

CENTER FOR AMERICAN PROGRESS

Can Wal-Mart Families Make Ends Meet?

by Joan Kuriansky
August 9, 2004

On June 19, 2001, six current and former female employees filed a sex discrimination suit against Wal-Mart, the largest employer in the world. In June 2004, a federal court judge certified *Dukes v. Wal-Mart* as a class action that could benefit up to 1.6 million current or former female employees of Wal-Mart. Judge Martin Jenkins found that the plaintiffs presented largely uncontested statistics that "women are paid less than men in every region, pay disparities exist in most job categories, that the salary gap widens over time and that the higher one looks in the organization, the lower the percentage of women."

The importance of this suit cannot be overstated. At one time in our history, compensation scales and work place practices in the private sector were often driven by public sector policies; today it is often the reverse. Both big and small employers increasingly determine their own wage and labor practices in relation to their competition; often that competition is Wal-Mart. With stores in over 4,750 locations and over 1.4 million employees, Wal-Mart's influence extends into every corner of the country, from rural communities, to suburban malls, to urban downtowns.

More women are working today than ever before, including nearly four out of five mothers of school age children. Yet too many women are in jobs that do not pay self-sufficiency wages, do not provide benefits such as health care, and

are the first to be cut during an economic downturn. In fact, women make up the majority (60 percent) of low-wage workers.

Many of these women are Wal-Mart employees. Currently 72 percent of Wal-Mart's workers in sales are women. On average, they are paid \$7.50 per hour with no health benefits. *Dukes v. Wal-Mart* alleges that women earn on average \$1,400 less than men per year, representing approximately nine per cent of their overall paycheck. Many of these women are single parents who are solely responsible for the welfare of their families – a sure formula for poverty.

Wal-Mart anticipates hiring another 800,000 employees between 2004 and 2008 of which three quarters of a million may well be women. If Wal-Mart's practices continue unchecked, an increasing number of women will be thrust onto the lowest rung of paid work, exacerbating the pervasive occupational segregation that women face in today's service industries and impeding the ability of America's low-income families to make ends meet.

On July 22, 2004 [Wider Opportunities for Women \(WOW\)](#) released a report, "Coming Up Short: A Comparison of Wages and Work Supports in 10 American Communities." The study provides a national snapshot of what families need to make ends meet. The report is based on the use of the Self-Sufficiency Standard, which looks at the

actual costs of working and raising a family in a particular community without private or public work supports. The Self-Sufficiency Standard establishes a minimally adequate, bare-bones budget for 70 different family types on a county by county basis.

The report uses concrete, geographically-specific figures to compare how much income a family of three needs to survive in different areas of the country. Across the 10 communities we studied, the cost for a single wage earner to support an infant and a preschooler ranged from \$27,660 per year, or \$13.10 per hour, in New Orleans, to \$59,544 yearly, or \$28.19 per hour, in Boston. On average, the federal minimum wage covered just 34 percent of the family's basic costs.

Nowhere in the country can a Wal-Mart worker earning \$7.50 per hour make ends meet. In fact, our study finds that only when our sample parent earns an hourly wage of \$12.00 and receives a whole range of public and employer-based work supports can her family achieve a level of economic security. These supports include subsidized child-care, food stamps, housing subsidies and health coverage for children through Medicaid.

There are three fundamental strategies that Wal-Mart can employ to become a responsible corporate citizen and meet the needs of its workers and their families. First, Wal-Mart should provide self-sufficiency wages and decent benefits to all its employees. To do this, Wal-Mart will need to educate itself about the real costs of living for employees in the particular community in which its stores are located and

develop a pay scale that reflects those costs of living.

Second, Wal-Mart should establish clear paths for professional advancement including wage progression policies that are available to all employees free of racial, ethnic, gender or age bias. Wal-Mart Human Resources Departments should use WOW's Self-Sufficiency Standard or a similar tool to help employees plan career paths, access work supports, and make decisions about education and training. The corporation should make a clear commitment to promoting the self-sufficiency of its workers and supervisors should be held responsible for meeting this goal and incorporating it into personnel policies. Such policies have been shown to be good for employers as well as employees, reducing turnover and absenteeism and improving training and morale.

Third, rather than oppose workers' efforts to unionize, Wal-Mart should encourage the self-determination of its workers. Union membership among women has been increasing and with good reason. Studies have shown that female employees working in unionized workplaces earn 31 percent higher wages than those who do not. Wal-Mart competitors, like Costco, have been pioneers in paying self-sufficient wages and supporting their worker's right to organize while increasing profits at the same time.

Finally, regardless of Wal-Mart's own actions, local communities and federal and state governments can and should act to promote self-sufficiency for Wal-Mart employees. For example, communities where Wal-Mart intends to locate should explore whether Wal-Mart

is prepared to adjust its compensation packages to meet the wage needs of residents in that community. Local governmental entities should withhold permits or tax incentives to prospective Wal-Mart stores that do not adopt such policies or, alternatively, offer incentives to those stores which do promote positive labor practices. Federal and state governments should pass minimum wage laws to narrow the self-sufficiency gap for low-wage workers. They should also provide access to affordable education and training opportunities that prepare job seekers for high demand-high wage jobs, and offer critical work supports - such as child-care subsidies, food stamps, and Medicaid - to working

families struggling to meet their basic costs.

Wal-Mart can and should begin to adopt fair labor policies now, not wait for the hammer of justice to fall. And community leaders and policy makers must hold Wal-Mart accountable for its practices. If they do so, there will be fewer poor women and families in the communities where Wal-Mart reigns. Helping employees make ends meet should be of interest to Wal-Mart; it is certainly of interest to the rest of us.

Joan Kuriansky is the executive director for Wider Opportunities for Women.