MCC PHILOSOPHY CLUB
SPECIAL EVENT

IS WAL-MART ETHICAL?

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Social Contract w/ Business

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.

### Total CSR Standard

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Societal Expectation</th>
<th>Examples</th>
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<tbody>
<tr>
<td>Philanthropic</td>
<td>Desired/Expected</td>
<td>Be a good corporate citizen. Give back.</td>
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<tr>
<td>Ethical</td>
<td>Expected</td>
<td>Avoid questionable practices. Do what is right, fair, and just</td>
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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


### 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

Legal Responsibilities

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

Ethical Responsibilities

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

Ethical Responsibilities?

Which ethic or test should we apply?
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

Philanthropic Responsibilities?
America’s Most Generous Corporations

<table>
<thead>
<tr>
<th>2007 By Overall Cash Donations</th>
<th>2007 By % Of Operating Income</th>
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<tr>
<td>1. Wal-Mart Stores = $301 m</td>
<td>1. Kroger = 1.7%</td>
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<td>2. Bank of America = $211 m</td>
<td>2. Tyson Foods = 1.6%</td>
</tr>
<tr>
<td>3. Exxon Mobil = $173 m</td>
<td>3. Bristol-Myers Squibb = 1.4%</td>
</tr>
<tr>
<td>4. Citigroup = $146 m</td>
<td>4. Best Buy = 1.4%</td>
</tr>
<tr>
<td>5. Johnson &amp; Johnson = $127 m</td>
<td>5. Eli Lilly = 1.3%</td>
</tr>
<tr>
<td>6. Chevron = $122 m</td>
<td>6. Wal-Mart Stores = 1.3%</td>
</tr>
<tr>
<td>7. AT&amp;T = $119 m</td>
<td>7. Fluor Corporation = 1.2%</td>
</tr>
<tr>
<td>8. General Electric = $114 m</td>
<td>8. Xerox = 1.5%</td>
</tr>
<tr>
<td>9. Microsoft = $110 m</td>
<td>9. Caterpillar = 0.9%</td>
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<tr>
<td>10. Wachovia = $103 m</td>
<td>10. Northrop-Grumman = 0.9%</td>
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Wal-Mart’s CSR Scorecard

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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 = $9.3 bil  # = 684
4. Dell = $7.5 bil  # = 81
5. Target = $6.8 bil  # = 1591
6. Costco = $5.9 bil  # = 1389
7. Gamestop = $4.9 bil  # = 4008
8. Apple = $4.0 bil  # = 177
9. RadioShack = $4.0 bil  # = 4447
10. Sears = $2.8 bil  # = 1765

Groceries to cost even less as supermarket price war intensifies

The Los Angeles Times reports that supermarkets in Los Angeles and Orange counties are engaging in an intense price war to attract customers. The price of milk, for example, is down to $1.89 per gallon. Other items, such as bread and eggs, are also being sold at lower prices. The supermarket chains are hoping that this price war will help them increase sales and market share.
When Walmart Comes to Town, Other Retailers Self Destruct

By Robb Mustard | June 24, 2009

Walmart really didn’t need a study coming out that was hurting local businesses when it entered a market. Wasn’t what the company ought not have considered enough of a wiggle to slip away from.

Walmart (NYSE: WMT) comes to town, a cutback because of last year’s decline. Today at least, when one of the towns on New York’s Long Island suffered a death among its stores when customers vanished to take advantage of footloose, sprouts-like stores through the interest and真是太了不起的经销商.

The chain was already open and well-confined to the area, as evidence of the claim. When the chain itself might have been a question of the area.

How a study emerging from the store, the results of a survey that indicates that Walmart significantly imperiled on other food stores when in another market, driving those stores toward self-destructive ways that Walmart above.

For years, the chain has been a leader in terms of index studies on the same market, areas of interest and interest in the world of the chain.

Competition

Costco is trouncing Wal-Mart at its own low-price game.

With about the same number of members but 50 fewer stores, Costco outsells Sam’s Club by 50 percent. Its $60 billion in sales makes Costco the nation's third-largest retailer, behind only Wal-Mart and Home Depot.