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Sweatshops

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By common agreement, a sweatshop is a workplace that provides low or subsistence wages under harsh working conditions, such as long hours, unhealthy conditions, and/or an oppressive environment. Some observers see these work environments as essentially acceptable if the laborers freely contract to work in such conditions. For others, to call a workplace a sweatshop implies that the working conditions are illegitimate and immoral. The U.S. General Accounting Office would hone this definition for U.S. workplaces to include those environments where an employer violates more than one federal or state labor, industrial homework, occupational safety and health, workers' compensation, or industry registration laws. The AFL-CIO Union of Needletrades, Industrial and Textile Employees would expand on that to include workplaces with systematic violations of global fundamental workers' rights. The Interfaith Center on Corporate Responsibility (ICCR) defines sweatshops much more broadly than either of these; even where a factory is clean, well organized, and harassment free, the ICCR considers it a sweatshop if its workers are not paid a sustainable living wage. The purpose of reviewing these varied definitions is to acknowledge that, by definition, sweatshops are defined as oppressive, unethical, and patently unfair to workers.

Sweatshops exist in all countries, including the United States, and have a lengthy history. One finds sweatshops in certain countries where there are no laws protecting workers from oppressive working conditions, as well as in those countries where the conditions allowed by the local laws remain substandard according to international laws. However, if by definition sweatshops involve the violation of laws, then no *legal* sweatshops can exist in those jurisdictions where there are significant worker protection laws. In fact, a 1994 U.S. Department of Labor spot check of garment operations in California found that 93% had health and safety violations, 73% of the garment makers had improper payroll records, 68% did not pay appropriate overtime wages, and 51% paid less than the minimum wage. For example, in 1995, labor officials in California uncovered a garment operation where more than 80 Thai workers were laboring behind razor wires and under armed guards making less than \$2 per hour. In 1996, Labor Department officials found minimum wage violations in 43% of the firms sampled and overtime violations in 55% of the firms. Inspections of U.S. garment factories in 1999

continued to find wage and hours law violations at 61% of the factories in Los Angeles and 63% of the factories in New York.

However, strict labor laws, effective labor unions, and the growth of employee mobility and opportunity have attempted to eliminate sweatshops in developed countries. The vast majority of sweatshops currently are found in economically underdeveloped countries, especially those with large pools of unskilled labor, high unemployment, and few regulatory constraints. In an unregulated environment, the more broad definitions apply to include workplaces where the owner is not violating any local laws but instead is perhaps [p. 2035 ↓] violating international standards of human rights, such as provisions found in the United Nations Declaration of Human Rights. But in those developing countries, the incentives and circumstances arguably leave employers with few options. To attract purchasers for their goods, suppliers must keep labor costs low and, therefore, pay workers on a “piece rate” basis rather than hourly, where workers' wages are based on the number of items they produce during a particular time period. Consequently, the longer and harder an employee works, the more he or she will be paid. In some circumstances, since the piece rate is so low, workers have no choice but to contribute extraordinary hours to merely survive, hence the ICCR's emphasis on subsistence wages as the primary element of a modern-day sweatshop.

Why do sweatshops exist, if their mistreatment of workers is so unquestionable and where countries in the developed world have put into place significant worker protections? In fact, there remain persuasive reasons why we have them in our global economy and even why we should permit them. Though some are present simply because there are those in human society who will abuse their power at the expense of those without power, there are far more that exist because they play a role in the economic cycle of development. There are two fields of thought in connection with their continued existence.

First, free market economists suggest that sweatshops represent the cheapest and most efficient means for developing countries to expand export activities and to improve their economies, benefiting stakeholders, including the employees subject to the challenging conditions. In fact, they would argue that the *only* path to economic development for these poorer countries may lie in their ability to compete effectively—perhaps exclusively—on a world scale. This economic growth brings more jobs,

which will cause the labor market to tighten, which in turn will force companies to improve conditions to attract workers. In fact, several commentators argue that encouraging greater global production will create additional opportunities for expansion domestically, providing a positive impact on more stakeholders. Moreover, if the suppliers raise wages to at least subsistence levels, they will need to raise their prices to the contracting retailers, who will then arguably seek lower prices elsewhere—and find them, otherwise known as the “race to the bottom.” Though an unpopular sentiment with the general consuming public, and often characterized by the polarizing and volatile name “prosweatshops,” many economists argue that the maintenance of sweatshop conditions is therefore supported by economic theory.

The second field of thought with regard to the continuation of these conditions is based on the contention that the current situation is perceived as “bad” only when considered through the perspective of those in developed economies. Where individual workers are faced with the choice of no job or a job that pays a subsistence wage, the workers will opt for the job. Similarly, when parents are faced with wages that do not allow them to feed, clothe, or house their entire family, they do not consider child labor to be unethical. Instead, it is often the only means by which the family can reap sufficient income with which to feed that child. Accordingly, if regulations or other strictures are imposed that demand conditions similar to those in developed countries, the multinationals will have no incentive to house their operations or to seek suppliers in developing countries, and will accordingly remain in their home countries, depriving the workers in the developing countries these positions.

Similarly, along this line of thinking, some philosophers assert that, as long as the worker has freely chosen the position, it is ethnocentric, paternalistic, and imperialistic to then impose alternative values. No one is forcing the worker to work under these conditions; therefore, the conditions should be permitted. If no worker would accept these conditions, the employer would be forced to ameliorate them.

On the other hand, labor advocates state that this argument contains a fallacy of choice. A worker forced to choose between accepting a position under substandard conditions to feed his family or declining the position and watching his family starve does not have true freedom of choice. They contend that it is precisely the imposition of Western expectations of free choice and the empowered worker that create a false analysis

of the circumstances under which these workers accept the positions. While those in developed economies might be able to envision declining a job if the position described is unsuitable, in those environments where unemployment is exceptionally high and no public system of welfare or education exists, workers may not perceive that they have that option. The learned helplessness, whether actual or perceived, prevents the workers from impacting their environments to proceed down the route described by the economists.

Moreover, the traditional concept of free trade fails to provide social clauses for the protection of workers serving that trade environment and should therefore be curtailed. While free trade agreements encourage multinational companies to do business with developing economies, thereby increasing the gross national product of those economies, it is argued that these agreements are at the expense of (or “on the backs of”) the workforces involved. In addition, these advocates suggest that allowing this economic process to take its course may not necessarily lead to the result articulated by the free market economists and, similarly, voluntarily improving legal compliance, wages, and working conditions will not inevitably lead to the negative consequences the free market advocates threaten.

There are innumerable examples of questionable sweatshop labor practices. Included below are discussions of four major areas of concern—child labor, wage rates and work hours, worker health and safety, and worker constraints and treatment—to provide a taste of the nature of sweatshop problems. To avoid confusion throughout the above debate and to raise the discussion above mere terminological discussions, it therefore remains critical to develop a deeper understanding of the meaning of the term *sweatshop* and the conditions to which it refers, even if the resulting definition remains a stipulative one.

Basic Human Rights

Any exploration of sweatshops would be incomplete without a discussion of the basic human rights that ethicists contend to be inalienable, though the determination of which rights would so qualify is far from resolved. To effectively consider the definitions mentioned above, it is important to stipulate the standards to which one should hold

a multinational and its product or service supply chain. Yet the identification of global fundamental workers' rights is a challenge not only because of the debate that rages with regard to universalism versus relativism but also because of the challenge of determining the degree of protection. For instance, even if there was agreement that employers should pay a living wage to their workers, there is no agreement with regard to the determination of how to determine what that wage should be.

One scholarly analysis reviewed a variety of global labor standards to determine whether in this array of emerging standards there existed any such norms with respect to labor standards. The following basic labor rights were determined to have *relatively* universal acknowledgment in the range of codes and documents reviewed for that study:

Thus, there is an argument that, at least in theory, there is some agreement about what rights *ought* to be respected. On the other hand, however, as mentioned above, there remains broad disagreement with regard to the parameters of fundamental human rights and this study suggests but one option for their identification. A cursory review of conditions around the world reveals that, though perhaps accepted by some as basic human rights, these standards are not necessarily respected as such.

Child Labor

As discussed briefly, there may be persuasive reasons why parents might encourage their children to work. However, in developing countries, children may begin work at ages as young as 3 years and often in unhealthy conditions. The labor that exists almost always precludes children from obtaining an education, as children often work on a full-time basis. In extreme cases, children are forced into slavery, often in the guise of indentured servitude or apprenticeship training. When referring to the nature of children's work, the International Labour Organization (ILO) Bureau of Statistics reports that most children working as paid employees are paid much less than the prevailing rates in their localities, even when compared with the legal minimum wages—receiving only one sixth of the minimum rate in one survey finding; also the younger the working child, the lower the wage payment.

On average, girls work longer hours than boys but are paid less than their working brothers doing the same type of work, and children are generally not paid for overtime work. The ILO reports that, in the Philippines, more than 60% of working children are [p. 2037 ↓] exposed to hazardous working conditions and 40% of those exposed experience serious injuries or illnesses including those that result in amputations and loss of body parts. Because work takes children out of school, more than half of the child labor force will never be literate. And because of substandard working conditions, child employees will grow less than those who didn't work as children and the child workers' bodies will be smaller, even into adulthood. By the time child laborers reach adulthood, most will irrevocably be sick or deformed; the children are unlikely to live to be 50 years old.

As horrendous as these conditions appear, many ask whether there are always better alternatives. Free market economists point out that, in many circumstances, the wages these children earn are what pays for their food each night. If the children are denied jobs in communities where welfare systems are not in place, their very existence may be threatened. Often suppliers respond to multinational corporations' concerns by summarily and immediately terminating young workers, even when the local law would allow their employment. The impact of this dismissal on the children's survival may be devastating. In addition, if children are not permitted to work in mainstream ventures, they are often forced into the underground professions involving drugs and prostitution to help support themselves and their families. Until such time as welfare systems become prevalent throughout the developing countries, the answer to the question of children in the workplace is not an obvious one.

Wages and Hours

Sweatshop employees are often paid very low wages and are required to work very long hours, sometimes with no provision for overtime. Alternatively, if they refuse to work overtime in some circumstances, they may lose the pay already earned. The piece rate production quotas are often so high that workers are unable to leave the work floor to eat or use the restroom for fear of falling below quota, which often results in a loss of pay for those pieces submitted. The wage levels are far below the wages paid for similar types of employment in developed countries, even after restating wages

in terms of country-specific purchasing power. An example of very low wages comes from a study of Honduran labor. In Honduras, workers earn only an average of \$24.27 per week. However, basic necessities for a Honduran family cost \$22.75 per week, which leaves an average family's wage earner with only \$2.05 for transportation, school expenses, clothing, and other items. According to the National Labor Committee, El Salvadoran workers producing NBA jerseys make fewer than three jerseys per hour at \$0.24 per jersey, which then sell for \$140 in the United States. This \$0.60 per hour is only about one third of the Salvadoran cost of living.

Under some extraordinary circumstances, workers are expected to pay for the opportunity to work; at some factories, workers must pay work deposits and monthly tool deposits. Recovery of deposits generally depends on how long workers stayed at the factory. In one factory, workers lost their deposits if they did not stay at the factory for at least 2 years. Similar conditions have existed in Saipan, where workers were forced to pay a recruitment fee of \$2,000 to \$7,000 before they could begin working.

Frequently, minimum wage and maximum work hours laws have been enacted but have not been effectively enforced. In China, workers at one factory reported that they regularly work 16-hour days, 7 days a week during peak production times, despite Chinese labor laws that establish a maximum 49-hour workweek.

Health and Safety

Working conditions in sweatshops may seriously threaten worker health and safety. The ILO and the World Health Organization have concluded that the shift of industrial production to developing countries will *increase* the global occurrence of occupational disease and injury. In El Salvador, for example, workers at one factory had to endure intense heat, poor ventilation, contaminated drinking water, and a limit on bathroom breaks of one per day. As punishment for breaking rules, workers were forced to stand in direct sunlight. Children who work often encounter some of the worst health and safety conditions. Workers in sweatshops are often missing key pieces of safety equipment such as face masks to ensure safe breathing or work in environments with insufficient means of emergency exit since employers may lock the doors and windows to prevent theft during working hours.

Sweatshop employers frequently impose and brutally enforce rigid constraints on their workers. Neil Kearney, the general secretary of the International Textile, Garment and Leather Workers' Federation, explains that in the garment industry workplace management by terror is standard practice. Workers are [p. 2038 ↓] routinely verbally abused, shoved, beaten, and kicked, even when pregnant. Kearney claims that attempts to unionize are met with the utmost brutality, sometimes with murder. Although illegal, Mexican *maquiladora* factory (operations that assemble imported materials for export) operators require women to take pregnancy tests or prove they are menstruating as a condition of employment, and women thought to be pregnant are not hired. In El Salvador, women who work in manufacturing industries have been required to take company-provided birth control pills daily in the presence of their supervisors.

Finally, forced labor continues to exist in certain countries. A 2005 study from the ILO reports that at least 12.3 million workers are trapped in situations involving forced labor around the world. Forced economic exploitation occurs in sectors such as agriculture, construction, brick making, and informal apparel and footwear manufacturing and does not seem to discriminate between men and women as does much of traditional apparel and footwear manufacturing, where one finds significantly more women and children involved than men. Forced labor also includes forced commercial sexual exploitation, which involves almost entirely women and girls. In addition, children younger than 18 years make up 40% to 50% of all forced laborers.

International Nongovernmental Response

International nongovernmental organizations (NGOs) have attempted to step into this fray to suggest voluntary standards to which possible signatory countries or organizations could commit. For instance, the International Labour Office has promulgated its Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, which offers guidelines for employment, training, conditions of work and life, and industrial relations. The "Tripartite" nature refers to the critical cooperation necessary from governments, employers' and workers' organizations, and the multinational enterprises involved. These guidelines are not legally binding yet one can see the very clear need for such a document from the introduction to the Declaration, which explains the following:

Multinational enterprises play an important part in the economies of most countries and in international economic relations. This is of increasing interest to governments as well as to employers and workers and their respective organizations. Through international direct investment and other means, such enterprises can bring substantial benefits to home and host countries by contributing to the more efficient utilization of capital, technology, and labor. Within the framework of development policies established by governments, they can also make an important contribution to the promotion of economic and social welfare; to the improvement of living standards and the satisfaction of basic needs; to the creation of employment opportunities, both directly and indirectly; and to the enjoyment of basic human rights, including freedom of association, throughout the world. On the other hand, the advances made by multinational enterprises in organizing their operations beyond the national framework may lead to abuse of concentrations of economic power and to conflicts with national policy objectives and with the interest of the workers. In addition, the complexity of multinational enterprises and the difficulty of clearly perceiving their diverse structures, operations, and policies sometimes give rise to concern either in the home or in the host countries, or in both.

The UN Declaration of Human Rights

On December 10, 1948, the General Assembly of the United Nations adopted its Universal Declaration of Human Rights, calling on all member countries to publicize the text of the Declaration and to cause it to be disseminated, displayed, and read. The Declaration recognizes that all humans have an inherent dignity and specific equal and inalienable rights. These rights are based on the foundation of freedom, justice, and peace. The UN stated that the rights should be guaranteed without distinction of any kind, such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth, or other status. Furthermore, no distinction shall be made on the basis of the political, jurisdictional, or international status of the country or territory to which a person belongs. The foundational rights also include the right to life, liberty, and security of person and protection from slavery or servitude, torture, or cruel, inhuman, or degrading treatment or punishment.

Articles 23, 24, and 25 discuss issues with immediate implications for sweatshops. By extrapolation, they provide recognition of the fundamental human right to nondiscrimination, personal autonomy or liberty, equal pay, reasonable working hours and the ability to attain an appropriate standard of living, and other humane working conditions. All these rights were reinforced by the United Nations in its 1966 International Covenant on Economic, Social, and Cultural Rights.

Next Steps

These are but two examples of standards promulgated by the international labor community, though the enforcement of these and other norms is spotty. In the apparel industry in particular, the process of internal and external monitoring has matured such that it has become the norm at least to self-monitor, if not to allow external third-party monitors to assess compliance of a supplier factory with the code of conduct of a multinational corporation or with that of NGOs. Though a number of factors affected this evolution, one such factor involved pressure by American universities on their apparel suppliers, which resulted in two multistakeholder efforts—the Fair Labor Association, primarily comprising and funded by the multinational retailers, and the Worker Rights Consortium, originally perceived as university driven. Through a cooperative effort of these two organizations, large retailers such as Nike and Adidas have not only allowed external monitoring but Nike has now published a complete list of each of its suppliers.

As discussed above, a common response to the criticisms of these types of labor practices is to note that, no matter how well-meaning and accurate the criticisms, there is simply no viable alternative for people in many developing nation labor markets. Free market or neoclassical economists contend stridently that this is not necessarily the case. They concur that attempts to redress sweatshop conditions must take into account the pressures of globalization and the poor economic conditions of developing nations. But as long as significant global disparities in wages and working conditions exist among nations, labor practices that are unacceptable in one nation may be used in other nations to secure contracts with multinational corporations (the race to the bottom). Second, in the current global regulatory environment, nations are not [p. 2040 ↓] permitted to impose import bans on sweatshop-based goods since the World

Trade Organization's (WTO) current interpretation of its rules declares such practices protectionist.

Multinational corporations such as those discussed above seek to avoid these negative outcomes by embracing the positive consequences to a proactive response to questions regarding global labor practices. Employees who are treated with respect tend to be more loyal and productive workers; consumers in industrialized countries increasingly prefer to purchase goods and services from companies that treat workers with respect; and potential employees increasingly care about the ethical reputations of the companies with whom they take a job, raising the cost of low-reputation companies to hire high-quality employees. These forward-thinking organizations can be categorized as exhibiting “positive deviancy” with respect to their labor practices.

Nike and Adidas represent several examples of positive ethical deviancy among firms that have been subject to previous criticism by the media or NGOs for their treatment of workers. In actuality, intense media scrutiny often forces firms to be creative in their responses to common globalization challenges. For example, after years of sustained criticism of supplier labor practices by NGOs, Nike CEO Philip Knight accepted responsibility in 1998 at the corporate level for the poor treatment of workers by Nike suppliers. Knight explained that, as of the day of his pronouncement, Nike was committed to increasing minimum age requirements for workers in factories, improving factory health and safety conditions so that they comply with U.S. standards, expanding worker education programs, increasing support for microenterprise loan programs, and involving NGOs in the factory monitoring process.

Though these and other multinational corporations—including Dow Chemical, Chiquita, and Levi Strauss & Co.—are often viewed as positive deviants from the current norms among their peers, their efforts have not only garnered attention but will also serve as models for other organizations with regard to the appropriate treatment of their workers and of those of their suppliers, while remaining sustainable from a long-term perspective. There is no *one* solution to sweatshops and other labor challenges posed by contemporary corporate globalization. However, the programs and initiatives that have successfully been implemented by positive ethical deviants can be used as a basis for other multinational corporations to develop their own economically enhancing

and ethical labor programs and initiatives that demonstrate respect for the most basic human rights while remaining profitable.

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See also

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