Wal-mart: A Brief Overview And Alarming Issues

Wal-Mart: A Brief Overview

Wal-Mart Stores Inc. has been chosen for our organization behavior course. We've chosen Wal-Mart because it is currently one of the largest retail stores with major Ob-related problems. We've tried to identify those problems and give possible recommendations to solve those problems. Discussion about these problems going to continue throughout this case study paper.

Like many other successful businesses, Wal-Mart didn't gain its today's status overnight. It took it more than 50 years and lots of ups and down to get this position. Today it's a multinational company with more than 2 million people working for it.

Wal-Mart is a USA-based multinational retail chain. It operates its business activities through huge departmental stores. The organization was established in the year of 1962 by Sam Walton.

The expansion of Wal-Mart was largely fueled by new store construction, although the chains Mohr-Value and Kuhn's Big K were also acquired it was a great milestone for Wal-Mart's expansion. The company introduced its warehouse club chain Sam's Club in 1983 and its first Supercenter stores in 1988.

The headquarters of Wal-Mart is located in Bentonville, Arkansas. It is a family-owned business and since 1972 it is listed on the New York Stock Exchange.

For more than 50 years, the company has been operating in 27 countries with more than 11,000 outlets. The number of outlets are increasing. As of November 2009, Walmart stores operate in Argentina, Brazil, Canada, Chile, China, Costa Rica, El Salvador, Guatemala, Honduras, India, Japan, Mexico, Nicaragua, Puerto Rico, the United Kingdom, and the United States.

Presently, Wal-Mart is the largest company across the globe in terms of revenue. Additionally, it is the largest private employer of the globe as per the list published by Fortune.. the organization believes that the retailer can help people by saving money which will improve quality of life. The slogan of the company is "Save more. Live better". The low price strategy has helped the organization in capturing a huge market. Wal-Mart is focusing on enhancing its business value through exploring growth opportunities and integrating its core values and purpose to every aspect of the business The major four values of the company includes

1. Service to its customers
2. Respect for every individual,
3. Achieving excellence
4. Action which aims to maintain integrity.

Issues Of Wal-Mart

Over the last decade or so Walmart has become involved in numerous lawsuits for a variety of

reasons. The majority of the suits are class action lawsuits in which employees are suing for unpaid wages. They have also run into numerous discrimination cases in which employees are suing for being profiled out of money or out of jobs. For example, there were two separate cases, one in 2004 and one in 2005, in which black employees were suing two different Walmarts for denying them jobs based on race. These became so popular that the Reverend Jesse Jackson intervened and spoke during both of the proceedings. There are also many lawsuits in which women are suing Wal-Mart for discriminating against them. In one article written in 2004 USA, today mentioned 32 different lawsuits that involved women suing Walmart. But still, Walmart has prevailed.[21] All of this has not had any effects on Walmart financially however, according to Fortune 500, Walmart still had $351 billion in revenue ($11 billion in profit) in 2007, a new high for the corporation.

Presently, the dynamic business environment has presented various challenges for organizations. The multi-culture approach is proving difficult for the company. Managing the employees in order to increase the organizational performance has been a major challenge for Wal-mat. Wal-Mart has been encountering some issues regarding organizational behavior.

Their motto “save more, Live better” made Wal-Mart a stand-out organization. But on the other hand, it Affects employee's salaries and daily payments.

Mistreatment with the employees has been reported which is the result of poor organizational culture. Also, Discrimination to employees also being reported. The role of leaders has been questioned in the case of Wal-Mart.

It has been found that the employee is not motivated due to various reasons. Yes, big organizations face issues like this on a daily basis. Wal-Mart must find solutions to these issues before it losses confidence among its employees and customer. Because the behavior and mode of an employee affect the customer in many ways.

Some alarming issues are discussed below:

Low Wage Strategy of Wal-Mart

Wal-Mart believes in the slogan, “Save More. Live Better”. It has been found that the company has been applying this Strategy in the case of its employees. It has a large employee base of 2.2 million across 9,000 stores. It has been reported that the wage rate at Wal-Mart is significantly low in comparison to its business rivals. The management of Wal-Mart has been controlling the cost-cutting activities in an aggressive manner.

It has been reducing the employee benefits along with the wages. Every business organization adopts a strategy for maximizing profit. Cost-cutting through managing labor costs is a popular way. Wal-Mart has not adopted as well as implemented it effectively. The average salary of the lowest-paid workers at Wal-Mart is $18,720 if the employee works for 40 hours per week and 52 weeks in a year. But, the average salary is reported to be $9 per hour and it has been found that the workers work around 34 hours per week. And the average annual salary is estimated to be $15,500 . Whereas the average American earns $ 13.71 hourly working for another departmental store.

It results in dissatisfaction of the employees. The employees in Washington D.C. and various cities across America are organizing strikes. The labor unrest is majorly triggered by the low wage rate at Wal-Mart.

Ignorance to its workers

On December 3, 2008, the family of Walmart service worker Jdimytai Damour, who was killed by a stampede of shoppers frantically entering a Walmart store in Valley Stream, New York, on Black Friday (November 28), filed a wrongful death lawsuit against the corporation; Damour's family alleged Walmart of encouraging a mass number of customers to come to the store simultaneously. In addition, the Occupational Safety and Health Administration cited Walmart for 'inadequate crowd management following the Nov. 28, 2008, death of an employee at its Valley Stream, New York, store. The worker died of asphyxiation after being knocked to the ground and trampled by a crowd of about 2,000 shoppers who surged into the store for its annual 'Blitz Friday' pre-holiday sales event.' The company went on to spend an estimated $2 million in legal fees fighting OSHA's $7,000 fine, because it apparently wished to prevent OSHA from establishing a precedent that would enable OSHA to influence Walmart's crowd control measures in the future.

Authoritarian Culture At Wal-Mart

Various types of leadership are practiced in different organizations and it develops a specific culture. Different type of organizational culture depending on the leadership styles includes authoritarian culture, participative culture, mechanistic culture and organic culture. It has been found that Wal-Mart has developed an authoritarian culture). In this type of culture, power is centralized and the leader is the ultimate person to make decisions. This culture emphasizes on obedience and discipline. Authoritarian culture implies that the leader is the best person for understanding what is good for the organization and he will always cater the organizational interest In case of Wal-Mart it has been observed that the authoritarian culture has pressurized the store level management to squeeze more from its workers, lower-level managers and the stockers.

The hyper-centralized management at Wal-Mart had leaded to various problems. The workers could not share their views regarding working conditions and other problems. The communication system has been found to be one way that focused on instructing the subordinates. The overall satisfaction rate of employees decreasing just because of this. Although this type of leadership is good dealing with such a big operation but employees feel neglected and demotivated.

Discrimination Issue At Wal-Mart

Many big companies have been accused of discrimination among employees. It’s is a major issue that has been reported by the employees of Wal-Mart. The authoritarian culture and tendency of cutting costs through lower wages are the major organizational issues. The incidents of discrimination had added fuel to employee dissatisfaction and affected the reputation of the organization. Presently, 70% of the hourly employees of Wal-Mart are women. Sex discrimination is a massive issue that has been reported by the workers as they were deprived of certain benefits and opportunities. The organizational culture of Wal-Mart promotes

gender discrimination. According to Herzberg's Two Factor, Motivation Theory motivation factors included job satisfaction, growth opportunities, achievement, responsibility, and recognition. The absence of these factors leads to dissatisfaction among the employees. In Wal-Mart, gender biases had led to the dissatisfaction of the employees. It was reported that a woman employee was paid less salary than the male employee who was trained by her. The discrimination issue had significantly affected the motivation as the female employees were deprived of recognition. In the case of promotion, the same trend was observed. According to Lichtenstein, around 10,000 female employees at Wal-Mart deserved to be promoted as salaried store managers. But, the management of Wal-Mart considers it as impossible and the glass ceiling had affected employee morale. It assumes that the women with young kids and relative, who needs intensive care, will not be able to take the high level of responsibility. This is referred to as the glass ceiling which prevents the management from analyzing the actual position.

Questions

1. Find out the major acquisition against Wal-Mart
2. Is being autocratic a good leadership for Wal-Mart?
3. Which acquisition could harm the company the most?
4. What could be the possible recommendation?

Recommendation

The organization needs to motivate its employees in order to enhance the overall work performance. According to Maslow's Need Hierarchy, at first, the physiological needs to be satisfied, Physiological needs to get an employee to engage in a job to ensure regular earnings. The preliminary purpose of employment is to satisfy the basic needs of the individual. The lower wage at Wal-Mart failing to meet the physiological needs of the workers. They need avail food stamps and subsidies for maintaining their livelihood and their personal health. So, the company is not able to fulfill the primary requirements of its employees. the employees are not satisfied and it is reflected in their performance.

The above section has discussed the major organizational behavior issues In Wal-Mart. The discussion implies that the organizational culture does not develop a positive working environment. The leadership style and organizational policies have failed to motivate its employees for enhanced performance. This section will provide few recommendations which will address the organizational behavior issues and the inclusion of these recommendations will be effective in solving the current problems.

First of all, the management must focus on providing standard wages in order to satisfy their physiological needs. The salary must be enhanced which will have parity with the current economic status of the respective nations.

A two-way communication system must be established so that the workers can express their views and ideas.

The organic culture needs to be developed which will support innovation and provide ample growth opportunities.

In order to improve employee morale, gender discrimination must be stopped. In order to make it effective, the organization needs to design an anti-discrimination policy and implement it properly.

The mid-level management must be trained in order to enhance communication with the workers. The executives are responsible for motivating it staff (Cascio, 2006).

Responsibilities must be distributed among the workers and the major aim of performing each activity need to be explained in order to motivate them to enhance their performance.

Reward and recognition policy must be redesigned in order to encourage the workforce in achieving excellence.

In order to attract and retain the talented workforce, career growth opportunities must be provided to the employees.

Conclusion

This paper has provided an insight into the contemporary organizational behavior issues encountered by large companies. In this paper, the problems of Wal-Mart have been discussed along with the relevant organizational behavior theories. It has been found that Wal-Mart has been encountering various issues due to labor unrest. The company has been offering lower-wage which is inadequate for meeting the physiological needs of the workers. Consequently, the employees are not motivated to perform their job responsibilities efficiently. Additionally, it has been found that the authoritarian culture of the organization has inhibited innovation as the employees are not motivated to perform their tasks in a negative working environment. Gender discrimination is a common practice at Wal-Mart which has deprived several female employees of their deserving positions and benefits. In order to solve these issues, the management must focus on re-orientation of the management structure which will adopt a positive culture. The need of the employees must be catered to. Additionally, reward and recognition programs must be re-designed for encouraging the workers in improving their performance. Gender discrimination must be stopped at Wal-Mart for ensuring a positive organizational culture.

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3. https://time.com/5586423/walmart-gender-discrimination/