Big-Box Retailer Walmart Makes Big Moves in Social Responsibility

INTRODUCTION

Walmart is an icon of American business. With revenue of more than $524 billion and more than 2.2 million employees, the world's largest retailer must carefully manage many stakeholder relationships. The company's stated mission is to help people save money and live better. Despite past controversies, Walmart has attempted to restore its image with an emphasis on diversity, charitable giving, support for nutrition, and sustainability. The company, along with the Walmart Foundation, donates more than $1.4 billion in cash and in-kind contributions each year. However, issues such as bribery accusations in Mexico, Brazil, China, and India have created significant ethics and compliance challenges that Walmart is addressing in its quest to become a socially responsible retailer.

This case begins by briefly examining the growth of Walmart. Next, it discusses the company's various relationships with stakeholders, including competitors, suppliers, and employees. The ethical issues concerning these stakeholders include accusations of discrimination, bribery, and unsafe working conditions. We discuss how Walmart has dealt with these concerns, as well as some of the company's endeavors in sustainability and social responsibility. The analysis concludes by examining what Walmart is doing to increase their competitive advantage and repair its reputation.

THE HISTORY OF WALMART

The story of Walmart begins in 1962 when founder Sam Walton opened the first Walmart Discount Store in Rogers, Arkansas. Much of Walmart's success can be attributed to the

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company’s founder. A shrewd businessman, Walton believed in customer satisfaction and hard work. He convinced many of his associates to abide by the “10-foot rule,” whereby employees pledged that whenever a customer came within 10 feet of them, they would look the customer in the eye, greet him or her, and ask if he or she needed assistance. Walton’s famous mantra, known as the “sundown rule,” was: “Why put off until tomorrow what you can do today?” Due to this staunch work ethic and dedication to customer care, Walmart claimed early on that a formal ethics program was unnecessary because the company had Mr. Walton’s ethics to follow. Although its growth was initially slow, the company now serves almost 265 million customers weekly at more than 11,500 locations in 27 countries.

THE WALMART EFFECT

Possibly the greatest complaint against Walmart is it puts other companies out of business. With its low prices, Walmart makes it harder for local stores to compete. Walmart is often accused of being responsible for the downward pressure on wages and benefits in towns where the company locates. Some businesses have filed lawsuits against Walmart, claiming the company uses unfair predatory pricing to put competing stores out of business. Walmart has countered by defending its pricing, asserting that they are competing fairly and that the company’s purpose is to provide quality, low-cost products to the average consumer. Yet, while Walmart has saved consumers millions of dollars and is a popular shopping spot for many, there is no denying that many competing stores go out of business once Walmart comes to town.

To compete against the retail giant, other stores must reduce wages. Studies show that overall payroll wages, including Walmart wages, decline by 5 percent after Walmart enters a new market. The impact of Walmart moving into the neighborhood has been coined the “Walmart Effect,” a negative connotation that represents all the hardship incurred on smaller businesses. As a result, some activist groups and citizens have refused to allow Walmart to take up residence in their areas. This, in turn, brings up another social responsibility issue: What methods of protest may stakeholders reasonably use, and how should Walmart respond to such actions? While it is acceptable for stakeholder activists to protest the building of a Walmart store in their area, other actions may be questionable, especially when the government gets involved. When Walmart announced plans to open stores in Washington, D.C., for instance, a chairman of the D.C. City Council introduced a law that required non-unionized retail companies with more than $1 billion in total sales and stores that occupy more than 75,000 square feet to pay their employees a minimum of $12.50 per hour—in contrast to the city's $8.25 an hour minimum wage at the time. The terms of the law made it essentially apply only to Walmart and a few other large chains such as Home Depot and Costco. While supporters of the law argued that it is difficult to live on a wage of $8.25 an hour, critics stated that the proposal gave employees at large retailers an unjustified benefit over those working comparable jobs at small retailers. Perhaps the most scathing criticism was that Walmart and other big-box retailers were being unfairly targeted by a governmental entity. Walmart also responded directly, threatening to cancel its expansion into D.C. if the law passed and emphasizing the economic and development benefits the city would lose out on. The D.C. City Council eventually passed the law, but it was vetoed by the city mayor. There are now several Walmart stores in D.C. As with most issues, determining the most socially responsible decision that benefits the most stakeholders is a complex issue not easily resolved.

RELATIONSHIPS WITH SUPPLIERS

Walmart achieves its "everyday low prices" (also called EDLPs) by streamlining the company. Well known for operational excellence in its ability to handle, move, and track merchandise, Walmart expects suppliers to continually improve their systems as well. Walmart typically works with suppliers to reduce packaging and shipping costs, which lowers prices for consumers. The company employs thousands of Walmart trucks to go to the suppliers rather than the suppliers coming to the store, cutting down on cost. Walmart takes supply chain management very seriously, as evidenced by their constant evaluation of how suppliers' products are doing in stores. In 2019, Walmart revamped its rules to require suppliers to obtain an 87 percent success rate of delivering full trucks of products over two days. For partially full trucks, the success rate of on-time delivery went from 50 percent to 70 percent, indicating the more stringent standards for suppliers are working.

Since 2009 the company has worked with The Sustainability Consortium, an association of businesses that helps its members achieve sustainability goals, to develop a measurement and reporting system known as the Walmart Sustainability Index (discussed in further detail later in this case). Among their many goals, Walmart desires to use the Sustainability Index to increase the sustainability of their products and create a more efficient, sustainable supply chain. Walmart and the Sustainability Consortium created Project Gigaton, a sustainability effort to eliminate 1 billion tons of greenhouse gas from Walmart's global supply chain before 2030. With the help of vendors, Walmart has made great progress toward their goal. Suppliers also receive better ratings from Walmart for providing environmentally friendly products, an incentive that has paid off so far.

Walmart's power over its suppliers stems from its size and the volume of products they require. Some critics of Walmart's approach note that pressure to achieve their standards shifts more of the cost burden onto suppliers. When a supplier does not meet Walmart's demands, the company may cease to carry that supplier's product or, often, will be able to find another willing supplier of the product at the desired price. Many companies depend on Walmart for much of their business. This type of relationship allows Walmart to significantly influence terms with its vendors. For example, Walmart generally refuses to sign long-term supply contracts, giving them the power to easily and quickly change suppliers at their own discretion. Despite this, suppliers will invest significantly in long-term strategic and business commitments to meet Walmart demands, even without any guarantee that Walmart will continue to buy from them.

Despite these criticisms, there are corresponding benefits to being a Walmart supplier; by having to become more efficient and streamlined for Walmart, companies develop competitive advantages and are able to serve their other customers better as well. For example, as Walmart worked with IBM to develop a blockchain solution to food safety, Walmart began requiring all suppliers of green leafy vegetables to use the blockchain database. Though blockchain technology makes Walmart's supply chain more traceable and transparent, this requirement is a financial and technical burden for many companies. However, as these companies adapt with the help of IBM's onboarding system, they will be better prepared to use blockchain technology in their own businesses.

The constant drive by Walmart for lower prices can negatively affect suppliers. Many have been forced to move production from the United States to less expensive locations in Asia. In fact, Walmart is considered to have been one of the major driving forces behind the “offshoring” trend of the past several decades. Companies such as Master Lock, Fruit of the Loom, and Levi’s, as well as many other Walmart suppliers, moved production overseas at the expense of U.S. jobs. The challenges and ethical issues associated with managing a vast network of overseas suppliers will be discussed later in this case. This offshoring trend was not founder Sam Walton’s original intention. Though Walmart has introduced “Buy American” campaigns and launched “Made in America” initiatives, pledging to increase the number of U.S.-made goods the company buys, critics argue that Walmart is merely putting a public relations spin on the fact that rising wages in Asian countries and other international economic changes have actually made local production more cost-efficient than outsourcing for many industries. Still, the symbolic effect of Walmart throwing their considerable influence behind “Made in America” is likely to spur many suppliers to freshly consider or speed up plans to bring production back to the United States.

EMPLOYEE STAKEHOLDERS

Much of the Walmart controversy over the years has focused on the way the company treats its employees or “associates” as Walmart refers to them. Although Walmart is the largest retail employer in the world, it has been roundly criticized for paying low wages and offering minimal benefits.

Employee Benefits

A criticism levied against Walmart is that they are decreasing their workforce. For example, Walmart is testing staffing fewer midlevel, in-store managers to improve labor costs, increase wages, and attract higher quality employees. Walmart has insisted this is not a cost-saving measure but rather another way to compete with online retailers. Arguably, with fewer employees, it is harder to provide quality customer service. In the American Customer Satisfaction Index, Walmart is one of the lowest among department and discount stores. Walmart claims the dissatisfaction expressed by some customers is not reflective of the shopping experience of customers as a whole. Additionally, many fear robots and artificial intelligence (AI) will eliminate jobs. Walmart has invested in robots to clean the store and scan inventory, among other functions. Despite this move toward robotics, Walmart says its employees are the key to their success and that they will work to re-skill associates to work alongside new technology.

Though the company has received criticism over employee wages, Walmart pays greater than minimum wage in 47 states, and 75 percent of its managers are promoted from within. In addition to fair wages, Walmart incentivizes employees to stay with the company longer by rewarding them based on years of employment. Bonuses range from $200 to $1,000 depending on how long the employee has worked for Walmart. Also, Walmart extended its maternity and parental leave to a combined 16 weeks for full-time hourly workers.

Walmart's Stance On Unions

Some critics believe Walmart workers' benefits could improve if workers unionized. Unions have been discouraged since Walmart's foundation; Sam Walton believed they were a divisive force and might render the company uncompetitive. Walmart maintains that they are not against unions in general, but they see no need for unions to come between workers and managers. The company says they support an "open-door policy" in which associates can bring problems to managers without resorting to third parties. Walmart associates have voted against unions in the past.

Although the company's official position is that they are not opposed to unions, Walmart often seems to fight against them. Critics claim that when the word "union" surfaces at a Walmart location, the top dogs in Bentonville are called in. For example, after seven of ten Walmart butchers in Jacksonville, Texas, voted to join the United Food Workers Union, Walmart responded by announcing that they would only sell precut meat in their Supercenters, getting rid of their meat-cutting departments entirely. When employees at a Canada Walmart location voted to unionize, Walmart closed the store six months later. Two internal Walmart PowerPoint presentations were leaked which listed reasons why unions would negatively impact associates and directed managers to call the Labor Relations Hotline if they spot warning signs of union activity. Although Walmart offers justifications for actions such as these, many see the company as aggressively working to prevent unionization in their stores. The U.S. National Labor Relations Board (NLRB) has cited Walmart on multiple occasions for violating labor laws. Past employees of Walmart have said that watching anti-union videos is part of the training.

However, Walmart's stance against unions has not always held up to the practical realities of doing business in some foreign countries. In China, for example, Walmart found it necessary to accept a union in order to grow. Walmart has since permitted or negotiated with unions in several other countries, including Brazil, Chile, Mexico, Argentina, the United Kingdom, and South

Africa. When workers in Mexico threatened to strike in 2019, Walmart reached a deal with the union Revolutionary Confederation of Laborers and Farmworkers to improve wages by an average of 5.5 percent.

Workplace Conditions and Discrimination

Walmart remains the largest nongovernment employer in the United States, Mexico, and Canada. In 2019, a class-action lawsuit involving nearly 100 women was filed against the company for gender pay discrimination. The women said they were either paid less than their male counterparts or they were pushed into lower-paying positions. Along with gender discrimination, Walmart has been accused of disability discrimination. For example, in 2018, the Equal Employment Opportunity Commission (EEOC) sued Walmart when the retailer would not hire an employment candidate based on the fact that she was an amputee. Despite the disability, the candidate was able to perform the job, and, therefore, the EEOC sued Walmart for violation of Americans with Disability Act (ADA) standards. In Illinois, there was suspicion of racial discrimination in one of Walmart's warehouses. More than 100 black workers were refused employment when Walmart took command of a warehouse, which had been previously run by an outside company, and ran background checks on the existing employees, resulting in legal action from the workers.

Dissatisfied Walmart employees started the nonprofit United for Respect. Although not a labor union, United for Respect receives much of its funding from the United Food and Commercial Workers International Union (UFCW), which has been trying to unionize U.S. Walmart employees for years. Eventually realizing it needed a different approach, UFCW backed the idea of a non-union advocacy group and hired a market research company to develop United for Respect's message and activism strategy. Its demands include lowering the number of hours needed for part-time workers to qualify for benefits, removing caps on the wages of some long-term workers, and ending the practice of using work-scheduling systems to decrease hours for employees so they will not qualify for benefits. In 2019, Walmart responded to a shooting at a location in El Paso, Texas, by removing violent video game displays. United for Respect released a statement that the decision was "irresponsible and weak." Walmart's position is that United for Respect is a small, fringe movement that does not represent the views of the average associate, most of whom are satisfied with their jobs. The company has repeatedly complained to the National Labor Relations Board, claiming, among other things, that United for Respect uses illegal methods and that it is actually a union in disguise. Walmart has also accused the UFCW of anti-labor practices and filed at least one lawsuit against the UFCW and others who protested around their stores for illegal trespassing and disrupting customers. Walmart may have made a tactical error by choosing to acknowledge United for Respect as a threat. The number of United for Respect members is very small compared to the number of U.S. Walmart employees as a whole, and not as many Walmart employees have participated in protests as anticipated. Although Walmart claims this demonstrates that the movement is not as popular as it tries to appear, the company may have unintentionally granted it legitimacy and a large amount of free publicity by responding so directly and forcefully.

BRIBERY SCANDAL

A major blow to Walmart's reputation was the uncovering of a large-scale bribery scandal within its Mexican arm, Walmex. Walmex executives allegedly paid millions in bribes to obtain licensing and zoning permits for store locations. The Mexican approval process for zoning licenses often takes longer than it would in the United States; therefore, paying bribes to speed up the process is advantageous for Walmart but places competing retailers who do not offer bribes at a disadvantage. Walmex even used bribes to have zoning maps changed or certain areas re-zoned in order to build stores in more ideal locations, as well as to overcome environmental or other concerns. The Walmex executives covered their tracks with fraudulent reporting methods.

Bribery has become a hot button issue for the U.S. government, which has levied substantial fines and penalties against firms found guilty of bribery. It is not unusual for large firms with operations in many countries to face bribery allegations at some point considering the size of their operations and the diversity of cultures of the locations in which they do business. However, Walmart's bribery scandal in Mexico was exacerbated by two major considerations. First, the evidence indicated that the top executives at Walmart, not just Walmex, knew about the bribery and turned a blind eye to it. Second, the evidence gave weight to concerns that bribery by Walmart in foreign countries was widespread and acceptable in the company's culture.

Walmart first reported to the U.S. Justice Department that it was launching an internal investigation of suspected bribery at its Mexico stores but only after Walmart learned *The New York Times* was conducting an independent investigation. *The New York Times'* final report revealed that top leaders at Walmart had been alerted to the possibility of bribery as early as 2005. That year, Walmart received an email warning of the bribery from a former Walmex executive who claimed he had been involved. The email included cold, hard facts, such as names, dates, bribery amounts, and other information. Walmart sent investigators to Mexico City, who corroborated much of the informant's allegations and discovered evidence that approximately $24 million in bribes had been paid to public officials to get necessary building permits. Walmex's top executives, including the subsidiary's CEO and general counsel, were implicated in the scheme. However, when the investigators reported their preliminary findings to Walmart's top executives, including then-CEO Lee Scott, the executives were reluctant to report the bribery because they knew it would be a serious blow to the firm's reputation, which was already suffering due to other issues. The prospect of revealing the scandal was especially bitter because Walmart had been drawing media and investor attention for its explosive growth in Mexico as a shining success story. Admitting that this growth had been significantly fueled by bribery would look very bad for the company.

The scandal's impact on Walmart was significant. Shortly after the *New York Times'* investigation was published, the stock lost $1 billion in value, and shareholders began filing lawsuits against the company and the company's executives. In addition, Walmart had to pay for its own internal probe, not to mention hire a number of lawyers to represent the company and the company's top management as well as advisors and consultants to help restructure their internal ethics and compliance systems. Walmart spent approximately $900 million in legal fees and investigations, plus the company will pay millions in fines. Walmart's internal probe revealed the likelihood of bribery going on in other countries as well. The company, therefore, expanded the investigation to include its operations in China, India, and Brazil. For example, at the Indian branch, Walmart suspended some key executives who were believed to have engaged in bribery. This investigation halted Walmart's expansion in the country. Indian authorities began investigating Walmart and its joint venture partner at the time, Bharti Enterprises, to determine if they attempted to circumvent Indian laws on foreign investment. Foreign retailers like Walmart are allowed to partner with local businesses and open stores in the country so long as they do not own a majority stake in the venture (less than 51 percent ownership). It is alleged that Walmart offered Bharti an interest-free $100 million loan that would later enable them to gain a majority stake in the company. Both companies deny they tried to violate foreign investment rules and have since broken off their partnership. Such accusations not only have serious consequences for Walmart but also for other foreign retailers in India. Many Indian political officials were against allowing foreign retailers to open stores in the country at all. This alleged misconduct has added fuel for their opposition. Hence, the operation of other foreign retailers may be threatened. This situation demonstrates how the misconduct of one or two companies can impact entire industries.

In Brazil, permits were obtained illegally, and land was obtained illegally in China by bribing landlords and officials. An unidentified individual in Brazil charged about $400,000 to facilitate the process of getting building permits. Walmart took minimal action to address employee tips about bribery occurring in new stores. The Securities and Exchange Commission (SEC) charged the retailer with "…[allowing] subsidiaries in Brazil, China, India, and Mexico to employ third-party intermediaries who made payments to foreign government officials without reasonable assurances that they complied with the FCPA [(Foreign Corruption Practices Act)]".

In the wake of the scandals, many Walmart shareholders demanded, among other things, disciplinary action and compensation cuts against those involved. Shareholders demanded that the leaders of Walmart continue to improve transparency and compliance standards. As part of its compliance overhaul, Walmart announced it would begin tying some executive compensation to compliance efforts.

Though federal prosecutors and regulators initially sought $600 million in fines, Walmart paid just $282 million to settle the charges. Walmart was subject to monitoring and compliance guidelines of both the Department of Justice and the SEC for several years. One major reason Walmart may have not faced higher fines and more serious consequences is because of the company's attempts to reform, spending nearly $1 billion to improve prior to the settlement.

SAFETY ISSUES

Walmart's far-reaching supply chain is both an asset and a liability to the company. For instance, many of its suppliers, both inside the United States and in other countries, employ subcontractors to manufacture certain products. This makes the supply chain complex, and retailers like Walmart are forced to exert more oversight to ensure their suppliers meet compliance standards. Citing safety concerns or telling a supplier not to work with a certain subcontractor is not enough without enforcement. Walmart has global hotlines for employees to report abuse, however, international employees may not be aware of this resource. For example, Global Labor Justice, Asia Floor Wage Alliance, and other groups shared research showing violence and harassment against women in Asia. Interestingly, none of the workers who talked to these organizations were aware of Walmart's hotlines.

Walmart has also faced criticism on the home front, with safety violations being a common complaint. Workers at warehouses in the United States that do business with Walmart have complained about harsh working conditions and violations of labor laws. Walmart actively engages in audits and investigations, but critics say the company's efforts are insufficient considering the scale of Walmart's supply chain. The 150 employees in its responsible sourcing unit must consider more than 100,000 suppliers. To do this, the unit focuses on countries where the risk of abuse is higher. According to Walmart's audits, 63 percent of suppliers were generally compliant but failed at least one important requirement. In the past 10 years, Walmart has stopped doing business with only 30 suppliers, suggesting Walmart's standards could be more strict.

Another concern that has been raised is gun safety. In 2019, there were multiple shootings in Walmart stores that resulted in more than 24 deaths. CEO Doug McMillon addressed Walmart workers by expressing his condolences at the loss of life, highlighting heroic acts during the shootings, and briefly outlining steps that will be taken, such as providing counseling to employees who need it. While Walmart has engaged employees in computer-based active shooter trainings since 2015, employees have expressed fears about their safety. Walmart's current security efforts are intended to prevent shoplifting, not shootings. Some have even protested Walmart selling guns due to the belief that selling guns is adding to the gun violence in the country. Walmart agreed to limit sales of guns, including discontinuing select types of rifle ammunition. Despite this change, the company may continue to face pressure from concerned employees as well as the larger public for stricter policies.

SUSTAINABILITY LEADERSHIP

Though Walmart's history has been marked by lapses in ethical leadership, the company has a strong history of sustainability leadership. Among Walmart's long-term sustainability goals are to be supplied entirely by renewable energy, create no waste, and sell products that sustain people and the environment. In the short term, Walmart aims to be powered by 50 percent renewable energy, reduce emissions by 18 percent, and achieve zero waste to landfill in the United States, United Kingdom, Japan, and Canada all by 2025. In order to achieve these ambitious goals, Walmart has built relationships with influential people in supplier companies, government, NGOs, and academia.

One of the most unique and well-regarded of Walmart's sustainability efforts is its Sustainability Index, which it developed with the help of a nonprofit coalition known as The Sustainability Consortium. The Sustainability Index is essentially an attempt to rate and categorize all of Walmart's products and suppliers on a variety of sustainability-related issues. Walmart worked with researchers to develop the basic categories and determine what information would be required for the Index to work. Starting in 2012, Walmart began sending out requests for this information to its suppliers. For example, suppliers of products that contain wheat, such as cakes, cookies, and bread, were asked to provide detailed information about the sourcing of that wheat, from fertilizer use tracking to soil fertility monitoring to biodiversity management. Computer and jewelry suppliers were asked about the mining practices used to extract their materials; toymakers about the chemicals used in their manufacturing processes; and so on. Walmart uses this information to rank their suppliers from best to worst on the Sustainability Index and then gives that information to those in charge of making Walmart purchasing decisions to use in determining which suppliers to buy from. Presumably, the end result is that more sustainable products end up on Walmart shelves, and suppliers are incentivized to improve their practices to better compete with others on the Index. The initiative is exciting because Walmart's industry power is so great that a successful implementation could truly drive change throughout entire supplier industries and chains. By 2018, Walmart met its goal of purchasing at least 70 percent of goods from suppliers participating in its Sustainability Index. The index covers more than 125 categories of products and more than 300 buyers.

Although Walmart's environmental initiatives are a step in the right direction, some are skeptical as to whether it can accomplish its goals. Many claim that Walmart's apparent sustainability gains are overstated, lacking in critical information, or downright misleading; in other words, "greenwashing" advertising rather than actual change. Some suppliers are worried about the Sustainability Index, including the amount of increased time and expense it will take to provide the required information and the business implications of products that receive higher "sustainability" rankings being given preferential treatment. Also, the concept of "being green" is subjective, since not everyone agrees on how it is defined or whether one environmentally friendly practice is necessarily more beneficial than another. Despite these obstacles, Walmart seems to have achieved some substantial successes in this area through their dedication to their goals and the strength of its partnerships.

WALMART TODAY

Walmart has grown to become one of the largest retailers in the world. While customers still flock to the physical Walmart locations to buy groceries, clothing, and a variety of household items, establishing a greater online presence to compete with digital retailers has been a major goal for Walmart over the past several years. Though many consider Target to be Walmart's primary competitor, Amazon is the real threat. Walmart and Amazon compete not only on online shopping but also on same-day delivery. To become more competitive, Walmart has focused on ramping up grocery delivery and pickup. In 2020, Walmart experienced a surge in pickup orders amid the COVID-19 (coronavirus) pandemic while many consumers avoided person-to-person contact and limited trips outside of the home. At one point, Walmart experienced 300 percent growth rates with online grocery pickup. Building off of this momentum and taking advantage of the rapid shift in consumer behavior will be key in taking on Amazon long-term.

Walmart partnered with Microsoft to boost its digital transformation, using a range of Microsoft cloud solutions and collaborating on innovative projects. However, Walmart's current financial losses from digital investments are estimated to be as high as $1 billion. In 2020, Walmart introduced its Walmart+ subscription service to directly compete with Amazon Prime. Staying in line with its EDLP pricing strategy, Walmart+ is less expensive than an Amazon Prime membership. Perks include same-day delivery for groceries, fuel discounts, and access to exclusive product deals. The company has also rapidly added more third-party retailers to its online store. Similar to Amazon, Walmart introduced fulfillment services (i.e., storing, packing, and shipping) for retailers. To accelerate the onboarding of new retailers, Walmart struck a key deal with Shopify, a multinational e-commerce platform for more than 1.4 million online stores. The contract opened Walmart's online marketplace to Shopify's small business sellers, effectively speeding up retailer recruitment.

Walmart is known for its ability to adapt quickly to different environments, but even this large-scale retailer has experienced trouble. For instance, they were forced to withdraw completely from Germany and South Korea after failing to interest the local populations. In addition, Walmart sold 80 percent of its Brazilian operations in an effort to pull away focus from poorly performing markets. Walmart has also struggled in India, one of the world's largest markets, after failing to find a way to navigate the country's complex regulatory environment for foreign retailers in order to sell directly to the public. Walmart acquired a majority stake in a massive Indian e-commerce company, Flipkart, to better compete in the country. Flipkart is introducing a streaming service to compete with Amazon Prime and Netflix. The more Walmart expands internationally, the more the company must decide what concessions they are willing to make to enter certain markets.

Despite the difficulties of operating globally, Walmart has a significant presence in many countries such as the United Kingdom, Canada, and Mexico. The company's focus on expanding operations in India and further developing its presence in China could also pay off for the retailer. Though the company will likely experience several bumps in the road, several of its international markets appear to offer strong growth potential.

THE FUTURE OF WALMART

Walmart can be viewed through two very different lenses. Some think the company represents all that is wrong with America, while others love the retailer. In response to criticism, and in an attempt to initiate goodwill with consumers, the company has continued to improve stakeholder relationships and made efforts to demonstrate that they are an ethically responsible company. Although they have faced controversy regarding competition, suppliers, employees, and global corruption, among other things, they have also demonstrated concern for sustainability initiatives and social responsibility. Walmart's goals of decreasing waste and carbon emissions and its Sustainability Index extend to all facets of their operations, including suppliers. These efforts demonstrate Walmart's desire (whether through genuine concern for the environment or for its own bottom-line profits) to become a more sustainable company.

Similarly, Walmart's creation of a sophisticated global ethics and compliance program shows that they have come a long way since their beginning when formal ethics programs were deemed unnecessary. However, without strong monitoring systems and a commitment from top management to enforce the company's ethics policies, such efforts will prove fruitless. Overseas bribery scandals and employee discontent have tarnished Walmart's reputation. As a result, the company is working to improve internal control mechanisms and supplier auditing. Both critics and supporters of Walmart alike are waiting to see whether Walmart's efforts will position the company as a large retailer truly dedicated to social responsibility.

QUESTIONS FOR DISCUSSION

1. Do you think Walmart is doing enough to become more sustainable?
2. What are the ethical issues Walmart has faced?
3. Describe the advantages and disadvantages of being a supplier for Walmart.

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