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Stitched with Prejudice: Zara USA's Corporate Culture of Favoritism



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Chaya Crowder was a 2014-15 Social Justice Research Fellow at the Center for Popular Democracy and completed this report as her independent project.



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Executive Summary

This paper reports the findings of our original survey aimed at understanding whether retail workers' experiences of their opportunities at New York City Zara stores was different based on skin color or race. Zara, the world's largest fashion retailer, has faced several complaints about racially insensitive designs over the years.

This report finds that employees of color in Zara's New York City stores face unequal conditions within the company:

- Black employees are more than twice as dissatisfied with their hours as white employees.
- Darker-skinned employees report that they are least likely to be promoted.
- Employees of color state that they are reviewed with harsher scrutiny from management than white American and European employees.
- Of workers in the lower prestige back-of-store roles, 68 percent have darker skin.

While Zara employees report experiencing discrimination in the workplace, they have also witnessed discriminatory practices against Zara customers of color.

- According to surveys across Zara's New York City workforce, Black customers are 7 times more likely to be targeted as potential thieves than white customers.

In order to address problems of discrimination, this report recommends that Zara recommits itself to non-discrimination in employment, promotion, and service in New York City. We recommend the following steps:

- Institute a practice for workers to have access to a neutral, third-party arbiter to address their grievances, particularly relative to color and race discrimination.
- Recognize and respect workers' basic labor rights, including regular and reliable schedules regardless of race, equal opportunity to be promoted, and a living wage.
- Allow New York City Zara employees to choose to represent themselves in grievances through real bargaining agents, such as labor unions, without interference.

Introduction

Zara, the world's largest fashion retailer, has faced numerous complaints of racially insensitive designs over recent years. In the summer of 2014, Zara had on its shelves pajamas resembling holocaust uniforms and t-shirts proclaiming "White Is the New Black." Zara is a relatively new player in United States retail, an industry in which employees and consumers have routinely faced racial discrimination.

This paper reports the findings of our original survey aimed at understanding whether retail workers' experiences of their opportunities at New York City Zara stores was different based on skin color or race. Although Zara's parent company, Inditex, claims that all employees "face equal opportunities during the hiring process and are considered for internal promotion under the same job evaluation,"¹ our survey finds that New York City Zara employees experience their workplace as rife with favoritism, particularly colorism (discrimination against darker skinned people)² and racial discrimination.

On June 3, 2015, discrimination within Zara's corporate structure was made public through a lawsuit filed by Ian Jack Miller, former General Counsel for Zara USA. The case, *Miller v. Zara USA*, alleges that senior executives at Zara regularly used racial slurs and exchanged racist emails. The company's former General Counsel specifically alleges that senior leaders of the company discriminated against him on the basis of his sexual orientation and Jewish faith,³ and specifically told him that "Spanish employees 'get more chances' than non-Spanish employees at Zara," and "are paid more than similarly-situated American employees."⁴ Mr. Miller is now suing Zara for pay discrimination, unlawful discharge, retaliation and a hostile work environment.⁵

This report finds that employees of color in Zara's New York City stores face unequal conditions within the company:

- Black employees are more than twice as dissatisfied with their hours as white employees.
- Black employees notice almost three times as much favoritism as white employees.
- Darker-skinned employees report that they are least likely to be promoted.
- Employees of color state that they are reviewed with harsher scrutiny from management than white American and European employees.
- Of workers in the lower prestige back-of-store roles, 68 percent have darker skin.

While Zara employees report experiencing discrimination in the workplace, they have also witnessed discriminatory practices against Zara customers of color. According to surveys across the Zara workforce, Black customers are 7 times more likely to be targeted as potential thieves than white customers.

The findings from our survey of New York City Zara employees come in the context of Zara's documented history of racial insensitivity in its designs, discriminatory treatment of its employees and prejudice against its customers. A drastic deviation from Zara's stated commitment to racial equality and inclusion, Zara's history of inflammatory incidents is consistent with the legacy of racism and discrimination in the retail industry in the United States.

The Zara Context

Although part of the world's largest fashion retailer, Zara is relatively new to the US market. Its footprint is largely concentrated in New York City, where 8 of its 53 US stores are located. (H&M, Zara's major competitor, has 233 stores in the US.)

Over the past 8 years, Zara has made headlines on a number of occasions for producing and selling racially insensitive or racist designs—including a bag embroidered with swastikas, a necklace with dark faces with bright red lips that resembled the racist imagery of the nineteenth century (a Huffington Post poll found that a majority of people polled found the necklace to be racist), a striped shirt with a gold star that resembled uniforms worn by Jewish concentration inmates, and a t-shirt that said "White Is The New Black."

Figure 1. Zara's History of Insensitive Designs⁶



September 2007

In 2007, customers complained that Zara was selling **a bag embroidered with Nazi swastikas.**

After receiving a number of complaints, this bag was withdrawn from stores.



2013

In New York stores, Zara sold **a necklace with dark faces with bright red lips that resembled the historically racist makeup used in minstrel shows** during the nineteenth century.



August 2014

In August 2014, Zara received backlash for selling **a striped shirt with a gold star that resembled uniforms worn by Jewish concentration inmates.** After Twitter backlash against the t-shirt, CNN stated that the company pulled the shirt from online sells.



August 2014

Consumers took to twitter again to express disappointment regarding a t-shirt produced by Zara that displayed the words **"White Is The New Black."**

In addition to the racial insensitivity of its designs, Zara manifests a strong racial bias in their model selection for advertisements. Zara is unique in its heavy reliance on its Instagram page for advertisement. Only 18 of the 565 advertisements posted on its Instagram include Black models.⁷ Researchers have found that the people pictured in advertisements "specify the gender, race, age, and class" that retailers target for their customers.⁸

Similarly, managers in upscale retail jobs place a high emphasis on the "right look" when hiring, a practice that exacerbates already existing occupational segregation, sorting workers on the basis of class, race and gender.⁹ By finding the right look—typically "middle class, conventionally gendered, and typically white"—upscale retailers seek to hire workers to perform "aesthetic labor," through their "deportment, style, accent, voice and attractiveness."¹⁰

Consistent with this research, the racial hierarchy displayed in Zara's advertisements is also reflected in some of their promotion and hiring practices.

- Glassdoor.com complaints filed in 2015 address the lack of diversity within management at Zara stores, particularly in New York City, where Zara has its American corporate headquarters.¹¹

- Sales associates have stated that people in positions of power tend to be white Americans or Europeans.¹²
- Another employee asserted that general managers have “racial preferences.” A third employee recommended that Zara hire employees that are more reflective of the diversity of their customer base.

The survey we undertook found that the advertising, series of design flubs, and complaints on Glassdoor were consistent with the experience of a large number of Zara employees in New York City.

Methodology

Participants

251 Zara retail employees at the 6 New York City locations participated in original surveys examining employee and customer relations in the stores. Zara locations include Bryant Park, SoHo, 67th Street, Flatiron, Flagship (5th Ave), and 34th Street. Of the six stores, we estimated a total population of 1,240 retail workers around the 2014 holiday season. As we surveyed between February and April and retail payrolls fall 5% to 6% between December and February, we estimate the total number of retail workers to be roughly 1178. Our sample size is representative at a confidence interval of .055. Prior to the Spring 2015 survey and interview period, a beta survey of 21 Zara employees was conducted during November 2014 and a focus group of five Zara employees was held in conjunction with the beta survey.

Materials

We created a survey in order to assess employee satisfaction, experiences of discrimination and witnessing discrimination. Survey respondents and surveyors identified the respondent's skin color based on a skin color chart. Opinions regarding employee satisfaction were recorded on a scale of 1 to 5 (1=Strongly Agree; 2=Agree; 3=Neutral; 4=Disagree; 5=Strongly Agree). Feelings of discrimination were also recorded on a scale of 1 to 5 (1= Always; 2= Often; 3= Sometimes; 4= Rarely; 5= Never).

Procedure

A team of surveyors at each retail location surveyed a random sample of Zara employees. The surveying took place between February and April 2015. Surveyors identified Zara employees by their navy blue uniforms, approached them on their breaks, and asked them to take the survey. Following the survey retail workers were given the option to provide their contact information for a follow-up interview, with a small incentive. Of the retail workers surveyed, 4 employees participated in the one-on-one paid interview. The interviews provided more detailed insight into responses given by retail workers in the surveys. Additionally, 5 employees participated in the focus group.

Challenges

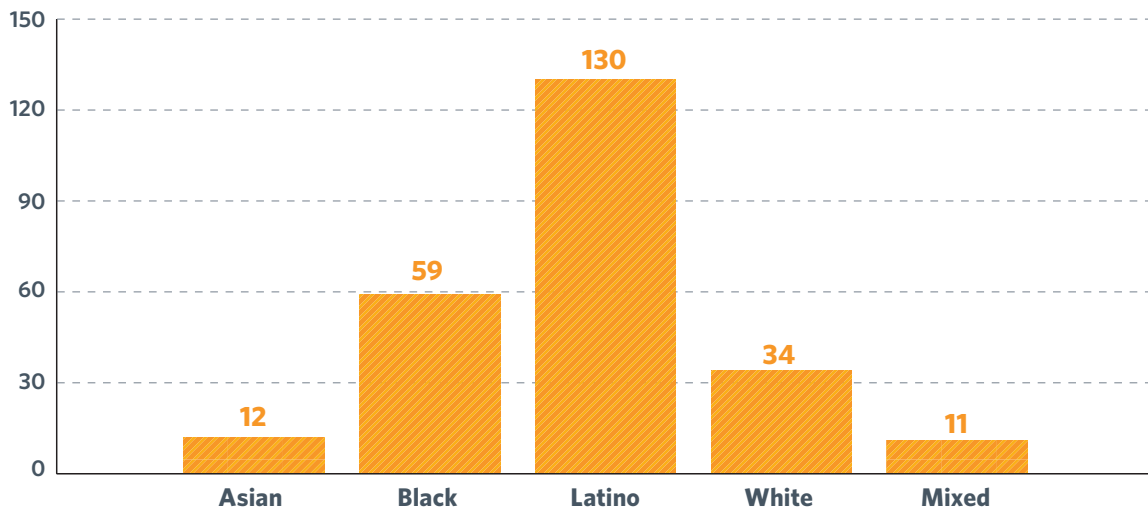
In the course of surveying, we learned that the management had directed employees to stop using the term “Special Order,” apparently in response to the surveying. Only through the interviews did we learn that they had replaced this with an alternative protocol. However, for the consistency of the survey we did not change the language of the survey.

While we were usually able to conduct surveys without interference, in some instances managers told employees not to take the survey. On at least one occasion, managers called the police on a surveyor.

Employees' Perception of the Role of Race in New York City Zara Stores

Our survey, conducted between February and April 2015, found that racial disparities exist across Zara stores in New York City. This analysis explores the racial and color breakdown of Zara employees. We hypothesized that Latinos would experience different treatment based on skin color and feared that the difference would be lost if we stuck to racial/ethnic categories.

Figure 2. Race of Survey Participants

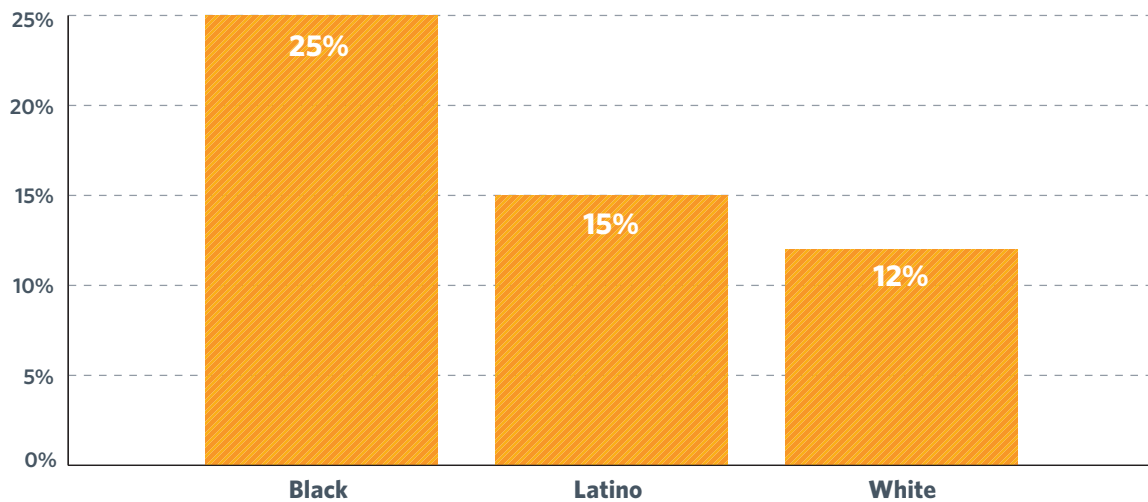


Our survey found that 53 percent of the employees surveyed self-identified as Latino. Employees were also identified by their skin color from 1 to 4 (with "1" indicating a very light-skinned person and "4" indicating dark-skinned employees). 93 percent of Black employees were 3's and 4's, 49 percent of Latino's were 3's and 4's, and 85 percent of white employees were 1's.

Findings reveal that both race and skin color play a role in the treatment of employees and customers. Lighter-skinned workers of color and white employees tend to have higher status assignments, more work hours, and a stronger likelihood of being promoted.

Black employees are more than twice as unhappy with their hours as white employees at Zara.

Despite Zara's large number of Latino employees, employees of color are rarely promoted to management or full-time positions. Dissatisfaction with hours is exacerbated by race for Zara employees in New York City. Surveys revealed that 25 percent of Black employees are dissatisfied with their hours, as compared to 15 percent of Latino employees and only 12 percent of white employees.

Figure 3. Strongly Disagree or Disagree That I Am Satisfied With My Current Hours

One employee at the Bryant Park Zara location stated that he receives shifts two days per week; those shifts vary in length between 5 and 8 hours, resulting in as much as a 60-percent difference in hours (and income) week to week. He stated:

It's kind of weird to me how they can make millions of dollars but are not able to pay people properly for their time, let alone give people the amount of time that they need in order to support their family, in order to keep a roof over their head, in order to, you know, just feed themselves.¹³

He explained that after bills and other expenses add up, he is often left wondering how he will make it to the next paycheck.

Zara recently increased their hourly wage for employees from a starting rate of \$10.50 per hour to \$12 per hour. Some employees have asserted that as pay has increased, their hours have decreased. One Black employee who recently moved from Zara's 34th Street location to the Bryant Park location reported that he used to get nine-hour shifts, sometimes four to five times per week. Now, he stated, "My hours are part-time and getting lower and lower."¹⁴ A 2012 survey by the Retail Action Project showed that only 10 percent of part-time workers work set schedules.¹⁵ Unset schedules make it difficult for parents to plan for childcare, students have difficulty keeping staying on track with their school schedules, and there are often too few hours to survive.¹⁶ The same employee explained that he is now getting 4-hour shifts scheduled at disjointed times. Furthermore, his schedule is erratic; he has been scheduled from 6 PM until closing (10 PM) one night and then scheduled for a four-hour opening shift the next day.

Employees of color do not believe that they have an equal opportunity to be promoted.

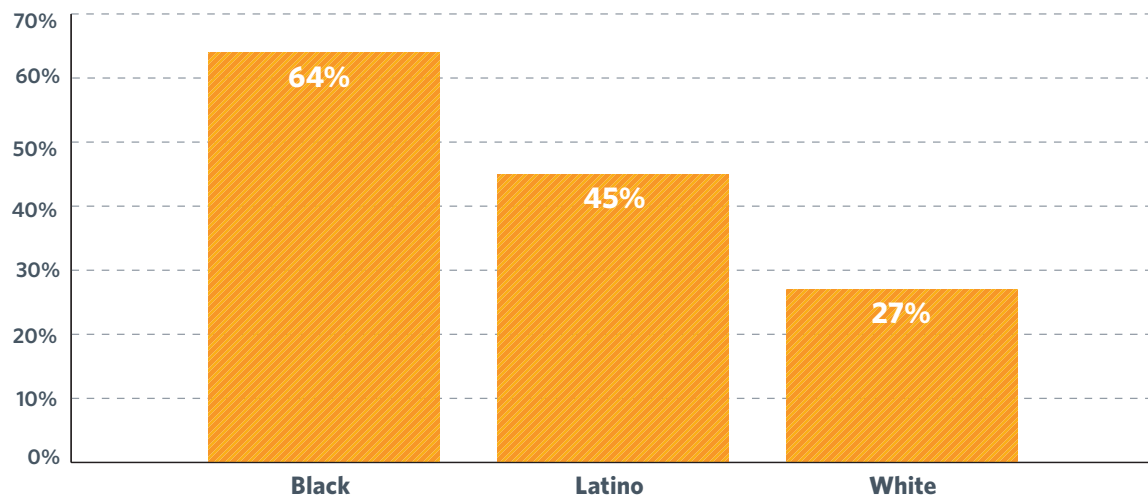
Manager favoritism impacts who is promoted, how hours are distributed and how workers are treated and evaluated by management. Employees of color agreed most strongly that "managers show favoritism." Many of the employees interviewed felt that favoritism is based on race. One employee stated "Managers definitely show favoritism to the Europeans."¹⁷ Another employee asserted, "The favoritism goes to those that are not African American or Latino."

Favoritism also impacts who is promoted. An employee stated that after moving from the training store at 34th Street to the Bryant Park Location, a number of employees were promoted to a position called "Commercial Leads" which he described as mini-managers. The employees that we interviewed had the impression that their stores were only promoting white employees to these positions.

Manager favoritism is apparent during employee evaluations. A Dominican past employee from the 34th Street store stated that she felt that favoritism was shown most to employees of the same ethnicity as the manager. During interviews, several Black employees expressed that they are treated differently than white American or European employees when they call in sick or are late for personal reasons. One employee expressed that working mothers often have issues obtaining childcare and that can cause them to be late. Managers tend to be understanding of white mothers, but will "almost threat(en)" workers of color." Another employee stated that when he called in sick for the first and only time he felt attacked and was told that it would affect his evaluation, as Zara was looking for "reliable people."

In general, employees with a longer tenure at Zara identified favoritism, especially race-based favoritism, as an issue. Consequently, we did a focused analysis of the responses about favoritism of employees that have been at Zara for more than six months. The responses revealed that 64 percent of Black Zara employees agree that managers show favoritism, as compared to 45 percent of Latino employees and 27 percent of white employees.

Figure 4. Strongly Agree or Agree That Managers Show Favoritism



In Zara stores, the more visible front-of-store positions have a higher status. Darker-skinned workers are disproportionately placed in the back of the store. Fully 68 percent of the back-of-store workers we surveyed have darker skin.

Additionally, darker-skinned Zara employees believe that they are the least likely to be promoted, at a rate almost twice that of their lighter-skinned counterparts. Similarly, darker-skinned employees believe that managers show favoritism at a higher rate than any other employees. Skin color discrimination coexists with racial discrimination at Zara stores in New York City.

One Black employee said he experienced more blatant racial discrimination. He explained that managers routinely check the bags of employees by looking into them. However, managers at the SoHo location would remove all of the contents from this employee's bag. When he confronted the

manager about this differential treatment, she replied that she checked everyone's bags in the same way, despite that he had seen her treat white employees differently than he is treated. Additionally, he detailed numerous instances when customers had reported a lost item and the Black employees have subsequently been called upstairs to the manager's office and questioned about the lost items.

Zara policies and practices extend racial bias to customers.

During the round of beta surveys and the focus group, Zara employees were asked about customer discrimination. A preponderance of employees surveyed mentioned a practice of labeling customers as "special orders," a security code for suspected shoplifters. Employees overwhelmingly felt that the Zara practice led to Black customers being disproportionately labeled as special orders upon entry to Zara stores. During the focus group, one Black employee even detailed an instance in which he had come in a hooded jacket to pick up his check. A sales associate not only identified him as a special order, but he was physically stopped as he was walking into the back office, where checks are kept.¹⁸

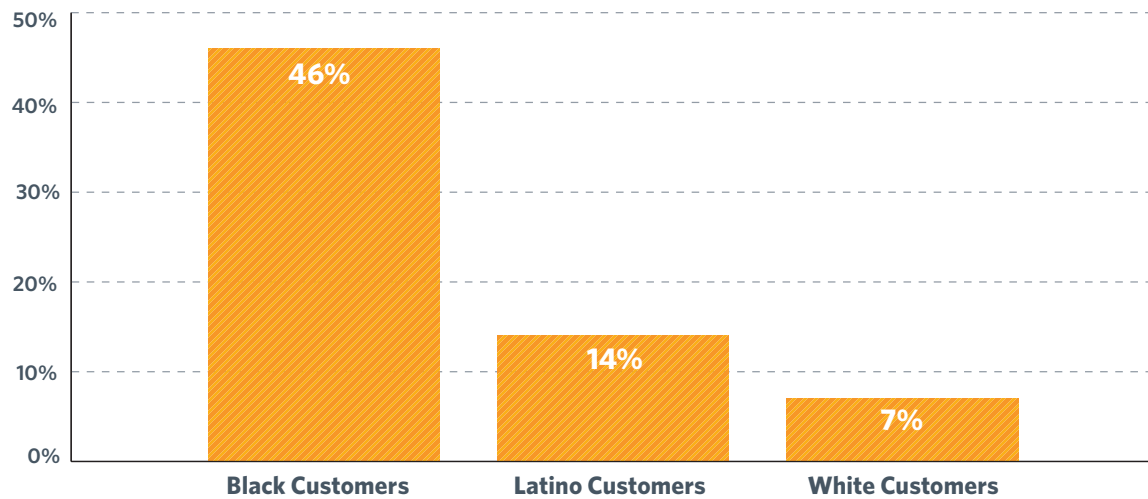
Consequently, we sought to gain greater insight into this practice during the larger survey period. We asked Zara employees to define the term "special order" and the frequency that shoppers of different racial groups would be labeled "special orders" in Zara stores. Most employees broadly defined the term "special order" as a code that is used when someone "suspicious"—"a potential thief"—walks into the store. Once a "special order" has been called and the customer is described over the headset, employees and managers follow that customer.

While 43 percent of respondents either did not know the term or did not feel comfortable responding to questions regarding special orders, 57 percent of respondents defined special orders and characterized the frequency with which the code was applied to white, Black and Latino customers. Of those who responded, 46 percent noted that Black customers were called special orders "Always" or "Often," compared to 14 percent regarding Latino customers and only 7 percent for white customers. The majority of employees believe that Black customers are coded as potential thieves at a higher rate than white customers. Additionally, 36.4 percent of employees surveyed believe that Black and Latino customers are discriminated against at a higher rate than white customers. Employees stated that special orders are identified by "dressing a certain way" and are "mostly African-American." Special orders were also defined as "Anyone who looks Black, not put together or urban."

One employee stated that he felt "that Black customers were targeted when it came to stealing."²¹ The special order practice not only demonstrates external discrimination towards customers of color, but it also promotes internal discrimination by forcing workers to discriminate against customers of their own race. According to the Zara employees surveyed, Black customers are almost 7 times more likely to be labeled a special order than white customers.

Shopping While Black

Many shoppers who do not conform to the "brand image" of a retailer also face discrimination in retail stores. A recent review of the literature and litigation around Shopping While Black—a term which refers to shoppers' experience of "the practice of racial profiling in retail settings"—finds that retail clerks and security officers may assume that all Black shoppers and certain other customers of color are criminals simply because of their race and, therefore, treat most or all such shoppers as potential shoplifters.¹⁹ This prejudice stands despite the fact that whites represent 68% of the adult arrests for larceny-theft (Federal Bureau of Investigation, 2011)—and with significant consequences: "unsubstantiated hunches would be acted on in the case of Blacks because they have been labeled as criminals."²⁰

Figure 5. Customers Always or Often Called a Special Order

During the survey period, Zara's New York City management became aware of the survey generally and the questions about the term "special order." Midway through surveying, respondents informed surveyors that the term "special order" was no longer being used. Instead, the store began using the code "customer service to (store location number)."²² Workers interviewed after the change confirmed that the practice remains the same under a different label.

Customer discrimination goes beyond being identified as a thief upon entry to the store. According to our interviews, customers of color are also treated differently when they attempt to make returns or exchanges to Zara stores. During one interview, the employee stated that the return policy is on a case-to-case basis and managers are able to use their discretion when deciding whether or not to do a return or an exchange. While returns and exchanges are routinely made as "exceptions" for white customers, they are not often granted to Black customers and, when they are, only after significant scrutiny. An employee detailed an instance where a Black customer wanted to exchange a jacket that he bought for his mother and the manager denied the customer. Several employees of color witnessed this interaction and "felt that that was a racial attack and that it was blatant."²³ The employee said that later that same day a white customer came into the store with a similar request and an exception was made. Additionally, another employee asserted that when customers of color attempt to make returns or exchanges they are generally required to have a receipt and their receipts are scrutinized far more than for white customers. In fact, there is no written rule requiring receipts for returns.

Summary and Recommendations

As the world's biggest fashion retailer, Zara is positioned to be a champion for change and inclusion in the retail industry. While "Inditex has explicitly committed to equality and non-discrimination,"²⁴ our research indicates that racial bias has become a regular part of the operations of Zara stores in New York City.

In order to rectify this problem, Zara needs to recommit itself to non-discrimination in employment, promotion, and service in New York City. We recommend the following steps:

- Institute a practice for workers to have access to a neutral, third-party arbiter to address their grievances, particularly relative to color and race discrimination.
- Recognize and respect workers' basic labor rights, including regular and reliable schedules regardless of race, equal opportunity to be promoted, and a living wage.
- Allow New York City Zara employees to choose to represent themselves in grievances through real bargaining agents, such as labor unions, without interference.

Notes

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A Message From Dorian T. Warren

This groundbreaking report, “Stitched with Prejudice,” written by Chaya Crowder is both enlightening and sobering. It is enlightening in that it details the contemporary corporate culture of Zara using an original survey and focus groups of employees from several stores in New York City. It is also sobering in documenting the systemic patterns of racial discrimination against both workers and customers across these stores. Crowder also finds, strikingly, the corporate culture of favoritism that advantages lighter-skinned employees over darker-skinned ones. This nuanced finding of colorism, embedded in a larger system of racism in contemporary retail practices of a popular clothing store, sheds light on how far we must go to once and for all end the multi-faceted nature of racial inequality in employment today. Crowder’s findings in this report are contextualized against the backdrop of Zara’s history of racial blinders and discrimination in its designs, and its treatment of workers and customers within the United States, notably unique given its European origins and reputation.

While the report painstakingly documents the policies and practices of discrimination against people of color and particularly against darker-skinned Black employees and customers, it also lays out a path for change. Crowder offers several recommendations that Zara could choose to implement if it is serious about becoming a high-road employer in the United States. These include recommitting to a non-discrimination policy and practice regarding hiring, promotion and customer service; respecting workers’ rights to freedom of association and predictable scheduling; providing a living wage to all its employees which numerous retailers have taken the lead in already offering; and allowing workers a fair grievance procedure through representatives of their own choosing to combat workplace discrimination and unfairness.

Crowder’s superb report should be mandatory reading for all of those concerned about advancing a racially and economically just retail industry in this country and around the world. Through the use of rigorous social scientific methods, along with specific recommendations about how to end discrimination in Zara stores, this is an example of engaged and policy relevant scholarship at its best.



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