Management Report

Student Name

Course

Institution

Date

# **Abstract**

The report seeks to assess the corporate social responsibility (CSR) practices to the society. Walmart's CSR strategy revolves around three primary principles of creating economic opportunities for the employees, suppliers, and people working in the retail and supply chains beyond its operations, enhancing sustainability operations, and creating strong communities where the company is operating. In achieving these objectives, Walmart sells its goods and services that are sustaining people and the environment at large. Besides, the report will provide the general impact of businesses to the society, critique Walmart’s impact on the society and provide critical recommendations and conclusions for the company.

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Management Report

Step 1

# **Company Selection and Overview**

The case study organization I have selected for this assessment is Walmart Inc. Walmart is an American multinational retailing corporation operating a series of hypermarkets, discounting departmental stores, eCommerce, and grocery stores. The company is headquartered in Bentonville, Arkansas, in the United States. Its 2021 financial year recorded 559.2 billion dollars with approximately 2.2 million employees globally (Walmart Annual Report, 2021). Walmart has over 11,700 stores globally and serving over 270 million customers worldwide. The company's primary business strategy is being highly competitive in assorting and differentiating how consumers access their products and deliver an excellent customer experience that will leave customers in awe. Besides, Walmart has adopted a low-cost leadership strategy which makes its product pricing relatively low as its motto suggests "everyday low prices."

## **Walmart and SDG's**

Walmart's primary objective is to enable its clients and society to save money and live better. Walmart has put in considerable investment towards the attainment of the business 2030 sustainable development goals. Walmart ensures that it ends poverty and ensures accessibility of safe, nutritious, and sufficient food for the poor and the vulnerable communities. Through its commitment to food donations and other philanthropic investments through Walmart and Walmart Foundation, the company is meeting its goals of providing approximately four million community members with food nutrition education (Walmart Corporate, 2021). In 2019, the company donated food worth about 1.4 billion pounds. Besides, Walmart is focused on doubling agricultural productivity and income generated by small-scale producers towards ending poverty. Walmart's foundation has funded the training of approximately 1.2 million small-scale farmers in about fifteen nations between 2011 and 2017. Still, the company worked collaboratively with other agricultural-based organizations with two critical objectives. The objectives were aimed at increasing incomes generated by farmers and lowering malnutrition levels in rural areas.

Walmart is also committed to ending gender inequality and providing affordable and clean energy by 2030, as enshrined under SDGs goals number 5 and 7. Walmart ensures women are given complete and adequate participation and equity in terms of employment opportunities in leadership positions throughout all levels of decision-making. As part of its goals, Walmart is putting millions of people in focused training programs aimed at equipping them with skills towards improving their careers by 2025. Walmart has ensured that out of this entire population to be trained, 60 percent consists of females. Walmart has also ensured that women are incorporated under its management levels where 43 percent are in Walmart's U.S. management while 32 percent have been incorporated in its board. Also, Walmart is aspiring towards reducing its energy consumption by about 20 percent by promoting the usage of renewable energy and increasing its fuel efficiency by its fleet.

Step 2

# **Role of business in society**

Businesses play a crucial role in the sustainable development of society in terms of social, economic, and environmental development. Moreover, individuals, organizations, and society can all benefit from the existence of a business. Therefore, businesses are established with the primary aim of meeting these needs and make profits for their sustainability. Businesses often buy products and services from society before they take them for processing into final products ready for consumption by the same society. This section discusses the impact of the companies on society based on the three pillars of sustainable development, namely social, economic, and environmental impacts.

## **Impacts of the business to individual levels**

Private enterprises affect individuals socially, economically, and environmentally (Epstein et al., 2018). A business operates with employees, and these employees are often recruited from society. Therefore, it is true that private enterprises provide employment opportunities to youths on an individual level. A sustainable business often considers the social impacts of the business operations on its employees. Through their sustainable practices and policies, the enterprises award individual health care coverage and opportunities to further their education and work-life balance. When employees are sick, they can use the healthcare coverage plan or insurance to seek medication without extra costs. Employees are also given employment opportunities to expand their skills and improve their decision-making, making them better in their jobs.

In some cases, the enterprise can provide an individual with its products such as sugar if it deals with sugar production or clothing and other products. Above all, private businesses allow employees to interact with each other and improve through effective communications and collaborations. Doing this helps in improving their social life.

Private businesses are also crucial in empowering individuals economically. First of all, the business is the source of wealth creation and generation for individuals. Individuals who own the business and employees both benefit from the business financially. Employees are paid salaries at the end of the month of a given specified period, enabling them to put food on the table and improve their families' economic statuses. According to Amy et al. (2021), by creating job opportunities, businesses employ individuals to improve their living standards. Private enterprises also benefit the owners economically. Also, private businesses can give employees houses which is essential for improving their economic status. Therefore, instead of spending more money to build or rent a house, it becomes more economical to use the company's house. Besides being independent, they provide owners with a good lifestyle. Owning a business gives individual-specific lifestyle benefits. The owner is in charge of the business's operations and can therefore influence any benefits derived from the business. Unlike when an individual is employed, owning a private enterprise gives the owner an opportunity of making more money and benefit from their work rather than by working for someone.

Businesses can also affect the individual's environment. The eco-friendliness of the business is determined when it comes to using energy to heat and cool and building, producing products, and removing wastes from the building (Amy et al., 2021). In one way or the other, the business affects an individual negatively. Heating and conditioning systems installed in offices play a considerable role in pumping greenhouse gasses into the atmosphere from the offices, which often destroys the ozone layer. The effect is that individuals are exposed to dangerous ultraviolet rays and sunburns that can cause skin cancers. Businesses dealing with manufacturing contain a lot of noise and dust, potentially affecting the individual's hearing and smelling senses. Exposure to excessive noise can cause noise-induced hearing loss syndrome, increase high blood pressure, stress and causes heart diseases. In some businesses, they use child labor or forced labor which is not good.

## **Impacts of the business to societal levels**

Businesses can have both social, economic, and environmental impacts on society either negatively or positively. One of the tremendous impacts of business on society is providing employment opportunities to the society, improving society's living conditions. Besides, they employ individuals nearby their homes. Therefore, they do not have to travel to the furthest locations to work (Boardroom Intelligence, 2020). Private enterprises can positively influence how social groups operate. The business can be crucial in building and maintaining social impacts through its critical business operations, including providing goods and services. According to Price water coopers (PWC), skills and expertise can be built via work-based training or even through products and services. Besides, the business can support livelihoods by providing employment opportunities and products to the society both locally, nationally, or international markets which can be critical in reducing poverty levels, societal empowerment, and healthcare and wellbeing improvement (Price water Coopers (PwC), 2015). Private enterprises often provide opportunities for the society to advance their education, provide goods, improve their health and increase community cohesion through engaging in various promotion programs through what is commonly known as corporate social responsibility (CSR). Businesses are expected to provide educational opportunities to children from impoverished backgrounds.

The environmental impact of the business on society can be negative or positive. Most businesses have set their objectives towards attaining 100 percent renewable energy consumption in the long run. Therefore, most are working closely with their stakeholders, such as suppliers and third-party logistics companies, to ensure these goals are achieved. Most businesses are also engaging themselves in planting trees and conservation of the environment. However, the negative impacts of the business to the society are very many. Businesses cause a lot of environmental pollution in terms of noise, air, water, and soil pollution, dangerous to both plants and animals within the community. For instance, water pollution can cause the death of sea creatures such as fish which the society depends on for food. Also, water plays a massive role in human bodies. When people consume dirty water, they can expose themselves to diseases such as cholera and typhoid (Halder & Islam, 2015). Noise pollution also affects society in various ways. First, it is stressful, and second, it has health-related impacts such as increasing heart diseases and blood pressure. Another impact of the business is on the space. During setup, businesses consume a lot of space that people could have otherwise used for living and children playing (Karsten & Felder, 2015).

## **Impacts of the business to organizational levels**

Businesses coexist with each other to create a more perceived value to society. Businesses promote each other for sustainability. Most companies, especially manufacturing companies, rely on raw materials to produce finished goods and services. These products are often from other businesses. Therefore, when one business buys products from the other business, it contributes to revenue generation, which is essential for the daily running of the business and pays its employees as well. Companies also compete with each other, which makes them improve their products and services. The presence of other organizations in the society ensures that the society does not suffer from higher pricing.

Step 3

# **Organizational Critique**

Walmart Inc. has been engaging itself in various corporate social responsibilities. Walmart's strategy revolves around three primary principles of creating economic opportunities for the employees, suppliers, and people working in the retail and supply chains beyond its operations, enhancing sustainability operations, and creating strong communities where the company is operating. In achieving these objectives, Walmart sells its goods and services that are sustaining people and the environment at large. The company has also invested in creating a zero-waste environment strategy. Through this strategy, products and services are produced in considerations with the environment. Walmart is also concerned about attaining 100 percent renewable energy (Walmart Annual Report, 2021).

Walmart is benefiting its society by employing workers from all over the world to work in the various departmental stores spread all over the world. According to Walmart Annual Report (2021), the company has approximately 2.2 million employees who earn salaries and wages after a specific period as stipulated in their employment contracts. According to the company's financial report for 2021, Walmart paid a total of 1.6 billion dollars for its associates in special cash bonuses. Apart from paying them, Walmart is educating and empowering its employees (Dudovskiy. 2016). A survey conducted involving more than 2 million employees globally indicated that about four of five are proud to be working with Walmart. Also, in keeping its employees satisfied, Walmart has planned to increases wages for approximately 590,000 employees in 2022 and provide workplace training and education (Walmart Annual Report, 2021). In doing this, Walmart projects that its turnover rate will decline by 20 percent by the year 2023.

Socially, Walmart has paid approximately 730 million dollars in bonuses for full-time United States hourly associates, promoted about 200,000 associates to jobs with greater responsibility and higher wages, and increased wages to 20 dollars as hourly compensation consisting of the United States benefits. Walmart has supported other businesses to grow financially by directly depending on the suppliers. In the financial year 2020, Walmart spent an estimated 11.7 billion dollars in sourcing products from various suppliers in the United States (Walmart Corporate, 2021). Besides, Walmart Inc. has made sure that over 1.8 million associates in the United States are trained through the Walmart Academy since 2016 (Walmart Annual Report, 2021).

During the pandemic, Walmart committed to supporting the community and the world in meeting the critical needs resulting from the Covid-19 pandemic. Together with Walmart Foundation, Walmart committed nearly 25 million dollars to front-line workers to help them respond to the outbreak. Walmart committed 10 million dollars in supporting food banks, school-meal programs, and organizations providing access to food for the underserved communities. The remaining 15 million dollars were dedicated to supporting efforts in local communities and supporting global efforts to assist nations in detecting and managing the pandemic.

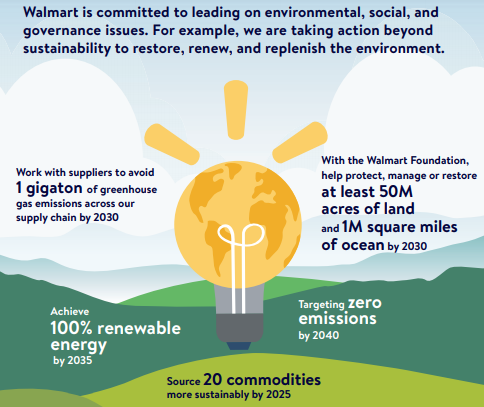
*Figure 1: Walmart Associate delivering food to a child*



(Walmart, 2020)

Environmentally, close to 100 percent of Walmart United States stores and Sam’s Club sourced fresh and frozen seafood according to the United States sustainable seafood policy as purported by the company’s suppliers. In addition to this, 80 percent of waste materials were diverted from landfills and incineration globally, contributing to environmental sustainability. Lastly, Walmart is at the forefront advocating for environmental energy consumption in its entire operations from the suppliers to distribution and delivery to final consumers. Walmart is focused on lowering energy consumption every year. Besides, the company’s objective is to attain 100 percent renewable energy by 2035. The summary of Walmart’s environmental, social, and governance issues is shown in the figure below.

*Figure 2: Walmart’s summary of environmental, social and governance issues*



(Walmart Annual Report, 2021)

Step 4

# **Conclusion**

In conclusion, the study sought to explore the impact of businesses on society and linking it to a case study organization. In this case, Walmart was used as the case study organization. The paper began with providing an introduction to the organization, its primary strategies, and providing a quick link between Walmart and how it is meeting its sustainable development goals (SDGs). In applying literature found onto the organization, Walmart has firmly positioned itself as a pioneer, especially adhering to its robust corporate governance strategy. Walmart has complied with all the rules as laid out by the United States regulatory environment. The company's management continues to convey its values, ethical practices, and codes to its employees and directing employees' efforts in the right direction. Walmart has ensured that all of its employees receive equal treatment, remuneration, promotion, and training (Walmart, 2020). Also, Walmart is actively engaged in the provision of several CSR initiatives aimed at developing the community. However, these initiatives are ever-changing over time. They are now focusing more on society's social, economic, and environmental pillars and its individuals rather than the organization itself. In a nutshell, Walmart's CSR consists of providing high-quality goods and services, offering to protect and restore the depleted natural resources prioritizing society, and reducing waste. Walmart is concerned with giving individuals in society a perfect life and protecting the environment against destructions.

# **Recommendations**

Walmart needs to improve its Research and development (R&D) to be in a better position to strengthen its CSR initiatives. Attaining most of its planned objectives requires innovative technologies to be implemented in the organization. For instance, achieving 100 percent renewable energy by 2035 means that Walmart should invest much time in research and development to come up with innovative technologies that will be critical in supplying electricity to all of its operational and production facilities to achieve this goal. This will not only help Walmart achieve its goal but also allow the company to preserve its environment. Walmart needs to increase involvement in CSR practices to have more impact. According to Newman et al. (2020), giving individuals within the community an opportunity to participate in CSR activities can only strengthen the process giving Walmart more value. Lastly, understanding the financial implications of every activity is crucial in enhancing Walmart's CSR activities in the future. Walmart must keenly consider the amount of money it spends on such activities to prevent losses (Archel et al., 2011).

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