Wal-mart's employees management

Business, Company

The main reason of using child labor is that Wal-Mart enable to take advantage of low wage structure of working children that live in poor countries in some parts of the world. These children are more likely to be desperate formoneyand willing to take jobs that pay very little. Even in cases where such labor is illegal, Wal-Mart and other companies are able to employ these underage workers (De Winter 2001).

One of the most memorable uses of Child Labor to produce Wal-Mart products occurred in the 1990s when it was discovered that Kathee Lee Gifford’s clothing line, which is sold at Wal-Mart, was being created by children in Honduran sweatshops (De Winter 2001). Similar situation occurred in 1993, when an American television newsmagazine “ NBC Dateline” broadcast a story of young Bangladeshi children work at apparel companies that sell their garment products to Wal-Mart stores (“ Apparel Sector,” 2005).

This situation turns out to be strategic move taken by Wal-Mart’s management concerning their cost structure. UnitedFoodand Commercial Workers also asserts that while Wal-Mart was promoting a buy America campaign, it was focused on finding the cheapest raw materials and labor in other countries (“ Wal-Mart and Sweatshops,” n. d.). While finding the right ways of minimizing costs become the matters of corporations all over the world, Wal-Mart choose inappropriate method by using children in their factories (Goldstein 2003).

In 2002 alone, the state of Maine fined Wal-Mart for violating 1, 436 child labor laws at twenty Wal-Mart chains in the state. In a recent , the LA Times described how Wal-Mart’s demands dictate lower wages, harder work, and longer hours, while eliminating jobs in factories from Honduras to China (“ Wal-Mart and Sweatshops,” n. d). Wherever the place is, the fact that child labor continue rising strengthen the needs of a better economic change in poor and developing countries such as Indonesia, Bangladesh, and Pakistan, to name a few.

This is important to free child labor from theresponsibilityof working. Familysubsidies can help provide this support (Siddiqi & Patrinos).

II. 2 Depriving employees in Fair wages In recent years, the store has been accused of depriving employees in America of fair wages. This accusation was particularly true of female employees. According to the UFCW Wal-Mart employees make hourly wages between $7. 50 and $8. 50 (“ Wal-Mart’s War on Workers’ Wages and Overtime Pay,” n. d.).

This means that an employee working 32 hours a week makes less than $1000 a month. The UFCW also explains that people that works at grocery stores make more than Wal-Mart employees do (“ Wal-Mart’s War on Workers' Wages and Overtime Pay,” n. d). Fair compensation in this term includes acceptable compensation gap between CEOs and workers. Moreover, the term “ fair” also refers to equal treatment for CEO and their workers. According to American Federation of Labor – Congress of Industrial Organizations, in 2004, H. Lee Scott, President and CEO of Wal-Mart Stores, raked in $22, 991, 599 in total compensation including stock option grants and still has another $7, 204, 948 in unexercised stock options from previous years (“ The CEO and You: H. Lee Scott,” n. d.).

In addition, the UFCW also reports that Wal-Mart’s strategy for paying low wages fits into their overall business strategy of reducing costs to improve profitability. The UFCW asserts that at Wal-Mart Stores Inc. , managers are judged in part on their ability to keep payroll costs at a strict percentage of sales, according to former managers.

Some say that puts extra pressure on higher-paid workers to be more productive (“ Wal-Mart’s War on Workers’ Wages and Overtime pay,” n. d.). Such pressure is only tentative solution since in the long term employees of Wal-Mart tend to conduct strike that will hurt the company’s financial performance. Therefore, compensation has a significant effect on how employees feel about their jobs, so ensure that it remains attractive over time and keep up with the market. Offering fair and competitive compensation will help us reduce turnover and the costs associated with it.

According to Equal Opportunities Commission, 5% reduction in turnover can result in profit increases of between 30% - 85%. In addition, estimation reveals that the cost of replacing staff costs companies between ? 4, 300 and ? 6, 800 per employee (“ Equal Pay”). Any damage to a firm’s reputation can have severe consequences both for its ability to recruit and retain staff and for shareholder confidence. Conducting a pay review will clearly demonstrate to shareholders that you reward staff fairly and will help you become an employer of choice to prospective employees (“ Equal Pay”).