Walmart to cut 7,000 back-office jobs in the US

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Walmart announced on September 1 that it will be cutting about 7,000 back-office jobs in its stores across the US. The jobs to be eliminated are positions in accounting and invoicing, which will be automated or centralized going forward, according to the company. According to the *Wall Street Journal*, the types of jobs being cut are usually held by long-term employees at a higher pay rate than the average Walmart store employee. Most workers in these positions are earning on average $13.38 per hour and are employed full-time, compared to the average part-time Walmart sales associate who earns just $10.58 per hour in the US.

Although they earn a relatively high wage compared to the average Walmart worker, these workers in back-office positions still earn on average far less than the average hourly wage in the US of $20.43 per hour. The fact that Walmart is cutting its already low-wage jobs in order to stay on the very top of a market that is rapidly turning digital is a damning indictment of the destructive measures being taken by giant corporations to satisfy their insatiable drive for short-term profits at the expense of society as a whole. Walmart recorded gross annual profits of $131.69 billion in April, enough to pay each of its 2.2 million workers worldwide a wage of $28.78 per hour.

Employees who are losing their jobs will be given the “opportunity” to transition into other jobs with the company, the majority of which are lower-paying, part-time customer service positions. Though employees technically have the ability to apply for higher-paying, full-time positions in store management, those jobs are few compared to low-paying customer service jobs, and often require experience that those in accounting and invoicing positions may not have.

The so-called transitioning program paints employees into a corner: either they take a more than likely lower-paying position, without status, or they must quit and seek employment elsewhere. This strategy serves two purposes, both for the benefit of Walmart and its shareholders. First, it allows the company to manipulate its job creation statistics with the aim of increasing its share price, since it says that it will have more positions available for those losing their jobs. Second, Walmart will most likely avoid paying unemployment benefits for the workers being cut, since the company is not laying off or firing workers, but “transitioning” them to other roles.

The cuts—or transitions, as they are being called—are expected to last through 2017. A pilot program in June of this year tested the transition program with back-office workers in 500 locations, in stores located mainly in the western US. According to a report by CNN, Walmart failed to provide exact data on how many of the affected employees chose to remain with the company after the pilot cuts.

The situation faced by Walmart workers paints a nightmarish picture of the lack of control that workers in the US have over their jobs. Accounting and invoicing is an essential part of the daily functions of all retail establishments, yet through automation even these essential jobs are rendered obsolete in the name of increasing share prices for short-term gains.

Less than two weeks before the cuts were announced, Walmart stock shares were traded at a yearly high of $74.30. The spike came after the August 8 announcement of Walmart’s acquisition of online retailer Jet.com for $3.3 billion.

According to the announcement published by the *Wall Street Journal* on September 1, the cuts are a part of a new program aimed at putting more employees in customer-facing positions in order to provide better service to consumers. However, in light of Walmart’s recent financial activity, these claims will all too soon be revealed to be false. The layoffs of higher-paid, full-time workers will also offset the costs of Walmart's decision to raise its starting pay rate, which was announced in February.

Walmart stock continued to slide in the days before the layoffs were announced, but saw a brief spike to $72.84 on September 1, the day of the announcement. Despite the spike, share prices were still well below their previous high. Since then, share prices of the retailer have been more or less on a decline. The announcement of the cuts has done little, if anything, to restore profitability after the acquisition announcement.

In addition to the Walmart announcement, Sears Holding Corp. announced on September 16 that it would shutter another 64 of its Kmart discount retail stores, on top of the 68 closings it announced in April. Macy's announced in August that 100 of its stores are set to close their doors in early 2017, in addition to the 38 that it closed this spring. According to a report by Credit Suisse, a total of 37,000 US retail jobs are set to be slashed by the end of this year, more than double the amount lost last year.

The reason for mass layoffs and closings, according to many of the retailers, is the competition posed by online retailers such as Jet and Amazon.com. However, the stores are not closing because of lack of need for the products they stock, but for a lack of profitability. Online retailers do not require salespeople or merchandisers in the way that brick-and-mortar establishments do. Some online retailers, such as Amazon, have replaced workers with drones used to catalog and manage inventory in their warehouses as well as to deliver orders. Walmart announced in June that it will be testing a drone program to catalog and manage inventory in its 190 US distribution centers, and will also begin to test drones for online deliveries as well.

Walmart is the largest retailer and the largest employer in the US. It is the number-one employer in 20 states in the US and employs about 1% of the US workforce. The mass layoffs planned for the largest employer in the world's most powerful capitalist economy are an expression of the utter state of decay of American capitalism. They point to an intensely bitter period of struggle ahead for the working class.