

Walmart reveals first phase of workforce training



Hadley Malcolm, USA TODAY 3 p.m. EST February 26, 2015



(Photo: Joe Raedle, Getty Images)

More than 12,000 low-wage workers will benefit from the first phase of Walmart's commitment to workforce training and career development, with \$16 million in grants going to seven jobs non-profits.

Walmart made the announcement at the National Opportunity Summit in Washington Thursday, a week after it said it would commit \$100 million over five years to helping retail and entry-level workers in related sectors advance in their careers.

The grants come as the country faces a growing skills gap and deficit of middle-skilled workers, and as the retail industry in particular has come under pressure to give workers higher pay and better benefits.

Last week, after years of protests from employee and advocacy groups to pay its workers more, Walmart said that the minimum wage for its employees would increase to \$9 an hour in April, and \$10 an hour next year. About 500,000 store associates will get raises as part of the plan, including about 6,000 who currently make the federal minimum of \$7.25 an hour.



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Analysts said the move would likely reverberate throughout the retail industry and lead to pay raises at other companies; at least one has already followed. TJ Maxx said Wednesday that it would also raise the minimum wage for its workers to \$9 an hour in June, and \$10 an hour next year.

Walmart's \$16 million donation will be divided across the non-profits Achieving the Dream, The ACT Foundation, Dress for Success, Goodwill, Jobs for the Future, McKinsey Social Initiative and National Able Network. The groups will use the money to provide workforce training and career advancement programs in retail, manufacturing, transportation and distribution sectors.

"What we're trying to do with this program is really elevate retail as a profession," says Kathleen McLaughlin, president of the Walmart Foundation.

According to a report out in November from Harvard Business School, Accenture and Burning Glass Technologies, 51% of retailers find it hard to fill middle-skill jobs, and 47% said a lack of work ethic and ambition were the leading problems against filling middle-skill jobs. A survey of companies for the report also found that a lack of middle-skill talent directly or significantly affected productivity at 21% of retail companies.

The goal of Walmart's funding is to reduce barriers for low-wage, unskilled and uneducated workers to receive training, understand advancement opportunities and be considered for higher-level jobs, McLaughlin says. For example, a cashier is considered an entry-level job whereas an assistant manager or logistics manager is considered middle skill.

The grants will focus on four initiatives: mapping out career paths in retail so that workers understand what opportunities exist to move up, pre-employment training, providing training and credentialing to move entry-level employees to middle-skill jobs, and finally working with specific cities where retail companies have the greatest need to fill middle-skill jobs.

"We're really trying to increase economic mobility," McLaughlin says. "We're looking for ways that people can acquire skills and get recognized for those skills in more practical ways."

For many low-wage workers, going to night school or community college to acquire more skills may not be an option due to family commitments or financial hardship, McLaughlin says. Instead, Walmart wants to encourage programs that find other ways to give low-skilled workers the chance to move up. Training could include interactive games or apps that employees can do on their commute or at home and better on-the-job coaching from employers so workers understand what other jobs exist beyond the entry level.

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