

Managing the Ethical Implications of the Big Box

The Walmart Effect

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This case examines criticisms of Walmart that its economic impact “limits the ability of local businesses to survive.” The case study also examines how the company has responded to charges that it negatively affects local businesses. It raises questions regarding the effect of large businesses on other stakeholders, including whether company goals are aligned with community goals and whether the company communicates responsibly with its publics. It also addresses the utility, or consequences, of economic development and its impact on relationships with others, among other ethical perspectives.

Walmart has had a tremendous impact upon our society. Its pervasive presence has affected communities all over the United States. The first Walmart store opened in 1962 in Rogers, Arkansas. By 1970, there were 38 stores with 1,500 “associates” (employees) and sales of \$44.2 million. In 1990, Walmart became the nation’s number one retailer. In 2002, Walmart had the biggest single-day sales in history: \$1.43 billion on the day after Thanksgiving. Today, Walmart is the world’s largest retailer with 2.1 million “associates” in more than 8,800 store and club locations in 15 countries and sales of \$405 billion in the fiscal year ending January 31, 2010.¹ Because of this impact, Walmart has been confronted with many ethical challenges.

One of the challenges the huge retailer has faced is to have a positive impact upon the communities it enters. Whether Walmart has acted ethically may be a matter of perspective. Certainly, Walmart does much for the communities in which it operates, but it has also faced criticism that its economic impact limits the ability of local businesses

Author’s Note: Most of the information in this chapter was taken from the Walmart website (www.walmartstores.com) in 2004.

¹ See a complete timeline at <http://www.walmartstores.com>. Click “About Us” and then “History Timeline.”

TABLE 3.1 The Impact of Walmart

In 2004 Walmart claimed the following impact for the United States:

<i>Walmart—Economic Impact*</i>	
Walmart Stores Inc.	
Walmart stores	1,636
Supercenters	1,093
Neighborhood markets	31
Sam’s Clubs	502
Distribution centers	106
Associates employed in United States	1,043,970
Community involvement	\$196 million
Total amount spent with U.S. suppliers	\$107 billion
Total federal, state, and local taxes paid	\$1.2 billion
Sales taxes collected and remitted	\$8.5 billion

Source: <http://www.walmartstores.com> (Accessed April 1, 2004).

* Total state and local taxes paid include real estate, personal property, other taxes and licenses, unemployment, use, and state income taxes. Sales taxes collected and remitted are state and local sales tax collected by Walmart and remitted to government authorities.

to survive.² This case study will examine some of the issues and explain how Walmart has responded to them. It is up to the reader, then, to determine the ethical qualities of Walmart’s communication and actions. Does Walmart show ethical consideration to the communities it enters? Do the communities have an ethical obligation to embrace Walmart or fight Walmart? Is Walmart destroying jobs and communities or helping to revitalize them? Does the big-box retail model, which Walmart has perfected, cause an ethical dilemma for local communities?

THE WALMART PHILOSOPHY

By the end of the fiscal year ending January 31, 2010, the number of stores and distribution centers had grown from 3,368 to over 3,600, and the number of associates in the United States had grown from 1.04 million to 1.4 million. Here are the figures in the United States alone: Walmart and the Walmart foundation gave more than \$467 million in cash and in-kind gifts in fiscal year ending 2010 (FYE '10)—an \$89 million increase over the previous year’s giving. At a time when food banks are being accessed more than ever,

² See economic impact statements for all 50 states as well as the national numbers by going to <http://www.walmartstores.com> and searching their entire site for “economic impact” at the top right of their home page.

Walmart doubled donations to Feeding America, giving more than 127 million pounds of nutritious food to U.S. food banks, the equivalent of nearly 100 million meals (Walmart Corporate, n.d.-b).

According to their website, Walmart stores are committed to their communities:

Wal-Mart Stores, Inc. believes each Wal-Mart store, SAM'S CLUB, and distribution center has a responsibility to contribute to the well being of the local community. Our more than 3,400 locations contributed more than \$150 million to support communities and local non-profit organizations. Customers raised an additional \$75 million with the help of our stores and clubs.³

Wal-Mart also claims that their philosophy is to do good works:

Wal-Mart's Good Works community involvement program is based on the philosophy of operating globally and giving back locally. In our experience, we can make the greatest impact on communities by supporting issues and causes that are important to our customers and associates in their own neighborhoods. We rely on our associates to know which organizations are the most important to their hometowns, and we empower them to determine how Wal-Mart Foundation dollars will be spent. Consequently, our funding initiatives are channeled directly into local communities by associates who live there.

Walmart's approach to implementing this community involvement (again according to their website, previously noted) is as follows:

unique, combining both financial and volunteer support. We encourage our associates to be involved in their local communities and to support the programs that are making a positive difference. In addition, associates conceive and carry out creative fundraising efforts on behalf of local charitable causes, particularly Children's Miracle Network (CMN) and the 170-plus children's hospitals nationwide that receive support from CMN.

Walmart does fund a number of programs to support communities and local nonprofit organizations. In 2004, they claimed to have given the following⁴:

- More than \$88 million in community grants
- More than \$265 million in 15 years for Children's Miracle Network (CMN)
- More than \$184 million in 19 years to United Way chapters
- \$80 million in scholarships since 1979
- \$1.7 million in Environmental Grants

³You can find Walmart's philosophy concerning their commitment to communities by going to their website at <http://www.walmartstores.com>

⁴From this site (<http://www.walmartfoundation.org/wmstore/goodworks/scripts/index.jsp>), click "Recent Initiatives."

- \$3.1 million in Volunteerism Always Pays grants
- \$20 million raised and contributed during the 2002 holidays

Go to the Walmart website today (<http://www.walmartstores.com>) and click the “Community and Giving” button, and then “The Walmart Foundation” button, and you can see the myriad recipients of grants from Walmart. They have committed \$2 billion cash and in-kind to hunger relief in America. You can also see a list of major contributions—65 recipients of \$250,000 or more (43 recipients of over \$1 million).

COMMUNITY COMPLAINTS

Clearly Walmart has participated in helping to make communities better, but there is another side to the story as well. In his book, *In Sam We Trust*, Bob Ortega (1998) suggested that Walmart is devouring America. Among other issues, Representative George Miller’s (D-CA) (2004) 25-page report by the Democratic Staff of the Committee on Education and the Workforce, U.S. House of Representatives, suggests that Walmart’s low wages and unaffordable or unavailable health care cost taxpayers money. In recent years, the downtown areas of many towns have been suffering as communities have become increasingly suburban. According to critics, Walmart often contributes to the decline of the downtown of small towns because they build stores at the outskirts of towns, drawing traffic away from the downtown areas.

Downtown Deterioration

For example, Wilmington, Ohio (a community of about 10,000 when Walmart moved in), saw the decline of their downtown as the traffic flow headed west of town, toward the shopping center that housed Walmart. The Kmart on the eastern edge of town eventually shut down because of the competition. Clinton Art Craft, a small craft store in downtown Wilmington, soon discovered that Walmart was selling craft supplies to customers at a lower price than they could purchase them from their suppliers. Walmart’s return policy was also problematic for Clinton Art Craft. Their suppliers would not take back returned items like suppliers did for Walmart. Customers would often get agitated when Clinton Art Craft wouldn’t (because they couldn’t afford to) have the same return policy as Walmart. Other downtown establishments experienced similar problems and, as a result, they shut down. Businesses moved to the western edge of town, away from the downtown area, to be closer to the Walmart traffic. Clinton Art Craft was able to stay in business in part because their service, with special attention to the customer, maintained a loyal customer base. However, some of those customers began going to Clinton Art Craft for advice and then heading to Walmart to buy the materials they needed. Clinton Art Craft was forced to add an additional focus to their business (framing and matting) in order to survive. They did survive and thrive but only because they were able to adapt to the environment Walmart created. It was difficult for a mom-and-pop store run by a husband and wife with

an occasional part-time employee to make such adaptations. Resources were limited. Clinton Art Craft survived for over 35 years (until the couple's retirement). For a small business, that is quite a feat, especially in the wake of Walmart's impact on a small town.

The Nevada Small Business Association has claimed that Walmart practices "predatory pricing" to destroy smaller competitors (Reed, 2000). According to Ronna Bolante (2003), "Hawaii [small business] retailers have learned how to co-exist with big boxers: Don't compete with 'em" (p. 16). The plan is to find a niche of different products and services that will not be in competition with Walmart. However, "that's easier said than done, considering Wal-Mart and Sam's Club sell almost everything under the sun" (Bolante, 2003, p. 16). In a town in Colorado, the local government gives Walmart credit for turning the economy around:

In Sterling, officials point to the local Wal-Mart, which opened a decade ago and expanded to Supercenter in 1995, as a key to turning around a once moribund economy. "They draw from a large geographic area," said City Manager Jim Thomas. "I see license plates from Kansas, Nebraska, and Wyoming." (Peterson, 2002, p. 20)

But while public officials feel the town has benefited from Walmart's presence, local business owners are not of the same opinion:

To be sure, some of the benefits reaped from Sterling's Wal-Mart have come at the expense of local businesses. "When they come to town, if you're in competition with them, you're going to feel it," said Larry Hilty, proprietor of the Sterling Grocery Mart. "They just tear you up."

When the Supercenter opened, Hilty's business suffered an immediate 50 percent drop in sales. "I'm surviving," he said, "but it'll never be back to what it was." (Peterson, 2002, p. 20)

Small towns all over the country have felt the impact of Walmart. This is not a new phenomenon. Walmart began having a tremendous impact on communities in the 1980s. For example, by the late 1980s, Iowa had felt the effects of the growing retail giant. According to an article by Edward O. Welles (1993), "Iowa towns within a 20-mile radius felt [Walmart's] pull. Their retail sales declined by 17.6% after five years"(para. 13).

But it wasn't just the retail stores that suffered. The specialty stores also felt the impact. The only hope for small merchants was to find a niche. Because of Walmart's size and strength with suppliers (which has grown tremendously since the late 1980s), the burden has been on the small business owner to change and adapt. Even if they had successful businesses, providing the same goods and products for as long as 50 years, small merchants have been forced to adapt to survive as Walmart enters their territory.

As Walmart prepared to enter Maine in the early 1990s, Ken Stone, a professor of economics at Iowa State University, traveled to the state to give them some advice:

His advice was simple and direct: don't compete directly with Wal-Mart; specialize and carry harder-to-get and better-quality products; emphasize customer service; extend your hours; advertise more. (Welles, 1993, para. 25)

Merchants in small-town Maine had similar concerns to the Ohio and Iowa merchants—that Wal-Mart would accelerate the drift of business out of downtown” (Welles, 1993, para. 48). In the minds of merchants, however, the impact goes beyond simply business. One Maine merchant put it this way:

There’s no argument that you can get a damn light bulb for 10 cents cheaper at Wal-Mart than you can at John Hichborns [sic] hardware store. But do people know that John Hichborn is a major contributor to Elmhurst [a local trade school for the handicapped]? He works at finding jobs for people from Elmhurst. If Hichborn goes out of business because people want a cheaper light bulb, then you lose more than just the tax revenues that business generated. (Welles, 1993, para. 69)

Walmart has been the topic of discussion at many Main Street associations across the nation. “‘Wal-Mart has gone a long way to reduce opportunity for downtowns to be successful as far as traditional retailers,’ said Bob Wilson, director of program services for the Mississippi Main Street Association” (Gillette, 2002, p. 16). Wilson went on to explain the following:

It is a phenomenon a lot of downtowns are going through. A lot of areas have seen the short-term retail tax increases that happen when Wal-Mart comes to town, but it is not a long-term solution. Full-time jobs are replaced by part-time jobs with no benefits. And more employees come from surrounding areas so they don’t really have that economic boost to the community. (Gillette, 2002, p. 16)

According to Wilson, Walmart does not have loyalty to the communities it enters and has no problem abandoning its original building in town to move to a larger facility with better traffic flow at the outskirts of town, with no concern as to whether or not it remains in the same taxing district (Gillette, 2002).

BEYOND THE SMALL-TOWN COMMUNITIES

But it is not just small towns and businesses that are affected. Walmart entered the grocery market with its “supercenters” around the Chicago area:

The Jewel and Piggly Wiggly stores serving Antioch will be the first local grocers to feel the Wal-Mart effect. Eventually, the impact will spread to all Chicago-area grocery stores, including two other major combination discount/grocery chains, Meijer Inc., and Target Corp. (Murphy, 2004, para. 6)

The impact can be brutal for business owners. “In exurban Sycamore, Brown County Market lost 40% of its sales after a Wal-Mart Supercenter opened in nearby DeKalb in the late 1990s” (Murphy, 2004, para. 8). The store’s owner laments one of the issues: “‘I pay my grocery clerks \$13 an hour plus benefits. Wal-Mart pays \$7 an hour with no benefits,’

says owner Daniel Brown. ‘It’s hard for me to compete against that’” (Murphy, 2004, para. 9). It is interesting to note, though, that 7 years later, Walmart’s corporate fact sheet (Walmart Corporate, n.d.-a) states that the average, full-time hourly wage for Walmart stores is \$11.75. The fact sheet indicates it is even higher in urban areas and that associates can receive performance-based bonuses.

It sounds like Walmart has made positive headway in the past decade. The corporate fact sheet found through the Walmart website (Walmart Corporate, n.d.-a) even states the following:

Walmart is a diverse employer with more than 257,000 African-American associates; more than 41,000 Asian and 5,900 Pacific Islander associates; more than 171,000 Hispanic associates; more than 16,000 American Indian and Alaskan Native associates; more than 869,000 women; and more than 430,000 mature associates who are 50 and older.

However, on December 6, 2010, the Supreme Court agreed to hear Walmart Stores, Inc.’s bid to block a massive class-action lawsuit alleging that the retailing giant discriminated against as many as 1.5 million female employees (Bravin & Zimmerman, 2010). On June 20, 2011, the Supreme Court decided 5–4 in favor of Walmart. So the opinions seem mixed.⁵

Recently, an article in *Fast Company* discussed the impact of Walmart’s low prices on its suppliers. A gallon-sized jar of Vlasic pickles sold for \$2.97. What a deal! Fishman (2003) put it this way:

Therein lies the basic conundrum of doing business with the world’s largest retailer. By selling a gallon of kosher dills for less than most grocers sell a quart, Wal-Mart may have provided a service for its customers. But what did it do for Vlasic? The pickle maker had spent decades convincing customers that they should pay a premium for its brand. Now Wal-Mart was practically giving them away. And the fevered buying spree that resulted distorted every aspect of Vlasic’s operations, from farm field to factory to financial statement. (p. 70)

Because Walmart has grown so big, it has developed the power to determine suppliers’ prices. They put the pressure on suppliers to lower their prices, and because Walmart has such a big market share of retail sales, the suppliers concede to the Walmart way of doing things. Walmart offers to deliver low prices to consumers. The enticement to small towns is to make them feel as if they have some of the same amenities as a big city. After Walmart has descended on a town and local businesses (hardware stores, dime stores, clothing stores, etc.) have disappeared, Walmart offers to make things even better. Leslie “Buzz” Davis (2003) put it the following way:

Later the Wal-Mart front man swoops into your little town, slaps you on your back and says, “Boys, have I got something you are going to love: a Supercenter!”

⁵For reactions and points of view about the Supreme Court decision, see Biskupic (2011), Richey (2011), and Wal-Mart’s Class Victory (2011).

This baby will be the size of four football fields and have everything you need to live except a birthing room and a funeral parlor. You won't ever have to shop anywhere else again. Aren't you lucky we chose your little city for all those great jobs the Supercenter will bring? And all that tax base we're just giving you free? Because you are such nice guys, I am going to throw in a large, late model used car lot at this Supercenter. This is a new business we are going into and you'll love it. Why, you'll be living just like those folks in the big city! Gee, aren't you lucky I came to town?" (para. 6)

Perhaps Davis's tone is a bit cynical, but there is an element that rings true. It all depends upon your perspective. Community members in Bristol, Tennessee, lost a battle to the retail giant on a rezoning issue. An online editorial titled "Bristol Wal-Mart Controversy" (n.d.) reported the following:

As accusations of "back room deals" and community anger fly in Bristol, city officials decide to sue citizens for opposing their despotic rule. All of this boils down to locating a Wal-Mart "super center" adjacent to two subdivisions and rezoning the property for business to accommodate them. Bristol goes even beyond "good old boy" politics to new lows. Citizens never had a chance.

ECONOMIC SPIN-OFF

Yet, Walmart has grown to be such a behemoth exactly because it has given customers what they wanted (or at least thought they wanted)—low prices and convenience. One can head to the local Walmart and do virtually all of one's shopping in one huge building. It is often possible to find a reasonable substitution for those specialty items that can't be found at Walmart. But if low prices are causing other local merchants to go out of business, are the conveniences that Walmart provides worthwhile in the long run? There is a whole other side to this community economic impact in terms of the economic spin-off of a dollar spent at Walmart versus a dollar spent at other local merchants. There have been myriad stories about low wages and minimal benefits provided to Walmart "associates," not to mention the hiring of illegal aliens or the fact that China has become a major supplier for the retail giant that used to tout that it only carried products that were made in America.

In 2004, Walmart's average employee worked a 30-hour week and earned about \$11,700 a year, which was nearly \$2,000 below the poverty line for a family of three (Miller, 2004; Wal-Mart Watch, n.d.). Only 38% of "associates" have company-provided health coverage—as compared to the national average of over 60% (Miller, 2004; United Food and Commercial Workers Union [UFCW] Local 227, n.d.; UFCW Local 770, n.d.; Wal-Mart Watch, n.d.). According to the United Food and Commercial Workers (UFCW) International Union Local 227 (n.d.), "Wal-Mart has increased the premium cost for workers by over 200% since 1993—medical care inflation only went up 50% in the same period."

Furthermore, the UFCW Local 227 (n.d.) indicated that “[t]he Walton family [owner of Wal-Mart] is worth about \$102 billion—less than 1% of that could provide affordable health care for associates.” There have also been a number of class action lawsuits against Walmart for underpaying associates by not paying them for overtime and making them work through daily scheduled 15-minute breaks. In addition, there is a suit alleging that Walmart “systematically deprived illegal workers of labor-law protections during at least the last three years” (Rasansky, 2003, p. 34). There is evidence that Walmart actually destroys more jobs than it creates and lowers community standards. “Research shows that for every two jobs created by a Wal-Mart store, the community loses three” (Flagstaff Activist Network, 2004; UFCW Local 227, n.d.; UFCW Local 770, n.d.; Wal-Mart Watch, n.d.).

However, as of 2010, the Walmart fact sheet (Walmart Corporate, n.d.-a) claims that “Walmart insures more than 1.2 million associates and family members making us among the nation’s largest providers of private sector health insurance.” Walmart also claims that in 2009 hourly associates received approximately \$2 billion through financial incentives, including bonuses, profit sharing, and 401(k) contributions in addition to hundreds of millions of merchandise discounts and contributions to the associate stock purchase plan. And at the average of \$11.75 an hour that Walmart employees earn, a 30-hour work week would net a little over \$18,000 per year. This is still below the \$22,000 poverty line for a family of three in a one-earner household, but a two-earner household would earn over \$36,000 per year (over \$40,000 if working 40-hour weeks).

Over the years, Walmart has touted their “buy America” program, yet over 80% of the clothing sold in their stores is produced overseas (Flagstaff Activist Network, 2004; UFCW Local 227, n.d.; UFCW Local 770, n.d.; Wal-Mart Watch, n.d.). In order to keep costs low enough to keep them in Walmart stores, suppliers are often forced to move their production overseas. This outsourcing has become more widespread in part because Walmart is big enough to demand the prices it desires from its suppliers. A Salt Lake City paper addresses this issue:

The millions of people flocking to the Wal-Marts, etc., in order to save \$0.11 per roll of toilet paper have exactly the same motivation as Corporate America has in seeking a lower price for what it wants to buy. This is not to say that outsourcing American jobs to China or India is OK. In fact, this newspaper has for many years been on record as not supporting that notion. It is, however, to say that if outsourcing is not OK because of the devastating impact on parts of our population, then the local government cooperation with the spread of the Wal-Mart virus is not OK either. (“Outsourcing American jobs,” 2004)

COMMUNITY SATISFACTION

However one wants to criticize Walmart, though, one would be hard pressed to find someone who has not purchased from a Walmart store. The other side of the argument is that Walmart does indeed help communities and give them exactly what they desire—low

prices and convenience. It saves the customer time because he or she can consolidate shopping needs. Why go to four or five different stores when you can get everything you need at Walmart? Often, you will be able to purchase the same brand for less money as well. Some suggest that Walmart is good for consumers, business, and the economy. An article in *Advertising Age* ("Wal-Mart Creates Winners All 'Round," 2003) claimed, "Wal-Mart functions as the consumer's advocate and purchasing agent, badgering suppliers to get the best deal." The article further argued, "Economists say low Wal-Mart prices help keep inflation in check, and its efficiencies have been pushed down the supply chain, further improving productivity." Sheila Danzey (2002) opined that the St. Thomas (New Orleans) housing development would greatly benefit from a proposed Walmart in a "formerly troubled high crime-devalued neighborhood" through a proposed tax increment financing (TIF) plan that would help in the rebuilding of St. Thomas.

CUSTOMER CHOICE

Karen De Coster and Brad Edmonds (2003) dispelled some of the rumors often heard about Walmart, such as coming to town and selling below cost until the competition is gone and then jacking up the prices. De Coster and Edmonds argued that if community members want to discourage the acceptance of Walmart in their town, "they have scores of non-bullying options to pick from in order to try and persuade their fellow townfolk that a new Wal-Mart is not the best option" (para. 16). The authors suggested that it is not easy to convince people to trade convenience for "the sake of undefined moral purposes" (para. 17). Certainly the growth of Walmart is evidence of what the American public as a whole value:

To be sure, if Americans didn't love Wal-Mart so much it wouldn't be sitting at the top of the 2002 Fortune 500 with \$219 billion in revenues. And we do love Wal-Mart. We love it because it gives us variety and abundance. We love it because it saves us time and wrangling. And we love it because no matter where we are, it's always there when we need it. (De Coster & Edmonds, 2003, para. 22)

BUSINESS SUCCESS

Walmart is big. Davis (2003) suggested that retailers of such size tend to monopolize markets:

Wal-Mart is on its way to monopolizing the retail discount store and grocery trades. Over 1.4 million people now work for Wal-Mart. It's three times larger than General Motors. It's the largest private employer in the United States and the largest employer in over 20 states. It already has nearly 50 percent of the discount retail market. It already is the largest grocery store business in America. The company grosses over \$250 billion a year, with profits over \$8 billion per year. It is the largest corporation in the world. Wal-Mart is mean and hungry for more. Why stop at \$500 billion in sales? Why not try for \$1 trillion in sales and have 6 million employees? (para. 8)

Actually, according to their website, in the fiscal year ending in January 31, 2010, Walmart reported over \$405 billion in sales through the operation of more than 4,300 facilities with more than 2.1 million associates worldwide. But isn't that the American way—to want more? In fact, accumulating more wealth is one of the things De Coster and Edmonds (2003) suggested Walmart helps enable its customers to do:

Families who shop carefully at Wal-Mart can actually budget more for investing, children's college funds, or entertainment. And unlike other giant corporations, Wal-Mart stores around the country make an attempt to provide a friendly atmosphere by spending money to hire greeters, who are often people who would have difficulty finding any other job. This is a friendly, partial solution to shoplifting problems; the solution K-mart applied ("Hey, what's in that bag?") didn't work as well. (para. 19)

Edwin A. Locke (2004), dean's professor emeritus of leadership and motivation at the University of Maryland at College Park and a senior writer for the Ayn Rand Institute in Irvine, California, suggested, "Wal-Mart is one of the most impressive success stories in the history of business" (p. 32). He bemoaned the fact that Walmart is so often criticized for running its business effectively and attracting "hoards of customers." Locke (2004) admitted that Walmart has been successful in competing against other stores, but suggested it does this by "discovering new ways of using computer systems and other technology to manage its inventory and costs better and to reap the benefits of economy of scale" (p. 32). Walmart, according to Locke (2004), has earned its success:

Wal-Mart is especially popular among low-income shoppers who cannot afford the prices of the more upscale stores. It has put other stores out of business, but that is the way capitalism works. The automobile replaced the horse and buggy. Sound motion picture replaced the silents. No one has a "right" to business success or a "right" to be protected from competitors through government intervention. One only has a right to try to compete through voluntary trade. In a free economy, companies that offer the best value for the dollar win and the losers invest their money elsewhere. (p. 32)

Locke believes Walmart should be admired rather than feared and that communities should thank Walmart for being so good at giving customers what they want.

A HELPING HAND

Walmart claims to contribute to the well-being of communities. Between January 1996, the year Walmart began posting pictures of missing children in the lobbies of Walmart facilities, and January 2010, 10,409 children have been featured, and 8,716 have been recovered.⁶ It is clear that Walmart does much in the way of scholarships and philanthropy

⁶See the Walmart Missing Children's Network at <http://www.walmartstores.com/AboutUs/212.aspx>

in addition to offering convenience and low prices. Walmart's rhetoric centers on the three basic beliefs that Sam Walton established in 1962:

1. Respect for the Individual
2. Service to Our Customers
3. Strive for Excellence

If you are in a Walmart store at the right time, you can hear raucous sounds from the back of the store as the "associates" perform the Walmart cheer:

Give me a W!
Give me an A!
Give me an L!
Give me a Squiggly!
Give me an M!
Give me an A!
Give me an R!
Give me a T!
What's that spell?
Walmart!
Whose Walmart is it?
My Walmart!
Who's number one?
The Customer! Always!

A MATTER OF PERSPECTIVE

From the perspective of the Walmart executives and many patrons, it's all about the customer and the community. But often the community leaders have a different perspective. The *Economist* ("My Wal-Mart 'Tis of Thee," 1996) put it as follows:

Like America itself, Sam Walton's monument excites strong reactions. People are wary of this superpower. They mistrust its motives, fear its cultural clout, deride its brashness and scoff at its contradictions. Yet they also marvel at its convenience and admire its success. And, as with America, the people keep coming. (para. 15)

Refrigerated and Frozen Foods Retailer named Walmart their retailer of the year in 2009. Warren Thayer (2009) put it this way:

The Bentonville, Ark., chain executes well on nearly every level. It understands shoppers and meets their needs. And vendors give Wal-Mart high marks as a

trading partner for its integrity and directness, making its money on the sale rather than on the buy. (p. 14)

Thayer (2009) went on to say the following:

We can't quibble with any of that. In fact, we'll go even further and say that Wal-Mart doesn't get enough credit for much of the good that it does. It has taken industry-leading positions on sustainability, diversity and charitable giving. When there's a national disaster, Wal-Mart is literally on the front lines. (p. 14)

It is a challenge to balance truth and loyalty to both customers and employees. It is not easy to determine the difference between duty (for employees, customers, and the community) and rights. Virtue may have a different meaning for the stockholder than it does to the competitor. Walmart now has a global reach and impact. This big-box retailer surely seems to be the store we "love to hate." Does Walmart communicate and act in an ethical manner? You make the call.

DISCUSSION QUESTIONS

1. Should Walmart be expected to protect small businesses in the communities within which it operates?
2. What does it mean for an organization to be ethical in its communication and practices?
3. Does Walmart truly harm the downtown areas of small communities, or does it just offer a challenge to change what is uncomfortable for the local merchants?
4. What kind of experience have you had with the local Walmart, and do you go there often?
5. Does Walmart's rhetoric communicate a different message than its actions?
6. Are Walmart's persuasive tactics concerning its value to communities ethical in approach and intention?
7. What other local organizations have had positive or negative impacts on communities?
8. How would you characterize the culture of Walmart?

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