

Business Report

A Comparative Analysis on Two Retailing Enterprises

Walmart and Pangdonglai in People Management

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Executive Summary

This report makes a comparative analysis of people management practices between Walmart, a major international corporation, and Pangdonglai, a leading Chinese private enterprise. Both of them are famous in retail industry. Pangdonglai is often praised for its humanistic people management mode while Walmart as a retail giant is often criticized for its inferior people management practice. By juxtaposing the two retailers, the problems existing in Walmart's people management are found out and Pangdonglai's advanced people management experiences are also highlighted. Then potential factors that may influence organisational people management are also discussed. In the end, five recommendations are put forward for Walmart to optimise its employee management.

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1. Introduction

In the ever-evolving landscape of global retail, the management of human resources stands as a critical pillar of organisational success. (Ramachandran, 2023) This report makes comparative analysis of two retailing companies: Walmart, a leading international giant and Pangdonglai, a famous Chinese private enterprise.

Walmart, with its vast global presence and significant workforce, has faced challenges related to employee engagement, staff turnover, and satisfaction, reflecting broader issues within its people management strategies. Conversely, Pangdonglai, though smaller in scale, has garnered acclaim for its progressive and people-oriented management approach, which has proven effective in fostering a positive organizational culture and high employee morale.

Through comparative studies, the report aims to delve into the core practices of each company, identifying the problems in Walmart's people management process and exploring the secrets behind Pangdonglai's legendary success. The report will highlight the effective methods that Walmart can learn from Pangdonglai and put forward several feasible suggestions for Walmart to improve its people management practice.

2. Organisational Overview

Walmart is a major American multinational retail corporation headquartered in Bentonville, Arkansas. (Tucker and Scott, 2002) It operates over 10,500 stores in more than 20 countries and employs approximately 2.3 million people worldwide. (Benaboud and Abdelmajid, 2022) Walmart reported nearly \$611 billion in revenue for the fiscal year ending in 2023. (Miglani, 2023)

Pangdonglai Trading Group is a Chinese reputable commercial retailing company founded in a Chinese fourth-tier city named Xuchang in Henan Province. It has more than 30 chain stores and over 7,000 employees (Hu, 2023) Despite the fact that Pangdonglai only has branches in the two Chinese fourth-tier cities Xuchang and Xinxiang, its annual revenue exceeds 10 billion yuan, far

ahead of many regional retailers in China. The excellent performance is greatly attributed to its advanced “People-orientated” management philosophy and professional HR team.

Despite that fact that Walmart is one of leading international retail giants, it is always criticized for its inefficient people management practice. In contrast, although Pangdonglai is a regional Chinese private enterprise, it is widely acclaimed for its excellent people management mode. Therefore, this report will make a comparative analysis on the two retail companies, identify the problems of Walmart in employee management and explore Pangdonglai’s effective human management methods that Walmart can adopt to improve its people management practice.

3.Walmart’s Problems in People Management

3.1 Low Employee Engagement

According to Kompaso and Sridevi (2010), employee engagement refers to the emotional commitment and involvement employees have towards their organization. People management has a direct influences the level of employee engagement. Effective people management can, to a large extent, improve employee engagement. When walking into stores of Pangdonglai, you can find the employees are really dedicated. They always actively help customers solve problems and show unconsciously smile. They have strong sense of ownership and make their own contribution to make the company better. However, Jiang (2022) points out that due to the rigid bureaucratic Walmart’s leadership, the opinions of the low-level employees are often ignored or easily forgotten and over time, they can bring this dissatisfaction to work and become unwilling to engage themselves in communications.

3.2. High Staff Turnover

Employee turnover is one of common problems in organisations. (Armstrong, 2012). Inefficient people management can result in employees’ dissatisfaction and then affect the employee turnover. The employee turnover of Pangdonglai is quite low, just 6.9% and retirement is the main

cause of employee reduction.(Foo, 2023). In contrast, the staff turnover of Walmart is higher, nearly 44% a year, close to the industry average.(Cascio, 2006).

3.3 Unsatisfactory Wage

Despite recent increases in minimum wages for its U.S. workers, Walmart's wage levels have often been criticized for lagging behind other employers in the retail sector. According to Kasperkevic (2015), the workers of Walmart are struggling to sustain their lives. They are calling on Walmart to make a public promise of paying a minimum of 15 dollars per hour. Walmart can afford the wage but they but it manipulates schedules to reduce the wage that the employees should get. In contrast, Pangdonglai's wage is much higher than average salary of Xuchang City.

3.4 Awful Labor relationship

Walmart's staunch anti-union stance has been a major point of criticism. The company's labor relations has often been perceived as aggressive, with numerous reports of anti-union tactics and discouragement of collective bargaining, which can negatively impact worker morale and public perception. The Guardian reported that Walmart is charged with consistently violating the human rights of its employees by intimidating union organisers. (Clark, 2007). In contrast, Pangdonglai has a more harmonious labor relationship. The senior managers of the company provide humanistic cares to its employees. For example, considering that cashiers work for long hours on their feet, the company offer chairs to cashiers and allows employees to sit while working. The founder of the company Yu Donglai has announced a new policy named "Unhappy Leave". In oder to maintain work-life balance and reduce workplace anxiety, the employees can apply 10 days of additional leave if they are feeling unhappy or depressed. (Rahul, 2024)

3.5 Neglect Employee Health

It's impossible for organisations to operate well without healthy and safe employees and the outbreak of Covid-19 pandemic has proved the truth.(De Cieri and Lazarova, 2020). If HR managers fail to care more about employees' health, the management is inhumane. However, some full-time

low-paid Walmart employees are forced to work overtime without any pay. (Xie and Cooke, 2019) Walmart is also charged with neglecting employees' health during the Covid-19 pandemic. According to the coverage of Forbes, the family of a deceased Walmart employee in Illinois, USA has filed a wrongful death lawsuit in March, 2020 because the employee had reported to his manager that he had infected symptoms, but the manager just had chosen to ignore him. (Debter, 2020). In contrast, Pangdonglai put priority on employees' health during the pandemic. Pangdonglai made an public promise on its official website that the if the employees who stuck to the post sacrificed due to infection, the company gave at least 2 million yuan compensation and at the same time employees in the stores that were temporarily out of business could receive normal wages.

3.6 Lack Employee Training and Development

Although Walmart has many training programs, most of them perform practically few functions. Due to its massive scale, ensuring consistent and high-quality training across all stores and departments is difficult so the overall effectiveness of these programs is affected. Besides, many of Walmart's training programs are out-of-date and can not accurately aligned with the specific needs of employees' roles. This misalignment lead to employees feeling underprepared for their job duties. Lack of employee training lead to many service problems. Forbes even suggested Walmart should shut down for 24 hours to hold training sessions for its employees.(Mourdoukoutas, 2016). In contrast, Pangdonglai understands that employees are the most valuable asset of the enterprise, so it provide comprehensive training programs for employees. The company has established a perfect training system, through regular internal training, external exchanges and practical exercises, to continuously improve the professionalism and comprehensive ability of employees. Meanwhile, the company also encourages employees to learn independently and provides them with abundant learning resources and growth platforms, which not only helps employees' personal growth, but also cultivates a high-quality and professional team.

3.7 Discrimination

Gender discrimination and race discrimination in Walmart are severe. (Weissinger, 2009) According to Mann (2020), about 1.6 million female Walmart employees at all levels earn less and get fewer promotions than their male counterparts simply because of their gender. 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. (Spangler, Britt and Parks, 2008). Apart from gender discrimination, Walmart has been involved in numerous lawsuits alleging racial discrimination. For instance, Walmart has settled cases where it was alleged that African American employees were unfairly treated or overlooked for promotions.(Selmi, 2011)

4. Factors that Influence People Management

4.1 Company Scale

Company scale significantly influences the people management. In large-scale enterprises such as Walmart, effective communication can become challenging due to the sheer number of employees and the complexity of organisational structures. Werder and Holtzhausen (2011) state that there is a close relation between Organisational structures and communication practices. Flat organizational structure is more conducive to effective communication for information exchange. Due to the lack of timely two-way communication between employees and management teams, information delays or message distortions may happen and then affect clarity and consistency in understanding HR policies and changes. Because of different scale of the two companies, it's more challenging for Walmart respond to all the employee feedback.

4.2.Organisational Culture

High-level managers play an important role in shaping and maintaining organizational culture and they can not deny the significance of organisational culture in employee satisfaction.(Kane-Urrabazo, 2006) Positive Organisational culture can boost employees' morale and enhance their performance. (Hartog and Verburg, 2004). Pangdonglai holds "Put Employees First"

management philosophy and the core of its company value is love and freedom. Yu Donglai, the founder of Pangdonglai says it is immoral for companies to make employees work overtime. He advocates employee freedom and self-esteem should be highly respected in people management practice. For example, Pangdonglai launches a special award named “Aggrieved Award” The award is mainly for those employees who suffer grievance or injustice in working according to the normal process, with a subsidy of 5,000 yuan to 8,000 yuan.

4.3 Leadership Style

Leadership is essential in forming a vision and mission, setting goals, and developing strategies, policies, and methods to achieve organizational aims effectively and efficiently. It also involves guiding and coordinating organizational activities and efforts. (Hasan et al., 2018) The relationship between leadership style is pivotal in people management as the way leaders interact with and manage their teams can significantly influence employee satisfaction, and overall productivity. (ASHA and SAFIA, 2016) Pangdonglai is famous for its “People-oriented” leading style in its people management practice. The needs and opinions of opinions are fully taken into consideration when designating management rules and regulations, which can to a large extent improve its employee satisfaction and thus reduce staff turnover. In contrast, Walmart features bureaucratic leadership. The organisation adopts a strictly functional and technical top-down hierarchical model that emphasises the relationship between superior and subordinate. Every worker has a direct supervisor and specific job responsibilities. The emotional strain on lower-level staff members is increased by the bureaucratic leadership. Top-level decisions might bring senior managers happiness, while lower-level employees may feel undervalued and disgruntled. (Panagiotis, Alexandros and George, 2014)

4.4 Laws and Regulations

Laws and regulations are integral to shaping the strategies and operations of people management within organisations. They ensure that the workplace is equitable, safe, and conducive to both organizational and employee needs.(Eneh et al., 2024) Organisational people management must obey labor laws, employment standards, health and safety regulations, and anti-discrimination

policies. Organisations must design their HR policies to meet these legal requirements to avoid legal penalties and reputational damage. Besides, adjustments in laws and regulations often prompt updates to HR policies and procedures. For example, when minimum wage laws are updated, companies must revise their payroll systems to comply. Similarly, any changes in health and safety regulations require organizations to update their workplace safety protocols to ensure they remain compliant and safeguard employee welfare. Additionally, compliance with laws and regulations also impacts how organizations handle relationships with employees. Ensuring legal compliance helps to build trust and credibility among the workforce, contributing to positive employee relations. (Long and Ismail, 2011) Conversely, failure to adhere to legal standards can lead to distrust and conflicts.

4.5 Technological Progress

Technological progress has a profound impact on HR management, transforming how organisations recruit, train, and manage their employees.(Stone et al., 2015) According to the research (Vrontis et al., 2021) Artificial Intelligence is revolutionizing the recruitment process. AI tools can automate the screening of resumes and predict candidate suitability by analyzing data more accurately and faster than human HR managers. Apart from AI, digital platforms and e-learning tools have made training more accessible. For example, Virtual Reality (VR) and Augmented Reality (AR) are being used for immersive training experiences that are particularly effective for practical skill development. (Kaplan et al., 2020)

Technology also enables more efficient tracking and analysis of employee performance data. HR systems can now integrate performance metrics from various sources to provide a more comprehensive view of employee performance, facilitating more objective and data-driven evaluations. Real-time feedback apps and employee engagement software provide continuous listening tools that allow for immediate insights into employee satisfaction and concerns. Communication tools like Microsoft Teams, and Zoom also facilitate better collaboration and communication, which is particularly important for remote and global teams.

5. Conclusions

This report explores the distinct people management practices of two retailing companies Walmart and Pangdonglai.

Despite Walmart's vast scale and resources, it encounters significant challenges in employee engagement, wage satisfaction, training, and labor relations. These challenges stem largely from its bureaucratic, top-down management style, which contrasts sharply with Pangdonglai's people-oriented approach that prioritizes employee welfare and engagement. Pangdonglai's management philosophy, characterized by higher wages, better labor relations, and comprehensive training programs, highlights the advantages of a more humane and flexible approach to people management. This strategy not only enhances employee satisfaction and retention but also cultivates a positive public perception and operational efficiency. In contrast, Walmart's struggles with high staff turnover and low employee morale suggest a need for a strategic overhaul in its HR policies to better align with contemporary standards for employee treatment and engagement.

The report also summarized potential internal and external factors that may influence people management. Company scale, leadership style is closely related to people management. Besides, in order to realize successful people management, companies should comply with laws and regulations to reduce litigation costs and negative coverage. Companies should also try to form positive organisational culture to improve employees' sense of belonging as well as pay attention to the role technological progress in people management practice.

6. Recommendations for Walmart

Firstly, Walmart should build more transparent communication channels that encourage feedback from employees at all levels. It should hold regular meetings to listen to employees' opinions and make low-level employees know more about its people management strategies

Secondly, more piratical career development opportunities and training programs should be provided for the employees. Walmart should update training materials and methods to reflect current

job requirements and incorporate advanced technologies like AI and VR for immersive learning experiences.

Thirdly, Walmart should offer competitive benefits and rewards to foster employees' loyalty and satisfaction and regularly review wage policies to ensure competitiveness within the retail sector. It should also build scientific employee incentives system to motivate employees and align their personal growth goals with the company's success.

Next, it should foster positive labor relations and reevaluate its anti-union stance and explore opportunities for constructive dialogue with labor representatives to build trust. Promote a more inclusive work environment and always prioritize employee health and safety. It can provide comprehensive health benefits and support systems, including mental health resources and wellness programs.

Finally, respect different races and genders and create just and equal working environment. It can regularly conduct assessments to identify and address any forms of discrimination or bias.

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