

Cross cultural perspectives

[Sociology](#), [Communication](#)



For many years, Nike Inc has been known worldwide as the champion of athletic gear producers, being a global leader in business and marketing. The company experienced a tremendous growth between 1970s and 1990s, dominating the global athletic footwear and apparel market (Cartey, 2002). However, in 1990s, Nike started facing a fierce criticism for its unethical practices of conducting business in developing countries.

Critics accused Nike for poor working conditions, exploitation of cheap overseas labor, and violation of minimum wage and overtime laws in countries, such as China, Vietnam, Indonesia, and Mexico, where the company had outsourced its manufactures. Instead of using ethical means to developing a global brand, Nike used child labor and every possible cheap way to increase its profits. Like many other U. S. companies, Nike manufactures its products in third world countries. Workers in these manufactures may earn as little as 12 cents per hour, working in unsafe, even dangerous working environments.

These manufactures are called sweatshops, and have triggered many objections from human right organizations for violating the basic human rights. Victoria Carty (2002) explains that: The Internet has significantly accentuated awareness of the controversies surrounding Nike's business culture and practices. Information regarding corporate abuses has spread quickly through cyberspace, bringing bad publicity to new levels of awareness, and has facilitated mobilization among activists.

It has also provided the resources and environment essential for organized mobilization in the form of a new social movement (NSM). When the labor

activists and scholars began observing Nike's labor practices, they discovered systematic violations of workers' rights in Nike factories. Their findings resulted on health and safety absences in the working environment, discrimination against trade unions, forced overtime, unfair wages, and increasing production quotas whenever workers met them.

Since assembly line workers in developing countries could not have success against the exploitation, citizens from the international community began advocating for them and started an anti-Nike campaign to confront these unethical issues and demand corporate social responsibility and respect for human rights. These manufactures, on the other hand have allowed developing countries to expand their exports and improve their economies. Therefore, many debates have developed about globalization and global labor practices.

While critics seek regulations to restrict the use of sweatshop labor, economists think that such regulations will harm the world's poor. Proponents, who support sweatshops, argue that free trade without labor restrictions generates future prosperity and, therefore, better working conditions for the host country, by providing developed countries with access to cheaper goods. In turn, opportunities to exploit cost advantages in export markets are greater. Based on their research, even terrible jobs provide some positive outcomes to a society, by benefiting others, who are not part of this employment.

Workers can also earn job-related skills and provide benefits to the society at large. Eventually, a durable economic growth will improve the economic and social conditions of these people. That is why the economist Paul Krugman

supports Myerson's economic theory that "The overwhelming mainstream view among economists is that growth of this kind of employment is tremendous good news for the world's poor" (Arnold & Hartman, 2005). Sweatshops are the optimal solution for a developing nation's economy.

According to Arnold and Hartman (2005), "...the argument states that, however much we may not like some of what we see in the labor conditions of developing nations, this is the market at work; and the market works to generate overall improvements in economic welfare for a society. " They consider a moral obligation to perform actions that better enhance the overall satisfaction of these societies. Therefore, they argue, as many sweatshops as possible must be created and maintained. Is their evaluation legitimate?

Generally, market economies have the potential to create tremendous economic growth in poor countries; ethical responsibilities would be that businesses which seek to benefit from that growth not do so by exploiting the human and natural resources of host countries (DesJardins, 2011). Although free markets generate benefits, certain boundary conditions hold firm. The relation between workers and their employers should be such that workers are fully informed about occupational health risks and their employment is truly voluntary, not through coercion.

People must be able to make rational decisions about their self-interest, and no child should be held to the terms of any contract they enter into. Critics of sweatshops argue that workers may agree to work under poor conditions, because they have no other option to earn income, and they may not have enough information, prior to being employed in those sweatshops. Once they

have made such choices, it would be extremely difficult for them to get out of a labor agreement and return to the previous circumstances.

That is why the fact that workers agree to work under poor conditions does not mean they agreed to the kind of conditions they face. DesJardins (p. 280) explains that “ Someone who chooses to surrender her money to an armed robber is also relatively better off than she otherwise would have been, but this fact does not justify the actions of the robber. ” So, there is not a well-functioning free market in these countries. In contrast, they cause a social disruption, because people leave from their villages to depend on public social services in urban areas.

An increased population in urban areas worsens sanitation and housing resources. Job losses from the closed factories in these countries result in a higher poverty. What should Nike do to show an ethical responsibility to business in these host countries? First, it should not tolerate any discretionary exploitation in the contractors it employs—for example, when managers try to extort sexual favors from vulnerable workers. Second, it should insist that the established labor laws be obeyed and also that governments enforce those rules uniformly.

This will do away with impure structural exploitation. Third, it should press for structural solutions that end the exploitability of labor and do its fair share to repair the background circumstances that make taking unfair advantage possible. Certainly it should not lobby for policies that perpetuate or strengthen the structural conditions that permit businesses to exploit workers. In 1990s Nike started facing criticism from different human right

organizations for poor labor conditions of its workers in foreign countries, in particular in Asian countries.

Nike has violated the minimum wage and overtime laws in these countries and has used the exploitation of the poor people to gain billions of dollars. These events have triggered many critics and economists to discuss and analyze the situation from a variety of ethical frameworks. Nike has tried to take actions to curb its practices and observe these manufactures to ensure that child labor is not being used. However, there is still much to do for applying the same ethical responsibility standards inside U. S. as well as in international business.