

# Research paper on principles of management applied research

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



## INTRODUCTION

Wal-Mart Stores Inc., the world's largest retailer, is possibly the most controversial business in America. According to Duke University professor Gereffi (2006), Wal-Mart is a model for all businesses in all industries. With over \$375, 000 billion in sales for its 2008 fiscal year and approximately 1. 7 million employees worldwide (of these, 1. 3 million are U. S. employees), proves Wal-Mart one of the largest companies in the world. Wal-Mart, based in Bentonville, Arkansas, has capitalized technology and trade agreements (e. g., between the U. S. and China) to move to more global operations in its quest for greater profits. In general, Wal-Mart symbolizes the corporate role in the said contemporary globalization.

“ Capital isn't scarce; vision is.” Those are the words of Sam Walton, Founder of Wal-Mart. His dream of owning a store, in such a way enabled him grow personally – that the dream itself grew into something beyond his or anyone else's wildest dream (Soderquist, 2005). Wal-Mart was built on (and maintains) an exciting vision of what it could become, which was not based on financial goals, but on serving others. One would think that a company the size of Wal-Mart, who services and employs so many Americans, would have a mission statement much more broad and inspiring than “ People saving money, living a better life.” This creates a sustainable and unique company culture based on core values and beliefs that have been woven into the very fabric of the company.

From the very beginning, Wal-Mart invested and continues to invest significant capital in the practical application of technology. This has increased returns since it ties all system development and implementation into the most vital business functions – customer satisfaction. This quest for excellence is kept up by the genuine commitment and emphasis on customer satisfaction by all associates. As the Chief Operational Officer, remarks “ it is a core belief that every associate is vital to the success of the company, which is why so many of our best ideas and practices have been forged in the front line of our stores.” Wal-Mart thrives on execution, on making things happen, on a can-do attitude. Moreover, it encourages a passion for excellence in every area of its business operation.

However, one would also think that with the sheer magnitude of influence that such a company has throughout not just our country but the world, they would not be so secretive about how they conduct business. Outsourcing jobs to foreign countries and poor treatment of its own American employees are just some of the things that concern Americans about a corporation that is like the moon; can cause ebbs and flows of economies, jobs and can create poverty like the tides of an ocean. It is an outcome that has seen Wal-Mart aggressively expanding from its humble southern U. S. beginnings to establishing a strong retail presence in other countries (Fishman, 2006).

Wal-Mart’s mode of operation has become commonplace. According to critics these actions exemplify the tendency of globalization to create both domestic and global problems. This has shaped debate over the relationships between corporations and their stakeholders. Therefore, this research will

look at the success of Wal-Mart and its effect on both domestic and global markets.

## **BODY**

### a) Diversity Management

Wal-Mart is known as one of the largest private employers in the U. S. However, women make up less than 10 percent of top-store managers, even though they account for more than 67 percent of all employees. Wal-Mart insists that it adequately trains and promotes women, but in 2001 a Wal-Mart executive conducted an internal study that showed the company paid female store managers less than men in the same position (Ferrell et al., 2009). Moreover, in January 2000, Wal-Mart agreed to pay two deaf applicants, only to deny them because of their disabilities. This invisible barrier of not letting and preventing women and minorities to move up in the organizational hierarchy is outstanding. For instance, with recent developments about women being discriminated against by the company and getting paid less than men is a perfect example of Wal-Mart saying one thing and doing another.

### b) Ethical, Social, and Legal Responsibilities

Wal-Mart has a number of ethical standards offices throughout the world, not surprisingly most of them are in Asia and Central America and conducts inspections on the factories of the companies with whom they do business. With that being said, in terms of profit maximization, trusteeship management, and social involvement, at the forefront they appear to do

these things for social reason. Nevertheless, when it comes to economic reasons they do not care about what, when and how, as long as they " finish" or " accomplish" their goals. Same thing with legal responsibilities, they present all the corporate, tax, intellectual property, commercial and licensing laws but when we talk about ethics of the company; unfortunately, it is sad to say but it is not the best way. As an ex-employee of Sam's Club I can say their decision making skills are very poor, they need a lot of push in their management area. Wal-Mart - Sam's Club can say that they are one of the best corporations and have known how to develop every single detail for the best, not only for the company and employees but also for customers. However, this is not the case. How can they exploit people in other countries such as China, as well as taking jobs away from the American worker and moving them overseas? Sadly this company's legal, ethical and social responsibilities do not achieve the necessary standards that every organization should hold themselves to.

### c) International Business

From an international business perspective, Wal-Mart still has a lot to learn. Many are surprised that Wal-Mart's operations have contributed to America's astronomical increasing trade deficit. For instance, very few of Wal-Mart's products are made in the United States. As a result, job loss because of shifting work overseas. In fact, Wal-Mart imports more foreign produced goods into America than any other single company. As the U. S. dollar weakens, more money flows out to pay for foreign products thus worsening America's trade imbalance. About 50 to 70% of Wal-Mart products are

imported from countries such as the Philippines, Malaysia, Cambodia, Thailand and Vietnam (Wong et al., 200). Furthermore, this corporation is the biggest trading company partner with China. Around 2004, the company's trade with China accounted for about 10 percent of the total U. S trade deficit with the Asian economic powerhouse. For the same reason, I consider Wal-Mart as a multinational corporation because it maintains the presence in more than two countries and has a considerable proportion of its assets invested in and originates a substantial portion of its sales and profits from not only national but also international activities.

#### d) General Planning and Strategic Planning

Wal-Mart is focused on keeping its costs low for its future survival. It does this by streamlining its company and insisting its suppliers to do the same. Wal-Mart is well known for its operational excellence in its ability to handle, move, and track merchandise, and it expects its suppliers to continually improve their systems too (Soderquist, 2005). However, in order for them to continue performing well and succeed with there general and strategic planning, the company needs to adjust there objectives. Planning within the company on whether it is going to grow for the long term or they want to keep the short term mind set and risk creating more trade deficit and going out of business. First, they would have to start planning strategies in order to keep their personnel because critics of Wal-Mart argue that employees are paid so little they cannot afford health insurance, for instance. Thus, if they do not start from what is vital which is the personnel they have, no future. Besides, plan about how they can start offering more jobs in the U. S. A.

What can they do to motivate their associates and American people in general to stay with them? As for now, to achieve what is planned is to increase the number of stores, at least 168 per the next two years and then open more depending on their budget.

#### e) Organizing Work and Synergism

With enormous stores and expansive distribution centers, is the mixed challenge of coordinating thousands of suppliers and almost two million associates. Coupled with stores being open 24 hours a day, with three shifts of associates, company managers are dealing with a whole lot of moving parts (Bergdahl et al., 2006). In this hectic environment the ability to organize and plan so many activities can be the difference between a well-run business and total chaos. Running a massive supercenter or distribution centre truly is a team effort and can only be accomplished with the cooperation and involvement of everyone working together. To that end, it is vitally important for company managers to stay organized by developing daily and weekly business plans and to communicate those plans to everyone involved.

On the other hand, Wal-Mart's founder Sam, understood the power of synergistic teamwork, and his goal was to achieve synergy. The basic premise behind synergistic teams at Wal-Mart is this: A group of ten individuals working separately without communicating will perform at a lower level than a similar group of ten who communicate with one another and work together. You won't hear Wal-Mart's associates say, "That's not my job!" Most organizations are missing the opportunity to achieve team

synergy by failing to get their employees to work together and communicate with one another in a spirit of true cooperation (Bergdahl et al., 2006).

#### f) Organization Structure and Chart

The organizational structure is directly related to strategy execution. The structure is the architecture of the organization and must be reflected in the human resource management strategy, since it defines the roles of functions/ units and employees. Moreover, structure is a major consideration in the development of the HR strategy, much as an architect's plans prescribe the type of materials needed and how they must come together in order for the entity to function appropriately. Therefore, Wal-Mart requires sophisticated systems and structures to efficiently and profitably handle more than \$400 billion in sales. The following shows the organization

#### g) Work Team Utilization

Team work is a way of life at Wal-Mart. Sort of like a basketball team each individual is expected to play his or her position while working together and to back up their teammates as opportunities arise. As a result, company managers spend a great deal of time facilitating cooperation between people and departments. For instance, Wal-Mart hired hundreds of staff members to support its in-store workers, managers, and human resources administrators. In addition, the company expanded the use of technology to improve communications between workers and managers and increased the frequency of its employee satisfaction surveys to keep tabs on potential issues and to gauge morale.



#### h) Staffing

Wal-Mart, a company lauded for its rapid response capability and stated commitments to gender equality, is shown to be deficient in some glaring areas – the percentage of women compared to men at all levels of the company and the compensation paid to women versus men at all levels of the company, to cite two examples. An executive vice president must examine why these inequalities exist when the company seems to be doing everything else right. The company is the target of several gender discrimination lawsuits, and the executive vice president has the opportunity to obtain information that would be useful in the current situation and must determine what information is needed.

#### i) Employee Training and Development

More than anyone, Coleman Peterson knows that proper training makes good leaders. As once a vice president of human resources, he acknowledges that the starting point for Wal-Mart's training is embedding in the employee's mind the culture of the company. With four operating units (Wal-Mart stores, Supercentres, Sam's Clubs and Bud's discount stores) in an industry known for its unusually high employee turnover, retention and development of talent is one of the primary challenges the management faces. To bring together this decentralized organization, with more than 2,000 locations world-wide, a program called Computer Based Learning (CBL) was installed in all Wal-Mart affiliates. Using multimedia devices, a series of training modules impress upon employees their job responsibilities as well as

Wal-Mart company values. Wal-Mart system of training exemplifies the power of technology. Peterson states “ If companies are going to be successful in a competitive, global environment, then the capacity to communicate messages is going to be critical” (Black Enterprise, July, 54, 1996).

#### j) Motivating Employees

Despite the recent attention paid by the media to Wal-Mart’s worker salaries and benefits, Wal-Mart has been the most successful retailer in motivating employees over the years. Much of the credit for Wal-Mart’s success has been attributed to Walton’s ability to motivate people. He said in his memoir, “ In the whole Wal-Mart scheme of things, the most important contact ever made is between the associate in the store and the customer”.

Because of Walton’s view on this, Wal-Mart uses a total-quality concept in managing executives and employees. The belief is in that every single employee really wants to do a good job, and wants to be part of something special to make a difference. There is a direct relationship between recognizing employees and increased productivity as acknowledged by the management (Drexler, 2007). This is because people who feel good about themselves feel better about their jobs, and are more motivated to increase productivity.

#### k) Leadership and Management

Sam Walton cultivated a management style that emphasized individual initiative and autonomy over close supervision. He constantly reminded employees that they were vital to the success of the company, that they were essentially “ running their own business,” that they were “ associates” or “ partners” in the business, rather than simply employees (Hartley, 2011).

To the outside observer, Wal-Mart’s high performing culture is one of the great mysteries of the company. Many ask why someone getting paid retail wages would care so much about their job and their company. It’s having managers who care about their fellow associates like a Wal-Mart family.

#### l) Managing Conflict and Stress

Conflict among the workplace and between companies is inevitable. Wal-Mart has a responsibility to attempt to reduce conflict amongst their ranks and in managing functional conflict to ensure it does not become dysfunctional. For example, the subject of a tough performance improvement plan for employees is likely to harbor feelings of resentment for being made the victim of a situation they see as being outside their control coupled with fear of losing a job or benefits – feelings that may sow the seeds of future conflict. Therefore, a more convenient performance improvement plan should be developed, whereby the focus should be on personal differences, informational deficiencies, incompatible roles and environmental stress.

#### m) Managing Change

As complexity and uncertainty in the external environment increases, so does the number of positions and departments within the organization, leading to increased internal complexity. Any organization with the size and power of Wal-Mart presents a large target for criticism – attack for everything from its low wages and minimal health benefits to its high-pressure tactics with suppliers and its environmental policies. To counter the impact, the company's tiny public relations department was expanded to dozens of employees. Even though, Wal-Mart is profitable and successful; the intense criticism has had a significant impact on their sales. Surveys reveal that the negative publicity has caused some shoppers to stop buying there. However, Wal-Mart leaders hope the new executives and expanded PR department can help turn the tide (Daft et al., 2010).

#### n) Controlling

A control system measures, monitors and adjusts where necessary an organization's performance. At Wal-Mart, control is maintained through daily communication with the headquarters based in Arkansas. Thus, to ensure efficient control of sales and production capabilities, need to identify unfavorable business performance is evident. This is through establishing performance standards, reporting or monitoring performance, comparing performance against standards, and pursuing appropriate action to correct significant deviations in performance. In addition, growth and greater scale has given Wal-Mart better bargaining power, which it has used to innovate with its value chain. As a result, this has forced suppliers to improve manufacturing efficiency, therefore establishing innovative relationships.

#### o) Appraising and Rewarding

In his employee-relations philosophy, Walton stresses the desirability of constantly improving the human factor, of rewarding associates through participation in what the business produces, and of appraising every policy and action to see whether it squares with what is right and just. The Human resource at Wal-Mart forms an overarching view of the employee's performance that incorporates all of the different appraisals. Whereby, the process of working out differences and arriving at an overall assessment is an important aspect of the appraisal process. This improves the appraisal's acceptance, the accuracy of the information, thus allowing the management to focus on activities that are critical to the business strategy. Wal-Mart's CEO claims, " There are no superstars. We're a company of ordinary people overachieving." This asserts their claim to be true as their goal setting programs are successful regardless of the employees' education and position.

#### p) Operations Management and Plans

Information technology and globalization have had a major impact on production and operations management. It has helped to reduce costs, integrate suppliers with the organization and achieve higher customization (Khanna, 2007). Take the example of Wal-Mart. As soon as an item is lifted from the shelf of a Wal-Mart and its barcode read for billing, the information is also conveyed to the supplier of the product. At the end of the day the supplier knows precisely how much stock has to be sent to which branches thus saving costs and time delays and ensuring the efficiency of the service.

#### q) Operations Control

This involves how purchasing, inventory control, scheduling, and quality control affect production. Operations can be monitored and controlled by the following methods: Computer Integrated Manufacture CIM, Just in Time JIT, Radio Frequency Identification RFID, Integrated Electronic Data Interchange EDI, and bar coding (Boyer et al., 2010). Large retailers, Wal-Mart prefer using RFID technology in identifying a series of products, containers, personnel, machinery, tasks, and so on; which allows data to be collected by employees more accurately, efficiently, and reliably than by any paper-based system. Savings of inventory costs have also being as great as 50 percent with production improvements of 20 to 30 percent realized through better planning and use of existing equipment and personnel. Wal-Mart management asserts that reducing the daily stress in an organization can yield many benefits as the work place is easier to manage and control (Gordon et al., 2010).

## **CONCLUSION**

Whether fair or not, Wal-Mart has become a lightning rod for all that's deemed to be right and wrong with corporate influences in globalization. It has also shaped debate over the relationships between corporations and their stakeholders. Evidently, Wal-Mart has excelled at market orientation, which is focusing on consumers, defeating competitors, and increasing shareholder value – the use of cutting edge technology, innovative logistics, reliance on imported goods, and a nonunion work force – are becoming industry standards. Other stakeholders such as employees, suppliers, and

communities have been viewed as secondary to low prices for consumers. Wal-Mart realized that if it did not expand internationally, other global retailers would beat them. In fact, Wal-Mart does face significant global competition from Carrefour of France, Ahold of Holland, and Tesco of United Kingdom. The pace of Wal-Mart's global expansion also looks quite impressive in comparison with that of other large retailers such as the Carrefour. It appears likely that an even faster pace of global expansion would have significantly increased the probability of costly mistakes. It also appears reasonable to conclude that, until recently, Wal-Mart has given higher priority to expanding its geographic footprint across countries instead of increasing depth of penetration and market share within a smaller number of mega-markets.

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