

**BEYOND SWEATSHOPS:
POSITIVE DEVIANCY AND GLOBAL LABOR PRACTICES**

by

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Abstract

Disputes concerning global labor practices are at the core of contemporary debates regarding globalization. Critics seek regulations restricting the use of sweatshop labor. Economists retort that such regulations will harm the world's poor. However, insufficient attention has been paid to those companies that are "positive deviants" with respect to their global labor practices. In this essay, we outline the conventional case for sweatshop conditions, as well as arguments for the mandated improvement of those conditions. Next, we provide a normative defense of the basic human rights that ought to be respected by employers. After explaining the concept of positive deviancy and applying it to global labor practices, we use recent empirical field studies of MNC factories in developing nations as a basis for arguing that MNCs are capable of voluntarily respecting the basic rights of workers while remaining economically competitive.

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Disputes concerning global labor practices are at the core of contemporary debates regarding globalization. Attention frequently focuses on the real or alleged unjust exploitation of workers in developing economies by multinational corporations (MNCs) and their suppliers. Critics charge MNCs with the unjust exploitation of workers in developing nations and seek laws restricting the use of sweatshop labor. Many economists retort that the existence of sweatshops¹ is an important and inevitable feature of economic development, and that laws that seek to restrict the production of goods in sweatshops will harm the very people they were intended to help. As a result, MNCs that wish to address the issue are left with little direction or guidance regarding appropriate responses to global labor challenges. However, useful models can be found. For example, some MNCs have been prompted by this attention to improve workplace conditions and wages, had begun the process of improvement at the time the recent media uproar began, or have always maintained superior standards in the workplace. Insufficient attention has been paid to firms that engage in truly good and beneficial activities with regard to their global workforces, where the result is not a sweatshop environment but is instead a safe and healthy workplace where laborers are treated with respect.

Workers have basic rights that should not be violated, notwithstanding the geographical locale of their workplace. The labor practices of “positive MNC deviants” can serve as models for other MNCs that wish to respect human rights while taking advantage of the economic benefits of a global workforce. Such creative approaches to global labor practices allow MNCs to move beyond sweatshops and to provide workers with wages and working conditions that respect their basic human dignity. In

addition, such practices may result in numerous strategic advantages such as enhanced productivity, better employee morale, and improved corporate reputation.

In this essay, we outline the conventional case for tolerating sweatshops, as well as arguments for the mandated improvement of those conditions. Next, we provide a normative defense of the basic human rights that ought to be respected by employers. After explaining the concept of positive deviancy and applying it to global labor practices, we use recent empirical field studies of MNC factories in developing nations conducted by one of the present authors, together with other recent research, as a basis for arguing that MNCs are capable of voluntarily respecting the basic rights of workers while remaining economically competitive. We then provide a summary of the numerous strategic advantages that respect for worker rights may have for MNCs.

I. THE CONVENTIONAL DIALOGUE REGARDING SWEATSHOPS

The Case for Sweatshops

The exploitation of a national resource -- labor -- allows developing countries to expand export activities and to improve their economies. Economic growth brings more jobs, which will cause the labor market to tighten, which in turn will force companies to improve conditions in order to attract workers. Though an unpopular sentiment with the general consuming public, economist Paul Krugman claims that the maintenance of sweatshops is clearly supported by economic theory: "The overwhelming mainstream view among economists is that growth of this kind of employment is tremendous good news for the world's poor."² In fact, when asked whether there were too many

"sweatshops" in poor nations, economist Jeffrey D. Sachs replied that his concern is "not that there are too many sweatshops but that there are too few."³

These conclusions are based on the contention that free trade without labor restrictions generates future prosperity and better working conditions for the host nation by providing developing nations with access to cheaper goods and, in turn, opportunities to exploit cost advantages in export markets. Theoretical and empirical research suggests that one of the most effective ways to increase the competitiveness of a developing economy and to improve job prospects is to create a better-trained work force through work experience and training.⁴ Jobs - even terrible jobs - provide some positive externalities for a society, benefits that accrue to others who are not parties to the transaction between a laborer and employer. Job-related skills, and the general ability of individuals to function as elements of the global economy, provide benefits to the host nation society at large that are not specifically part of the contractual agreement between laborer and employer. Overall, from this perspective, the best hope for workers in sweatshops lies in the improved economic and social conditions that economic growth brings. Moreover, durable economic growth will occur only if developing countries can capitalize on their low cost advantage to attract foreign development.

In addition, the argument against intervention contends that people work in sweatshops because it is the most rational means available to them for furthering their own ends. These choices prove optimal for a developing nation's economy, as they represent agreements among many producers and consumers of labor regarding desirable exchanges of labor (from the labor producers) and wages or other benefits (from the consumers of labor, in this case, multinational enterprises and the purchasers

of their goods and services). In short, the argument states that, however much we may not like some of what we see in the labor conditions of developing nations, this is the market at work; and the market works to generate overall improvements in economic welfare for a society.

There are two distinct features of the case for permitting sub-standard working conditions that should be noted. First, there is consequentialist ethical reasoning at work in such arguments. Second, there are empirical assumptions at work as well. To better understand the assumptions involved, it is helpful to explicitly state the main argument for sub-standard working conditions under consideration (see Figure 1).

Figure 1 - The Argument for Sweatshops

We have a moral obligation to perform actions that best enhance the preference satisfaction of the most people possible.

Creating and maintaining sweatshops best enhances the preferences satisfaction of those affected by sweatshops (sweatshop employees, via higher wages than they would otherwise receive; consumers, via lower prices for sweatshop goods; and MNCs and their shareholders, through lower labor costs).

Therefore, as many sweatshops as possible should be created and maintained.

The consequentialist ethical presupposition captured by the first premise in Figure 1 is, of course, a widely-held presumption of most economists (we will refer to this as the ethical premise). The second premise is grounded in various empirical assumptions regarding micro-economics, and is typically taken by economists to be so obvious as to not warrant further attention (we will refer to this as the empirical premise). We will return to evaluate the legitimacy of these premises after exploring the primary competing perspective.

The Case for the Mandated Improvement of Working Conditions

Free markets, either in labor or in products, generate many benefits; but their ability to generate those benefits presumes that certain boundary conditions hold firm. For example, transactions among workers and employers optimally satisfy the interests of each only if there is a free flow of information (e.g., workers get accurate descriptions of occupational health risks), the transaction is truly voluntary (e.g., workers are not forced to work through coercion), people are able to make rational decisions about their self-interest (young children, for example, cannot be held to the terms of any "contract" they enter into), and there are many buyers and sellers (e.g., no potential for exploitative monopoly exists). Criticisms of MNC labor practices in developing countries often stem from the fact that one or more of the conditions for efficient free markets does not hold, or is in some way circumvented by the MNC. In that case, the normally expected benefits of a free market are not guaranteed; there is a market failure. For these reasons, critics of sweatshops contend that the empirical premise is false. Instead, they argue for the mandated improvement in working conditions via regulation.

One argument for regulating the improvement of MNC labor practices is premised on the claim that the preconditions for efficient markets are not met in many developing nations. For example, workers may agree to labor under poor conditions, but only because they have no other option for securing income. Alternatively, when they have a choice (e.g., leave a poor rural area for factory work in a far-away industrial center), they may not be able to make a fully informed choice because of their lack of information about what lies ahead. Furthermore, such labor choices, once

made, can be difficult to undo when additional information is learned “on the job” (e.g., it can be extremely difficult to get out of a labor agreement and to return to one's rural home). Thus, critics argue, the fact that workers agree to labor under poor conditions does not necessarily mean that this is the kind of agreement that constitutes the normal workings of a well-functioning free market in jobs and labor.⁵

A second argument offered by critics of sweatshops challenges the assumption that creating and maintaining sweatshops best enhances the preferences satisfaction of those affected by them. For example, critics challenge the idea that sweatshops result in many positive externalities. They argue that the kinds of skills developed through much routine factory work hold no promise of greater economic and social development, either for the individual employee or the entire society. Moreover, the transition from agricultural and cottage-industries to factory-based work is argued to have numerous negative externalities; that is, social costs that are not covered by the wages paid by a MNC to its employees. The social disruption caused by urban migration is one such negative consequence, as people move from lives characterized by the informal social support networks of family and village to lives characterized by urban anonymity and dependence upon overstressed public social services. Further, as populations increase in urban centers, existing sanitation and housing resources are stressed beyond capacity. Finally, job losses in the manufacturing sectors of the countries where factories were closed because of higher labor costs frequently result in significant social disruption. These varied social costs are typically unaccounted for in the cost-benefit analyses of economists, and call into question the empirical premise of the argument in support of sweatshops. Accordingly, the global market may not be an effective arbiter of the trade-offs between improved working conditions and levels of

economic development, production cost, and product price. Some economists claim that, over time, markets will correct even the worst sweatshop practices; but other economists and many non-economists remain unconvinced.⁶

These are some of the reasons that MNC critics focus on public policy as a means of discouraging the abuse of workers. For example, there is a long history of attempts to harmonize international labor standards via trade agreements such as the North American Free Trade Agreement and the General Agreement on Tariffs and Trade.⁷ Indeed, in as early as 1933 activists succeeded in persuading the U.S. Congress to add a fair labor standards provision to the National Industrial Recovery Act (NIRA). The act specified that imports would only be permitted from nations that guaranteed workers the right to organize and bargain collectively, limited maximum working hours, and provided minimum wages. However, the NIRA was ruled unconstitutional by the U.S. Supreme Court in 1935.⁸ Recently the Campaign for the Abolition of Sweatshops & Child Labor, a coalition of labor activists, religious groups and academics, has announced a new campaign to push for laws that restrict the ability of MNCs to sell products made in alleged sweatshops. Contemplated regulations include import bans, forced disclosure of the factories where the goods are made, and bans on government purchases of the products of sweatshops.⁹

Moreover, critics argue that, regardless of the kinds of benefits that do or do not accrue from the use of sweatshops, it is simply morally impermissible to subject individuals to extended periods of grueling and mind-numbing labor in conditions that put their health and welfare at risk and which provide them with inadequate compensation.¹⁰ In short, any person deserves better conditions than those found in sweatshops. Thus, in addition to the various contentious arguments as to the real or

illusory benefits and costs of poor working conditions for MNCs and developing nations, there remain fundamental objections to certain labor practices, the cogency of which does not depend on cost-benefit calculations. Concern for human dignity and basic rights simply rule some practices “out of bounds.”¹¹

II. BASIC HUMAN RIGHTS

In the previous section, we saw some of the reasons that exist for challenging the assumption that creating and maintaining sweatshops best enhances the preference satisfaction of those affected by sweatshops. In a latter section, we will see that there are additional reasons for challenging the empirical premise of the argument for sub-standard working conditions. In this section we challenge the ethical premise that there is a moral obligation to perform actions that best enhance the preference satisfaction of the most people possible. This assumption is a central claim of contemporary consequentialist thought. Among philosophers, the criticisms of this claim are well known.¹² We will not restate those criticisms in this essay. Instead, we will argue for an alternative ethical premise. In particular, we will argue that a proper understanding of basic human rights provides the proper foundation for evaluating the ethical legitimacy of sweatshops.

In the 18th century the philosopher Immanuel Kant argued that one should always treat other persons as an end unto themselves, and never as a means only. Persons are free and rational creatures and as such, argued Kant, they have intrinsic value that must be respected. This means that the desires, goals, and aspirations of other persons must be given due consideration.¹³ This Enlightenment idea serves as a

basis for the principle that constitutes Article 1 of the United Nations Universal Declaration of Human Rights. This principle holds that “All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.”¹⁴

Two features of the UN Declaration of Human Rights are particularly relevant to the project of this essay. First, the rights articulated in that document are philosophically uninformative in and of themselves. In order for them to be action guiding they must be justified. This might be accomplished in one of two ways. One might adapt a social contract approach and argue that the signatories of the Declaration have a contractual obligation to respect the rights articulated therein. Since the signatories are nations states, however, it is unclear how this approach would entail any voluntary (as opposed to statutory) obligations on the part of MNCs. Alternatively, one might adapt a deontological approach and argue that the at least some of the rights contained in the UN Declaration are grounded in arguments that apply to all agents insofar as those agents are properly understood as rational. This is the approach we take in this essay.

Second, the Universal Declaration of Human Rights has engendered controversy insofar as its 30 Articles identify both negative and positive rights. Negative rights constitute shields against the unjust violation of individual freedoms. If humans possess negative rights, then other persons retain correlative duties that require that they refrain from actions that interfere with their individual freedom. Positive rights, on the other hand, constitute entitlements to things that are necessary for the exercise of individual freedom. If humans possess positive rights, then other persons retain correlative duties that require that they provide individuals with those things that are

necessary for the exercise of individual freedoms. Some have argued that these rights are simply too expansive, and that positive rights are unjustifiable in the absence of contractual agreements that stipulate the existence of other rights.¹⁵ However, Henry Shue has argued persuasively that the distinction between negative and positive rights that this analysis presumes is an artificial and inconsistent with social reality.¹⁶ For example, consider the right to physical security (i.e., the right not to be harmed). It is possible to *avoid* violating a person's right not to be harmed by refraining from certain actions. However, it is not possible to protect a person from harm without taking *proactive* steps. At a minimum, law enforcement agencies and a criminal justice system are required so that individuals are not left to defend themselves against forces that they are unable to defeat on their own. The existence of these social institutions is predicated on positive actions in the forms of design, implementation, administration, and taxation. In this way it can be seen that the protection of a prototypical negative right requires positive actions, and not merely the avoidance of particular actions. Since "negative" rights entail both negative and positive duties, the notion of negative vs. positive rights loses its meaning. There are only rights and corresponding obligations, but the obligations that correspond to these rights are both negative and positive. In Shue's words,

while some duties are at the negative end of the spectrum and others are at the positive (and many are in between), no right can, if one looks at social reality, be secured by the fulfillment of only one duty, or only one kind of duty. If one looks concretely at specific rights and the particular arrangements that it takes to

defend or fulfill them, it always turns out in concrete cases to involve a mixed bag of actions and omissions.¹⁷

Our task then, is to identify the most basic human rights and the duties that correspond to those rights.

Human rights are rights enjoyed by humans not because we are members of the species *Homo sapiens*, but because fully functional members of our species are persons. Personhood is a metaphysical category that may or may not be unique to *Homo sapiens*. To be a person one must be capable of reflecting on one's desires at a second-order level, and one must be capable of acting in a manner consistent with one's considered preferences.¹⁸ It is in this sense that the idea of personhood is properly understood as metaphysical rather than biological.¹⁹ The derivation of human rights from the concept of personhood is one of the most important accomplishments of 20th century philosophy. Much of the most important foundational research on basic rights has been produced Alan Gewirth.²⁰ As a result of his work, as well as that of others, it is possible to identify *freedom* and *well-being* as the most basic human rights.²¹ Freedom is here understood as controlling one's behavior without undue external pressure and with knowledge of the relevant circumstances. Specifically, it includes control over one's own physical integrity, freedom of belief and expression, and freedom of association. Possessing well-being entails having the general abilities and conditions required for a person to be able to act autonomously. The most important component of well-being is basic goods. Basic goods are the general physical and psychological capabilities necessary for humans to function as autonomous beings. The right to freedom and the right to well-being transcend national, cultural, and legal boundaries

insofar as they apply to humans by virtue of the fact that humans enjoy “reason and conscience.” If persons have a right to freedom and well-being, then at a minimum other persons have an obligation to refrain from interfering with those rights. It is in this sense that rights entail corresponding duties on the part of persons and organizations.

In reply to a philosophical defense of human rights, it might be asserted that human rights are merely Western values with little applicability to non-Western societies. For example, it is sometimes argued that “East Asian values” emphasize order, discipline, and social harmony, as opposed to individual rights. In this view, the freedom and well-being of individuals should not be allowed to interfere with the harmony of the community, as might be the case, for example, when workers engage in disruptive collective action in order to secure their rights. There are at least two strategies for replying to such an assertion. First, one might challenge this claim on conceptual grounds by asking whether or not the arguments deployed in defense of human rights apply only within the context of Western societies. Arguments of precisely this variety have been deployed by Amartya Sen and others to demonstrate that the assertion is mistaken.²² Second, one might challenge this assertion on empirical grounds by pointing to a convergence of beliefs from Western and non-Western societies regarding human rights. One recent analysis by Hartman, Shaw, and Stevenson specifically reviewed global labor standards seeking hypernorms to determine whether in this array of emerging standards there existed any such norms with respect to labor standards.²³ The following basic labor rights were determined to have relatively universal acknowledgement in the range of codes and documents reviewed for that study:

- Just and favorable working conditions, including a limit to the number of hours a human should have to work each day and a healthy working environment;
- Minimum age and working conditions for child labor;
- Nondiscrimination requirements regarding the *relative* amount that a worker should be paid and the right to equal pay for equal work;
- Freedom from forced labor;
- Free association, including the right to organize and to bargain collectively in contract negotiations.

Thus, analysis of existing labor standards suggests that, at least in theory, there is considerable agreement about what rights *ought* to be respected.

We have seen that rights to freedom and well-being can be justified. If persons have a right to freedom and well-being, then at a minimum other persons have an obligation to refrain from interfering with those rights. It is in this sense that rights entail corresponding duties on the part of persons and organizations. MNC managers should regard respect for their employees' rights to freedom and well-being as constraints on the activities they undertake on behalf of their employers. But what are the specific obligations or duties of MNC managers with respect to the freedom and well-being of workers? Above we have listed five basic labor rights that have near universal acknowledgement in a wide range of labor codes. However, the mere fact that a list of specific rights has been endorsed in numerous codes and documents does not in itself provide a justification for such a right. Codes may, for example,

inadequately address a MNCs obligations to its employees. To be justified, a code of labor rights must represent a full and reasonable extension of the rights to freedom and well-being in the workplace. The five worker's rights listed above constitute a reasonable but incomplete extension of the rights to freedom and well-being in the workplace. Further rights must be articulated. For example, a sixth worker right, one that is missing from most labor codes, but one that must be added to the list is the right to be paid a living wage. Elsewhere Arnold and Bowie have provided a defense of the claim that MNCs have a moral obligation to provide a living wage to employees working a 48 hour work week, and they have provided a country specific method for determining what that wage should be.²⁴ We will not repeat those arguments here. Rather, we draw upon that work, and from our other work on these issues, in concluding that MNCs have an ethical obligation to respect each of these six worker rights.²⁵ In this essay we are not primarily concerned with the justification of such rights. Instead we are concerned with the challenge for MNCs of respecting such rights while remaining competitive in the global marketplace. This challenge is not as daunting as some might suspect for, as we illustrate below, numerous models of how to meet this challenge already exist.

III. POSITIVE DEVIANCY AND GLOBAL LABOR PRACTICES

Beyond the Dark Side

A common response to the criticisms of MNC 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. In fact, a recent article entitled,

“What Can Businesses Do to Appease Anti-Globalization Protestors?” concluded “not very much.”²⁶ But is this so?

Two facts seem unavoidable, but also lead us to reject the empirical premise deployed by defenders of sweatshops. First, attempts to redress sweatshops conditions must take into account the pressures of globalization and the poor economic conditions of developing nations. As long as the extreme global disparity in wages and living conditions exists among nations, working conditions that are unacceptable in one area may well be sought after in others (sometimes referred to as the “race to the bottom”). Second, regardless of the economic conditions of developing nations, it remains true that companies who profit from egregious working conditions often are subject to onslaughts of media and consumer criticism, and that sweatshop conditions sometimes result in damaged workers, damaged societies, and long-term economic problems.

To avoid these negative outcomes, it is important for MNCs to find some way to (a) work within the constraints of developing nation economies and social conditions, while (b) respecting the world-wide concern for the ways in which workers are treated. It will do little good for workers and multinationals if MNCs simply abandon the global work force and retreat to Western labor markets. But it will be good for neither workers nor MNCs if concerns about labor conditions are simply ignored.

What, then, is to be done? Too much attention has focused on the “dark” side of global labor decisions. When people read newspapers or students study the behavior of multinationals in developing economies, they typically read or learn only about the “sweatshop” treatment of workers. However, many firms have either been spurred on by this attention toward improving workplace conditions or had always maintained innovative health and safety programs in the workplace. Focusing on such positive

examples provides the best opportunity for moving the current debate beyond the entrenched, polarized political narrative of economic efficiency versus increased regulatory protection for workers' rights. Furthermore, companies may find that there are positive consequences to a proactive response to questions of 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 deviance” with respects to their labor practices.

Positive Deviancy

The Ashridge Centre for Business and Society recently conducted an expansive survey of the world’s 500 largest companies in order to determine the most important corporate strategies regarding global human rights. The Centre’s survey indicated the importance of a well-rounded approach covering both formal policies and formal and informal actions by management to foster commitment to those policies. Its research concluded that there were four key factors that were critical in determining a firm’s success when dealing with these issues: (1) keeping up with the debate through monitoring and analyzing media coverage and other information sources; (2) evidencing company commitment to these issues through senior management responsibility and accountability as well as communication throughout the firm; (3)

generating change by setting examples throughout the supply chain; and (4) managing risk by implementing proactive and progressive policies and procedures.²⁷

More generally, and in line with our discussion of a common understanding of human rights, the Centre concluded that, at the core of the search for best practice companies is the notion that human beings, wherever they are and whatever work they are doing, should be treated with dignity and respect. Principles, standards, and reporting systems are emerging in large measure because, as we have seen the market critics contend above, markets left to their own devices are a questionable mechanism for assuring that appropriate ethical standards are met. While it is clear that some degree of consolidation in the proliferation of standards and reporting practices is likely to take place in the future, it is equally clear that the issue of labor standards is here to stay. One manner in which to consider possible solutions is to evaluate the occurrences of “positive deviancy” in connection with global labor challenges.

The concept of deviance within organizations has received only limited attention from scholars in philosophy and the social sciences. Sternin and Choo, in coining the phrase, contend that a study of positive deviants can lead to progressive responses from those who did not previously succeed in achieving the success exhibited by the positive deviants.²⁸ This claim raises at least three obvious conceptual questions. First, at what level, or levels, of an organization does positive (or negative) deviance take place? Second, what is the baseline from which deviance occurs? Third, how is positive deviance to be distinguished from negative deviance? Let us consider each of these questions in turn.

In a recent review of the social science literature on deviance, Warren notes that deviance must be assessed in relationship to a specific reference group.²⁹ Warren

advances discussion of deviancy by arguing for the use of specific reference groups when assessing deviancy; by correctly charging scholars with integrating individual understandings of deviance concepts within a broader conceptual framework; and by encouraging scholars to make explicit the criteria they employ for assessing deviant behavior. In this section of our paper we seek to further advance discussion by providing a more comprehensive conceptual typology of deviance than that provided by Warren. Recognizing a more comprehensive typology is important because it allows for a more refined understanding of deviance within social groups. This more comprehensive understanding of deviance may be utilized to better understand the causes of deviance, as well as the impact of deviance on deviant social groups, and on the non-deviant social groups with which they interact.

Warren acknowledges the possibility of deviancy with respect to a variety of reference groups, at a variety of social levels. However, her discussion focuses primarily upon deviance at the individual and organizational levels. We believe that there are at least five levels at which deviance may take place within an industry. These include the individual, work group, program, system, and organizational levels. At each social level, there may either be conformity to a reference group behavior, negative deviance from reference group behavior, or positive deviance from reference group behavior. Whether or not deviance is positive or negative depends upon the extent to which the relevant agents adhere to specific norms. There are at least three sets of relevant norms with corresponding baselines.

First, there are strategic norms, such as best practices within an industry. In this category, the baseline may be understood to correspond to the widely accepted best practices within a particular industry. Positive deviance from this norm occurs when a

work group or company, or another social level, deviates from the baseline in a way that improves a company's strategic position measured in market share, revenues, and profits. Negative deviance from this norm occurs when a work group or company, or another social level, deviates from the baseline in a way that adversely impacts a company's strategic position. Second, there are legal norms mandated by legitimate governing authorities. In this category, the baseline may be understood to correspond to the reference groups attitudes toward local laws. Positive deviance from this norm occurs when a work group or company, or another social level, deviates from the baseline in a way that improves a company's respect for the rule of law. Negative deviance from this norm occurs when a work group or company, or another social level, deviates from the baseline in a way that adversely impacts a company's respect for the rule of law. Third, there are ethical norms such as those determined by reference to basic human rights, and to corresponding worker rights. Positive deviance from this norm occurs when a work group or company, or another social level, deviates from the baseline in a way that improves a company's respect for basic human rights, and corresponding worker rights. Negative deviance from this norm occurs when a work group or company, or another social level, deviates from the baseline in a way that adversely impacts a company's respect for basic human rights, and corresponding worker rights.

Positive Deviance in the Apparel and Footwear Sector

Several examples of positive ethical deviancy can be found among firms that have been subject to previous criticism by the media or nongovernmental organizations (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, in response to NGO investigations of Nike supplier work places, Nike CEO Phil Knight delivered a speech at the National Press Club in 1998 that became a turning point in Nike's approach to the issues facing its suppliers.³⁰ In that speech, Knight accepted responsibility at the corporate level for the labor activities of its suppliers by establishing six initiatives for the firm. Knight explained that, as of that day, Nike committed to:

- Increasing the minimum age of new footwear factory workers to 18, and the minimum age for all other new light-manufacturing workers (apparel, accessories, equipment) to 16;
- Adopting the personal exposure limits (PEL) of the U.S. Occupational Safety and Health Administration (OSHA) as the standard for indoor air quality for all footwear factories;
- Funding university research and open forums to explore issues related to global manufacturing and responsible business practices such as independent monitoring and air quality standards;
- Expanding worker education programs, including middle and high school equivalency courses, for workers in all Nike footwear factories;
- Increasing support of its current micro-enterprise loan program to 1,000 families each in Vietnam, Indonesia, Pakistan and Thailand.

- Expanding its current independent monitoring programs to include NGOs, foundations and educational institutions and making summaries of the findings public;
- Involving NGOs in the process of factory monitoring, with summaries released to the public.

Knight subsequently followed through on these commitments and so demonstrated positive ethical deviancy at the individual level.³¹

Since the time of Knight's pronouncement, Nike has developed a system of comprehensive monitoring and remediation. This includes a health management and safety audit program, and a significant global labor practice team that visits factories on an everyday basis, and conducts training and awareness initiatives. On-site, in-country research conducted by one of the present authors evidenced innovative methods for implementing the above-enumerated commitments, including the promised micro-enterprise loan programs, after-hours education programs and health and safety initiatives.³² These recently implemented programs demonstrate positive ethical deviance at the programmatic level. In September 2001 Knight and Nike's Board of Directors created a Corporate Responsibility Committee of the Board. The committee's responsibility is to review, report and make recommendations to the full board regarding Nike's alignment with corporate responsibility commitments. Issues to be addressed include labor compliance initiatives, environmental practices, community affairs programs, human resources, diversity issues, and philanthropic efforts. These

structural changes in the governance of Nike provide evidence of positive ethical deviance at the company level.

Similarly, adidas-Salomon has chosen to create a worldwide network of social and environmental affairs professionals who comprise its Standards of Engagement (SoE) team, charged with the responsibility of ensuring that all of its suppliers' factories are safe, fair places to work. The SoE are patterned after the International Labor Organizations conventions and the model code of conduct of the World Federation of Sporting Goods Industries and reflect attention to health, safety, and environmental (HSE) issues.³³ These structural changes in the management of adidas-Salomon provide evidence of positive ethical deviance at the company level.

Adidas has demonstrated its commitment to innovation in responding to global labor challenges through a number of programs. These include a partnership with its competitors designed to raise health and safety standards in non-MNC contracting factories, both to support the general social structure of a nation within which they currently have suppliers, and to create more supplier options with higher standards of HSE to support expanded operations in that nation.

In addition, adidas developed a comprehensive response to child labor in countries where it is prevalent. For example, when adidas discovered 250 youth workers out of 2,500 during the first audit of a Vietnamese supplier's factory, it required that the supplier create an on-site education program and pay each youth worker a full-time salary during the time she or he is enrolled in the program. This made up for any lost income upon which the worker's family depended in order to cover the basic needs of the family. Finally, the factory was required to provide a job for the worker once the worker has completed compulsory education. This structure

has become standard for adidas footwear suppliers throughout Asia and has been confirmed by on-site research by Hartman.³⁴

More recently, adidas has undertaken an initiative to ensure that its contract workers are paid a “fair wage,” defined by adidas as one that will both meet the needs of workers and provide for discretionary spending. Adidas is working on a program that has as its goal the establishment of a wage-setting mechanism with the following characteristics:

- The wage program is transparent and has the direct input by the workers, i.e. ideally through negotiation or collective bargaining, or through alternative legal means, such a workers council or welfare committee;
- The wage program benchmarks basic pay at a level that is higher than the local minimum wage;
- The wage program acknowledges and rewards workers for productivity gains;
- The wage program includes and takes into account data on general cost of living and workers needs;
- The wage program is part of a broader and much improved human resource management system;

- The wage program meets in full all legally mandated benefits, and, where practicable;
- The wage program promotes and supports the development of worker cooperatives.³⁵

Adidas expects each of its contractors to have such a mechanisms in place by 2006. Adidas' HSE, child labor, and wage programs demonstrate positive ethical deviance at the programmatic level.

Both Nike and adidas have facilitated the alteration of the global labor systems of the apparel and footwear industries. Historically, apparel and footwear corporations accepted responsibility only for that which fell within the boundaries of their own organizations and specifically did not regard themselves as accountable for those particular labor abuses that occurred within the operations of their contractors. This original conception was the outgrowth of traditionally insulated domestic contracting relationships. When these corporations did business domestically, they were bound to domestic laws, as were their contractors and other stakeholders. When they began to globalize, they did not at first consider the need to be accountable for the actions of their contractors since that was not the case in their domestic business operations, where a comprehensive legal system was already in place. In addition, part of the allure of overseas contracts was the lower cost structure, in part the result of fewer legal requirements.

Under the original conception of the apparel and footwear supply chain systems, contracted factory workers were not considered by corporations in the apparel and footwear industry to be part of their system and therefore were beyond the bounds of their duties. This exclusion reflected the low (or lack of) priority for workers and their working conditions not only on the part of MNCs, but also on the part of other stakeholders in that system. Until MNC managers exercised moral imagination regarding labor practices in contract factories, the boundaries were destined to remain the same. The alternative conception of the apparel and footwear supply chain systems involves a network of relationships among diverse stakeholders such as the MNCs, contractors, factory workers, non-governmental organizations, governments, and consumers. Each of these entities contributes to shaping the social-political and economic environments in which the MNCs operate, and helps define the boundaries within which the MNCs consider and reach decisions regarding the labor challenges they face.³⁶ In this way, both Nike and adidas have demonstrated positive ethical deviance at the systems level.

Positive MNC deviants, in collaboration with their contractors, are creating and maintaining respectful work environments in their global factories. It is uncontested that these work environments with their safer working conditions and better wages and benefits, rather than sweatshops, best enhance the preference satisfaction of workers. In the next section we argue that the preferences of other stakeholders are also better satisfied by the innovative labor practices of positive MNC deviants.

IV. STRATEGIC ADVANTAGES

In section II we argued that MNCs have an obligation to respect the basic rights of their workers. We believe this obligation should be the primary reason that MNC managers ensure that labor rights of workers in their factories, and those of their contractors, are respected. However, we recognize that the motivation for corporate engagement regarding the rights of workers may often stem from strategic considerations. There is a growing recognition on the part of MNCs that the implementation of labor-related standards can have a positive impact on numerous strategic considerations such as productivity, reputation, and employee morale. Several recent studies support this conclusion. First, in a recent study of the various approaches firms might take to labor challenges in the supply chain, researchers found that the following valuable benefits resulted from an "involvement" or engagement approach to these issues as opposed to a more indifferent or "hands-off" perspective: high employee morale; increased employee and customer loyalty; enhanced supplier commitment; improved product quality; a reputation for caring among customers; and enhanced support from the local community.³⁷ Second, in a recent study of public attitudes toward corporate social responsibility conducted by Market & Opinion Research International on behalf of Corporate Social Responsibility Europe, researchers found that seventy percent of European consumers report that a company's commitment to social responsibility, including "looking after employees," is important when buying a product or service.³⁸ Third, a recent study of the business case for sustainability conducted jointly by the International Finance Corporation, Instituto Ethos, and SustainAbility, researchers found strong evidence in support of these conclusions. The report found that "(s)ound employment practices such as fair wages, a clean and safe working environment,

training opportunities, and health and education benefits for workers and families can all increase morale and productivity while reducing absences and staff turnover. In addition to productivity benefits, companies also save on costs for recruitment and training of new employees."³⁹ As Jane Nelson of the The Prince of Wales Business Leaders Forum has written, "There is clear evidence that a good reputation gains a company more customers, better employees, more investors, improved access to credit, and greater credibility with government."⁴⁰

Perhaps the most controversial issue in the debate over global sweatshops is that involving wages. This is somewhat surprising, for there is evidence to support for the claim that positive MNC deviants who voluntarily pay employees a fair wage will achieve increases in worker productivity and loyalty. The most obvious ways in which wages effect productivity are captured by nutrition models of efficiency wages.⁴¹ Put simply, workers whose minimum daily dietary requirements are met, and who have basic non-food needs met, will have more energy and better attitudes at work; will be less likely to come to work ill; and will be absent with less frequency.⁴² A second economic model emphasizes the gift-exchange nature of employment relations, as opposed to the pure market exchange of such relations.⁴³ On this model, employees who are compensated at rates significantly higher than the wages demanded by the market are seen as making a gift to workers, who reciprocate with greater productivity and greater loyalty.

Increased productivity and employee loyalty alone may offset the cost respecting workers basic rights by improving working conditions and paying a living wage. However, available evidence indicates that consumers are willing to pay more for products that are produced under conditions that respect worker's rights.⁴⁴

Furthermore, in the labor intensive apparel industry new cost savings that will occur as a result of the elimination of World Trade Organization quotas will allow manufacturers to accommodate any increased labor costs without passing those costs on to consumers.⁴⁵

As firms globalize, they have the potential to realize the tremendous benefits of implementing some of the management learning that has emerged in the United States and Europe in the past few decades. These benefits include:

- *Increased leverage* earned by exclusive contracts with suppliers to encourage or even require suppliers to put into practice workplace enhancing projects such as education programs and minimum wages, resulting in higher productivity and improved performance, as well as enhancements in the workplace standards of supplier factories.
- *A greater awareness of human rights issues* and enhanced and enlightened compliance with local and international laws that results in a reduction in litigation or other costs of liability for omissions, alleviating the concerns of shareholders and potentially enhancing the firm's brand image.
- *Encouraging respect for the rule of law* in nations where such respect may be a new concept, thereby enhancing respect for the legal rights of both individuals and corporations.
- *Improved relationships with key stakeholders* including customers and investors as a consequence of respecting the human rights of workers, thus

ensuring that profits continue to be generated and providing further justification for the globalization of the MNCs' labor force.

Additional benefits inure to positive MNC deviants. For example, they may improve their reputation among media organizations, policy activists, and many consumers. This helps to reduce the concern on the part of shareholders that their investments will suffer losses either through actual legal liability or through negative media attention and the resulting consumer concerns that can undermine a company's brand image.

Negative publicity associated with the discovery of sweatshop conditions or child labor practices has hurt the reputation of major companies such as Nike, Wal-Mart, and Liz Claiborne, just to name a few. Shell Oil and British Petroleum both gained worldwide attention for their failure to enact appropriate policies and procedures to protect the human rights of both their own, and their suppliers' workers, moving them from the financial pages to the front page. Yet now, Shell's annual triple bottom line report, "People, Planet and Profits," garners positive media attention, which can result in a positive impact on its financial bottom line.⁴⁶ In fact, the International Finance Corporation, Instituto Ethos and SustainAbility study discussed above found that companies in emerging markets gain financially from sustainability efforts.⁴⁷ The report concludes that it does pay for businesses in emerging markets to pursue a wider role on environmental and social issues citing cost reductions, productivity, revenue growth, and market access as areas of greatest return for MNCs.⁴⁸

Other firms have also decided to bring these issues into the light of day through social and environmental reports that are generally issued at the same time annually as

their more traditional annual reports. Adidas-Salomon's social and environmental Reports have, since 2001, provided detailed accounts of their progress regarding labor practices.⁴⁹ However, it also offers an overview of those areas where adidas has not yet reached its social goals. As these reports illustrate, adidas has transformed itself into one of the pace setting positive deviants in the apparel and footwear industry. The Gap has recently followed this example by releasing a comprehensive social report on its efforts to implement respect for worker rights at its contract factories.⁵⁰

Positive MNC deviants may also find that they improve the labor markets and social capital of the developing countries in which they operate. First, they may become the employer of choice among the best employees in local labor markets. In addition, respect for human rights, and for the rule of law, may encourage others to behave similarly even in countries that historically have been characterized by abuse, self-dealing, and cronyism, especially if other organizations in those countries see that they are now on the losing end of the competition for the best workers.

It is our contention, then, that positive MNC deviants, corporations that create and maintaining healthy and safe workplaces where workers are fairly compensated, best enhance the preference satisfaction not only of workers, but of others affected by sweatshops as well. They enhance the preference satisfaction of MNC managers and shareholders via increased profitability due to greater employee productivity and loyalty, enhanced consumer satisfaction, and improved corporate reputation. Furthermore, they enhance the preference satisfaction of employees and shareholders who do not wish to benefit from working conditions and wages that they regard as unjustly exploitative. These positive deviants also best enhances the preference satisfaction of consumers who do not wish to benefit from working conditions and

wages that they regard as ethically wrong. Finally, it will enhance the preference satisfaction of the many NGO members who regard sweatshops as unjustly exploitative. Based on the arguments of this section, together with the arguments of section III, we conclude that the empirical premise used to defend sweatshops is false. Thus, even when assessed on consequentialist grounds, the argument for sweatshops turns out to be incorrect.

V. CONCLUSIONS

British Petroleum CEO John Browne recently claimed that MNCs have an increasing responsibility as they venture into less developed parts of the globe.⁵¹ “There is a powerful case for the view that it is through cooperation and interdependence that any society advances from one level of development to the next. Trust is the basis for globalization which gives us the chance to take the next step, and that is an opportunity we mustn’t waste.”⁵² The critical factor, he claims, in restoring trust is to demonstrate that the presence of a corporation in emerging markets is a source of human progress, not decline. In fact, he argues, a firm’s failure to globalize and to bring these opportunities to the emerging nations of the world is equivalent to denying the world’s poor the chance to improve their standard of living and to share in the prosperity that others enjoy. There is a responsibility to participate in the world’s markets, but the challenge is to do so in morally responsible manner.

As we have seen, there are numerous defenders of sweatshops. But as we have also seen, the arguments of this essay show that there are good reasons for thinking that the ethical premise and the empirical premise upon which the pro-sweatshop

argument rests are false. There are, then good reasons for thinking that the argument in favor of sweatshops is itself false.

We do *not* purport to suggest that any one solution is the best solution to a particular labor challenge posed by contemporary corporate globalization. Nor do we purport to identify a comprehensive solution to the complex problem of managing global sourcing systems in an ethically praiseworthy manner. Rather, we seek to focus attention on that which can and perhaps should be *replicated* in the global workplace, rather than that which should be chastised; that is, on the initiatives that represent real but possibly imperfect attempts to manage responsibility.

Accordingly, we see an alternative not only to the debate between those who advocate a free market, hands-off approach and those who advocate a regulatory approach that restricts trade, but also to the endless parade of negative stories about poor working conditions, terrible treatment of workers, and egregious flouting of internationally accepted labor and working standards. MNCs now must recognize the fact that their own corporate sustainability and continuing global presences and impact rely in part on voluntary, progressive, proactive recognition of worker rights and the amelioration of the conditions under which their (and their suppliers') workers toil. Through *voluntary* actions, MNCs are capable of following the examples of positive deviants within their own industries and thereby demonstrating respect for basic human rights while remaining profitable, and consequently moving beyond sweatshops.

¹ For the purposes of this paper we define the term “sweatshop” as any workplace in which workers are typically subject to two or more of the following conditions: systematic forced overtime; systematic health and safety risks that stem from negligence or the willful disregard of employee welfare; coercion; systematic deception that places workers at risk; underpayment of earnings; and income for a 48 hour work week less than the overall poverty rate for that country (one who suffers from overall poverty lacks the income necessary to satisfy one’s basic non-food needs such as shelter and basic health care). For discussion of these issues see Denis G. Arnold and Norman E. Bowie, “Sweatshops and Respect for Persons,” *Business Ethics Quarterly* 13, 2 (April 2003): 221-242.

² Allen R. Myerson, “The World; In Principle, a Case For More 'Sweatshops',” *The New York Times*, June 22, 1997, section 4, p. 5.

³ Ibid.

⁴ Jim Aisner, “Competing in the Global Economy: An Interview with Michael E. Porter,” *Leading Research*: 2, 4 (2002). Available at <<http://www.leadingresearch.hbs.edu/archives/02.04/story01.html>>; Pranab Bardhan, “Some Up, Some Down,” in *Can We Put an End to Sweatshops?*, eds. Joshua Cohen and Joel Rogers, (Boston, MA: Beacon Press 2001); J.Denis Bélisle, “Helping Small Firms Join a Knowledge-Based Economy,” *International Trade Forum* 4 (2000), p. 4; Jagdish Bhagwati, “The Demands to Reduce Domestic Diversity and Trading Nations, International Labor Standards and Trade: A Theoretical Analysis,” in *Fair Trade and Harmonization: Prerequisites for Free Trade? Volume 1: Economic Analysis*, eds. Jagdish Bhagwati, and Robert E. Hudec (Cambridge, MA: MIT Press, 1996); International Chamber of Commerce, *Business and the Global Economy*, ICC statement on behalf of

world business to the heads of state and government attending the Kananaskis summit, June 26-27, 2002; William J. Martin & Keith E. Maskus, "The Economics of Core Labor Standards: Implications for Global Trade Policy," *Review of International Economics* 9 (2001): 317-328.

⁵ John Gray, *False Dawn: The Delusions of Global Capitalism* (New York: The New Press, 1998); Brian A. Langille, "General Reflections on the Relationship of Trade and Labor," (or: Fair trade is Free Trade's Destiny) in *Fair Trade and Harmonization: Prerequisites for Free Trade? Volume 2: Legal Analysis*, eds. Jagdish Bhagwati, and Robert E. Hudec (Cambridge, MA: MIT Press 1996).

⁶ Bhagwati, "The Demands to Reduce Domestic Diversity and Trading Nations, International Labor Standards and Trade" and *In Defense of Globalization* (New York: Oxford University Press, 2004).; Gray, *False Dawn*; Langille, "General Reflections on the Relationship of Trade and Labor"; V.A. Leary, "Workers Rights and International Trade: The Social Clause (GATT, ILO, NAFTA, U.S. Laws)," in *Fair Trade and Harmonization: Prerequisites for Free Trade? Volume 2: Legal Analysis*, eds. Jagdish Bhagwati, and Robert E. Hudec (Cambridge, MA: MIT Press 1996); Mark Levinson, "Wishful Thinking," in *Can We Put an End to Sweatshops?* eds. Joshua Cohen and Joel Rogers, (Boston, MA: Beacon Press 2001).

⁷ Drusilla K. Brown, Alan V. Deardoff, and Robert M. Stern, "International Labor Standards and Trade: A Theoretical Analysis," in *Fair Trade and Harmonization: Prerequisites for Free Trade? Volume 1: Economic Analysis*, eds. eds. Jagdish Bhagwati, and Robert E. Hudec (Cambridge, MA: MIT Press 1996).

⁸ Ibid.

⁹ "Remember Sweatshops?" *Business Week*, September 30, 2002, p. 14.

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- ¹¹ Norman E. Bowie, *Business Ethics: A Kantian Perspective* (Malden, MA: 1999); and Arnold and Bowie, "Sweatshops and Respect for Persons."
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- ¹⁷ *Ibid.*, p. 155.
- ¹⁸ For a defense of this account of personhood see Harry G. Frankfurt, *The Importance of What We Care About* (Cambridge, UK: Cambridge University Press, 1988); see also

Gerald Dworkin, *The Theory and Practice of Autonomy* (Cambridge, UK: Cambridge University Press, 1988).

¹⁹ For an important discussion of the relationship of personhood to rights see A.I. Melden, *Rights and Persons* (Berkeley, CA: University of California Press, 1977).

²⁰ Alan Gewirth, *Reason and Morality* (Chicago, IL: University of Chicago Press, 1978); Shue, *Basic Rights*. As with any major philosophical theory, Gewirth's defense of human rights has been criticised on various grounds. However, Deryck Beyleveld has provided a masterful and persuasive defense of Gewirth's arguments concerning the justification of human rights in his own important work on the subject. See Beyleveld, *The Dialectical Necessity of Morality* (Chicago, IL: University of Chicago Press 1991).

²¹ See, for example, Martha Nussbaum, *Women and Human Development* (New York: Cambridge University Press 2001); Amartya Sen, "Well-Being, Agency and Freedom: The Dewey Lectures 1984," *Journal of Philosophy* 82, no. 4. (Apr., 1985) : 197-198; Sen, *On Ethics and Economics* (Oxford: Blackwell Publishers 1987); Sen, "Human Rights and Asian Values," in *Business Ethics in the Global Marketplace*, ed. Tibor R. Machan (Stanford, CA: Hoover Institution Press 1999), 37-62; and Denis G. Arnold, "Moral Reasoning, Human Rights, and Global Labor Practices," in *Rising Above Sweatshops: Innovative Management Approaches to Global Labor Practices*, eds. Laura P. Hartman, Denis G Arnold, and Richard E. Wokutch (Westport, CT: Praeger, 2003).

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²³ Laura P. Hartman, William Shaw, and Rodney Stevenson, "Exploring the Ethics and Economics of Global Labor Standards: A Challenge to Integrated Social Contract theory," *Business Ethics Quarterly*, 13, 2 (2003): 193-220.

²⁴ While a living wage is difficult to define with precision, one useful approach is to use a method similar to that used by the U.S. government to define poverty. This method involves calculating the cost of a market basket of food needed to meet minimum dietary requirements and then adding the cost of other basic needs. The Council on Economic Priorities uses this approach to define a wage that meets basic needs in different countries. We maintain that, at a minimum, respect for the well-being of workers entails that MNCs and their suppliers have an obligation to ensure that workers do not live under conditions of overall poverty by providing adequate wages for a 48-hour workweek to satisfy both basic food needs and basic non-food needs. For further discussion see Arnold and Bowie, "Sweatshops and Respect for Persons"; and Denis G. Arnold and Laura P. Hartman, "What's Wrong With Pro-Sweatshop Arguments?," paper presented to the conference on "Voluntary Codes of Conduct for Multinational Corporations: Promises and Challenges," Baruch College, CUNY, " New York, NY May 13, 2004.

²⁵ Laura P. Hartman, Denis G Arnold, and Richard E. Wokutch eds., *Rising Above Sweatshops: Innovative Management Approaches to Global Labor Practices* (Westport, CT:

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²⁶ Joel Oestreich, "What Can Businesses Do to Appease Anti-Globalization Protestors?" *Business and Society Review* 107, 2 (2002): 207-220.

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²⁸ Jerry Sternin and Robert Choo, "The Power of Positive Deviancy," *Harvard Business Review*, (Jan/Feb 2000): 14-15.

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³¹ The *New York Times* applauded Knight's commitments, arguing that they "set a standard other companies should match." "Nike's New Labor Practices," *The New York Times*, May 18, 1998, p. A18.

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³⁴ Laura P. Hartman, Richard E. Wokutch, and J. Lawrence French, "Adidas-Salomon: Child Labor and Health and Safety Initiatives in Vietnam and Brazil," in Laura P. Hartman, Denis G. Arnold, and Richard E. Wokutch, *Rising Above Sweatshops: Innovative Management Approaches to Global Labor Practices* (Westport, CT: Praeger, 2003).

³⁵ Adidas-Salomon, "A Fair Wage Strategy;" and the report endorsing the adidas fair-wage plan by economist Chris Manning, "Promoting Fair Wages, Productivity and Jobs in Garments and Footwear in Indonesia." Both available at <http://www.adidas-salomon.com/en/sustainability/transparency/fair_wage_study/fair_wage_study.asp>

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³⁶ For more detailed examination of the ways in which the exercise of moral imagination lead to the transformation of the global apparel and footwear supply chain systems in which Nike and adidas-Salomon operate see Arnold and Hartman, "Moral Imagination and the Future of Sweatshops."

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³⁸ MORI, *The First Ever European Survey of Consumers' Attitudes Towards Corporate Social Responsibility*. London. 2000.

³⁹ Roger Cowe, *Developing Value: The Business Case for Sustainability in Emerging Markets* (London: SustainAbility 2002), p. 12.

⁴⁰ Jane Nelson, *Business as Partners in Development: Creating Wealth for Countries, Companies and Communities* (London: The Prince of Wales Business Leaders Forum, 1996), p. 47.

⁴¹ For an overview of the issues see Andrew Weiss, *Efficiency Wages: Models of Unemployment, Layoffs, and Wage Dispersion* (Princeton, NJ: Princeton University Press, 1990). See also the essays collected in George A. Akerlof and Janet L. Yellen, *Efficiency Wage Models of the Labor Market* (New York: Cambridge University Press, 1986).

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⁴⁹ Adidas-Salomon, *Clearer: Social and Environmental Report 2001*.

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⁵² Ibid.