

Group Project: Written Report

H&M Group: The Monkey Hoodie

By



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INTRODUCTION

As consumers, we are constantly engrossed in the media, the news, and the entertainment industry; it is built into our daily routine lives. Through commercials and online advertisements, there is no escaping the marketing we come across everywhere we go. We frequently come across negative information; not every commercial and online advertisement we involuntarily witness is in a positive light. Public companies have easy access to their consumers, we often see marketing campaigns that are unethical, ignorant, negligent, and furthermore, impacts our society. As a result, it is our obligation as consumers to utilize the information we come across in a positive, moral, and ethical manner. Moreover, the information proceeding will cover Swedish clothing brand, H&M Group, and the controversial advertisement that was criticized for its racist undertones. We will discuss the prominence and relevance of the advertisement in today's society, as well as a reflection on the future of the company.

It's incredibly important that we address these kind of issues, and crucial for international companies such as H&M themselves, to acknowledge their wrong doings and go forth in implementing action plans to further prevent them from recurring. It is clear that although these situations turn into major scandals due to the media, consumers still find their way back, spending their paychecks at given locations, however it is up to these companies to take measures offering reassurance to their loyal customers, and a corporate commitment to do better in the future. We can take away, that even companies on such a global scale can make the same mistakes over and over again, and that although things may be legal they are not always ethical, meaning companies can possibly stay away from suffering major financial losses due to legal action and lawsuits, but customer relations are at risk.

CASE DESCRIPTION

Background

H&M was founded in 1947 by 30-year-old Swedish entrepreneur Erling Persson. After opening up his very first Hennes store in Vasteras, Sweden inspired by a spontaneous road trip which landed him in New York, 2 other store locations were opened up in Sweden's capital, Stockholm just 4 years later. After pairing up with Mauritz Widforss, which added both mens and a children's clothing line to the previous only women's clothing store, the renaming of the company to Hennes & Mauritz was brought upon us, along with the up and running of 42 store locations, followed by major international growth which has brought us the global company that H&M is today. In its success, H&M also runs many other brands such as COS, Weekday, Cheap Monday, Monki, Afound, Arket and H&M Home offered internationally. There are currently 4,453 H&M stores worldwide as of August 31, 2018.

Despite major growth and success, H&M has come head on issues revolving their company's ethical responsibilities as a global company. Over the past decade, we've come across a few issues that have occurred due to poor management skills within the company. The most recent being; the monkey hoodie incident; in which an online ad in Britain featured a young black boy sporting a hoodie reading "coolest monkey in the jungle". This immediately instigated social media backlash, and criticized as racially inconsiderate and tone deaf. H&M took to twitter to apologize for their actions, and also removed the image and discontinued the product. Not only were consumers outraged by the companies ignorance, celebrities such as The Weeknd who had a collaboration with H&M and Lebron James also expressed their disappointment in H&M's actions. Mistakes can and obviously will take place when companies are global, theres

alot of room for cultural insensitivity. However measures must be set in place in order to avoid the same actions being taken time after time.

History

Despite the obvious success H&M carries, they have actually had quite the journey in terms of controversial issues. As seen with many companies, sometimes mistakes are made through marketing tactics which lead to larger social impacts causing backlash on the company. Expected from these companies when they mess up; is a civil apology to the public and those affected, as well as acknowledgement for their actions and a further implementation plan in order to prevent future outburst of angry consumers.

H&M has bumped into several unethical situations within the past decade in which many could argue could have been avoided, and/or looked after in a much more professional way. For instance; back in 2010, H&M Manhattan is accused of disposing of large amounts of never-worn clothing. Due to the increase demand for 'fast fashion' many apparel producing companies such as Zara, and H&M themselves have resorted to buying cheaper clothes, in order to easily keep up with the latest fashion trends. However, due to this 'fast fashion' idea, as new trends quickly walk down the runway, new pieces must immediately hit the floors, resulting in the lack of floor space at retail locations and or inventory locations which leads to the need to get rid of older pieces which are no longer in. H&M chose to dispose of these older pieces, that were in perfectly never-worn condition as way to make room for the newest trends which was absurd to the public as it is extremely unethical of them to do so. Although reports were made, H&M chose to not respond to the public, let alone release an apologetic public statement.

Fingers can also be appointed at H&M for cultural appropriation back in 2013; in which they release their summer music festival collection containing faux-feather headdresses. The debut of this collection raised concerns to Canadians as it was taken as highly offensive to First Nations traditional headwear. Rather than stepping up to the platter, H&M chose to not apologize to those affected, rather they just removed the line from their store-locations.

Just two years later, H&M Africa is accused of racism in 2015, due to the lack of black models featured in advertisements. In this situation, H&M decided to come forward and release a statement to the public *“H&M’s marketing has a major impact and it is essential for us to convey a positive image. We want our marketing to show our fashion in an inspiring way, to convey a positive feeling.”* (West, 2018).

Despite their attempt to address the issue, the public was appalled by the message implying that white models conveyed a much more “positive image” for the company. Just a year later, H&M is accused of exploiting their working in inadequate working conditions after promising the complete opposite post Rana Plaza sweatshop incident. After reports from the human rights group; Asia Floor Wage Alliance (AFWA) were released, it had been made clear that sexual harassment and low wages were taking place in production facilities. It was made clear by the international coordinator of the AFWA that H&M was in fact making no effort whatsoever to protect workers and provide them with appropriate working conditions (West, 2018).

Current Issues

A current issue that H&M has facing is their transition into the digital age. Many people today prefer to do their shopping from the comfort of their own homes. This has resulted in a

decline in the total amount of people visiting H&M stores and has left the company with over \$4.3 billion in unsold merchandise (Paton, 2018). Therefore, a new logistics system to aid in organizing and increasing speed of their online store and shipments has been underway. However, problems arose causing delays of deliveries in the U.S. and France markets and slowing online sales in the Nordic Region (Magnusson & Hoikkala, 2018). All these setbacks into they are facing the caused a decrease in stock, closure of many stores and many customers to go elsewhere for their clothing needs.

Ethical Issues

The primary ethical issue that is concerning is the connotation of having a black child sport a hoodie with the words, “coolest monkey in the jungle,” being extremely racist. Nonetheless, advertised was also a white child sporting a hoodie with the words “survival expert.” Historically, black people were called being “monkey” during a time of oppression; the term was used to dehumanize them. This was during a time where segregation was a part of every day society and white people acted superior to black people; where black people were slaves to white people; and where black people were raped by white people for pleasure (Alese, W., 2018).

Moreover, another ethical issue concerns the corporate social responsibility of the company; the way H&M would measure and take responsibility for their actions as well as the consequences of those actions (Wicks, 2010). Mentioned in the history of H&M, the company had a reputation for wrongdoing and not apologizing for their actions. In 2013, after releasing a summer festival collection that sold feathered headdresses, the company sparked controversy for the cultural appropriation of First Nations. Instead of releasing an apology statement, the

company decided it was sufficient enough to merely take the item down from their website. In the case of the hoodie, the response was lacking effort and heart. The first apology did not change anything, the company did not take responsibility for the advertisement, it was a half-hearted effort to apologise to the people who were offended. Until an immense public irruption from the lack of remorse, the company did not even discontinue the hoodie; the advertisement was still accessible on their website in various countries.

The company has a moral, legal, and ethical obligation to their consumers; the company has had other occurrences they had to deal with, issues regarding cultural appropriation and a lack of diversity in the corporation. For something that could have been easily avoided, this raises the concern of the company's negligence. With the cultural appropriation case in 2013, H&M should have learned their lesson and possibly hired a better production team so the current case would have been avoided. However, it was not until after this case did the company attempt to make an effort into hiring a better team of brand and marketing directors; the company finally appointed a diversity leader to analyse the cultural sensitivity and positions in the market (Olsen, J. M., 2018).

ETHICAL ANALYSIS

Principles

Ethical principles are important to provide a structure to analyze potential ethical dilemmas (Syracuse University, 2018). It is vital for large corporations to abide by these principles to avoid conflicts that can negatively affect them, their shareholders, their employees, their consumers and society at large. In the case discussed above, there are three main ethical principles that should have been obeyed, but were not. The first principle, nonmaleficence, is the most important one here. It says to “avoid causing harm to others, especially intentional and direct harm” (Wicks, 2010, p. 10). H&M caused harm to a variety of different people and, although they claim it was not intentional “This incident is accidental in nature” (Cox, 2018), it did cause direct harm. The little boy who modelled the hoodie and his family were affected so greatly that they had to move homes due to security concerns after the controversy. The concerned mother of the boy says he does not correctly know why he is receiving all this attention as he is quite young, but she is worried how his life will be impacted afterwards since this issue will stick to him. The young model and his family were the most directly affected by H&M’s failure to practice on-maleficence in this incident. The general public, particularly black people, are another group that this situation played a toll on. Many people found the promotion of this hoodie racist and they felt discriminated against by H&M. Whether H&M did this intentionally or accidentally, it was racist and directly harmed numerous individuals. The company’s actions harmed other groups indirectly as well. H&M’s employees were harmed as a result of the hoodie promotion. People started to criticize them for this incident to the point that H&M in the UK and Ireland had to release a statement saying “We would like to stress that our

store staff had no part in this poorly judged product and image” (Oppenheim, 2018). After this issue, riots took place in H&M stores in South Africa putting employees and customers in danger. The company may not have directly caused this danger, but it occurred because of their actions. Whether intentional or not, H&M did not follow the ethical principle of nonmaleficence with the promotion of their monkey hoodie and ended up hurting a lot of people.

The next ethical principle is justice. Justice tells people to “give others what they are due and operate with a sense of fair play” (Wicks, 2010, p. 11). H&M’s actions were not very just and should have been reconsidered. The company owed the model and his family respect as they were working for them. Promoting the boy in the monkey hoodie and promoting other non-black children in human hoodies was not respectful (Sammynickalls, 2018). They owed it to the family to be fair and avoid discrimination. This incident reflected a greater sense of unfairness to the black community in comparison to their white counterparts. H&M’s actions showed that whites are still superior to blacks and blacks are merely animals. Once again, the incident may have been unintentional of the company’s part, but it was their duty to be just to their model, his family and the general public that their material could affect. Justice is another ethical principle H&M failed to follow.

Lastly, responsibility is an essential ethical principle that states “people have certain expectations of themselves, and feel certain obligations to themselves, which they expect in return from others” (Wicks, 2010, p. 11). Companies, like H&M, all have obligations to people that should be fulfilled. The company was responsible for creating merchandise that would not racialize a certain group, but they failed to do so. When releasing an item of clothing, especially one that is modelled by a young child, the company is responsible to take extra care in their

actions. H&M did not exercise extra care and ignorantly released a design that discriminated against many. They were responsible to have a thorough process in place that makes sure to avoid the promotion of potentially discriminatory material. H&M failed to fulfill three very important ethical principles, making it harder on themselves and the individuals around them.

Theory Concepts

There are a couple of concepts we can apply to the H&M case to explain how they came to the decision of believing this shirt was appropriate to put on the market. The first would be 2 of the 3 traditions in ethics which are actions and ends. Also, the company demonstrated tunnel vision while producing this shirt at the time. All these theories can be related to the costly mistake of H&M.

The first concept that was seen in this issue were the 3 traditions in ethics, the first one being actions or deontology. Deontology “focuses on the actions that people take and attempts to determine whether a given act is ethically acceptable irrespective of the consequences it creates (Wicks, 2010, p. 6).” This means determining whether or not the act itself is morally correct or not. This standard provides individuals with a guideline of what is morally correct in society. When looking at H&M, they did not effectively convey this concept as it shows that they do not have an effective system on detecting possible issues with merchandise and marketing promotions. Allowing this image to be released expresses serious troubles the company has internally when it comes to their decision making. Effectively using deontology will allow this company to make the most ethical decision and take the best course of action.

The last tradition in this concept is consequentialism. This concept “focuses on the moral importance of the ends we seek or goals we set, and the need to try to achieve them through our

actions (Wicks, 2010, p. 7).” It also means that if we can not defend our outcomes then the actions or decisions we made can not be justified (Wicks, 2010, p. 7). In the case for H&M, the end result was unacceptable and could not be supported by anything. It also endangered many of their customers due to the frustration of many black people by breaking and pushing racks of clothes in stores. Their reputation was tarnished and lost many spokespeople that represented their brand. If H&M used consequentialism appropriately then it would focus on balancing the benefits and not harm.

Lastly, another concept H&M displayed was tunnel vision. Tunnel vision is when someone has a partial view of the situation and not the whole picture (Wicks, 2010, p. 44). This would cause an individual to make a decision and miss important and crucial moral cues that can result in bad outcomes (Wicks, 2010, p. 44). For this case, H&M did not realize the racial slur this image expressed towards the public. Thus resulting in an outrage in the public and in decrease reputation and respect for the company. Even though the it was not caused by perceived origins such as role image, peer pressure or organization culture it was still a form of tunnel vision.

Debates

When researching the case, there are many arguments that can be made from the public against the company. However, the bottom line is whether this was an example of actual racism or destructive mentality; we can further examine which argument is defensible or justifiable.

Looking at this case as an example of racism, the comparison of black people to monkeys is historically problematic. It is not just an insult on the appearance of the racial group, but the association between the two is traced back to a time where segregation was a part of every black

individual's life. Furthermore, it would not make sense to defend the company in bad taste of the harsh reality of racism today. Especially in the current social and political climate of Western countries like the United States being ruled under Donald Trump, racial tension is increasing and black people are continuously victim to racial scrutiny. The hoodie's racist connotations were not intentional, but should have therefore, been inferred (Gittos, L., 2018). This was just reckless and negligent behaviour from the company's part.

Alternatively, we can look at this case as an example of destructive mentality from the public's reaction; it could purely be the public reading too much into words meant to describe the innocence and mischief of children as a whole, not something racially motivated (Gittos, L., 2018). In fact, the company could argue that the public response is creating a greater divide between races, assuming a racist undertone that would not have been present had it not been for this assumption. If the mother of the child in the photograph was comfortable with the advertisement and did not view it as racist, then the public are merely overreacting and insinuating racism that is not there, justifying the response from the company's team.

Social Impact

H&M had previously been involved with many other controversial advertisements and campaigns for their products, leading up to the company's most recent - racist - scandal to come to light. In the case of the hoodie, many groups of individuals were greatly impacted directly and indirectly.

The company faced backlash from many groups of people. Those they have wronged in the past were given additional reason to dislike the brand and the morals it stands for. Moreover, by singling out black people with a historically significant reference, a whole racial group was

added to the list. Comparing black people to monkeys is deeply problematic; just over twenty years ago when black people were still systematically oppressed, the term “monkey” was used by white groups as a way of dehumanizing them and glorifying that white people were better. The advertisement demonstrated segregated and racist mentality by depicted the white child as a “survivor” and the black child as a “monkey.”

After the delayed response for damage control, the brand’s recklessness was irrefutable. It was apparent that their apology, diversity officer hire, and new campaign were long overdue; the resulting negative reaction from the public was entirely justified. Consequently, the brand image that the company worked to overcome, has been negatively impacted again. The company is now portrayed as racist, and the time it took for the company to apologise for their actions created a worse situation.

In retort, many celebrities took to social media to voice their concern over the significance of the scandal. Canadian R&B singer, The Weeknd, an investor in the company chose to end his collaboration with H&M, having previously sold a Spring and Autumn collection with the retailer the year before (A., 2018). He took to Twitter with the message, “I’m deeply offended, and will not be working with H&M anymore,” stating he was “shocked” and “embarrassed” at the situation (Chuba, K., 2018). The negative backlash and public image of H&M made them lose investors; the Swedish clothing giant saw their operating profit plummet by 62 percent, the lowest stock number since 2005 (Hamlin, C., 2018).

The internal workers of H&M had to deal with the backlash as well. As regular people who are working minimum wage positions, it was difficult for the employees to handle the

consequences of the company's fault. Many workers quit, especially those who were directly impacted by the hoodie.

Many regular consumers of H&M no longer wanted to support the company for their racism, negligence, and lack of responsibility. Through this, loyalty was lost; many chose other companies to purchase their clothes from, such as Uniqlo (Nembhard, C., 2018). They have expressed their thoughts and opinions online and through protests in person.

Society was so deeply affected by the advertisement, people took to the streets to protest the company. In South Africa, H&M stores were destroyed completely, the clothes were thrown all over the floors, the racks were knocked over, and many people were hurt that after so many years, black people were still facing segregation. The advertisement became a trend on social media, people from around the world were reacting. People were creating and sharing alternative pictures of the advertisement, with words like "young black king," and "coolest king in the world" in order to empower the child in the picture, and also to change the racist narrative (Nembhard, C., 2018).

Ethical Dilemmas

An ethical dilemma is when a decision has to be made between two different options. H&M faced three ethical dilemmas with one side common amongst all of them, which ended up being the side they chose. The monkey hoodie was not an accident, according to the company, but they could have foreseen the possible harm it had the ability to cause. The first dilemma was to either release the hoodie or to avoid making a young child wear a hoodie that referred to him as an animal. H&M chose option one in this first dilemma. The consequences of this were so severe that the child and his family were forced to relocate due to safety concerns. The company

chose to proceed with putting a new product out with the hopes of making a profit at the expense of their young model and his loved ones.

The company's second ethical dilemma was to either release the hoodie or to keep their employees and customers out of harm's way. Again, H&M proceeded with option one. It is reasonable to have foreseen a public outcry in response to a racist product. In South Africa, numerous riots took place in H&M stores where locals came and trashed the stores during operating hours (Fortin, 2018). These incidents put the staff and customers in the stores in danger. Once more, the company chose to proceed with their money-making route over the safety of their employees and customers.

The last dilemma and possibly the most important one in this circumstance that the company faced was to either release the hoodie or hire a diversity leader beforehand to evaluate and stop the product, if need be, before the release. H&M chose option one because they assumed that option one would make them money, whereas option two would cost them. In the end, all of H&M's choices hurt the company a lot more than they benefited them. All the dilemmas seemed to have a simple choice when making them, but the company did not indulge in researching the consequences of their choices well enough. All the harm they caused was foreseeable.

CONCLUSIONS

Lessons Learned

Over the past years H&M has made many mistakes such as clothing waste, poor working conditions and racial insensitivity. However, this one was sign that drastic changes need to be made within the company. They need to take responsibility for the mistakes they make and ensure that everything is reviewed before released to the public. Even though H&M apologized for this image people were not satisfied for many reasons. First, even though the hoodie was not being sold in the U.S., it was still being marketed in the U.K. (Fessler, 2018). Also, “instead of sincerely apologizing for creating and promoting an offensive product, H&M apologized for ‘offending people with this image’” (Fessler, 2018). Shortly after H&M made a proper apology demonstrating the company taking full responsibility for their mistake to ensure no further backlash was received. This should have been done the first time and it took many people criticizing their first message for them to realize this. Instead of just reacting, H&M needs to be proactive when handling future issues like this.

Future Improvement

Evidently, H&M has stumbled upon multiple setbacks over the past decade, leading up to the most recent monkey hoodie incident. We can also take away that H&M has taken the appropriate measures in order to avoid and/or own up to mistakes. For starters, H&M management and marketing teams need to have improved overall awareness. As mentioned, the company lacked subtle professionalism in many areas. From production, to the sales floor and everything in between, H&M came across many obstacles in which the need for improvement is strongly encouraged in order to prevent them from recurring in the future.

H&M tends to lack basic social awareness, in the sense that perhaps not enough demographic research is done prior to implementing and launching new product lines, or simply the marketing of their products. Adequate training in areas such as racial sensitivity, and cultural awareness must be implemented into the everyday work day, in order to avoid coming across such a problem. Apart from actually taking the necessary precautions to avoid certain situations, H&M also lacks the appropriate public responses, as seen in the past, they are used to releasing little to no apologetic statements to the public and oftentimes going about them in an even more controversial manner in which they apologize that people took things the wrong way, rather than owning up to their failures, or just pretending nothing happened by getting rid of the evidence. Finally, H&M offered false commitment and failed to keep their promises to both workers and their customers. Their form of viewing these public controversial issues was as a reason to make promises to the public regarding their future implementation plans yet not actually following through which damaged their brand image severely. It is better for them to not actually promise things then to not follow through and not practice what they preach.

Suggested Ethics Programs

According to the Wicks there are ten possible things that can be done to avoid further ethical lapses (Wicks, 2010, p. 47-50) and it is suggested that H&M partakes in all of them since the monkey hoodie incident is not the only time the company has acted unethically.

H&M can introduce ongoing ethics education where managers will be trained on moral theory and awareness, so next time the manager who needs to approve of a product before it launches can see what the moral implications of it could be. Doing a policies and procedures audit could be useful as well. H&M claims they do have policies in place to avoid such incidents

and they “will be reviewing all [their] internal policies accordingly to avoid any future issues” (Petrarca, 2018). The firm needs to stick to the fundamental moral standards.

Economically, it is assumed that successful companies consist of trustworthy, dependable and fair parties. Cultivating moral imagination is another important thing the company can do. Moral imagination is creatively finding a solution that does not require a moral compromise, like the monkey hoodie did. H&M can also use guides to avoid rationalizations. It is essential the company leads by example. If the managers use the moral theory they’ve been taught in making their decisions, the lower level employees are likely to follow and that way the firm’s ethical standards will align properly. If they make ethics part of their dialogue rather than just a code of ethics pinned on the wall, all employees will have the do’s and don’ts of ethics embedded in their minds. It needs to be integrated in the firm in all aspects of business.

Emphasizing responsibility and accountability will help H&M because individuals will think twice before making an unethical decision as they will be held accountable for it. Fostering communication and push back is one of the most significant concepts that H&M should adapt. This way, an employee can approach a manager when they think something unethical is taking place without the fear of losing their job. Lastly, making sure people know is the most important. Wicks states that handing off issues like this to an ethics officer will not suffice (Wicks, 2010, p. 47-50).

After the monkey hoodie incident, H&M came out with a statement saying they hired a diversity leader (Finley, 2018) and that is great to have in place, but as Wicks suggests, “ethics is everybody’s business” (Wicks, 2010, p. 47-50). It is not enough for the company to employ a diversity leader, they must follow the ten methods listed above to gain their reputation back from

the monkey incident and other unethical issues they have been a part of and, most importantly, to avoid further ethical lapses.

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