The Impacts of Wal-Mart: The Rise and Consequences of the World’s Dominant Retailer

Gary Gereffi¹,² and Michelle Christian²

¹Center on Globalization, Governance & Competitiveness, ²Department of Sociology, Duke University, Durham, North Carolina 27708; email: ggere@soc.duke.edu, mmc22@soc.duke.edu

Key Words
globalization, labor, community mobilization, buyer-driven commodity chains

Abstract
Wal-Mart has been both praised and pilloried as a template for twenty-first century capitalism. Therein lies the challenge in analyzing the world’s largest retailer. We examine the sociological impact of Wal-Mart in terms of four themes: its business model and organizational structure, the dual impact of Wal-Mart’s labor relations in terms of its own stores and working conditions in its global supply chain, the genesis and effectiveness of community mobilizations against Wal-Mart, and how Wal-Mart’s growth is linked to the emergence of buyer-driven commodity chains in the global economy. Wal-Mart underscores the value of a public sociology agenda that embraces three research criteria: the incorporation of new media and audiences, the need to go global with our research, and the ability to work for change from within.
Serious differences among social scientists occur not between those who observe without thinking and those who would think without observing; the differences have rather to do with what kinds of thinking, what kinds of observing, and what kinds of links, if any, are made between the two.

—C. Wright Mills, The Sociological Imagination

INTRODUCTION

The adjectives used to describe Wal-Mart command a range of superlatives: retail juggernaut, the template for a global economic order, most influential company in the world, cultural gatekeeper, and insidious beast. Often there is little agreement among those who talk, write, and research the company. Whether they fall in the pro, anti, or middle of the road categories in the broad Wal-Mart debate, most interpretations regarding the retailer’s impact center around five sociologically relevant themes: Wal-Mart’s business model, its economic impact, its labor relations, its community mobilization, and its ties to the global economy. Within these categories are many subthemes, such as the pursuit of “everyday low prices,” supply-chain management, culture, jobs, pricing, working conditions, and so on. Schaeffer (2003) warns against generalizing or universalizing about globalization, and the same can be applied to Wal-Mart. He writes, “only by taking a careful, historical analysis of its implementation in particular settings can any assessment be made of its benefits and disadvantages” (Schaeffer 2003, p. 11). The welter of ideas and interests surrounding this retail giant makes it virtually impossible to form blanket judgments regarding its overall impact.

The divergent perspectives regarding Wal-Mart are rooted in disciplinary orientations, the types of questions asked, and basic assumptions that divide the social scientists, humanists, and nonacademics who are writing about Wal-Mart. Where economists (Basker 2005, Hicks 2007, Vedder & Cox 2006) have focused on the dynamics of prices, inflation, and jobs using advanced econometric modeling, historians (French 2007, Lichtenstein 2007) highlight how Wal-Mart’s labor relations connect to new capitalist forms. Researchers in business strategy (Bergdahl 2004, Grant 2003) have surveyed the company’s rise and its operational model, whereas geographers (Graff 2006, Vias 2004) examine the spatial dimension of Wal-Mart’s growth. All the disciplines have scholars who are criticizing as well as praising Wal-Mart for varying reasons. It is the nonacademics, however, who are leading the most publicly centered and contentious investigations of Wal-Mart (Ehrenreich 2001; Fishman 2006; National Labor Committee 2002, 2007; Norman 1999; Ortega 1998).

Where does sociology fit into this mix? Sociologists have researched Wal-Mart with various theoretical, methodological, and conceptual lenses, and they have touched on many relevant contemporary topics. We believe that sociologists can play a unique role in connecting the multidisciplinary inquiries into Wal-Mart, especially if a public sociology stance is adopted. Therefore, our review includes writings by a broad set of sociologically oriented social scientists and nonacademics. An inclusive approach is required because Wal-Mart has galvanized a large literature about its sociological implications, even when the authors are not sociologists.

This is illustrated in Lichtenstein’s (2006) Wal-Mart: The Face of Twenty-First Century Capitalism and Brunn’s (2006) Wal-Mart World, the first edited volumes in which social scientists, historians, and activists collaborated to evaluate the evolution, impact, and future of Wal-Mart’s footprint. Both Lichtenstein’s and Brunn’s collections address the company’s impact on multiple facets of society, and they serve as a model for public sociology.

Wal-Mart also can be viewed in the context of structural changes in the global economy and its connection to the U.S. retail revolution. Wal-Mart is a driver and organizer of global processes, and it garners benefits from the international environment. The most common
positive and negative characteristics used to describe Wal-Mart (see Table 1) arise from this situation, and Wal-Mart’s corporate culture has adapted to this reality. Wal-Mart is the emblematic case for how giant corporations impact the global economy via the growth of trade, foreign direct investment, and the neoliberal agenda of economic deregulation, which has repercussions on wages, labor relations, and communities in the United States and beyond.

The rise of Wal-Mart is significant for its scale, scope, and sociological relevance. Zook & Graham (2006) note that in 2002 Wal-Mart surpassed Exxon Mobil to become the world’s largest corporation in terms of sales. Wal-Mart estimates that more than 200 million shoppers visit its U.S. stores each year, including Wal-Mart supercenters, discount stores, Neighborhood Markets, and Sam’s Club warehouses. Wal-Mart’s statistics for 2008 help us to grasp the magnitude of the company’s size and reach (see Table 2). Wal-Mart had global net sales of $375 billion, over 2 million employees, and 60,000 suppliers located in more than 55 countries. One-fifth of its profits come from Wal-Mart stores located in 15 countries, and Wal-Mart’s global reach is expanding.

In this article we focus on Wal-Mart’s business model and organizational structure, its impact on labor relations, community campaigns against the giant retailer, and its connections to the global economy. We forgo an analysis of the company’s economic impact per se because this field has been well covered by economists (see sidebar, Economic Impact Debate: Prices versus Wages). Within our four main topics,

<table>
<thead>
<tr>
<th>Table 1 Polarized themes in Wal-Mart debates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
</tr>
<tr>
<td>Lower prices</td>
</tr>
<tr>
<td>Supports diversity</td>
</tr>
<tr>
<td>Increases business efficiency</td>
</tr>
<tr>
<td>Provides jobs</td>
</tr>
<tr>
<td>Employs nontraditional workers</td>
</tr>
<tr>
<td>Promotes environmental sustainability</td>
</tr>
<tr>
<td>Negative</td>
</tr>
<tr>
<td>Exploits labor</td>
</tr>
<tr>
<td>Practices gender/racial discrimination</td>
</tr>
<tr>
<td>Pushes down wages</td>
</tr>
<tr>
<td>Increases unemployment</td>
</tr>
<tr>
<td>Increases poverty, welfare allocations</td>
</tr>
<tr>
<td>Erodes downtown business centers</td>
</tr>
<tr>
<td>Increases environmental degradation</td>
</tr>
</tbody>
</table>

The most common topics involving the economic impact of Wal-Mart’s presence are pricing, wages, and jobs. The findings vary according to store location and the statistical tools used by researchers to control variables outside the model (Hicks 2007). One of the most widely cited economic findings is that Wal-Mart’s expansion from 1985 to 2004 brought savings of $263 billion to U.S. consumers owing to reduced prices (Global Insight 2005). Global Insight, the economic consulting firm hired by Wal-Mart to conduct a national study of retail wages, employment, and prices, updated this study in 2007, arguing that the cumulative price savings after adding the years of 2005 and 2006 totaled $287 billion (Global Insight 2007). Bernstein et al. (2006, pp. 1, 4) find the original Global Insight study to be “implausible” because of the lack of robustness of the econometric analysis as well as the logic of their arguments. They claim that the price-versus-wages dispute is as much a “debate about politics and values as economics” because the belief that lower prices are more important than higher wages neglects the larger economic climate in terms of the increased costs in housing, health care, and transportation.

<table>
<thead>
<tr>
<th>Table 2 Wal-Mart Stores, Inc., facts, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net sales</td>
</tr>
<tr>
<td>Net sales, U.S.</td>
</tr>
<tr>
<td>Net sales, international</td>
</tr>
<tr>
<td>Total associates</td>
</tr>
<tr>
<td>Total stores, U.S.</td>
</tr>
<tr>
<td>Total stores, international</td>
</tr>
<tr>
<td>Distribution centers</td>
</tr>
<tr>
<td>U.S. customers</td>
</tr>
<tr>
<td>Suppliers</td>
</tr>
<tr>
<td>Countries in supplier network</td>
</tr>
</tbody>
</table>

we address both the positive and negative aspects of Wal-Mart. In the concluding section, we sketch in greater detail our view of what a public sociology of Wal-Mart might look like. We support Burawoy’s (2005) call to engage “multiple publics in multiple ways.” Academic rigor and working to create eventful change can be complementary forces rather than contested terrains. This is the essence of a public sociology agenda.

WAL-MART’S SOCIOLOGICAL IMPACT

Four broad themes characterize Wal-Mart’s sociological impact: (a) a new business model based on low prices and global sourcing, an unprecedented expansion of store locations at home and abroad, and a corporate culture that is struggling to reconcile its conservative roots with its cosmopolitan aspirations; (b) labor relations in the largest U.S. private employer, which confront different issues across Wal-Mart’s global supply chain; (c) how local communities are reacting to Wal-Mart in their efforts to preserve autonomy and control; and (d) how Wal-Mart’s rise fits into broader changes in the global economy, particularly the emergence of buyer-driven commodity chains.

Business Model

Wal-Mart’s business model focuses on its discount format, location strategy, and corporate culture. Its rise as a retail leader embodies its commitment to business efficiency and low prices, mediated by a passion for technology-driven supply-chain management, while embracing a folksy, regional Ozark Mountains, Arkansas, corporate culture. Recently, Wal-Mart has reformulated its business model with an emphasis on new social and environmental standards that may reshape its core strategies (Wal-Mart 2007). We highlight implications of this shift in our public sociology section.

Discount format—“everyday low prices,” organizational structure, and supply-chain management. Wal-Mart’s “everyday low prices” slogan shapes all its business decisions, including the use of technology, branding, imports, and broad supplier and labor relations. Ortega (1998, p. xiv) writes that Wal-Mart saw its mission as simple: “offer the lowest price. Cut costs to the bone, and keep cutting so you can offer the lowest price.” George & Wilson (2004) argue that Wal-Mart reduces complexity in its business strategies to maintain low costs by focusing on design simplification and centralized communication channels. For Bergdahl (2004, p. 3), company founder Sam Walton’s low price mantra was solidified through the core business principles he espoused, such as treating the customer right, taking care of the staff, being honest in dealings, passing savings along to the customer, keeping things simple, thinking small, controlling costs, and constantly improving operations.

In-store decisions such as pallet use, key item product focus, convenient packaging, and private label brand imaging are implemented in a way that maintains costs at the retail end, whereas upstream activities in the supply chain are monitored by Wal-Mart’s 1,000-person information division (Bianco 2006). Wal-Mart has the largest private computer database in the business world. It controls inventory and distribution channels with Retail Link®, centralizes in-store performance figures, and works with suppliers to coordinate product development and vendor-managed replenishment procedures. Because of these technical competencies, Wal-Mart has become “the major drive of technology-based productivity gains in the American economy” (Petrovic & Hamilton 2006, p. 138).

Friedman (2005) calls Wal-Mart’s strength at inventory control through supply-chain management a “great flattener” of the world. He labels the distribution centers that Wal-Mart operates globally the “Wal-Mart symphony with no finale; it just plays over and over” (Friedman 2005, p. 152). Wal-Mart revolutionized the speed and efficiency of getting products to stores through its distribution center location strategy and cross-docking
techniques. All Wal-Mart stores are typically located within a day’s drive of a distribution center, and the company works closely with its suppliers to streamline deliveries. Grant (2003, p. 87) notes how the cross-docking process of receiving products directly from manufacturers with little handling in between eliminates store inventory overflows. Inbound trucks are immediately unloaded and the containers are reloaded on outbound trucks, bypassing wait times in warehouse inventory. Wal-Mart took out the middleman (wholesalers/distributors) and revolutionized stock delivery to become the discount format leader.

Lichtenstein (2006) argues that entire countries’ economies revolve around Wal-Mart’s supply chain because it includes so many products. The sheer size of the enterprise, in which almost every consumer good is part of Wal-Mart’s “symphony” (Friedman 2005), is what differentiates Wal-Mart from other retail innovators like Woolworth’s and Sears (Strasser 2006). Many researchers note, however, that managing this symphony through the desire to streamline its goods and follow its low-price mandate has had a dramatic impact upon Wal-Mart’s vendors. Petrovic & Hamilton (2006, p. 108) argue that Wal-Mart’s relationship with suppliers is a “market-making phenomenon” because it shapes trade, pricing, contracts, conduct, and the standards manufacturers must follow to bring goods to market. Both Petrovic & Hamilton (2006) and Fishman (2006) view this market-making capability as the most profound and potent of Wal-Mart’s effects. Bloom & Perry (2001) find that Wal-Mart suppliers with high market shares (typically large multinationals) perform better than matched competitors who do not supply Wal-Mart, but suppliers with smaller market shares do not do as well financially.

Fishman’s (2006) _The Wal-Mart Effect_ and _Frontline’s_ (2004) influential documentary _Is Wal-Mart Good for America?_ reveal Wal-Mart’s upper hand in contract negotiations with suppliers. Traditional marketing techniques for producers, such as slotting fees for sale items, are not allowed in Wal-Mart stores. Wal-Mart has pushed costs onto suppliers through more exacting product-specification demands and relentless pressure to lower prices and improve quality. Many argue that the pressures to continually cut costs and to improve supply-chain performance have worsened conditions in global production facilities and squeezed out small manufacturers. Keller et al. (2006) note that Mexican soap, detergent, and surfactant suppliers that could not attain economies of scale often failed as vendors, but that local suppliers who were affiliated with larger transnational companies like Unilever were more successful.

Wal-Mart has pushed for trade liberalization to ensure a steady stream of imports, even during their ballyhooed but infamously short-lived Buy American campaign. Wal-Mart founder Sam Walton claims the origin of Buy American came from a trip to Central America where he witnessed sweatshop conditions. A more accurate picture, according to Ortega (1998), is that Walton thought the campaign would be excellent public relations and would force stiffer competition among his suppliers. Throughout its Buy American phase, Wal-Mart was an aggressive importer. Many of the finished consumer goods that claimed to be Made in America actually had inputs that were sourced from abroad.¹

**Location strategies—domestic ripples and international hubs.** Under founder Sam Walton, Wal-Mart’s initial role was as provider of goods for communities and rural households, which were mostly forgotten consumers. When it first expanded from the Ozarks in Arkansas to Oklahoma and Texas, Wal-Mart’s growth strategy resembled concentric circles around its distribution centers, a rippling pebble effect (Bernstein et al. 2006, describing Dube et al. 2005). The proximity helped guarantee fast inventory replenishment. Zook & Graham’s (2006) research on the density patterns

¹Wal-Mart opened its first buying office in Hong Kong in 1981, and by 1985, 43% of all apparel sold by Wal-Mart was imported (Ortega 1998, pp. 204–5).
surrounding Wal-Mart stores reveals that “60% of the entire U.S. population lives within 5 miles of a Wal-Mart location and 96% are within 20 miles” and that there is an inverse relationship between population density and the number of stores (pp. 20–21).

As Wal-Mart grew, it became a shrewd business negotiator, demanding tax breaks, infrastructure improvements, and zoning changes from localities. In a widely referenced report, Good Jobs First estimated that Wal-Mart has received upwards of $1 billion in subsidies and tax breaks for 244 of its stores and distribution centers (Mattera & Purinton 2004). The most recent November 2008 report from Good Jobs First claims Wal-Mart keeps more than $70 million per year in sales taxes through sales tax diversion programs (Mattera & McIlvaine 2008, p. i). The size of the subsidies and Wal-Mart’s habit of closing or relocating stores in order to open supercenters nearby, often creating grayfields or ghostboxes—abandoned, slightly used, vacant commercial real estate—is commonly maligned by critics for its potential to create neighborhood blight.

Creating supercenters was one of Wal-Mart’s most important growth strategies. Graff (2006) argues that since Wal-Mart opened its first supercenter (i.e., a grocery store with general merchandise) in Washington, Missouri, in 1988, it has destabilized traditional grocery retailing. Grocery stores, whose workers are commonly unionized, have less turnover and higher overheads and thus find it hard to compete. Fishman (2006) writes that since the onset of Wal-Mart’s supercenter strategy, 31 supermarket chains have sought bankruptcy protection, with 27 of them directly citing Wal-Mart as part of their decline. In 2003, Wal-Mart surpassed Kroger to become the largest grocery chain in the United States, although its market share varies across U.S. metropolitan areas (Lord 2006).

Wal-Mart’s entry into the grocery retail sector helped fuel its internationalization process. Global markets offered the attraction of potentially rapid economic development, increased consumer spending, and the ability for multinational retailers to leverage their superior distribution/logistics and information technology systems (Wrigley & Lowe 2002, pp. 161–62). Wal-Mart purchased ASDA, a UK supermarket chain, in 1999. Wal-Mart brought technological efficiencies and new supplier relations to ASDA’s business format, along with a stronger role for multinational suppliers (Burt & Sparks 2006a).

Supermarket growth, particularly in developing countries where a “supermarket revolution” is taking place (Reardon et al. 2004), is impacting local food production systems in lasting ways. As in the United States, Wal-Mart has attempted to push out middlemen in Mexico and Honduras and source directly from growers, most recently from agricultural producers and small-scale farms, as witnessed through its agreements with the Yucatecan farmers’ cooperative and Honduran producers (Biles 2006, Charles 2008). The latter strategy could be a mixed blessing for farmers. On the one hand, they receive more money for their produce from Wal-Mart and they are participating in the global economy, but on the other hand they are also subject to stricter standards and regulation that many cooperatives do not have the capital to meet (Dolan & Humphrey 2004). Ultimately, though, the lure of participating in the global economy is powerful.

Despite the strength of its U.S. supercenter growth, Wal-Mart’s expansion to overseas locations has not been a completely smooth process. Although the company has prospered in Mexico, the United Kingdom, and Canada, it has floundered in Germany, South Korea, Japan, Hong Kong, and Indonesia. Wal-Mart’s expansion abroad has been a very uneven process. As Tilly (2007, p. 1809) writes, “Despite important commonalities, a global Wal-Mart is a varied Wal-Mart.” In its global expansion strategy, Wal-Mart has participated in joint ventures (Mexico, Brazil, China) and straight acquisitions (Canada, United Kingdom, Germany), as well as smaller investments (Japan) (Luo 2002).

Burt & Sparks (2006b) describe Wal-Mart’s internationalization process as having three
phases: The first involved expansion to adjacent markets (Canada, Mexico), which was considered successful; the second was a world-market focus, where Wal-Mart’s moves were limited by regulatory issues and the incompatibility of some facets of its business model; and the last was a strategic planning approach in which Wal-Mart concentrated on key locations, such as China. For Govindarajan & Gupta (2001), the only way for Wal-Mart to win local battles internationally is to adapt to the landscape and to balance customer demands with Wal-Mart’s core business model.

According to Gereffi & Ong (2007, p. 46), to succeed abroad, particularly in China, “Wal-Mart confronts three strategic imperatives: go global, go native, go upmarket.” Over 80% of the more than 60,000 factories in Wal-Mart’s database of suppliers are in China, with projected estimates for Chinese-sourced projects reaching $30 billion by 2010 (Bianco 2006, p. 15). The retailer’s global procurement office is located in Shenzhen, and it has a network of more than a dozen field offices around the world, sourcing from more than 60 countries (Bonacich & Wilson 2006; also Frontline 2004). Although Wal-Mart’s local supplier network is robust, inefficiencies in distribution channels and stiff competition have limited its expansion in China (Burt & Sparks 2006b). Nonetheless, according to Lo et al. (2006, pp. 323, 325), Chinese shoppers are appreciative of the firm’s localization strategy, “spacious, clean, and air-conditioned” stores, and its symbol of “globalization and modernization.”

Tilly & Álvarez Galván (2006) note that Wal-Mart in Mexico has adopted much of the company’s main business model but differs regarding its wages and its nominal acceptance of unionization. (The unions in Mexico’s Wal-Mart are labeled protection contracts.) Wal-Mart’s pullout from Germany in 2006, losing an estimated $200 million every year of its eight-year operation, was its greatest failure (Christopherson 2006, 2007). Christopherson (2007) blames Wal-Mart’s inability to change its business model to cater to Germany’s regulatory environment and social norms, which include working with consultative organizations and collective bargaining agreements, as the most important reason for its demise. Citing regulatory, cultural, and competitive problems in the cases of Wal-Mart in Germany and Japan, Aoyama & Schwarz (2006) contend that there is a myth of Wal-Martization with regard to its global influence. Wal-Mart faced additional cultural and market challenges in Japan that limit its success there (IGD 2002).

In South Korea, Wal-Mart found that its bare-bones warehouse retail style turned away South Korean customers and that local distribution channels were weak. Han et al. (2002) argue that the lack of a competitive supply chain that cultivated relationships with supply-chain partners hastened the company’s fall. Halepete et al. (2008, pp. 705–7) claim that Wal-Mart also misunderstood the local retail market, which cultivates a “festive social setting” and the expectations of customers who wanted more value-priced food rather than electronics. Moreover, many local Korean retailers actually launched Buy Korean campaigns as a way to compete with the U.S. retail giant.

Notwithstanding its spotty international record, Wal-Mart now hopes to break into the burgeoning Indian market. The company has entered into a joint venture with Bharti Enterprises, the country’s largest mobile phone company. The challenges the company faces in India are immense (Halepete et al. 2008). The heterogeneity of the billion-plus population, with highly diverse values, food habits, buying power, and access to transportation and markets, makes product specification difficult. In addition, the company faces competition from the 12 million family-run “kirana stores” that know local preferences and offer competitive prices (Halepete et al. 2008, p. 709). Wal-Mart’s potential success will depend on appreciating these local demands and finding solutions to the country’s infrastructure and supply-chain problems, which make efficient and low-cost distribution complicated.

**Corporate culture.** Wal-Mart corporate culture is often characterized as praising
small-town values, hard work, conformism, and strong patriotism. This is a testament to Wal-Mart’s roots in the Ozark Mountains of Arkansas, where homogeneity, isolation, and rural development forged an All-American brand for the average family—a market segment Sam Walton felt was ignored by city retailers. The corporate culture envisioned by Sam Walton fostered boisterous annual shareholder meetings and company cheers, strict employee manuals outlining behavior expectations and testimonials about why unions are bad, and Management Tool Boxes that teach managers how to prevent and bust unions. For Scanlon (2005, p. 175), Wal-Mart supports a culture that allows for “the performance of patriotism through consumerism.” Annual meetings are cultural events, where Wal-Mart values are glorified and the spirit of Sam Walton is deified. The annual meeting can be seen as “a monologue from the top that perpetuates uneven power relations while mythologizing the creation of equality” (Schneider 1998, p. 299).

Researchers highlight how Wal-Mart tries to connect its corporate culture to the symbolic roots of American life—hard work, democracy, patriotism, and consumerism (Warf & Chapman 2006, Arnold et al. 2006). Zukin (2004, p. 80) notes that by distributing consumer goods with “everyday low prices,” the company has helped spearhead a “new order of shopping.” She argues that “low prices define our conception of democracy” and that Wal-Mart has attempted to create a universal space where class lines disappear in the name of value. The Wal-Martization is described by Lichtenstein (2006, p. 17) as “Christian entrepreneurial and faux egalitarianism.” For Bosshart (2006), it is the paradox between the processes of globalization that make products “faster, better, cheaper, and bigger,” while accelerating inequality.

Wal-Mart’s corporate culture is most visible in its management style that centers around increased profits, while Christian values, frugality, hard work, loyalty, and patriotism are praised (Rosen 2006, Hoopes 2006). This management style cultivates a workforce environment in which conformism is praised and individualism is frowned upon. Associates were expected by managers to embody Wal-Mart’s “people philosophy” and Sam Walton’s cultural beliefs of “respect for the individual, serve the customer, and strive for excellence” (Bergdahl 2004). Most importantly, however, the managers’ key goal is to maintain costs. Bergdahl (2004) notes how managers are measured by the overarching goal of increasing sales and minimizing costs. The centralization of Wal-Mart’s operation, which controls managers’ budgets and the number of workers they can hire, leaves little room for management autonomy or divergence from authority coming from Wal-Mart’s headquarters in Bentonville, Arkansas (Rosen 2006).

Wal-Mart’s Direct and Indirect Impact on Labor Relations

How Wal-Mart treats its workers (known in the company as associates), and the behavior of the company’s global suppliers toward its workers, is a subject of intense controversy by labor unions, nongovernmental organizations (NGOs), and academics alike. According to Tilly (2007, pp. 1821–22), Wal-Mart is willing to develop different labor strategies and business forms, depending on the market, institutions, and culture of the host countries where it operates. The economic literature also reveals that Wal-Mart’s employment practices vary considerably (Vias 2004, Ketchum & Hughes 1997, Basker 2005, Stone 1997). Wal-Mart’s labor strategies have had major sociological consequences. Lichtenstein (2006, p. 8) argues that Wal-Mart is a leading force behind the “most sweeping process of proletarian industrialization since the dawn of the factory revolution nearly two centuries ago.” The re proletarianization process is situated in a revamped global economy that strengthened the power of transnational retailers, eroded New Deal legislation, and helped to create a large pool of low-skill service jobs around the world—a process that connects sales clerks in Bentonville to truck drivers at
the U.S.-Mexico border and line workers in Guangdong.

Bair & Bernstein (2006) echo Lichtenstein's sentiment that the true power of the company is witnessed in its ability to shape labor relations "beyond the organizational confines of its retail empire." Indirect workers (those in Wal-Mart's global supply chain) and competitors' workers (other retail outlets) feel Wal-Mart's influence in their relations with their direct employers. Harris (2006) claims that even eco-friendly Whole Foods is following Wal-Mart's antunion stance.

Wal-Mart's indirect impact on workers can be seen in the logistics sector. Bair & Bernstein (2006) document Wal-Mart's influence on the Southern California grocery workers of the United Food and Commercial Workers (UFCW) Union, which wanted to strike against the supermarket chains. The threat of Wal-Mart's entry into Southern California forced supermarkets to reduce costs, which inhibited union and supermarket contract negotiations. Bonacich and colleagues claim that unionized logistics workers felt the push from part-time and noncontract workers (Bonacich & Wilson 2005, 2006; Bonacich & Hardie 2006). Because of these workers' racial and immigrant status, the authors assert, Wal-Mart feels less pressure to ensure basic worker rights, and this undermines the drive of part-time and noncontract workers for unionization. In February 2009, Wal-Mart settled a racial discrimination lawsuit for $17.5 million. The suit claimed that Wal-Mart discriminated against African Americans in the recruitment and hiring of truck drivers for their private fleet (Swift 2009).

Employees of Wal-Mart's vast global supply chain may also be considered an indirect workforce. The working conditions experienced by Wal-Mart's suppliers abroad first gained public notoriety in the Dateline NBC television exposé on child labor in Bangladesh. In an interview with Dateline, then Wal-Mart CEO David Glass stated that Bangladeshi children should be seen differently from American children (Ortega 1998, p. xiv). This was followed by the Kathie Lee Gifford scandal. Gifford's Wal-Mart line of apparel was being produced in Central America with a workforce that included underage children. Wal-Mart and Gifford blamed their suppliers and tried to deny their responsibility. Brooks (2005) argues that the focus on child labor, however, blunts an analysis of other violations such as gender, class, and age discrimination that are chronic in global supply chains, such as those orchestrated by Wal-Mart.

Wal-Mart originally began monitoring its offshore suppliers in the early 1990s. Li (2007) argues that the company's codes of conduct lack transparency and accountability, particularly in a Chinese context. Wai-ling (2005) notes that labor disputes on Chinese shop floors have increased, and workers are beginning to press for change. However, the company's global stance on unions appears malleable rather than rigid. Tilly (2007, p. 1816) writes, "When it comes to unionization, Wal-Mart appears to fight unions in rich countries but accommodate them in poorer ones."

Almost all of Wal-Mart's international associates are unionized, but the levels and forms of unionization vary. In China the unions are state sponsored and make up part of the official All China Federation of Trade Unions; strikes are banned. In Mexico, Tilly & Álvarez Galván (2006), claim the unions are invisible, but in Brazil the unions are leftist and militant. Nevertheless, the company's antunion stance in the United States and Canada remains strong, as witnessed by Wal-Mart's decision to close a Quebec tire center in October 2008 that became unionized (Tomesco & Bell 2008) and a similar store closing in 2005 in Quebec and the elimination of unionized meat cutters in Jacksonville, Texas, in 2000 (Bianco 2006). This resolve will be further tested in 2009 as some U.S. Democratic lawmakers are expected to push for the passage of the Employee Free Choice Act, a law that will make unionization easier, particularly by eliminating secret-ballot elections (Greenhouse 2009).

The labor theme, more than any, has galvanized activists and unions to conduct their own studies and issue reports that document working conditions in Wal-Mart facilities around the
world. Human Rights Watch conducted an in-depth study of Wal-Mart’s domestic employee relations (Pier 2007), and the National Labor Committee (2002, 2007) examined working conditions in the supply chains of top U.S. retailers and marketers, including Wal-Mart. The advocacy group Wal-Mart Watch (2007) has also issued reports. Recently, SweatFree Communities (2008) highlighted abuses in a Bangladeshi company that primarily supplies Wal-Mart. Although these reports are not academically based, they help us to understand the sociological impact of Wal-Mart, and they fit into the public sociology agenda on Wal-Mart that we address at the end of this review.

Many of these studies, along with first-hand accounts of Wal-Mart workers and suppliers (Pierce 2006, Oluleye 2007, Ehrenreich 2001), highlight mechanisms Wal-Mart uses to control labor costs for direct employees, such as using part-time and nontraditional labor, having associates work off the clock or through breaks, aggressively fighting unions, cultivating a climate of fear, and instituting wage disparities between men and women. Many of these mechanisms are the focus of lawsuits. The company reached a settlement of $33 million in a case with the U.S. Department of Labor involving violations of the Fair Labor Standards Act’s overtime provisions. The case involved 87,000 salaried and hourly workers who were not paid at the proper overtime rates. As of 2007, there were over 80 wage violation cases pending against Wal-Mart (Wal-Mart Watch 2007).

Wal-Mart is accused of civil rights violations as well (Seligman 2006). The company is currently involved in the largest class action civil rights case in 

Community Mobilization—Site Fights
The expansion of Wal-Mart has led numerous U.S. communities to mobilize site fights against the company. Some academic studies chronicle the success or failure of these anti-Wal-Mart movements (Halebsky 2006, DeWeese-Boyle 2006, Walker et al. 2006, Barcus 2006), whereas others focus more broadly on issues like a living wage (Robinson 2004) and the politics of local community development (Bianchi & Swinney 2003, Mitchell 2006, Norman 1999, Shuman 2006). Similar to the case of the labor relations literature, these works are often instigated by community activists and not academics. Most are impassioned pleas for community control that explain how to partake in site battles. They are sociologically pertinent because, like labor activism, they symbolize how Wal-Mart has spurred new forms of community mobilization against the scale and scope of global retailers.

Wal-Mart has spent large sums of money to combat these community initiatives. Wal-Mart Watch (2008) estimates that there are 69 current site fights against the company as of August 2008. Halebsky (2006) studied six anti-superstore conflicts in small cities to determine which movements were most likely to succeed. He found that success was determined by five criteria: widespread opposition, broadly framed issues, media support, no counter movement, and key mistakes made by Wal-Mart in fighting the opposition. The last characteristic is also attributed to Wal-Mart losing site fight battles
in Flagstaff, Arizona, and Inglewood, California (Bianco 2006, Fishman 2006).

Global Retailers and Buyer-Driven Commodity Chains

The final area of research on Wal-Mart is less about Wal-Mart specifically and more on the global environment that fostered Wal-Mart’s rise. Whereas the global division of labor characterized by Wallerstein’s (1974) world-system paradigm focused on core, peripheral, and semiperipheral states that occupied distinct production roles as manufacturers (core) and input suppliers (periphery/semiperiphery), contemporary globalization has generated a new division of labor that “involves the production of goods and services in cross-border value-added activities that redefine the kind of production processes contained within national boundaries” (Gereffi 2005, p. 163).

Dicken (2007) posits that the landscape of contemporary global economic structures is one of fragmentation and dispersion, based on supply chains that extend beyond national boundaries. Although transnational manufacturers initially pioneered the search for cheap offshore labor through the use of export-processing zones to make consumer goods like clothes, shoes, and toys, they were displaced in the 1970s and 1980s by global sourcing networks set up by retailers (Sears, JC Penney, Kmart, and Wal-Mart, among others) and marketers (such as Nike, Liz Claiborne, The Gap, and Disney). These new global buyers gave the orders, specifications, and product standards to their international suppliers, and thus they pioneered the shift from producer-driven to buyer-driven global commodity chains (Gereffi 1994, 2005). According to McMichael (2008), the world during this period moved from the “development project” to the “globalization project.”

The edited volumes by Gereffi & Korzeniewicz (1994) and Bair (2009) examine how these new sourcing networks in the global economy have evolved to transform production relationships between global buyers, local suppliers, and their associated workforces around the world (also Dicken 2007). Large global retailers such as Wal-Mart play a particularly powerful role in this international subcontracting system. U.S. retailers led the way, as they cut back on their domestic orders to take advantage of the opportunity for increased imports, and they became more concentrated in the process (Wrigley & Lowe 2002). New chain specialty stores, such as The Gap, Home Depot, and Best Buy, emerged alongside the large discount retailers, such as Target, Kmart, and Wal-Mart (Petrovic & Hamilton 2006). As buyer-driven commodity chains with retailers like Wal-Mart became fully established, they also created demand-responsive economies in East Asia, such as Taiwan and South Korea (Hamilton & Gereffi 2009).

Offshore procurement was made more efficient with technological innovations in supply-chain management. Retailers invested in technology such as Universal Product Codes (UPC) and distribution centers to curtail overstocking and to satisfy customer preferences. The new economic development models that advocated export-led growth in developing countries were creating the capabilities to meet the needs of the global buyers in the form of lean retailing and just-in-time delivery (Abernathy et al. 1999). Halebsky (2004) calls this the “rationalization” of retail development.

This is the global context in which Wal-Mart became the world’s biggest retailer. This also led to a de facto joint venture between Wal-Mart and the world’s largest exporter of low-cost goods, China (Gereffi & Ong 2007). The documentary Is Wal-Mart Good for America? explores this phenomenon, as does its supplementary Web site in a section called “The China Connection” (Frontline 2004). The strong ties between Wal-Mart and China have fueled U.S. labor and NGO opposition to Wal-Mart’s global sourcing model on the grounds that it promotes a race to the bottom in terms of favoring countries with relatively weak labor and environmental standards.
A PUBLIC SOCIOLOGY VIEW OF WAL-MART’S ROLE IN SOCIETY

The writers who are part of the four themes we highlight encompass the entire spectrum of the Wal-Mart debate. Whereas those who focus on the business model and global economic context of the company tend to take a more analytical stance devoid of final judgment, writers in the labor relations and community mobilization camps have veered to the negative side of the debate. Researchers who contribute to the economic impact literature, although not part of this review, are positioned on both ends of the spectrum (see sidebar, above, Economic Impact Debate: Prices versus Wages).

Overall, the range of perspectives regarding Wal-Mart is rooted, as critical sociologist C. Wright Mills (2000) wrote nearly 50 years ago, in the type of thinking, observing, and links researchers and writers make between the two.

Sociology as a discipline has a unique capability to bring together the disparate research strategies and views on Wal-Mart. Burawoy (2005) highlighted the role of public sociology in his 2004 American Sociological Association presidential address. His typology of sociologists—professional, policy, public, and critical—is a useful bridge in considering the literature on Wal-Mart because the labels cater to different standards, goals, and research audiences. What separates a public sociology agenda from ordinary research is that knowledge is not left within the confines of academia. It educates and helps to promote desirable change. This is only possible by acknowledging that all kinds of research are needed: In Burawoy’s (2005) typology, they can be harnessed toward an “organic solidarity” and “interdependence,” all the while representing a public form creating both “reflexive” and “instrumental” knowledge.

As sociologists, we have the tools to understand how Wal-Mart and other corporations play a powerful role in distributing societal resources and benefits. This characteristic allows meaningful engagement in the Wal-Mart debate that fits into the four literatures we have outlined. For us, this engagement entails a form of public sociology based on three objectives: (a) embrace new media, (b) go global, and (c) work for change from within.

New Media

Academics have been slow to adopt new ways of presenting their work that go beyond the traditional book and peer-reviewed journal format. We should also not be confined to the customary public sociology venues, like op-eds and newspapers. Web sites, blogs, and documentaries are looking at Wal-Mart in ways sociologists should embrace. We also need to cater our research and writing style to a wider audience. We can learn from journalists like Ehrenreich, who wrote Nickel and Dimed (2001), Feasterstone, who wrote Selling Women Short (2004), and Fishman, who authored The Wal-Mart Effect (2006). Lichtenstein’s (2006) edited volume is a good example of an effective public sociology text. Based on an interdisciplinary conference, he brought together a diverse group of writers, theorists, and activists to focus on Wal-Mart based on their research traditions and expertise, which led to an extremely accessible and informative volume.

Although books and journal articles are still highly valued publication forms, the future may lie in Internet Web sites, blogs, and documentaries. These sites are reaching new audiences as a means of education, debate, and change. The two most popular Wal-Mart sites, Wal-Mart Watch (http://www.walmartwatch.com) and WakeUp Wal-Mart (http://www.wakeupwalmart.com), incorporate fact-sheets, organizer recommendations, media reports, and publications, and they provide fora for personal stories and commentary. These Web sites/blogs are sometimes chastised for their activist positions and special interest funding (e.g., labor unions), but they are undeniably reaching a wide audience.

The UFCW union launched WakeUp Wal-Mart, and the Service Employees International Union gave $1 million in seed money for Wal-Mart Watch, although the latter is a
One of the biggest accomplishments of these fora is in creating an interactive user-friendly interface to address sociological phenomena (Wal-Mart Watch’s issues section includes entries on corporate culture, supply chain, labor relations, environment, health care, and discrimination). Wal-Mart has fought back through its own Web site, http://www.walmartfacts.com, and also with its own controversial blogs, Working Families for Wal-Mart and Wal-Marting Across America. The company has recently launched a “mommy bloggers” initiative where moms make videos on how to save money.

Documentaries are another medium that captures the public’s attention while dissecting complex subjects into tangible examples, such as Robert Greenwald’s (2005) documentary Wal-Mart: The High Cost of Low Prices and PBS’s Frontline (2004), Is Wal-Mart Good For America? They combine academic commentary, including several sociologists, along with personal stories of individuals whose lives were altered by Wal-Mart in some way. Pelad’s (2001) documentary Store Wars, which focuses on community mobilization against Wal-Mart, is another example.

Go Global

A second challenge for public sociology is to go global. As the research on Wal-Mart has shown, Wal-Mart’s growth has been conditioned by a number of broad trends, historical events, mitigating circumstances, and diverse institutional arrangements (Brunn 2006). Wal-Mart may have started in a rural mountain town in Arkansas, but its reach, influence, and continued growth have touched individuals and groups from workers in the Pearl River Delta in China, to farmers in Chile, truckers in Mexico, and consumers in Brazil. These actors coalition of various social groups, including labor, environmental, and religious organizations.

³Wal-Mart has disbanded http://workingfamiliesforwalmart.com owing to criticism that it was a fake blog.

need to be on our research agenda, and we need to be working with international sociologists in local research settings to do more comparative research.

Change from Within

Lastly, public sociology includes engagement with Wal-Mart itself. Dialogue and interrogation with Wal-Mart may lead to quicker and more lasting results than direct confrontation. A key question is: How can Wal-Mart become part of the solution? Given Wal-Mart’s size, power, and global reach, working to make change from within the company, or pressuring the company from outside but through direct engagement with it, can revolutionize the ability to create lasting change throughout all segments of society. Fishman (2006, p. 181) writes that the “result could be a completely new kind of Wal-Mart effect.” Many large companies are now driven to pursue more socially responsible initiatives for intrinsic as well as extrinsic reasons. Milton Friedman’s famous claim that corporations’ only responsibility is to increase profits is increasingly without merit if corporations share responsibility for societal problems and their solutions.

Since former CEO Lee Scott’s 2005 speech entitled “Twenty First Century Leadership,” Wal-Mart has been engaged in a well-publicized campaign to recast its business model. Low prices are still the baseline, but the company is now making a strong business case for more ethical practices with regard to supplier relations, labor, and the environment. The environment has been a central focus for Wal-Mart in this regard (see sidebar on Wal-Mart’s Environmental Initiatives). In October 2008, it unveiled a new agreement with over 20,000 Chinese suppliers, who will be expected in 2009 to meet new environmental and social standards. Plans are also in the works for a Sustainability Index Summit with multiple stakeholders (Birchall 2008, Roberts 2008). Wal-Mart has started a Jobs and Opportunity Zone program to help small businesses in the markets they are entering. In the area of supplier
WAL-MART’S ENVIRONMENTAL INITIATIVES

Wal-Mart claims that it has always had a concern for the environment, including instituting recycling into its early business model (McInerney & White 1995). Since former CEO Lee Scott’s 2005 speech “Twenty First Century Leadership,” however, the company proclaimed that environmental sustainability would be a staple for all of the company’s business decisions (Wal-Mart 2005). Wal-Mart has lofty goals such as zero waste, 100% renewable energy, and more sustainable products (Wal-Mart 2007). These initiatives, to date, have been greeted with both praise and skepticism. Some critics such as the Big Box Collaborative of 23 nonprofit organizations have questioned Wal-Mart’s commitment and motivation (Miu 2007, Barbaro 2008). Nevertheless, prominent NGOs such as Environmental Defense Fund, which has set up an office near Wal-Mart’s headquarters in Bentonville, Arkansas, believe that working with Wal-Mart may bring forth faster and better changes in the long run. The future relationship between Wal-Mart and these organizations highlights the trade-offs NGOs face in working directly with corporations. Are incremental and selective environmental initiatives better than none, or does partnering with Wal-Mart to promote change damage the credibility of the environmental movement? These are crucial and ongoing questions for researchers and advocates alike.

These initiatives do not mean that the negative fallout from Wal-Mart has ceased or that Wal-Mart has truly implemented meaningful change. Wal-Mart has been accused of making changes for public relations purposes. Their ethical standards audits were self-administered, and only 26% of them were unannounced (Wal-Mart 2006). Furthermore, their green initiatives do not tackle larger environmental concerns regarding the big-box retail format. Nevertheless, their efforts provide an opening to work with the company to address the insights and concerns of their multiple stakeholders. They also provide an important area for further research by sociologists regarding the conditions under which large firms might change their business models and the implications of such shifts at both local and global levels.

A public sociology stance does not require a partisan position. Synergies can be pursued between disciplines, and bridges can be built. Massey is correct when he argues that “effective action requires an accurate understanding of the groups and structures one seeks to modify” (quoted in Clawson et al. 2007, p. 13). Without empirically driven studies, solid arguments cannot be made, but without engagement and accountability to multiple publics, particularly those who are most marginalized and without voice, social research might miss opportunities to generate knowledge in the service of society. By examining the impacts of one of most powerful global companies in contemporary capitalism, recent research on Wal-Mart shows how we can also advance a public sociology template for the twenty-first century.

DISCLOSURE STATEMENT

The authors are not aware of any biases that might be perceived as affecting the objectivity of this review.

LITERATURE CITED


According to the company’s most recent factsheet, they are attempting to create a “single third party auditing system for retailers,” which may help improve their auditing standards.


Spurred by Burawoy’s (2005) presidential address to the American Sociological Association, sociologists debate legitimacy, academic standards, knowledge production, disciplinary boundaries, and power and privilege in sociology.
Wal-Mart's supplier relations, impact on communities, American jobs, and close ties with China are addressed with academic commentary by sociologists (Gary Gereffi and Edna Bonacich) and other observers; narration by Hedrick Smith.


### RELATED RESOURCES


In an effort to rebut critics, Wal-Mart set up this Web site to provide factsheets on the company ranging from health care, wages, associate benefits, diversity, and community giving, along with its latest corporate reports.

One of the most prominent of the anti-Wal-Mart Web sites, WakeUp Wal-Mart highlights the company’s alleged poor record on social issues like labor, health care, and wages and offers tips for organizing against the company.


Wal-Mart activists use this Web site to distribute the latest news about the company, and it provides forums for networking, along with bilingual Spanish resources.
Contents

Frontispiece

Herbert J. Gans ........................................................... xiv

Prefatory Chapters

Working in Six Research Areas: A Multi-Field Sociological Career
Herbert J. Gans ........................................................... 1

Theory and Methods

Ethnicity, Race, and Nationalism
Rogers Brubaker ......................................................... 21

Interdisciplinarity: A Critical Assessment
Jerry A. Jacobs and Scott Frickel ...................................... 43

Nonparametric Methods for Modeling Nonlinearity in Regression Analysis
Robert Andersen .......................................................... 67

Gender Ideology: Components, Predictors, and Consequences
Shannon N. Davis and Theodore N. Greenstein .......................... 87

Genetics and Social Inquiry
Jeremy Freese and Sara Shostak ........................................ 107

Social Processes

Race Mixture: Boundary Crossing in Comparative Perspective
Edward E. Telles and Christina A. Sue ................................ 129

The Sociology of Emotional Labor
Amy S. Wharton .......................................................... 147

Societal Responses to Terrorist Attacks
Seymour Spilerman and Guy Stocklov .................................. 167

Intergenerational Family Relations in Adulthood: Patterns, Variations, and Implications in the Contemporary United States
Teresa Toguchi Swartz .................................................. 191
Institutions and Culture

Sociology of Sex Work
  
  Ronald Weitzer ................................................................. 213

The Sociology of War and the Military
  
  Meyer Kestnbaum ............................................................. 235

Socioeconomic Attainments of Asian Americans
  
  Arthur Sakamoto, Kimberly A. Goyette, and ChangHwan Kim .................. 255

Men, Masculinity, and Manhood Acts
  
  Douglas Schrock and Michael Schwalbe .................................. 277

Formal Organizations

American Trade Unions and Data Limitations: A New Agenda for Labor Studies
  
  Caleb Southworth and Judith Stepans-Norris .................................. 297

Outsourcing and the Changing Nature of Work
  
  Alison Davis-Blake and Joseph P. Broschak .................................. 321

Taming Prometheus: Talk About Safety and Culture
  
  Susan S. Silbey ................................................................. 341

Political and Economic Sociology

Paradoxes of China’s Economic Boom
  
  Martin King Whyte .................................................................... 371

Political Sociology and Social Movements
  
  Andrew G. Walder ................................................................... 393

Differentiation and Stratification

New Directions in Life Course Research
  
  Karl Ulrich Mayer ................................................................. 413

Is America Fragmenting?
  
  Claude S. Fischer and Greggor Mattson ........................................ 435

Switching Social Contexts: The Effects of Housing Mobility and School Choice Programs on Youth Outcomes
  
  Stefanie DeLuca and Elizabeth Dayton .......................................... 457

Income Inequality and Social Dysfunction
  
  Richard G. Wilkinson and Kate E. Pickett ..................................... 493

Educational Assortative Marriage in Comparative Perspective
  
  Hans-Peter Blossfeld .................................................................. 513
Individual and Society

Nonhumans in Social Interaction
Karen A. Cerulo

Demography

Social Class Differentials in Health and Mortality: Patterns and
Explanations in Comparative Perspective
Irma T. Elo

Policy

The Impacts of Wal-Mart: The Rise and Consequences of the World's Dominant Retailer
Gary Gereffi and Michelle Christian

Indexes

Cumulative Index of Contributing Authors, Volumes 26–35
Cumulative Index of Chapter Titles, Volumes 26–35

Errata

An online log of corrections to Annual Review of Sociology articles may be found at
http://soc.annualreviews.org/errata.shtml