Walmart warehouse temps add flexibility -- and save money?

Ed Jankay is in charge of the NFI facility that moves goods for Walmart in Mira Loma, Calif. He says that while around 90 percent of the staff is temporary, there are opportunities to move up. Jankay's been doing warehouse work for over thirty years but has never worked as a warehouse temp.

by Mitchell Hartman
Marketplace for Tuesday, November 27, 2012

STORY

Part One: Workers protest pay, conditions at Walmart warehouses

Amid shopping, Walmart protesters question wages

This year, low-wage warehouse workers who move goods for Walmart in Southern California and Northern Illinois have taken their case for better treatment to the public, and to the company's own doorstep.

With support from big labor unions like the Teamsters and United Food and Commercial Workers, they've held marches and strikes at warehouses and stores, and protested in Walmart's hometown of Bentonville, Ark. Last month, they delivered a box of petitions and got a meeting with company executives, where they presented complaints of sub-standard wages, unsafe working conditions, and retaliation if they complain or attempt to organize.

Walmart issued a prepared statement to Marketplace from V.P. of Communications David Tovar after the meeting, saying: "We had a very productive conversation with some of the workers who came to Bentonville last month. We appreciated their perspective, we listened very carefully.

Criticism can be a helpful voice sometimes to hear. We're taking these allegations very seriously, because we hold all of our service providers to high standards, and remain committed to ensuring that workers throughout our supply chain are treated with dignity and respect. We've spent the last few weeks developing protocols to have independent auditors inspect each of the dedicated third-party-run facilities that we utilize."

The workers and their labor groups blame Walmart for the working conditions they say they face, even though the giant retailer isn't their actual employer. Instead, they're likely to work for a temporary-staffing agency that calls them in to work when it needs them -- and can send them packing at the drop of a hat.

The logistics industry says it needs that labor-force flexibility in its supply chain to run efficiently. But critics say the real goal of all those warehouse temps is to save money, and insulate the big retail companies -- with their big pockets -- from liability.

USC geographer Juan De Lara studies the industry in Southern California's Inland Empire, the biggest hub for logistics and warehousing in the country, where as many as 100,000 warehouse workers reside. De Lara says to understand the structure of employment, it's important to understand the retail supply chain itself.

One leg of the domestic supply chain starts at the huge Ports of Los Angeles and Long Beach. Cheap imported consumer goods from Asia arrive in shipping containers -- tens of thousands every day. They're moved, by train and truck, through a network of rail yards, cross-docks, warehouses and distribution centers -- on their way to store shelves and doorsteps inland.

De Lara says the facilities are noisy, polluted, and often an eyesore for neighborhoods nearby. But few Americans ever see them.

"It's kind of symbolic of the invisible nature of the commodity chain," says De Lara, "where American consumers -- all they know is the end product, the thing that you go in to buy at a Walmart."

And for De Lara, one of the invisible links that's most problematic is the thousands of low-wage temp workers who move the goods. He says they're 'invisible,' because they're not on the payroll of the big-box retailers. Working for minimum wage or slightly above, with no benefits or job security, they're barely a drag on the bottom line.

Holly Kent-Payne, 25, is one of those workers. She loads and unloads goods for Walmart at a warehouse in Elwood, Ill., near a huge rail yard outside Chicago. Walmart owns the warehouse; Schneider Logistics, a Wisconsin-based company, runs it. Kent-Payne works for a temp agency called Roadlink.

She makes $10 an hour, working about 30 hours per week. "You're easily replaceable," she says. "That's something they're always emphasizing -- if you're not working hard enough, well, we can just get someone else."

Curtis Tucker, 22, works in the same warehouse. He has three small children; his wife's at home taking care of them. Like Kent-Payne, he makes $10 an hour as a temp for Roadlink, taking home $500-$600 every two weeks.

"Me being over 21 with a high school diploma and a clean background record, it's pretty much the only thing I can get," he says.

Rent alone on the family's three-bedroom apartment comes to $850 a month. So Tucker does lawn work on the side to try to make ends meet.

"Faith in Jesus -- honestly, that's how I'm making it without a doubt," he says. "This is not enough to support my family on. You have to have the best budgeting skills in the world, and I think I've acquired them. I try to save, and I really, really can't save, but I do what I can."

Tucker and Kent-Payne traveled last month to Bentonville, Ark., Walmart's headquarters. They're members of a labor group from Elwood, Ill., called Warehouse Workers for Justice, which is supported by the local United Electrical Workers Union. They joined up in Bentonville with a warehouse-workers group from Southern California -- Warehouse Workers United,

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supported by the national labor coalition Change to Win -- to protest their treatment as low-wage 'perma-temps.'

"We're all lifting boxes the same," Tucker explains. "If I lift a 50-pound box, and the person next to me is lifting a 50-pound box, we should all have benefits and equal wages."

But warehouse workers employed directly by Walmart in its own distribution centers earn considerably more -- at least $12.50 an hour on average, according to the company. And many forklift drivers and loaders who get their paychecks directly by warehousing companies, as opposed to staffing agencies, receive some employment benefits. They're also more likely to get consistent hours (and steady paychecks) -- whether it's a busy or a slack time on the loading dock.

USC geographer Juan De Lara says the number of perma-temps in the warehouses has been rising for decades. And in his opinion, that's partly by design. De Lara argues that in order to keep costs low for retailers at the top of the supply chain, warehouse-operators and their subcontracted staffing agencies are incentivized to use low-skilled, low-wage contingent workers at the bottom of the supply chain.

"When you offer these services up for bid, you get a race to the bottom," De Lara says. "Many of these fly-by-night temp agencies will bid so low, companies like Walmart can avoid overheard costs. They don't have to pay HR costs on that. So it saves them a lot of money and it saves them a lot of liability."

But Yossi Sheffi, who directs MIT's Center for Transportation and Logistics and just published a book, "Logistics Clusters: Delivering Value and Driving Growth," counters that utilizing temps isn't the secret sauce that allows Walmart to operate so cheaply. He says the key to Walmart's low prices is extreme flexibility to adjust the labor force to match market demand.

"What's their main competitive advantage?" Sheffi asks. "They sell the same tchotchkes that a lot of other people are selling. But they do it cheaper, faster, better. It's the ability to move enormous quantities of goods around the world in the most efficient manner."

Sheffi says that means having the most sophisticated logistics software and inventory management.

But he readily admits it also means having a fair number of temps in the warehouses. That way, the retailer can instantly staff up or down, when the new iPad comes out, or to fill shelves before Christmas with all those tchotchkes.

Sheffi says the temp jobs that result from this flexible operating model may not be great. But there is room to move up. He says salaries can reach into the low-$40,000s, comparable to other blue-collar jobs.

"The starting jobs are above minimum wage, but nothing to write home about," Sheffi says. "They are providing jobs where nothing else exists, for the most part. The important thing is that this industry educates its own workers, and believes in experience on the floor. If you look at UPS and many other companies, most of the executives started on the floor. So this provides an element of social justice and upward mobility that does not always exist in other industries."

Many temporary warehouse workers, though, doubt this industry will ever provide them with permanent employment, let alone a pathway to the middle class.

Tomorrow, we'll hear how organized labor is trying to hold the marquee retailers responsible for the low-wage workers who move their goods.

About the author

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Whitney Landon - Nov 27, 2012

I empathize with the American workers but hope the Triangle-Shirtwaist-like (locked doors; no fire escapes) horrible fire story linked to WalMart in Bangladesh isn't neglected in the process. Marketplace ran a short BBC account this morning http://www.marketplace.org/topics/world/bbc-world-service/bangladesh-mou... but stuck with WalMart's denial of knowledge. Democracy Now! went further and the denial didn't sound so convincing: http://www.democracynow.org/2012/11/27/bangladeshi_labor_activist_finds_...

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drmghernandez - Nov 27, 2012

This is a great piece that sheds light on the remarkable ability of retailers to provide consumers that new HD TV for just $150. It is an amazing achievement of modern technology and commerce. But at what price to the rest of our society? Here's a link to my commentary on what this is doing to Latinas: http://latinalista.com/2012/11/latina-cubicle-confidential-latinas-in-re...

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