

Wal-mart's chinese supply chains

Business



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The workers conditions in Wal-mart's Chinese supply chains are deplorable. China Labor Watch, a human rights group is calling for the improvement of the labor conditions and proper implementations of Labor contracts Law in China. The organization is calling on the governments of china as well as other countries with multinational companies to work towards improving conditions for workers while negating unionization of its workers. The joint statement by the two organizations about Wal-Mart's ethical sourcing in fact confirms that the report by Wal-Mart on ethical sourcing is an endeavor to escape from their social responsibility from the problems facing the company, problems it had a hand in creating (Ferrell & Fraedrich 413).

American and Chinese jobs are jeopardized by Wal-Mart China imports since a large trade deficit exists owing to the large imports from china compared to the exports from the U. S to china. The United States International Trade Commission (USITC) need to take significant steps to ensure that the situation in Wal-Mart China is regulated and the unfair labor practices are checked. Wal-Mart China enjoys a big monopoly in the region and has developed corporate responsibility standards for its workers according to the company's audits. The commitment of the customers and workers has led to exploitation since Wal-Mart capitalizes on this advantage by failing to increase the prices for the goods it pays despite the rising production costs. Wal-Mart, the world largest retail store has been playing some cards under the table in regard to labor both in America and China through violation of wages and hours while blatantly using the sweat of labor to make more profits while doing nothing to improve the welfare and safety of its workers.

' China Labor Watch,' confronts the issue of the deplorable standards in Wal-Marts China supply chains in its long-term investigation report. Workers in Wal-mart China, for example Huasheng packaging factory complain of long working hours of up to 12 hours a day and mandatory overtime during high seasons; poor working conditions where they inhale large amounts of paper particles and other debris; poor living conditions, where by as many as 12 workers live in cramped dormitories and poor payment and remunerations since they receive less than a dollar a day that is not equitable to their work. In Hantai Shoe Factory workers complained about limits to the amount of overtime paid. Any overtime that surpasses the limit is not paid but forwarded for consideration in the followin month; abuse and demotions to undesirable jobs until a worker voluntarily quits because the chain does not wish to pay severance payment to workers and being compelled to lie Wal-Mart inspectors over the overtime and other conditions in order to save their jobs. In addition, there was a well executed plan to cheat the investigators (Monczka et al 326).

The inclusion of children in some of Wal-Marts stores and factories is a direct violation of Child labor laws that stipulate that, no child under the age of 18 years should be engaged in any form of labor or forced labor. The audit reports by are mere detractions that trivialize the true situation at the factory stores as evident by the recent toy recalls. Wal-Marts puts a great deal pressure on its suppliers leading to delivery of low cost and sometimes poor quality merchandize due to the problems created in the factories such as the safety of the workers or even the products. There has been no significant effort publicly declared by Wal-mart despite the public pledge to

radically improve the conditions. New problems have emerged to add up to the existing ones making the situation even worse.

Correct records are hidden during inspection and auditing and the workers forced to lie about the prevailing conditions in favor of Wal-Mart. Most of the workers hold that the social responsibility standards by Wal-Mart are a gimmick focused on enhancing public relation at the expense of their efforts since they are never actually implemented. They feel that since they have no powers or resources against the abuses as well as the poor working conditions they can only show the world the true picture of Wal-Mart so that it is known that it is not a 'milk and honey' working environment. A day before the publication of Wal-Mart's publication in the year 2006, a U. S based watch coalition-'Wal-Mart Watch' and a Hong Kong based NGO, 'SACOM,' issued a joint statement on the underlying problems in Wal-Mart China. About eighty two workers drawn from five Wal-Marts toy supply factories in the Zhuhai and Shenzhen cities located in Guangdong province.

SACOM researchers unearthed a number of unethical labor practices that the Wal-Mart auditors never established. Workers from the toy factories were unanimous in their allegations of wage and working hours violation, risky working conditions, unhealthy worker housing, denial of labor contract protection, denial of social security, unreasonable punishment and heavy fines, suppression and illegal firing by factory management. The endeavors by Wal-Mart to improve their conditions in China and other countries are futile since it is not accompanied proper commitment and good faith. Wal-Mart only focuses on its low-cost sourcing strategy and has a poor monitoring system that allows its suppliers to violate the most basic ethical

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standards and laws. Wal-Mart claims corporate help all over China through food and financial donations to charitable organizations. However, this perceived noble gesture is only meant to promote good Public relations with an end of boosting sales and not as an end in itself since the trucks have big logos advertising Wal-Marts products.

This is not donation but an aggressive advertising campaign for its products. The objective towards sustainability has been used by Wal-Mart in order to sell more of its products to customers. It advertises its new products aggressively while holding their focus on sustainability of products thereby confusing the customers in the long run. Customers are told to buy newer, power saving DVD players or televisions even though they had recently bought others with the sustainability promise. Wal-mar makes huge profits since they only use a small amount of energy to make products but sell them to up to four times profit making the environment suffer Reference (Ferrell & Fraedrich 413). People can essentially buy food, household goods and furniture at reduced prices.

This is a noble opportunity by Wal-Mart but futile to some extent sine the share in expenditure for the above categories has vividly shrunk with time. On the other hand Wal-Mart has not done the same for categories of things whose expenditure shares have shot up such as: health care, transportation and housing. The campaigns to expand Wal-mart in a bid to benefit poor Chinese, Americans and others is untrue and impractical since the most pertinent issues such as housing, education, transportation and healthcare are not catered for. The entry of Wal-mart in a local market anywhere in the world leads to a reduction in the pay of workers in the competing stores. It is <https://assignbuster.com/wal-marts-chinese-supply-chains/>

very in human to seek business interests at the expense of healthcare, safety and general welfare of workers as is being done at Wal-mart's stores wit the management ignoring please for the improvement of the situation. More regulations should be put in place to protect the workers, their health and safety since they are essentially the ones that make Wal-mart survive in this competitive world over all competitors despite their unfair treatment of workers and the poor working conditions.