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Finalist

From Sweatshop to Sustainability: Wal-Mart's Journey in Bangladesh

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From Sweatshops to Sustainability: Wal-Mart's Journey in Bangladesh

ABSTRACT

Walmart the largest company in the world by revenues as of 2014, operated on the philosophy of providing its consumers products at the lowest possible price. To achieve this, it procured goods from various parts of the world. The clothes were mostly procured from Bangladesh. Walmart and other global retailers were attracted to Bangladesh due to cheap labor and low production costs. They usually outsourced their production to some of the factories in the country. At that time they ensured that the producer and the factory complied with laws and have other facilities in place for workers, pertaining to timings, leave, overtime, etc.

But not all the production was carried out in these factories. Due to tough deadlines set by the retailers, the factories usually outsourced a part of their work to subcontractors, who, in turn, subcontracted to small Tier 3 factories. These factories located in dingy by lanes of the industrial areas in and around Dhaka, capital of Bangladesh, did not have basic facilities for the workers, and lacked safety measures.

The Readymade garment industry in Bangladesh witnessed several accidents, but these did not draw the attention of the administration or the global retailers. But two accidents, one in 2012 (factory fire at Tazreen) and the other in 2013 (collapse of Rana Plaza building, which housed several factories), that killed more than 1200 workers, and left several more injured and handicapped, brought the attention of the global community to the prevailing working conditions in the Bangladesh sweatshops. At the same time, global retailers like Walmart which sourced from these places came under severe criticism.

Walmart, which boasted of being a responsible company, took several initiatives to reduce its impact on environment and also source goods ethically. When it came to Bangladesh, though there was evidence that clothes were being made for Walmart at the factories where the accidents occurred, it refused to take any responsibility, stating that the subcontracts were given without its knowledge.

Some of the experts said that it was the government's responsibility to ensure minimum wages, good working conditions and safety for their citizens. The garment industry of Bangladesh helped the economy and contributed to the GDP growth in the country. It also provided employment to scores of unemployed women and empowered them, in a male dominated society.

The case talks about the garment industry in Bangladesh, the role of global retailers in the development of the industry, its impact on the economy, and the roles and responsibilities of global corporations like Walmart in a developing economy like Bangladesh. It also discusses the challenges organizations face in balancing demand for sustainability with consumers demand for low cost and high quality, and shareholders demands for higher profits.

From Sweatshops to Sustainability: Wal-Mart's Journey in Bangladesh

US-based retail corporation, Wal-Mart Stores Inc. (Walmart), faced strident criticism from various quarters when it denied having a presence in the Tazreen factory and the Rana Plaza building in Bangladesh, sites of disasters which killed thousands of garment workers in 2012 and 2013 respectively. Walmart, the largest company in the world by revenue, continued to deny that it had anything to do with the Rana Plaza building even after evidence to the contrary was found at the site. A company spokesperson said, "Our investigation of the Rana Plaza building site after the collapse revealed no evidence of authorized or unauthorized production at the time of the tragedy."¹ The company officials claimed that Walmart had ceased operating its businesses in Rana Plaza even before the accident due to inadequate safety conditions². Human rights activists, however, said that the incident had once again brought to the fore Walmart's inability to track sustainability in its supply chain.

After the Rana Plaza incident, Walt Disney Company (Disney) announced that it was stopping all its operations in Bangladesh and in some other developing nations due to the inadequate safety levels prevailing in the garment factories³. The announcement came as a shock to the millions of Bangladeshi workers who were dependent on the readymade garment industry which had its base in and around Dhaka in Bangladesh. People feared that other global companies might also follow in Disney's footsteps and they would lose their jobs. Analysts observing the trends said that western firms in Bangladesh had three options before them after such a disaster⁴. They could forget about Corporate Social Responsibility and simply exploit labor wherever it was cheap. Second, they could quit Bangladesh like Disney had and buy from factories which maintained much better safety conditions. Third, they could remain in Bangladesh and change the conditions prevailing in the garment industry and the factories and help them in providing safer working conditions for millions of workers.

To address the issue of safety in garment factories in Bangladesh, Walmart initiated the 'ALLIANCE for Bangladesh worker safety'. This agreement was signed by major North American companies operating in the garment industry in Bangladesh. Similarly, companies from across the world formed ACCORD to improve the conditions in the garment industry. However, according to analysts, these initiatives by global brands only focused on inspection and monitoring of the factories; there was no plan to invest in developing the infrastructure.

Industry experts also raised questions about how far a corporate like Walmart could be held responsible for accidents such as Rana Plaza and Tazreen. Walmart officials earlier said that it wouldn't be financially feasible for the company to make investments in improving the infrastructure of the garment industry in Bangladesh. Walmart had made significant efforts to earn for itself the image of a sustainable company whose every step took care of the society in which it operated, the environment, and the economic conditions. However, Walmart's reluctance to take responsibility in this case raised questions about how genuine or feasible its sustainability intentions were – since, at the end of the day, the main motivating factor for businesses was profit.

¹ Steven Greenhouse, "As Firms Line Up on Factories, Wal-Mart Plans Solo Effort," www.nytimes.com, May 14, 2013.

² "New York Times deserves a Pulitzer for reporting on Bangladesh Sweatshops," www.huffingtonpost.com, May 22, 2013.

³ Steven Greenhouse, "Some retailers rethink their role in Bangladesh," www.nytimes.com, May 01, 2013.

⁴ "Disaster at Rana Plaza," *The Economist Intelligence Unit*, May 04, 2013.

MADE IN BANGLADESH

The British era ended in South Asia in the year 1947 and Pakistan was divided into East Pakistan and West Pakistan, both separated by a thousand miles of India. Over time, the people in East Pakistan felt that they were being treated badly by Islamabad (Capital of Pakistan). (Refer to Exhibit I for Map of India with Pakistan and Bangladesh on West and East of India)

The capital was in the west and the people in East Pakistan were of the view that most of the profits generated by the jute fiber industry in East Pakistan were not being used for their benefit. After a brutal war for identity, East Pakistan gained independence in 1971 and Bangladesh came into existence.

Until Bangladesh gained independence, the textile industry was primarily part of the process of Import Substitution Industrialization⁵ to replace imports. Later on, Bangladesh adopted export-oriented industrialization focused on the textile and clothing industry. The jute sector deteriorated due to the threat of floods and the fall in global demand. The newly formed government in 1972 of Sheikh Mujibur Rahman nationalized the privately owned textile factories and created the state-owned enterprise, the Bangladesh Textile Mills Corporation (BTMC). BTMC was, however, unable to generate profits.

In 1975, the military stepped in and ended the nationalization of the garment industry and encouraged private enterprises.

The foundation of the garment industry was laid in a joint venture between the South Korean industrial giant Daewoo and Bangladeshi garment producer Desh Garments. The joint venture sent 130 employees to South Korea for 6 months of training. Many of those trained went on to start their own textile business or started working for other units. This became the basis of the huge textile industry in Bangladesh.⁶

The Bangladesh government played a major role in boosting the garment business in the country. The government promoted the garment business by decreasing the role of the state in the industry. It allowed businesses and banks to use back to back letters of credit⁷ which transferred the burden of default to the banks. Bonded warehouses were also approved by the government which allowed the manufacturers to import fabric and other materials duty free as long as they were being utilized for export purposes. The exponential rise of the garment industry was led by entrepreneurs and the business friendly policy of the government.

Bangladesh's garment industry saw an exponential rise since the 1980s. The first official record in 1984 showed that there were 384 factories employing 120,000 workers. The expansion of the industry was driven by entrepreneurs and foreign direct investment. In 2004, the industry had 4,000 factories employing 2 million workers, the majority of them women. Over the years, the garment industry became the backbone of the economy and served as a source of employment to a large number of people, especially women. With these women becoming financially independent, there was a change overall in the status of women in society.

⁵ ISI aimed at protecting local industries through tariffs, import quotas, and subsidized loans. It advocated replacing imports with domestic products, and domestic production of industrialized products.

⁶ "Nixon And Kimchi: How The Garment Industry Came To Bangladesh ," www.npr.org, December 02, 2013.

⁷ Back to back letters of credit are used in domestic and international trade. Buyer and their bank; seller and their bank; and manufacturer and their bank are a part of this arrangement. These letters of credit are used for credit transactions.

With the expiry of the multi-fiber arrangement⁸ in 2005 or end of the quota system, analysts predicted that the garment industry in Bangladesh would collapse. However, that did not happen. Initially, exports from China grew by nearly 80%. However, with the wages for labor increasing in that country, the western brands began to look at other countries. The cheap wages and massive availability of labor brought the western brands back to Bangladesh and the readymade garment (RMG) industry flourished.

In 2011, exports from Bangladesh amounted to nearly US\$ 20 billion. Of this, 80% was from the apparel industry⁹. The quantity of apparel exported from the country made it the second largest RMG exporting country after China. The United States accounted for nearly 20% of the country's exports.

The GDP growth of Bangladesh averaged 5.9% from 2000 to 2011. A McKinsey report in 2011 described Bangladesh as the next hot spot after China. The report projected that by 2016, Bangladesh would become the largest RMG exporting country in the world. According to the report, major Western companies which outsourced apparel manufacturing from developing countries would move out of China as Bangladesh offered the lowest manufacturing cost¹⁰.

The garment sector fostered significant economic growth in the country. However, the country remained labor intensive with a labor force of 77 million¹¹. Of these, nearly 5 million workers worked in 5000 apparel factories at minimum wages as low as \$ 37 per month¹². The development of RMG industry came with certain costs especially in terms of health, safety and well being of the workers. Reports of child labor in Bangladesh remained a subject of debate. The poor infrastructure of the apparel manufacturing industry, which did not have even the minimum safety standards, became the reason for several fatal accidents which killed thousands of workers. There were plenty of building laws and safety requirements within the system; what was lacking was their implementation. According to analysts, the nexus between politicians and industrialists kept the industry unregulated. The woes compounded due to the absence of a proper labor organization to ensure safety and benefit of the workers.

THE COMPLEX SUPPLY CHAIN

The growth of the Bangladesh garment industry saw the local manufacturers and global brands depend on a system known as 'indirect resourcing' throughout the supply chain. The process involved the routine practice of subcontracting through purchase agents. The subcontracting process was not transparent either to the buyers or to the regulators. Over time, the subcontracting system became an essential feature of the garment industry as it gave good margins and the required boost to the production capacity of the industry in a cost-effective way.

The owners of large factories who took orders directly from global brands were responsible for every aspect of production from procuring materials, to cutting, sewing, finishing, packaging, and transport. To maintain the quality of the product, the factory owners had to make significant investments in capital and machinery and in building international relationships. They were registered companies and maintained proper safety and hygiene standards, as per the norms set by global companies. However, most of the time, the order they took was several times more than their actual production capacity. "The biggest factories

⁸ The multi fiber agreement that was in place from 1974 to 2004, imposed quotas on textiles and garments that developing countries could export to developed countries.

⁹ Marry Jane Bolle, "Bangladesh Apparel Factory Collapse: Background in brief," *Congressional Research Service Report*, January 10, 2014.

¹⁰ Dr. Achim Berg, "Bangladesh Readymade Garments landscape: The challenge of growth," *McKinsey & Company report*, November 2011.

¹¹ CIA World Factbook, 2014

¹² Government mandated minimum wage for garment workers in Bangladesh.

take orders based on subcontracting capacity. They may have a two million capacity and they'll take orders for four million,"¹³ said managing director of a buying house.

Moreover, the global brands often set tough deadlines which were difficult to meet. The manufacturers then resorted to subcontracting the work to other manufacturers, who in turn subcontracted them to even smaller manufacturers. This was a well known fact, even to the buyers and subcontracting remained an unacknowledged truth.¹⁴

According to some analysts, the garment industry wouldn't have been a success without the subcontracting method. A November 2013 article in the *Dhaka Herald* said,¹⁵ though this system did increase the overall production capacity of the garment sector, the casualties were the working conditions and safety conditions at the bottom of the chain. The contracts were subcontracted to one factory, which sometimes re-subcontracted them to another. Thus, the margin got smaller with the distance. The factories at the bottom of the chain were often unregistered and lacked even basic safety features and other facilities like drinking water and toilets.

The subcontractor system was poorly regulated. Several subcontractors who ran small factories were not aware of the minimum safety standards, facilities provided to the workers, mandatory leave, and minimum wages¹⁶. The subcontractors ran small factories, and did not have capital or capacity to spend on fulfilling the 'Code of Conduct' stipulated by retailers. Observers point out at the nexus between the subcontractors and the government authorities, as the main reason for the lack of regulation in these factories.¹⁷ Code of Labor practices existed in Bangladesh, which gave specifications about minimum wages, no excessive working hours, safe and healthy working environment, etc. But they were seldom enforced by the government. Observers said that the government was favoring the local business owners, who were getting business from multinational companies.

According to industry experts, subcontracting remained an appealing system to small owners as they did not have to adhere to stringent standards set by international buyers. Western buyers also benefited from the system as they had to deal with less responsibility regarding the safety conditions and other requirements of the factory. The main drivers of the subcontracting system in the garment sector were access to capital, buyer's strict sourcing practices, production delays, efficiency, and fluctuating demand.

FACTORY FIRE AND BUILDING COLLAPSE

On April 24, 2013, the collapse of an eight-storey garment factory, Rana Plaza in Dhaka, Bangladesh, resulted in the death of more than 1,100 workers and injured more than 2000 people¹⁸. The incident later went into the records as the deadliest accident in the history of the apparel industry. The building was structurally unsound and poorly maintained. It contained clothing factories¹⁹, banks, apartments, and other shops. The shops and the banks were closed a day before the incident after cracks were found in the building. However, the

¹³ Tripti Lahari, Christina Passariello, "Why Retailers don't know who Sews their Clothing," www.wsj.com, July 24, 2013.

¹⁴ Amy Kazmin, Barney Jopson, James Politi, Louise Lucas, "Bangladesh Factory Disasters Highlight Regulatory Failures," www.ft.com, April 25, 2013.

¹⁵ "Sub-Contracting Guideline for Apparel Industry Drafted," www.dhakaherald.com, November 06, 2013.

¹⁶ Sean Ansett, Jeffrey Hantover, "Bangladesh Factory Fires – the Hidden Dangers of Subcontracting," www.ethicalcorp.com, February 05, 2013.

¹⁷ William Gomes, "Reason and Responsibility: The Rana Plaza Collapse," www.opendemocracy.net, May 09, 2013.

¹⁸ "Death Toll in Bangladesh Passes 1100," www.nytimes.com, May 11, 2013.

¹⁹ The factories in Rana Plaza were New Wave Style, Phantom Apparels, Phantom Tac, Ether Tex, and New Wave Bottoms. Some of the global brands that sourced directly or indirectly from these factories were Walmart, Children's Place, Dress Barn, Primark, Cato Fashions, Carrefour, Benetton, Mango, Joe Fresh, NKD, and Yes Zee.

garment factory workers were forced by their supervisors to continue working in order to meet tough deadlines.

Rana Plaza lacked fire precautions and emergency exit. According to a report, workers who arrived at some of the factories at Rana Plaza on the morning of April 24, 2013, complained of the cracks in the building and refused to enter it. However, the management of different factories maintained that the building was safe to work in and threatened that they would not be paid a month's salary if they refused to work. Rana Plaza collapsed at around 08:57 am.

According to the Bangladesh Garment Manufacturer and Workers Association, a trade body that represented export oriented garment exporters, 3,122 workers were inside the building when the accident occurred. Rescue teams, the army, and fire brigades were rushed to the site and rescue operations continued for days as more and more bodies were recovered from the site under the rubble. Sohel Rana, the owner of the building, was arrested on April 28²⁰. The incident drew criticism from international human rights organizations, politicians, media, and consumers.

The Rana Plaza accident was the second mishap involving the garment industry in five months. On November 24, 2012, a fire had broken out at a garment factory named Tazreen Fashions Factory²¹ located in Ashulia district on the outskirts of Dhaka. It killed 117 workers and injured 200 workers²². The fire was presumed to have originated from a short circuit which started on the ground floor of the nine-storey building. According to witnesses and people who escaped the fire, many workers jumped from the top floors of the building and lost their lives, and some of them couldn't be identified. Some of the survivors said when the first fire alarm rang, the management asked the workers to ignore it and continue working. It said that the alarm was only part of a fire drill. It was reported that the exit routes were blocked with cartons and material ready to be dispatched. Some of the workers said that the managers locked the gates, leaving them no way to escape but to jump from the high windows.

Prior to these incidents, the garment industry in Bangladesh had seen a lot of accidents in factories that had killed thousands of workers. The Spectrum garment factory collapse on April 11, 2005, killed 64 people and injured more than 80. An electrical fire in "That's it" sportswear factory killed 29 people in 2010. Numerous such small accidents killed hundreds of workers between 2005 and 2012 but they failed to draw the attention of the administration or induce it to improve the working conditions in the factories. According to a report published by the European Institute for Asian Studies, between 2006 and 2009, the number of work related deaths in the garment sector were 414.

THE CRACKS IN THE GARMENT SECTOR

The 2006 labor law of the Bangladesh government was a consolidated and updated from a version of 25 separate acts that had existed previously²³. The law covered a wide range of subjects, from working conditions to settlement of disputes, maternity benefits, and trade union regulation. However, the main problem, according to journalists, was the implementation of the existing laws. (*Refer to Exhibit II for chapters pertaining to Safety in Bangladesh Labor Act, 2006*).

The garment sector had been plagued by problems long before the Rana Plaza accident occurred. Analysts pointed out that safety regulation were looked at more as a routine job than as necessary for prevention or inspection. For decades, no quality audits or inspection had taken place in the RMG sector to improve existing conditions. According to industry

²⁰ "Dhaka building collapse: Owner Mohammed Sohel Rana held," BBS Intelligence Unit, April 28 , 2013.

²¹ It was reported that Tazreen Fashions Factory made clothes for Walmart, Sears, C&A, Disney, El Corte Ingles, Edinburgh Woollen Mill, Dickies, Delat Apparel, and Sean John.

²² Farid Ahmed, "At least 117 killed in fire at Bangladeshi clothing factory," edition.cnn.com, November 25, 2012.

²³ 2008 Human Rights Report: Bangladesh, US Department of State, www.state.gov

experts, the problem was deeply rooted in the nexus that existed between the factory owners and politicians and regulators. The deep rooted corruption resulted in the spread of unregulated factories, substandard buildings, poor emergency procedures, inadequate and blocked fire exits, and overcrowded workplaces. The International Labor Organization (ILO) had on many occasions criticized the Bangladesh government for poor standards of worker safety and for being unable to implement robust changes at the grassroots level.

Some of the challenges facing the garment industry were infrastructure (utilities, roads, port facilities), compliance (low labor and social compliance standards), supplier performance and workforce supply (increasing wages, skill gap), raw materials (depending on imports resulting in high lead times) and economy and political stability (political instability can jeopardize sourcing activities), according to a report by McKinsey and Company.²⁴

The garment industry also lacked a proper union of the workers to negotiate on their demands and on better and safer working conditions. However, the actual reason behind poor unity or leadership in the workers union was that the labor leaders were harassed and abused, and the unions faced high bureaucratic obstacles to organizing any strikes. One of the well known activists, Aminul Islam, who played a major role in organizing protests against low wages was killed in 2012.²⁵

A government report blamed the negligence of the Tazreen factory owners for the accident. The global brands blamed the government and its loose administration for the poor condition of the factories and the frequent accidents that took place there. However, according to Scott Nova, head of a U.S.-based worker rights consortium, "The frontline responsibility is the governments, but the real power lies with western brands and retailers, beginning with the biggest players. The price pressure buyers put on factories undermines any prospect that factories will undertake the costly repairs and renovations that are necessary to make these buildings safe."²⁶

To ensure that image remained untarnished in the eye of the consumer, the western brands formed a committee and a plan to improve conditions in the garment sector for workers.

ACCORD on Fire and Building Safety in Bangladesh was a five-year agreement between labor organizations, non-governmental organizations, and retailers and was binding on them to work toward a safe and sustainable Bangladeshi RMG industry and to avoid any kind of accident. ACCORD aimed at setting up independent inspections, ensuring the regular disclosure of results and mandatory renovations being done to the buildings. It also aimed at educating the workers about their rights. It was signed by several companies including H&M, Adidas, C&A, and Marks & Spencer. One thousand Bangladeshi garment factories also signed the agreement. Regular inspections and making the investment necessary for safe working conditions were among the top priorities of the agreement. (Refer to Exhibit III for more about ACCORD).

But Walmart refused to join ACCORD and came up with ALLIANCE for Bangladesh Worker Safety was a group of 26 global retailers, mostly from North America, which entered into a five-year undertaking for improving the working conditions in the garment industry²⁷. Walmart was the founding member of the ALLIANCE in which major companies like GAP, Macy's, and J C Penney, were members. The ALLIANCE focused on coming up with a common fire safety and structural integrity standard with the help of experts from Bangladesh and the United States. (Refer to Exhibit IV for more about ALLIANCE).

²⁴ "Bangladesh's Ready-Made Garments Landscape: The Challenge of Growth," www.mckinsey.de.

²⁵ Julfikar Ali Manik, Vikas Bajaj, "Killing of Bangladeshi Labor Organizer Signals an Escalation in Violence," www.nytimes.com, April 09, 2012.

²⁶ Julfikar Ali Manik, Jim Yardley, "Building collapse in Bangladesh Leaves Scores Dead," www.nytimes.com, April 24, 2013.

²⁷ Simon Neville, "Walmart refuses to join worker safety deal," www.theguardian.com, May 15, 2013.

The Bangladesh government initiated a “National Tripartite Plan of Action on Fire Safety in the RMG sector”. The Plan took the initiative to set up a transparent and accountable subcontracting system. The action plan was expected to cover almost 1800 factories – which was more than those covered by ACCORD or ALLIANCE (which covered 1,687 factories). The government initiative also focused on recruiting more inspectors to take up inspection so as to maintain fire safety and infrastructure standards as per the law²⁸.

As a precautionary measure, the government shutdown 18 apparel factories in May 2013, for safety reasons²⁹. Walt Disney, one of the major customers of the Bangladesh garment sector, withdrew its business from the country and from some other developing nations from which it had been importing.³⁰

WALMART

Walmart, an American multinational company, was founded by Sam Walton (Walton) in 1962. It was headquartered in Bentonville, Arkansas, USA. The unprecedented growth of Walmart earned it the name ‘Beast of Bentonville’. By 1985, with 1,000 stores, Walton became the richest man in the US. The company was publicly listed on the New York Stock Exchange in 1972. Until the 1990s, Walton focused on rural America which his competitors had neglected. With the strategy of ‘everyday low prices’ creation of logistics, and an excellent distribution system, Walmart became the world’s largest retail company. By the mid-1990s, Walmart dominated the retail sector in the US and then expanded its business internationally. It became highly successful in countries like China, the UK, Argentina, Brazil, Canada, Costa Rica, Japan, and Mexico.

In 2000, H. Lee Scott (Lee Scott) became the CEO of the company. By 2002, the company was included in the list of Fortune 500 as America’s largest corporation with revenue of US\$ 219.8 billion and a profit of US\$ 6.7 billion. By the year 2005, Walmart had become the largest retailer in the world. It grew from 2,800 stores in the year 1995 to 4,900 stores in 2005. A survey conducted at the end of 2005 showed that 46% of Americans lived within 5 miles of the nearest Walmart store and that 88% of the population lived within 15 miles of the nearest Walmart store³¹.

With its one stop shopping strategy, the Walmart stores gained huge popularity among Americans. The guiding principles of Walmart, according to Walton, were to pass on the savings from the suppliers to consumers. This encouraged the consumers to shop more and thus the company profited from higher sales. The company gained expertise in obtaining cheap products and benefited from economies of scale. Thus, it was successful in keeping prices lower than its competitors³². The low cost of production in China was attractive and Walmart imported US\$7.5 billion worth of goods in the year 2005. It was reported that if Walmart was a country, it would be China’s sixth largest export market. The success of the company was backed by huge investments in information technology. The technological edge in logistics, distribution, and inventory control gave Walmart the required efficiency in operations.

Walmart rapidly grew to become the world’s largest corporation (by revenue). In 2012, it recorded revenue of US\$ 444 billion. Observers said that if Walmart was a country, it would have been the 26th largest economy in the world, ahead of Austria. The Fortune Global 500

²⁸ “Improving Working Conditions in the Ready Made Garment Industry: Progress and Achievements,” www.ilo.org, March 09, 2015.

²⁹ Damien Gayle, “Death Toll at Bangladesh Factory Collapse Site Hits 803 as 18 Other Factories are Closed in Safety Crackdown,” www.dailymail.co.uk, May 10, 2013.

³⁰ Emily Jane Fox, “Disney Pulls Out of Bangladesh Factories,” www.money.cnn.com, May 02, 2013.

³¹ EmekBasker, “The Causes and consequences of Wal-Mart’s growth,” *Journal of Economic Perspectives*, Volume 21, Number 3, summer 2007.

³² “Walmart, How big can it grow?” *The Economist Intelligence Unit*, April 15, 2004.

rankings placed Walmart on the top of companies ranked by revenue in 2014. (Refer to Exhibit V for the top 10 companies in the World)

Walmart remained under the control of by the Walton family which had over a 50% holding of the company. (Refer to Exhibit VI for three-year financial summary of Walmart)

SUSTAINABILITY AGENDA: THE GREENING OF WALMART

Walmart's success brought in its wake criticism from various quarters of society. According to many analysts, Walmart was playing a detrimental role in the local economy by choking off small entrepreneurs and local businesses. The local players couldn't compete with the lower prices or the shopping variety offered by Walmart. Human rights activists raised concerns about the labor practices that Walmart followed and criticized the low wages paid which were often not even enough for survival. Critics often discouraged the pricing strategy of the company's products and suggested that the money be invested in environmental initiatives instead. By the late 1990s, Walmart found through surveys that the company was being viewed by the majority as one having a negative impact on society and the environment as a whole.

The founder's eldest son, Robert Walton, teamed up with Peter Seligman, co-founder of Conservation International, an environmental organization, to find ways in which Walmart could contribute to the environment and to society. They found out that Walmart needed to fundamentally change the way it had been doing business to transform itself into a green company.

Seligman with other employees of Conservation International met the management of Walmart and suggested that a greener policy would improve its image while engaging its employees in an exciting mission and thus improving productivity. Lee Scott, hired Conservation International and sustainability consultants Blu Skye to develop a sustainability metrics system.

In October 2005, Lee Scott and his team announced the articulated dream of making Walmart the global leader in sustainability by setting three goals. (Refer to Table I for Walmart's sustainability goals)

Table I
Walmart Sustainability Goals

- | |
|---|
| <ul style="list-style-type: none"> • Energy -- Be supplied 100% by renewable energy
Renewables and energy efficiency have long been part of Walmart's strategy to operate at an everyday low cost, while also allowing Walmart to be a good steward of the environment. • Waste -- Create zero waste
Achieving zero waste across global operations by using recycled material, through Zero-waste-to-Landfill Program: This program consisted of categorizing waste into 50 different categories like cardboard, paper, aluminum, plastic bags, etc. with the goal of recycle, repurpose, and reuse. • Products -- Sell products that sustain people and the environment
Walmart was developing a sustainable standard for products and helped the retailers and suppliers to: <ul style="list-style-type: none"> • Improve the sustainability of the products customers loved • Integrate sustainability into the business of buying and selling merchandise • Reduce cost, improve product quality, and create a more resilient supply chain • Strengthen customers' trust in retailers and the brands |
|---|

Source: www.corporate.walmart.com

In addition, a 20% reduction in the emission of greenhouse gases from the Walmart stores was promised over the next 7 years. Scott also indicated that Walmart would work with anti-sweatshop groups to improve monitoring of working conditions in factories overseas.

To set actionable priorities, 14 compliance subject matter areas were identified. (Refer to Table II for the compliance areas). The goal of the program was to help Walmart comply with the laws and best practices in each of the 14 areas. For each of the areas, global subject matter leaders were appointed, along with subject matter experts, in all the countries where the company had operations. All of them worked together to share best practices, training, monitoring, and support.

Table II

Walmart Compliance Areas	
• Anti-Corruption	• Health & Wellness
• Food Safety	• Responsible Sourcing
• Privacy	• Consumer Protection
• Anti-Money Laundering	• Labor & Employment
• Health & Safety	• Trade
• Product Safety	• Environment
• Antitrust	• Licenses & Permits

Source: corporate.walmart.com

In 2007, Walmart started Personal Sustainability Projects (PSPs) where employees were encouraged to develop individual goals to improve their health, wellness, and condition of the environment³³. The company conducted various workshops where employees were taught several ways to improve personal and environmental sustainability. “PSPs are being created by and for associates to help make choices that can have a real impact on personal health and happiness and in their families, neighbors, communities, and the environment,”³⁴ said Linda Dillman, Wal-Mart’s executive vice president for risk management, benefits, and sustainability.

In July 2009, Walmart introduced the Sustainability Product Index with the aim of evaluating all of its suppliers in key sustainability measurements³⁵. As a part of the index, Walmart created sustainability scorecards to help its buyers evaluate suppliers in different categories and to measure the suppliers’ progress. “Customers want products that are more efficient, that last longer and perform better. And increasingly they want information about the entire life cycle of the product so that they can feel good about buying. They want to know that the materials in the product are safe, that it was made well, and that it was produced in a responsible way. We do not see this as a trend that will fade. Higher customer expectations are a permanent part of the future. At Walmart we are working to make sustainability sustainable so that it’s a priority in good times and in tough times. An important part of that is developing the tools to help enable sustainable consumption.”³⁶ said Mike Duke, CEO of Walmart, in 2009.

The index aimed at ranking the products based on their impact on the environment and consisted of three stages. These included an initial assessment of the supplier’s sustainability in which the existing sustainability practices of global suppliers were looked at. This was carried out through a questionnaire consisting of 15 questions covering topics pertaining to energy and climate, natural resources, material efficiency, and people and community. The second stage was the creation of a lifecycle analysis database, where Walmart along with different partners worked with suppliers, retailers, government organizations, and non-government organizations to develop a database of information on products’ lifecycles.

³³ Kris Hudson, “Wal-Mart wants suppliers, workers to join Green effort,” online.wsj.com, February 02, 2007.

³⁴ “Wal-Mart Announces Expansion of Associate-Driven Personal Sustainability Projects,” www.news.walmart.com, April 05, 2007

³⁵ Jennifer Kho, “Walmart’s Sustainability Index,” www.theguardian.com, October 26, 2013.

³⁶ “Walmart announces Sustainable Product Index,” news.walmart.com, July 16, 2009.

Finally, using the findings, Walmart planned to develop a tool for suppliers to improve the sustainability of the products supplied to Walmart.

As a part of the initiative, Walmart created sustainability scorecards to help buyers evaluate suppliers in different categories. By 2013, scorecards for 200 product categories and 1000 suppliers had been rolled out.

WALMART IN BANGLADESH

Walmart had been in Bangladesh for more than two decades when the accidents at the Tazreen factory and the Rana Plaza building occurred. It was one of the major importers from the Bangladesh garment industry. On an average, Walmart bought more than US\$1 billion worth of garments annually from Bangladesh.³⁷

After the accidents at Rana Plaza and Tazreen, Walmart initiated ALLIANCE for Bangladesh Worker Safety. With the help of technical experts, ALLIANCE developed a common fire safety and structural integrity standard which was based on the Bangladesh National Building Code. Walmart later focused on regular inspections and the implementing of minimum safety requirements as required by ALLIANCE.

In May 2014, Walmart announced that it would conduct in depth safety inspections at all the factories from which it procured goods. It said it would conduct an audit of 279 factories, after which the workers there would be assured of safe working conditions.³⁸ (Refer to Table III for the details of safety inspections that Walmart conducted).

Table III

Safety Inspections Conducted by Walmart
<ul style="list-style-type: none"> • Thermal circuit imaging to determine the temperature profile of the factory electrical system and analysis for possible faults and fire risks. • A review of system compliance with both local legislation and global standards (NFPA 70- standard for electrical safety in workplaces). • Measurement of circuit parameters including voltage, current, insulation, and leakage to identify system performance and existing or upcoming risks, as well as a review of circuit load in relation to system protections to identify the degree of protection against overload and hotspots/sparks. • Confirmation of approved building design and verification of civil design compared to major dimensions of existing building construction; a review of building utilization as per permits and as utilized; reviews of compliance with local legislation; review of routes of egress, fire detection systems and response elements, including sprinkler systems and fire mains. • Visual inspection of building for indications of structural distress. • Review of building use as compared to conditions established in fire certificate for the building.

Source: www.news.walmart.com

If any of the facilities were found unsafe, Walmart decided to stop production at those facilities. It also notified the owners and government authorities about the improvements needed.

Walmart also entered into an agreement with Bureau Veritas to provide fire safety training to every worker in every factory in Bangladesh from where it sourced goods. Besides, it decided

³⁷ Brian Ross, Matthew Mosk, Cindy Gally, "Labor Activist asks Wal-Mart to Protect Her," www.abcnews.go.com, March 23, 2012.

³⁸ "Walmart Announces Plan to Raise Inspection Standards and Provide Full Transparency on Safety Conditions at All Factories in its Bangladesh Supply Chain," www.news.walmart.com, May 14, 2013.

to partner with Labor Voices, a company that communicated with the workers directly and understood their concerns. The company was of the view that this would enable it to gain insights that would help it provide better safety measures and also to empower workers in the factories. This initiative was introduced at all the 279 factories in Bangladesh.

In 2013, Walmart donated US\$1.6 million to build Environmental Health & Safety Academy³⁹ in Bangladesh⁴⁰. In March 2014, Walmart⁴¹ donated US\$3 million to BRAC, a leading NGO in Bangladesh, to continue humanitarian aid and support for workers. In July 2014, it published reports of four successful audits of the factories it had been directly working with. The report further claimed that all the workers working in factories had undergone safety training.

WHO IS RESPONSIBLE?

Walmart published reports on how successful the company had been in converting itself into a sustainable one since 2007. The company boasted of its initiatives like sustainability goals and the Sustainability Index. However, some analysts opined that at the ground level, Walmart remained reluctant to invest money in areas which would benefit all the stakeholders in the long run.

Before these accidents occurred, a meeting was held in April 2011 in Dhaka which was attended by global retailers, Bangladeshi factory owners, government officials, and non government organizations. At that time, the retailers discussed a memorandum that would make them pay high prices to cover for safety improvements in Bangladesh factories. Sridevi Kalavakolanu, Walmart director for ethical sourcing, said that the proposed improvements safety measures would involve as many as 4,500 factories and would be extensive and a costly modification. "It is not financially feasible for the brands to make such investments,"⁴² she said. Similar opinions were expressed by several other global retailers.

However, an analysis done by some organizations showed that meeting the financial cost wasn't a problem. Workers Rights Consortium, an independent labor rights monitoring group, estimated that to elevate Bangladesh's more than 4500 factories, it would cost \$600,000 on an average and a total of US\$3 billion. And if the total of US\$3 billion was spread over 5 years, it would be an addition of less than 10 cents to the factory price of each of the 7 billion garments that Bangladesh sold each year to the western brands. If the factory owner passed on the cost to the retailer and the retailer passed it on to the consumer, it would add only 25 cents to the buyer per item⁴³.

Walmart initially denied any involvement in the Tazreen factory or the Rana Plaza. According to the management, the company was not directly involved in procuring garments from these factories. Therefore, it was not responsible for the incident and was not liable to pay any compensation. An inspection conducted for a supplier to Walmart in 2011 found serious fire safety concerns in Tazreen. A production report dated September, 2012 recovered from the Tazreen factory by a Bangladeshi labor organizer showed that 5 of the 14 production lines were involved directly in production for Walmart.⁴⁴

The documents recovered from the rubble of Rana Plaza also showed that Walmart had placed orders with the factories located there, despite the poor state of the building and the deplorable working conditions. Once the details surfaced, Walmart fired the Canada-based supplier who supplied Fame Jeans, which were made in Rana Plaza. Walmart also reiterated that it took products made there a year before that, and that its suppliers had an obligation to disclose the details of the factories where the products supplied to Walmart were made. The

³⁹ The academy, built by the Institute for Sustainable Communities, offered training courses on fire safety, health and workplace safety.

⁴⁰ "Walmart Donates 1.6 million for Bangladesh," www.fashionunited.co.uk, April 11, 2013.

⁴¹ Walmart along with its British subsidiary Asda contributed the amount.

⁴² Steven Greenhouse and Jim Yardley, "As Walmart Makes Safety Vows it is Seen as Obstacle to Change," www.nytimes.com, December 29, 2012.

⁴³ "How to fix Bangladesh's Factories," www.businessweek.com, May 02, 2013

⁴⁴ Steven Greenhouse, "Documents Indicate Walmart Blocked Safety Push in Bangladesh," www.nytimes.com, December 05, 2012.

company also said that in both the incidents, the suppliers had subcontracted the work to the factories without authorization, which was in direct violation of its policies. According to Rajan Kamalanathan, Walmart's vice president for ethical sourcing, "There was no production for Walmart in Rana Plaza at the time of the tragedy. The Walmart-related production at Tazreen was unauthorized."⁴⁵

Walmart's approach was in stark contrast to the European retailers who were quick to involve themselves in generating funds for the rehabilitation of the victims. European brands like Primark, Loblaw, Benetton, El Corte Ingles, and C&A provided emergency food assistance to the victims and short term financial aid and began working to set up a compensation fund. Primark paid salaries for all the people who had worked in the factories where its garments were made, and even to the families of those who had lost their lives in the accident.

Many eminent people concerned about the poor working condition in the garment factories, expressed anger over Walmart denying any kind of responsibility. Kalpana Akhtar, executive director of Bangladesh Center for Worker Solidarity, said, "The Walmart system of audits and inspections is not improving the factory safety conditions here in Bangladesh. They maintain this system to enable them to keep their hands clean and deny responsibility."⁴⁶

However, according to Walmart, it was doing enough to prevent factory fires, "Walmart had been advocating for improved fire safety with the Bangladeshi government, with industry and other groups, we firmly believe factory owners must meet our supplier standards, and we recognize the cost of meetings those standards will be part of the cost of the goods we buy. We know our customers expect this of us and our suppliers,"⁴⁷ said Kevin Gardner, a Walmart spokesman.

Walmart's refusal to be a part of ACCORD also came under fire. Experts said that Walmart and some of the other retailers did not become a part of the initiative as it was a legally binding commitment that held multinational corporations responsible for safety violations. As per the provisions of ACCORD, companies were required to safeguard workers' physical and economic security, and also assist suppliers in financing and implementing safety measures. Others also said that by joining ACCORD, Walmart would have to empower workers not only in Bangladesh but also in other third world countries, who would then start demanding basic rights.

An investigation by Al Jazeera, 'Made in Bangladesh, Fault Lines', filmed the interview of many injured in the Tazreen factory fire and people from the garment industry in Bangladesh⁴⁸. The report showed that the injured and the family members of the dead were denied of any compensation. The interviews of some critical persons, agents involved in the subcontracting method, showed how Walmart had been aware of the factories even outside the registered list and that they were exposed to dangers. The video also showed the prevalence of child labor in the garment industry, a much debated topic.

Richard Locke, a factory monitoring expert at the Massachusetts Institute of Technology, questioned Wal-Mart's approach. He said, "If Walmart was serious about trying to improve safety then the retailers need to contribute to financing safety requirements."⁴⁹ Adding to the criticism, Professor O'Rourke of Berkeley said, "It is disingenuous for a company to blame the local government for not doing its job, when the company knows very well that part of the

⁴⁵ Steven Greenhouse, "US Retailers Decline to Aid Factory Victims in Bangladesh," www.nytimes.com, November 22, 2013.

⁴⁶ SuzzaneKapner and BimanMukherji, "Before Dhaka Collapse, Some Firms Fled Risk," online.wsj.com, May 08, 2013

⁴⁷ SuzzaneKapner and BimanMukherji, "Before Dhaka Collapse, Some Firms Fled Risk," online.wsj.com, May 08, 2013

⁴⁸ "Made in Bangladesh: Fault Lines," Al Jazeera, www.aljazeera.com, August 26, 2013.

⁴⁹ Steven Greenhouse, Jim Yardley, "As Walmart Makes Safety Vows it is seen as Obstacle to Change," www.nytimes.com, December 29, 2012.

reason there are so many factories in this country is that local labor laws and other laws are not enforced and production costs are lower because of that.”⁵⁰

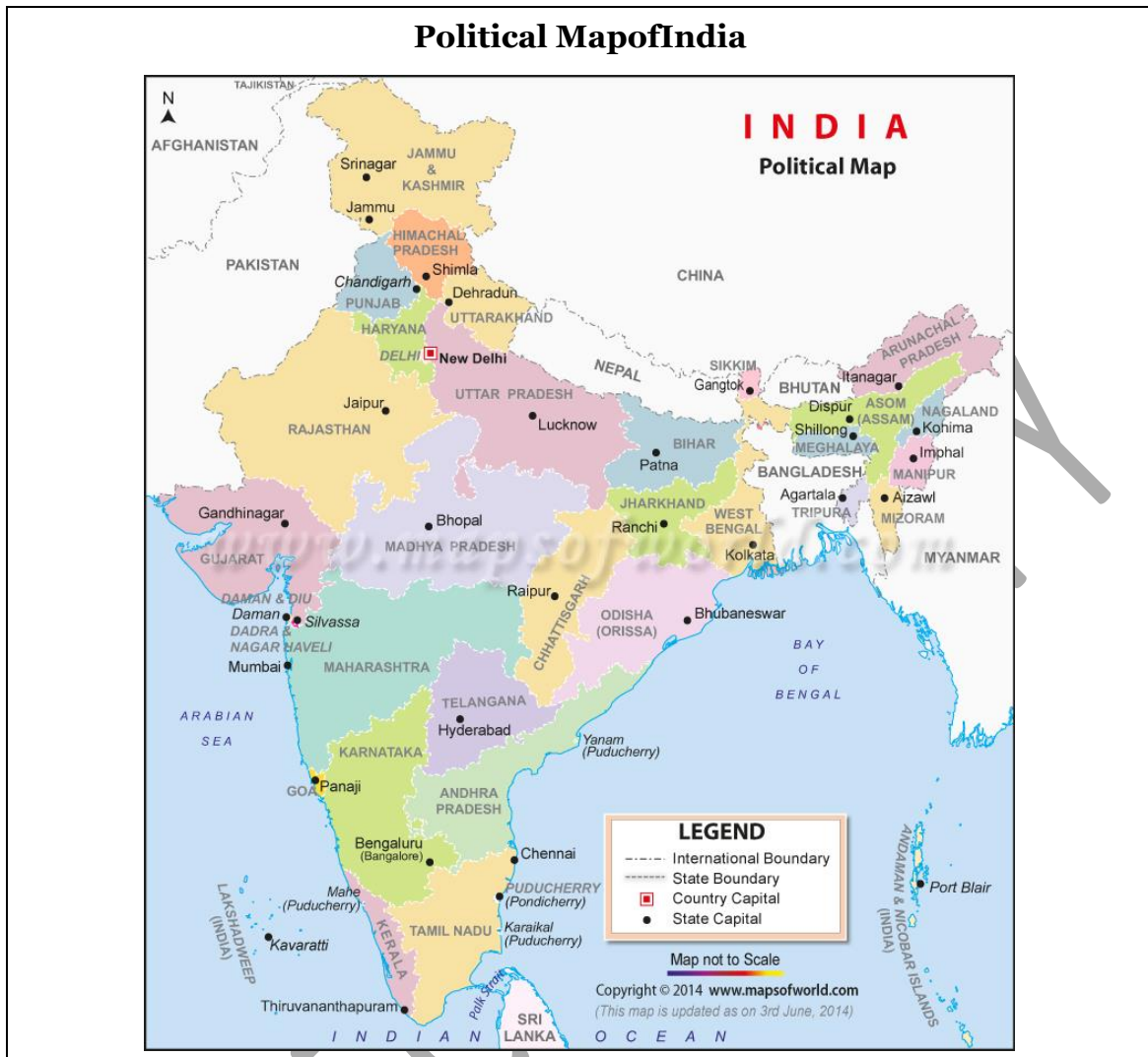
Some industry experts also wondered to what extent corporate should be held responsible for such disasters. Even as the debate continued on who should be held responsible for the accidents, the workers in the garment industry or the so called sweatshops lived in constant fear of the another Rana Plaza-like collapse.

The grave situation that existed in the RMG industry of Bangladesh probably needed more attention from multinationals, government and manufactures. Bangladesh remained a profitable business place for Walmart and many people in the country are dependent on the RMG industry. At the same time more incidents like the collapse of Rana Plaza and factory fire at Tazreen, where Walmart's garments were being made, could dent its image as an ethical company. In such a situation, is it time for the global procurement personnel at Walmart to take a relook at their sourcing practices in Bangladesh?

⁵⁰ Steven Greenhouse and Jim Yardley, “As Walmart makes Safety Vows it is seen as Obstacle to Change,” www.nytimes.com, December 29, 2012.

Exhibit I

Political Map of India



Source: www.indianhighcommission.com

Bangladesh and Pakistan are on two sides of India.

Exhibit II

Chapter VI of Bangladesh Labor Law 2006

Safety of building and machinery :

1. If it appears to the Inspector that any building or part of a building or any part of the ways, machinery, or plant in an establishment is in such a condition that it is dangerous to human life or safety, he may serve on the employer of the establishment an order in writing specifying the measures which, in his opinion, should be adopted, and requiring them to be carried out before a specified date.
2. If it appears to the Inspector that the use of any building or part of a building or of any part of the ways, machinery, or plant in the establishment involves imminent danger to human life or safety, he may serve on the employer of the establishment an order in writing prohibiting its use until it has been properly repaired or altered.

Precaution in case of fire :

1. Every establishment shall be provided with at least one alternative connection stairway with each floor and such means of escape in case of fire and fire-fighting apparatus, as may be prescribed by rules.
2. If it appears to the inspector that any establishment is not provided with the means of escape prescribed under sub-section (1) he may serve on the employer of the establishment an order in writing specifying the measures which in his opinion, should be adopted before a date specified in the order.
3. In every establishment the doors affording exit from any room shall not be locked or fastened so that they can be easily and immediately opened from inside while any person is within the room and all such doors, unless they are of the sliding type, shall be constructed to open outwards or where the door is between two rooms, and all such doors, unless they are of the sliding type, shall be constructed to open outwards or where the door is between two rooms, in the direction of the nearest exit from the building and no such door shall be locked or obstructed while work is being carried on in the room
4. In every establishment, every window, or other exit affording means of escape in case of fire, other than the means of exit in ordinary use, shall be distinctively marked in Bangla and in red letters of adequate size or by some other effective and clearly understood sign.
5. In every establishment, every window, door, or other exit affording means of escape in case of fire to every person employed therein.
6. A free passage-way giving access to each means of escape in case of fire shall be maintained for the use of all workers in every room of the establishment.
7. In every establishment wherein more than ten workers are ordinarily employed in any place above the ground floor, or explosive or highly inflammable materials are used or stored, effective measures shall be taken to ensure that all the workers are familiar with the means of escape in case of fire and have been adequately trained in the routine to be followed in such case.
8. Factories wherein fifty or more workers and employees are employed shall arrange at least once in a year a mock fire-fighting and the employer shall maintain a book of records in this regard.

**This is not exhaustive*

Source: www.vivhaan.com

Exhibit III

About ACCORD

The ACCORD: a legally binding agreement between international trade unions IndustriALL and UNI Global, Bangladesh trade unions, and international brands and retailers (Companies). International NGOs, including the Clean Clothes Campaign and the Workers' Rights Consortium, International Labor Rights Forum and Maquila Solidarity Network are witnesses to the agreement. The International Labor Organization (ILO) acts as the independent chair.

The aim of the ACCORD is the implementation of a program for reasonable health and safety measures to ensure a safe and sustainable Bangladeshi Ready Made Garment industry for a period of five years. Over 180 international brands and retailers have signed the ACCORD.

As signatories to the ACCORD, companies will each contribute an equitable share of the funding required, up to a maximum contribution of \$500,000 per annum. Companies from Australia, Austria, Belgium, Canada, Denmark, Finland, Germany, Hong Kong, Italy, the Netherlands, Norway, Japan, Spain, Poland, Sri Lanka, Sweden, Turkey, Switzerland, the UK, and even some companies from the USA are a part of ACCORD.

Under the ACCORD, companies are responsible for ensuring sufficient funds are available to pay for structural repairs or renovations. This includes negotiating commercial terms with suppliers to ensure that it is financially feasible for factories to maintain safe workplaces and comply with any structural repairs or safety improvements, and where appropriate, use alternative means such as joint investments, loans, and accessing donor or government support.

Independent inspections of a first batch of 10 factories started in November 2013. In addition, some companies conducted their own inspections and information from these was incorporated into the work of the ACCORD where appropriate.

For the initial inspections, the ACCORD contracted international engineering firms: Woosun (electrical); Hughes (fire), and Arup & WSP (structural). Additionally, the ACCORD Chief Safety Inspector planned to recruit a team of more than 25 permanent Bangladeshi ACCORD staff engineers.

Where a building or structure was found to pose an immediate threat to worker safety, the ACCORD recommended that the building be temporarily evacuated until such time that more in-depth tests were conducted, substantial weight and load was removed from the building, and/or immediate strengthening measures were completed. In such cases, the ACCORD requested that the Review Panel, established through the Ministry of Labor and Employment led National Plan of Action, be convened. The Review Panel was established for inspections which led to determining whether a building evacuation or suspension to operations was required.

Workers were notified and continued to receive salary payments while the building was repaired to standard. If the factory owner refused to suspend manufacturing, company members of the ACCORD were obligated to withdraw their business. Where this resulted in termination of workers' jobs, the companies made reasonable efforts to ensure these workers were offered preferential hiring for employment through other factories that supplied to them.

Source: www.bangladeshaccord.org

Exhibit IV**About ALLIANCE**

The Alliance for Bangladesh Worker Safety was founded by a group of North American apparel companies and retailers and brands who joined together to develop and launch the Bangladesh Worker Safety Initiative, a binding, five-year undertaking that would be transparent, results-oriented, measurable, and verifiable with the intention of improving safety in the Bangladeshi ready-made garment (RMG) factories. Collectively, these Alliance members represented the overwhelming majority of North American imports of RMG from Bangladesh, produced at more than 580 factories. Most of the companies forming a part of the Alliance were from the USA.

Alliance was committed to improving the fire safety and structural integrity of RMG factories in Bangladesh—and the overall safety of workers. It committed itself to conducting factory safety assessments in 100% of Bangladeshi RMG factories producing for its members. These assessments, conducted by qualified independent engineers, provided factory owners with a technical understanding of the fire safety and structural concerns related to their facilities, and prompt action plans that aimed to systematically and sustainably improve safety conditions for garment workers.

Assessments were conducted using the Alliance's Fire Safety and Structural Integrity Standard, developed collaboratively by a group of technical experts from the Alliance for Bangladesh Worker Safety and the Bangladesh Accord on Fire and Building Safety. It covered fire and electrical safety and structural integrity requirements, and was harmonized with the standards used by the National Tripartite Committee and the Accord on Fire and Building Safety in Bangladesh.

The Alliance Assessment Protocols for Initial Fire Safety and Structural Integrity for Existing Factories were drafted to provide clear guidance and technical requirements for how assessments should be conducted and findings reported, and by whom. The Assessment Protocols defined the scope and duration of assessments, the assessment and reporting requirements, and the process, involvement of workers and unions throughout the process, and procedures for responding to severe safety risks that may be found.

Source: www.bangladeshworkersafety.org

Exhibit V
Fortune Global 500 – Largest Companies in the World

Rank	Company	Country	Revenue (US\$ Million)
1	Wal-Mart Stores	USA	476,294
2	Royal Dutch Shell	UK / the Netherlands	459,599
3	Sinopec Group	China	457,201
4	China National Petroleum	China	432,007
5	Exxon Mobil	USA	407,666
6	BP	UK	396,217
7	State Grid	China	333,386
8	Volkswagen	Germany	261,539
9	Toyota Motor	Japan	256,454
10	Glencore	Switzerland	232,694
11	Total	France	227,882
12	Chevron	USA	220,356
13	Samsung Electronics	South Korea	208,938
14	Berkshire Hathaway	USA	182,150
15	Apple	USA	170,910
16	AXA	France	165,893
17	Gazprom	Russia	165,016
18	E.ON	Germany	162,560
19	Phillips 66	USA	161,175
20	Daimler	Germany	156,628

Source: Fortune

Exhibit VI
Walmart – Three Year Financial Summary

Year ending January 31 (in US\$ million)	2014	2013	2012
Revenues			
Net Sales	473,076	465,604	443,416
Membership and other income	3,218	3,047	3,093
Total Revenues	476,294	468,651	446,509
Costs and Expenses			
Cost of Sales	358,069	352,297	334,993
Operating, selling, General and admn expenses	91,353	88,629	85,025
Operating Income	26,872	27,725	26,491
Interest			
Debt	2,072	1,977	2,034
Capital leases	263	272	286
interest income	(119)	(186)	(161)
Interest Net	2,216	2,063	2,159
Income from continuing operations before taxes	24,656	25,662	24,332
Provision for Income Taxes			
Current	8,619	7,976	6,722
Deferred	(514)	(18)	1,202
Total provision for income Taxes	8,105	7,958	7,924
Income from continuing operations	16,551	17,704	16,408
Income from discontinued operation net of taxes	144	52	(21)
Consolidated Net Income	16,695	17,756	16,387
Less income attributable to noncontrolling interest	(673)	(757)	(688)
Consolidated Net Income attributable to Walmart	16,022	16,999	15,699

Source: Annual Report, Walmart, 2014.

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