

# Corporate globalization and ethical dilemmas assignment

[Sociology](#)



As companies expand into new markets and globalization becomes more and more a part of world economics, cultural dilemmas are sure to surface.

Different cultures have developed different sets of values, laws, regulations, attitudes, and ethics. Communication styles, ways of conducting business, and etiquette can vary drastically from culture to culture. Something as simple as a common hand gesture can have a completely opposite meaning from one nation to another.

Due to these cultural differences, organizations must be very careful when expanding their enterprise into new countries. One organization that has faced a number of cultural and ethical issues as a result of global expansion is Nike. Nike is amongst the most well-known brand names in the world, selling shoes and athletic apparel to all kinds of people all over the world. Founded in Oregon in 1962 by Philip Knight and Bill Bowerman, Nike has grown exponentially to include over 700 retail outlets worldwide, and around 45 offices outside of the United States alone.

Employing 30,000 people worldwide and generating tens of billions of dollars in revenue, Nike is a prime example of corporate globalization (Professional Ethics Articles, 2012). The success of Nike, however, has not come without controversy. In its efforts to rapidly expand and grow to a worldwide business, the corporation has had its share of ethical controversy, mostly stemming from its largely outsourced factory work. Asian countries like Pakistan, Malaysia, India, Indonesia, China, Philippines, and Thailand contain the majority of Nike's factories (Professional Ethics Articles, 2012).

This has presented Mike with a substantial amount of bad publicity and negative public response. There is a reason that Mike has chosen these countries to house its factories, and that reason is cost reduction. By utilizing cheap foreign labor, the company is able to drastically reduce its production costs, resulting in drastically increased profit. These cost reductions come with a cost of their own, however. These countries were likely chosen because of their more lax laws and regulations regarding labor, or in cases where laws do exist, the ease with which the laws can be broken.

Child labor, sweat shops, low wages, and unpaid overtime are common place in these countries. By outsourcing production to these countries Mike is able to stay within the limits of domestic law while simultaneously utilizing labor techniques that are illegal and highly regulated here in the United States. This is a prime example of actions that can be both legal and unethical at the same time. While laws are a system of rules implemented by the government that must be followed, ethics are simply moral principles that determine right from wrong.

Despite the fact that many laws and ethical beliefs go hand in hand, there are many cases where laws and ethics do not overlap. While they may be legal in some countries most people agree that sweat shops are in fact morally wrong. Sweat shops are known for things such as poor, unsanitary, or unsafe working conditions, unfair wages, unreasonably long hours, and a lack of employee benefits. They are also known for all kinds of abuse, including verbal, physical, and sexual.

Women tend to make up the majority of sweat shop workers and have been forced to take birth control and pregnancy tests to ensure that they can continue working and won't require additional leave or benefits (Documenting. Org 2013). Considering these conditions, it is easy to see why they are viewed as unethical and generate a great deal of controversy for corporations that utilize them. Child labor is another controversial issue in international business. While sweatshops are appalling enough as it is, they only become more so when children are involved.

When children are forced to begin working at a young age they are deprived of important social and educational enrichment that is essential to development. Since they are working, they cannot go to school, and thus child labor has been shown to lead to high rates of illiteracy, poverty, poor social development, and many other issues. It also contributes to economic and overpopulation problems as poor families mistakenly come to the conclusion that the more children they have the more income for the family they will have.

Unfortunately, the children are paid such small wages that they don't really end up contributing to the family income. As they become adults they find themselves with no education or valuable job experience, further adding to the economic and social distress of the community (<http://spotlights.com/crime/top-10-reasons-why-child-labor-is-bad/>, 2013). This is only scratching the surface of the damage inflicted by child labor. Other factors include a lack of a real childhood, mental problems stemming from a life void

of happiness and enjoyment, physical harm from unsafe work environments, and child abuse.

All of these factors contribute to yet another devastating effect of child labor, and that is turning children into criminals. After years of hard labor, abuse, and little in return, it is common for children to begin acting out with stealing and other petty crimes. As they grow older, the situation worsens and the crime escalates. By the time they are adults, many products of child labor have turned to full-fledged hard core criminals (<http://spotlights.Com/crime/top-10-reasons-why-child-labor-is-bad/>, 2013).

So how has Nike's ethical perspective, or lack thereof as some would argue, affected the organization? Initially, the effect was positive. The corporation was able to produce products at staggeringly low costs yet sell them for top dollar, resulting in huge profits. Items made for less than a dollar could be sold for over a hundred dollars, a nearly unheard of profit margin for any business. Unfortunately for Nike, the public eventually became more and more aware of the unethical practices behind the products they were purchasing.

This has resulted in significant bad press for the company, and many consumers have vowed to boycott Nike as they don't feel comfortable supporting such unethical practices. In 1998, Nike's CEO and founder Phillip Knight spoke at a press conference in Washington DC to address the issues and promised reform; however Nike still remains under scrutiny as many remain skeptic that the promises made are being upheld (Connors, 2001). In conclusion, it is important that a company remain culturally aware of its

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actions, both in terms of the foreign market in which it is expanding, and its own domestic market.

While things like sweat shops and child labor may be acceptable to one culture, it certainly is not acceptable to all cultures. In the case of Mike, its utilization of a culturally accepted method for production in other countries has not been accepted domestically and in many other international cultures. As a result, the company will forever bare a black mark on its reputation.