

Compensation and Benefits Challenges at Walmart

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Introduction

Walmart is a multinational retail giant incorporated in the United States and has a chain of hypermarket, discount department stores, and grocery stores. Founded in 1962, the business was started by Sam Walton in 1962 and was later incorporated in 1969 (Tilly, 2006). The retail firm is one of the largest companies in America and has a significant contribution to the country's economy. The company employs more than 2 million people and is one of the leading private employers globally. As of today, the business has over 10000 stores and has a presence in close to 28 countries (Estreicher, 2017). While it operates as Walmart in the USA and Canada, it has adopted different names in the other parts of the world (Tilly, 2016). The analysis will review some of the ethical issues regarding past cases of employee compensation at Walmart. A compensation and benefits package of a company plays an integral role in attaining strategic objectives, hence, it is imperative to examine the main issues Walmart faces and address the challenges that result from the complications while offering sustainable recommendations that could offer the most pragmatic solutions.

Review of Literature

The tag of being the biggest employer a significant economic player in the American economy has come with its challenges for Walmart. In the past, the business has been accused of exploiting workers, inadequate health care benefits, gender discrimination and unfair compensation of workers. Another pressing issue was that the firm's management adamantly opposed the institution of a union that could assist in employee welfare improvement and airing

of their views. In the year 2013, the retail entity was sued for offering low employee wages. The National Labor Relation Board ruled that the firm had indeed violated its employees' rights by providing pays below the minimum wage and denying workers overtime. There are regions where employees worked from 8 am to 10 pm seven days a week without day offs for periods of up to six months.

Between the years 2002-2007 the company faced numerous lawsuits which resulted in substantial payouts. Several employees claimed that the managers required them to work even if the schedule indicated that they had signed out. Any attempts of resistance were met with threats of contract or employment termination. There also existed cases of "lock-ins." The management would lock the doors until the assigned tasks were completed. In most cases, such work could not be completed within the standard 8 hours shift. Hence everybody would remain within the premises until the job was completed.

Walmart came under fire for its sexual discrimination tendencies. And that led to a lawsuit as well. The women were rarely considered for promotion and were paid lower rates than their male counterparts. A significant portion of the hourly employees were women. On the other hand, females only accounted for 33 percent of the managerial population (Russel & Smith, 2018). Statistics show that the ladies received 6 percent less than their male counterparts. There is an example of a case where a man was promoted instead of a lady who was told the man had to support his family (Eisenberg, 2017). Another interesting fact is where a woman was told her male counterparts had the upper hand since Adam came before Eve (Russel & Smith, 2018). Gender balance is a compassionate issue that any organization must not take lightly.

The health issue has been one of the controversial issues on the company's compensation policies. In the past, the new employees had to wait for half a year before they could become eligible to apply for the package. On top of that, the employees were not allowed to keep their benefits as well. On average, the business health benefits package was 40 percent less than the rates in the nation and 30 percent less than what other retail giants were offering (Tilly, 2016). To keep the cost of health care down, the company decided on hiring more part-time workers. On top of that, physical activities became mandatory to discourage unhealthy individuals from getting a position in the retail company (Tilly, 2016). Hence Walmart comes out as being more concerned about profit rather than the welfare of the employees who play the most critical role in ensuring that a firm realizes the gain.

Walmart used unscrupulous outsourcing techniques to ensure that the company's profit margins remained high. The third parties contractors hired people without documents to clean the premises after hours. The logic is that the illegal migrants usually ask for lower pay and can be exploited since they fear to make reports to the authorities owing to their alien status. Previous raids on the stores led to arrest of numerous aliens. Some of the detained individuals confirmed that they had been subjected to overtime work without fair compensation. Another situation associated with the retail giants is the use of child labor (Russel & Smith, 2018). The law enforcement bodies discovered that the company employed underage individuals and some were forced to work during the school hours all of which are violations of the federal laws.

Even with such issues Walmart still outlawed aspects of strikes and also went ahead to punish those that engaged in the industrial actions. According to analysts, high turnover could at times mean that the employees are not compensated as it should be. And that was the case with

Walmart. Previous studies have shown that most of the earlier employees do not have actual observations to make regarding the retail giants. In a just company, the issue of unions is a matter that should not be suppressed. Instead, it should be given a chance to air the grievances and act as the link between the workforce and the management.

Situation at Google

In 2014 Google has named the best place to work in by the Great Place to Work Institute (McMann, 2019). The tech giants have put in place a policy that is based on the Objective and Key Results compensation model (Estreicher, 2009). This method together with a highly motivational approach is a technique which many companies usually admire since it has made the workforce always to stay motivated. Compensation for the employees is known worldwide and is generally made of the variable and fixed segments. On average a Google employee will make close to 13000 dollars every year which is above 10 000 dollars every month (McMann, 2019).

The company's human resource management ensures that the compensation strategy and the career development policy is implemented and observed. With such a plan in place, the company can attract quality staff. The career development technique ensures that the workforce is provided with a favorable environment that can nurture professional and personal growth within Google. The combination of the holistic career development program and the adequate compensation program is the backbone of this fantastic human resource department. All the factors point to an effectively performing unit in all the aspects of its mandate. This framework serves as an example which troubled companies such as Walmart could follow.

The compensation strategy is generally competitive when compared with the other multinational corporations. It offers high salaries with non-conventional benefits and comprehensive incentives. Both moral and financial incentives are availed to the staff. On top of that, the workers are accorded with free use of exercise equipment, free meals, retirement pensions, and medical insurance. In reality, the approach has succeeded since it has enabled the firm to attract and retain some of the best talents within the technology sector. People continue to perceive the location as one of the best places to work

Implications

It is vital for entities to understand the crucial role employees play when it comes to the success of any firm. The foundation of a robust performing system ought to be laid upon the shoulders of the workers. With regards to that, it is essential to put in place a proper compensation framework that will motivate employees so that they can put in their best (Abernathy & Smith, 2017). Employees' compensation has a severe impact on the levels of job satisfaction which ultimately translates to high morale among workers. When the workers get adequate and comprehensive remuneration, they feel comfortable and are usually willing to go an extra mile. With the inadequate compensation at Walmart, the institution is failing to get the best out of their employees due to low motivation.

To attract top talents, companies must provide attractive salaries. Once the employees have settled in, it becomes essential for them to grow career wise. Hence the companies must, therefore, allow and encourage activities such as promotion. Before promoting a worker, it is vital to ensure that performance appraisal is conducted on all the potential. Promotion should also consider gender balance and people with disability. For Walmart attracting and retaining top

performers is a challenge since many come and leave once they find out that the working conditions are not suitable. As a result, top talents keep on exiting the scene. That means that Walmart is not operating at its maximum potential considering the nature of its workforce.

The exploitation of workers at Walmart has a significant impact as well. With the hostile working environment that does not appeal to many, a couple of workers cannot bear the conditions at the company. Retaining the creative and productive workers is essential since it will save the retail giants on finances and time. A knowledgeable workforce is efficient and will produce excellent results. Failing to provide health coverage or retirement packages make many to look towards firms like Google that have better packages. Going ahead, establishing the workers go over time is harmful to their health (McMann, 2019). The tiredness and the fatigue which come with extended duration of work could lead to accidents or mistakes that will cost the company dearly. The job done under such conditions are substandard and can lower the services offered to consumers.

Corporate social responsibility is an essential endeavor that a company must undertake. The main idea behind the concept is to ensure a company acts ethically and responsibly towards the employees, the local community or the environment (Ferrell & Fredrich, 2015). Firms that have mastered the act successfully have usually had the right image and attracted a large number of consumers. Failure to observe the concept of CSR means a company will have a tarnished reputation and could fall out with the masses. Failing to safeguard the staff and to offer the right working environment has made the company to face criticism from various quarters, unlike other firms that have executed the mandate so well.

Recommendations

It would be prudent for Walmart to institute an independent and functional workers union that could negotiate issues of salaries and working conditions on behalf of the workers. Establishing such a platform provides the most appropriate channel through which the adverse issues facing the employees could be tackled (McMann, 2019). Walmart has had numerous court cases that have tarnished the name of the company. With a workers union in place, such embarrassing situations could be addressed before the name of the retail giants is dragged on the corridors of justice.

To ensure that Walmart eliminates its compensation challenges, it must develop a comprehensive human resource policy that contains provisions for a union, favorable working environment, and incentives. The department of the human resource must establish competitive pay rates so that it can attract and retain the top talents. Surveys are essential for ensuring that the level of competition is gauged and ascertained. When hiring a head of sales, the requirements would not be the same for an IT consultant.

The human resource department at Walmart should design programs that motivate employees to perform to their best. The packages should fit into the company's budget so that it does not lead to financial difficulties. It is upon the management to conduct assessments and to ensure that the rewards are based on merit. With the right motivation levels, the staff will ensure that the company provides outstanding services which will lead to increased sales. A demotivated workforce will not execute their mandate as expected and that ultimately lead to losses.

Walmart needs to create a brand image that will be recognized and liked throughout the world. This is where corporate social responsibility comes in handy. For example, the retail giants could participate in community development programs, employee empowerment or environmental sustainability. With such initiatives, the retail giants could regain its image and become a favorite of many if not all. The company is currently facing a crisis where critics bash it for putting profit before people. Doing more for the stakeholders could help bring out a side of Walmart that many will definitely like.

Conclusion

From the above analysis and evaluation, it becomes clear that compensation is crucial for the success of any company. Management should give remuneration the utmost priority that it deserves. With the right measures comes increased productivity, high levels of worker retention, and a highly motivated workforce. The working environment must as well be favorable and up to standards. Apart from implementing effective compensation policies, it is imperative to ensure that the company operates within the stipulated rules and regulation that are set by the state. Failure to adhere to the laws will, in the end, lead to lawsuits that could translate to hefty fines. Walmart being a leading global employer faces a lot of scrutinizes. Henceforth, the company must strive to offer the best remuneration to its staff and to adhere to the existing laws.

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