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 ***“A case study of Ethical issue at Gucci in Shenzhen, China”***

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**1. Background**

Gucci, the Italian fashion brand has recently been exposed to the serious overtime of workers working in its foundries in China.*“It has an iconic, even noble, luxury brand image in the Greater China region, where its revenue increased by 35.6% in the first half of the year 2011. Gucci has expressed its intention to accelerate the process of opening stores in the Chinese mainland”.*

**2. Ethical and Moral violations**

Gucci said that in light of the media’s exposure to the serious overtime work of Chinese workers, the company will strengthen its control over suppliers. Recently, Gucci was exposed to the phenomenon that workers in China's foundries had serious overtime. “*According to foreign media reports, the head of a Gucci subcontractor said that the Chinese workers who handle the handbags for Gucci have to work 14 hours a day, and the prescribed working hours are only 4 hours”.* The person in charge said that Gucci is very aware of the problem of illegal employment. He also said that their company will sell handbags to Gucci for 24 euros, but the price of these handbags in Gucci's store is as high as about 1,000 euros (Wang, L., & Snell, R. S. (2013).

**2.1 Labor disputes**

Facing the labor disputes between employees and multinational luxury goods giants, Yang Ganwu said that according to the provisions of Article 15 of the Labor Security Supervision Regulations, the labor inspection department should “inquire about relevant personnel for investigation and inspection matters”. In his view, "the labor inspection department should perform its duties and cannot let two opponents with unequal strengths fight." According to the previous analysis, GUCCI provides employees with a harsh working environment, which is a corporate ethical issue. It is more difficult for employees to obtain compensation for the law in winning the law. In this regard, Yang said that the problem of Gucci's sweatshop is not only a social responsibility but also a corporate ethical issue. Many of these practices are also suspected of being illegal (Gao, 2009).

**2.2 Blood and Tear complaint**

In fact, this is not the first time Gucci has such a thing. As early as 2001, there were five employees who left the company "blood and tear complaints" Gucci Shenzhen flagship store is "sweatshop." Taking Gucci as an example, according to Ouyang Kun's analysis, Gucci's raw materials in China are mainly canvas fabrics, which are much lower than some developed countries, and the labor cost is much lower than those of developed countries so that their profits in the Chinese market (Krueger, 2008). The rate is higher. “In the market sales price of a Gucci product in China, raw materials account for about 5%, processing costs are about 10%, advertising and public relations activities cost about 10%, flagship store annual cost and team cost are about 15%, and deducting about 20%. The comprehensive tax rate, the remaining 40% is Gucci's profit holding part."

Obviously, high profits are undoubtedly fatal for countless overseas companies. In 2004, Gucci began to work in the Chinese market. At that time, it only had four stores in mainland China, but as of now, the number of stores has reached 45, and this does not include some new stores under construction (Wang, L., & Snell, R. S. 2013).

**3. Changing laws and Violation**

Gucci promises “to continue to strengthen its corporate management capabilities and organizational structure in China, and to improve employee benefits, training, and other management systems.”　In fact, companies like Gucci have expanded its local and global expansion for many years, and have established a relatively complete management system. They have also formed in humanized management, employee welfare protection, communication channels between employees and enterprises, and negotiation mechanisms. Relatively perfect systems, only need to copy their local management system to China, many problems will not happen. From this perspective, what foreign brands lack is not the management system or management level, but effective supervision (Gao, 2009).

　　"Actually, the real problem faced by Chinese workers today is not the specific misconduct of a foreign enterprise, but the general lack of the labor market order." Talking about the reasons why famous foreign companies have repeatedly made mistakes outside the local market. Gu Jun said. In Gu Jun's view, China's economic development today is very different. Although it still needs foreign investment, it is no longer hungry. Although it still needs to learn from foreign management experience, it is no longer blindly worshipped.

　　"Under such a situation, the public's doubts and complaints about well-known companies and brands such as GUCCI highlight the increasingly objective, peaceful, and the critical attitude of foreign society, foreign companies and foreign brands. People are increasingly unacceptable. Any form of 'super national treatment'." From legislation, law enforcement, and public opinion to laborers and consumers, we need to work together to create an overall environment that can encourage enterprises to regulate operations, assume responsibility, and cherish the image. This is a requirement for China's economic transformation and upgrading, and it is a requirement for China to further "integrate into the world (Wang, L., & Snell, R. S. (2013)."

　　In this regard, Zhu Ping expressed his approval and added: "When an individual's rights and interests are violated, the parties themselves should find a solution, and when a considerable part of the workers' legitimate rights and interests are not guaranteed, how to find a solution should be on the government's work schedule (Krueger, 2008)."

**Conclusion**

 In fact, not only Chinese employees have been complaining about GUCCI for a long time, but some Chinese consumers are also entangled in the “edge of love and hate” for luxury brands such as GUCCI. At the same time, they are full of bitterness. Sina Shangpin editors reviewed the public reports of major media and summed up five "crimes" for GUCCI - inferiority, arrogance, foolishness, indifference, and crush.

**References**

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