



Film Study: Wal-Mart: The High Cost of Low Price **Answer Key**

As you watch the film *Wal-Mart: The High Cost of Low Price*, answer the questions below.

1. Why do you think Lee Scott, President and CEO of Wal-Mart, says that Wal-Mart has, “generated fear, if not envy in some circles”? (1 mark)

Responses will vary - Wal-Mart is the largest corporation in the world, very wealthy, very powerful.

2. Why can't small businesses compete with Wal-Mart? (3 marks)

Wal-Mart receives incentives given by local governments, lower prices, more selection/variety of products.

3. What advantages do small businesses have over Wal-Mart? (2 marks)

Small businesses often carry specialty items and have better service

4. What incentives do local governments provide Wal-Mart to encourage it to come to their communities? (3 marks)

Local governments often provide tax incentives/abatements, subsidies, infrastructure like roads and sewers.





5. What negative effects does Wal-Mart have on communities? (4 marks)

a. Property values:

fall, especially in downtown business core.

b. Local businesses:

close, deteriorate, suffer; lowers retail wages

c. Town centres:

vacant buildings, empty, loss of centre of town culture

d. Traditional community cohesiveness:

erosion of community bonds

6. How does Wal-Mart keep labour expenses low? (4 marks)

a. Employees:

fewer employees forced to do more with less

b. Wages:

low, no overtime

c. Benefits:

inadequate/poor plans that are often unaffordable

d. Government Welfare Programs:

employees encouraged by Wal-Mart to offset poor wages and benefits.



7. How does Wal-Mart discourage organized labour (unions)? (5 marks)

use of anti-union response team.
profiling employee organizers.
monitor employee behaviour – prevent employees from communicating/organizing at work, intimidation.
political tactics – tell one group of employees raises will be frozen because of the demands of another group.
snitch line – 24 hr. hotline to report employee behaviour

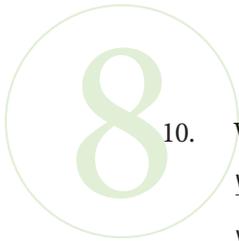
8. Do any unions exist at Wal-Mart? (1 mark)

Yes, in Germany.

9. How does Wal-Mart get more work out of its employees without adding to its labour costs? (3 marks)

no overtime paid.
employees must often work off the clock or face dismissal.
employ illegal immigrants.





10. What do critics say about how Wal-Mart treats employees who are women and visible minorities? (2 marks)
Women: culture of male chauvinism tolerated. Women asked to perform menial jobs like cleaning bathrooms, women overlooked for management positions. Visible minorities: culture of racism tolerated.

11. Why does Wal-Mart build its stores on the edges of municipalities? (1 mark)
Building on the outskirts of communities forces local governments to provide incentives (infrastructure, subsidies) by pitting one jurisdiction against another.

12. What problems are created when a large corporation like Wal-Mart is supported with government (taxpayer) revenue? (1 mark)
Services and programs like emergency response services and education programs suffer due to underfunding.

13. Why was Donna Lisenby, Catawba Riverkeeper, frustrated with Wal-Mart's reaction to the environmental concerns she raised about the storage of fertilizer on Wal-Mart parking lots? (1 mark)
Wal-Mart was not very responsive and appeared to have no environmental policies or mechanisms in place to deal with the problem.

14. How does the film describe conditions in Wal-Mart's factories in China? (3 marks)
Wal-Mart appears to take advantage of workers:
- long hours
- low wages
- unfair policies, for example, charging employees rent and utilities
- poor working conditions
- poor living conditions

15. How do Wal-Mart's business practices affect world business standards? (1 mark)
As the world's largest company, Wal-Mart sets the standards other companies follow.

TOTAL: /35

