

MCC PHILOSOPHY CLUB SPECIAL EVENT

IS WAL-MART ETHICAL?



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Tuesday, November 24, 2009
www.mesacc.edu/~yount

Social Contract w/ Business



Carroll, A.B., & Buchholtz, A.K. (2008) *Business & Society* (7th edition). Ohio: Thompson South-Western.

Carroll's Four-Part Definition of CSR

The social responsibility of business
encompasses the *economic, legal,
ethical* and *discretionary*
expectations that society has of
organizations at a given point in time.

Carroll, A.B., & Buchholtz, A.K. (2008) *Business & Society* (7th edition). Ohio: Thompson South-Western.

Total CSR Standard ?

Responsibility	Societal Expectation	Examples
Philanthropic	Desired/Expected	Be a good corporate citizen. Give back.
Ethical	Expected	Avoid questionable practices. Do what is right, fair, and just
Legal	Required	Obey laws, adhere to regulations
Economic	Required	Be profitable. Maximize sales, minimize costs.

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Economic Responsibility

- \$401 b in revenues in 2008
- 4,000 stores
- Customers per week = 127 m
- 1 in 20 retail employees work at Wal-Mart (1.23 m)
- 25% of US productivity gains from 95-99
- 82% of households made a purchase



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Legal Responsibilities

- Law cannot address all the topics or issues that business may face
- Law often lags behind more recent concepts of what is considered appropriate behavior
- Laws are made by lawmakers and may reflect the personal interests/motivation of legislators rather than appropriate ethical justifications

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Legal Responsibilities **X**

- July 09 = \$35 m settlement of suit Washington employees¹
- Oct 09 = Judge approves \$85 m suit by North Dakota employees¹
- Dec 2008 = Agrees to pay \$640 m to settle 63 federal & state class actions suits by hourly employees²

1 = Lawyers and Settlements .com
2 = Bloomberg.com

Ethical Responsibilities ?

The decision, policy, and behavior areas in which society expects certain levels of moral or principled performance but which it has not yet articulated or codified into law.

- | | |
|------------------------------|---------------------------------|
| ■ The Categorical Imperative | ■ The Means-Ends Ethic |
| ■ The Conventionalist Ethic | ■ The Might-Equals-Right Ethic |
| ■ The Disclosure Rule | ■ The Organization Ethic |
| ■ The Golden Rule | ■ The Professional Ethic |
| ■ The Hedonistic Ethic | ■ The Proportionality Principle |
| ■ The Intuition Ethic | ■ The Revelation Ethic |
| ■ The Market Ethic | ■ The Utilitarian Ethic |

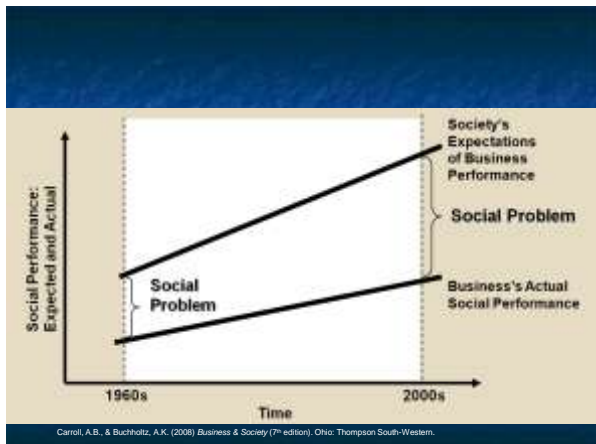
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Ethical Responsibilities ?

Which ethic or test should we apply?

- | | |
|------------------------------|---------------------------------|
| ■ The Categorical Imperative | ■ The Means-Ends Ethic |
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Philanthropic Responsibilities?

Current expectations of business by society are guided only by business's desire to engage in social activities and "give back".

Examples:

- Ronald McDonald House
- Chick-fil-A WinShape Foster Homes
- Chiquita recycles 100% of bags & twine and builds homes and schools for employees

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Philanthropic Responsibilities?

America's Most Generous Corporations

2007 By Overall Cash Donations	2007 By % Of Operating Income
1. Wal-Mart Stores = \$301 m	1. Kroger = 1.7%
2. Bank of America = \$211 m	2. Tyson Foods = 1.6%
3. Exxon Mobil = \$173 m	3. Bristol-Myers Squibb = 1.4%
4. Citigroup = \$146 m	4. Best Buy = 1.4%
5. Johnson & Johnson = \$127 m	5. Eli Lilly = 1.3%
6. Chevron = \$122 m	6. Wal-Mart Stores = 1.3%
7. AT&T = \$119 m	7. Fluor Corporation = 1.2%
8. General Electric = \$114 m	8. Xerox = 1.0%
9. Microsoft = \$110 m	9. Caterpillar = 0.9%
10. Wachovia = \$103 m	10. Northrop-Grumman = 0.9%

Source: http://www.forbes.com/2008/10/16/most-generous-corporations-corporations08-lead-ck_mk_1016income_slide_12.html?hpid=Speed-30000

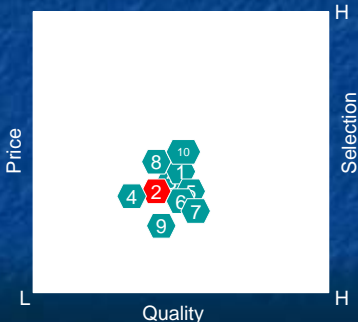
Wal-Mart's CSR Scorecard

Responsibility	Societal Expectation	Examples
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Competition Consumer Electronics

Top 10 Electronic Retailers

- 1 Best Buy = \$16.7 bil # = 917
- 2 Wal-Mart = \$14.1 bil # 3414
- 3 Circuit City = \$9.9 bil # 684
- 4 Dell = \$7.09 bil # 1
- 5 Target = \$4.8 bil # 1591
- 6 Costco = \$4.9 bil #389
- 7 Gamestop = \$NA # 4008
- 8 Apple = \$4.08 bil # 177
- 9 RadioShack = \$4.06 bil # 4447
- 10 Sears = \$2.8 bil #1765



Los Angeles Times ARTICLE COLLECTION

Groceries to cost even less as supermarket price war intensifies

Already having cut prices for much of 2009, Ultra, Safeway and Safeway's other major chains are gearing up for a new round of reductions as they seek to woo back budget-minded shoppers.

September 10, 2009 | BY MICHAEL

Market share

This is a grocery chain in Los Angeles of Orange counties and a look at individual market share (percentage of total sales) in the March first quarter.

- 1. Safeway, 23.1%
- 2. Whole Foods, 14.0%
- 3. Albertsons, 11.4%
- 4. Trader Joe's, 8.1%
- 5. United Natural, 6.4%
- 6. Food 4 Less, 5.1%
- 7. Smart & Final, 5.0%
- 8. Whole Foods, 3.1%
- 9. Supercenter Grocers, 2.0%
- 10. Wal-Mart Supercenters, 1.9%

Source: Nielsen Reports
