

## **Profiting From Inclusiveness – White Paper**

A media specialist needs to determine the behaviors that impact the proper functioning of an organization. The communication specialist must have the ability to address the numerous variables of a crisis stemming from a lack of inclusiveness. The practitioner must be able to rapidly address the origins of an obstacle or the appearance of a potential crisis. Furthermore, the skilled practitioner should be able to gauge results, and the corporation should have prewritten information on file for future situations. This can help with a comparative analysis. Crisis anticipation is essential.

A situational analysis can address morality, and ethics determine the impact of morality on target markets. The most important type of morality is results-oriented, and this approach focuses on the belief that certain actions produce good results. This type of morality addresses the necessity for the media specialist to anticipate the results of their actions. Actions can be considered ethical because they create positive consequences (Smith 36).

Clothing giant H&M has been slammed for racism after featuring a photo of a black boy wearing a 'coolest monkey in the jungle' hoodie. H&M, based in Sweden, apologized for what many said was an insensitive association between the young model and a hateful slur against black people. This image has now been removed and the company apologized to anyone these comments offended, according to a company spokesperson (Brennan and Feldman).

The organization has a Company Philosophy, a Corporate Social Responsibility, and a Code of Conduct. Nowhere in these different categories does H&M make ethics a linchpin for creating a better product developed from moral undertones. These categories can be

contrasted by the Johnson & Johnson credo. The credo creates a strong code of conduct that emphasizes an ethical corporate culture. The Tylenol crisis serves as a case study for the implementation of morality by a corporation.

Crisis management serves as a critical function within an organization. Failure to meet objectives can cause harm to stakeholders, and this results in various losses for an organization. These negative results can bring the existence of the corporation into jeopardy. Practitioners are an integral part of crisis management teams. A crisis can create three related threats: (1) public safety, (2) financial loss, and (3) reputational loss. The negative reputation of H&M caused the organization to incur financial losses.

Crisis management can be divided into three phases: (1) pre-crisis, (2) crisis response, and (3) post-crisis. The pre-crisis phase focuses on preparation and preventive measures. The crisis response phase is used when authoritative practitioners must take the necessary steps to address a situation. The post-crisis phase looks for different ways to plan for the next turning point. Practitioners believe that a crisis must be considered a learning experience for members of an organization (Crisis Management and Communications).

The pre-crisis phase can be anticipated. The organization must determine whether a given action can lead to a controversial outcome. A corporation can use case studies to anticipate results, and an organization should learn from previous crises. H&M brought controversial content to the market place several years ago. In 2014, the fashion retailer marketed a sleeveless shirt that depicted the Star of David with a skull in the center of the

image. The graphic was deemed anti-Semitic, and the corporation pulled the article of clothing from all consumer outlets. The corporation offered numerous apologies (Rashty).

H&M has been struggling financially over the last year. Competitive performance has been a primary cause for the monetary failures of the corporation. To address these issues, the fashion retailer said that they would seize upon opportunities to invest in digital initiatives. The corporation anticipates that its online sales will continue to grow. (Botter).

H&M stock has underperformed over the last year. The company shares have lost more than 42% of their value. These results show that H&M stocks have been underperforming when compared to the efficacy of Zara. Zara shares have only lost 14% during this same period. The Spanish retailer has achieved double-digit sales growth while competitors have failed to keep pace. Zara has the capacity to rapidly bring the most recent trends to various outlets within two weeks. The corporation has a more effective supply chain than H&M. This is coupled with a positive reputation.

H&M has 4,801 stores globally. These numbers are twice as much as Zara. H&M plans to use capital investments to open new stores and to enhance their online presence. The corporation plans to continue to open brick and mortar establishments. H&M expects to add 390 outlets in coming years, and the corporation anticipates that it will close 150 stores during this same time frame. This is a net addition of 240 outlets (Markets & Expansion).

H&M and Zara are fierce competitors in the fast fashion industry. Zara has achieved success because the corporation has been able to avoid the inventory issue while still having the capacity to keep pace with market trends. One market strategist claimed that Zara limits

the number of garments that they produce, and these actions create artificial scarcity that increases sales. Zara plans to make all brands available to online consumers. There is clear potential for more growth in the fast fashion industry. Just as important, Zara has a positive reputation stemming from inclusive mores.

H&M has systematically been marking down overstock items due to economic factors. These items have not been selling, and the corporation has been unable to sell off \$4 billion in extra merchandise. These clothing items include months-old Halloween costumes and Christmas sweaters. The corporation is having a difficult time persuading consumers to purchase various fashion items. This leads to an overstock situation. Fluctuating consumer tastes and increasing competition have both taken their toll on the corporation.

"Sales are slipping, profits are down to their lowest level in 16 years, and inventory is way up," said a spokesperson for H&M parent company Hennes & Mauritz. The recent backlash over an H&M ad showing a black child wearing a 'coolest monkey in the jungle' sweatshirt could also have hurt sales, analysts said. There were widespread calls for customer boycotts after the incident, and influential musicians The Weekend and G-Eazy, both of whom had partnerships with the retailer, announced they would cut ties with the company. Diddy is another celebrity who criticized H&M on Twitter, and his Tweet went viral (Bhattarai).

Effective philosophies should demonstrate that inclusiveness is an important part of the organization. To be successful, management should consist of influential individuals who shape expectations with regards to the mission statement or the code of ethics within the employee handbook. Both of these communications can demonstrate the value of inclusiveness for the

company. Philosophies can impact profits, performance and productivity. Organizations need to have proactive employees model core beliefs.

When an organization detects racially motivated conduct, they should be proactive and measure their response to prevent further behaviors that negatively influence moral. One approach is for management to verbally discipline employees. Another approach is to administer a written warning. When the infraction is severe enough, the organization can suspend employees. If the company determines that this behavior will go public, they should steal thunder and acknowledge that the company has challenges with the diversity of some team members. Another option for deterring negative behavior is to create an advisory council that focuses on the reputation and direction of the organization. These measures can give the organization access an inclusive marketplace where the potential for profits will increase.

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