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Walmart – Ethical Issues with Small Business and Communities

From the Walmart case, the ethical approach adopted presents several advantages and disadvantages. The ethical advantage is hiring of local employees and creating jobs. As reported by Crofoot, the unemployment situation in American society is not appealing (9). According to the case study, since 2008, the rate of unemployment has increased tremendously reaching a high of 10.1% (Crofoot 9). As described, Walmart expands rapidly across different regions within the US and in the process helps in reducing this unemployment rate.

A further benefit derived from the Walmart's ethical approach is better pay along with benefits. As described, the rate of unemployment is high, which implies that a huge number of people do not have any income. However, after being absorbed by Walmart, these people can enjoy some income. To these people, despite the low level of pay and benefits, it is suitable considering that the Walmart's job is just an entry point.

A further advantage presented by Walmart's ethical approach is the provision of full-time work. Employees at this company usually work for \$7.50 per hour for between 28 and 40 hours a week (Crofoot 6). According to the US Bureau of Labor, this falls within the scope of a full-time job. Besides, Walmart purchases local products. The company deals with such products as electronics, video games, home furnishings, and baby supplies among others. Rather than seeking

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to import these items and then selling them in America, Walmart buys from American companies and promotes the economy.

Another way that Walmart's ethical approach favors American society is through boosting the local economy. There are several ways that the entity does this. For instance, by creating jobs, Walmart helps reduce the level of unemployment, which is a condition that tends to drag down economic progress in any country. Another way it does this is through increasing the national production (Ferrell and Fraedrich 37). The company is one of the biggest taxpayers in the U.S. It contributes immensely towards the country's tax revenues, which are used in promoting the development of such things as infrastructure.

The company also donates to local community organizations. According to Crofoot, the community relations of the company under review extend to over 100,000 charitable organizations and over \$2 billion investments in fighting hunger (7). Aside from these positive attributes, the company also caters for the well-being of the local community. In essence, the company meets this through the provision of job opportunities and raises the level of infrastructure, especially in rural areas.

The Walmart Foundation is often described as among the key areas of the company's activity. The Walmart Foundation could be determined as a corporate social responsibility initiative, which strives to portray that the company is concerned about the community. In 2010 alone, the company provided about \$467 million in both cash and kind-gifts when American society was in a food crisis (Brewer 60). Another way that the company's ethical approach has contributed is through tax revenue. The company has enjoyed significant success throughout America making significant profits. Consequently, it has been remitting corporate tax. In addition, the company is an employer (Ferrell and Fraedrich 40). So, the employees have to remit

income tax. This revenue has been essential considering that it has increased the government's revenue pool, which aids in the development of infrastructure.

The company has been described as a one-stop shopping for customers. Most Walmart stores are one-stop shopping centers, because it possible to find virtually every product there. Consequently, a person does not have to shift from one store to another to fulfill his or her shopping needs. In this light, Walmart offers convenience. Walmart also offers low prices. According to the case study, as compared to other suppliers, Walmart offers the lowest prices for similar products, as it seeks to appeal and attract more customers.

Walmart also delivers convenience and steady work (Brewer 66). On one hand, convenience is delivered through one-stop shopping. As it has been determined, in the company shopping stores, a customer can shop for almost every item without having to go to other suppliers. On the other hand, steady work is achieved through relentless customer service. Despite the widespread advantages of the company's ethical approach, it exhibits several drawbacks. One of these drawbacks is forcing small businesses to close down. As determined in the case study, the company undertakes predatory forms of pricing, which usually contributes towards the destruction of smaller competitors. Unlike smaller companies, Walmart offers low prices and a great variety of products. Thanks to Walmart's convenience, most consumers abandon small businesses in favor Walmart, and this drives smaller stores out of business.

Another shortcoming is that the company offers low wages and no benefits, especially for part-time employees. According to the case study, only 38% of the part-timers have company-provided health coverage as compared to the national average of over 60% (Brewer 66). Aside from this, part-time workers are paid only \$11,700 in a year, and this has been described as below the poverty line (Brewer 66). Even for the full-time workers, the company has been accused of paying salaries that are below the poverty line. The company pays an average of \$11.75 per hour,

and employees' average annual income is close to \$18,000 (Brewer 66). This amount is below the \$22,000 poverty line for a one-earner household with three members (Brewer 66).

The company has also been accused of shutting down competition. When Walmart moved to the west of Ohio, Kmart, which was located on the eastern edge of the town, closed down, since the customer traffic shifted to the west (Brewer 62). Kmart could not endure the intensive competition that Walmart had brought about, and thus had to shut down. Still on the issue of competition, the small businesses such as Kmart have been forced to find a specialty product to sell for them to compete with Walmart (Brewer 62). As described in the case study, Walmart is a one-stop shop meaning that it provides all products save for specialty ones. Consequently, this is the only opportunity that small businesses have to compete.

Works Cited

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