

Third parties: the wal- mart chain or retail store

Law



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This case study involves the scandal affecting one of the most successful companies in the world, The Wal-Mart chain or retail store. The company involved itself in a massive bribery scandal that involves even the highest levels of management in the organization. This revelation of this scandal would lead to a poor reputation of the company to its customers and stakeholders, as well as, to apprehension and firing of numerous members of the executive. The scandal involved the company's branch in Mexico, which hosts 1/5 of its stores worldwide. Wal-Mart de Mexico bribed the officials of the Mexican government systematically over the years in order to win permission for their quick and massive expansion through the Mexican market. These bribes, totaling to 24 million dollars, facilitated quick opening of new stores by the company vastly in such a way that would be impossible had the company opted for strict adherence to Mexican laws.

This is an accounting fraud, and the management of the company tried to cover it up. In fact, the company took the manager of Mexican stores, one Mr. Eduardo Castro-Wright, to become the vice president of the head Quarters branch in the United States, as a promotion for the exemplary work he performed in Mexico by expanding the stores much faster, which was mainly during the scandal period. In fact, the company did not make any investigations over the scandal, until one Sergio Cicero Zapata, came out in the open and conducted a fifteen-hour on-the-record interview with the New York Times. The publication on the New York Times, implicating various senior managers of the firm over the scandal, is what prompted the store to commence investigations on the scandal, which was a violation of the United States laws, such as the " Foreign Corrupt Practices Act."

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As such, there was no much involvement of third parties in this scandal, as the executive team wanted of the company wanted to cover it up in order to protect the image of the company. This is evident through the appointment of the then CEO of Wal mart de Mexico as the vice president of Wal mart global instead of opening legal proceedings against him. The company began investigations into the scandal when it heard of its existence, especially because the Mexican branch was hiding the bribery acts from the headquarters, but shut it down systematically after realizing its existence, and the violation of both Mexican and US laws. Consequently, this also shut down the involvement of any other outsiders and their implication in this scandal. There was no mention of the people involved in this accounting fraud, both in the Mexican government and in the Wal-mart executive team, and were it not for the bitterness of Sergio that led him to confession, after being by-passed for a promotion in the company, none of this information would see the light of day.

Wal mart has strict ethical standards to uphold in undertaking its financial practices, and these terms direct payments to government officials in return for favors as an accounting fraud. The expose by New York Times aroused a new investigation into the matter, and this would most assuredly implicate the current vice chairperson of the company. Mr. Eduardo Castro-Wright, as well as, the current CEO of the company, Mr. Michael Duke, both stand to lose their positions in the company if found guilty of the charges leveled against them (Blodget, 2012).

References

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