

# Business ethics: research paper on zara brand

[Business](#), [Company](#)



## **Introduction**

ZARA is a Spanish clothing and accessories retailer that managed to make it big in many major countries. It was founded by a now famous Spanish billionaire Amancio Ortega alongside his wife, Rosalia Mera in 1975. The original name for ZARA was actually Zorba, but they decided to change it as there was already another store that went by the name of Zorba. Ortega founded the biggest apparel retailer company in the world to this day, Inditex, with many well-known and popular stores under them at present time. The two opened the first ZARA shop in Galicia, Spain. They worked together to run the business and in 1980, they expanded their business to Portugal. In 1989, they entered the US market, and in 1990, they entered the French market. Currently, Inditex has around 2, 200 ZARA stores that are operational all over the world. ZARA is a vertically integrated retailer, which means they control the supply chain, design, manufacturing and distribution of all its products worldwide. When they first opened their business, the pair did not have enough money to become an ethical company yet. They did not have the finance to use ecologically friendly materials and they could not afford to cut down on their supplies. Now that they have grown to become a bigger company, they have enough money and capital to cut down on their negative resources and they can afford to invest in newer equipment that allows them to produce their products more ethically.

Aims ZARA has many aims to this day. They have a mission statement that claims that they contribute to the sustainable development of society and the environment in which we interact with. They claim to stand by these

three words: beauty, clarity, functionality and sustainability. These four words represent their core values. They also have a certain mission and vision, which is 'to give the customers an exclusive choice of fashion by providing a quicker turnover of new stock than other fashion retailers'. ZARA also has an additional objective, which is to expand in more countries and open more stores in other regions. ZARA also wants to have the quickest and most efficient delivery and importing services. ZARA includes Radio Frequency Identification Technology to track the locations of the products quickly, making those most in demand rapidly available to customers. In conclusion, ZARA's and Inditex's main goal is to be a sustainable and eco-friendly company which manages to gain a name for itself while being ethical. By 2020, one of their aims is to no longer send any garments to landfills. They plan to do this by always sourcing responsibly and sustainably. This is an example of the actions they are slowly taking to achieve that goal.

### **Corporate Social Responsibilities**

ZARA has a program called "closing the loop" to create a life cycle for their products where resources are used efficiently and no waste is created. It is to ensure that no textile items get dumped into landfill; inevitably causing pollution. Closing the loop means that ZARA will collect, reuse and recycle old garments. This is when their customers drop off their pieces of old clothing or accessories to their stores and the company collects the clothes to send to the recycling factories and such. The garments usually undergo a process called 'repair, resale or recycle'. ZARA teamed up with non-profit organisations, recycling companies, textile manufacturers and recycling

technologists to assist them with the project. This showed the public how dedicated they were to this program.

Inditex has a Code of Conduct for Manufacturers and Suppliers. This Code of Conduct includes rules and prohibitions that the business operations have to follow, such as 'no forced or child labour', 'environmental awareness', 'working hours are not extensive' and 'wages are paid'. These ensure that the company becomes an ethical and environmentally friendly business by following the rules. ZARA uses a strategy that goes by the name of 'Global Water Management Strategy'. It is to reduce water when producing their products and achieve a total of zero discharge of hazardous chemicals when making our products by 2020.

ZARA also has a partnership deal with the Bangladesh Water PaCT project. It is an international company that helps the environment and social improvements in the wet processes of a certain company's factory. ZARA has claimed to use ecological fabrics and organic cotton as these materials are ethical and help reduce waste products. ZARA also manufactures PVC-free footwear. In transporting products, ZARA uses biodiesel fuel, which reduces carbon dioxide emissions by 500 tonnes a year. ZARA strictly follow the Animal Welfare Policy where all the animal products sold at Zara come exclusively from animals reared in livestock form, and never from poachers.

Lastly, ZARA is a member of the Sustainable Apparel Coalition that works to reduce the environmental and social impacts of the fashion industry. This ensures that ZARA is continuously producing their products at an environmentally stable and friendly rate. Greenwash Though there is very

little information on the greenwash of ZARA, their Code of Conduct for Manufacturers and Suppliers states that they follow the strict laws of 'working hours are not extensive' and 'wages are paid'. Surprisingly their ethical reputation plummeted in 2017 as news spread that poor young workers in Istanbul were being forced to work extensive and inhumane hours without being paid their wages. Customers found secret notes that cried for help to spread the word that they were creating the pieces of clothing in the garments they purchased, yet they were not paid a penny and were being overworked. This caused ZARA to be questioned for all their policies and their brand image changed completely. ZARA never compensated the workers despite their statements saying that the compensation funds were in the works.

### **Outsourcing**

Most fashion companies outsource their pieces from China. This is a cheap way to outsource the company's products as most of the raw materials are produced in China itself. It is also due to high demand that China is available to sell their resources at the cheapest prices, but by the time the ship has sailed halfway round the world to different countries, the quality of the garments would have noticeably decreased and the cargo would be packed with many other articles of clothing and such. ZARA stands out in this area as they outsource just over half of their products from Morocco, Spain and Portugal. This is certainly more expensive as the prices are higher, but because the supply chain is short, therefore ZARA can react quicker to the newest trends and gain the favour of customers. This boosts ZARA's brand image and they can appeal to a bigger market.

## **Negative Impacts**

In 2011, Inditex was accused of working with suppliers that forced migrant workers in Brazil to work under slave-like conditions. This caused ZARA to also be affected as ZARA is the biggest brand under Inditex. Many people stopped buying their clothes from ZARA as they did not want to support forced labour. In 2013, a report by the Clean Clothes Campaign stated that ZARA sourced products from Chinese factories that sandblasted jeans, even though ZARA promising to end the practice. Sandblasting is when workers fire abrasive sand onto denim clothing under high pressure as a cheap and alternative way to produce 'ripped jeans'. It is known to cause a potentially lethal pulmonary disease, but ZARA ignored the precautions and followed with the procedures. Greenpeace's Toxic Threads investigation found that more than half of ZARA samples tested positive for NPEs (the usage of NPs and NPEs are suspected to have endocrine effects) and two samples tested positive for cancer-causing amines released by the dyes. There was a rumour that ZARA creates 'fall-apart' clothes' to attract more repeat customers after. This caused customers to feel conned as their clothes were experiencing wear and tear almost immediately after purchasing, leading to them following up their purchase with another. This benefitted ZARA, but obviously did not lead to a list of satisfied customers.

## **Conclusion**

ZARA has to put more thought into their supplying program as clearly, the workers in Istanbul set the prime example of how ZARA mistreats their labour workers despite their code of conduct. They also need to be careful with who they hire as their suppliers as using a supplier who supports child

labour and practices discriminatory acts would cause ZARA a decline in sales as it would infuriate customers, not to mention, ruin the workers' lives and cause them to suffer. ZARA has many claims for their amazing ethical plans and outcomes, yet none of them have successfully emerged as game-changing or shocking. If ZARA were to think of more innovative and effective plans to become an ecologically supportive company, it would benefit the environment more than currently. ZARA must use better techniques to produce their clothing. They should stop the process of creating poor quality items just to attract repeat customers to repurchase the garments as this makes ZARA and Inditex look cheap and their status would be damaged as people would know ZARA as the company who makes clothes which are low in quality. If ZARA made their products with good resources and methods, it would attract many more customers as they would gain a good brand name. Using healthy ways for the production processes also should be in play as the workers' health must be taken into consideration.

So finally, in conclusion, ZARA and Inditex should work on their production processes and their outsources as they really make a difference in ZARA's reputation and the profit that they receive. This report was not made to slander ZARA, but to educate the public of ZARA's past issues and how they can resolve them.