

Organizational structure



Organizational Structure of Wal-Mart Stores, Inc. Wal-Mart's organizational structure is comprised of "corporate functions, international business units and operations" (The Official Board, 2011, n. pag.). The company uses a complex matrix organizational design resulting from its rapid growth not only as a retailer but as a supplier and financial services provider. The matrix structure attempts to maximize its gains from imitating and it is well suited for larger multinational corporations such as Wal-Mart Stores, Inc. Its product divisional specialization is a result of its international expansion while its functional structure allows for the reduction of costs, that is, as a way to maintain its "cost leadership in each of its three segments" (Hitt et al., 2009, p. 317). The firm's cost leadership strategy has played an important role in its worldwide success as a mass retailer.

Corporate Functions Wal-Mart adopts the separation of roles between the CEO and the Chairman of the Board. Under the board of directors come corporate functions specifically for finance; governance; human resources; legal affairs; replenishment, pricing, and planning; and global logistics. These are highly centralized functions that provide support to all business units and operations.

Business Units Wal-Mart has three global business units: "Sam's Club, Wal-Mart US; and Wal-Mart International" (Wal-Mart, 2009, n. pag.). Under these business units are corresponding functional divisions such as the marketing, administration, merchandising, logistics, etc. Sam's Club is a supplier for small retailers requiring a form of membership to avail of Wal-Mart's promotions and other services. In the United States, Wal-Mart operates "discount stores, supercenters, and neighborhood markets" (Wal-Mart, 2009, n. pag.). (Wal-Mart International is discussed below.)

Worldwide Operations Through Wal-Mart International, the firm operates in different geographical

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areas particularly in Asia, Latin America, the United Kingdom, North and South Americas. Each operating area has a President and CEO who reports to the senior management of Wal-Mart International.

Matrix vs Divisional vs Functional: Comparison and Contrast

The matrix structure is a combination of mechanisms employed in functional and divisional structures. Therefore, the matrix structure is similar with functional and divisional structures to the extent the latter exploits both corresponding mechanisms. In a functional structure, the managing and work forces “ focus on quality and technical expertise’ whereas in a divisional structure, they “ focus more on costs and especially, schedule” (White, 2001, pp. 1-2). In a matrix management, there is an equilibrium stance. Thus, the matrix structure “ incorporates elements of both functional and divisional structures, yet in the end it operates like neither” (Fontaine, 2007, p. 14). The matrix design enables the firm to simplify the coordination among its divisions. Aside from that, “ it promotes flexibility in designing products and responding to customer needs” (Hitt et al., 2009, p. 328). With increasing complexity follows an increasing number of disadvantages. The matrix structure has its own share of drawbacks such as the need to “ increased communications and resource negotiations between project managers and functional managers” (White, 2001, p. 2) which both functional and divisional structures are not attributed to. Yet regardless of anything, the form and substance of an organizational structure must depend on the characteristics of a firm (small- to medium-sized business may not find the matrix structure a necessity). Competing firms may have entirely different organizational structures.

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