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Walmart in Brazilian Stores: Part of a global strategy?¹

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Patrícia Rocha Lemos

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Patrícia Rocha Lemos

University of Campinas - Brazil

CESIT- Centro Estudos Sindicais e do Trabalho

Centre on Labour and Global Production QMUL

e-mail: pat.csrp@gmail.com

Abstract: The aim of this paper is to understand how working conditions and labour management practices in Brazilian Walmart stores can be understood as part of the company's "global strategy". On the basis of a relational approach, this paper argues that working conditions and management practices at the point of sales in Brazil result from a complex articulation between global changes and global trends with more local and national arrangements. It also argues that working conditions perpetrated in the United States Walmart Stores cannot be completely replicated in Brazil mainly due to the role played by national institutions. At the same time, new technological developments and management practices, reinforced by Walmart's corporate ideology at the workplace, has shaped policies followed in Brazilian Stores. In particular, seeking to understand how Walmart can press for the intensification of work effort and for filling the porosities of the work time it is necessary to consider the historically precarious national labour conditions, the workers' point of view and the role played by unions.

Introduction

This article explores working conditions and labour management in Walmart stores in Brazil. It examines the ways in which working conditions and labour management can be understood as part of the company's "global strategy" and to what extent these conditions and practices are also shaped by complex relations taking place in the national and local context.

Walmart is not only the biggest company and the largest private employer in the world. Walmart has been understood by many scholars as a symbol of logistic revolution, the development of ICT and the "lean retail". This means that Walmart is a significant expression of the global increasing power of transnational retail corporations. In this paper, I am interested in the analysis of how these changes impact Labor. In particular, I am looking into the retail work that, as pointed buy Buzkurt and Grugulis, is "significant, diverse and problematic" and still remains understudied, especially in the Global South.

An extensive literature has discussed the role of Walmart and in which ways the company has expanded its "global strategy" in different places and has impacted working conditions. For my purpose, I will divide this studies in two different groups. The first one has emphasized its

impacts in global supply chains. They argue that companies such as Walmart have been responsible in lowering labour standards and generalizing anti-union practices. It is represented by the idea of “walmartization” and a process of “race to the bottom” concerning working conditions (Basso, 2014; Fishman, 2011; Lichtenstein, 2006, 2009; Gereffi & Korzeniewicz, 1994, Rosen 205, 2006; Bonacich & Wilson, 2008). The second group is mainly focused on Multinational strategies of internationalisation and the barriers to the transfer of practices from country-of-origins to the host countries. These studies highlight the importance of taking into account the role of national *institutions* and how the company transfers or adapts practices or creates hybrid “business system” (Dawson, 2007; Ferner, 1997; Meardi et al., 2009, Carrè and Tilly, 2017).

This debate lead me to some questions as: How does this global-local dynamic evolve in the point of sales? Regarding working conditions and labour management practices, is it possible to observe an “walmartization process” in Brazil? Has Walmart replicated in Brazilian Stores working conditions and dominant management practices perpetrated in the US Stores? If Yes, in which ways has it occurred?

In order to discuss this global-local dynamics, I sustain that these approaches provide essential contributions, but they commonly do not consider a broader range of relations and processes involved in the production of certain working conditions. In particular, I argue that it is necessary to consider the historically precarious national labour conditions, the workers' point of view, and the role played by unions. To this end, I point out some contributions from the Global Production Networks Approach, especially to the multi-actor perspective (Wrigley, Coe, Currah, 2005; Coe, Dicken, & Hess, 2008; Coe & Hess, 2013).

The research draws on evidence from the field of research in three different Walmart Stores and reports on 25 semi-structured interviews with workers and union leaders. It is also based on the analyses of labour lawsuits discussed at the national level and on data from a national administrative database.

Consequently, my attention is focused on three main issues. First of all, we compare Brazil's working conditions with the United States' in order to emphasize that it is not possible to apply the thesis of "walmartization" as a global process of lowering wages and benefits. Second, we analyse how some technological innovations, particularly the system that controls information into the commodity chain are articulated with some management practices and the corporative ideology of the company. Considering this articulation, we attempt to show how it constitute a

labour regime that improves forms of control of and consent from workers. Finally, I analyse how employees perceive working conditions and in which ways they resist to them. Considering the above elements, this paper aims to contribute to the debate on working relations in the retail sector at the point of sale, its interconnections to global production chains and the particular setting of working conditions with regards to a developing country which is dominated by precarious jobs.

Walmart operations in Brazil and “Business Strategy”

Walmart installed its first store in Brazil in 1995 as part of a broader process of trade liberalization that started in the 1990s, facilitating the growth of FID, especially in the retail sector¹. This phenomenon, in different emerging countries, converged with the expansion in scope and scale of retail transnational corporations (TNCs) (Wrigley, Coe, & Currah, 2005).

The entry of Walmart in Brazil can be understood as part of a broader strategy of internationalisation. In the same phase, the company expanded to a variety of markets (Hong Kong, Argentina, China, Indonesia, Germany, and Korea), using different methods (such as joint-venture, purchase of local chains, etc.) and formats (though primarily by building supercenters). The main goal at that point was to build a presence rather than a dominant position (Burt & Sparks, 2006, p. 33).

Walmart operated in Brazil under a joint venture with Lojas Americanas S.A. until 1998, when they had eight stores. The expansion process gained strength after 2000, in the third phase of internationalisation, “more financially focused and results-oriented” (Burt & Sparks, 2006, p. 33). In 2004, Walmart acquired the northeastern chain “Bompreço” adding 119 stores and 3 distribution centres (at that moment Bompreço was no longer a local chain and already belonged to the Dutch group Royal Ahold). With this acquisition, Walmart became the third biggest chain in the ranking of super and hypermarkets in Brazil. In the following year, Walmart acquired the “Sonae” chain, which owned 140 stores (Table 1)

Today Walmart Brazil has 471 stores and about 65.000 employees spread around almost every state in the country. Walmart is still the 3rd largest company in the retail industry in Brazil,

behind of GPA² and Carrefour³ (Table 2).

Labour market and working conditions

Analyzing the broadly working conditions, we can affirm that they are mainly shaped by the national environment. This is not a new debate. As Chris Tilly demonstrated for the Walmart in Mexico, many other scholars has shown that Walmart strategy has been constrained by a variety of national regulations. The Brazilian case is not an exception.

Based on field research and on the analysis of data, it is possible to conclude that regarding wages, forms of hiring and union relations, Walmart has not been replicating the American model. Walmart employees received at least the minimum wage and generally higher wages than small shops employees did. Besides that, full-time jobs are almost the totality of employment contracts and the company recognizes unions. Anti-union policies are not self-evident.

These specificities are related to three main issues. First, it is necessary to consider that the legal union that represents a segment is responsible for settle the collective agreement which covers all employees. Because of that, wages are usually a little higher than the national minimum wage and are the same for all firms in a particular industry. Second, the labour laws prevent part-time jobs as a way of cutting working costs. Finally, Walmart cannot easily avoid or fight against the unions, because unions are established and recognized by law.

In order to analyse these issues we also need to mobilize a broader historical view. As argued by Ruy Braga, it is necessary to note that the “precariat” has been the rule in Brazil. Considering the prevalence of low wages, high informality and high turnover, the majority of workers in Brazil have been situated between the threat of social exclusion and the increase of economic exploitation (Braga, 2012, p.16). Additionally, this structural labour precarity has been reinforced by the expansion of labour market flexibility that came out, for example, with the

²Known as “Companhia Pão de Açúcar”, GPA is now the biggest retail group in Brazil, controlled by the French group Cassino. Originated in a small shop, funded by Diniz in 1948. In addition to the supermarket chains (“Pão de Açúcar” and “Extra”) it also controls a wholesale chain in food (“Assai Atacadista”) and retail chains for furniture, appliances and electronics (“Ponto Frio” and “Casas Bahia”).

³Carrefour has operated in Brazil since 1975.

extension of opening hours and the working on Sundays. Walmart clearly takes advantage of these features, but as far as we can observe, the company does not have the power to alter these issues.

In this sense, “the race to the bottom” thesis has not been a reality in Brazil as a result of Walmart practices. Still, we cannot ignore that big retail companies have impacted work especially through new ways of organizing and managing labour.

Labour organization and management practices

As Carrè and Tilly (2017) argue, one of the things about Walmart that does not vary across the world or over time is its highly automated logistical systems. The informational system which controls the supply chain is also a tool for controlling the work of salespeople. In a daily basis, all workers in the stores have target of sales and target of loss prevention. Likewise, Walmart has been somewhat successful in disseminating its “corporate ideology”. The principles and values of the company, and the identification with the founder Sam Walton can be perceived through the implementation of many practices. We have noticed on the lawsuits and in the workers statements the repetition of many practices, such as: inspection and search of workers' personal belongings, complaints about moral damages (mainly regarding on their use of restrooms during shifts, humiliation for not meeting targets, accusations of stealing money), and other types of discriminatory acts played by hierarchical superiors. Another fundamental practice adopted by Walmart is the company's internal norm called "Política de Orientação para Melhoria" (POM) (Guidance Policy for Improvement), which is an important tool for dismissing workers, avoiding compliance with labour laws and justifying authoritarian practices of punishment.

Another relevant issue that comes up is the exploitation of the labour force through the work of low-ranking leaders (or managers). Reproducing the principle of the "servant leadership" preached by Sam Walton, these low managers usually work 12 to 13 hours per day, have to be available anytime and do all kind of jobs in order to achieve expected targets.

Workers perceptions

In the view of the majority of interviewed workers, the contradiction between the principles of the official Walmart *discourse* and its applications is largely explained by managers’

incompetence or wrongdoings. I argue that this individual liability for the incorrect application of the company's rules and principles is what has preserved a good evaluation of the company's culture. That is to say for many workers, managers are seen as individually responsible and their attitudes seem to be disconnected from company's policies for cost reduction and pressure for results. Moreover, the workers critical perception of the company is also influenced by the way in which they perceived their own working conditions.

To understand how they see their own jobs we should consider that: 1) All interviewed workers have had past jobs in the retail sector, mainly in small shops or in informal jobs. 2) employees usually do not expect a job better than in Walmart. They are afraid of unemployment and recognize that, due to their low skilled condition, Walmart can be a good opportunity. 3) They complain about the huge pressure at work and its intensity mainly because of understaffing but also 4) they give high value to the stability offered by this kind of big company and also to the fact that Walmart pays their monthly salary on the agreed payday.

Conclusion

To conclude, the evidence shows that it is not possible for Walmart in Brazil to lower wages. Likewise, we are unable to affirm whether Walmart's view is decisive in the collective bargaining or whether it has an impact in the negotiation of working conditions. However, it is possible to affirm that Walmart has had a particular impact concerning work organization and management. A press for the intensification of work effort and for filling the porosities of the working time has being enabled through the articulation between new technological developments and the reinforcement of Walmart's corporate ideology at the workplace. It is also recognisable that the Walmart "management model" and the weak unions in the retail sector have helped Walmart to circumvent labour laws in different ways and to diffuse jobs with long working hours, excessive workloads, as well as harassment practices.

Nevertheless, Walmart jobs are not terrible jobs in Brazil, because of their formal status as a multinational company and due to some level of security that this kind of job represents.

Despite the fact that workers see Walmart as a good job, they don't remain silent in face of rights violations. They do fight for their interests, but this has often happened through individual lawsuits. Unions are mostly seen as an assistance organism that offers some services as dental plan and sometimes legal assistance. Therefore, this general picture seems to be a result of a majority

of non-active unions in retail sector, traditionally very conservatives and bureaucratic which have perpetuated the lack of organizing in the shopfloor in Brazil.

Considering the evidence, it is possible to reinforce the idea that no strategy is purely global and global retailers are not unbeatable. Although, only by framing this process historically, and considering the workers point of view and the role of union organizations we can understand the increasing power of big retails as well as where and how global aspects are reinforced, adapted or fought in different contexts.

Table 1 - Walmart Brasil Evolution

Year	Revenue (millions R\$)	Stores	Employee s
1996	752,2	5	1710
1998		9	3934
1999	1568,2	9	6154
2000		20	7155
2001	2137,5	22	6828
2002		22	6247
2004	6105,9	149	28843
2005	11731,8	295	50112
2006	12909,8	302	50000
2007	15002,4	313	67780
2008	16952,4	345	74456
2009	19725,9	434	79801
2010	22334	479	86992
2011	23468,4	521	81504
2012	25932,9	547	82341
2013	28477,4	544	75475
2014	29647,4	544	74738
2015	29323	485	71864
2016	29409	485	65229

Fonte: IOS(2010), Revista SuperHiper (ABRAS); elaboração própria

Table 2 – Biggest retailers in Brazil

	2013	2014	2015	2016	2017	Variation (2014-2016)	
CARREFOUR	income (bi R\$)	34	37.9	42.7	49.1	49.6	9.17
	stores	241	258	288	349		35.27
	employees	64776	70000	72000	80021		14.32
CASINO/GPA	income (bi R\$)		37.3	40.2	44.9	48.4	1.7
	stores		865	927	904		4.51
	employees		76354	78176	99575		30.41
WALMART	income (bi R\$)	28.5	29.6	29.3	29.4	28.2	-16.36
	stores	544	544	485	485	471	-10.85
	employees	75475	74738	71864	65229	65000	-12.72

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