

# Walmart corporation research paper examples

[Business](#), [Company](#)



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## **Business-Level and Corporate-Level Strategies**

Business-Level and Corporate-Level Strategies

Introduction

Success in business organization is determined by several issues, which if not well considered by the management and the stakeholders of the organization may affect the performance of the organization negatively.

Management is considered as the fundamental aspect that drives the operations of a firm and determines the performance of the firm. It is responsible for majority of the operations that take place, with inclusion of controlling, supervising and monitoring of business operations and practices.

The internal and external environment of a business also contributes immensely to the performance of an organization considering the fact that they affect the organization directly and indirectly. They determine the

proficiency and competence of an organization, as they include the micro- and the macro-environmental factors (Hitt, Ireland, & Hoskisson, 2012). These factors include business issues such as the political, social, technological and the financial status of an organization among others like the legal structure and the corporate environments (Hightower, 2002). This paper aims at investigating and analyzing the business-level strategies of Walmart Corporation, its corporate-level strategies and its competitive environment, drawing comparison from its competitors and making recommendation on the appropriate strategies to be applied by the corporation to gain the competitive advantage. In achieving this, the paper first analyzes the overview environmental issues affecting the company, its current position in the world market with respect to its industry and then the operational strategies that influences the performance of the organization.

This is the largest American multinational retail corporation under the retail industries which runs several chains of large discount departmental warehouses. It is the largest private employer in the world with more than two million employees, an indication that the corporation makes billions of profits and consequently, this is an illustration of the efficiency and effectiveness in the company's operations and practices. Founded by Sam Walton, the company was incorporated in 1969 and publicly traded on the New York Stock Exchange in 1972. Walmart has approximately 8, 500 stores in about 15 countries and using around 55 different names. Its primary competitors include departmental stores such as Target Corporation, Kmart, and Hart the Real Canadian Supermarket among others such as Giant Tiger and Mexico's Commercial Mexicana and Soriana. The Corporation also faces

stiff competition from foreign markets.

The overall environment of Walmart Corporation can be summarized with respect to its economy in the sense that despite the general weakness of the global economy and the uncertain business environment that prevailed, the company has reported a rise in its sales of about 11% which is approximately 6.4 billion dollars. Considering the social-cultural aspect, Walmart stores were geared towards the low-income customer segment and the fact that the company is a discount retail shop suffices to show that it targets low income earners. The company is homogenizing the marketplace by allowing smaller markets dictate popular culture. On the aspect of technology, the corporation was the leader in integration of technology in its operations and activities so as to maximize its operational efficiency (Sandra & Roy, 1997). The company had realized the value of proactive investments in technology and deployed private satellite network. Technology has however played a great role in advertising and increasing sales for the company.

Mulling over the aspect of political and legal issues, the company has been accused of discriminating women and giving them fewer positions in the executive and managerial jobs. The company has gone against the labour law and this has affected its operation in the sense that the company's reputation had been rebuked.

## **Business-Level Strategy of Walmart Corporation**

Business-level strategy may be a division or product line that can be planned independently from other business units of the firm. It is less concerned with coordination of operating units but more focused on how to develop and sustain the competitive advantage for the goods and services that an

organization offers. Some of the business-level strategies that are evident in Walmart Corporation include:

- Cost leadership- This is a strategy that incorporates various issues affecting the firm such as firm infrastructure which is highly concerned with the cost-effective management information systems and little managerial layers as it is more focused on the cost of production and operation (Hitt, Ireland, & Hoskisson, 2012). It also entails the human resource management which has consistent policies that reduce the turn-over cost and allow for effective training programs that are cost-controlled. It incorporates the procurement, whereby, with defined systems and procedures that are aimed at lowering the cost at an acceptable quality, products and materials are able to be supplied and distributed to respective stores with less cost.

- Differentiation- in this business-level strategy, the firm infrastructure is highly developed with information systems that are better in providing customers with information about the products the company is offering before they make their final decision on what to purchase. The human resource management has compensation programs that are intended to encourage employees to be creative and productive and offers superior personnel training to enable them achieve the organization's objectives. The technology development in the strategy focuses on research and investments of technologies which allow the firm to make high profits through product differentiation. The procurement has systems and procedures that define highest quality raw materials and high quality replacement segments.

- Focused Cost Leadership which is just the modification of the cost

leadership type of business level strategy.

- Focused Differentiation is the modification of the differentiation type of business-level strategy.

According to the analysis done on the current position of Walmart Corporation, Differentiation is the best business level that the company need to employ in its operation in the sense that it targets at making the products unique to attract the attention of the customers. This is because differentiation aims at making the products that are offered by the competitors look better both in appearance and quality (Hitt, Ireland, & Hoskisson, 2012). In addition, through the technology integration, customers are able to access the products offered by Walmart Corporation through the internet, televisions and magazines thereby gaining the competitive advantage (Charles, 2006).

## **Corporate-Level Strategy of Walmart Corporation**

Corporate-level strategy is basically concerned with the selection of businesses in which organizations should compete and with consideration of the development and coordination structure of the business. It is greatly concerned with how the business reaches the customers, the competitive contrast, managing practices and management practices that are integrated in business operations (Nelson, 2009). Some of the corporate-level strategies that are observed in Walmart Corporation are such as;

- Vertical Complementary Strategic Alliance, which is formed by firms which agree to apply their skills and potentials in differing stages of value chain to develop value of both organizations.

- Horizontal Complementary Strategic Alliance, which is formed by

organizations which agree to join their resources and skills to develop value in the same value chain. The focus is long-term product or goods development and distribution opportunities. In addition, the participating companies may become competitors and hence, a great deal of trust is required from both parties.

- Competitive Response Strategy, which takes place when firms come together to respond to a strategic action evident in another competitor. They are generally formed to respond to strategic instead of tactical actions.

- Uncertainty-Reduced Strategy, which is used to dodge against risk and ambiguity. These are alliances that are mostly seen in fast-cycle markets and they may be formed to reduce the ambiguity connected with developing new products or technology standards.

- Competition-Reducing Strategy, which is formed to dodge destructive and excessive competition. Organizations form such a corporate level strategy when one or more organizations are putting them down the market when dealing with the same nature of products or services.

Generally, competition response strategy is the best strategy for Walmart considering the fact that some stores and retails departments are working together to get it out of the market. The stakeholders of Walmart may consider engaging in partnership with another store to outdo other competitors out of the market (Hitt, Ireland, & Hoskisson, 2012).

## **Walmart Competitor Environment Analysis**

The competitor environment for the company is considered to be favouring following the claim that though some of the upstart chains like Dollar General were driving up to nip them off by claiming that customers lost

inside the Cavernous Stores and that customers would be shopping at the Dollar General which was smaller and offered products at lower price did not affect the performance of the company. The competitors of Walmart such as Carrefour and Metro, which are emerging in the market, have attempted to shut down the company, but instead of this happening, they are strengthening the company and bringing it in better positions than before. The major threat that the company faces that can be considered to affect its operations and lower its sales due to bad reputations are the pending lawsuits filed by disgruntled employees who want compensation. It has been observed that the company is facing more experienced competitors who seem to work together to put down Walmart Corporation. It is therefore advised that Walmart Corporation be watchful and vigilant in order to maintain their position in the top of the retailing industry globally (Hitt, Ireland, & Hoskisson, 2012).

### **Main Competencies and Competitive Advantage for the company**

The company has valuable capabilities in the sense that it has the capacity to neutralize threats and exploit the opportunities that arise in its line of operation. This has greatly facilitated to its continuous high sales which have seen it through in the retailing industry. The Corporation also has rare capabilities that are not possessed by many retail stores. It is the concept that volume and inventory-turn velocity were defining components of competitive advantage in the discount retail trade. This is the concept that the company has been using in its operation to beat its competitors and manage high sales, leading to its current size, popularity and quality services



and products provision.

One of the greatest competitors of the company is Dollar General, which is a small store working in the same line with Walmart Corporation (Hitt, Ireland, & Hoskisson, 2012). Dollar General offers products at lower prices in the market in attempt to win more customers than Walmart, and this in some way has affected the performance of Walmart considering the fact that some customers tend to run for the cheaper goods and services without taking into consideration the aspect of quality of products and services offered to them (Paul, & Hayagreeva, 2007).

Comparing the opportunities and threats between the two corporations and the strategies they apply to undo the threats and exploit the opportunities, it can be said that Walmart has less threats than Dollar General due to its large size and popularity. It is true that Dollar general can outdo Walmart in some branches, but the fact that Walmart offers better services and is able to exploit its opportunities better than its competitor suffices to show that Walmart is likely to be successful in the long-term. This is justified by the argument that there are many stores that have been working together to beat Walmart but the company stands still in the market regardless of the threats and weaknesses that are evident in the company (Hitt, Ireland, & Hoskisson, 2012).

## **Conclusion**

The choice of Walmart Corporation as the firm that would be successful in the long term may differ in slow-cycle and fast-cycle markets. This is because in case there are various uncertainties and unpredictable risk in the line to which the company is dealing with, it might be forced to collaborate

or form a joint partnership with other companies suffering the same challenges to outdo them. This is in line with the fast-cycle market. On the other hand, the Walmart will stand still regardless of the competition subjected to them from other competitors due to the quality of products and services that the company offers.

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