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Wal-Mart to Add Wage Caps and Part-Timers

By [STEVEN GREENHOUSE](#) and [MICHAEL BARBARO](#)



Tracie Sandlin, at work in a drugstore in Selah, Wash., used to work at a Wal-Mart and said that the scheduling demands were stringent.

[Wal-Mart](#), the nation's largest private employer, is pushing to create a cheaper, more flexible work force by capping wages, using more part-time workers and scheduling more workers on nights and weekends.

Wal-Mart executives say they have embraced new policies for a large number of their 1.3 million workers to better serve their customers, especially at busy shopping times — and point out that competitors like Sears and [Target](#) have made some of these moves, too.

But some Wal-Mart workers say the changes are further reducing their already modest incomes and putting a serious strain on their child-rearing and personal lives. Current and former Wal-Mart workers say some managers have insisted that they make themselves available around the clock, and assert that the

company is making changes with an eye to forcing out longtime higher-wage workers to make way for lower-wage part-time employees.

Investment analysts and store managers say Wal-Mart executives have told them the company wants to transform its work force to 40 percent part-time from 20 percent. Wal-Mart denies it has a goal of 40 percent part-time workers, although company officials say that part-timers now make up 25 percent to 30 percent of workers, up from 20 percent last October.

To some extent, Wal-Mart is simply doing what business strategists recommend: deploying workers more effectively to meet the peaks and valleys of business in their stores. Wall Street, which has put pressure on Wal-Mart to raise its stock price, has endorsed the strategy, with analysts praising the new approach to managing its workers. In the last three years, the stock price has fallen about 10 percent, closing at \$49.32 a share on Friday.

“They need to be doing some of this,” said Charles Grom, an analyst at [J. P. Morgan Chase](#) who covers Wal-Mart. It lets the company schedule employees “when they are generating most of their sales — at lunch, in the evening on the weekends.”

But Sally Wright, 67, an \$11-an-hour greeter at the Wal-Mart in Ponca City, Okla., said she quit in August after 22 years with the company when managers pressed her to make herself available to work any time, day or night. She requested staying on the day shift, but her manager reduced her schedule from 32 hours a week to 8 and refused her pleas for more hours, she said.

“They were trying to get rid of me,” Ms. Wright said. “I think it was to save on health insurance and on the wages.”

Wal-Mart vigorously denies it is pushing out longtime or full-time employees and says its moves will ensure its competitiveness. The company says it gives employees three weeks’ notice of their schedules and takes their preferences into account, but that description differs from those of many workers interviewed. Workers said that their preferences were often ignored and that they were often given only a few days’ notice of scheduling changes.

These moves have been unfolding in the year since Wal-Mart’s top human resources official sent the company’s board a confidential memo stating, with evident concern, that experienced employees were paid considerably more than workers with just one year on the job, while being no more productive. The memo, disclosed by The New York Times in October 2005, also recommended hiring healthier workers and more part-time workers because they were less likely to enroll in Wal-Mart’s health plan.

Other big retailers, with or without unions, have begun using more part-time workers, adopted wage caps and instituted more demanding work schedules in one form or another. But because Wal-Mart is such a giant — its \$312 billion in

sales last year exceeded the sales of the next five biggest retailers combined — its new labor practices may well influence policies more broadly.

And Wal-Mart's tougher scheduling demands could be especially taxing on workers because, unlike its competitors, the chain has many stores — more than 1,900 out of 4,000 — that are open 24 hours.

Human resources experts have long said that companies benefit most from having experienced workers. Yet Wal-Mart officials say the efficiencies they gain will outweigh the effects of having what labor experts say would be a less experienced, less stable, lower-paid work force.

Sarah Clark, a Wal-Mart spokeswoman, said the company viewed the changes as “a productivity improvement through which we will improve the shopping experience for our customers and make Wal-Mart a better place to work for our associates,” as Wal-Mart refers to its employees.

But some workplace experts point to the downside of the policies. Susan J. Lambert, a professor of social sciences at the [University of Chicago](#) who has written several research papers on retail workers, called it a burden for employees to cope with constant schedule changes.

“You have to set up child care for every day just in case you have to work,” she said, “and this makes it hard to establish routines like reading to your kids at night or having dinner together as a family.”

The adoption of wage caps has also been difficult for many workers to swallow. Workers will never receive annual raises if their pay is at or above the cap, unless they move to a higher-paying job category. Wal-Mart says the caps will encourage workers to seek higher-paying jobs with more responsibility.

To compensate for lost future wages under the new system, Wal-Mart made one-time payments of \$200 to \$400 to workers whose pay was near or over the caps. Several workers described that as “hush money.”

Ramiro Gonzalez, who works in the produce department of a Wal-Mart in El Paso, said that many longtime workers were fuming about the caps.

No matter how hard people work, “we won't get anything else out of it,” said Mr. Gonzalez, who earns \$11.18 an hour, or about \$23,000 a year, after six years with Wal-Mart. “The message is, if I don't like it, there is the door. They are trying to hit people who have the most experience so they can leave.”

In the confidential memo sent to Wal-Mart's board last year, M. Susan Chambers, who was recently promoted to be Wal-Mart's executive vice president in charge of human resources, questioned whether it was cost-efficient to employ longtime workers. “Given the impact of tenure on wages and benefits,” she wrote, “the cost of an associate with 7 years of tenure is almost 55 percent more than

the cost of an associate with 1 year of tenure, yet there is no difference in his or her productivity.”

The memo said, “the shift to more part-time associates will lower Wal-Mart’s health-care enrollment” even though Wal-Mart was reducing the amount of time to one year, from two, that part-time workers would have to wait to qualify for health insurance.

Workers say there is some evidence that the goals outlined in Ms. Chambers’ memo are being put into practice. At several stores in Florida, employees said, managers have suddenly barred older employees with back or leg problems from sitting on stools after using them for years while working as cashiers, store greeters or fitting-room attendants. Wal-Mart said it had no companywide policy on stool use and did not have enough information to comment.

In August, Wal-Mart sent all store managers a confidential document called “Facility Manager Toolkit.” It instructed them to tell workers that the new pay system helped “establish pay levels that are competitive in the local job market, helping us to attain and retain the talent we need.”

If a worker asked whether the wage caps were “one more attempt to get rid of long-service Wal-Mart workers,” the manager was to respond that this was “not an attempt to ‘get rid’ of long term associates,” but was “consistent with our objective to maintain internally equitable pay levels,” according to the document. The memo was supplied to The New York Times by WakeUpWalMart.com, a group funded by the United Food and Commercial Workers, which has tried to organize Wal-Mart workers in the past.

Though some workers have quit in response to the pay caps and scheduling policies, Wal-Mart says it has received an average of seven applications for every job opening at a new store in the last three months.

Wal-Mart generally prohibits reporters from interviewing workers in its stores. The Times contacted employees through union-backed groups, Wal-Mart, employment lawyers and referrals from current and former workers.

A big area of discrepancy between what Wal-Mart says and what the workers say is whether the company has a policy of “open availability,” requiring employees to make themselves available around the clock. Ms. Clark, the Wal-Mart spokeswoman, said the company had no such a policy, adding, “Our main goal is to match the ratio of associates to customers shopping in our stores resulting in better customer service hour by hour.” Wal-Mart says it pays higher wages to night-shift workers.

But in March, workers from a Wal-Mart in Nitro, W.Va., held a small protest rally in the center of town after Wal-Mart managers demanded 24-hour availability and cut the hours of workers who balked. And workers from other stores around the country said in interviews that similar demands had been made on them.

Houston Turcott, the former overnight stocking manager at the Wal-Mart in Yakima, Wash., said that managers had told workers, "Either they had full, open availability so we can schedule them when we would like or we would cut their hours."

Tracie Sandin, who worked in the Yakima store's over-the-counter drug department until last February, said, "They said, if you don't have open availability, you're put on the bottom of the list for hours."

Ms. Sandin said that many Wal-Mart employees disliked the tougher scheduling demands, which typically did not take seniority into account. "It makes it hard," she said. "If you have a function with your child or you want to go to church on Sunday, you don't want to miss those things."

Tim Hahn, who oversees three workers as manager of the housewares department of a Wal-Mart in Lake St. Louis, Mo., said that two of his subordinates had left their schedules open, but one did not for family reasons. Mr. Hahn said "it helps a lot" to have two workers who have agreed to work during the day or night.

"Sometimes they work two nights a week and two days a week," he said. "If there is an issue with a schedule, they can approach me. It's something we will work to solve. If they need this day off, I am happy to give it to them."