

Ethical perspectives



Michael Turner Introduction Over the last 20 years, many corporations of the United States have moved their factories overseas as a way of reducing taxes, avoiding strict government regulations, and reducing overall costs.

Nikkei Inc. is no different. They have hundreds of factories in various countries like South Korea, China, Vietnam, Taiwan, Pakistan and China. US based companies view this as an opportunity fulfill the consumers' needs while maintaining much lower costs of production.

The poor decisions of these relocations have been highlighted by the media with Nikkei getting a major portion of the scrutiny and highly criticized based on its organizational culture. Issues that have plagued corporations over the years are poor work conditions and exploitation of children in the labor force. Despite all of the problems, little to nothing has been done to prevent these labor related problems unless when there is an occurrence of tragedy and this is increased when they demonstrate a public outcry and rally for change.

These are the main conditions the United States faced during the Industrial Revolution. These work conditions have currently been resolved in the United States apart from some small areas in the agricultural sector.

However, on the international organizations in some of the third world countries continue to face the problem of poor work conditions and the use of children as part of the work force. This is an accepted practice in some cultures but focus group and activists will continue to push for change which is long overdue.

Nike's Cultural Issues Nike Corporation is a company known all round the world due to high profile athletes and great marketing. Since the beginning,

Nikkei has ventured into other countries outside the United States. The Nikkei Corporation was founded by Bill Borrower and Philip Knight. The company headquarters is in Beaverton, Oregon and its expansion to other countries is with the aim of reaching the untapped markets around the world in order to increase its profits. The company has also managed to outsource its production factories to different countries including Pakistan.

In Pakistan, Nikkei Company faced serious cultural issues including the use of children for labor and poor work conditions. The allegations ranged from situations where children were tasked with stitching soccer balls to sports garments. Bole & Khan (2009) document that Shalot, Pakistan has been the place where soccer balls of Nikkei have been produced for several years and it is estimated that thousands of children have been used as workers in the production process. We live in a world of many different cultures and the views around children and their responsibilities to their families are different.

Khan (2010) says that childhood is perceived in different ways and this is not only across countries but also in a specific culture and across various ethnic groups (Khan, 2010). An example is the case of most underdeveloped and poor mountainous areas like in Shalot, Pakistan where parents have no problem with children working as a way of helping their parents to support the family. It is hard to tell a parent that worked as a child for their parents to not have their children do the same for them. They do not see any harm in it.

As a matter of fact, most parents would argue that kids working would help to build responsibility and discipline from a young age. Others will argue that kids need to live their childhood as kids so they should play and learn in

school. This is a different case with the United States where child labor laws have been passed to protect the American children from being used as laborers at a young age. US families are no different; they would use kids to work if it were not for the laws to protect them.

For the case of the struggling families as those of Pakistan, they see that it's a necessity for children to work as a means of survival for the whole family. The public awareness of the company's ethical issues led to relentless attacks and strict recommendations were communicated to fix the poor conditions. With the increased pressure, Nike was forced to change the way they operate overseas. They changed their vision and strategy. They started auditing and to find all of the problems with the factories concerning child labor and poor working conditions.

They were monitoring the factories for the types of people they hire. They applied tighter rules and regulations on these factories to ensure the regulations are met consistently. Ethical and Social Responsibility Analysis Globalization was the driving factor for Nike to put factories in foreign countries. Nike makes a great product with very low costs, they have the best athletes in the world rearing their gear, and they have Phil Knight, who was just inducted into the advertising hall of fame, as an advertising guru. These three factors make Nike almost impossible to compete with.

The cost advantage of moving the factories overseas is exponential and provided a pathway for the corporation to enter new emerging markets. The moving of these plants may seem unethical to some people but the decision was made for the best interest of the business. No one can be a winner when

the company has lost its competitiveness in the industry (Tontine, and Lewis, 2005). Conclusion A difficult challenge in today's economy when trying to grow your business is ensuring that ethical and social standards are still being met.

For Nikkei, the media was focused on working conditions, child labor and the poor wage scale all of which are the accepted norms in SE Asia. The truth is that businesses typically turn their heads to this type of activity overseas because it is their culture and accepted by their people. That doesn't make it right. Nikkei has made continual strides at ensuring this doesn't happen again as the reputation value cannot be measured. The media as also attacked Nikkei for taking away American Jobs.