Zara: Motivation And Diversity In Workplace

Background

Claiming to be one of the largest international fashion companies, ZARA (initially named as ZORBA) was founded by Amancio Ortega. Its first store opened in 1975 in Central A Coruña, Galicia, Spain. ZARA initially featured low-priced mimics of popular, high-end clothing brands. It's parent company INDITEX is known to be one of the world's largest distribution groups.

Zara's business model includes design, production, distribution and sales through their extensive retail networkand has been able to position itself within a unique category by claiming their customer is at the very heart of this model" (Inditex's Annual Report,2010).

The company started its international market expansion in following marketplaces from 1988-2011, targetting places such as Portugal, United States, France, Mexico, Greece, Belgium, Singapore, Russia, Malaysia, China and so on.

Following year 2010, ZARA launched its first online boutique giving the online access to the customers of Spain, UK, Portugal, Italy,Germany and France.

Zara has been one of the top subsidiary companies for merchandising, from clothes, footwear to accessories, for both men and women. Zara has the USP of producing their merchandise before the season and selling in advance to the franchises to facilitate the availability of production when needed. The reach and demand of Zara is such that, that if any new product is developed, then it will go to the market in less a week's time and the demand for the same will also increase. Zara has become a necessity for its competitors to compete with for their growth model and business.

Zara has been super flexible with its customers and has been providing them with customer support on a regular basis. It has been providing return/exchange benefit in about 30 days of time and easy credit service.

Alongside, Zara also provides gift cards and receipts.

Motivation:

Zara has a very huge base because of its employees. Zara tries to recruit their employees from different platforms like job sites, fashion shows, universities, business and design schools. Zara recruits and trains people for different kind of work. There are different fields of training like that of designing and production. The distribution of workforce has been split amongst men and women where, women have an upper hand of employment and have permanent employment.

With the kind of training the Zara employees get, the timeline of workforce is distributed for about 5 years to 10 years. This gives them the security of work and the reason to stay in the workforce. Zara hires young people and creative people and creates incentive. "Young people have a lot of creativity and hence Zara tries to manage to provide desired level of satisfaction"(.

This also increases their dedication and loyalty for the brand. Both men and women have equal opportunity of employment with both full time and part time jobs, as the employee's demand.

"Motivation is the result of a person's attempt at fulfilling five basic needs: Physiological, Safety, Social, Esteem and Self-Actualization" (Maslow's Hierarchy of Needs Theory). According to Maslow's theory, it is a 5 level of hierarchy of which safety needs and esteem needs are the basic needs and psychological needs respectively. Basic need of safety (second step in the hierarchy) comes from the assurance given to the employees of the company. This also increases safety in the person and in return will increase its productivity as well. Once safety needs are taken care of, the esteem needs are in hand answered too (fourth step in the hierarchy). Safety gives the employees the assurance and helps to improve their work performance and in turn adds to the prestige of the person and also gives a feeling of accomplishment. This also helps in fulfillment of their needs.

This theory is well accepted and appreciated in Zara where every employee is given equal chance, opportunity and training. Because of this, there has been achievement of exceptional positive results. They also initiated employee profit-sharing plan because of the exceptional results.

Diversity in workplace

Diversity in workplace helps to promote trust, employee engagement and cooperation. Diversity in workplace breaks the stereotype and gives the feeling of security. Zara is one such company that helps in empowering women as the percentage of work is at 76% and provides both temporary and permanent work to them. There is flexible working hours and a fair and competitive wage system. The diversity in Zara allows the employees to talk to their peers about their issues and get counselling.

The hiring at workplace in Zara is such that, that the necessity of the job position is identified (For example- if it is for designing then the person hired should be good at his work) along with the person specification. There is a contract that binds the employees in the workplace (as the condition maybe), after the candidates are shortlisted.

There are two types of rewards; intrinsic and explicit rewards and both of which are fulfilled by Zara. This adds to the interest of the employees.

Zara's upscale market gained experience from domestic market before moving to different regions of cultural or geographical markets. This was possible only because of the diversity in the workplace and the leadership. The leadership in Zara is perfectly in hierarchy and teamwork as a natural process. Leadership in Zara has been very effective, participative management, democratic leadership style, management by objectives, clarification of roles, responsibility and goals.

Leadership are of two types: in group and out group. Zara has a proper order of following/line-up of their leaders and here their leader being their Director, they follow the directions and instruction of their Director. This flows down to the lowest level in the organisation. Since, in Zara, they follow a specific leader they are in-group members having empathy and are sensitive to their leader.

The delegation process in Zara is such that little control was exercised by the management on the individual store managers and other employees.

The competitive advantage of Zara is achieved because of the teamwork. This helps to produce better goods and at a lesser time and concentrate on customer preference and commercial team and identifies trends and helps to accelerate the trends. There are two teams in Zara having a design team and commercial team. Both of these teams work hand in hand as they understand the requirement and lay the output accordingly.

There has been technological improvement as well and has initiated Information Technology to understand the market and the fashion of the current market. This helps in tracking the place where there is demand for the particular kind of merchandise. The information technology helps in product design, sourcing team to identify customer preference.

All these teams understand the kind of demand In a particular country or region by taking particular input from store manager and window dresser.

Controversies

Zara being one of the most leading subsidiaries of Inditex (Holding company) is trying to reach the top of the charts. Leading in the charts have also led to a lot of controversies. These controversies have pulled them down in the chart to some extent. The exploitation at the workplace took a toll on the brand and the company.

Exploitation of child labour: Child labour is a particular for fashion because much of the supply chain requires low skilled employees and children more than adults. Exploitation of child labour in the factories of Turkey and Portuguese. In Portuguese children at the age of 11 are being paid lesser than what they should be paid to an amount of 13 euros to make shoes bearing Spanish fashion chain’s brand. The price paid was insufficient for the amount of work done by those kids. Apart from that, the Government does not allow child labour for less than 16 years. Zara has been promised in the years to look into these issues without necessarily claiming responsibility for the third-party factories. There have been regular protests but somehow this issue has always been supressed.

Apart from exploitation of child labour there have been issues that accuse the company of using sweatshops for their outsourced production. The labours have been accused of breach of code of conduct against the retailers and accuse of slave labour. The labours were not paid genuinely and the company said that they will provide compensation for the unpaid employees. In reality, only factory-floor employees were paid and the white-collar employees were not compensated.

Copying of designs: Zara has been famous for the kind of pattern and the design that come out during summer. The floral prints on the background of subtle colours were thought to be unique to Zara. But the truth is Zara has been accused of stealing and copying designs by hiring the workers of other independent designers and are claiming them theirs. These independent designers have complained of not very destincitive designs and have claimed them theirs. When this issue was brought in public i.e through media, the holding company of Zara, supressed this issue by showing the sale and the growth in the company from the different designs. These independent designers have complained and now are taking legal action.

Recommendation

In the context of child labour, Zara has been trying to reduce its employment from children, and give work to the eligible workforce. This not only helps in equal employment options for adults for both men and women but also helps in education of kids. This helps them to grow in the respective field of interest rather than being forced to work for the sake of it. The production of merchandise requires a lot work and sanitary conditions for their productions. Zara intends on improving the sanitary conditions in the production of trousers. The kids in child labour have been set free from the ‘slave-like’ conditions. There could be more technological improvement that could improve changing street fashion could also be updated with the trend in fashion.

The designs from the stores should be patented right and should have a proper trademark for the designs produced. This would delete any benefit of doubt and there would be potentially only the designs produced from Zara’s design producers. There should be a continuous pledge for innovation of business and improve the experience. There should be new design at affordable rates and at better quality.