

Behind the smile

by By the St. Louis Post-Dispatch

Under a new Wal-Mart policy, a worker who gives 20 years of loyal service to the company will be given a free polo shirt. That's gratitude for you.

The New York Times reports that the policy is part of Wal-Mart's effort to stem discontent in the work force. In addition, Wal-Mart managers will be required to meet with 10 rank-and-file employees every week to listen to their concerns. To sprinkle a little holiday cheer on top, workers will get an extra 10 percent off a single item purchased at Wal-Mart in addition to the 10 percent discount they normally get.

A T-shirt and an extra 10 percent are fine. But, gee. Maybe workers also might appreciate decent health care benefits or better wages and working conditions. As of last year, Wal-Mart provided health care coverage to only 42 percent of its workers, and its benefits were far skimpier than average. Employees who make it to the Big 20 and have Wal-Mart health coverage also will get a "holiday" from a portion of their health premiums along with their polo shirts.

An internal company memo leaked last year revealed that about 5 percent of Wal-Mart workers receive Medicaid, the government health program for the poor. The memo also said nearly half of all employees' children are either uninsured or rely on state-subsidized programs for health care. In other words, Wal-Mart is paying its people so little that they qualify for government subsidies for the poor, even as it pushes some of its health care costs onto the taxpayers.

Long-timers at Wal-Mart also will encounter the company's new wage caps, imposed this summer, freezing the pay of veteran store workers who don't get promotions. And there's the new crackdown on employee absences.

With policies like this, Wal-Mart won't be giving away many polo shirts. Wal-Mart used to be the juggernaut of retailing, rolling over its competition with a strategy of high-tech efficiency, cutthroat cost controls and low prices. But the juggernaut has stalled recently with sales flattening at its 6,000 stores. Part of that results from a stumble in fashion marketing, part from disruption from store renovations and part because the competition is getting smarter.

But other factors may be at work as well. Wal-Mart's labor policies have brought it a raft of bad publicity and some costly court judgments. Juries in Pennsylvania and California recently returned verdicts of about \$250 million against the company for allegedly cheating employees out of pay for time worked.

Wal-Mart can't hide that behavior behind a smiley face. Sooner or later, the public was bound to notice.

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