

Reflective Project
Word 3022

Is it Ethical for Companies from Western Countries to move to the 3rd World in order for them to make a larger profit?

Introduction:

Many contrasting factors can lead to a wealthy company moving from their country of origin to a third world country to produce their products, including the fact that the cost of factories and workers in the 3rd world countries being of a wider availability of low incomes. Because of this, the company is able to make larger profits and use less money to set up their company as regulations are a lot more lenient. This is one of the bigger issues within a company that moves to the third world because they are faced with the question: is it ethical for them to do so?

I have chosen to produce my reflective project on the topic of wealthy companies moving to third world countries after I began research about it in an Engineering lesson. The concept intrigued me as I found it hard to believe that life for employees can be so different for someone in a third world country compared to someone working in a western country, especially when they work for the same company. Another factor that interested me that is similar to this is the fact that the people actually accept this treatment from their employers, and do not demand that they get the same wages as a western worker, or the same working conditions that a western worker has come to expect. I believe that it is quite a large ethical issue overall because, in my opinion, the workers from 3rd world countries are unfairly treated, both in terms of their average wages and their day-to-day lives. In fact, at least 80% of humanity live on less than £7.00 a day, as well as having terrible working and living conditions in both the factories and in their homes. This, however, does not apply to all companies, as there are some companies that do support their workers and that do treat their workers well in terms of their living and working conditions. This means that they do, in some ways share similar lives to people in the western world, and are allowed to make a profit for themselves. Because of this, companies that move to the third world in general cannot be judged in positive or negative lights, and instead should be judged in what they do personally. This is what I will be discussing within the essay.

What are Ethics:

Many of the decisions that a company makes are in relation to ethics and that companies ethical practice. In terms of the larger decisions made, they are not taken into consideration, meaning that the companies do not think of the impact that their decisions have, and so (in most cases), this results in the employees working in conditions that would not be accepted by a person in the western world. The dictionary definition of 'ethics' is *"moral principles that govern a person's behaviour or the conducting of an activity"*. In short, they are people's opinions across various topics in day to day life. This means that nothing in life is either good or bad in different people's eyes, and different people's opinions can vary on the same topic. In relation to the question, from different people's perspectives, companies moving to the third world in order to make a greater profit would be a good thing, because it not only aids the company, but also the people that they employ. From other people, however, this could be a bad thing for the company to do,

because the workers get unfairly paid compared to people working for the Western world. This is why it is important to provide different viewpoints- both for and against this in order to establish a baseline for the reasons that a company builds and operates in factories in the third world.

What is happening in companies with bad ethical practice?

After researching the topic, I managed to find a website talking about the treatment of employees working for a third world company. The website gave the example of the 'Nority Shoe Factory' and claimed that they employ 6000-7000 workers, most of whom are women. The website also said that the factory is Taiwanese owned, but run like a prison labour camp, where the workers are constantly yelled at by their superiors and are beaten by the security guards if they leave the factory without permission. The website also went on to say that the working times are 12 hours a day, 6 days a week, and the work is divided into 3 main shifts: 8:00am - 11:30pm, 12:30pm - 4:30am and 5:30am to 10:00pm. The workers are also often given forced overtime after their shifts that can last from 2-5 hours at a time. Refusal to participate in the overtime will result in a fine going to the worker, and a worker who refuses to work overtime will be fired. On top of this, the workers are given a quota that they are required to fulfill in the work hours, but most say that they are unable to fulfill the quotas and that they have to stay behind to work without pay in order to get their work done. The final piece of information that was stated by the website is the fact that the company also dismisses women workers if they become pregnant, which it is easy for the companies to do in the third world because they employ so many people in their factories to manufacture their products. Among many of the factories in the third world, this is often the case, with the workers forced to work long hours, and with almost no break.¹

A second website that I found was a blog contained the opinions of people on the subject of labour in the third world, discussing the question 'Why is it OK for corporations to outsource work to countries that violate the corporation's home country labour laws?'.² While looking through the site, I discovered that many of the people are very much against the companies that do this, both because of how they treat the workers, and how they defy their customers with the costs of their products, which is another problem faced by the third world. The blog picked up on the fact that the companies simply move over to a country and set up their factories, and are not concerned with working conditions or the workers themselves, but are not stopped by the governments or authorities of that country, which is something that would not be tolerated at all in western countries.

The other issue, as highlighted earlier in the paragraph, is the fact that the companies are taking full advantage of the fact that they can employ a large workforce to manufacture their products, and paying them low wages for doing so. This, however is not the case for the customers who

¹ Information within the paragraph found from: <http://www.antipasministries.com/html/file0000167.htm>

² Question and information found from: http://www.ted.com/conversations/19766/why_is_it_ok_for_corporations.html

actually buy the products, because they have to pay an exaggerated rate for the products, compared to what they actually cost to manufacture. This means that the companies are making unrealistic profits on each product that they sell, which is something their customers disagree with, and which is affecting the Western World. It is very unnecessary for a company (especially a large company) to overcharge their customers, and is made even more unnecessary when customers know that it is very cheap, in terms of labour, for the company to manufacture those products. In short, it is unfair that companies charge this amount of money to people for simple products, especially when they cost so little for them to produce, and often the only thing on the product (especially clothing) is the company's logo, making the item of clothing even simpler for them to produce, as they only have to sew on a badge, or press the logo onto the clothes. In my opinion, adding a logo to a simple t-shirt (for example) does not justify boosting the cost of that item of clothing.

This, in terms of ethics, would lean towards 'bad ethicality', because, of course, people who own the companies and run them are (in some cases) mistreating their workers. This also relates back to the governments of the countries, because they essentially have control over whether a company can set up in their country, and so whether or not they can employ their people. In this way, governments of the countries are as much to blame for the welfare and treatment of their communities as the companies that employ them, and simply have not adjusted their laws and regulations to adequately protect their country.

What is happening in companies with good ethical practice?

On the other hand, there are also companies that do support their employees and that do ensure that they are safe when at work for them. An example of a company that does this is Kenco, who employ their 'Coffee vs Gangs' programme in Honduras. This programme strives to prevent young adults and teenagers, who are very susceptible to being led astray, from joining gangs and so employ them to work on their coffee farms. This means that the young people that they help learn and develop their skills, and could one day establish their own farms and pass on their knowledge to the next generation. Companies like Kenco are still making an ample amount of profit on their products, but are employing and training their employees ethically, and are preparing them for their future. Through teaching the teenagers about how to farm, and supporting them, the company is also helping the country, as they are setting up their communities with the skills to farm efficiently and grow crops that could be sold to other countries or sold to allow them to make a profit.

Another company that do this are Fairtrade, who ensure that their employees and the people that they work with are paid a fair amount of money for their labour and their work. In cases without Fairtrade, supermarkets take the most profit from the goods that they sell, and only give a small percentage of the money to the farmers who have put the most time and labour into making sure that the products are grown correctly and are of a high quality. Fairtrade do exactly what their name suggests, and so ensure that the farmers and the people who actually put the effort in to grow the products get a fair amount of the profits from the products that they create. This means that they are able to make a decent wage off of the produce, which also provides much more incentive for people to get involved in farming and growing goods.

In conclusion, there are companies that do focus on the well-being of the people that they employ, and so do their best to make their working lives as supported and profitable as a worker of Western origin can expect. This both means that the people working are not being subjected to bad living and working conditions, and that they are able to, as mentioned, learn new skills that they can pass on to the next generations.

Advantages for companies moving to the third world:

As with all companies, there are advantages and disadvantages for the choices they make. From a company's point of view, there would be more advantages than disadvantages for moving to the third world, because they would overall be making a much greater profit, and not have to invest in making their workplaces as safe as they would with a western factory, or pay their the workers as much. The main advantage for the company themselves moving to the third world is, of course, the fact that they can employ people in that country and pay them less, as well as not having to worry about the Health and Safety and wellbeing for them. This also pairs with the company becoming more popular amongst the third world, with the governments supporting and, in some cases, funding them to help them to stay in the country.

In terms of the country themselves, the fact that a company is based there means that they can improve their relations with other traders, and so expand their impact in the global market. The people employed by the company are also building their skills, and so can, in time, pass on the knowledge to younger replacements if the company employs new people, or if they start work in a new company. In today's world, countries in the third world tend to be looked down upon, because that they are not as wealthy or as sophisticated (in some cases) as the western world. If companies choose to set up in a developing country, however, it means that that country becomes more in tune with the western world, and can boost their economy to create their own companies and build profits. In this respect, the fact that companies move to the third world is an advantage, both to the company and to the country that they move to.

Disadvantages for companies moving to the third world:

In terms of disadvantages, the main disadvantage is the fact, as mentioned throughout the essay, that some companies do mistreat their workers, and so force them to work in conditions that are unfit for them, and are some that would not be accepted at all in the western world. Due to this point, the fact that some companies have done this means that they have received bad publicity in the western world, and so are frowned upon, preventing other companies from moving as well.

Another disadvantage is the fact that, when they become larger, the country becomes known for manufacturing more products, which could de-value the products, and in some cases, deter the a customer from buying a product. An example would be China, who have grown as an economy enormously and have been adopted by many companies and where they want to manufacture their products. Today, China is known by some people as being a country that manufactures products more efficiently and with less quality than other countries. This has meant that China has gone down in terms of their reputation, and so are not as sought after for

'quality' as some products that have been made in a western country, with more care taken to perfect the item. This could be because China as an industry is highly mechanised, and so not a lot is made by hand, meaning that less work has been put into making them. As China has grown so large, in terms of their economy, they now also make their own products, that are lower in quality when compared to some other actually produced and overseen by a western country. With all this taken into account, China has become a country known in the west as one that produces bad quality products.

Finally, if a company is moved to the third world, it loses all of the reputation that has been built up over the years of manufacture and making products in the country that it originated in. This could, in theory, deter some customers from buying from them because of the bad reputation that the third world has received in terms of the products that they make.

Summary and Conclusion:

After providing some background information on the topic, such as how some companies treat workers, and why they move, I will now give my own opinion on the question and the subject of the essay. Personally, I believe that it is unethical for a company from a western background to move to a third world country to produce their products, because the main reason for a company doing this is simply to make more of a profit through not having to spend as much through the worker's wages and initial setup costs. Another reason that I disagree with the concept of a company moving to a third world country is the fact that they do, in some cases mistreat their employees by forcing them to work hours that simply are not tolerable, giving unsuitable accommodation and (by western standards) underpay them for hard labour. On top of this, the factories that the employees work in are very dangerous due to the fact that they lack the conventional safety methods and equipment, meaning that many of the workers in the factories can easily get injured. The employers also do not give the appropriate training to the employees when introduced to the factory, which only makes the factory a more dangerous place to work.

I do understand why a company would want to move to the 3rd world to produce their products, because they are able to employ people much more easily, and do not have to provide the safety equipment that is essential in a western business, all meaning that they can save overall a lot of money that can be spent elsewhere in the business. With these facts aside, I still do not believe that it is ethical for a company to do this, because it is not fair for the people employed over in the third world and for them to be treated any differently than an employee in a western business. In some ways, this has made me consider where I buy my clothes from and where they are manufactured in the world, because I am curious as to whether the people who have manufactured the product have been treated unfairly in a third world country, and whether or not they have been overworked in order to manufacture a simple item of clothing.

In summary of my opinion, I do understand and, to a degree agree with the fact that western countries move to the third world to produce products, but I disagree with the way that they produce and employ their products while there. Overall, it is a good thing that wealthy companies do move to produce their products, because it allows the country and it's workers to

gain experience in producing products, as well as giving jobs to the unemployed and the homeless, and allowing them to be able to look after their families.

Websites to support that it is ethical for companies to move to 3rd world countries	Neutral Websites (Support both points or neither)	Websites to support that it is unethical for companies to move to 3rd world countries
https://hbr.org/2006/10/emerging-giants-building-world-class-companies-in-developing-countries	http://www.investopedia.com/stock-analysis/2012/how-big-companies-thrive-in-the-third-world-coke-pep-aapl0831.aspx	http://www.ted.com/conversations/19766/why_is_it_ok_for_corporations.html
http://www.foxnews.com/story/2004/05/06/third-world-workers-need-western-jobs/	http://www.acton.org/pub/region-liberty/volume-2-number-5/multinational-corporations-third-world-predators-o	https://web.stanford.edu/class/e297c/trade_environment/wheeling/hnike.html
	http://www.enotes.com/home-work-help/list-advantages-disadvantages-globalization-113517	http://www.antipasministries.com/html/file0000167.htm
	http://www.english-online.at/economy/globalization/advantages-and-disadvantages-of-globalization.htm	http://my.ilstu.edu/~jnassar/child.html
	http://www.uncommonthought.com/mtblog/archives/2011/06/12/exploitation-or.php	
	http://www.brainyquote.com/quotes/keywords/third_world.html	
	http://www.economicshelp.org/blog/538/economics/multinational-corporations-good-or-bad/	