit strategies. Wal-Mart's strategy relies upon low-wage labor by discouraging the unionization of its employees. Wal-Mart's strategy of low-wage labor to reduce their costs is hardly unique. Wal-Mart's competitors: Target, Kmart Corp. and Home Depot all pay similar wages and give comparable benefits. Competition arises when more than one producer is trying to sell the same or similar products to the same buyers. Competition leads to innovation and more affordable prices.

Economic freedom is afforded to the private sector (such as Wal-Mart, Kroger, etc.), allowing the private sector to make the majority of economic decisions in determining the direction and scale of what the U. S. economy produces. Relatively low levels of regulation and government involvement enhance this. Although Wal-Mart's revenues are greater than the combined sales of its top competitors Target, Sears Roebuck, Costco Wholesale, Home Depot and The Kroger Co, Wal-Mart needs to continue its business strategy (including low-wages) in order to keep the edge it has built.

Wal-Mart is one of the biggest employers in the United States, with 1.4 million associates. Wal-Mart is not only one of the largest employers in the United States but the largest in Mexico and one of the largest in Canada. Wal-Mart is also a diverse employer with more than 257,000 African American associates, more than 41,000 Asian, 5,900 Pacific Islander, 171,000 Hispanic, 16,000 American Indian, and 869,000 women associates. Along with the diverse employment the majority of the employees work full time.

Wal-Mart full time average hourly wage is \$11.5 and is even higher in urban areas. Employees can receive performance-based bonuses and receive opportunities for advancement. Wal-Mart grants "full time" benefits to those working as little as 34 hours per week, but does not limit workers to just 34 hours per week. Wal-Mart has a healthcare benefit for all of its employees and recently announced that over 1.2 million associates are covered under its healthcare program and the number of uninsured associates dropped by nearly 25 percent in the past year and more than 40 percent between 2007 and 2009.

Both full time and part time can be eligible for health benefits. The benefits are for all levels of the company from the part time workers to the full time managers. Along with all the health care benefits, Wal-Mart also added a new program called "Life with Baby," in which the program helps mothers and their babies get a healthy start for the child's life. Wal-Mart saves money for families. Wal-Mart has health care benefits for 94.5 percent of their employees worldwide. One of Wal-Mart's biggest goals is to save families money.

In 2006 Wal-Mart saved American families on average \$2,500. Saving money means more money in consumer pockets, which also in turn means more business for other businesses. Wal-Mart is helping the economy by saving money for families with their lower prices. First of all, according to the document Wal-Mart provides unequal salary payment to men and women. The company uses gender discrimination to scale the wage difference to pay for its employees, which is unethical for employees' job opportunity.

Moreover, it is unfair when both men and women do the same job in the store, but women get less money than men do. In 2001, six women sued Wal-Mart in California claiming the company discriminated against them by systematically denying them promotions and paying them less than men. The lawsuit has expanded to potentially the largest class action in U. S. history – on behalf of more than 1 million current and former female employees. While two-thirds of the company's hourly workers are female, women hold only one-third of managerial positions and constitute less than 15 percent of store managers.

The suit also claims that women are pushed into "female" departments and are demoted if they complain about unequal treatment. One plaintiff, a single mother of four, started at Wal-Mart in 1990 at a mere \$3.85 an hour. Even with her persistent requests for training and promotions, it took her eight years to reach \$7.32 an hour and seven years to reach management, while her male counterparts were given raises and promotions much more quickly. Secondly, the Chinese employees working for 24 hours a day and seven days a week all year round, and their wage is about \$3.0 per day. The company has factory in China and it offers a low quality of life and poor workenvironment. Wal-Mart also charges apartment and utilities fees from the factory workers before paying their salaries. Moreover, if the workers want to move out from the dorm, they still have to pay for the apartment rent to the company. Wal-Mart is paying eleven million dollars to settle Federal allegations it used illegal immigrants to clean its stores and also Wal-Mart is facing a class-action lawsuit for discrimination against \$1.6 million former and current female employees.

Wal-Mart keeps its wages low even by general industry standards. The average supermarket employee makes \$10.35 per hour. Sales clerks at Wal-Mart, on the other hand, made only \$8.23 per hour on average, or \$13,861 per year, in 2001. About one-third of Wal-Mart's employees are part-time, restricting their access to benefits. These low wages complicate employees' ability to obtain essential benefits, such as health care coverage. All in all, Wal-Mart's success has meant downward pressures on wages and benefits, rampant violations of basic workers' rights, and threats to the standard of living in communities across the country. The success of a business need not come at the expense of workers and their families. Such short-sighted profit-making strategies ultimately undermine our economy. In conclusion, Wal-Mart is undoubtedly making the lives of millions of consumers much easier, but is it coming at too big of a cost to those that are employed by them? This is really the basis of the whole ethical versus unethical argument, and in the end both sides will probably never be able to come to an agreement.

The fact of the matter is this, in order for a corporation to grow to the magnitude of Wal-Mart there has to be millions, if not billions of people who continue to shop there and keep putting their money into it. So the next time you are at Wal-Mart you need to ask yourself, is this low price coming at too high of a cost to employees and community members? If the answer is no, then purchase that item, but if the answer is yes go ahead and walk out of the store to shop somewhere else. Just remember with whatever decision you make, the decision is always yours to choose where you will consume.