

# Ethics sweatshop assignment

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Question 1 A sweatshop is a working environment with very difficult or dangerous conditions, usually where the workers have few rights or ways to address their situation. This can include exposure to harmful materials, hazardous situations, extreme temperatures, or abuse from employers. Sweatshop workers are often forced to work long hours for little or no pay, regardless of any laws mandating overtime pay or a minimum wage. Child labor laws may also be violated. Though often associated with third-world countries, sweatshops can exist in any country.

Sweatshops have existed in several cultures, including Early American culture beginning in the 1850's. Sweatshops can produce many different goods, from clothing to furniture. Meanwhile, defenders of sweatshops, such as Paul Krugman and Johan Norberg, claim that people choose to work in sweatshops because the sweatshops offer them substantially higher wages and better working conditions compared to their previous jobs of manual farm labor, and that sweatshops are an early step in the process of technological and economic development whereby a poor country turns itself into a rich country.

In addition, sometimes when anti-sweatshop activists were successful in getting sweatshops to close, some of the employees who had been working in the sweatshops ended up starving to death, while others ended up turning to prostitution. Prior to 1830, fine clothing had been custom-made, primarily by male members of the organized tailor's guild. Between 1830 and 1850, as the Industrial Revolution gave way to the Second Industrial Revolution, sweatshop production of inexpensive clothing displaced members of the

tailors' guild, and replaced them with lower-skilled workers performing piece work at lower wages and in inferior conditions.

The trend away from tailors was accelerated by the advent of a practical, foot-powered sewing machine in 1846. Sweatshops were the end of the artisan system that had existed. The terms sweater for the middleman and sweating system for the process of subcontracting piecework were used in early critiques like Charles Kingsley's *Cheap Clothes and Nasty*, written in 1850. The workplaces created for the sweating system were called sweatshops, and variously comprised workplaces of only a few workers, or as many as 100 or more.

In the sweatshop of 1850, the role of the sweater as middleman and subcontractor (or sub-subcontractor) was considered key, because he served to keep workers isolated in small workshops. This isolation made workers unsure of their supply of work, and unable to organize against their true employer through collective bargaining. Instead, tailors or other clothing retailers would subcontract tasks to the sweater, who in turn might subcontract to another sweater, who would ultimately engage workers at a piece rate for each article of clothing or seam produced.

Many critics asserted that the middleman made his profit by finding the most desperate workers, often women and children, who could be paid an absolute minimum. While workers who produced many pieces could earn more, less productive workers earned so little that critics termed their pay starvation wages. Employment was risky: injured or sick workers would be quickly replaced by others. Between 1850 and 1900, sweatshops attracted

the rural poor to rapidly-growing cities, and attracted immigrants to places like East London, England and New York City's garment district, located near the tenements of New York's Lower East Side.

Wherever they were located, sweatshops also attracted critics and labor leaders who cited them as crowded, poorly ventilated, and prone to fires and rat infestations, since much of the work was done by many people crowded into small tenement rooms. Criticism of garment sweatshops became a major force behind workplace safety regulation and labor laws. As some journalists strove to change working conditions, the term sweatshop came to describe a broader set of workplaces whose conditions were considered inferior.

Some companies have acceded to public pressure to reduce or end their use of sweatshops. Such firms often publicize the fact that their products are not made with sweatshop labour; a number of organizations publish lists of companies that pay their workers a living wage. A 1998 report by the Catholic Fund for Overseas Development says a third of all clothes on sale in the UK's high street stores have been made in sweatshops in Asia. In the United States, shoemaker New Balance is notable for changing its policies after intense pressure from campus anti-sweatshop groups.

Clothing retailer Gap Inc. , which includes Gap, Old Navy, Banana Republic and Forth & Towne brands, has significantly changed its policies. Gap Inc. has developed a Code of Vendor Conduct which applies across all of its brands based on internationally accepted labor standards. Walmart and Nike

are two of the largest corporate sponsors of sweatshop labor, but claim that they have safeguards in place to avoid using the worst sweatshops.

Disney has also employed sweatshops to produce much of their clothing and toys, but their use has not been as well publicized as the cases of Nike, Walmart, or Kathie Lee Gifford. In the book “ Disney; the Mouse Betrayed”; a chapter shows dealings with China, Vietnam, Haiti, but especially targets Disney’s relationship with the military junta of Burma, of which it works hard to keep quiet given Burma’s huge unpopularity in the international community. “ Dozens of American clothes makers, such as Old Navy, Gap, Guess, Donna Karan, Victoria’s Secret, have all signed pledges with the U.

S. Department of Labor stating their conditions are closely monitored and that no child labor is being used. Disney has not. ” The World Bank estimates that today, 1/5th of human beings live under the international poverty line. World poverty has become better due in a large part to the economic success of China and India, the two countries with the largest number of workers in sweatshops. Against this progress in the developing world, one should also note that economic inequality between the richest and poorest has never been so large. The income gap between the fifth of the world’s people living in the richest countries and the fifth in the poorest was 74 to 1 in 1997, up from 60 to 1 in 1990 and 30 to 1 in 1960. Earlier the income gap between the top and bottom countries increased from 3 to 1 in 1820 to 7 to 1 in 1870 to 11 to 1 in 1913. ” While trade unions, minimum wage laws, fire safety codes, and labor laws have made sweatshops (in the original sense) rarer in the developed world, they did not eliminate them, and the term came to be increasingly associated with factories in the developing world.

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In a report issued in 1994, the United States Government Accountability Office found that there were still thousands of sweatshops in the United States, using a definition of a sweatshop as any “ employer that violates more than one federal or state labor law governing minimum wage and overtime, child labor, industrial homework, occupational safety and health, workers’ compensation, or industry registration”. This recent definition eliminates any historical distinction about the role of a middleman or the items produced, and focuses on the legal standards of developed country workplaces.

An area of controversy between supporters of outsourcing production to the Third World and the anti-sweatshop movement is whether such standards can or should be applied to the workplaces of the developing world.

Sweatshops are also sometimes implicated in human trafficking when workers have been tricked into starting work without informed consent, or when workers are kept at work through debt bondage or mental duress, all of which are more likely in cases where the workforce is drawn from children or the uneducated rural poor.

Because they often exist in places without effective workplace safety or environmental laws, sweatshops sometimes injure their workers or the environment at greater rates than would be acceptable in developed countries. Sometimes penal labor facilities (employing prisoners) are grouped under the sweatshop label. Sweatshops have proved a difficult issue to resolve because their roots lie in the conceptual foundations of the world economy.

Developing countries like India, China, Vietnam, Bangladesh and Honduras encourage the outsourcing of work from the developed world to factories within their borders in order to provide employment for their people and profits to their employers. The shift of production to developing countries is part of the process known as globalization, but may also be described as neoliberal globalization to emphasize the role that free market economics plays in outsourcing. Question 4

Giordano, International Limited is a Hong Kong retailer of men's, women's and children's quality apparel founded in 1981 by Jimmy Lai. Giordano has become a pioneer of customer service in the Asia-Pacific region and, as of January 2008, currently employs more than 11, 000 people and operates 1800 stores worldwide in 40 countries. As of 1996, Jimmy Lai no longer owns the company and its current Chairman and CEO is Peter Lau Kwok Kwen, a Chinese-Canadian. Although based in Bermuda the company's principal global operations run out of Hong Kong.

The company is Asia-Pacific's most successful retailer and sells its name under the brands of " Giordano", " Giordano Concepts", " Giordano Junior" and " Giordano Ladies". Giordano has been publicly listed since 1991 and since then trades on the Hong Kong stock exchange under the ticker symbol. Giordano's success is measured by the company's relentless focus on its five corporate business values of quality, knowledge, innovation, simplicity and service. The company has its own apparel manufacturing division where many of its own clothing styles are produced.

Giordano is also renowned for its basic and practical men's, women's, and children's T-shirts and trousers, especially denims. In comparison, Giordano is very similar to the American based retailer The Gap. Although presently a highly successful international retailing company, Giordano's first beginnings were ominous. Jimmy Lai originally intended for the company to target the upscale Hong Kong market, it proved unsuccessful, and soon afterwards the company was faced with closing down all over Hong Kong.

However, instead of shutting down Lai turned to other successful retailers of the day for inspiration, and proceeded to transform the company. Soon Lai developed a new company formula. By drawing upon ideas from many already successful international retailing brands such as McDonald's, United Colours of Benetton and Marks and Spencer, Lai created a new Giordano which focused on simple and basic high quality styles, in many colours and sold at reasonable prices.

The massive make-over included the company's approach to customer service and consequently Lai had all employees taught to emphasize the importance of the customer. The formula was successful and by the early 1990s Giordano had 200 stores across mainland China and Hong Kong. Other stores soon followed in the Middle East, Singapore, South Korea, Taiwan, Thailand, Malaysia and Indonesia. Giordano, since its conception has always been intimately committed to the communities in which it conducts business.

The company has been progressively dedicated to being a successful and responsible corporate citizen in all regions of operation. This means not only delivering quality products and quality service to their customers but also



having a positive influence to the customers community as well. The company's achieves this by supporting a myriad of charitable organizations and causes as well as doing much of its sourcing in local areas, a move that has helped it avoid damaging currency swings in the past.

The environmentally conscious company always performs business through means safe and beneficial to the environment. Giordano was actively involved in distributing clothes to the victims of the Boxing Day Earthquake and the consequent tsunami. While the company actively supports local communities it also believes strongly in making the workplace environment productive as possible for its 11, 000 employees worldwide. The company's social responsibility is not only limited to its local communities and employees but also the companies and corporations in which Giordano conducts its business.