

Walmart Ends Store Clerk Bonuses

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FULL TEXT

Walmart Inc. is phasing out its decades-old quarterly bonuses for store workers, according to the company, as it implements hourly wage increases for hundreds of thousands of its employees.

Walmart said it would scrap the benefit, dubbed "MyShare," at the end of the company's fiscal year on Jan. 31, 2022, according to a memo sent to staff discussing coming wage increases. "We are rolling MyShare into associates' base pay going forward," the memo said.

A Walmart spokeswoman said most workers say their hourly wage is the most important part of their pay, and that folding the bonus into wages increases the amount of consistent, predictable income. She said the quarterly bonus makes up just a portion of the pay increase workers are receiving.

The bonuses have been part of Walmart store workers' potential compensation for decades. Early on, Walmart distributed the bonuses annually based on store performance. Over the years the retailer has used a variety of metrics, including attendance or store-theft level, to determine the payout. Walmart moved the bonus to a quarterly structure in 2007. In some quarters, a store's performance doesn't qualify workers for a bonus.

Walmart, the country's largest private employer, is implementing a series of hourly wage increases for workers in a tight labor market that has businesses from restaurants to amusement parks competing for staff. Last week, Walmart said it would raise its starting wage to \$12 from the \$11 floor established in 2018, a move that will increase pay for over 525,000 of its 1.6 million U.S. workers by at least \$1 an hour.

After the wage increases, which take effect at the end of September, Walmart's minimum hourly wage will be lower than at some competitors such as Amazon.com Inc. and Target Corp. Both start workers at at least \$15 per hour. Other competitors, such as discount chains Dollar General Corp., Dollar Tree Inc. and traditional grocers, often start hourly workers at lower wages than Walmart.

Walmart's warehouse and fulfillment facilities all pay workers over \$15 an hour, said the company spokeswoman. Over the past year Walmart has gradually phased out the quarterly bonus structure as it offered raises to parts of its hourly workforce. Last year, it raised wages for around 165,000 store workers and eliminated their bonuses. This spring it did the same for around 425,000 digital and stocking workers.

Walmart has a long history of offering hourly workers financial incentives directly linked to store or company performance. The practice started under founder Sam Walton as a way to give workers a sense of ownership in the company's results, provide good customer service and hold unions at bay, Mr. Walton wrote in his 1992 autobiography "Sam Walton: Made in America."

In 1971, the company created a profit-sharing plan for all workers that awarded company stock each year. In 1979, Walmart started offering store workers an annual bonus if their store reduced shrink, the industry term for theft and other merchandise loss. "Profit-sharing has pretty much been the carrot that's kept Wal-Mart [sic] headed forward," Mr. Walton wrote. After 39 years, Walmart ended its profit-sharing program in 2010, saying it would roll more money into quarterly bonuses and other benefits.

Credit: By Sarah Nassauer

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