**Risk Management Process in Wal-Mart Department Store Co., Ltd.**

**Student name:**

**Course:**

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**Introduction**

Wal-Mart is among the largest retail stores in the US. It is also the largest retail chain globally. At the present, Wal-Mart houses over 4,150 retail stores around the world. Among the regions that the company is dominant are Canada, Mexico and the UK. Wal-Mart is ranked as the leading company globally in terms of wealth and power according to the *Fortune 500 Index (*Izadpanah, 2020). Besides, it is also ranked as the second most admired company globally. Wal-Mart was established in 1962 by Sam Walton with three key policies defining the business; respect for the individual, service to customers, and striving for excellence. The company sells high-quality products at fairly low prices by employing technology, warehousing and negotiating deals for merchandise directly from manufacturers hence no middlemen are involved in between.

In the modern world, every sector of a business is faced with various operational risks. Considering this context, various organizations establish diverse Enterprise Risk Management (ERM) techniques to address associated risks. The Wal-Mart store is a huge corporation; hence it needs risk management-oriented strategies to enhance its operations. Besides, the corporation requires a risk management process that is simplified for purposes of effectively evaluating and controlling the current risks that the organization is faced with. This paper aims to establish the different sources and types of risks/ disruptions, Drivers, barriers and/or challenges in managing risks and Strategies and/or frameworks for managing risks/disruptions in International Logistics networks taking the case of Wal-Mart.

1. **Sources and types of risks in International Logistics of Wal-Mart**

Risks, especially market risks facing Wal-Mart come with a different effect as compared to other companies because of different company operations. For instance, the manipulation of interests by the Federal Reserve poses different effects on various corporations. Among the various sources of risks of Wal-Mart in International Logistics are discussed below.

**Sources**

1. Global presence of Wal-Mart.Since Wal-Mart has its stores internationally; it has to enforce a wide range of workplace standards in each of the countries depending on the needs of that country.
2. Salary pressure. At the beginning of 2018, Wal-Mart increased the wage bill of its employees from $9 to 11$ and increased on some employee benefits. As a result, the company ended up servicing approximately $1000 in terms of bonuses to its employees.
3. Lawsuits. In 2018 for instance, Wal-Mart reached a preliminary agreement of paying $65 million as a settlement fee of lawsuits from 100,000 Cashiers from California who accused the company of failure to offer seats during their shifts at work (Diermeier, 2017). Besides, Wal-mart was sued in 2011 for suing an employee who reportedly had commented about gay people. Such incidents of lawsuits that are continuously facing the company rises alarm on shareholders and customers over an increased probability of them bearing the costs of such suits.

**Types**

1. Business cycle risks.
2. Interest rate risks
3. Exchange rate risks
4. Regulatory risks. For instance, in 2014, the Chinese government imposed a fine of $10 million to Wal-Mart for violating the food safety regulations (Zou, zhang and Liu, 2021). Such fines made the company work on training programs, inspections and recalling certain products that made the company incur extra expenses.
5. **Challenges in Managing Risks in International Logistics networks**
6. Among the major challenge facing Wal-Mart in managing risk is the lack of how the mechanism of imitating its distribution part. The company has invested a lot in technology without gathering enough knowledge of how to apply it. Among the competitive advantage that Wal-Mart has is its IT system but mastering the concept of the system will take many years to be actualized (Handfield and McCormack, 2007).
7. Supplier resistance to change. The supply chain has to involve suppliers, manufacturers and customers for it to be efficient. Wal-Mart has been facing resistance from suppliers to adapt to its high-tech models and mechanisms and this makes it hard for Wal-Mart in managing its risks.
8. Internal resistance to change from the workers and staff of Wal-Mart.
9. **Strategies for managing risks**

In a bid to ensure that the company effectively manages risk and experiences improved sales and reduced costs, Wal-Mart has employed a combination of technology and logistics management strategies to achieve this.

1. Planning

In terms of choice of competitive strategy, Wal-Mart chooses on cost. For purposes of maximizing cost, Wal-Mart employs low-cost truck and rail logistics (Brunn, 2006). Besides, Wal-Mart aims at minimizing its inventory quantities by integrating processes such as manufacturing, suppliers and warehousing into one common operation. This strategy helps to make savings on time and costs incurred in carrying out the activities independently.

1. Purchasing

Wal-Mart is very strict when it comes to the selection of its suppliers. It screens suppliers step by step and ends up choosing a supplier based on standard and additional requirements.

1. Distribution

Wal-Mart has deployed many distribution centres to acts as hubs for its operations. Besides, it has 9 disaster distribution centres that are strategically located across the country to offer emergence services (Holmes, 2011). Also, Wal-Mart employs a remixing concept strategy in its network strategy that enables fast-moving products to be made available in retails quickly with slow-moving products placed at some strategic distance away from their demand points.

1. **Global logistics design for Wal-Mart**

The company builds on a competitive strategy of dominating every sector of business. Its design model is founded on establishing more stores, making existing stores larger, and having an expansion into other retail sectors(Blanchard, Comm, and Mathaisel, 2008). Besides, Wal-Mart has an efficient Enterprise Risk Management technique that has undergone tremendous reforms. The management of Wal-Mart came up with a five-step risk management process to offer solutions to the risks available in the organization and the mechanisms of altering the risks.

**Conclusion**

In conclusion, Wal-Mart is the leading retailer in the world and its operations are moving into new countries each year. Wal-Mart is experiencing expansion with the majority of its sectors experiencing a significant rise in incomes generated. For the company to stay high on the ranks and market representation, the company has to keep improving its strategy of eliminating risks in the market to have better dealing with stakeholders and customers.

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