

ESG Reporting Enables Organisations to Move towards a Sustainable Future: A Case Study on Walmart Inc

Sukanya Bhattacharyya

Department of Commerce, University of Calcutta, Kolkata, West Bengal, India

Corresponding Author's Email: mampi.india@gmail.com

ABSTRACT

Corporations, whether public or private, rely on the society for a developed infrastructure such as roads, electricity, educated workforce, enforcement of law, among other things. Because of these factors the corporations must consider not only the interests of their shareholders but also those of their employees, consumers, suppliers, government and the general public. This necessitates the organisations to be aware of their responsibilities in terms of the business's environmental, social and governance aspects of the business. Walmart Inc strives for shared value by addressing social issues in a way that benefits both the company and its stakeholders. The organization's goal of becoming a regenerative company helps to renew people and the planet through their business. The environmental, social and governance reporting illustrates how they align their business activities with the social objectives in order to increase their ability to deliver more value.

Keyword: *Environmental; Social; Governance; Progress; Sustainability*

Introduction

Previously, it was thought that the sole responsibility of a business was to perform its economic functions efficiently and provide goods and services to society in order to maximize profit and that it was preferable to delegate social functions to other institutions of society, such as the government. However, as the business environment changed, business leaders became concerned about community responses and environmental sustainability. They recognized that the government cannot and should not be solely responsible for promoting environmental and social well-being. The corporate sector also plays an important role in this area. With such a refined understanding, the organizations report on their environmental, social, and governance data, allowing them to take a step forward to a sustainable future (Fernando, 2020).

Walmart Inc's environmental, social, and governance reporting is being studied in order to shed light on how a "global giant" fulfils its societal responsibility. Walmart Inc serves more than 260 million customers per week worldwide through its vast network of supply chain spread across several countries. It is also the nation's largest employer. Walmart clearly has a significant impact on the US economy. The organization is continuously striving to go beyond the concept of "Business as usual", with the goal of expanding its ESG initiatives

beyond risk mitigation. It envisions a company that seeks out new opportunities, manages its climate actions, creates sustainable product supply chains, and fosters community cohesion. It prioritises ESG issues based on their importance to the company's mission, customers, and other stakeholders, as well as Walmart's ability to effect change on those issues.

Aridsson and Dumay (2022) suggested that Swedish organisations must enhance their sustainability performance quality, which might result in a modest disclosure increase. The results also indicate that simply reporting will not suffice. The current business environment demands performance, and organisations should prioritise performance-driven ESG activities.

Nekhili, Boukadhaba and Nagati (2021) found that labour board representatives behave differently from employee shareholder board representatives by putting a greater emphasis on social performance and a lesser emphasis on environmental and corporate governance performance. The corporate ESG-financial performance relationship is moderated differently depending on how many employees are represented on the board of directors.

Xie *et al.* (2018) have looked into the connection between ESG practises and corporate financial performance. In their research, they found that ESG and CPF generally had a positive relationship, demonstrating that sustainability and an organization's financial performance are related.

Friede, Busch and Bassen, (2015) states that, to fully utilise value-enhancing ESG factors, one must have a thorough understanding of how to incorporate ESG criteria into investment processes. It is also suggested that the capital markets have not yet consistently demonstrated learning effects concerning the relationship between ESG and CFP.

Research Gap

Prior studies by esteemed research scholars yielded valuable results regarding ESG reporting and its contribution to sustainability. Their findings also revealed that efforts to improve sustainability improve financial performance and shareholder return. It is intended to look into Walmart's ESG reporting as a case study to show how a "global giant" aspires to be sustainable and sets and exceeds its own boundaries in order to advance in its endeavours. Previous research has not addressed such a case study.

Objective of the Study

The current study aims to examine the Walmart's ESG reporting to assess the progress and current status of their environmental consideration, social and governance aspects.

Methodology

The study's goal is to investigate the conceptual framework of how ESG reporting enables organisations to move towards a more sustainable future using a case study of Walmart. The secondary data, as provided by the Walmart Inc's ESG reports and the annual report is used for the purpose of the study.

The study's limitations include the fact that because the data is secondary in nature, it can only cover only those aspects which are depicted by the data provided by the organisation. As a result, there may be other factors that the available data did not reveal. Such observations are not taken into account in this study. The paper makes no use of statistical techniques and is solely based on conceptual discovery and analysis.

Conceptual Framework

Walmart's ESG Report Analysis

Environmental Consideration

Companies have a moral, ethical, and social obligation to preserve the ecosystem's integrity and protect the environment. To ensure the health of the global environment, it is important to emphasise the need for clean air and water, fertile soil, biodiversity, and an overall cleaner world for people to live in (Fernando A.C,2020). According to a number of economists, progressive businesses can use environmental regulations to their advantage. Walmart Inc. also takes these environmental concerns very seriously and is working to put policies in place that protect the ecology and the environment. From an environmental standpoint, Walmart's aim is to achieve zero operational waste and natural resource regeneration. Among the initiatives aimed at achieving zero operational waste are:

- Percentage of waste diverted from landfill and incineration - 78% worldwide, 81% in the United States, 89% in Canada and 72% in Mexico. The target is to reach 90% by 2025.
- More than 7% of global private brand plastic packaging is made from post-consumer recycled content. The objective is to achieve 17% by 2025.
- 58% of private brand packaging worldwide is reportedly recyclable, reusable, or compostable in an industrial setting. The objective is to achieve 100% by 2025.
- Composting, animal feed, anaerobic digestion, and biochemical processing diverted 827 million operational food waste from the waste stream.

For the purpose of contributing to the regeneration of natural resources, Walmart performs the following activities:

- In fiscal years 2021 and 2022, Walmart and the Walmart Foundation will invest more than \$14 million to help preserve irreplaceable landscapes.
- 99% of the seafood sold at Sam's Club and Walmart in the United States is sustainably sourced, both fresh and frozen.
- Products under private brands contain 90% palm oil. RSPO-certified environmentally friendly
- Other activities include supporting conservation and restoration, sourcing sustainable products, pushing for and funding enablers, and so forth.

In recent years, environmental performance has assumed critical importance. Because the reality of social responsibility and social accountability is having a significant impact on the organisation's image and consequently its future sustainability, Walmart Inc. has realised

the urgent need to reorient its perception and focus on sustainability. The organization's efforts to promote environmental sustainability are commendable.

Social Aspect

The pillars on which the social considerations of Walmart Inc are analysed in the given study are human capital management, product quality and safety, and supplier opportunities. Walmart envisions a stronger and more inclusive community in which suppliers can be assured of growth opportunities and the acceleration of supply chain sustainability. Equity and inclusion, well-being and growth are central to Walmart’s human capital development strategy. It strives to be a retail gateway to upward mobility so as to accelerate the professional development of its associates. Associates are given the opportunity for good jobs and advancement. The key insights of its human capital consideration are highlighted hereunder:

(A) Equity and Inclusion

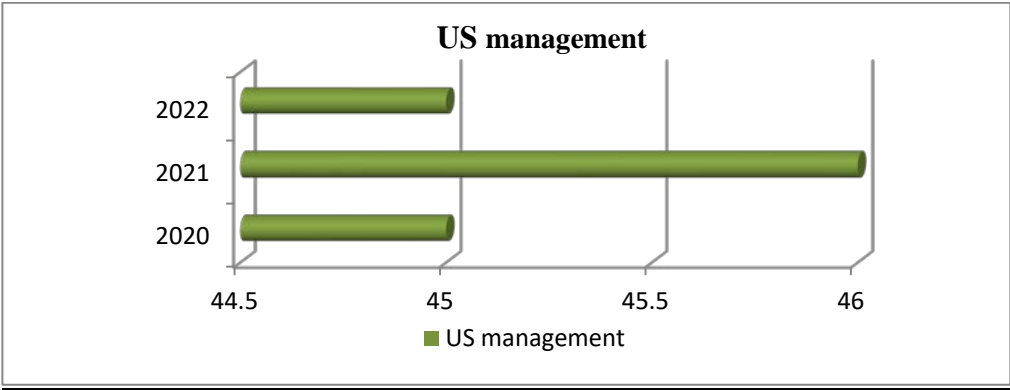
➤ **Representation of Women at Walmart**

The representation of women at Walmart is analysed by their representation in US management, US total management promotions, US officers and US hourly promotions; for the last three financial years.

Table 1: Shows Representation of Women at Walmart for the Last Three Financial Years

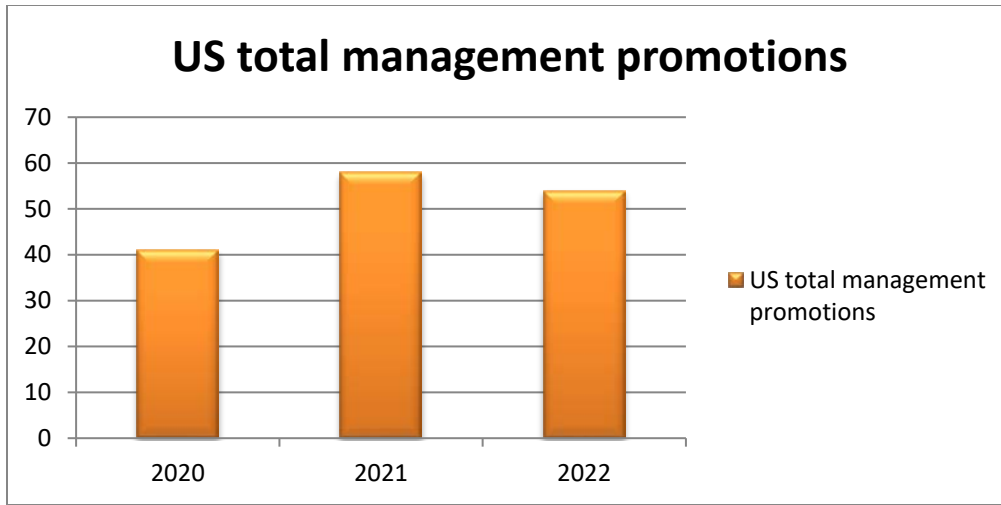
Year	US management (%)	US total management promotions (%)	US officers (%)	US hourly promotions (%)
2020	45	41	31	58
2021	46	58	46	33
2022	45	54	44	34

Source: <https://www.walmart.com>



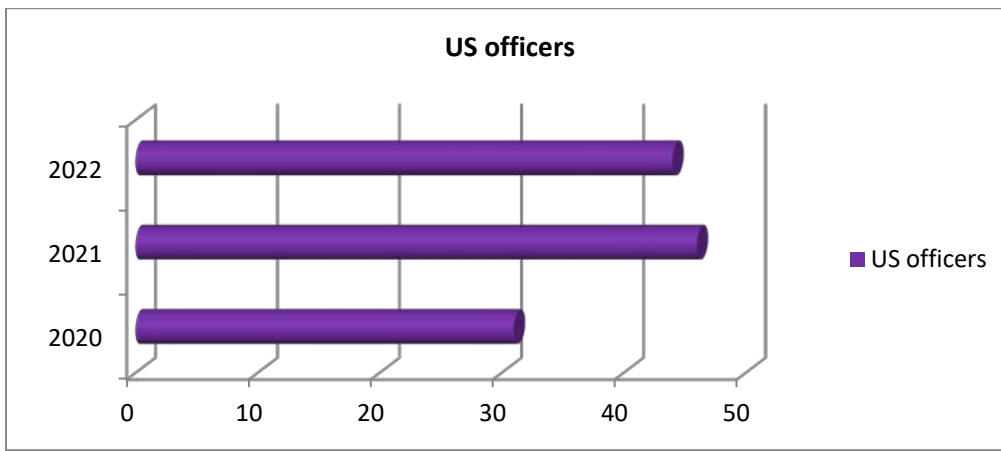
Source: <https://www.walmart.com>

Figure 1: Representation of Women at Walmart in US Management



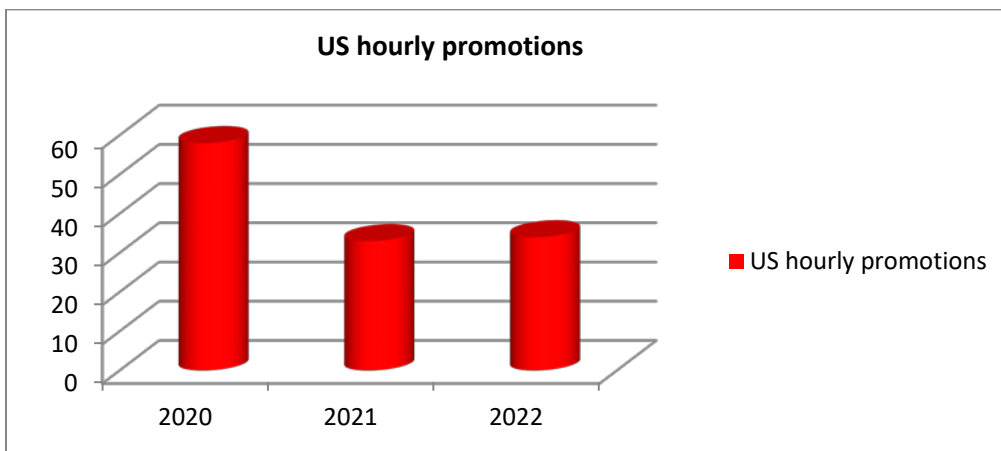
Source: <https://www.walmart.com>

Figure 2: Representation of women at Walmart in US total management promotions



Source: <https://www.walmart.com>

Figure 3: Representation of Women at Walmart in US Officers



Source: <https://www.walmart.com>

Figure 4: Representation of Women at Walmart in US Hourly Promotions

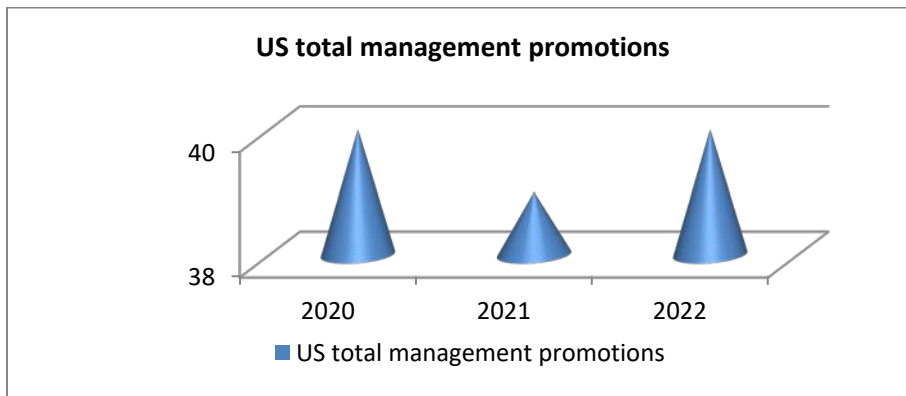
Representation of People of Colour at Walmart

Walmart reports that in FY2022, 56% of new hires in the United States were people of color. The representation of people of colour at Walmart for the last three financial years are:

Table 2: Shows the Representation of People of Colour at Walmart for the Last Three Financial Years

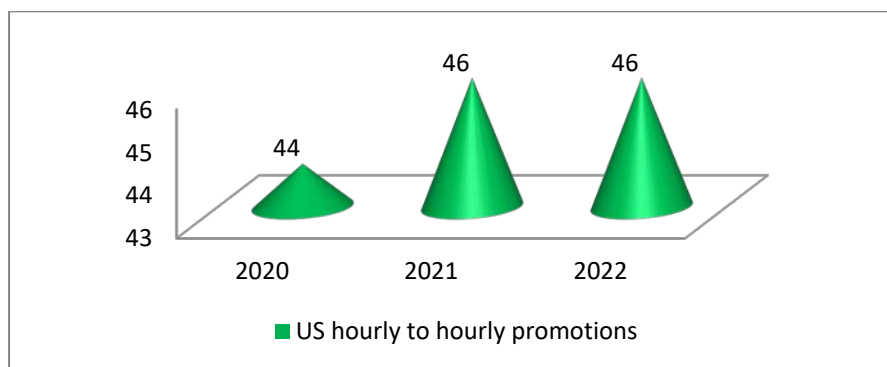
	2021	2022
US total management promotions (%)	39	40
US hourly to hourly promotions (%)	46	46
US Management (%)	37	39
US officers (%)	25	27

Source: <https://www.walmart.com>



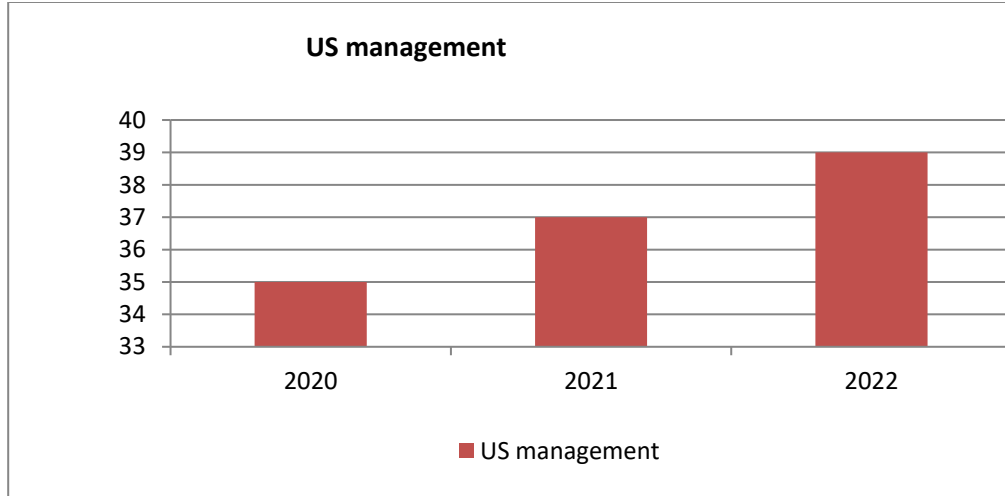
Source: <https://www.walmart.com>

Figure 5: Representation of People of Colour at Walmart in US Total Management Promotions



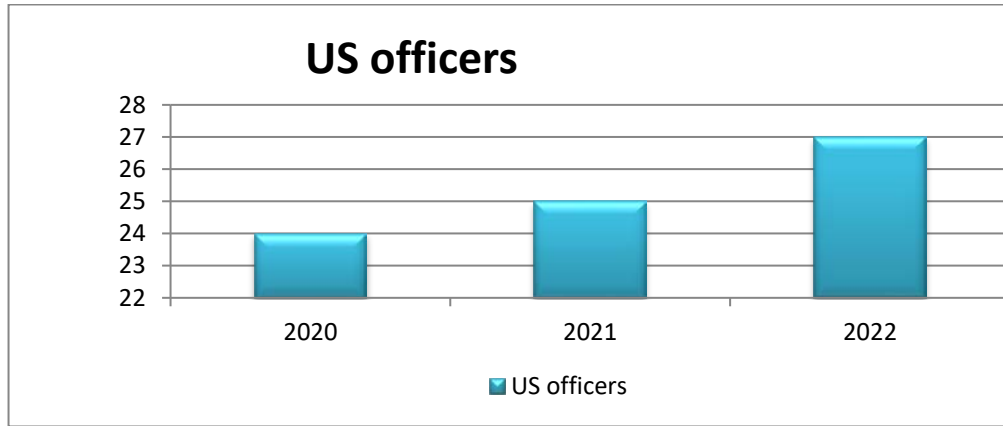
Source: <https://www.walmart.com>

Figure 6: Representation of People of Colour at Walmart in US Hourly to Hourly Promotion



Source: <https://www.walmart.com>

Figure 7: Representation of People of Colour at Walmart in US Management



Source: <https://www.walmart.com>

Figure 8: Representation of People of Colour at Walmart in US Officers

Well-Being of Associates

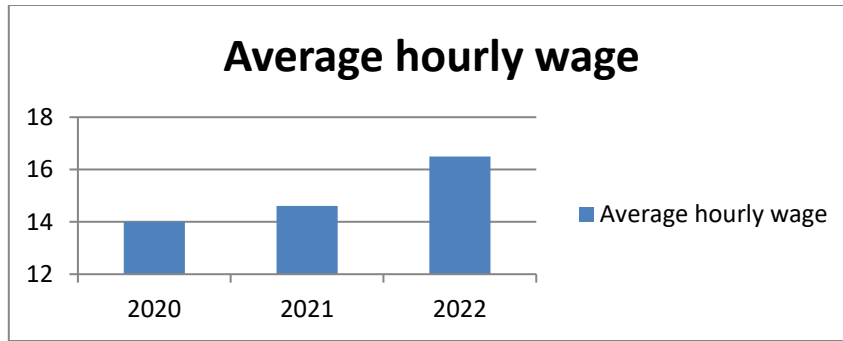
➤ **Financial Wellbeing**

Though the wage rate varies by role and market, yet on an average the hourly wage rate in Walmart US stores for the last three financial years are :

Table 3: Represents Average Hourly Wage Rate in Walmart US Stores for the Last Three Financial Years

2020	>\$14 per hour
2021	>\$14.61 per hour
2022	>\$16.50 per hour

Source: <https://www.walmart.com>



Source: <https://www.walmart.com>

Figure 9: Represents Average Hourly Wage Rate in Walmart US Stores for the Last Three Financial Years

It can be observed here that there is hike in the average hourly wage which portrays the organisation's efforts of providing high paying jobs to its associates.

➤ **Physical Wellbeing**

- Walmart offers health coverage starting at around \$29 per pay period for all full- and part-time associates who have worked an average of 30 hours per week over the past 12 months in 2020. This increased to \$31.40 in 2022.
- Enrolled associates have access to Walmart's Centers of Excellence programme, which offers high-quality care at low or no cost through partnerships.
- Doctor on Demand provides associates enrolled in Walmart health plans with affordable, nationwide virtual access to health care providers.
- Other benefits include paid time off, expanded parental leave, counselling sessions and many more.

➤ **Emotional Wellbeing**

- All associates and their families, regardless of whether they are covered by a Walmart medical plan, can access Resources for Living for free counselling sessions and unlimited phone support.
- Associates can take part in a stock purchase plan with a company match of upto \$270 per plan year.

(B) GROWTH

Initiatives are taken for constructing a career ladder so that people can advance their careers at Walmart regardless of where they begin. Associates can begin working and learning as part of a team, receive role-specific Walmart Academy training, and access their "Live Better U" education programme. Associates can use their work experiences and knowledge, as well as those gained through our learning

programmes, to advance to roles with greater responsibility and higher pay. Walmart has a track record of achieving growth and advancement.

The above information portrayed: (A) Equity and Inclusion – under which focus has been given on the representation of people of colour at Walmart and Representation of women at Walmart;(B) Well-being of associates – under which financial well-being, physical well-being and emotional well-being have been studied; (C) Growth.

The organisation strives to give customers easy access to affordable food as well as other products and services. In addition to providing food access in thousands of communities around the world, it works to strengthen policies, standards and practices to sustain the safety and quality of their assortment. The product quality and safety are ensured in the following ways:

- Walmart maintains a global food safety compliance programme to assist Walmart associates and suppliers in meeting their safety expectations.
- The Global Food Safety Compliance team evaluates food safety risks, establishes standards, implements and trains associates on the necessary controls, and monitors the program's effectiveness.
- In FY2022, it has trained over 980,00054 associates worldwide on at least one food safety course.

Furthermore the organisation provides supplier opportunities for creating an atmosphere of sustainable development of its community of suppliers.

- Walmart is committed to making investments that support the creation of American jobs. As of the end of FY2022, they have increased US purchase by \$12 billion as in effort to fulfill their commitment.
- Walmart's Vriddhi Supplier Development Program aims to train 50,000 Indian micro, small, and medium-sized suppliers to participate in global supply chains.
- Walmart's sourcing strategies promote equity and the inclusion of underrepresented and disadvantaged groups while also improving the product offering.

From the discussion above, it is evident that Walmart is constantly working to implement policies and practices that foster a sense of inclusion and equity among its communities. It thinks that simply focusing on maximizing shareholder returns will not lead to sustainable growth. The expansion of the community and its affiliates will create opportunities for the organization to have a sustainable future.

Governance Aspect

The largest retail organisation adheres to strict corporate governance standards in order to create trust as a competitive advantage. It seeks to establish policies and procedures governing its interactions with major stakeholders while wearing the badge of ethics and integrity. Good corporate governance, ethics and compliance, and digital citizenship are the foundations of the organisation's governance.

The following is a summary of Walmart's governance approach:

- Preserving a majority independent board with a range of backgrounds, pertinent experiences, and expertise. The board of directors comprises 27% female, 18% identifies as racially or ethnically diverse, and also 7 out of 11 directors are independent. The term for independent directors is 12 years. Moreover 10 of the 11 directors are non-management.
- Effective oversight of strategy, risks, and opportunities by the board and management, including through board and management committees.
- Creating a diverse and talented stream of leaders.
- Creating compensation initiatives to assist the enterprise strategy while also aligning the leadership team with culture, strategy, and organisational structure.
- Consistently conversing with and receiving input from a wide range of stakeholders, such as shareholders, clients, employees, and suppliers.

Any company's ethical culture is dependent on each employee's personal moral compass and the social standards that the business and industry accept. So, strict adherence to corporate governance standards will help Walmart Inc. shape a better future.

Walmart Inc. Is Making Strides toward Sustainability

Sustainability has evolved over the past few years to become one of Walmart's guiding principles. For shared growth and development, it puts the planet and people first. Its quest for a sustainable future began in 2005 when it set out on a mission to protect acres of American natural habitat. It contributed significantly to disaster relief in the same year following hurricanes Katrina and Rita. Their ambitious "sustainable Walmart" plan included the use of renewable energy, zero waste production, and the sale of sustainable goods. Their 2007 investment in solar energy was another step in the direction of a sustainable future. In 2008, they even turned to wind energy as another renewable energy source. The creation of the global sustainability index gave their "sustainable Walmart" mission additional momentum. It started selling only concentrated liquid laundry detergents in their stores in order to protect forests and conserve water. In addition, the organisation worked together to cut greenhouse gas emissions and promote sustainable agriculture among the general public.

They updated their sustainability vision and created a new roadmap for their upcoming journey in 2016. By 2030, they wanted to completely stop emitting greenhouse gases. They also wanted to double the amount of locally grown produce that was sold in the US. Enhancing ingredient transparency was their goal in order to gain the trust and confidence of the consumer. Walmart worked together on a number of projects, including installing electric vehicle charging stations in 2018, enforcing strict reusable bag usage in 2019, and ensuring more sustainably sourced paper and seafood. With their consistent efforts to preserve, manage, and regenerate the environment, they actually developed into a

regenerative company. Additionally, they made a significant contribution by supporting and clinging to their community during the Covid-19 pandemic.

As a result, Walmart's progress towards sustainability is undoubtedly inspiring other organisations to put more effort into sustainable business practises. The organisation also engages in several notable ESG initiatives, such as eliminating single-use plastics, addressing climate change, and implementing a number of regenerative practises and initiatives. Walmart has made significant strides toward sustainability and will no doubt put forth a lot more effort in the future.

Conclusion

An organisation will be rudderless if it fails to manage the social aspects associated with the business organisation. Walmart Inc conducts business with the goal of providing maximum value to its shareholders by serving all of its stakeholders. It leaves no stone unturned in order to provide the most value to its stakeholders. The above study demonstrates how the organisation has been continuously improving its ESG considerations over the years. The strategic goal of making trust a competitive advantage drives the organisation to consider ways and means of achieving ESG leadership. A strong ESG programme can facilitate access to significant capital sources, strengthen corporate brands, and foster sustainable long-term growth that is advantageous to both businesses and investors. The Walmart case study illustrates how a company can work towards a sustainable future by putting in place practices and policies that encourage a sense of inclusion, equity, and opportunities for community growth. Further research on the company's proposed green financing framework, which is expected to take another step towards sustainability, is possible.

Acknowledgment

It will be acknowledged that this study was conducted using only secondary data from reports published on Walmart Inc.'s website, <https://www.walmart.com>, which was provided by Walmart Inc. While carrying out this work, no outside funding sources were used. If the study ever interferes with the interests of anyone or anything, it was not done intentionally. To the best of knowledge, also attempted to analyse the data provided on Walmart Inc.'s official website in order to demonstrate how the company is setting an example for how ESG reporting enables businesses to move towards a sustainable future.

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