

## FLEXIBLE SCHEDULING AT WAL-MART: GOOD OR BAD FOR EMPLOYEES?

With nearly 1.4 million workers domestically, Wal-Mart is the largest private employer in the United States. Wal-Mart is also the nation's number one retailer in terms of sales, registering nearly \$379 billion in sales revenue for the fiscal year ending January 31, 2008. Wal-Mart achieved its lofty status through a combination of low prices and low operational costs, enabled by a superb continuous inventory replenishment system.

Now Wal-Mart is trying to lower costs further by changing its methods for scheduling the work shifts of its employees. In early 2007, Wal-Mart revealed that it was adopting a computerized scheduling system, a move that has been roundly criticized by workers' rights advocates for the impact it may have on employees' lives.

Traditionally, scheduling employee shifts at big box stores such as Wal-Mart was the domain of store managers who arranged schedules manually. They based their decisions in part on current store promotions as well as on weekly sales data from the previous year. Typically, the process required a full day of effort for a store manager. Multiply that labor intensity by the number of stores in a chain and you have an expensive task with results that are marginally beneficial to the company.

By using a computerized scheduling system, such as the system from Kronos that Wal-Mart adopted, a retail enterprise can produce work schedules for every store in its chain in a matter of hours. Meanwhile, store managers can devote their time to running their individual stores more effectively.

The Kronos scheduling system tracks individual store sales, transactions, units sold, and customer traffic. The system logs these metrics over 15-minute increments for seven weeks at a time, and then measures them against the same data from the previous year. It can also integrate data such as the number of in-store customers at certain hours or the average time required to sell a television set or unload a truck and predict the number of workers needed at any given hour.

A typical result of this type of scheduling might call for a sparse staff early in the day, a significant increase for the midday rush, scaling back toward the end of the afternoon, and then fortifying the staff

once again for an evening crowd. However, for a chain like Wal-Mart, which operates thousands of 24-hour stores and has also run into trouble previously for its labor practices, the transition to a computerized scheduling system has resulted in controversy.

For Wal-Mart, using Kronos translates to improved productivity and customer satisfaction. Management reported a 12-percent gain in labor productivity in the quarter ending January 31, 2008.

For Wal-Mart employees, known to the company as associates, the change may decrease the stability of their jobs and, possibly, create financial hardship. The scheduling generated by Kronos can be unpredictable, requiring associates to be more flexible with their work hours. Stores may ask them to be on call in case of a rush, or to go home during a slow spell. Irregular hours, and inconsistent paychecks, make it more difficult for employees to organize their lives, from scheduling babysitters to paying bills. Alerts from the system may also enable store managers to avoid paying overtime or full-time wages by cutting back the hours of associates who are approaching the thresholds that cause extra benefits to kick in. Associates are almost always people who need all the work they can get.

According to Paul Blank of the Web site [WakeUpWalMart.com](http://WakeUpWalMart.com), which is supported by the United Food and Commercial Workers union, "What the computer is trying to optimize is the most number of part-time and least number of full-time workers at lower labor costs, with no regard for the effect that it has on workers' lives." Sarah Clark, speaking on behalf of Wal-Mart, insists the system's goal is simply to improve customer service by shortening checkout lines and better meeting the needs of shoppers.

To assist in the deployment of its computerized scheduling system in all of its stores, Wal-Mart requests that its associates submit "personal availability" forms. Language on the form instructs associates that "Limiting your personal availability may restrict the number of hours you are scheduled." Anecdotal evidence suggests that some workers have indeed seen their hours cut and their shifts bounced around. Experienced associates with high pay rates have expressed concern that the system enables managers to pressure them into quitting. If they are unwilling

to work nights and weekends, managers have a justification for replacing them with new workers who will make much less per hour. Sarah Clark denies that the system is used in this manner.

Critics of the system can cite the Clayton Antitrust Act of 1914, which states, "The labor of a human being is not a commodity or article of commerce." No legal battles over computerized scheduling appear imminent, so interpreting whether Wal-Mart's strategy equals treating its labor force as a commodity will have to wait.

In the meantime, Wal-Mart is once again at the forefront of technology trends in its industry. Ann Taylor Stores, Limited Brands, Gap, Williams-Sonoma, and GameStop have all installed similar workforce scheduling systems.

*Sources:* Vanessa O'Connell, "Retailers Reprogram Workers in Efficiency Push," *The Wall Street Journal*, September 10, 2008; Kris Maher, "Wal-Mart Seeks New Flexibility in Worker Shifts," *The Wall Street Journal*, January 3, 2007; [www.kronos.com](http://www.kronos.com), accessed July 15, 2008; Bob Evans, "Wal-Mart's Latest 'Orwellian' Technology Move: Get Over It," *InformationWeek*, April 6, 2007 and "More Opinions on Wal-Mart's Flexible Scheduling," *InformationWeek*, April 17, 2007.

## CASE STUDY QUESTIONS

1. What is the ethical dilemma facing Wal-Mart in this case? Do Wal-Mart's associates also face an ethical dilemma? If so, what is it?
2. What ethical principles apply to this case? How do they apply?
3. What are the potential effects of computerized scheduling on employee morale? What are the consequences of these effects for Wal-Mart?

## MIS IN ACTION

Visit the Web site at [www.WakeupWalMart.com](http://www.WakeupWalMart.com) and then answer the following questions:

1. What are this group's major points of contention with Wal-Mart?
2. How well does the Web site serve their cause? Does the site help their cause or hurt it?
3. What other approach could the organization take to bring about change?

Using Wal-Mart's Web site and Google for research, answer the following questions:

4. How does Wal-Mart address the issues raised by organizations such as [WakeupWalMart.com](http://WakeupWalMart.com)?
5. Are the company's methods effective?
6. If you were a public relations expert advising Wal-Mart, what suggestions would you make for handling criticism?