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### Social Responsibility- Global Outsourcing and Sweatshops

Sweatshop is a term that defines a workplace, usually a factory where apparel is produced under unsafe work conditions and where labor laws are not enforced. Workers are paid below the per hour minimum salary and sometimes paid by piece produced, no matter how long it takes to finish, in some cases children are employed. Sweatshops give room to abusive conditions where immigrants or other socially vulnerable groups of people have no other option but to work. The term came to life with the Industrial Revolution as factories emerged with no labor laws in place and they became widespread as World War I required the quick production of uniforms for soldiers. The industry consisted mostly of women, who were paid less than men for the same work. So when in 1911, the Triangle ShirtWaist Factory got on fire in New York, 145 workers died, 125 being women and girls. The incident set a precedent and led to the creation of the International Ladies' Garment Workers' Union (ILGWU), the union that protected the worker's rights, so they could have health care, fair wages, paid leave, and safe work environments (Rosen, 2002, p.1). For 40 years sweatshops were not seen in the US, the situation was under control, until the end of World War II.

The United States and the Allied forces won the war and the United States strategy to maintain peace and the position as a world power was to rebuild the countries destroyed in the war, which meant rebuilding their economies too. For the first time, the United States set new free trade policies reducing tariffs and quotas. Some countries did they advantage of the opportunities and became first-world countries, like South Korea, Japan, and Taiwan. Some others, ridden by corruption and poverty were unable to trade at the same level that a dollar country. The industries that were most affected by these new free trade policies were the labor-intensive ones like the apparel industries. The new free trade policies, The General Agreement of Tariffs and Trade(GATT) ruled from 1947 to 1994 (Rosen, 2002, p.14), and helped the US to remain in power as a leading nation and helped to contain Communism by introducing Capitalism ideals. The consequences were widespread of sweatshops that make apparel for profit-driven global corporations.

The Fair Trade concept appeared in 1946 when a woman named Edna Ruth Byler had the idea to import needlecraft from impoverished Puerto Rico. The concept was later brought to Europe where the first Fair Trade Fair took place in the UK during the 1950s (Jiminez, Guillermo C., and Elizabeth Pulos, 2016). Fair Trade is a concept that englobes social responsibility when sourcing, which means fair pay, fair work conditions for the people involved

a condition that might support more environmentally friendly production methods. Worker Rights are covered by Fair Trade organizations, and the term remains an emerging trend that more brands look to be associated with. Worker Rights are currently protected by the law, companies in the United States need to pay minimum wages and offer safe work conditions, but sweatshops still exist in the US and overseas, once in a while a scandal broke out of a big corporation using sweatshop labor. Institutions like the Fair Labor Association (FLA) offer a label to companies who follow fair labor standards, labels like this help consumers to make more informed decisions when shopping.



Figure 2. Sweatshop conditions in China. Daily Mail, 2016. (<https://www.dailymail.co.uk/news/article-3960264/Shocking-video-shows-underage-workers-young-13-forced-work-19-hours-day-Chinese-sweatshops.html>)

The pros and cons of Global Outsourcing and Sweatshops are many, as a retailer you can drive higher profits producing in developing countries where labor is cheap but it's also harder to control what is happening in the manufacturing sites. A study from the University of Nevada Master's Program, reveals an example of why companies outsource is "You outsource because you can get the best talent in a highly specialized area and not have to carry them on your payroll" and the study continues "Companies outsource for a reduction in labor costs or

efficiency” (Smith, 2012). Some manufacturers produce guide books with conduct rules for the overseas factories but rarely send people to make sure the rules are being enforced. Labor laws in overseas countries are also different than in the US and it is something that should be taken into consideration when producing overseas as the retailer's reputation is at risk. Manufacturers on the other hand also have to offer competitive prices and still turn a profit, to be attractive to overseas customers, manufacturers charge the least possible, but profit should never come before people and basic human rights, manufacturers who provide safe working conditions, and fair pay are on the way to the long run as more and more people are concerned with how products are made. Consumers are willing to pay more for responsibly made products if they can afford of course. Once we have the basics we start to question things, and from here to the future, luxury will be more and more associated with responsibly made products. Consumers are concerned about getting the best product at the lowest price, the pro of buying overseas outsourced products is the wide variety, lower price, and the con is the lack of knowledge of how they were made. A great quote by Alexis M. Herman (1997) that exemplifies how many sweatshops should exist is the following “there is no definitive source on how many sweatshops operate in this country. But we know this: One is one too many” (National Museum of American History). As people get more educated they tend to search and care for labels that display better products more responsible products.

Whether worker rights follow the labor laws of the apparel company's country, or that of the factory location is a complex question since it would be hard to enforce another countries laws other than its territory but retailers can stop purchasing from manufacturers who don't follow U.S. standards, that's actually how to create the standard as the manufacturer who wants to sell and have to adapt. American Labor standards are exemplified in the following quote “To foster, promote and develop the welfare of the wage earners, job seekers, and retirees of the United States; improve working conditions, advance opportunities for profitable employment; and assure work-related benefits and right” (U.S. Department of Labor, 2012). These are basic workers rights; we are not even getting in the details of paid vacations, maternity and paternity leave, 401(k), and more benefits that we have the luxury of having in the United States, the very basic standard like work safety and fair pay it's the minimum that Retailers should take in consideration when hiring a manufacturer.

Overseas factories and Retailers should both be held responsible in case of factory disasters, the consumer trusts that the retailer is ensuring safety conditions in the manufacturer's locations. And by that, I mean Retailers that have sales over 2 million dollars because they set the standard and in reality, a small business like myself doesn't have the budget or the power to travel to China and ensure these conditions. Large corporations have a social responsibility and should use what they do not only because they believe it and it's the right thing to do but also

because it's a great marketing strategy, it's a win-win situation and who is not seeing is soon going to be left behind. I believe we are living through a chance to adapt our businesses before they are ridden by a scandal, if everyone demands overseas factories to hold certain standards things will change. Consumers do hold the ultimate power as it might be impossible to produce such cheap items if not in sweatshops but people who can't afford them are just going to buy the cheapest, so we can't blame them. The government should enforce regulations, the consumers who can afford should purchase smartly as it's already happening, and the factories should be aware that there is an urgency to adjust to better conditions, retailers are not going to work with factories that may jeopardize their image. One of the questions raised by Ellen Israel Rosen in her book Making Sweatshops is if free trade and globalization were bad or good, and I would say it's always good if the government takes the opportunity to develop the local economy while enforcing labor laws. In my opinion, Global Outsourcing is good and inevitable, it can help to spread the wealth between countries as it happened with Japan after the war, we just need to create more global agreements and cooperations between countries to enforce labor laws, generate more wealth and world development, that would also maintain world peace and maybe avoid a third World War. More realistically, Retailers should care about their reputations sending people regularly to train and enforce US standards, customer acquisition is too expensive to waste on a scandal.



Figure 1. Man works in battery recycling factory in China. New York Times, 2008. (<https://www.nytimes.com/2008/01/05/business/worldbusiness/05sweatshop.html>)

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