Wal-Mart Case Analysis Paper

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**Importance of HR**

The human resource department is the most important department of a business. Human resources responsibilities are usually split up into three major areas which include staffing, employee compensation, and defining work. I have learned that hiring the right people and training them well usually means the difference between business growth and failure. The primary responsibilities associated with human resource management include: job analysis and staffing, organization and utilization of work force, measurement and appraisal of work force performance, implementation of reward systems for employees, professional development of workers, and maintenance of work force (Dessler). It is obvious to see that HR is the core to any business and can save them time and money .Every company has its strengths and weaknesses, and Wal-mart is not any different. After analyzing the case studies “Wal-Mart through a store associates eyes” and “Staffing Wal-mart Stores, Inc.”, I have gained a better understanding of Wal-Mart and their human resource practices. Wal-Mart was founded in 1962 by Sam Walton and has grown to be one of the largest companies in the world and according to Mark, Wal-Mart employs 930,000 employees just in the United States. This paper looks at the human resource practices of Wal-Mart by analyzing the case studies focusing on human resource practices, organizational culture, and diversity within the company to provide some recommendations on how Wal-Mart can improve.

**The Sky is the Limit**

One of the reasons Wal-Mart has been so successful is the values they have established. According to the company website, Wal-Mart is the world’s largest retailer with more than 7000 locations with operations in Argentina, Brazil, Canada, China, Costa Rica, El Salvador, Guatemala, Honduras, Japan, Mexico, Nicaragua, Puerto Rico, and the United Kingdom, employing more than two million associates worldwide. I believe the ability to motivate employees leads to success and the HR department at Wal-Mart has been successful because they focus on motivating associates, internal promotions, and external recruitment. Motivating employees is very important and Wal-Mart takes all of its effort to make employees feel like they are part of the company. As I walk through Wal-Mart stores I see that employees are no longer called employees but they are known as associates’ and this motivational tactic makes workers feel they have a greater importance with the company.

**Strength in Culture**

Organizational culture is very important. One of Wal-Marts basic beliefs is based on respect for the customers, individuals, associates and suppliers with the goal to build relationships. Associates are trained to look for every opportunity where they can exceed the expectations of customers. In the case study, Mark discussed the ten foot rule which stated that associates should greet customers whenever they are ten feet of a customer. Actions like these are the reason why Wal-Mart has established customer loyalty. Mark stated, “Wal-Mart public information indicated that its customer-focused culture stemmed from the company’s pursuit of everyday low prices and genuine customer service.”(p.3)

**Recruitment**

Recruiting is also very important and any HR department has to stay on top of it. Wal-Marts success in recruiting is because Wal-Mart focuses on individual stores. When it comes to employee recruitment and development, Wal-Mart targets college students and goes to college campuses where they are able to recruit all types of people from different backgrounds, races, and genders. Hiring a diverse work group benefits Wal-Mart because it shows that they are open to hiring and this will attract more people to seek employment with the company.

**Training and Development**

After recruiting the potential associates, Wal-Mart offers numerous forms of training. Wal-Mart’s HR department does an excellent job of providing the opportunity for ongoing development by considering training as part of the regular work environment and making sure that their associates participate in training. Wal-Mart has showed that they believe top positions with the company would be better performed by people already in the company, so training is used as a motivational tool for employees to learn the necessary skills to rise up in the company. Ken Mark states, “New employees learned the Wal-Mart way by viewing videos about the company’s history, completing computer based learning modules about elements of the culture and reading the associate handbook,” (p.4). I believe learning the company’s history allows potential associates to see the vision and beliefs of Sam Walton. After all the criticism, Wal-Mart has made sure that all supervisors receive training on diversity issues and offers women in leadership and mentoring programs to help employees further their careers.

**Employee Advancement**

With five levels of operations at Wal-Mart, I feel that there is plenty of room for advancement. Looking at Wal-Mart’s HRM, one of the most important aspects is Wal-Mart’s employee advancement program.  Currently, 65% of the company’s managers began working hourly jobs, such as cashier, (Mark).Wal-mart does a good job at keeping the employees motivated by giving them opportunities to rise up in the company. Posting all management jobs eternally is also good for the company because associates have a feeling that if they worked hard, they can possibly advance in the company.

**Problems**

With every good, there is the bad. Being such a powerful company, Wal-Mart has received much criticism. Wal-Mart has been criticized for paying low wages and there has also been a lot of criticism of Wal-Mart for not giving enough chances for women to get promoted. These are important issues that Wal-Mart needs to address because pay acts as an important incentive for increasing employee retention rates and also for encouraging employees to grow with the organization. When you analyze the competitors of Wal-mart, Wal-Mart is paying their associates a lot less than their competitors but they are bringing eleven billion dollars in revenue, which is much more than their competitors, (Meister).

A friendly environment will help keep the associates. In Ria’s (2004) experience, it was stated that, “Managers were so conditioned to overseeing unprofessional associates that they adopted a very aggressive stance”. Ria’s (2004) experience at the store she worked at had a turnover ratio of 45%. Ria stated, “There was a little concept of respecting the individual employee, which probably led to the 45% turnover,” (p.4).In her experience she noticed that at the store level there was little concept of respecting the individual employee. Addressing this problem will make sure that Wal-Mart does not lose associates to competitors because of poor incentive structure.

To solve these problems I believe Wal-Mart is on the right path. Wal-Mart is now trying to keep their staff diverse by trying to keep fifty percent of the workforce as women. Ria’s experience showed that women are moving up in the company with manager positions and she emphasized that one woman had seven stores under her supervision. As far as the money issue, I believe Wal-Mart can cut down on the amount of money paid to top executives and increase associate pay. To an outsider looking in, it seems that the profits are only being shared by top management and the associates are being forgotten.

**Disadvantage and Challenges**

Because Wal-Mart doesn’t pay so well, keeping quality associates is a problem that HR has to handle .Wal-Mart competitors are paying much more and associates are noticing that. Individuals want to work for a company where they will get better pay and benefits, so better workers go to the places they can get more

**The Good**

Although Wal-Mart offers low wages, they do offer health care benefits and other incentives. All of the associates and their family can get health care at a low price and they can also own shares of Wal-Mart by buying stock at a discounted price .Depending on how well the company performs, there are also cash incentives for the associates. I believe these incentives keep the workers motivated and a motivated associate produces good results.

.**Performance Appraisals**

Incentives are the key to keeping employees happy and Wal-Mart understands this concept. Appraising and offering incentives can help retain employees, encourage them to go the extra mile, and have them put the company before themselves .We all could agree that Wal-Mart starting pay is not high but giving associates something to look forward to will keep them motivated. Wal-Mart has put in place employee evaluations and these evaluations can led to promotions within the company and pay increases. Promotion within the company shows that if an associate works hard, they will be rewarded. Mark observed (2003) that store managers had the authority to wave minimum requirements regarding time in a current position an employee had to have to promote employers.

**Conclusion**

At the end of day, I believe Wal-Mart needs to follow rule two of Sam’s rules for building a business and share their profits with their associates. I believe sharing profits will not only make associates perform better but they will also invest more into the company. Employees will start to feel passionate about work and their passion will spark them to provide better customer service. In Rias situation (2004) there was failed communication. Wal-Mart should communicate everything to partners because communication equals understanding, and understanding equals better production. If Ria was shown a little more appreciation, maybe she would of stayed with the company. Praise and giving associates a voice will create loyalty and spark creative ideas from the bottom up. The key objective for any business is to make a company a better place to work and Wal-Mart is doing a great job by offering incentives and implementing programs to assist in career development. Wal-Mart has great HR practices and I believe that once Wal-art solves the major problem of high employee turnover brought on by poor wages, they will be the perfect company to work for.

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