

**Business ethics  
wages and working  
conditions commerce  
essay**



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International business ethics is a particularly complex issue as ethical standards are different depending on where you are. Corporate governance, bribery, corruption, working conditions and targeted marketing are all issues that require organisations to establish an ethical standpoint from which they can work on.

There is an increasing emphasis on the corporate responsibility of large organisations from developed nations and the way they operate in third world countries. Many nations now impose their ethical standards on developing countries even though they themselves have been guilty of arguably unethical practices in the past. For example, the poor working conditions suffered in the third world were commonplace during the industrialisation of many western economies.

Some of the most common international ethical issues surround the environment, child labour, working standards and conditions, targeting marketing to vulnerable individuals and corruption.

Unethical practices include not paying workers a fair wage, employing children under the legal working age and unsafe or unsanitary working conditions. Any practices that are not in compliance with fair labor standards and federal working guidelines fall into this category.

## **2. 2Some of the Types of Unethical Practises Relating To Wages and Working Conditions**

### **2. 2. 1Child labor**

Even today, millions of children in developing countries such as India, Indonesia, and Pakistan are doing hard labor for miniscule payment. Nike

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and Reebok, as well as other major businesses, have been accused of buying goods from subcontractors which we are produced by child labor. Alongside of this, there have been strong allegations that China is using the free of price labors of prisoners to produce exportable materials. It seems that businesses are sacrificing human rights in order to cut costs.

## **2. 2. 2Exploitation of workers (by paying them low wages)**

Paying extremely low amounts an hour is not far from slave labor, even if workers are happy with their pay. People should be paid a fair wage based on the benefit you gain from them, not what the fair wage is based on the standards in their economy.

If people work for you at pennies on the dollar, and you reap massive profits because of that – in other words, they do the work and you keep the money – it's simply not fair. Why should one group do most of the work for enough money to survive, while another group becomes stinking rich?

## **Reason behind International Businesses Acting Ethically or Unethically**

Advantages and disadvantages for a business to act ethically

The advantages of ethical behaviour include:

Higher revenues – demand from positive consumer support

Improved brand and business awareness and recognition

Better employee motivation and recruitment

New sources of finance – e. g. from ethical investors

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The disadvantages claimed for ethical business include:

Higher costs – e. g. sourcing from Fair-trade suppliers rather than lowest price

Higher overheads – e. g. training & communication of ethical policy

A danger of building up false expectations

## **2. 4 Recommendations for Businesses to Act Ethically**

There are ways to curb unethical practices these include having pressure groups, aiming to motivate people to choose morality over greed.

### **2. 4. 1 Pressure Groups**

Businesses and industries increasingly find themselves facing external pressure to improve their ethical track record. An interesting feature of the rise of consumer activism online has been increased scrutiny of business activities.

Pressure groups are a good example of this. Pressure groups are external stakeholders they

Tend to focus on activities & ethical practice of multinationals or industries with ethical issues

Combine direct and indirect action can damage the target business or industry

Some examples of business-related pressure groups can be found from the following links:

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Direct consumer action is another way in which business ethics can be challenged. Consumers may take action against:

Businesses they consider to be unethical in some ways (e. g. animal furs)

Business acting irresponsibly

Businesses that use business practices they find unacceptable

Consumer action can also be positive – supporting businesses with a strong ethical stance & record. A good example of this is Fair trade.

## **2. 4. 2 Choosing Morality versus Greed**

Even though \$300 USD a month may not seem like much to someone living in a developed country, in Thailand, or Romania, the Philippines, or India, it's above the average monthly wage. Sometimes as much as three times the average wage in that country, meaning this person is actually very well off when compared to others in their country.

That money affords the worker a quality lifestyle in their homeland. It may even provide enough money for them to support their family, which no one is going to argue, is a bad thing. Throw in a few bonuses, some extra incentives for good work, and you have a situation where you feel like you are empowering someone and saving them from a situation where they might otherwise be earning half that money doing something like washing dishes.

Solution to many international ethic practices lies in the development of international agreements and code of ethics.

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## **2. 4. 3 Standardized and Strict Laws against Unethical Behavior.**

Basic laws should be made to protect human rights. Although laws, traditions and beliefs may differ in different countries a basic set of laws should be followed in order to safeguard human rights.

## **3. Introduction to Apple**

Organization of Apple was established in 1976 as a computer company. However, in the last decade, Apple has expanded into a complex company that specializes in much more than just computers. In 2001, Apple broke the barrier with the iPod, eventually becoming the dominant market leader in music players. In following, Apple joined the phone industry in 2007 with the iPhone, which has also been widely successful. Apple is known as a consumer goods company; therefore evaluating its value requires understanding its products and consumers. This would be very challenging where Apple competes with many different companies throughout the different industries it takes part in.

## **4. Unethical Practices by Apple.**

Apple outsources the production of its goods to countries where labour is cheap. One of apples biggest plants is Foxconn which is located in Schengen, China.

That's why the prices of iPhones and iPads in America and Europe are so cheap. Despite the products being cheap Apple makes super-high profits. This is only possible because iPhones and iPads are made with labor practices that would be illegal in the United States.

And it's also disconcerting to realize that the folks who make our iPhones and iPads not only don't have iPhones and iPads (because they can't afford them), but, in some cases, have never even seen them.

#### **4. 1 Illegal and Poor working conditions**

Foxconn is a plant in Shenzhen China where apple products are made.

Foxconn doesn't really check ages. There are on-site inspections, from time to time, but Foxconn always knows when they're happening. And before the inspectors arrive, Foxconn just replaces the young-looking workers with older ones.

Most of the factory floors are vast rooms filled with 20, 000-30, 000 workers apiece. The rooms are quiet: There's no machinery, and there's no talking allowed. When labour costs so little, there's no reason to build anything other than by hand.

The official work day in China is 8 hours long, but the standard shift is 12 hours. Generally, these shifts extend to 14-16 hours, especially when there's a hot new gadget to build.

The workers stay in dormitories. In a 12-by-12 cement cube of a room, Daisey counts 15 beds, stacked like drawers up to the ceiling. Normal-sized Americans would not fit in them.

Unions are illegal in China. Anyone found trying to unionize is sent to prison.

One group talked about using "hexane," an iPhone screen cleaner. Hexane evaporates faster than other screen cleaners, which allows the production

line to go faster. Hexane is also a neuro-toxin. The hands of the workers who tell him about it shake uncontrollably.

Some workers can no longer work because their hands have been destroyed by doing the same thing hundreds of thousands of times over many years (mega-carpal-tunnel). This could have been avoided if the workers had merely shifted jobs. Once the workers' hands no longer work, obviously, they're canned.

One man got his hand crushed in a metal press at Foxconn. Foxconn did not give him medical attention. When the man's hand healed, it no longer worked. So they fired him.

#### **4. 2Reasons why Apple has plants in Shenzhen China**

According to some of the Apple executives, Shenzhen's factories, as hellish as they are, have been a boon to the people of China. They say the "grimness" of the factories, is actually better than the "grimness" of the rice paddies.

So, looked at that way, Apple is helping funnel money from rich American and European consumers to poor workers in China. Without Foxconn and other assembly plants, Chinese workers might still be working in rice paddies, making \$50 a month instead of \$250 a month

With this money, they're doing considerably better than they once were.

Especially, women had few other alternatives.



If Apple decided to build iPhones and iPads for Americans using American labor rules, two things would likely happen:

The prices of iPhones and iPads would go up

Apple's profit margins would go down

Almost all of the major electronics manufacturers make their stuff in China and other countries that have labour practices that would be illegal here. One difference with Apple, though, is the magnitude of the company's profit margin and profits. Apple could afford to pay its manufacturers more or hold them to higher standards and still be extremely competitive and profitable. Therefore Apple can afford to pay their workers more or even improve the working conditions.

## **5. Recommendations for further improvements.**

Apple should started unprecedented probes into its factories all around the world; these probes will put pressure on the plants that make iPhones and iPads.

Apple should increase the amount it pays its employees and therefore give them a larger share of profits.

They should reduce the working hours of the employees and pay overtime.

They should try to follow the labour laws of their country of origin (USA) and not the lax laws of China where workers are allowed to be overworked.

They could increase loans offered to these workers at lower rates, improve the working conditions of these workers by investing in their factories rather than investing so much money in marketing and advertising.

They could pressure its branch, converse to improve the working conditions in their factories.

## **6. Conclusion**

A small sacrifice in terms of profits from a big company like Apple can go a long way for poor workers in underdeveloped countries. But companies like Apple face the dilemma of voluntarily dropping their profits in order to help these workers or exploiting these workers for large profits. The motivation for a company like Apple to help these workers comes from the fear of bad publicity and the reward of goodwill for being an ethical company. It is therefore important to keep close checks on unethical companies and boycott goods from companies that are unethical towards their workers.

The hard truth is that several companies need to be motivated or threatened so that they do not indulge in unethical practices, therefore the responsibility of pressuring these companies falls on the consumer. By buying products from these unethical companies we are indirectly supporting them in their activities.