Walmart Analysis for Leadership

Introduction

Walmart is currently the world’s largest retail company (Carbonara, 2018). The company, which began its operations in the US, has expanded its operations to other nations around the globe. The company currently employs around 1.6 million people (Wilbert, 2018). Walmart also owns and operates a record of 6,200 retail stores (Wilbert, 2018). Walmart is keen on growth and expansion by setting up operations in new countries. Setting up operations in new countries is quite complicated as it requires a careful analysis of the nations' demographics, economic performance, culture, and laws and regulations, among other things. Venturing into countries with unfavorable laws, for example, can result in failure. India, for example, has unfavorable laws regarding the opening of retail stores by foreign retailers (Worstall, 2017). Walmart has wholesale operations in India but cannot open consumer stores due to the restrictive laws (Worstall, 2017). Walmart is considering to venture into Egypt. This report presents an analysis of the best leadership style to adopt should it commence operations in Egypt and an analysis of the country’s culture.

The Selected Market

Egypt, or the Arab Republic of Egypt, is a country situated in the northeast of Africa. The nation has a long and quite interesting history. Economically, Egypt is among the best-performing countries in Africa. It is ranked as the third richest nation in the continent. The country is quite rich despite the fact that the vast majority of its landscape being desert. Some of the economic activities that have helped grow the country's economy significantly are petroleum extraction and exportation, textile production, tourism, and food production. The country has a population of over 100 million people (The World Bank, 2020). The country’s good economic performance and significantly large population make it a favorable target for Walmart. There are many potential customers for Walmart to target. Many of the potential customers can afford many of the products that the company retails. Leadership models and cultural analysis are critical in determining whether Walmart can thrive in Egypt.

Leadership Models and/or Styles

One style of leadership that Walmart can consider to lead employees in Egypt and respond to stakeholders is transactional leadership. The leadership style is characterized by leaders seeking to foster compliance and improve performance through instituting a reward and punishment system (Odumeru & Ogbonna, 2013). The style of leadership involves paying close attention to employee behavior and work. Those who engage in acceptable behavior and/or perform exemplary in their job are given a reward. Those who engage in unacceptable behavior and/or perform poorly in their job are punished through means like being fired or being given a warning letter, among other forms of punishment. The transactional style of leadership helps keep employees motivated in the short-run (Odumeru & Ogbonna, 2013). However, it is not deemed as an effective leadership style where the goal is to keep employees motivated in the long-run.

The second leadership style that Walmart can implement in Egypt to lead employees and respond to stakeholders is transformational leadership. The particular style of leadership involves a leader working closely with followers to identify necessary change, develop a vision to guide the change, and implement the change (Odumeru & Ogbonna, 2013). Instead of heavy reliance on rewards and punishment to motivate followers to perform best in their jobs, transformational leaders seek to greatly inspire their followers to give their best in their job and take the initiative. Transformational leaders seek to empower and grow their followers. Effective implementation of transformational leadership is likely to create an environment of trust and charisma (Odumeru & Ogbonna, 2013). Transformational leadership helps motivate employees in the short-term.

The best leadership style for Walmart to implement in Egypt is transformational leadership. One reason why transformational leadership is likely to inspire success in the country is that it is more effective in the motivation of employees and responding to stakeholders. Transactional leadership communicates the perception that all an organization cares about results (Odumeru & Ogbonna, 2013). Transformational leadership, however, communicates the impression that leaders care about performance as well as the growth and development of employees. Transformational leadership would best help involve key stakeholders in the running of the Walmart branch in Egypt. The second reason why the style of leadership is most favorable in Egypt is that a study by El-Zayaty (2018) shows that transformational leadership is gaining significant support among business leaders in Egypt. The effectiveness of the style and its growth in importance in the target country increases the chances of promoting success.

Important Cultural Leadership Concepts

Two culture-related concepts that are critical to cultural leadership are ethnocentrism and prejudice. The concept of "ethnocentrism" describes the tendency of people to place their cultural, ethnic, or racial groups at the epicenter when observing the world and other groups. Individuals often place greater importance on their beliefs, values, and attitudes. The concept is critical to expanding to Egypt as it informs Walmart’s leadership about the potential issues that can arise if the same is not taken seriously. Walmart’s leadership has to accept that Egyptians will more likely than not value their beliefs, values, and attitudes more than those of the United States and should respect the beliefs, values, and attitudes. The leadership should also train western employees who might be posted in Egypt to value the beliefs, values, and attitudes of the nation and to avoid beliefs, values, and attitudes on the population.

The concept “prejudice” describes beliefs, attitudes, or emotions by an individual regarding another individual or group that is faulty. The concept is closely related to ethnocentrism. Since people often view their beliefs, values, and attitudes as better compared to those of others, they are more likely to be prejudiced towards others. If Walmart ventures into the Egyptian market, the company has to ensure that its foreign employees do not manifest prejudice against the nation’s culture as that is insensitive and can drive away customers. Walmart will likely have little influence over the prejudices that Egyptians may have regarding other groups. However, respecting the nation's culture and people will likely help garner support and attract employees and customers.

Fostering Team and Organizational Success

Several leadership skills and practices can help to foster team and organizational success in Egypt. One skill that can help foster team success is empathy. Empathy refers to the ability to understand and share the feelings of other people. A leader who understands and shares the feelings of the followers often gains their support. Empathy will very likely help build a strong team. Another leadership skill that will help build a strong team is the ability to mentor. Mentoring employees help build effective teams. The ability to coach is another leadership skill that can help build effective teams. Conflict resolution skill is also critical to building successful teams.

A leadership practice that can help foster team success is sharing one’s expertise. Sharing relevant expertise will help team members perform better in their respective roles. Another practice is that of holding team-building events. The events help foster team cohesion, which is important to team success. The discussed leadership skills and practices by helping foster team success will help foster organizational success. Effective teams will likely perform exemplary in their job, and that will increase the chance of organizational success. Walmart's leadership should be effective in the discussed skills and practices in Walmart's operations in Egypt.

Demographic and Economic Analysis of Egypt

According to the World Bank, as of 2019, Egypt had a population of around 100 million people (The World Bank, 2020). The vast majority of the country’s population is relatively young. About 10 percent of the population is aged 55 years and above (Index Mundi, 2019). The remaining population is 54 years and below. Egypt’s median age as of 2018 was estimated at 23.9 years (Index Mundi, 2019). Egypt is the most populous nation in the Arab world. It is also the third most populated nation in Africa (Index Mundi, 2019). The nation’s official language is Arabic. Many people in Egypt also understand English and French languages. The country's population predominantly adheres to Islam. About 90 percent of Egyptians are Sunni Muslims, while about 10 percent adhere to different denominations of Christianity (Index Mundi, 2019). Religion is quite important to the vast majority of Egyptians. The percentage of Egypt’s population that lives in urban centers is about 42.7 percent (Index Mundi, 2019). The urban population is relatively large. Egypt’s desert landscape contributes to the large urban population. There are more opportunities for generating favorable income in urban areas.

According to the World Bank (2020), Egypt's Gross Domestic Product (GDP) as of 2019 was $303. 175 billion. The nation’s Gross National Income (GNI) per capita was $2,690 as of the year 2019 (The World Bank, 2020). The GDP of $303.175 billion means that Egypt remains to be the third richest economy in Africa. Petroleum extraction and exportation is one of the main drivers of Egypt’s economy. Other drivers of the economy are food processing, textile industry, and tourism. Egypt is one of the top tourist destinations around the world due to its location on the Mediterranean, its ancient history, and pyramids, among other things. Agriculture, in Egypt, is practiced in settlements along the river Nile.

The analyzed demographic and economic data strongly supports the opening of Walmart’s operations in Egypt. The country’s significantly large population means that there are many potential customers for Walmart. An urban population of about 42.7 percent also means that If Walmart were to open several retail stores in different urban centers in Egypt, the company would have the opportunity to attract millions of customers. The nation's population is relatively young, and that means that they can easily navigate inside Walmart's large retail shops. The vast majority of the country’s population can afford to buy many of the products that Walmart is likely to retail in stores in Egypt. Walmart endeavors to minimize the cost of operation to sell products at lower prices. Thus, the company’s stores will more likely sell products at competitive prices compared to other retailers in Egypt. The company has a great chance of succeeding in Egypt.

Egypt and the GLOBE’s Nine Dimensions of Culture

The GLOBE’s nine dimensions identify nine ways in which national cultures differ. A nation’s scores on the nine dimensions can be compared with those of other nations. The nine dimensions help inform organizations on whether they would likely thrive in certain cultures and how to conduct their business in such a culture. The Globe Project involves research into the score of nations around the world on the nine dimensions (GLOBE, n.d.a). The results of the Globe Project helps compare different nations around the world.

The first dimension is uncertainty avoidance. It describes the level of reliance on rules, social norms, and procedures to eliminate uncertainty regarding the future. GLOBE ranks Egypt as high regarding the dimension (GLOBE, n.d.a). The ranking means that Egyptians do significantly avoid uncertainties regarding the future.

The second dimension, power distance, regards the degree to which power is distributed in a society. Egypt ranks slightly higher than the relatively low score on the power distance dimension (GLOBE, n.d.a). The ranking means that there is a relatively equal distribution of power in the country.

The third dimension, gender egalitarianism, regards the degree to which gender equality is achieved in a country. GLOBE ranks Egypt as relatively low on the dimension (GLOBE, n.d.a). The raking means that there is high gender inequality in Egypt. Men are the dominant sex in the country.

The fourth dimension, in-group collectivism, describes the degree to which individuals value being part of a collective. Countries that score higher in the dimension value collectivism. GLOBE ranks Egypt as relatively high on the particular dimension (GLOBE, n.d.a). The score means that Egyptians value in-group collectivism quite high compared to individualism.

The fifth dimension, institutional collectivism, regards the degree to which societal and organizational institutions value collectivism and encourages individuals to value the same. GLOBE ranks Egypt as a medium on the dimension (GLOBE, n.d.a). The ranking implies that institutions in the country value collectivism, though not as high as individuals.

The sixth dimension is the humane orientation. The dimension refers to the extent to which humane values like kindness, altruism, generosity, and fairness are encouraged in society. GLOBE ranks Egypt as relatively high on humane orientation (GLOBE, n.d.a). The society deeply values the humane treatment of its members and advocates for the same.

The seventh dimension, future orientation, regards the degree to which a nation plans for the future and prefers long-term benefits to short-term rewards. A nation that scores high on the dimension encourages investments that will have a great positive impact in the future. GLOBE ranks Egypt close to high on future orientation (GLOBE, n.d.a). Collectives and individuals in the country are greatly focused on achieving important future goals.

The eighth dimension, assertiveness, describes the extent to which individuals in a particular country are aggressive, forceful, and confrontational. Individuals who score low on the dimension are compassionate and cooperative. Globe ranks Egypt as relatively low on assertiveness (GLOBE, n.d.a). Egyptians are quite compassionate and cooperative. The low score on the dimension means that it is easy to work and live with Egyptians. Working with people from different cultures who are aggressive, forceful, and confrontational can be quite challenging.

The final dimension of culture is performance orientation. The dimension refers to the extent to which a nation promotes impressive performance, high standards, and innovation in various aspects of work and life. GLOBE ranks Egypt close to high on performance orientation (GLOBE, n.d.a). Governmental and non-governmental organizations in the country promote excellence in performance.

Comparison to the US

Egypt is close to the US on dimensions like power distance in-group collectivism, institutional collectivism, humane orientation, future orientation, and performance orientation (GLOBE, n.d.a; GLOBE, n.d.b). Critical dimensions where there are huge differences are gender egalitarianism and assertiveness. Close ranking in many important dimensions means that many of the leadership and managerial practices that Walmart uses in the US and a significant part of Walmart's US culture can be welcomed in Egypt. Walmart, however, has to deal with the dimensions of gender egalitarianism and assertiveness delicately. The failure to deal with such dimensions adequately could create antagonism between the company and Egyptian society.

Conclusion

Walmart can pursue growth and development by expanding into Egypt. The analysis of the best leadership style to adopt if the company were to move to Egypt and an analysis of the country’s demographics, economy, and culture is critical to making informed. The best leadership style to adopt in Egypt is transformational leadership. The country has a significantly large urban population. The large urban population means that there are many potential customers that Walmart can target in the country. Regarding GLOBE nine culture dimensions. Egypt is close to the US in the majority of the dimensions. The critical areas where there are significant differences are gender egalitarianism and assertiveness. Walmart should deal with the two areas delicately, should the firm decide to venture into Egypt.

References

Wilbert, C. (2018). How Wal-Mart works. Retrieved from <https://money.howstuffworks.com/wal-mart.htm>

Index Mundi. (2019). Egypt Demographics Profile 2019. Retrieved from <https://www.indexmundi.com/egypt/demographics_profile.html>

The World Bank. (2020). Population, total - Egypt, Arab Rep. Retrieved from <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=EG>

El-Zayaty, N. (2018). An exploration of leadership styles and motivation in Egyptian business organizations. *International Journal of Business and Applied Social Science (IJBASS)*, *4*(2).

GLOBE. (n.d.a). Egypt. Retrieved from <https://globeproject.com/results/countries/EGY?menu=list#list>

GLOBE. (n.d.b). USA. Retrieved from <https://globeproject.com/results/countries/USA?menu=list#list>

Odumeru, J. A., & Ogbonna, I. G. (2013). Transformational vs. transactional leadership theories: Evidence in literature. *International review of management and business research*, *2*(2), 355.

Worstall, T. (2017, April). Walmart Expands Again In India - But Still Not Able To Open Consumer Stores To Consumer Detriment. Retrieved from <https://www.forbes.com/sites/timworstall/2017/04/30/walmart-expands-again-in-india-but-still-not-able-to-open-consumer-stores-to-consumer-detriment/#7c47e2e31173>

Carbonara, P. (2018, June 6). Walmart, Amazon top world’s largest retail companies. Retrieved from <https://www.forbes.com/sites/petercarbonara/2018/06/06/worlds-largest-retail-companies-2018/#55ead67213e6>