

How is walmart effecting our economy

Business



How Wal-Mart Affects Our Economy al Affiliation How Wal-Mart Affects Our Economy Wal-Mart is the largest corporation internationally due to its vast revenues and big number of employees in the world. Wal-Mart has a wide range of products sold at lower prices than many other retailers. Wal-Mart also employs the highest number of local workers and also generates significant assets tax and sales tax revenues for the local society. This has led to Wal-Mart significantly affecting the economy as a whole.

Effects on Consumers

The effectiveness with which Wal-Mart unites its producers with the consumers gives it a chance to price most of its goods at lower prices than other retailers. Additionally, Wal-Mart has a tendency of providing a wide range of products for its consumers especially in the rural areas according to Hicks (2007). This is especially true of supercenters which sell products ranging from garments, cuisine, and hardware to optical services. The lower prices and the high accessibility to products in one area offers direct benefits to local consumers economically. The magnitude of the benefits varies with different regions depending on how the prices are low, and the distance the consumers have to travel in order to access the wide array of goods.

Effects on Other Retailers Already Established

The fact that Wal-Mart can trade its products at cheaper prices than other retailers provides an intense risk to the feasibility of other retailers near them. In most cases, the newly established retailers are forced to close or downsize their business when Wal-Mart opens a new branch in that region. This is because the number of their customers tends to decline as they shift to Wal-Mart. Other businesses providing products and services not offered by Wal-Mart tend to benefit due to the proximity with Wal-Mart which attracts <https://assignbuster.com/how-is-walmart-effecting-our-economy/>

many customers as suggested by Anderson (2011). These include businesses providing home furnishings and some foodstuff. Nevertheless, despite the positive effect, Wal-Mart as a whole has depressing impact on the operation of other local retail outlets.

Effects on Employment

A typical Wal-Mart store employs around 150 to 350 workers while a supercenter employs around 500 employees. However, most of these workers are employed on part time basis. In evaluating the overall effects of Wal-Mart, the new jobs need to be balanced against jobs lost by the competing businesses. Moreover, with Wal-Mart's extremely centralized supply-chain management, wholesalers and distributors at the local level are likely to experience breakdown on the demand of their services according to Renkow (2005). A good example of the general adjustments arising in the local job market as a result of a New Wal-Mart can be accessed in the works of Emek Basker. Basker studied Wal-Mart's impacts on employment at the county level for the period 1977-1998 as noted by Renkow (2005). Her research established that for every one hundred jobs established by Wal-Mart, there was a loss of fifty retail jobs and twenty retail jobs over the next five years of competition. In addition, other local suppliers such as legal, insurance and accounting support services may also get affected in a negative way. However, jobs at Wal-Mart tend to be lower paying as opposed to jobs in other retail sectors.

References

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