

# Employment practices of wal-mart



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**Introduction**

In the current global business world, companies are required to take consideration about its employee's values and to follow ethically sound practices. Business ethics is the term people use in dealing with proper business behavior and is related to being fully aware of the consequences of the company's actions. Being aware means two things: first, adhering to the rules, laws, principles of morality, and other concerns regarding fairness and the needs of others; and second, taking responsibility of the effects to the customers, employees, and the society as a whole of the processes by which the company uses in making and rendering products and services.

Founded in 1962, Wal-Mart is the world's leader in sustainability, employment opportunities, and corporate philanthropy. It ranked first in Fortune Magazine's 2010 Most Admired Companies survey and is now employing 2.1 million people worldwide (Wal-Mart, 2011). With competitive prices it sets for its products, Wal-Mart was able to destroy competitors such as Kmart and thousands of small businesses. Moreover, through profit savings from their exceptional relationship with the suppliers and operational efficiency, Wal-Mart was able to pass on its cost savings to its customers, thereby attracting them and expanding their market share in the retail industry. However, to maintain its profitability and sustainable growth, the company needs to reevaluate its strategies through internal environmental scanning.

This paper will deal with the business ethics of Wal-Mart particularly its employment practices and how its organizational leadership comes into play. The writer believes that Wal-Mart's employment practices are unattractive to <https://assignbuster.com/employment-practices-of-wal-mart/>

people's minds and include discrimination, inhumane practices, and undocumented workers. The paper will touch these ethical dilemmas, provide evidences to support each practice, and identify the principles in conflict under the Global Business Standards Codex. The paper will come into conclusion by proposing strategies on how these ethical standards can be changed in order to resolve the problem.

### **Arguments and Discussions**

The Global Business Standards (GBS) Codex is a benchmark for businesses wanting to develop their own world-class code (International Monetary Fund, 2009). It comprises of simplified picture of the expected conducts of today's corporations. The authors of GBS identified eight principles (Carroll and Buchholtz, 2008) that companies must follow in creating new codes of conduct or assessing existing ones, namely, the principles of fiduciary, reliability, fairness, dignity, transparency, responsiveness, and citizenship. The creating or assessment of the code of conduct is the preliminary step for companies attempting to deal with global business ethics.

The first conflict of Wal-Mart's policies with the GBS Codex is with regard to the principle of fairness. Individuals finding jobs in work organizations may find that some companies incorporate opportunities for advancement while others do not. Jobs lacking in career path are less likely to offer promotions and salary increases. The common people taken out from then managerial career path are the women and minorities (Konrad, 2006). The company's old-fashioned culture reflects to the store policies. Many policies have been implemented that somehow discriminate employees especially women and strict employee to employee relationships. Women are rarely seen in

management positions and at most they are not allowed to be in the top management.

The federal class suit *Dukes et al. v. Wal-Mart Stores, Inc.* (Spangler et al. 2008). in 2001, is the largest civil rights suit regarding discrimination based on gender. It was represented by 1.6 million women workers of Wal-Mart who were employed from 1998-2001. The plaintiffs challenged the recruitment, promotion and payment policies of the company as a violation of Title VII of the Civil Rights Act of 1964 Title VII, which prohibited workplace discrimination (Cq Researcher, 2009). The women claimed that Wal-Mart and its Sam's Club division deny equal pay and promotions especially for managerial positions against women who were working on hourly and salaried bases. Moreover, according to them, during conversations about promotions or assignment to another department, they receive friendly and casual reminders or suggestions, yet in reality, these are discouragements. Despite the debates on the legality of the class suit, maintaining the ruling in *Dukes* will force Wal-Mart in complying with the provisions of Title VII (Sherwyn, 2009).

Other evidence of discrimination were the categorization of men and women into homogeneity by deciding on what is beneficial for them rather than asking them about their preferences (Bessen and Kimmel, 2006). For instance, the top management assumes that women employees would not be interested in the meat and sports goods department so they assign men on those departments instead. The departments where women are assigned at also consist of more walks and problems as well as lesser opportunities for advancement. Furthermore, most women experienced being assigned to a

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second shift for the reason that they have to continue the unfinished works of their male colleagues. These practices of the company are not limited during work hours but also after in places beyond the company's premises which create anomie situations against women.

The second unethical employment practice of Wal-Mart is the inhumane treatment of employees, a violation of the principle of dignity under GBS Codex. One instance of this was the locking up of two workers in order to clean the stores overnight (Mayhew, 2008). This issue was featured in the movie Wal-Mart and was written on the front page in New York Times. The justification of the company was to prevent these people from stealing goods since it is logical that when employees are locked off, it would be difficult for them to get away with the merchandise (Fishman, 2006). There were also reports that two nongovernmental organizations in the United States filed a suit against the company for subjecting factory workers to inhumane conditions and hazardous chemicals, and in Bangladesh for letting the factory workers work at 19-hour shifts (Kline, 2010). Other inhuman practice of the company involves forcing the employees to work even after they had punched out because according to the management, they haven't finished effectively their jobs yet. Critics view this as an excuse of the company to drive down overtime payment costs (Fishman, 2006).

The third conflict against GBS Codex by Wal-Mart is with regard to the principle of transparency by failing to document the true names and numbers of workers. The U. S Immigration and Naturalization Service arrested 250 undocumented workers during their inspection in some Wal-Mart stores (Glicken, 2010). In 2003, the federal government arrested 300

undocumented workers and in March 2005, the company gave a settlement fee of \$11 million for utilizing undocumented workers in its 21 stores (Atkins, 2008). Profit making is likely the primary motivation of Wal-Mart in hiring these undocumented workers (Hing, 2010). The use of these undocumented workers gives the company high labor savings since the former have lower wage rates and are not given fringe benefits.

### **Conclusions**

Taking care of employees is more than giving them fair compensation. It also touches on the company's concern for the nurturing of their skills, mental and emotional health. In other words, the company should deal with the totality of their being as it strives to attain their financial goals. Wal-Mart failed these by practicing discrimination against women, employing inhumane practices especially to their factory workers, and utilizing undocumented workers.

Women already won the debate over working equally with men. A lot of women are working as effectively as the men in the same job. To motivate Wal-Mart's employees in terms of policies, the company should revise those policies that show discrimination and unequal opportunities. One way to resolve this is to increase the number of managerial positions or create a more stringent basis of promoting employees.

With regard to the inhuman practices of the company, they should support and enhance unionism to give the workers stronger voice in enforcing their rights against such unethical practice. The company as well should revise its policy of giving low prices to consumers yet sacrificing employee's welfare.

There should be a balance between profit maximization and enhancement of employees' well-being.

On the issue of undocumented workers, the workers should first obtain a legal status in order to represent themselves. Moreover, the governments where Wal-Mart operates should have a more efficient documentation of the workers coming to and fro the country. In this way, the use of undocumented workers will easily be detected and addressed. On the part of Wal-Mart, it should review its delegation of tasks so that there would be no way to exploit undocumented workers.