

**Wal-Mart Financial Health and Performance**

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### **Organizational Context**

The Wal-Mart is a world or multinational retailer in the United States of America as its roots. It runs small single department stores that have grown for many years to make profit and has therefore grown to become one of the world's largest retailer stores. It runs under the corporation of hypermarket and grocery department stores. Through increased sales of the company they have been able to acquire more finance and income that has enabled its growth. The growth of the company has been contributed by both the sales in the stores and the organizational structure of the company that includes the leadership of the company. This has therefore enabled good financial performance and health business practices.

### **Features**

Wal-Mart operates both whole and retail services to the customers. It is widely located due to its performance of global scope business operation. It operates in different segments that include Wal-Mart U.S, Wal-Mart international and Sam's club. These operating segments involve digital, online and retail store operations. The company sells a variety of goods and services to varying customer at lower prices to enhance attraction of customers (Wahlen et., al 2014). These products include electronics, office and home equipment's, toys, beauty products, groceries and other products that a person my need for daily task. These are carried out in different store categories which vary from supermarkets, hypermarkets, warehouses, cash and carry items, drugs stores, supercenters, and digital retail.

These varieties of items are appealing to the customers and enhance marketing opportunities and competitive advantages that enable the company to succeed in its operation. The company has technological advances and makes the effort to expand and bring new products which enable healthy financial performance of the company. Having different and new store formats is also appealing to the customer due to accessibility hence increasing the number of sales.

### **Organization Structure**

The company is managed through a structure that contains both the hierarchical and function based definition. Vertical command line exists within the firm's Hierarchy and the authority across the organization while the function based is the group of employees that include departments that govern the employee at the level of operation (Wild et., al 2004). This therefore is influential to the level of decision making on the company due to involvement of all parties hence improving the performance of employees due to their involvement and the feeling that they are valued which therefore reflects back to the outcome of the company.

### **Walmart Financial Performance**

#### **Financials**

	2012-01	2013-01	2014-01	2015-01	2016-01
					1
Revenue	446,509	468,651	476,294	485,651	482,13
					0

	2012-01	2013-01	2014-01	2015-01	2016-01
Percentage Gross Margin	25.0	24.8	24.8	24.8	25.1
Operating Income	26,491	27,725	26,872	27,147	24,105
Percentage Operating Margin	5.9	5.9	5.6	5.6	5.0
Net Profit	15,699	16,999	16,022	16,363	14,694
Dividends	1.46	1.59	1.88	1.92	1.96
					
Cash Flow USD Mil	24,255	25,591	23,257	28,564	27,389
					

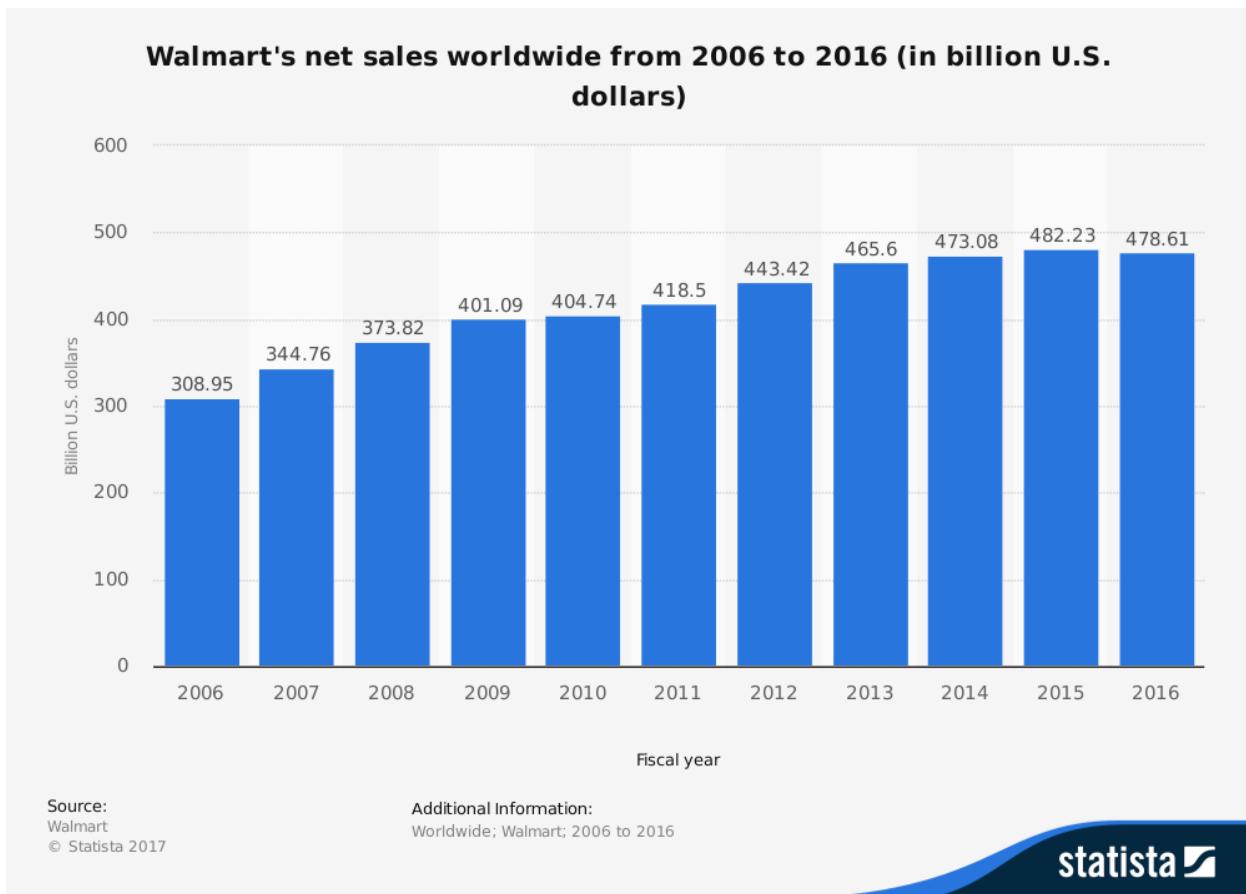
\* Indicates calendar year-end data information

## Financial Health

Wal-Mart is one of the most powerful company in the world that has a strong balance sheet and great cash generation in its operation. Wal-Mart is making investments that are significant to the people and delivering technological advances through their association with shareholders and customers (Isberg et., al 2013). In the recent fiscal year it has generated a great revenue, operating income and return on investment in its annual report. In the current year it has added 300 new global stores. The shareholders have returned in excess through the dividends and purchase of share due to the strong financial strength. Wal-Mart has an everyday low operation

concept to customers that appeals the customers hence increased seal and with their global appearance and the chains of operation they are able to gain competitive advantage.

To understand the profitability and healthy performance of Wal-Mart it is worth to consider their price to sale ratios, operating margin, return on invested capital and dividend yield. Their price to sales ratio has enhanced growth due to competitive pressure by their peers. The high dividend yield has fluctuated the changes in the price of stock and also the amount paid per share as compared to their competitors. The company is generating a lot of free cash flows that are more than enough to cover the needs of the dividends. The company's margin of operation is above -0.1% in the industry level and is likely to remain constant due to rise of labor and costs that are restricting from the closures of the store (Jablonsky, et., al 1998). The company has had a high return on invested capital that has indicated that the company has delivered value to its shareholders.



### **Conclusion**

Due to continued sales and growth of the company through production and management it has thereby shown a good health performance through its income operations and sales on the stores. Use of technological operation methods and having global stores has enabled earning of more customers which has increased their sales due to selling a variety of stock products at favorable prices.

**References**

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