

# Organizational structure - walmart essay samples

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## **Walmart's Organizational Structure**

Walmart is one of the recognized world leaders in the retail industry, operating in various store formats, including Walmart U. S., Sam's Club and Walmart International. Walmart U. S. runs the stores in fifty states in the country, while Walmart International operates in twenty-six countries with over thousand stores in different formats. Based on the Reuters (2014), international segment accounts for over 29% and national over 51% of the total sales revenue of the group. Organizational structure of the organization is similar but independent within the core locations and store formats. The high level structure is organized with prioritization of geographical areas and specific function, where the company looks at the U. S. and other countries and separates the specific store concept Sam's Club. To better understand the way, in which structure is built, it is interesting to look at Walmart structure in comparison with Tesco and Carrefour two other large retailers, based in the United Kingdom and France respectively. An insight into the structures of these organizations allows identifying the major difference. Walmart structure is mixed between geographical and service (product) approach, where the responsibilities and scope of authority are defined by the geographical region for five out of six store types with the only exception of the Sam's Club concept. Tesco and Carrefour, at the same time, both run functional structures, placing the department and specific function in charge of the large regions. On one side, Walmart benefits from linear hierarchy, whereas the decisions can be taken by project groups for respective regions. But, on the other hand, this structure does not focus on specific knowledge and expertise, which Tesco and Carrefour try to bring in by functional

approach to high level hierarchy.

It is a matter of fact that there is no specific organizational structure, which can be fit-for-all and the approach, which the company's management chooses for the hierarchical structure in many senses, is determined by the functions of the company themselves. In the case of Walmart, the structure is highly influenced by the variety of the store formats and local differences in various geographical locations, where the firm operates. As such, marketing department in the Eastern, where Walmart hypermarkets is the only type of store differs significantly from the Asian market, where the company entered with three store concepts. Similarly, operations of the Walmart U. S. as well as Walmart International are very different as the company is trying to pursue a global strategy with local thinking, meaning that the product line, range and price policies are very different in various geographies. These differences would not allow the management of the company concentrating the required skills and expertise under functional structure of the company as it will undermine the focus on local strategies. Sales and customer service departments work independently under control of the regional managers, and this strategy makes Walmart extremely successful with regards to the clients' perception of customer relationships. Additionally, Walmart is recognized for its advanced Supply Chain (SC) practices, which work on the basis of the consolidation and total integration. This approach is the only area of the organizational activities, where divisional structure has to give space to functional elements, as the upstream procurement and distribution processes are done globally through the international procurement and distribution activities departments, which

work with local respective functions (Walmart, 2013; Lussier, 2008). In this situation, divisional structure allows for flexibility in approach and decision-making process, respecting local differences (Walmart, 2013).

With the above in mind, there are various factors, which affect the decisions, taken by the companies with regards to the structure of the organization. It was determined that Walmart runs geographic, or, divisional, structure, which allows addressing the biggest challenge of the organization – physical and cultural diversity, in which the company operates. Walmart's management has to ensure that the stores, their concept, customer approach and the product range find the right fit to the local environment and legislation of the countries. These concerns explain the structure, which the company chooses and builds to control and manage the operations across the countries and concepts. It also should be noted that organizational structure is a way to reflect the generic strategy, which has to evolve along with the pressures and influencing factors of the external environment. That said; the structure, considered adequate today, may change, accompanying the strategic direction of Walmart's development in the near or long-term future.

## **References**

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