

# [A bid by wesfarmers](https://assignbuster.com/a-bid-by-wesfarmers/)

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As a publicly-listed limited corporation, the Wesfarmers adheres strictly to the corporate governance principles and standards prescribed by government regulatory authorities. In addition, to further inspire investor confidence, it has also voluntarily adopted a Board of Directors code of conduct and a separate code of ethics and conduct for all its employees. It has likewise adopted a Whistleblowers policy to protect people who report on anomalies within the company. Overall, Wesfarmers has put into place safeguards such as risk management controls and is fully committed to transparency.   
In general, Wesfarmers is engaged in the retailing business, insurance, energy (its coal and mining operations to include gas and energy interests), and industrial products with minor interests in other industries such as corporate finance and sawmill operations. Wesfarmers is a notable exception in terms of its financial performance when conglomerates are now out of favor because it was able to grow at a 30% compound rate (Walsh, 2002: 1) and transformed itself from former farmers cooperative into a real business giant. Its mining operations are a major contributor to the local economy and provide nearly 50% of the electricity grid in the state's south-west region (Richards, 2009: 334). Most of its coal mining is the open-cut type of which there is a significant environmental impact that can adversely affect Wesfarmers.   
With a well-diversified portfolio of business operations, Wesfarmers has very minimal risk compared to other single-industry businesses as it is not subject to the downturn of any one sector of the Australian economy. It has a broad-based line of businesses that insulate it from any temporary difficulties in any one economic sector. It truly derives its strength from diversity because it has spread its business risks. Its main market is the domestic market but it also exports coal to other countries like the United Kingdom, New Zealand, and Bangladesh.   
Wesfarmers is the largest home-improvement store chain in the country. It also owns a number of stores selling liquors such as Liquorland, Vintage Cellars, and 1st Choice Liquors. In addition to supermarkets, liquor stores, and home-improvement outlets, the company owns an office-supplies store chain too such as Officeworks and Harris Technology. Including the Australian outlet units of K-mart and Target, Wesfarmers owns and operates a total of 3, 000+ supermarkets, liquor outlets, hardware, and office-supplies stores (Arnold, 2007: 1). Like most of its other retail business, its hardware stores offer customers 3 ways to shop: in-store, phone, or on-line ordering. From a general economic perspective, there are no threats to the continued financial viability of Wesfarmers because it is a well-managed group. Sales at Coles increased by 5. 9% as customers came back but a threat to it is food price deflation (Logue, 2010: 1).