

Marks & Spencer Establishment of Ethical Standards

The drive to source the most cost efficient products may make companies blind to the employee labor practices of their suppliers. Marks & Spencer (M&S), a U.K. based retailer was faced with bad publicity in 1996 when a television program ran a miniseries alleging that a Moroccan clothing factory used to produce M&S goods, had exploited underage girls with the knowledge of the company. M&S won the resulting court battle but needed to come up with a strategy to mitigate this bad publicity while ensuring ethical standards from its tiers of suppliers with respect to working conditions, wage rates, and environmental impact. The company set on a path to achieve this objective through the following initiatives:

- **Global Sourcing Principles (GSP):** M&S adheres to best-practice international codes such as the Ethical Trading Initiative (ETI) and human rights conventions.
- **Partnerships with Suppliers:** M&S only seeks to partner with those suppliers which respect the company's Global Sourcing Principles and who are committed to ensuring that their internal processes meet these standards within their factories as well as their respective suppliers.
- **Social Audit and Verification:** The suppliers must be willing to have their process audited by independent consultants.
- **Continual Improvement and Sanction:** Suppliers must be prepared to improve by setting targets and establishing action plans when standards are not met (Johnson, 2004).

Companies can learn from this example, by endeavoring to engage a network of socially responsible companies. Failing to adhere to socially acceptable standards with respect to supplier employment conditions; environmental protection; correct labeling of products; and effective management could result in loss of valuable market share and profits.

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