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Abstract

Walmart was evaluated to determine the relationship between the company’s future turnover rate and their corporate strategy that they currently utilize. The matter was executed by identifying Walmart’s corporate strategy and analyzing if their strategy was to change, in hopes to increase employee satisfaction, how that would affect Walmart’s future success.

Keywords: (Turnover, Walmart, Corporate Strategy, Employee Satisfaction, Success)
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**Introduction**

Turnover rates, attrition, have been a crucial review factor upon many company’s Human Resources departments. Turnover can be defined as the rate that employees leave an organization or company (Ponsano 2013). High turnover rating can create pre-judgment upon a company’s reputation. It is the duty of the Human Resources Recruitment and Retention team to evaluate the turnover rates and ensure the reputation of the company and their employees are both satisfactory. Michael Porter, an American economist, created the theory behind modern day business strategy. “The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them lead to three generic strategies for achieving above- average performance in an industry: cost leadership, differentiation, and focus […] The cost leadership and differentiation strategies seek competitive advantage in a broad range of industry segments, while focus strategies aim at cost advantage (cost focus) or differentiation (differentiation focus) in a narrow segment” (Porter, 2008). Porter believes that there are three different types of corporate strategies that businesses can utilize to gain competitive advantage: differentiation is centered on having better quality products, cost leadership is centered on selling the same product, but at a cheaper price, and focus is centered on products that are tailored for a particular customer.

**Method**

Recent media and news coverages recognized that Walmart has had a history of ethical employment issues. Walmart has been known to have ethical issues, but is it really an ethical employment issue or a consequence of the corporate strategy that they have chosen? After analyzing Porter’s theories to gain competitive advantaging, it was determined that Walmart chose the strategy of cost leadership. Walmart has been successful with being cost focused and has gained competitive advantage within its market. Being more forced on making profit and
Turnover Rate: Walmart meeting margins versus placing focus on its employees has resulted in many complaints and ethical challenges faced upon the company. However, if Walmart was to change its corporate strategy from cost leadership to help generate less negative criticism and high turnover rates, it would dramatically alter the foundation the company has created for itself and ultimately go out of business.

Results

From October 2005 to April 2017 Walmart’s Profit Margins, ratio of revenue to expense, remained relatively stable with a high of 3.89% and a low of 2.81% (Walmart, 2018). However, between April 2017 to October 2018 there has been a steep decline bringing the profit margin down to 1.01%, resulting in a drop of 1.78%. Overall, Walmart’s profit margins are diminishing. If this trend continues and their profit margins reach a negative percent, then the company will no longer be making profit. Any small change can affect the bottom line of the company’s profit margin, resulting in making the company viable.

One of the many criticisms that Walmart has received in news coverages is that they are underpaying their employees. Because the company’s strategy is cost focused, they center their overall profits as their priority. RITNews reveals that Walmart is underpaying their workers where they are struggling to support themselves and live comfortably. “The worker group is calling on Walmart to publicly commit to pay a minimum of $15 an hour and provide consistent, full-time hours. Walmart can afford to pay them more, but instead, they manipulate schedules and hours and pay most of them less than $25,000 a year. That's not enough for the worker group to pay their bills” (RITNews, 2015). This article reveals that Walmart’s employees are unhappy and struggling financially to live a stable life. Walmart’s low wages are not sufficient enough to
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live off of, especially for women. “A study from 2003 found that female Walmart employees at all levels earned less than their male counterparts. Women at Walmart earned $5,200 less per year than men, on average. Women who worked in hourly positions earned $1,100 less than men in the same position. Women in salaried positions earned $14,500 less than men in the same position” (Women, 2018). If their employees, who help contribute to bring the revenue, are unhappy this will affect their performance levels at work. As a result, this could decrease the company’s profits because there is unhappy employee satisfaction which could then generate unhappy customer satisfaction.

Figure 1. displays the different types of employees and if they are able to live off the $10 per hour wage. The graph reveals that a single adult is able to live sufficiently off of a $10 per hour wage working 40 hours a week (McElwee and Traub, 2015). However, a dramatic jump can be seen when evaluating the relationship of one adult versus an adult and child. The rate of sufficient living averages out to 45%. Though the relationship of two adults and two children is more than one adult and one child, both relationships are 30% below the relationship of one adult. The bar graph above reveals that Walmart employees who are reliant on their salary to support for their family will struggle the most in regards to sufficiency with the $10 wage salary the company offers to its employees. The Human Resources Department of Walmart has to take note of these complainants, remembering that they are cost focused, but also be wary that if they do not
Turnover Rate: Walmart address the current pay gap issues they run a very high risk of a complaint being filed to the EEOC or a law suit being brought to them.

Walmart has been focused entirely on making profit, that they have not evaluated their managers performance and their treatment of their team associates. “Executives with hiring authority told applicants that order-filling positions were not suitable for women, and that they hired mainly 18- to 25-year-old men, the EEOC said. Excluding women from employment or excluding them from certain positions because of gender violates Title VII of the Civil Rights Act of 1964” (Talley, 2010). As a result of not putting enough emphasis and priority on their workers, Walmart was evaluated by the EEOC, Equal Employment Opportunity Committee, and were revealed that they were guilty of violating Title VII. “Wal-Mart regularly used gender stereotypes" for filling certain positions, the EEOC said in a statement” (Talley, 2010). As a result of the gender discrimination suit, Walmart paid $12 million back in wages and damages in the discriminatory action denying promotion, hiring, and unequal wage of female employees. (Talley, 2010). The action of the EEOC was a clear demonstration that management at Walmart has been slacking. If the company’s Human Resources department does not start to take action and make the appropriate changes that will help decrease the amount of unsatisfied employees than the company will increase their chances of lawsuit to be brought upon them again. It is the action of identifying what strategies are not working well within the company and redirecting them in a way where the it generates employee satisfaction. Consequences for a suit filed through the EEOC is resulted in very substantial multi-million dollar fines being paid to the person who made the claim and the EEOC. Human Resources functions as a strategic business partner to protect the company from possible extreme suits being brought upon them through discrepancy from employees. To avoid financial burdens upon the company in terms of
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settlement and fines, Human Resources at any company must manage and maintain any interpersonal conflicts that arise. If a company has previous history with EEOC they are put top of the list and more likely to be investigated again if a claim was filed because they would be prioritized more since there was a present history of gender discrimination (E. Robbins, personal communication, January 4, 2001). In regards to Walmart, since they have a history with claims being made to the EEOC the company’s Human Resources department must stay on top of any employee related issue and make sure that it is properly dealt with in hopes lessen the likelihood of litigation of another claim to be made to the EEOC.

February of 2007, Walmart faced a class action employment discrimination lawsuit, Duke vs. Walmart, that accused its retailers of discouraging women for promotional growth at managerial positions and paying them less than their male co-workers across all positions (Parloff, 2007). “What we are seeing is the clash of two sharply opposed philosophies of how active a company must become in the face of a phenomenon that is endemic and appropriately controversial in our country: workforce numbers that, when analyzed in certain plausible ways—though not in others—show discrepancies between how men and women, or blacks and whites, or the disabled and abled, are paid and promoted” (Parloff, 2007). Though the ruling ultimately guaranteed that the employers will face discrimination charges including billions of dollars in potential company damages, that does not dismiss the fact that the company let their internal relationships with their employees get to the point of unfair treatment. In 1964, the Supreme Court ruled that employers are prohibited to discriminate their employees based off their sex, gender, age, religion, etc, under Title VII. (Parloff & Kaufman, 2007). As a result of being cost leadership, Walmart has overlooked their employee and any behavioral issues that have been integrated within the culture of the company. If Walmart was more aware of these internal issues
Turnover Rate: Walmart sooner than the Duke vs. Walmart case might have not been brought to light. However, being that it was, Walmart’s Human Resources Department must do a better job on ensuring their there is harmony and fairness within the workplace for their employees if they want to better their name following the ruling of the court case.

Walmart’s known top competitors include Amazon, Home Depo, Costco, and Ikea. As revealed that Walmart has been involved with the EEOC, a search on the EEOC’s website page was conducted to see if any of Walmart’s competitors had any law suits about gender discrimination in regards to pay. It was found that no major suit was filed to the EEOC regarding gender discrimination was made to Amazon, Home Depo, or Ikea. However, it was found that Costco has had multiple suit filed against them in regards to sex discrimination, diverse labor markets. “According to the EEOC's complaint, Costco violated Title VII of the Civil Rights Act of 1964, which protects employees against sex discrimination, when the company failed to take steps to protect one of its female employees from unwelcome advances of one of its warehouse member-customers” (EEOC, 2014). The importance of this analysis is that more than half of Walmart’s top competitors has had no affiliation with the EEOC. The more Walmart is connected to the EEOC the more the company s creating a bad representation for themselves. Walmart should recognize that since more than half of their competitors have had no affiliation to the EEOC, they must have a strategy implemented that must be identified as main causes to the cases brought upon them and create a new recommendation to correct the unjust work environment employees feel within the company.

Walmart’s founder, Sam Walton, made a promise to the people who worked for his company, "If you're good to people, and fair with them, and demanding of them, they will eventually decide that you're on their side," Walton says in his autobiography, Made in America
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(co-written with Time Inc. editorial director and former FORTUNE managing editor John Huey)” (Gimein, 2002). Walton promised that Walmart would be “more human and more caring” towards their employees. The company is aware that they employee people in the low wage service sector, due to their corporate strategy, and have made attempts to brighten the attitudes of their employees. It is custom that the employees chat the ‘Walmart Cheer’ every day at work to bring live spirits to their employees and exude that positively upon their customers. However, the ‘cheer’ has been accused as a way the company tries to hide the consequence of its low wage upon its employees. “Critics of Wal-Mart call the homespun stuff a fraud, a calculated strategy to put a human face on a relentlessly profit-minded corporation” (Gimein, 2002). The critics are aware that the company is cost focused and are now trying to spin the company’s efforts of them creating a more positive work environment to make up for the low wages and unsatisfactory attitude employees could feel towards their work.

**Conclusion**

Walmart’s business strategy, cost focused, has led the company to high profitability and financial stability.

As seen in figure 2, for the past 12 years Walmart has had consistent increasing growth in their net sales worldwide reaching a high of $495.76 billion U.S. dollars (Statista, 2018). It can be concluded that because the company has had such financial success with their corporate strategy that they have chosen, it would do the company great harm if they were to change their strategy abruptly. However, though they
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have a successful business strategy, it has a negative effect on their workers. This approach is ultimately counter-intuitive. Though it’s not conventional wisdom, it would be more destructive for Walmart to completely change their business structure that they were founded on and risk the chance of their profitability and sale to decrease. If Walmart was to change their strategy to help increase their public image and better their internal relations with their employees, the company would go out of business. Since Walmart is reaching great such success being cost focused, they shouldn’t change their strategic approach. Walmart needs to adjust their lenses on the target issues that are causing any problems or bad representation against the company and have their Human Resources Department develop recommendations on how the company could address the factors that are causing negative employee issues.

To address the issues of the wage gap and employee satisfaction within Walmart, adjustments need to be made in regards to the company’s management strategy and payroll in regards to employees to better ensure fairness and harmony within the company. Ultimately, Human Resources needs to create a strategy that doesn’t rise employee salaries because then they wouldn’t be cost leadership. So, the question then lies ‘how does Walmart’s Human Resources help the employee be satisfied, but doesn’t raise their pay’? The answer lies in possible recommendations including: creating challenging work, recognition for the work they did, better working conditions, create a more pleasant environment, reveal room for growth, update and increase benefits, and maybe increase pay. Walmart needs to change the attitude away from the salary and more towards what the company offers to give you working for them. With each dollar you increase productivity, but to a certain point (E. Robbins, personal communication, January 4, 2001). After, productivity stays stagnant and does not increase. To increase productivity without adjusting salary is to create motivation.
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The three types of motivations that Human resources could utilize includes: autonomy, describing how the job needs to be done, but leaving it up to the employee on how he/she gets it done, mastery, getting good at your job (training and development opportunities), and purpose, making the employees feel that their job is important and they are contributing to something bigger than themselves (E. Robbins, personal communication, January 4, 2001).

By improving the engagement and satisfaction through the means of motivation instead of money, it will hopefully decrease the likeliness of another discrimination employment suit being brought upon Walmart again.

Another recommendation that could be offered to the Human Resources department at Walmart is identifying where the plateau of pay and job satisfaction is and then raise salaries to that point. As previously mentioned, as goes up job satisfaction goes up to a certain point. Human Resources could increase employee salaries to a certain point, but once it’s stagnant it will not make the employees of the company happier. The basic plateau money does translate into money satisfaction. If Human Resources is able to identify where that is they could then put more focus on either finding if the company room in their budget to raise salaries to the plateau.

Another recommendation Human Resources at Walmart can implement is to increase the engagement of their employees. This can be done giving them more challenging work to do which will make it more interesting for employees to work there. In addition, employees could have more say into decision making by implementing benchmarking satisfaction survey periods. Human Resources could host these satisfaction surveys to collect insight into the interpersonal relations from the employees. By doing so the employees will feel that their opinion matter and someone is listening to what they have to say. This will increase trust and
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engagement among the employees of Walmart. To follow the satisfaction surveys, Human Resources could host diversity workforce training to address the issues of employment discrimination. Diversity training will help socialize the employees to the company’s work culture and intern interaction with one another.

An additional recommendation Walmart’s Human Resources Department could implement is updating their benefits program that they offer to their employees. “A well-designed employee benefits package can help restore loyalty, drive employee engagement and encourage workers to stay on the job […] Significant numbers of Generation Y and X employees—41 percent and 40 percent, respectively—reported that a choice of benefits that meets their needs is extremely important for creating loyalty” (Scorza, 2018). Human Resources could try to negotiate better benefit strategies where they don’t have to increase pay, but create better programs offered by the company. However, benefits cost the company money as it is included in an employee’s total compensation (salary and benefits combined together). Staying cost leadership, Walmart could put the money not towards the salaries of the employees, but towards the benefits that the employee would get. Walmart should explain to their employees the importance of what goes into their total compensation and that benefits are included in that. By publicize employee’s benefits and what the Walmart can give you, the company is letting their employees know ‘here is how much you cost to us’ making employees more aware and generate an idea of greater value within the company.

In addition, to help promote their new benefits package, the company could implement restructuring their employment brand. Walmart has had a bad employment brand for many years as a result of their multiple discrimination suits brought upon them and their involvement with the EEOC. As a result, many people may choose to not willingly work for
Turnover Rate: Walmart them. To change the mindset of the general population on their opinion of working for Walmart, the company could improve their employment brand to increase their reputation. “In a similar vein, more detail is needed on the meaning of "high school jobs"--jobs that seem to require only a high school education. As Samuelson suggests, Hecker's reader assumes a high school job is one which pays a wage commensurate with a high school education even to a college graduate” (Tyler, 1995). As defined by Tyler, a ‘high school job’ requires someone to only need their high school education to work for a company. Being that there is no education requirement to work at Walmart past a high school diploma, the company has the reputation of being a ‘high school job’. If Walmart could improve their employer brand, they don’t have to necessarily increase their wage salary to their employees. Improving their employer brand can be done by upgrading their benefits programs to incentives employees to want to work at Walmart. In addition, managers need to find strategies for their associates to keep their work interesting and challenging, as well as engaging. I the company could change the perception of them being a ‘high school job’ they would ultimately increase interest and worth in working for the company.

A final recommendation that Walmart could implement a training and development program to their employees. Training is creating and focusing on establishing current skills, whereas, development is creating and focusing on establishing future skills – in with aspirations of promotion. This ties into the recommendation of restructuring the employment brand of the company. If Walmart advertises ‘have the ‘opportunity to come and work in business because we have a mentor program’, this would help to shift the image of the company away from an easy ‘high school job’ and more towards a great ‘opportunity’ to work or the company and gain valuable real-world business experience. In addition, by
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implementing a training and development program to the employees to help generate positive feedback and satisfaction that the employees feel cared for and supported by the company. This program can incorporate mentors and liaisons who will then train younger and newer staff members to the team.
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In this article Parloff offers us insight to the class action suit of Dukes v. Walmart accusing Walmart of discouraging their women employees of promotion by lowering their pay to be less than men across all positions within the company. The plaintiffs made the argument that their managers had favoritism and stereotyped the female workers by hiring and promotion predominately white male workers.

This content by Parloff can be included within my paper by discussing how the act of gender discrimination and employee vs employer behavioral causes a tremendous suit against the company. With no showing room for potential promotional growth, the female population employed at Walmart would start to decrease causing the company’s turnover rates to increase. When evaluating the demographics of the turnover rates, it would be reflected that a high percentage of the turnover rates would result in the female population.


In this article Gimein offers us insight that many people criticized Walmart for being cost focused and little thought into their employees and their treatment within the company. The founder of Walmart, Sam Walton, made a pact with his employees of the company. He agreed he would treat them fairly in exchange for their hard work and efforts to be displayed.

This content by Gimein can be included within my paper by discussing the company culture and employee treatment between their superiors and first level associates. This information could reveal that if ill proper treatment was to be displayed it could be a relevant factor to a future drop in the company’s turnover rates. If their employees are not being treated
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fairly and are having misleading promises made to them, this could result in the employees

losing trust with their superiors and the company as a whole. As a result, this could lead to an

increase in the turnover rate of the company.


In this article Schafer offers us insight that Human Resources focuses their efforts to

ensure that their HR strategies help bring high retention rates, strong corporate values, and

flexibility into the workforce. The efforts of Humans Recourses upon a company is all in the

efforts to maintain employee satisfaction and high retention levels at a company.

This content by Schafer can be included within my paper by discussing how employee

satisfaction is evaluated from the Human Resources Department within an organization. The

individuals within Human Resources evaluate the turnover rates of an organization an look for

trends of why and what is causing their retention levels to drop. The Human Resources

Department within Walmart should be constantly evaluating and making the required changes

needed from the trends seen in their turn over rates to address any internal people issues that

could negatively impact the company.


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In the article, Talley offers us insight that as a result of the gender discrimination lawsuit, Walmart agreed to pay about $12 million back in wages and unfair promotional treatment for their female employees. This action of the company is a good first step to show a shift in discriminative attitude change of the higherups within the company. Walmart has been thrown into the fire with publication of their unfair workforce treatment against their female employees.

This content by Talley can be included within my paper by revealing the issues that could cause Walmart’s turnover rating to drop if not taken care of immediately. This connects to my argument that workforce diversity is a factor that connects to turnover levels of a company. As a result of Walmart’s unfair and bias treatment of their female employees, it resulted in a lawsuit that costed the company millions in repairs. However, what will be harder and more strenuous process for the company to repair is the reputation that they have left for their female workers. Walmart needs to show what their new game plan is to address these issues. If they don’t, then is could result in more negative employee satisfaction and could ultimately result in lower levels of turnover.


In the article, RTTNews offers us insight that Walmart is not supportive their employees’ property and many live-in poverty and rely on public programs, like food stamps, to provide for themselves and their families. This is all in relation to the benefit packages and wage that the company provides for their employees.
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This content by RTTNews can be included within my paper by discussing how Walmart could have future problematic issue with their turnover levels if they don’t start to change their employee engagement strategies and update their benefits and payroll to fit the need of their employees. Walmart needs to realize that to be successful they not only have to cost focused, but people focused. They need to make sure that their employees are being well supported and feel satisfied at work if Walmart wants them to perform well and bring in profit.

Walmart workers to fast for higher wages. (2015, Nov 12). RTTNews Retrieved from

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