

Case Study: Mothers Work Inc.

Brand Image and Accusations of Employment Discrimination

Introduction

On June 27, 2003, Rebecca Matthias, the COO of the world's largest maternity clothing company, Mothers Work, Inc., called an urgent meeting with her top executives: Dan Matthias, Mothers Work's chairman, Sheryl Roth Rogers, vice president of marketing, Mona Astra Liss, Mothers Work's publicity director and Frank Mullay, vice president of stores. The five administrative personnel were gathered to discuss how the company would address a recent lawsuit filed against Mothers Work, Inc. by a former district manager, Cynthia Papageorge. Papageorge has accused Mr. Mullay of firing her three years earlier because of her gender and pregnancy.

Mothers Work, Inc. has already settled two similar discriminatory complaints (one of which was filed by Papageorge's boss, Jane Dowe). Papageorge's case, however, has been embraced by the media and damage to Mothers Work's reputation could ensue. Women's rights groups issued statements of disapproval within days of the lawsuit's filing. For example, Serrin Foster, the president of Feminists for Life, declared, "It is mind blowing to think that a company named Mothers Work that profits from selling apparel to pregnant women would terminate [women's employment] simply because of their maternity."^{46,47,48}

Rebecca Matthias is renowned for her support of women in the workplace, as her company was founded on the premise that women can be both professionals and mothers. The Mothers Work corporate officers must now determine how their \$500 million maternity clothing company should react to allegations that it discriminates against pregnant women.

Matthias has earned degrees from MIT, Columbia University, and the University of Pennsylvania. She is the author of *Mothers Work: How a Young Mother Started a Business on a Shoestring and Built It into a Multi-Million Dollar Company*. Matthias serves on the Board of Trustees at Drexel University and Hahnemann MCP Medical University and is a member of the Board of Overseers of the School of Arts and Science at the University of Pennsylvania.⁴⁹ On September 16, 2003, Rebecca Matthias was recognized by the United States Small Business Administration at the National Entrepreneurial Conference in Washington, D.C., for her success with Mothers Work.⁵⁰

Corporate Communication at Mothers Work

No Corporate Communication division exists at Mothers Work, so many of the communications tasks are undertaken by Rebecca Matthias and Publicity Director Mona Astra Liss. Liss is responsible for all of Mothers Work's fashion publicity in print and in broadcast. She organizes Mothers Work's fashion shows and other activities promoting the Mothers Work maternity lines. One of

This teaching case was written by Research Assistants Carolyn E. Billick and Lusien H. C. Wong under the direction of James S. O'Rourke, Concurrent Professor of Management, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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Ms. Liss's initiatives was the creation of A Pea in a Pod's celebrity program. Famous women such as Cindy Crawford, Sarah Jessica Parker, Toni Braxton, and Claudia Schiffer showcased Mothers Work maternity wear while pregnant.

Ms. Liss has written for *The New York Times*, *The Washington Post*, *People*, and *US Weekly* and has been featured on the Today Show, Oprah and E! Entertainment. She is currently working with cable television channel, TBS Superstation, to provide maternity clothing advice to pregnant women. Ms. Liss has been a very prominent individual known for promoting Mothers Work clothing and products.⁵¹

Women in the Workforce

Since 1950, the increase in the percentage of working women has been overwhelming. In 1999 about 60 percent of females 16 years of age and older were in the workforce, an increase of 20 percent since the turn of the 20th century. Women also accounted for 85 percent of the total increase in the number of workers with more than one job for periods between 1989 and 1999. Labor force participation for women continues to be highest in the 35–44 age groups.⁵²

Women are working harder as with all Americans. The average full time worker works about 43 hours per week. For married working women, the amount of hours increased from 41 hours in 1989 to 46 hours in 1998.⁵³ In addition, women also have to take care of their families and so in a way, they are working "double shift." Balancing between a career and a family can be difficult. As the number of women entering the workforce continues to rise, more businesses are offering services and information to help women find jobs or to better their understanding maternity rights. A good example of such an information source would be "*The 100 Best Companies for Working Mothers List 2003*,"⁵⁴ a magazine published by Working Mothers.

Pregnancy Discrimination

The Pregnancy Discrimination Act of 1978 was passed as an amendment to Title VII of the Civil Rights of 1964. The act states that "women affected by pregnancy, childbirth, or related medical condition shall be treated the same for all employment-related purposes, including receipt of benefits under fringe benefit programs, as other persons not affected but similar in their ability or inability to work."⁵⁵

Despite the protection offered by the legal system against pregnancy discrimination in the workplace, the number of pregnancy-related discrimination cases is on the rise. Pregnancy discrimination complaints nationwide jumped 10 percent last year to just over 4,700 cases, according to the Equal Employment Opportunity Commission (EEOC). Such complaints have increased by approximately 40 percent since 1992.⁵⁶

Lawyers, enforcement officials and workers' advocates believe that the increase is partly a symptom of widespread layoffs. According to Will Hannum, an Andover, Mass., attorney who represents employers in labor matters, the shaky economy has exacerbated the situation as companies try to cope with pressures that sometimes force them to choose which employees to keep on the payroll.⁵⁷

The Family Medical Leave Act

The Family Medical Leave Act (FMLA) was passed by the Congress of the United States and signed into law in 1993. That legislation guarantees employees of companies up to 12 weeks of unpaid leave annually for certain medical reasons or for the birth or adoption of a child.

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