

The Women of Wal-Mart

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When Melissa Howard joined the Wal-Mart store in New Castle, Ind., in 1992, she received a blue vest, a red, white and-blue nametag, six bucks an hour, and the title of "electronics department manager." Howard hoped to climb the corporate ladder, accept greater responsibility and take home a fatter paycheck.

So she worked diligently and her performance evaluations reflected that: the reviews rated much of her work as "exceeds expectations," the top ranking allowed. Howard says that in the space set aside for her comments, "I wrote that my long-term goals were to work my way up the ladder to store manager, district manager and ultimately regional manager."

After several years at Wal-Mart, Howard became a store manager, joining a small group of women who held that title. Not only was she a store manager by 1999, she was asked to open a brand new Supercenter in Bluffton, Ind. "The Supercenter was the up-and-coming thing," Howard says. To be asked to open one meant "prestige." She likened it to the difference between driving a Ford and a Cadillac. "It was just a major accomplishment."

She was now on the top rung of responsibility inside a store, yet she wasn't earning the top salary. That honor went to two men who reported to Howard as co-managers at the Supercenter. One man with no Wal-Mart work experience, she claims, was making \$15,000 more a year and getting three weeks of vacation, a perk Howard only got after

seven years at Wal-Mart. The other man, Howard says, was "hired off the street for \$10,000 more than I was making."

Although the store opening was successful, Howard's own career was headed for trouble. In March 2000, some stores in her district were experiencing high shrink and inventory was disappearing because of theft or sloppy paperwork. She was told her Supercenter wasn't a problem, but a store she'd managed months earlier was struggling with inventory loss.

Several managers, district managers and loss prevention managers were summoned to the corporate offices in Bentonville, Ark., for a meeting. On the trip, some of the men decided to stop at a roadside strip club. Despite her instincts, Howard says she felt it best to go into the club rather than sit alone in a dark parking lot off a highway.

"I tried to ignore the show, but at one point," Howard says in an affidavit, "I was approached by one of the strippers and District Manager Kevin Washburn proposed that he pay one of the strippers \$50 to have a 'threesome out back' with me."

Shocked, she refused. But she didn't complain to higher-ups at Wal-Mart. Managers, she alleges, routinely went to strip clubs during annual meetings. Moreover, she says, the last time she objected, in 1994, to what she felt was belittling treatment from John Waters, a regional vice president, she was told she needed to learn to "take the shit and let it roll."

In any case, the return trip wasn't much different. There was another stop at a strip club in Missouri and, she says, some of the men planned to visit a massage parlor.

Two months later, Howard realized that lap dances, massage parlors and invitations to a threesome would be the least of her problems. That's when John Waters was named as her new district manager. (He'd been demoted from regional vice president.) "At our first meeting, he made a point of telling me, in a less than friendly tone, that he 'remembered' me," claims Howard.

On June 16, 2000 she says he called her and told her she needed to step down. Howard drove 30 miles to meet with him. In an affidavit, Howard recalls: "He told me that a woman should not be running a Wal-Mart store and that I 'needed to be home raising my daughter.' He instructed me to step down 'voluntarily' and to tell my employees at the morning meeting that having this new Supercenter was too stressful for a single parent and that I needed to take a break."

Though her store was "running in the black" – unusual for a new Supercenter – she says Waters wanted her out. If she didn't quit, she alleges that he told her he'd make her life "hell."

"I had no choice but to step down," Howard says.

He also wanted her out of his district. She was assigned to a co-manager position in a store 120 miles away. Meanwhile, she claims the regional personnel manager told her to stay away from her old Supercenter; her presence in the store was undermining the new store manager's "ability to succeed."

Soon after, Howard says Waters accused her of having sex with an employee, something forbidden by Wal-Mart's anti-fraternization rules. She vehemently denied the claim. The company investigated and cleared her of any wrongdoing.

By late summer of 2000, Howard felt battered: She had stepped down as a store manager, left the Supercenter she'd worked hard to open, been assigned a two-hour commute, and endured a humiliating investigation into her sexual conduct.

Howard was no longer able to take the shit and roll with it. "I knew at that point that I had to leave Wal-Mart," she says. And so she did.

"Retail is for Housewives"

Less than a year after Howard resigned, a gender discrimination class action lawsuit was filed against Wal-Mart in San Francisco federal court. It claims that Wal-Mart discriminated against female employees and that women were paid less than men in similar positions, even with higher performance ratings and more seniority. And it claims that women weren't promoted to in-store management positions as often as men and when they were, they waited longer to advance.

In short, it says that Wal-Mart has two career ladders – a well-paying, far-reaching one for men and a limited, lower-wage one for women. Affidavits filed in court by women allege that:

- Women with years of experience and good work records were repeatedly passed over for promotions in favor of men with little or no experience.
- Women seeking advancement were treated differently than men; they were asked to work night shifts for two years as assistant manager before being considered for store manager or were asked to show they could repeatedly lift 50-pound bags of dry dog food.
- Women working in personnel were fired when they complained that men were consistently paid more than women for the same job.
- Some women were told men were being paid more because men had "families to support" or that "men are here to make a career and women aren't. Retail is for housewives who just need to earn extra money."

The plaintiffs also compiled compelling statistics: Among cashiers and greeters, 65 percent were women; among salaried assistant managers, a more modest 35 percent were women; among co-managers, less than 25 percent. And among store managers, only 14 percent were women. And they filed expert testimony that there is a clear record of under-promoting women in "nearly every geographic region," and that the women of

Wal-Mart are paid less than men nationwide. For hourly employees, the wage gap is \$1,100 and among salaried jobs, women make \$14,500 less than men. Statistics are the backbone of a request for class action status; in this case, the class could mean 1.6 million women, making it the largest such suit ever certified.

Wal-Mart's response has been somewhat predictable: The numbers are flawed because comparisons should be made store-by-store or within each department of each store, and not company-wide. And incredibly, Wal-Mart, a company that critics charge routinely uses its sheer size to get what it wants, argues that the big class of plaintiffs makes the case unmanageable. In other words, Wal-Mart was suggesting a size cap on class-action lawsuits.

U.S. District Court Judge Martin J. Jenkins didn't buy it. In his opinion handed down in June, he wrote, "Insulating our nation's largest employers from allegations that they have engaged in a pattern and practice of gender or racial discrimination - simply because they are large - would seriously undermine these imperatives."

Jenkins handed the women a significant victory, granting class action status for all women working at any Wal-Mart retail store in the U.S. since December 26, 1998 who have been, or might be, subject to the alleged discriminatory pay and promotion practices.

Wal-Mart immediately released a statement: "Let's keep in mind that today's ruling has absolutely nothing to do with the merits of the case. Judge Jenkins is simply saying he thinks it meets the legal requirements necessary to move forward as a class action. We strongly disagree with his decision and will seek an appeal."

When we contacted Wal-Mart for this story and submitted written questions as asked, we received no response.

The dog food bag test

When Claudia Renati took a job in 1993 as a membership team leader for Pace Membership Warehouse, Inc., in Roseville, Calif., her family needed the paycheck. She'd been working in real estate when the market dropped off. Her husband was out of work for a year because of a job-related injury. The work meant regular income and, she hoped, advancement opportunities.

Soon after she started, Wal-Mart bought Pace and converted the store to a Sam's Club, and "they made you believe that it was even so much easier and a much better organization that you could, that anybody could, move up and be in management and move on to running your own club if you wanted to," Renati says.

The reality proved different for her. For several years she appealed in vain to Wal-Mart's management for a promotion. She says she had above average or exceptional evaluations,

no disciplinary action, and time records that were "squeaky clean." But it was never good enough to get promoted. "There was constantly a barrier," she claims.

In 1994, after the regional sales manager left the company, Renati was put in charge of "running the region and doing all the ads and marketing programs. I completed all the tasks of a Regional Sales Manager for two years without the proper title or pay."

Yet, when she approached the director of operations about a promotion, Renati says she was told that she couldn't have it because she hadn't completed the management training program. When she asked about entering the program, she alleges, "He told me that I would have to be willing to sell my house and move to Alaska."

Wal-Mart has a policy of requiring people to move around the country if they want to move up in the company. But with a husband who had 30 years invested in his job, Renati says moving wasn't a real option so she remained the marketing team leader. By 2000, she had trained approximately 20 marketing managers, "all of whom were male and many of whom never went through the training program."

But then Wal-Mart violated its own policy, she says, when several men in her store climbed up the management ranks without moving - to Alaska or anywhere else. A meat cutter became a general manager, a floor team leader was promoted to general manager, a team leader became a merchandise manager. And she watched a number of management training candidates filter through Sam's Club. The candidate profile, Renati claims, is "usually a white male between 27 and 35."

In 2000, while out for six weeks for knee surgery, Renati says she was told that her department was being combined with another and that a man would head the new department. Her job was being eliminated. Her new post was as a meat wrapper. But while out on sick leave later that year, she was replaced by a man and moved to the membership desk.

There, she got a not-so-pleasant surprise. "I discovered that my supervisor at the membership desk was someone whom I had previously supervised for six years," she says. Fed up, she quit.

Then, in 2001, she was asked to return and sell credit at the membership desk. When she asked about promotional opportunities, she was told she'd be given a chance. She signed up to work.

In 2002 she asked to become the photo manager, but a male cashier with six months of experience got the job. When she approached the operations director and explained that she'd spent nine years at Sam's Club and had little advancement, she says he asked if she could stack 50-pound bags of dog food. She could not.

"He told me there was nothing he could do for me because before I could become a manager, I would have to be Floor Team Leader and that requires stacking 50-pound bags of dog food," Renati claims.

And yet she knew of several male managers who didn't have to be a floor team leader first or were not required to pass the 50-pound dog food bags test.

In 2002, Renati quit a second and final time. She says of Wal-Mart and Sam's Club: "It is run by good old boys. They make and break their money off the backs of the women employees."

Pro-subsidy, anti-union

Ironically, founder Sam Walton's rules for building a business retail include valuing "associates" and sharing rewards. Last year, Wal-Mart generated \$265 billion in revenue and had about \$9.1 billion in net income. Today there are 5,000 stores in 10 countries, including Argentina, South Korea and China. When Walton died in 1992, he was second only to Bill Gates for title of the world's richest man.

The impressive growth has come at a high price. In May, Good Jobs First, a nonprofit research center that promotes corporate and government accountability, released a report showing Wal-Mart received more than one billion dollars in subsidies from local and state governments, including sales tax rebates, free or reduced-priced land, tax-increment-financing, state corporate income tax credits and property tax abatements. The study was partially funded by the United Food and Commercial Workers International Union.

Labor unions have their own fight to pick with Wal-Mart. Although the UFCW recently won accreditation and the right to represent employees in a Quebec Wal-Mart, it has yet to successfully organize in the United States. In 2000, meat cutters in a Jacksonville, Texas store voted to organize and shortly after that the company announced it was closing the department. Wal-Mart's official position on unions is: "We do not believe there is a need for third-party representation."

Represented or not, workers have leveled other charges against Wal-Mart. The company has been hit by a wave of class action suits alleging that it requires its employees to work "off the clock," a violation of the Fair Labor Standards and Practices Act. Wal-Mart is also being sued in several courts over its practice of taking out life insurance policies on Wal-Mart employees. Under the company's Corporate-Owned Life Insurance program, the company – not the employee's surviving family – is financially compensated if the worker dies. Wal-Mart settled lawsuits in Texas and New Hampshire but others are pending.

And last month, the Labor Center at the University of California at Berkeley released a report claiming that Wal-Mart's low wages and inadequate benefits in California cost the state \$86 million a year in state aid.

But eclipsing them all is *Dukes et al. vs. Wal-Mart Stores Inc.*, the class action gender discrimination suit that includes women like Melissa Howard and Claudia Renati. This is a case that could do serious damage to the company. In its annual report released before the class certification ruling earlier this summer, Wal-Mart warned that if the class is certified, a settlement is reached, or it loses the case, "the resulting liability could be material to the Company, as could employment-related injunctive measures, which would result in increased costs of operation on an ongoing basis."

The fight goes on

Melissa Howard and Claudia Renati have found there is life beyond Wal-Mart. Howard is a customer relations specialist in Indianapolis making less than what she did when she stepped down as a Supercenter store manager. A single mom, Howard says "it has not been the easiest, but I did what I had to do."

Renati is now the executive director of Lincoln Arts, a nonprofit public arts organization in Lincoln, CA. Says Renati: "This is the 21st Century, this is not the 1950s coming out of World War II." Women "need to be recognized as being intelligent, smart individuals who can run an organization – because I do here."

Since the case was filed in 2001, Wal-Mart has made a few changes – some substantive, some in public relations. It scrapped the "tap on the shoulder" method for deciding who gets to join the management-in-training program and has set up a formal application process. The company opened a diversity office which is supposed to help it "recruit and promote from all segments of society," according to its annual report. And it launched a PR campaign touting Wal-Mart as a great place for advancement and a good paycheck.

That's not what Debra Smith hears these days. A staff attorney with the San Francisco-based Equal Rights Advocates, one of the firms representing women in the lawsuit, Smith says that current Wal-Mart employees who are involved in the suit are "very scared."

Says Smith: "I have several who call me once a month or once a quarter who tell me about the latest incident that they're afraid is going to get them terminated and they feel they're being set up for termination."

And some of those stories may end up in the court file as the case moves towards a trial.