

# Wal-Mart's Gender Gap

What a landmark lawsuit aims to prove about how the No. 1 retailer pays its female workers

By LISA TAKEUCHI CULLEN WILSON

**G**RETCHEN ADAMS HAS MORE THAN A few bones to pick with Wal-Mart, but she figures its treatment of women is a good place to start. The mother of four took an hourly job at a Wal-Mart in Stillwater, Okla., in 1993 and was quickly promoted to head the deli department. Soon she was managing 60 workers and flying around the country to train hundreds more. When she learned that a man she had trained was earning \$3,500 more than she was, "they told me it was a fluke." But as other male colleagues leapfrogged past, her salary never rose above \$60,000 and she never landed the promised job of store manager. When she complained, "they told me where to go," says Adams, 57. She quit at the end of 2001.

Adams may yet have the last laugh. The retail giant—the nation's biggest private employer—has weathered a yearlong maelstrom of bad press about its employment practices. More than 30 lawsuits have accused it of cheating workers out of overtime pay. In a case in Oregon, the company was found to have forced employees to punch out and then return to work off the clock. A federal investigation discovered that in dozens of stores Wal-Mart used contractors that hired illegal immigrants. Now a federal judge in San Francisco has ruled that a sex-discrimination lawsuit filed in 2001 by six women can proceed as a class action on behalf of all Wal-Mart's current and former female employees. With up to 1.6 million plaintiffs, it will be the largest private civil rights case in U.S. history.

In many ways, Wal-Mart's problems stem from the conservative, Southern cul-

ture fostered by founder Sam Walton, according to Ellen Rosen, who is writing a book about the role of women at retail companies, including Wal-Mart. The old-fashioned values were one of the things that attracted Deborah Zambrana, 37, an 11-year employee of the store in Wilson, N.C. Then a note she wrote requesting help sorting lingerie came back scrawled with a chauvinist comment. When a male colleague admitted to the deed, "instead of being reprimanded," says Zambrana, who



**NO SMILES:** Zambrana was not amused when a man was rewarded for bad behavior

RYLE HOOD FOR TIME

like Adams is not one of the lead plaintiffs, "he was promoted to assistant manager."

Wal-Mart, known for its smiley-face icon, is confronting other complaints too. It has successfully fought to keep out unions—so far. The average wage for hourly workers barely exceeds the federal poverty level for those with families, and the company's health-care plan is so expensive that only half its workers choose to be covered. Workers have charged that they were locked inside stores at night and that managers secretly "shaved" their time sheets to meet budgets.

## WOMEN VS. WAL-MART

Plaintiffs claim that 2001 payroll stats show these discriminatory patterns:

In 2001 female workers in hourly jobs took home **\$1,100 less than men**, while women managers earned \$14,500 less than their male counterparts

65% of Wal-Mart's hourly employees were female, but **two-thirds** of the company's managers were men

On average, it took men 2.86 years to **get promoted** to assistant manager. It took women 4.38 years, despite better performance ratings

Wal-Mart has tried to downplay the complaints, suggesting they are a natural outgrowth of success. With an organization of this size and status, "anyone who says something is not going to go bump in the night is not being realistic," said human-resources head Coleman Peterson in an interview before he retired last month.

The company denies that it mistreats workers and plans to appeal the class-action ruling on the sex-discrimination suit. "The company does not condone discrimination of any kind," says spokeswoman Sarah Clark, adding that female employees are fairly promoted and paid. Some Wal-Mart employees agree. Says Brenda Dobbins, 50, an hourly worker in Wilson: "I've had all sorts of opportunities here, and I've always been treated fairly." Yet changes to some of its employment practices suggest that Wal-Mart

is responding to the criticism. In June the company adjusted pay for many jobs; later this year its electronic job-posting system will notify workers of desirable openings. It created a department to promote diversity. CEO H. Lee Scott Jr. has warned that executives will see their bonuses reduced if they fail to meet diversity goals.

Even a whopping settlement is unlikely to hobble Wal-Mart, which rang up \$9 billion in profits for the latest fiscal year. Nonetheless, its bottom line is likely to be re-

drawn by the suits. The sex-discrimination case alone could result in a multibillion-dollar settlement, says plaintiffs' attorney Joseph Sellers. Wal-Mart's reputation as a harsh employer, along with concerns about unfair competition, has spurred communities in Chicago, Dallas and Inglewood, Calif., to block construction of new stores. The outcome of the cases, thanks to the retailer's prominence, could affect how companies all over the world treat their workers. "The point is that more people are aware," says ex-employee Adams, who now works to unionize Wal-Mart stores. "They're finally seeing what's behind that smiley face." And these days, it's not a lot of smiles.

Source: Richard Drogin—Drogin, Kakigi & Associates