

NEWS AND ANALYSIS

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Walmart Puts Up \$100-Million to Help Retail's Front-Line Workers

By Drew Lindsay

Long criticized for its labor practices, Walmart through its charitable arm today announced details of a five-year, \$100-million effort to improve the career prospects and skills of entry-level workers in retail and related industries.

This commitment is the Walmart Foundation's largest ever to work-force development, according to foundation president Kathleen McLaughlin, and is second only to its anti-hunger efforts, which have doled out more than \$2-billion in the past four years.

Ms. McLaughlin said the effort will be the foundation's first systemic attempt to address retail's "skills gap"—the mismatch between the skills employers need and what workers can offer. "We're trying to accelerate mobility from front-line jobs to the middle-skills positions," she said.

Ms. McLaughlin pointed to research by the *Harvard Business Review* suggesting that retailers struggle to fill midlevel positions. "Even within Walmart, those assistant-manager jobs and senior department-manager positions require quite a bit of skill, and they are really hard to fill," she said.

Walmart briefly noted this \$100-million commitment in its announcement last week that it would increase pay for 500,000 of its 1.3 million workers to at least \$10 an hour by February 2016. Critics of Walmart assail the chain, the nation's largest private employer, for what they say is shoddy treatment of employees and a failure to help workers advance in their careers.

Thomas Kochan, an employment expert at the MIT Sloan School of Management, says he welcomes Walmart's investment as a "positive step" for a company whose labor practices are still suspect. But he added: "I would take issue with the idea that there's a skills gap in retailing. That's more like blaming the victim than getting at the source of the problem."

Diverse Grantees

The foundation's initial grants, which total \$16-million, will go to seven national nonprofits for one- to two-year projects. It's a diverse group, ranging from the century-old Goodwill Industries International to the McKinsey Social Initiative, a nonprofit created by the McKinsey consulting firm and a relative newcomer to work-force development.

Several of the nonprofits will build "career maps" that lay out the skills and credentials needed to advance to various midlevel positions in retail management, operations, logistics, or customer service. Others will focus on creating or improving training either for workers entering the field or for those who want to advance beyond their entry-level jobs. After about a year, Ms. McLaughlin said, the foundation will identify five or six communities where it will work with employers and government agencies to create model work-force development programs aligned with the local job market.

"We want to create an ecosystem that goes well beyond the specific individual getting training from this first wave of grantees. We're really trying to help the 15 million workers in this sector."

Community Colleges

Walmart awarded \$1-million to Achieving the Dream, which works with a network of more than 200 community colleges to help students succeed and attain credentials with labor-market value. After research of the retail-related offerings of its member schools, Achieving the Dream will design a pilot with four colleges to build career paths aligned with high-demand jobs and reflecting the best curriculum nationally.

"Walmart came to us because it was concerned about the fact that there's not uniformity of retail career pathways in community colleges," said Lisa Nitze, the group's vice president for strategic partnerships.

Goodwill, which received a \$3-million grant, will work through eight of its affiliates to design career paths and help move entry-level workers into midlevel jobs. Wendi Copeland, the group's vice president for strategy and advancement, noted that it has an

extensive management-training system in its more than 3,000 stores selling donated clothes and goods. “We have experience in retail and in helping people move up the ladder,” Ms. Copeland said.

Another \$3-million grant, for Jobs for the Future, will help expand and strengthen training in the transportation, distribution, and logistics fields. Retailers trying to speed delivery of products to consumers rely on these industries, which are increasingly technology based, says Maria Flynn, a senior vice president with the nonprofit. “That corporate competitiveness is driving the need for more innovation and skill growth,” Flynn said.

Other grants include:

- \$3.2-million to the McKinsey Social Initiative, which will develop a retail-training and job-placement pilot, working with 650 low-income youths.
- \$2.6-million to Dress for Success, which will provide pre-employment training to 5,400 disadvantaged women in more than 30 states.
- \$2.3-million to the ACT Foundation, which will, among other things, develop interactive career maps for existing jobs in retail, logistics, and customer service.
- \$1-million to the National Able Network, which will expand the work of 18 job-placement and assistance centers.

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