



## chapter 3

# HRM outcomes and line management

### Case: Vogue Apparel

#### Setting

The global financial and economic meltdown of 2008–10 shifted retail dynamics in Europe and North America. Recently, Twitter feeds were abuzz about plans by the North American companies Target Corporation and Loblaw to launch new discount apparel stores. Persistently high levels of unemployment in the USA have forced retailers to cut costs and prices, and the competitive UK retail clothing industry has seen discount chains increase their share of the \$51 billion market. Such chains as Matalan and Primark Stores offer brands demanded by an increasingly value-focused consumer. Although continued growth in the market will come from the success of these retailers, it is expected that depressed demand and the prevalence of discounters will result in only a modest expansion over the next few years.

As UK clothing suppliers have lower productivity than their leading European competitors, opportunities for the low-cost foreign clothing suppliers of these discount chains have increased. This has resulted in imports making up an estimated two-thirds of the value of the UK clothing market. Traditional sources, primarily Hong Kong and India, are now facing competition from countries such as Morocco and new European Union members such as Romania.

Vogue Apparel is one of the largest discount chains, with 215 stores located in Ireland, Holland, Spain, Portugal, Germany, Belgium and the UK. It employs more than 27,500 people, and ranks as Great Britain's second largest clothing retailer by volume and the leading retailer in value clothing. It is expanding more rapidly than any other British retailer. Its primary customer base is those under 35 years old who are fashion-conscious and want high-quality clothing at reasonable prices.

Vogue Apparel prides itself on being a member of the Ethical Trading Initiative, which is an alliance of companies, trade unions and non-profit organizations that aim to promote respect for the rights of people in factories and farms worldwide. Vogue Apparel's commitment to monitoring and improving the working conditions of its 400 suppliers is reflected in its Code of Conduct, which stipulates, among other standards, that the suppliers must pay living wages

and ensure the working hours are not excessive.

### **The problem**

An undercover investigation by the BBC recently revealed that workers in a Manchester factory owned by one of Vogue Apparel's suppliers were on duty up to 12 hours a day, earning only £3.50 an hour. Some workers were employed illegally and were working in poor conditions. As the BBC had previously revealed that Vogue Apparel contractors in India had employed children in slum workshops, Vogue Apparel took these new allegations seriously. It immediately commenced an investigation of the supplier, conducted by auditors and senior Vogue Apparel personnel.

The results of the audit were not positive – inaccurate records of rates of pay, fabricated payslips understating the hours worked, excessive working hours and cash payments made to the employees, among other things. During the investigation, Vogue Apparel agreed to remove all references to the Ethical Trade Initiative from 140 of its storefronts. A Vogue Apparel representative remarked: 'There are no excuses. We are absolutely committed to ensuring that the factories who sell to us treat their workers fairly and equitably.'

Over the next 12 months, Vogue Apparel recruited a new Director of Human Resources and Sustainability, as well as putting into place a wide-ranging ethical trade action plan that was acknowledged by the Ethical Trading Initiative. The intervention also included recruiting ethical trade staff in sourcing countries, developing new ethical trade policies and practices, and delivering awareness-raising training for buying staff and suppliers. Vogue Apparel assured its customers that it remained wholly committed to its ethics and its values. The training programme emphasized the importance of the connection between an employee's understanding of his or her work and Vogue Apparel's strategic objectives. Line manager training has now also emphasized that employee emotion is a valuable resource to be harnessed in order to foster commitment and boost sales per employee.

But despite these efforts, Vogue Apparel's employees increasingly have to pacify irate customers at the till about the company's ethical practices. In effect, this emotion in labour performed by front-line employees as a means of coping with difficult customers, and the emotional work used in normal interaction with customers is impacting negatively on employees' performance. They are uncertain how to respond to the questions and complaints from angry customers. The 'emotional zone' that encompasses staff–customer interactions at the till has affected the front-line staff, and turnover, already notoriously high in the retail sector, has now become the company's focus.

### **Assignment**

Working either alone or in a study group, prepare a report drawing on this chapter and other recommended material addressing the following:

- 1 How do emotion and other factors mediate the relationship between HR practices and Vogue Apparel's financial performance? What is the significance of emotion management in this case?
- 2 Read the article 'The employee–customer–profit chain at Sears' by A. J. Rucci, S. P. Kirn and R. T. Quinn (1998, January–February, Harvard Business Review, pp. 82–97). How is the experience at Sears related to what has happened with employees at Vogue Apparel?

Ask yourself:

- 1 As a possible member of Vogue Apparel's target customer base, what decision would you make about purchasing their products in light of the revelations by the BBC?

- 2 Would the company's recent attempts to rectify the situation persuade you to resume shopping at Vogue Apparel?

### **Essential reading**

Becker, B., Huselid, M. A. and Ulrich, D. (2001) *The HR Scorecard: Linking People, Strategy and Performance*. Boston: Harvard Business Publishing.

Bolton, S. (2005) *Emotion Management in the Workplace*. Basingstoke: Palgrave Macmillan.

Cohen, E. (2010) *CSR for HR: A Necessary Partnership for Advancing Responsible Business Practices*. Sheffield: Greenleaf Publishing.

Fineman, S. (2003) *Understanding Emotion at Work*. London: Sage.

Kennedy, V. (2010) 'Role of HR in catalyzing CSR policy to practice' January 10. Available at: [www.articlesbase.com/human-resources-articles/role-of-hr-in-catalyzing-csr-policy-to-practice-1801505.html](http://www.articlesbase.com/human-resources-articles/role-of-hr-in-catalyzing-csr-policy-to-practice-1801505.html) (accessed November 2011).

Kline, J. (2010) *Ethics for International Business: Decision-Making in a Global Political Economy*. New York: Routledge.

For more information on the UK retail clothing industry, visit [www.infomat.com/research/infre0000282.html](http://www.infomat.com/research/infre0000282.html).

To learn about the Ethical Trading Initiative, go to [www.ethicaltrade.org/](http://www.ethicaltrade.org/).

Note: This feature was written by Lori Rilkoff, HR Director at City of Kamloops, BC, Canada.