

Case Study - Walmart

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Walmart is an American multinational retail corporation that was started in 1962 by Sam Walton. It operates a chain of hypermarkets, department stores, grocery units and it is the largest private employer in the US as well as the world's largest retailer. Its corporate mission is "**Save people money so they can live better**". It is known as the "global legislator" because it's an important emerging private actor in the transformation of lawmaking in the CSR field.

Effect of Walmart's Expansion:

Walmart was first started in 1962 with its target towards rural towns with a population of lesser than ten thousand people. It then extended the company to large cities and opened international stores across the world.

Affects on businesses of small local merchants:

Whenever Walmart starts a new store in a town, all the small merchants and business vendors feel uncomfortable and fear that they can no longer compete with low prices offered by Walmart. There have also been cases where some merchants have pulled out their businesses when Walmart entered their town. This is also known as "**The Walmart Effect**".

Creation of Urban Sprawl, Traffic Congestion:

Walmart's mega stores are built on vast areas of land. By doing this, Walmart is depressing the economic health of communities and other downtown stores. These stores are also built in areas which are not accessible without driving resulting in a lot of traffic.

Environmental Pollution:

The increased traffic has led to more air pollution, water contamination and call for more roads. The landscape is also affected because of these stores as they have huge areas with many unused parking lots as well.



Walmart's initiative towards Corporate Social Responsibility:

From 2007, Walmart publishes its annual report on its website which is known as the 'Global Responsibility Report'. This report talks about Walmart's constant and progressive efforts towards social responsibility issues. It has made investments in education, health, commitments to fight hunger, support to local farmers.

Walmart's Conflicts:



Gender Discrimination:

There have been several charges of gender and racial discrimination on Walmart. Walmart Stores vs Duke et Al was one such case filed on Walmart in 2001 and it is the largest class action lawsuit in US history. The plaintiff class included 1.6 million women who were lead by Betty Dukes. Dukes was a 54-year-old Walmart worker in California who claimed that despite six years of work and positive performance reviews, she was denied training she needed to advance to a higher position.

Dukes and others claimed that women were discriminated against pay and promotions to top management positions violating the Civil Rights Act of 1964. Walmart appealed to the Ninth Circuit in 2005 that the seven lead plaintiffs were not typical or common of the class. Walmart then turned to the Supreme Court in 2010 after the Ninth Circuit court upheld class certification. In 2011, the Supreme Court reversed class certification saying that the millions of plaintiffs and their claims didn't have enough in common. This case, however, didn't end here as the plaintiffs filed an amended lawsuit in October 2011, limiting the class to female employees in California.

After filling of the lawsuit, Walmart incorporated an Advisory Board on Gender Equality and Diversity, which is aimed at providing equal opportunities for all in top management positions. It has also included a Gender Equality and Diversity gender Policy in its 'Global Responsibility Annual Report'.

Below is a picture from Walmart's 2015 Diversity an Inclusion Report.

Diversity Goals Program

Our Diversity Goals Program is the most significant means by which we have accelerated opportunity for our women and people of color associates in the U.S.

The program encompasses:

- Field management placement goals of women and people of color associates
- Good Faith Efforts to drive ownership of diversity and inclusion
- Five-year aspirational goals to stretch our management placement goals for store and club manager positions
- Active coaching reviews centered on discrimination and harassment
- Customized diversity and inclusion plans for senior leaders



WOMEN REPRESENTATION



As of January 31, 2015

PEOPLE OF COLOR REPRESENTATION



Child Labour:

In 2005, a Radio Canada programme Zone Libre reported that Walmart was using child labor at two factories in Bangladesh. Walmart employed children between the ages of 10-15 years for less than \$50 a month for manufacturing products and exporting them to Canada.

After this incident, Walmart ceased businesses with the two factories immediately. In a 2005 Ethical Sourcing Report of Walmart, it stated that Walmart ceased to do business with 141 companies because of underage labor violations. The stakeholders affected in this were thousands of poor workers who lost their jobs as a result of this.

Walmart's 2005 and 2012 COC 'Standard for Suppliers' explicitly establish it would not tolerate the use of child labor and it sets 14 as the minimum age for any worker.

Walmart's Bribery Scandal:



Walmart de Mexico, one of the most successful businesses of Walmart was caught in a massive bribery scandal in April 2012. The bribes which totaled more than \$24 million were given to the Mexican government to win permission to open stores at a much rapid phase. (which wouldn't have been possible according to the Mexican laws). Walmart's senior management long knew about the scandal and tried to cover it up. When this case came into light, it was suggested that Walmart undergo a harsh investigation. However, Walmart opted for an in-house investigation and gave the primary responsibility of the investigation to Walmart de

Mexico itself, again another attempt to conceal the fraud. This was not surprisingly “quickly discontinued.”

Walmart used bribery as a mean to monopolize, neglecting the rules that are set to protect a town and its inhabitants from unsafe commercial development. This action also affected the local businesses to a great extent as consumers were driven towards the “low prices” offered by Walmart.

After this scandal became public, Walmart suffered investor lawsuits, numerous investigations from the Department of Justice and Securities and also brand damage. The stakeholders affected in this scandal were Walmart’s investors, local businesses.

This scandal is still under investigation and it is predicted that criminal charges for some of the Walmart executives are certain.

Conclusion:

Walmart is becoming internationally strong and big day by day. Its low prices have really grabbed customers and have resulted in the shut down of a lot of local businesses. There are several organizations like “Wakeup Walmart”, “Walmart March” which are fighting against the company and the company has also been part of several allegations like poor working conditions, low wages, undertrained workers, etc but it is still going strong day by day.

Resources:

<https://www.scribd.com/document/373615247/walmart-corporate-social-responsibility-case-study>

<https://www.ukessays.com/essays/management/understanding-of-the-case-study-walmart-management-essay.php>

https://en.wikipedia.org/wiki/Criticism_of_Walmart

<https://www.scribd.com/document/342567422/Case-Study-Over-Csr-Conflicts>

<https://www.businessinsider.com/walmart-bribery-scandal-2012-4?IR=T>

<https://cdn.corporate.walmart.com/01/8b/4e0af18a45f3a043fc85196c2cbe/2015-diversity-and-inclusion-report.pdf>

https://www.academia.edu/10316637/CASE_STUDY_MEXICO_WALMART_SCANDAL