

# Wal-mart's global procurement organization

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Wal-Mart has launched the Wal-Mart's Global Procurement Organization almost a decade ago that was charged with looking at the ethical conduct of the monstrous supply chain. Its program was later renamed Ethical Standards Program. Just three years after its inception, the program had become one of the most extensive among other programs of any multinational firm. The company's CEO claimed in 2006 that it had conducted more than 13000 audits in 2005, much more than any firm.

The audit was also done in collaboration with Wal-Mart's suppliers so that they conformed to the ethical standards too. However, this paper analyzes if the company is doing well in its supply chain Should Wal-Mart Do More?

While announcing the number of audits, reports emerged in China that there were a number of Chinese firms that gave false information to their American parent firms. For instance, there was a Wal-Mart supplier in China which had given the wrong information while carrying audit. It had also faked inspection's results. In fact, the supplier broke the Chinese labor law.

Besides, Wal-Mart's ethical standards were also broken. This imply means that Wal-Mart should do more than just accepting information from its partners. Some of this information may be falsified. Therefore, a lot more has to be done to maintain a high level of ethical standards. In 2006, there was a lawsuit filed in Washington when it was claimed that the company was aware of the breaking of its own code of ethics by the overseas suppliers.

Moreover, the chain's employees from Bangladesh, Nicaragua, Indonesian and China complained of being paid less than the minimum wages, inadequate overtime compensation, appalling working conditions and mistreatment of harsh and abusive managers.

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They were also denied the right to join associations. This simply underscores the fact that Wal-Mart has to do more. Wal-Mart, just like other companies that have subsidiaries internationally, is faced with the challenge of overseas auditing. These auditing sessions are not thorough and accurate. For instance, it is believed that around half of all Chinese contract firms are engaged in some type of negligence.

However, companies such as Wal-Mart will not be aware of this. Some suppliers maintain double books, train employees on how to behave during auditing while some will simply hide the production areas. The daring companies even bribe the auditors. This scenario was exemplified by Ningbo Beifa Group, a Chinese supplier of pens, highlighters and similar writing tools to Wal-Mart that was advised by a consulting firm to fake documents and coach employees on how to respond to the auditors. Therefore, while Wal-Mart is claiming that it has conducted very many audits and that all its suppliers meet the ethical standards, these audit results have to be taken with a pinch of salt. The company has to hire its own group of auditors who will not be bribed and easily fooled.

This will ensure that the company gets the correct picture. ConclusionThe efforts made by Wal-Mart since the employment scandal in China and Bangladesh was revealed in 1992 should not be underestimated. Having a set of standards for all its suppliers and partners to ensure environment conservation and employee satisfaction was a good move. However, the standard should not be just a public relations stunt. The company has to ensure that all its suppliers and other partners are adhered to.

Those that do not should be discarded.