

ETHICS IN GLOBAL BUSINESS: GAP'S EVOLVING VIEW OF ETHICS

In the 1990s, shoe and clothing retailers faced a flood of stories focusing on wage and safety violations in its overseas factories. Did Nike use child labor? Were Kathy Lee's sweaters produced in "sweat shops?" Companies were forced to confront critics and repair the damage to their reputations.

The first reaction of Gap, the corporate parent of Old Navy and Banana Republic, was to clam up and go into fix-it mode. It built an elaborate monitoring system, which performs more than 8,500 factory inspections. But the company gradually realized that this internal monitoring system was not changing public and industry perceptions. Although Gap monitored 100% of its overseas factories for abuses, no one outside the company knew it.

Recently the company was targeted again when Domini Social Investments and other investors filed a shareholder resolution requesting greater transparency from the company. Gap was forced to publish a "social-responsibility" report. However, instead of producing a sanitized report glossing over the problems, Gap decided to produce a warts-and-all profile of the problems facing the company.

The report found persistent wage, health, and safety violations in most regions where it does business, including China, Africa, India, and Central and South America. The infractions ranged from failure to provide proper protective equipment to physical abuse. Although discoveries of the worst violations were rare, Gap reported that it had pulled its business from 136 factories and turned down bids from more than 100 others when they failed to meet its labor standards.

The clothing retailer also committed to making changes that are more sweeping. Most significantly, Gap has agreed to rethink accepted garment-industry business practices, which include unrealistic production cycles that drive such abuses as unpaid overtime.

Even the company's harshest critics welcome the company's candor. "Instead of dealing with a black box, we now have a window into data that can really help us make a judgment on how the company is progressing in handling of these issues," says Conrad Mackerron, a director at As You Sow, a nonprofit shareholder advocacy group. "This will put pressure on other retailers to do the same."

In 2006, Gap Inc. was named as one of the "100 Best Corporate Citizens" among major U.S. companies by *Business Ethics* magazine.

Questions

1. Do you think that customers are impressed with the effort that Gap has made to respond to the need to have more worker friendly suppliers? Explain your answer.
2. The Gap explored wage, health, and safety issues in its plants. What other issues might the company explore if it wants to assure the best working conditions possible?
3. In general are stockholder in the Gap, more interested in revenues and profits than good wages and working conditions?
4. What concerns might a Gap employee working in one of its stores have because of its social stance?

Criteria	Content & Development	Organization & Analysis	Paragraphs, topic sentences, and analyzed ethical problem to be analyzed	Grammar, Punctuation & Spelling	Instructor Comments:	Total Points Earned:
4 Excellent <i>Succeeds as a confident finished product</i>	- Comprehensive, accurate, and addresses assignment topic well. - Issues are presented in a persuasive manner. - Major points stated clearly and well supported. - Research is adequate.	- The case and the discussions of it are organized with a very clear structure allowing for an exhaustive ethical analysis. - Structure of paragraphs is clear and easy to follow.	- Rules of grammar, usage, and punctuation are followed. - Spelling is correct. - Language is clear, consistently strong, and varied.	- One error in grammar or spelling. - Language is clear, consistently strong and varied.		
3 Good <i>Succeeds as an adequate finished product</i>	- Content is comprehensive and addresses topic well. - Most major points stated clearly and well supported. - Research is adequate.	- Good organization with logical sequences allowing for a good ethical analysis. - Structure of paragraphs is clear and easy to follow.	- The case and the discussions of it are organized and lack not very well a clear structure allowing for only a fair ethical analysis. - Structure of paragraphs not easy to follow. - Paragraph transitions need improvement.	- Paper contains a few errors. - Language lacks clarity or includes some jargon.		
2 Fair <i>Works for the most part but reads as a rough draft rather than a finished paper</i>	- Content is not comprehensive and/or persuasive. - Major points addressed, but not well supported. - Research inadequate. - Content is inconsistent with topic.	- The case and the discussions of it are poorly organized with very little structure allowing for only a poor ethical analysis. - Structure and organization lacking. - Paragraphs disjointed. - Topic sentences missing or unclear. - Sentences too lengthy/wordy or repetitive.	- Paper contains numerous errors. - Language uses jargon or conversational tone.			
1 Poor <i>Needs a lot of work to improve standard</i>	- Content incomplete. - Major points are not clear. - Unclear if writer understands purpose of assignment for the case.	- The case and the discussions of it are poorly organized with very little structure allowing for only a poor ethical analysis. - Structure and organization lacking. - Paragraphs disjointed. - Topic sentences missing or unclear. - Sentences too lengthy/wordy or repetitive.	- Paper contains numerous errors. - Language uses jargon or conversational tone.			