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Business Ethics the Ethicality of Sweatshops

Business ethics refer to the principles that guide the way businesses are carried out. They basically imply 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, ways of doing business. To this effect, business ethics refer to the accepted code of conduct employed by the company, to all, and any, concerned stakeholders.

Business ethics are important to an organization in a variety of ways, some of which include the following:

- Business ethics reduce fraud and theft within the organization. By promoting adherence to ethical principles, such as the integrity in all work activities, an enterprise reduces the theft of company property, and fraud within the organization.
- The way an organization conducts its business can either enhance, or hamper, the market reputation of the organization. Organizations that adhere to business ethics in their operations have better reputations in the market than those who do not. Such enterprises are likely to have more sales, as customers want to be associated with the good reputation of the company's products.
- They help the company avoid unnecessary costs, such as legal fees spent to settle disputes. Disgruntled customers, activists, or even the government may file lawsuits against unethical business practices companies may be involved

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in. Companies, therefore, have to incur costs, in terms of paying for legal support, in settling the lawsuit. This would, however, not be the case were the company to follow a strict code of ethics consistently. Therefore, moral ethical principles are more than likely to help business organizations avoid unnecessary costs.

- Ethics are 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).

And yet, despite the numerous benefits of following a code of ethics in business operations, most organizations find adhering to proper business ethics to be difficult 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 ethics in business. As a result, the successful implementation of business ethics in an organization primarily rely on the perception of the concerned parties toward a code of ethics.
- Culture and religion also play a crucial part in determining the successful implementation of business ethics. Culture and religion dictate the way an individual might view matters. Hence, getting people who share one's ideas and are passionate about them may be challenging (Ferrell, Ferrell and Fraedrich 91-98).
- Concerned stakeholders may also refuse to adopt the code of ethics. Resistance might result if the policies put forth are not clearly understood, and as a result, individuals will not fully support them.

The importance of adhering to ethics in business has become crucial to the success

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of firms as customers are increasingly showing preference in trading with firms that operate 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 Labour, are factories that primarily operate in the clothing industry and contravene at least two labour laws. A number of sweatshops have been found to violate labour laws regarding employee benefits and working conditions. Often, sweatshops pay their staff unfairly low wages, occasionally employ underage children, and 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, and consequently, need to be closed down. Arguments in support of sweatshops claim that these exploitative factories do no harm at all, but simply take advantage of the demand and supply conditions of the labor market. Despite the strong opposition against running sweatshops in the U.S., 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 clothing designs consistently. The large-scale production of this clothing 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 smaller companies who are contracted to Nike. The company, therefore, has to take responsibility for the working conditions at every shoe-making factory (Global

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Exchange). Nike, therefore, has had to take responsibility for several issues regarding the working conditions in Asian shoe-making factories. Several reports have been made about instances of physical and sexual abuse within Nike's sweatshops. A few of the company's mainline factories 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 the Asian countries where they operated, and thus, had helped to build up their economies.

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

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 unfair and poor wages is in contravention of labor laws. Lack of employment benefits, such as medical coverage, portrays a total disregard for the welfare of its organization's workers. 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 (Hanna, 2009).

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