Abercrombie & Fitch: Values, Culture and Business Ethics in Fashion

Verónica Arribas Barreras

ISEM Fashion Business School, Spain

varribas@alumni.unav.es

Isabel García Hiljding

ISEM Fashion Business School, Spain

isabel.garcia@isem.es

Lourdes Susaeta Erburu

ISEM Fashion Business School and IESE Business School, Spain

lsusaeta@iese.edu

José Ramón Pin Arboledas

IESE Business School, Spain

jpin@iese.edu

Abstract

Purpose – The aim of this article is to discuss some ethical issues in the fashion industry and start a debate about business ethics from a stakeholder perspective. It analyzes the implications of fashion companies for employees, with policies and practices, and for customers, with the messages and the lifestyles they communicate, especially when targeting adolescents. It also aims to highlight how company leaders can influence the corporate culture and values. The paper ends with an open discussion of the impact this is having on society and how it can affect a company's sustainability and performance.

Design/Methodology/Approach – The methodology used in this paper is the case study. We have chosen the fashion company Abercrombie & Fitch (A&F) as it offers a fascinating example of how businesses – in the fashion industry overall – can promote or destroy ethical behavior through their cultural values and lifestyle as well as through management practices.

Findings – The values communicated and promoted by the company – both internally and externally – have a real impact on society and this may have negative consequences for brand perception and company performance.

Research Limitations – We are aware of the existence of limitations when analyzing a single case study due to the multiple interpretations it may have and the limited access to the company and to people directly involved in the case.

Originality/Value – There are some contributions concerning ethics in the fashion industry related to issues such as manufacturing labor, environmental pollution or consumer purchasing behavior. Nevertheless, as far as the authors are concerned, there have not been many studies so far that address the ethical implications of corporate culture and relationships with stakeholders.

Keywords – Business ethics; Values; Corporate culture; Stakeholders; Fashion; Abercrombie & Fitch.

Paper Type – Research paper.

Introduction

Business ethics has been part of an important branch of applied ethics since the 1950s. It seeks to apply ethical and moral principles to the problems that arise in the business world, both individually and organizationally. Peter Drucker (1954) was one of the authors to approach the social responsibilities of business explicitly, realizing that firms have become public in nature so they have to deal with problems affecting the well-being of the community. He recognized that managers should assume responsibility for the public good and regard the impact that business actions and policies have on society. The organization's ethical responsibility is influenced by the values of society (Carroll, 1979) but also inversely: the ethical or unethical activities carried out by a company can also influence the values maintained by the members of society. Thus, corporations construct cultures that can exercise good or bad influences depending on their goals, policies, structures and strategies (Brown, 1987).

The aim of this paper is to discuss this issue, the influence that a company may have on stakeholders – mainly two of them: employees and customers – and in the particular case of the fashion industry. Clothing and fashion can be seen as an original and characteristic manifestation of human life and culture. Fashion is a social phenomenon, an important symbol of society and its values (Veblen, 1953; Kaiser, 1995). Therefore, fashion is a fully human argument and thus it may be of interest from an anthropological and ethical point of view. Moreover, as an industry, fashion provides an important contribution to the global economy. It is a $1.5 trillion global industry (Imram, 2013) and employs more than 20 million people around the globe (Allwood et al., 2006).

However, in spite of its relevance as an industry and the importance of its economic, social and cultural impact, fashion has not been widely studied academically from the point of view of business ethics. There are some contributions (Arrigo, 2009; Arrigo, 2013; Ro and Kim, 2009; Caniato et al., 2012; Shen et al., 2012; Joergens, 2006; among others) but, in most cases, they are more related to sustainability and corporate social responsibility issues such as manufacturing labor, environmental pollution or consumer purchase behavior, especially when analyzing fast fashion. In recent years the kind of practices this industry has followed, regardless of the effects and consequences they could have on society and the environment, have been widely questioned. However, as far as we are concerned, an approach to customers and employees – in terms of the possible consequences and influence a fashion company can have through its corporate culture, values and lifestyle – has not yet been studied in depth from a business ethics perspective. Moreover, concerning ecology, we should also take into account the "human ecology". Humans also have an economic, social, political and ethical natural equilibrium and if this balance brakes, both society as a whole and individuals will suffer.

Although this balance is dynamic –as life itself-, in this study we can verify how certain product policies, people management policies or commercial policies may alter human ecological equilibrium and not always in the right direction.

In order to base the discussion on the real case of a fashion company, we have chosen the U.S. brand Abercrombie & Fitch, as it is a well-known company that has been involved in controversies and legal conflicts in recent years over its employment practices, treatment of customers and clothing styles. Although it can be said that, from the point of view of marketing and branding, A&F has known how to connect with the customer perfectly and create a strong brand, the ways it has done so and the consequences it may have had can be discussed. In fact, its strategy has been disapproved by a large part of society, so that the company should rectify and improve its business ethics.

The article is organized as follows. In the next section we discuss the relevant literature framework, and three proposals are put forward which are later analyzed in the case study. Then, we explain the methodology used and – in the following section – we present and discuss the case of the company chosen, Abercrombie & Fitch, trying to provide a response to the proposals outlined in the theoretical framework. Finally, although we realize there are limitations, some general conclusions are extracted from the case and possible future research is proposed.

Business Ethics: Ethics, Values and Culture

Ethics are an intrinsic and inherent dimension of every human reality. Ethics are defined as the conception of what is right and fair conduct or behavior (Carroll, 1991; Freeman and Gilbert, 1988) and a system of value principles or practices (Raiborn and Payne, 1990). Values are defined as the core set of beliefs and principles deemed to be desirable (by groups) of individuals (Andrews, 1987; Mason, 1992).

An unavoidable question when addressing the business ethics concept is why companies engage in ethical practices. Business ethics seeks to apply ethical and moral principles to the problems that arise in the business world, both individually and organizationally. However, different positions are found in literature when talking about the connection between ethics and business. These positions can be gathered or classified into two opposed lines of thought (Wicks et al., 2008).

On the one hand, some authors, notably the Nobel Prize winner Milton Friedman (1962), would assert that business and ethics are two different disciplines that cannot be understood together

and that the only group to which the business has a fiduciary responsibility is the firm's shareholders. On the other hand, the second view is that business and ethics are fundamentally connected, assuming that every decision a manager makes has some ethical content (Barnard, 1938; Drucker, 1954; Carroll, 1979; Freeman, 1984). Ethics is about more than avoiding illegalities; it is about choosing among alternatives in a way that benefits rather than harms stakeholders (Wicks et al., 2008). This view is called the integration thesis and it is the point of view adopted by this article.

The Stakeholder Approach

As early as 1938, Chester Barnard addressed the role of firms in society. He noticed the need to take into account not only the economic and legal elements when making business decisions but also the moral and social ones, acting on the fact that organizations are the main structural framework of society. The Green Paper of the European Commission (Europea, 2001) also reinforces this line and when talking about Corporate Social Responsibility it explains that this goes beyond what the law indicates. Drucker (1954) recognized that managers should assume some responsibility for the public good, taking into account the impact that business actions and policies have on society. In the same line of thought, authors such as Carroll (1979) and Freeman (1984) contributed with a "stakeholder approach" to the business ethics field. Carroll (1979) developed the "Organizational Social Performance Model," a framework that integrates social responsibility dimensions into the company's corporate culture and decision-making process. With this model, he made clear that business should take into account the existence and relevance of stakeholders (which include: employees, stockholders, customers, suppliers, society as a whole, etc.) in the ethical decision-making process as they might be affected by them in different ways. Giving importance to the stakeholders as well and taking the idea to the level of theory, Freeman (1984) proposed the concept of "stakeholder management" as an integrating force to address ethical and moral considerations as well as values in business, stating that firms operate in a complex environment and must satisfy multiple stakeholders. Organizations create ethical or unethical corporate cultures based on leadership and the commitment to values that stress the importance of stakeholder relationships.

For the purpose of this article, the groups of stakeholders we will look at more closely are employees and customers, as they are two key organizational stakeholder groups (Henrique and Sadorsky, 1999) and can be highly influenced through the values and culture held by the company. In essence, fashion companies need to maintain their images through their employees and their customers.

Corporate Culture and Leadership

Organizational culture has been defined as "the way we do things around here" (Deal and Kennedy, 1982, 4). Gordon and DiTomaso state that a corporate culture is "a pattern of shared and stable beliefs and values that are developed within the company across time" (1992, 784). There is an increasing conviction that this set of elements, which are less visible and difficult to measure – shared values and beliefs, have a great influence on human behavior and the decision-making process within the organization (e.g., Kotter and Heskett, 1992; Goffee and Jones, 1998) and thus, management can no longer ignore organizational culture (Melé, 2003). What happens with culture in an organization can be seen as a spiral process: culture influences values, which influence beliefs, which influence attitudes, which influence behaviors, which shape culture (Joyner and Payne, 2002). Corporate culture is the primary determinant of business ethics; with its culture, each company defines different values, ethics and lifestyles (Solomon, R.C., 1997).

One of the questions that arise when talking about business ethics, values and culture in a company is who is behind them and where/when they are formed. For instance, the existence of business scandals highlights the need to understand how a leader's values impact ethical policies and behaviors in a company (Matzek, 2002; Schmitt, 2002). Although it is more and more widely accepted, there is still debate about the influence of managers and leaders on organizational culture and whether or not they promote it. Schein affirms: "Organizational cultures are created by leaders, and one of the most decisive functions of leadership may well be the creation, the management, and – if and when that may become necessary – the destruction of culture" (1985, 2). As Blanchard (1998) points out: "Winning companies first emphasize values – the beliefs and attitudes that the business owner ha(s) about employees, customers, quality, ethics, integrity, social responsibility, growth, stability, innovation and flexibility […]."

Therefore, the founder – seen also as a leader – is repeatedly seen as the individual who is principally responsible for the construction of the organization's ethical positioning (Hanson and Velasquez, 1988). Through this perspective, the leader should be guided by values such as respect for human dignity and equality of human rights.

Thus, from this aspect we extract the first proposal that will be discussed and contrasted later with the case study: *[P1] The founder of a company determines the culture it conveys, which defines the values and beliefs and the ethicality of practices and policies.*

Company's Influence on Customers

The question is how an organization can really influence customers with the way it conducts its business. As firms participate in competitive markets, market positioning and customer focus have been acknowledged as the main drivers of marketing performance. Nevertheless, severe competition sometimes produces unethical behavior, even when customer orientation is in play. Whereas there has been some focus on corporate reputation and customer fidelity, there is limited research in determining whether customers increase their active support based on the ethical conduct of an organization (Ferrell, 2004). In addition, the influence of marketing strategy on customer behavior is underdeveloped from a business ethics perspective.

Some authors argue that consumers identify themselves with organizations and may perceive an overlap between organizational attributes and their individual attributes (Ashforth and Mael, 1989). To some extent, each of us chooses an identity, but identity is also formed by environmental forces that are out of our control (Frideres, 2002), such as an organization's image and the values it transmits.

The fashion industry plays a vital role in enabling individuals to construct, sculpt and express their identities (Bennett, 2005). This is especially relevant when targeting young customers. Traditionally, researchers and theorists have assumed that it is during adolescence when most of the "action" regarding the development of self and identity occurs. Erikson's theory (1968) of psychosocial development labels the adolescent years as the period in life when individuals experience a crisis in the identity stage. Adler and Adler (1998) also found that in adolescence young people tend to feel best about themselves when they are looked upon favorably by other adolescents.

From these insights we define the second purpose to be discussed later in the case study: *[P2] Messages and lifestyle promoted by fashion companies, especially those aimed at young people, influence the construction of identity with their values.*

Company's Influence on Employees

"The compliance and ethics programs of most companies today fall short of addressing basic responsibilities, such as developing their people" (Paine et al., 2011, 3). In addition to customers, employees are also influenced by the values communicated through corporate culture and policies. Fisse and Braithwaite (1983) proved that corporate cultures have an impact on the employees' ethical behavior and moral practices; as such, values embodied in corporate culture can be seen as the guides for an individual's behavior within the company when faced with different situations or decisions (Chen et al., 1997). It has also been proved that the ability

of individuals to respond ethically is related to the reinforcement and support the organization provides for ethical behavior and that these efforts are most effective when reinforced by an ethical environment in the organization (Trevino et al., 1985; Chen et al., 1997).

Firms often produce a corporate mentality, which encourages people to behave in ways that are not necessarily consistent with individual or social norms. And this is not precisely in accordance with one of the main responsibilities of the company: to help its employees develop themselves not only as good professionals but also personally, by fostering the acquisition of human virtues (Melé, 2003).

This is not only a fiduciary responsibility of the company; it is also interrelated with the company's financial and overall performance. There is growing evidence that human virtues are quite relevant for business performance (Horvath, 1995; Solomon, 1999; Walton, 2001). Barnard claimed that organizations last "in proportion to the breadth of the morality by which they are governed" (1938, 282). Companies with strategies based on irresponsible or immoral assumptions can be strategically unsustainable. Indeed, immoral acts can be associated with some risks, such as legal actions, consumer boycotts or employee strikes. The higher the number of ethically problematic practices carried out by the company, the higher the probability that the stakeholders will react (Vaccaro and Kusyk, 2012).

Furthermore, firms with sustained superior financial performance typically are characterized by a strong set of core managerial values – about how to treat employees, customers, suppliers and others – that define the ways they conduct business (Barney, 1986). Taking into account all these theoretical aspects, we define the last proposal we want to compare with the case: *[P3] Unethical relationships with employees may have implications for their behavior and human growth and for the company's performance.*

Methodology
The methodology followed in this paper is the case study. A case study is an in-depth study of specific people, organizations, events or processes. This approach is used to analyze one or more specific cases with rich context and can provide a detailed and holistic understanding of the case being studied (Yin, 2009; Yin, 2012). Conclusions can be based on a critical analysis of the information drawn from the case background. A case study can use secondary research to explain events and to evaluate what worked or did not work in the situation being studied. According to Yin (2009, 185), a case study can be exemplary when the case is "unusual and of general public interest, the underlying issues are nationally important." Thus, this methodology is appropriate for our analysis because it "illustrates the complexities of a situation, depicts how

the passage of time has shaped events, provides vivid material and presents differing perspectives or opinions" (Rossman and Rallis, 2003, 104).

The iconic clothing retailer Abercrombie & Fitch (A&F) offers a fascinating example of how businesses – in the fashion industry overall – can promote or destroy ethical behavior through their cultural values and lifestyle as well as through their management practices. Furthermore, the case of this U.S. fashion company is an example of a series of stakeholders' reactions to controversies that have been made public and have generated social turmoil in recent years.

Due to the limited access to the company and people directly involved in this case, we have used secondary sources and our research relies on documents that have been published and are available online. We have drawn information from relevant news items and the company website. We compiled several employee and customer declarations along with the famous interview "The Man Behind Abercrombie & Fitch," given by Mike Jeffries in 2006 for Salon.com. This constitutes the core of the information on which we have based the case discussion. The publicly known legal action in which the company has been involved, as well as the information about the boycotts and campaigns against the brand, have also helped us to argue the proposals.

In addition, in order to strengthen the case study, the anthropological investigation technique known as "participant observation" (Foster, 1974; Spradley, 1980) has been taken into account. A member of our research team has visited an A&F store and directly observed the commercial practices in it.

Abercrombie & Fitch (A&F) – A Case Study

The structure of the case study is divided into four parts. First, an introduction of the company is provided and then there is a discussion focusing on the three proposals exposed in the theoretical framework.

Company Overview

Abercrombie & Fitch was founded in 1893 in the United States as an elite outfitter of sporting and excursion goods and professional weapons. In 1988 the company name and operations were sold to The Limited, a clothing chain operator based in Columbus, Ohio and creator of successful U.S. brands such as Victoria's Secret or Bath & Body Works. In order to revive the brand and give it a new look, The Limited entrusted this task to Mike Jeffries who, over a period of 10 years, managed to rebuild the brand into what it is today.

Nowadays, Abercrombie & Fitch is one of the major U.S. distribution groups specializing in urban and informal fashion. The company operates through four brands targeting different youth segments from 7 to 22 years old. The collections are distributed through its DOS (directly operated stores) worldwide and the key to its success is based on the characterization of the different brands. Each of its brands has a different storytelling approach, which leads each target audience to develop a strong sense of belonging. The idea of the founder, Mike Jeffries, was that his brands should be aspirational brands, worshipped by all young Americans. For instance, the flagship brand Abercrombie & Fitch represents the essence of privilege, defining the distinct lifestyle of certain young Americans: the good-looking, popular university students who are always respected and flattered.

The core of its business model is the store – not only because that is where major sales take place but also because it is the main communication channel for the brand image. The careful and meticulous design of the shopping experience is the brand's main engine, influencing the clients' affective and emotional side.

Despite being one of the major fashion distribution groups and having achieved lots of successful results, nowadays A&F is facing a bad economic situation driven by a negative trend in its income statement. After witnessing this situation, shareholders have requested a change of strategy. In addition, Abercrombie & Fitch has received criticism for its provocative advertising and has been involved in legal conflicts regarding clothing style, employment discrimination practices and advertising campaigns, which have been described as sexually explicit and racist. The company has come under fire for the comments that Mike Jeffries made when he was asked about the company's philosophy.

Case Discussion: Business Ethics Implications

Corporate Culture and Leadership

Supporting the first proposal, organizational cultures are often the creation of their founders and the success or failure of an organization depends on the relevance of the founder's philosophical beliefs (Bass and Avolio, 1994). Abercrombie & Fitch has a strong corporate culture, fostered from the beginning by the values and beliefs of the brands' creator, Mike Jeffries.

Michael Stanton "Mike" Jeffries was the architect of all aspects of the brands, from the type of product the brands sell to the population segments to which they are addressed, the storytelling behind each brand, the advertising used, the stores' look and shopping experience, etc. People define him as the Willy Wonka of the fashion industry: a perfectionist, a control freak,

demanding, intelligent, intense and eccentric. "He's weird and probably insane, but he is also unbelievably impulsive and brilliant" (Benoit, 2006). A former employee who worked for Jeffries characterized him as a workaholic but with an extraordinary fashion mind. His main obsession is managing to associate A&F's brand image with his idealized vision of the young American man – handsome, athletic, outgoing and popular – and continuing to look like one of them, despite his age. At nearly 70 years old, he still wears ripped jeans, tight polo shirts and flip-flops.

As the company leader he has always had a big responsibility, not only toward employees but also toward customers and society. Corporations construct cultures that can exercise good or bad influences depending on their goals, policies, structures and strategies (Brown, 1987). The values and beliefs that the founder of a company transfers through his management approach should promote an appropriate organizational culture for fostering human virtues within the organization (Melé, 2003).

When he was asked about the company's philosophy in the interview for Salon.com, he defined his particular brand vision and, referring to its customers, he said (Benoit, 2006):

"In every school there are the cool and popular kids, and then there are the not-so-cool kids. Candidly, we go after the cool kids. We go after the attractive all-American kid with a great attitude and a lot of friends. A lot of people don't belong [in our clothes], and they can't belong. Are we exclusionary? Absolutely."

Similarly, referring to employees (Benoit, 2006), he said:

"That's why we hire good-looking people in our stores. Because good-looking people attract other good-looking people, and we want to market to cool, good-looking people. We don't market to anyone other than that."

Once we know that these ideas are part of the company's philosophy, it is not surprising that the company strategic practices revolve around the importance it places on the concept of beauty, intending both employees and customers to be consistent with this idea and with the values and the lifestyle the brand promotes. One of the management tasks and challenges is to synchronize concepts such as target group and brand vision with a view to generate added value and brand loyalty. In this sense, A&F has a clear positioning and an attractive image for its target customer; therefore its vision and strategy are consistent.

Mike Jeffries has been very outspoken about the company's exclusionary practices, which are insensitive and politically incorrect. Certainly, the company is promoting narcissistic, cruel, self-obsessed, egotistical and discriminatory values. Thus, we can affirm after this discussion that there is some support for the first proposal when it comes to analyzing the case of A&F: the leader of this company determines the company's values.

Company's Relationship With Customers

In order to evaluate or question the ethical aspects of the relationship the company has with its customers, first we have to think about who is the target audience of the brand to which every message is addressed. Second, we can also look closely at the elements that can influence customers: clothing, lifestyle as well as marketing and advertising.

A&F is aimed mainly at young teenagers, so all the elements revolve around this target group. This is precisely what makes the debate about ethics so special in this case study. Adolescence is a period of crisis in general terms, but above all of identity. It is during this period that a lot of uncertainties about oneself arise and the necessity of finding identity becomes something crucial (Kim, 1993). Thus, the construction of identity in this period can channel a strategy of rebellion against parents and against the status quo (Solomon, M.R., 1997), emphasizing the pillars of autonomy, rebellion, idealism and narcissism. Identity is created naturally through the ownership of brands and products (Friese, 2000), since as Elliot (1994) affirms, consumers – in this case, adolescents – do not only consume products but also the symbolic meaning of those products. Therefore, products, brands, advertisements and clothes help young people build their identities. This helps us realize that fashion companies have a special responsibility with respect to this particular target, since they are highly influenced by the products the firm sells and the lifestyle it promotes.

Returning to the case, it is publicly known that one of the company's brands – Abercrombie Kids – was accused of promoting the sexualization of pre-teen girls by selling thongs or padded tops to 10-year-old girls and using printed phrases such as "Eye Candy" or "Wink" on the front of the underwear (Dial, 2003). When Mike Jeffries was asked about this issue in the interview, he answered:

"People said that we were cynical, that we were sexualizing little girls. But you know what? I still think it's very cute clothes for girls. [...] There is so much craziness about sex in this country. It's crazy!"

Given the normality with which he responds and the little importance he gives to this issue, it

can be understood that it is something that is not in opposition to the values or beliefs of the CEO and the company. Furthermore, in another clothing-related matter, in 2005 A&F started selling T-shirts with sexist and discriminatory messages on them such as "Who needs brains when you have these?" "Available for parties" or "I had a nightmare I was a brunette" (Staff, 2005). Four years later, more T-shirts were sold in stores with phrases such as "Female students wanted for sexual research" or "Show the twins" above a picture of a young girl with her blouse open in front of two men. Once again, the company publicly shows its values and philosophy and the ideas it wants to communicate to its young customers in order to be in accordance with the A&F lifestyle.

Another controversy centered on the company's products was raised due to the fact that the sizes XL and XXL are not offered in womenswear. For men, they do offer these plus sizes, but only with such customers as muscular rugby players in mind. The reaction of people to this was immediate on several social networks. Comments like "I got fat, so I cannot wear your shirts," or "Sorry, but I have gained a few kilos and I do not fit in those pants" flooded the official profile of the brand on Facebook. This controversy was also transferred to the online citizen petition platform Change.org, where the U.S. activist Benjamin O'Keefe promoted a campaign calling on A&F to stop telling teens that they are unattractive and demanded that the brand design clothes for kids of all sizes. So, what these people said to A&F was that, with its products and lifestyle, the company was promoting the discrimination and non-acceptance of these plus-sized girls and boys, encouraging the increase of bullying in schools.

Marketing campaigns and ads used by A&F usually have a certain sexual tone, displaying semi-nude young boys and girls in provocative poses where the product seems to go unnoticed. The store experience design can also be included as part of the brand communication strategy. The stores recreate the environment of a nightclub with low light, house music at a very high volume and half-naked sales assistants welcoming customers and dancing with them while acting as personal shoppers.

However, we would like to add at this point that the conceptual idea of having a concrete image and lifestyle associated with a brand, which is communicated to the customer, is not an issue to be discussed or judged per se, since this is precisely the main goal of marketing. But what this paper aims to highlight is the ethical content of values and messages that a firm communicates and the way in which they can influence the personality and behavior of young customers.

With all these elements constituting the brand, A&F has constructed a specific lifestyle that is promoted among its clients. It is a superficial lifestyle centered and based exclusively on

appearance and the ideal of being the most handsome in the class. Therefore, we could affirm that the second proposal can also be recognized in the case of A&F.

Company's Relationship With Employees

Many employees have declared that working for A&F has been a very interesting personal experience due to the training they have received and the professional development opportunities the company offers. A sales associate from one of the stores (Concord, CA) affirmed (Staff, 2014):

"*It's a great place to work at if you are a college student. Some people had a hard time getting hours but if you're a good employee you should have no problem getting 15-25 hours a week, based on my experience. […] Once you get your degree you can move up to assistant manager if you've done a good job.*"

As a company in which the relationship with customers is essential, it provides its employees with a full learning experience centered on communication skills and how to behave in complex situations. Furthermore, the company also takes great care of its "good atmosphere," ensuring that employees have a good time at work that is consistent with the experience they want to sell to their customers. Another employee (Staff, 2014) from Indianapolis said:

"*I was a model at Abercrombie and Fitch and my basic job duties were just greeting customers and folding clothes! A great part of the day was working with tons of energetic people and being able to enjoy a great time at work. There was never a hard part at the job. It was just a simple part-time job that I enjoyed completely!*"

However, A&F has faced a stream of controversies that have damaged the public perception of the brand. For instance, it is well known that there have been several cases of discrimination toward employees in stores – some of them brought to trial – related to the importance of physical appearance and adherence to the company's strict image policy.

In the fashion world, especially when it comes to the point of sale, it is unquestionable that personal image is usually treated with the utmost care, since it is the most important point in the sale process because it is where the brand has direct contact with the customer.

However, the classics tell us that, from an ethical perspective, an action can be virtuous only if it is performed based on the proper motive (Aristotle, 1934). This implies that if an action is merely motivated by the self-interest of a firm, it should not be considered to be virtuous. Based

on this perspective, we can discuss the A&F human resources practices, especially the way in which the company hires and recruits its employees.

As Mike Jeffries made it clear in the interview, A&F only hires "good-looking people" because it wants to sell only to "good-looking people." "Being attractive" is the first filter a candidate to work in the store has to meet. This leads the company to use recruiting practices in which image is the central point. It looks for possible candidates at nightclubs, commercial areas, on the street, on college or university campuses or even on social networks. After it finds them, in the job interview what matters most is the physical – candidates are photographed so that managers can choose among them – thereby giving less importance to other qualities needed for sales functions. Once a candidate is hired, he or she is given a set of rules for meeting the desired image policy at the store: how to dress (which colors, clothes, etc.) and how to style his or her hair for work, or even details such as fingernail length in the case of women. The positions within the store's organizational structure can be differentiated according to the degree of visibility: sales assistants – also referred to within the company as "models" – are the ones with the most visibility, versus stock warehouse workers and overnight positions which have the least. Occasionally the company organizes rankings among sales assistants based on their physical appearance, which leads them to occupy areas of greater visibility and gives them the possibility of also being included in the brand advertising. As an employee explained (Chelsie, 2013):

"Employees – referred to hilariously as 'models' – were sorted by appearance into various parts of the store. The thinner and more conventionally good-looking you were, the closer you were to the front. Ethnic minorities and overweight people most of the time went to work in the stock room, along with anyone who wasn't tall or facially symmetrical enough to fold T-shirts."

One of the lawsuits against A&F stated that the company practiced a classic form of discrimination against African-American, Latino and Asian-American applicants and employees. The suit alleged that A&F refused to hire qualified minority applicants as brand representatives working on the sales floor while discouraging applications from minority candidates. It also charged that, in the rare instances when minorities were hired, they were given undesirable positions to keep them out of the public eye (LDF, 2003).

The image-based policy is consistent with the brand strategy but in some cases it can lead managers to make some extreme decisions that could even be questioned ethically. For instance, in 2012 several workers protested for being punished with 10 push-ups – squats in the case of women – when they did something wrong (Alexander, 2013). Interpreted from the point of view

of image importance, with this punishment not only did they learn from their mistakes but they also exercised their bodies in order to better fit in with what was required by the store.

Among the discrimination cases that have been brought to trial, also related to the image policy, the case of Riam Dean is noteworthy. She was initially hired on the condition of covering up her prosthetic arm, but she was soon told that this breached the image policy and she was sent to work in the stockroom – a low-visibility position in the store (BBC News, 2009). Another discrimination scandal involved a Muslim worker who sued A&F in 2010 for forcing her to remove her hijab (Hughes, 2011).

Legal actions are not the only reaction from stakeholders that can make the brand strategy's sustainability tilt. There have been more reactions from other groups. Two examples could be the campaign organized by the U.S. activist Benjamin O'Keefe – explained above – and the boycott of the brand starring Greg Karber, a junior audiovisual creator from Los Angeles who designed a campaign to try to "redirect" the A&F image by encouraging that other public – everyone who does not fit the profile of a perfect, white university student – to wear the brand's clothes (Krupnick, 2012).

Moreover, as explained above, some studies confirm the existence of a tight relationship between the company's financial performance and the values and beliefs embodied in the corporate culture. In recent years A&F has suffered a continuous decrease in sales and profits. Some secondary sources of information attribute this bad financial situation to its international expansion strategy. Based on these facts, we can suggest that the poor financial performance could have some relationship with the controversies that have arisen due to the culture and brand philosophy created by Mike Jeffries from the beginning.

Finally and following all these arguments, we can affirm that the third proposal is also reflected and even validated in the case of A&F.

Conclusion, Limitations and Future Research

"If you want social justice, be a public servant. Fashion is ephemeral, dangerous and unfair" (Drummond, 2013). This is usually the prevailing thought in the fashion world when ethics come into the debate. However, in recent years ethical issues in fashion have been emerging and receiving more and more importance in the eyes of the companies that make up the industry. Yet it is true that conscious production, social responsibility and environmental protection are the most common issues when addressing ethics in fashion. Therefore, what this paper aims to address is another point of view of ethics, which fashion businesses should also take into

account and take responsibility for. We believe there is an important part of business ethics – such as the values and beliefs communicated with the corporate culture and with the brand lifestyle – that have an impact on two important stakeholders: employees and customers.

Using the case study of A&F, we intended to show a real case of a fashion company in which the business ethics perspective could be discussed. Three main ideas are assessed: (1) how Mike Jeffries as leader has had a relevant impact on the company culture and values, which are reflected in the company policies and practices, (2) the influence that the ethically questioned lifestyle and values communicated by A&F have on its young customers, and finally (3) the implications of unethical and discriminatory policies for employee behavior and human development.

From the analysis of the case study we can conclude that a company culture, although it may be camouflaged under a strategy that seems valid, viable and successful, can also have ethical implications. And likewise, as supported with theory in the article, the poor performance facing the company could be related to some extent to all these unethical implications. In fact, A&F seems to have reconsidered and has started to change several things related to its strategy and policies. The company is changing its recruitment practices and has added a section to its website about its policy of diversity and inclusion and apologizing for any offense caused; it also has agreed to have conversations with some boycott representatives and a process of internal restructuring of the company is even being conducted.

Managing ethical issues in fashion is not easy and creates tough challenges due to the amount of trade-offs these companies face. A&F is not an isolated case and a lot more cases could be found across the industry, which leads us to wonder about the necessity and urgency there are to recover ethical values in the industry.

We are aware there are limitations when analyzing a single case study due to the multiple interpretations it may have. We aim to contribute by opening this debate, which we are sure can be nourished in the future with more academic work from different perspectives and disciplines. We encourage researchers to take on future investigations in ethics within the fashion industry, on a balanced stakeholder orientation that aligns all their demands and needs. There is a need to conduct formal research, including surveys, focus groups, Internet searches or other methods, to generate data about stakeholder groups and assess a firm's effects on these groups.

Bibliography

Adler, N.J. (1999), *International Dimensions of Organizational Behavior*, Southwestern, Cincinnati, OH.

Adler, P.A., and Adler, P. (1998), *Peer Power: Preadolescent Culture and Identity*, Rutgers University Press, New Brunswick, NJ.

Alexander, E. (2013), "Would You Rather Go Naked Than Wear Abercrombie?" *Vogue News digital*, May 16. Available at: http://www.vogue.co.uk/news/2013/05/16/abercrombie--fitch-homeless-campaign-launched-by-greg-karber (accessed October 23, 2014).

Allwood, J.M., Laursen, S.E., DeRodriguez, C.M., and Bocken, N.M. (2006), *Well Dressed? The Present and Future Sustainability of Clothing and Textiles in the United Kingdom*, University of Cambridge, Institute for Manufacturing, Cambridge, UK.

Andrews, K.R. (1987), *The Concept of Corporate Strategy*, Richard D. Irwin, Inc., New York, NY.

Aristotle (1934), *The Nicomachean Ethics*, Harvard University Press, Cambridge, Massachusetts.

Arrigo, E. (2009), "Market-Driven Management, Global Competition and Corporate Responsibility, Symphonya," *Emerging Issues in Management,* Vol. 1.

Arrigo, E. (2013), "Corporate Responsibility Management in Fast Fashion Companies: the Gap Inc. Case," *Journal of Fashion Marketing and Management,* Vol. 17 No. 2, 175-189.

Ashforth, B.E., and Mael, F. (1989), "Social identity theory and the organization," *Academy of Management Review,* Vol. 14 No. 1, 20-39.

Barnard, C.I. (1938), *The Functions of the Executive*, Harvard University Press, Cambridge, MA.

Barney, J.B. (1986), "Organizational culture: can it be a source of sustained competitive advantage?" *Academy of Management Review*, Vol. 11 No. 3, 656-665.

Bass, B.M. and Avolio, B.J. (1994), "Transformational leadership and organizational culture," *The International Journal of Public Administration*, Vol. 17 No. 3-4, 541-554.

BBC News (2009), "Disabled Woman Sues Clothes Store," *BBC News* England. Available at: http://news.bbc.co.uk/2/hi/uk_news/england/london/8116231.stm (accessed October 23, 2014).

Bennett, A. (2005), "Fashion," in Bennett, A. (Ed.), *Culture and Everyday Life*, Sage, London, pp. 95-113.

Benoit, D. L. (2006), "The Man Behind Abercrombie & Fitch," *Salon digital*, January 24. Available at: http://www.salon.com/2006/01/24/jeffries/ (accessed October 23, 2014).

Blanchard, K. (1998), "The New Bottom Line," *Entrepreneur*, February. Available at: http://www.entrepreneur.com/article/15098 (accessed October 1, 2014).

Brown, A. (1987), "Is Ethics Good Business?" *Personnel Administrator*, Vol. 32 No. 2, 67-74.

Buchholz, R.A. (1989), *Fundamental Concepts and Problems in Business Ethics*, Prentice-Hall, Inc., Englewood Cliffs, NJ.

Business Week (1980), "Corporate culture: The hard-to-change values that sell success or failure," October 27, 148-160.

Caniato, F., Caridi, M., Crippa, L., and Moretto, A. (2012), "Environmental sustainability in fashion supply chains: An exploratory case based research," *International Journal of Production Economics*, Vol. 135 No. 2, 659-670.

Carroll, A.B. (1979), "A Three-Dimensional Conceptual Model of Corporate Performance," *Academy of Management Review*, Vol. 4 No. 4, pp. 497-505.

Carroll, A.B. (1991), "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders," *Business Horizons*, Vol. 34 No. 4, 39-48.

Chelsea F. (2013), "Confessions of a Former Abercrombie and Fitch Employee," *Though Catalogue* (digital). Available at: http://thoughtcatalog.com/chelsea-fagan/2013/11/23-confessions-of-a-former-abercrombie-and-fitch-employee/ (accessed October 23, 2014).

Chen, A.Y., Sawyers, R.B. and Williams, P.F. (1997), "Reinforcing Ethical Decision Making Through Corporate Culture," *Journal of Business Ethics*, Vol. 16 No. 8, 855-865.

De George, R.T. (1999), *Business Ethics*, Simon & Schuster, Upper Saddle River, NJ.

Deal, T. and Kennedy, A.E. (1982), *Corporate Cultures*, Addison-Wesley, Reading, MA.

Dial, K. (2003), "Megan vs. A&F," Boundless Webzine (digital). Available at: http://www.boundless.org/2002_2003/features/a0000709.html (accessed October 23, 2014).

Drucker, P.F. (1954), *The Practice of Management*, Harper & Row Publishers, New York, NY.

Drummond, M. (2013), "Ethical Fashion? No, It's Not an Oxymoron," *Financial Review* (online), August 22. Available at: http://www.afr.com/p/lifestyle/afrmagazine/ethical_fashion_no_it_not_an_oxymoron_v6ggLGq lrS9vUI8mCcGF4N (accessed October 23, 2014).

Elliot, R. (1994), "Addictive Consumption: Function and Fragmentation in Postmodernity," *Journal of Consumer Policy*, Vol. 17, 159-179.

Erikson, E.H. (1968), *Identity: Youth and Crisis*, Norton & Co, Oxford, England.

Europea, C.E. (2001), *Libro Verde: Fomentar un marco europeo para la responsabilidad social de las empresas,* CEE.

Ferrell, O.C. (2004), "Business Ethics and Customer Stakeholders," *Academy of Management Executive*, Vol. 18. No. 2.

Fisse, B. and Braithwaite, J. (1983), *The Impact of Publicity on Corporate Offenders*, State University of New York Press, Albany.

Ford, R.C. and Richardson, W.D. (1994), "Ethical Decision Making: A Review of the Empirical Literature," *Journal of Business Ethics*, Vol. 43, 205-211.

Foster, G.M.C. (1974), *Antropología Aplicada*, Fondo de Cultura Económica. Mexico.

Freeman, R.E. (1984), *Strategic Management: A Stakeholder Approach*, Pitman Publishing Inc., Marshfield, MA.

Freeman, R.E. and Gilbert Jr., D.E. (1988), *Corporate Strategy and the Search for Ethics*, Prentice Hall, Englewood Cliffs, NJ.

Frideres, J. (2002*), Immigrants, Integration, and the Intersection of Identities*, University of Calgary Press, Calgary, 1-22.

Friedman, M. (1962), *Capitalism and Freedom*, University of Chicago Press, Chicago, IL.

Friese, S. (2000), "A Closer Look at Two Theoretical Constructs: The Consumer's Self-Concept and Identity," Working Paper, Copenhagen Business School, January.

Goffee, R. and G. Jones, G. (1998), *The Character of a Corporation: How Your Company's Culture Can Make or Break Your Business* (Harper Business, New York).

Gordon, G.G. and DiTomaso, N. (1992), "Predicting Corporate Performance From Organizational Culture," *Journal of Management Studies,* Vol. 29, 783-799.

Hanson, K.O. and Velasquez M. (1988), "The Boeing Company: Managing Ethics and Values," in *Corporate Ethics: A Prime Business Asset,* The Business Roundtable, New York, NY.

Henriques, I. and Sadorsky, P. (1999), "The Relationship Between Environmental Commitment and Managerial Perceptions of Stakeholder Importance," *Academy of Management Journal*, Vol. 42 No. 1, 87-99.

Horvath, C.M. (1995), "Excellence vs. Effectiveness: MacIntyre's Critique of Business," *Business Ethics Quarterly,* Vol. 5 No. 3, 499-532.

Hughes, A. (2011), "Hani Khan Says She Was Fired by Abercrombie & Fitch Over Hijab," *The Washington Post Digital*, July 28. Available at:
http://www.washingtonpost.com/blogs/worldviews/post/hani-khan-says-she-was-fired-by-abercrombie-and-fitch-over-hijab/2011/06/28/AG9tcFpH_blog.html   (accessed October 23, 2014).

Imram, A. (2013), "Let's Show the World that Fashion Is Serious Business," The Business Fashion, April 9 (digital), London. Available at: http://www.businessoffashion.com/2013/04/lets-show-the-world-that-fashion-is-serious-business.html (accessed October 23, 2014).

Joergens, C. (2006), "Ethical Fashion: Myth or Future Trend?" *Journal of Fashion and Marketing and Management*, Vol. 10.

Joyner, B.E. and Hofer C.W. (1992), "The Key Tasks of Successful Venture Creation and Development," in Emerging Entrepreneurial Strategies in the 1990s proceedings of the Seventh Annual National USASBE Conference in Chicago, Illinois, 1992, Ball State University, 239-253.

Joyner, B.E., and Payne, D. (2002), "Evolution and Implementation: A Study of Values, Business Ethics and Corporate Social Responsibility," *Journal of Business Ethics*, Vol. 41 No. 4, 297-311.

Kaiser, L. (1995), "The Black Madonna: Notions of True Womanhood From Jacobs to Hurston," *South Atlantic Review*, Vol. 60 No. 1, 97-109.

Kim, J.B. (1993), "For Savvy Teens: Real Life, Real Solutions," *Advertising Age*, Vol. 23 No. 1, 1.

Kotter, J.P. and Heskett, J.L. (1992), *Corporate Culture and Performance*, The Free Press, New York.

Krupnick, E. (2012), "Abercrombie & Fitch Employees Forced To Do Push-Ups," *The Huffington: Huff Post Style* (digital), July 3. Available at: http://www.huffingtonpost.com/2012/03/07/abercrombie-fitch-employees-push-ups_n_1326614.html (accessed October 23, 2014).

LDF (2003), "Abercrombie & Fitch Employment Discrimination," *LDF*. Available at: http://www.naacpldf.org/case-issue/abercrombie-fitch-employment-discrimination (accessed October 23, 2014).

Louis, M.R. (1983), "Culture; Yes; Organization: No!" Working Paper, Alfred P. Sloan School

of Management, Massachusetts Institute of Technology (MIT), Cambridge, MA.

Mason, D.E. (1992), "Values for Ethical Choices: Rate Yourself," *Nonprofit World*, Vol. 10 No. 3, 23-25.

Matzek, M.B. (2002), "Scandals Highlight Importance of Business Morals, Professors in Wisconsin Say," *Knight Ridder Tribune Business News,* Vol. 1.

Melé, D. (2003), "The Challenge of Humanistic Management," *Journal of Business Ethics*, Vol. 44 No. 1, 77-88.

Noguero, A.M. (2005), "La juventud en la publicidad," *Revista de Estudios de Juventud*, Vol. 68,104-115.

Paine, L.S., Deshpande, R., and Margolis, J. (2011), "A Global Leader's Guide to Managing Business Conduct," *Harvard Business Review*, September. Available at: http://mentortarik.com/yahoo_site_admin/assets/docs/Global_Leaders_Guide.106201810.pdf (accessed September 20, 2014).

Peters, T.J. and Waterman, R.H. (1982), *In Search of Excellence*, Harper and Row, New York, NY.

Raiborn, C.A. and Payne D. (1990), "Corporate Codes of Conduct: A Collective Conscience and Continuum," *Journal of Business* Ethics, Vol. 9, 879-889.

Ro, J.H. and Kim, M.J. (2009), "Socio-Cultural Interpretation of Fast Fashion Phenomenon," *The Journal of the Korean Society of Costumes,* Vol. 59 No. 3, 27-41.

Rossman, G.B. and Rallis, S.F. (2003), *Learning in the Field: An Introduction to Qualitative Research*, 2nd ed., Sage, London.

Schein, E.H. (1985), *Organizational Culture and Leadership*, Jossey-Bass, San Francisco.

Schmitt, R.B. (2002), "Companies Add Ethics Training: Will It Work?" *Wall Street Journal,* November 4.

Shen, B., Wang, Y., Lo, C.K., and Shum, M. (2012), "The Impact of Ethical Fashion on

Consumer Purchase Behavior," *Journal of Fashion Marketing and Management*, Vol. 16 No. 2, 234-245.

Sinclair, A. (1993), "Approaches to Organizational Culture and Ethics," *Journal of Business Ethics*, Vol. 12, 63-73.

Solomon, M.R. (1997), *Comportamiento del consumidor*, Prentice-Hall Hispanoamericana, Mexico.

Solomon, R.C. (1997), *It's Good Business*, Rowman & Littlefield Publishers, Inc., Lanham, MD.

Solomon, R.C. (1999), *A Better Way to Think About Business*, Oxford University Press, Oxford.

Spradley, J.P. (1980), *Participant Observation*, Harcourt College Publishers, Orlando, Florida, pp. 58–62.

Staff (2005), "Abercrombie and Fitch Target of 'Girlcott,'" *Pittsburgh Tribune-Review*. Available at: http://www.pittsburghlive.com/x/pittsburghtrib/s_387780.html (accessed October 26, 2011).

Staff (2014), "Abercrombie & Fitch Employer Reviews," Indeed (digital: foro). Available at: http://www.indeed.com/cmp/Abercrombie-&-Fitch/reviews (accessed October 23, 2014).

Tichy, N.M. (1983), *Managing Strategic Change: Technical, Political, and Cultural Dynamics*, John Wiley & Sons.

Trevino, L.K., Sutton, C.D., and Woodman, R. (1985), "Effects of Reinforcement Contingencies and Cognitive Moral Development on Ethical Decision-Making Behavior," in *Annual Meeting of the Academy of Management*, San Diego CA, August 1985.

Vaccaro, A. and Kusyk S. (2012), "The Trial of Business Ethics," ed. by *Center for Business in Society*, IESE Publishing (BEN-128-E).

Veblen, T. (1953), *The Theory of the Leisure Class*, Mentor Books, New York.

Villareal L.O. and Landeta R.J. (2010), "El estudio de casos como metodología de investigación

científica en la dirección y economía de la empresa. Una aplicación a la internacionalización," *Investigaciones europeas de dirección y economía de la empresa*, Vol. 16, 31-52.

Walton, C.I. (2001), "Character and Integrity in Organizations: The Civilization of the Workplace," *Business & Professional Ethics Journal,* Vol. 20 No. 3-4, 105-128.

Wicks, A.C., Harris, J.D. and Parmar, B. (2008), "An Introduction to Ethics", Ed. by the University of Virginia Darden School Foundation, Charlottesville, VA (UVA-E-0340).

Yin, R.K. (2009), *Case Study Research: Design and Methods* (4th ed.), Sage, Thousand Oaks, CA.

Yin, R.K. (2012), *Applications of Case Study Research* (3rd ed.), Sage, Thousand Oaks, CA.