

## **Research Paper**

# **Business Ethics: The Ethicality of Sweatshops**

Business ethics refers to the principles that guide the way businesses are carried out. It basically implies the distinction between right and wrong in conducting business (Shaw 2). This, however, begs the question of what can be considered wrong and what might be the right of doing business. To this effect, business ethics refers to the accepted code of conduct that is acceptable to all concerned stakeholders.

Business ethics is important to an organization in a variety of ways some of which include the following;

- Business ethics reduce fraud and theft at the organization

By promoting the adherence to ethical principles such as integrity in all work activities, an enterprise reduces theft of company property and fraud at the organization.

- Enhances the market reputation of the organization.

Organizations that adhere to business ethics in their operations have better reputations in the market than those who don't. Such enterprises are likely to make more sales as customers want to be associated with the company's products.

- It helps the company to avoid unnecessary costs such as legal fees spent in settling disputes

Disgruntled customers, activists or even the government may file lawsuits against unethical business practices that the company may be involved in. The company, therefore, would have to incur costs in terms of paying for legal support employed in settling the lawsuit. This would however not be the case were the company to follow a strict code of ethics consistently hence we can conclude that ethical principles help business organizations to avoid unnecessary costs.

- Ethics is crucial to the survival of businesses

Be it in terms of avoiding unnecessary costs or attracting and retaining customers; business ethics plays a key role in achieving both hence must be followed by all businesses (Malachowski 1-13).

Despite the numerous benefits of following a code of ethics in business operations, most organizations find adhering to business ethics challenging because of the following reasons;

- A major challenge is the background and upbringing of individuals. Different people are raised differently hence each has their perception of what is morally acceptable and what is not in business operations. Each person, therefore, has his or her opinion regarding business ethics. As a result, the successful implementation of business ethics in an organization primarily relies on the perception of the concerned parties towards the code of ethics.

- The cultures and religions also play a crucial part in determining the successful implementation of business ethics. Cultures and religions shape dictate the way an individual views matters hence getting people who share in one's idea and are passionate about it may be challenging (Ferrell, Ferrell and Fraedrich 91-98).

- Some of the concerned stakeholders may also refuse to adopt the code of ethics. Resistance might result if the policies put forth are not clearly understood hence individuals do not fully support it.

The importance of adhering to ethics in business has become crucial to the success of firms as customers are increasingly showing preference to trading with a firm that operates ethically.

It is not surprising therefore that there has been a raging debate about the ethicality of operating sweatshops. Sweatshops, as defined by the United States Department of Labor, are factories that primarily operate in the clothing industry and contravene at least two labor laws. A number of sweatshops have been found to violate labor laws regarding employee benefits and working conditions. Often, sweatshops, pay its staff unfairly low wages, occasionally employ underage children, expect their employees to work under poor working conditions and for long hours ("Free Trade and Sweatshops").

Arguments against these workshops claim that they are highly unethical and exploitative hence need to be closed down. Arguments in support of sweatshops claim that these exploitative factories have no harm at all but are barely taking advantage of the demand and supply conditions of the labor market. Despite the strong opposition against running sweatshops pro-sweatshops activists argue that sweatshops offer wages and work conditions that are better than what is offered in less developed countries and also provide employment opportunities to U.S citizens. A majority of clothing industries across the globe strive to produce new innovative cloth designs consistently. The large scale production of these clothes is however done in sweatshops hence it can be argued that sweatshops are the engine that drives the clothing industry. Failure to adhere to ethical standards by sweatshops would, therefore, reflect negatively on the clothing industry as a whole (Hapke).

In recent times, one of the most publicized cases of major companies operating sweatshops has been that of the Nike shoe factories in Asia. Even though Nike does not own shoe-making factories in Asia, the company dictates the operations of the smaller companies who are contracted to Nike. The company, therefore, has to take responsibility for the working conditions at every shoe-making factory (Global Exchange). Nike, therefore, has had to take responsibility on several issues regarding the working conditions at Asian shoe-making factories. Several reports have been made about cases of physical and sexual abuse at Nike's sweatshops. A few of the company's plants have also been reported to employ young children who work under poor conditions and receive little pay. The company, therefore, had to respond to these claims, and in its defense, the company argued that it had brought jobs to Asian countries and had thus helped build the economy.

The issue however escalated when other reports emerged that Nike had failed to pay its Indonesian workers the minimum accepted wage rates. The protest by its workers gained media attention, and in effect, which caused Nike to yield to public pressure hence the company promised to improve its working conditions and pay better wage rates. Since then, Nike has made significant progress towards improving its work conditions and has improved on matters such as health and safety conditions at its factories (Global Exchange).

### Conclusion

Despite the many advantages that operating sweatshops bring, the practice is considered unethical due to several reasons. Poor working conditions increase the susceptibility of employees to illness and injuries while the provision of unfairly poor wages is in contravention of labor laws. Lack of employment benefits such as medical cover portrays a total disregard for the welfare of the organization's needs. On the plus side, sweatshops facilitate the cheap production of goods as variable labor costs are minimal. This enables the company to sell at prices that are cheaper than what is offered by other vendors in the market which is beneficial to the economy at large as it helps to reduce inflation (Hanna, 2009).

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