

**Ethics and Social Responsibility in International  
Business**

**Table of Contents**

Introduction.....3  
Defining Ethics and Social Responsibility .....3  
Do Countries with Lower Ethical Views Attract Businesses? .....5  
Can Ethical Business Practices be Applied Globally? .....7  
Which organizations are safe guarding ethical practices and is it working?.....9  
What are the Ethical and Social Responsibilities of Outsourcing?..... 12  
    What is Outsourcing? ..... 13  
    Outsourcing is Beneficial..... 15  
What a Company Needs to Know Before Outsourcing ..... 17  
What Are the Facts Regarding Child Labor?..... 18  
    Child Labor Global Statics..... 18  
Conclusion ..... 21

## **Introduction**

Any successful endeavor starts with the customer and not only understanding the problems customers are trying to solve but also how these problems relate to their needs. With the growing global economy today's customers are becoming more of a mix of international and domestic consumers. This international demand has captured the interests of companies such as Apple, Pfizer, Microsoft and other alike. According to the World Bank it is expected that GDP on a global scale will grow by 2.7% in 2010 and 3.2% in 2011. Thus, today's companies are trying to gain a competitive advantage by providing products or services to meet the needs of the international consumer. To enable these companies to successfully develop and market their products and or services internationally a clear understanding of the social and ethical responsibilities of all stakeholders must be established. These ethical and social standards need to be embedded into an organization's DNA allowing a more predictable and positive impact on all. To help companies establish the appropriate ethical and social guidance in order to achieve a successful infiltration into the international market this research paper will be addressing the following questions:

- Do countries with lower ethical views attract businesses?
- Can Ethical Business Practices be applied Globally?
- Which organizations are safe guarding ethical practices and is it working?
- How will ethics and social responsibility impact the world of tomorrow?

## **Defining Ethics and Social Responsibility**

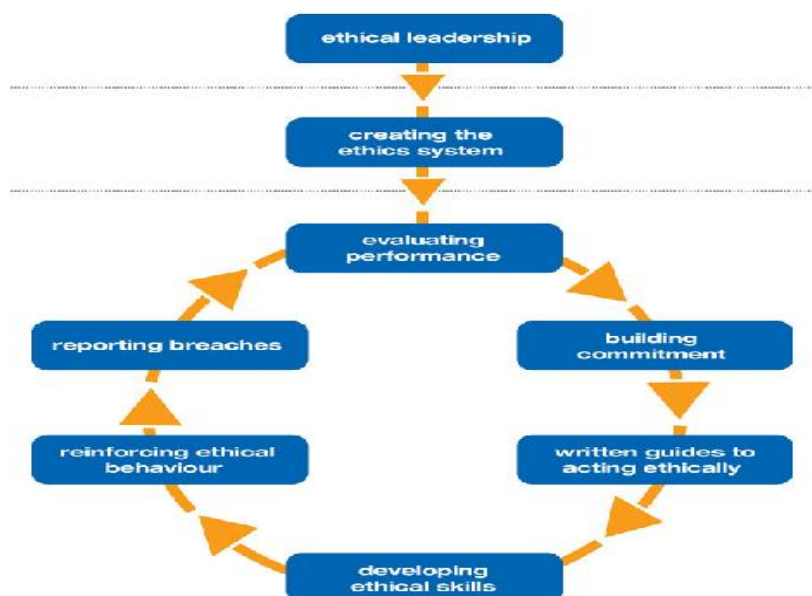
According to the Webster dictionary ethics is "the discipline dealing with what is good and bad or right and wrong or with moral duty and obligation" while Social

Responsibility is “moral, legal or mental accountability”. Together, these two terms make up the foundational principles and character, which drive the decisions a company and individual present. Ethics sometimes get confused with a person’s feelings; however, doing what is right may differ from one’s feelings. “In fact, feelings frequently deviate from what is ethical” (www.scu.edu). In reality, ethics and social responsibility is the study and governance of one’s morals by which acceptable standards are based on. The combinations of the two make up the corporate values company’s stand for. These values in turn underpin the leadership characteristics and purpose of a company, which enable the following:

1. “Building an Organization that truly makes a difference in the marketplace
2. Becoming a leader of great purpose; and
3. Bringing your purpose to life so that your constituents know exactly what you stand for. “ (Spence, pg. 4)

When instituting an ethical framework eight basic steps are required to fulfill the intent.

**These steps are illustrated in Figure 1.**



**Figure 1 - The Ethical Framework**  
(www.ssa.vic.gov.au)

When launching your company's ethical framework employees should remember, "great leaders do not adopt a purpose to increase their profitability. They believe deeply in the purpose and the profitability follows" (Spence, pg. 296).

### **Do Countries with Lower Ethical Views Attract Businesses?**

There is evidence that some countries will sacrifice wage and benefit provisions, work-place safety regulations or maximum workweek provisions in order to make employment competitively attractive to multinational corporations (Shearer pg542). If we accept our definition of ethics then we can conclude that these actions represent low ethical values. The question is do these low ethical values attract business. In some respects the answer is yes but overall the answer is no.

The increase in competition amongst developing countries for foreign investments can lead to a "race to the bottom" where states compete by offering an environment with the least amount of regulations (Winston pg73). While most multinational corporations do not generally commit willful human rights violations they are often indirectly complicit in such abuses. For example, due to the current and forecast increasing demand for rubber, Chinese companies have secured deals in Myanmar to produce rubber trees. Myanmar suffers from severe localized food insecurity according to the FAO (Daniel pg4). It appears that farmers are being forcibly displaced to make room for Chinese investment without any objections from the Chinese enterprises involved (Daniel pg4). The United Fruit Company relied on a tremendous amount of manipulation of land use rights in Central America to maintain its market dominance in banana production. In order for the company to maintain its unequal land holdings, they had to get government concessions. These concessions were often at the detriment of the

local people (Daniel pg11). United Fruit Company also found it necessary to become involved in local politics even though they were an American company. A “banana republic” signifies a country that is politically unstable, dependant on limited agriculture and ruled by a corrupt elite class that is heavily influence by multinational organizations. The term “banana republic” came into existence because of multinational companies taking advantage of a host countries low ethical environment (Daniels pg11).

Despite the evidence above there is even more substantial evidence that countries with lower ethical views do not attract businesses. There is little evidence that corporations direct their investment to countries that have lower labor or environmental standards. The research arms of multiple international organizations such as the OECD and the World Bank, have conducted studies investigating the claims that trade liberalization reduces regulatory standards, and found no support for the proposition (Kucera pg33). The balance of the evidence goes against conventional wisdom in that it suggests that foreign direct investment tends to be greater in countries with stronger worker rights. A strong reason for this is that countries with higher labor standards tend to achieve higher economic growth. Higher economic growth is a chief attractant of foreign direct investment (Kucera pg34). In a recent survey of several hundred mangers of multi-national corporations and international experts were asked to rank the importance of certain criteria with regard to foreign direct investment locations. The rankings were 0 to 5 with 0 not important and 5 very important (Kucera pg35). Market potential ranked highest, political and social stability ranked fourth while the cost of labor was ranked ninth (Kucera pg36). The full rankings are shown in Appendix A. There is also evidence that although U.S. capital outflow appears to be sensitive to rising

regulation costs, the investment recipients are countries with comparably stringent environmental standards (Kagan pg1). Data on U.S. foreign direct investment in developed and developing countries reveals that U.S. firms invested a greater percentage of pollution-intensive industries in the countries with stricter environmental standards (Kagan pg 2). Given the importance of industrialized country markets, many multinational corporations tend to operate globally with the most stringent standards calculating that in the future most developing countries will adopt these same standards (Kahler pg19).

There is also a problem with the race to the bottom hypothesis. The race to the bottom hypothesis makes several strong assumptions about the political economy of the nation-state in a world of perfect capital mobility (Kahler pg7). A major assumption regarding the race to the bottom hypothesis is the assumption that corporations will always prefer lower regulatory standards. Corporate preferences are more nuanced than a simple preference for abject deregulation. Firms will naturally push for stringent regulations to protect corporate assets. For example, U.S. multinationals – especially entertainment, computer, pharmaceutical, and chemical companies – strongly supported the establishment of an intellectual property rights regime within the WTO. Why was there strong corporate support for a significant ratcheting up of global standards in this issue area? U.S. Firms faced a loss of profits from third world firms producing unlicensed knock-offs of patented merchandise.

### **Can Ethical Business Practices be Applied Globally?**

Due to a range of societal values, be they religious, philosophical, or cultural, a universally accepted code of ethical standards is difficult, if not impossible, to create.

Even though certain ethical norms such as honesty, integrity, and loyalty are integral parts of most societies, the intensity of adherence to these norms can vary substantially from person to person across cultural boundaries. Thus, any questions concerning international business ethics are becoming increasingly more difficult to deal with by multinational corporations.

Recently, multinational companies have been encouraged by many scholars to develop clear and specific codes of conduct that outline their objectives, duties, and obligations in the international markets in which they operate (Rudolph 1995). These codes are to be implemented company-wide, across all divisions and departments. To be truly useful, the code of ethics should take into consideration the vested interests of both the host country and the host population. Another dimension is that ethics is a framework, which changes over large periods of time. To try and understand ethics one must decompose its structure into its parts. Ethics are comprised of morals, which are made up of a collection of values, which help us to determine what is "right" or "wrong". These morals are derived from Social, Civic and Educational Institutions as well as family (CORMIER, 2009). Given that cultures change over time, consequently, so do values, morals and ethics. For example, the Roman Empire would normally sponsor Gladiator games, which called for fatal acts of combat. These games were part of the Roman culture and the Gladiators were viewed as individuals with high status in society, similar to a 'Rock Star' in today's era. If someone were to take these same events and host them in today's society they would be considered morally wrong and unethical. As a result, when evaluating ethics we try to look to understand the casuistry of a given situation and its circumstances and not just a single event or action. When evaluating ethics or ethical



behavior on a global scale we must evaluate the facts and circumstances. However, the problem is further "compounded by the nature of human behavior. Each individual has a separate and distinct set of values. Just as our DNA is unique to each of us, so is our priority list of values and the degree to which we interpret and act upon the dictums of these values."(Cormier, 2009). Furthermore, the differing values between Countries will cause additional conflict since there is an absence of a suitably broad accepted ethical framework which all global citizens can exist and work in. Multinational companies are trying to address this dilemma by establishing some sort of preamble in the company's charter or policies. Policies will vary from one company to another, but what is most important is the understanding that each employee has with regards to his or her responsibility to maintain or exemplify what is considered ethical behavior. Overtime, by NOT giving in to unethical behavior you reinforce the notion of what is ethical.

### **Which organizations are safe guarding ethical practices and is it working?**

Steady progress has been made regarding the idea that corporations have certain ethical responsibilities toward society. Prior to the 1970's the prevalent view was that businesses' only responsibility was towards the shareholders (Winston pg 75). Since that time different scandals and reported abuses has changed the previous mindset towards corporate social responsibility. Voluntary codes such as the Global Sullivan Principles, the Caux Principles, the Ceres Principles and other company codes have been written delineating social responsible business practices"(Winston pg75). The UN-Sub commission on the Protection and Promotion of Human Rights has published a set of principles that set forth a set of ethical and legal obligations for multinationals. Perhaps the most significant development has been the rise of various nongovernment

organizations or NGOs. NGOs' have also been formed to oversee and report abuses by multinational corporations. Two such NGO, the Fair Labor Association and Social Accountability International, have developed a comprehensive social responsibility standard for retail manufacturing businesses called SA8000 (Winston pg 80). SA8000 covers eight essential workplace issues:

1. Child labor	2. Forced labor
3. Discrimination	4. Discipline
5. Health and Safety	6. Working Hours
7. Compensation	8. The right to free association

NGOs play the role of catalyst among the stakeholders of a firm to enhance awareness of the firm's ethical behavior. When NGOs protest unethical behavior of a firm they initiate the flow of information amongst stakeholders. By initiating the flow of information, NGOs act as a bridge between firms and stakeholders. Companies are beginning to realize that although actual costs may increase in order to comply with NGOs these cost are approximately offset by an increase in revenues due to compliance with the interests of society. Most of the firms listed as most admired in Fortune Magazine are also listed in Forbes list of most reputable companies (Gunay pg274). Most of these same companies employ a strategy of maintaining a positive relationship with important NGOs that monitor their business activities closely. Corporations are learning that having a close relationship with a NGO can be beneficial. A reason for this may be linked to the public's view of NGOs. According to the Edelman's Trust Barometer in 2008 and 2009, NGOs are the most trusted institutions in the world as can be seen in figures 1 and 2 (Edelman)

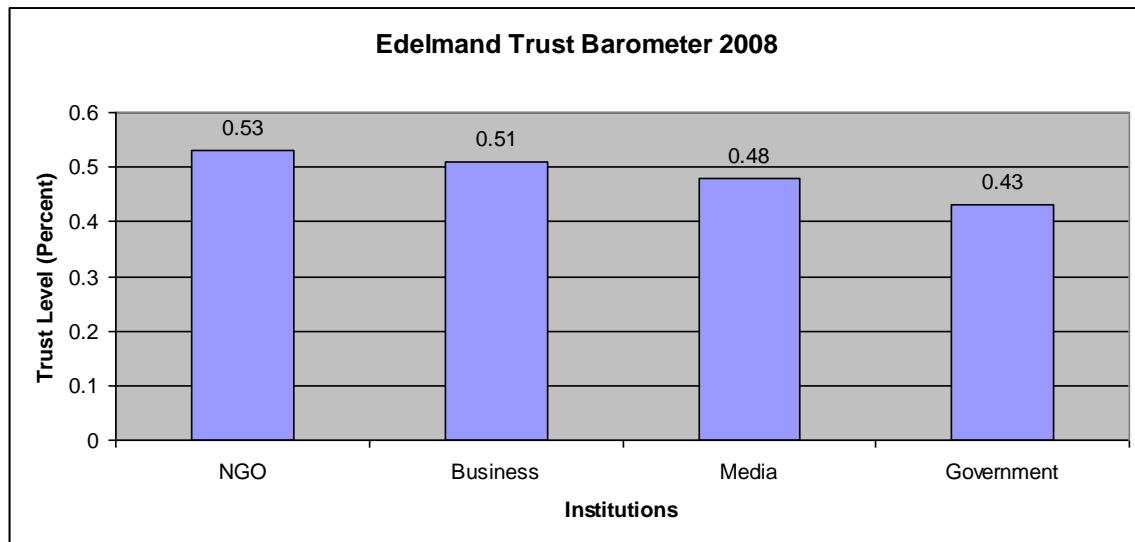


Figure 1

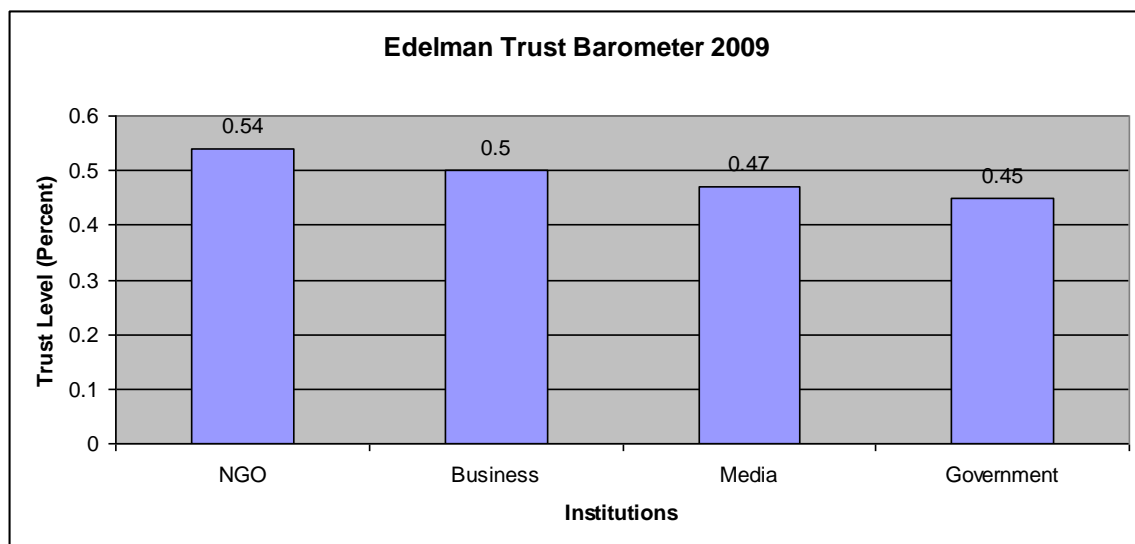


Figure 2

Across all regions trust in NGOs has increased over time. In China alone this trust has grown over 25 points since 2004 (Edelman). There are at least five factors that have led to the rise in NGOs (Winston pg71).

1. A perceived shift of power from nation-states to multi-national corporations
2. Existing international laws do not hold multi-national corporations accountable for social and environmental wrong doings

3. A growing anti-globalization movement
4. Some large international human rights organizations have concluded that they have been too focused on traditional categories of political rights at the detriment of economic and social rights
5. A growing desire on behalf of some within NGOs to cooperate with multinational corporations

NGOs are increasingly developing a more strategic way of dealing with corporations. There is generally three ways for NGOs to engage corporations. They can either be confrontational, engaging or a combination of both (Winston pg71). Confrontational approaches are still common but as a whole on the decline. NGOs are beginning to steer away from confrontational approaches and are adapting more cooperative strategies such as engagement (Kong pg111). A prime example of this cooperation between a NGO and multi-national corporation is the formation of the Marine Stewardship Council or MSC (Kong pg118). MSC was started by the NGO World Wide Fund for Nature and Unilever a leading manufacturer of fish sticks. MSC was started in response to the problem of over fishing. The MSC carefully developed criteria for sustainable fishing in close cooperation with industry and conservation experts (Kong pg118).

### **What are the Ethical and Social Responsibilities of Outsourcing?**

Outsourcing has become a very common discussion topic. Many discuss whether it is fair for a company to relocate their business for the sake of saving the company's bottom line. However, many never discuss the ethical and social responsibility the company has towards its employees within that particular foreign market. Social and

ethical responsibility should not just be incorporated and practiced within a company's home country. It should also be practiced when the company enters into foreign markets. One might ask, why should companies incorporate social and ethical responsibility into its outsourcing business practices? Many believe it is perfectly fine to incorporate a foreign market's ethical and social practices only if they are at the same level or a bit higher than a company's home country. However if they are beneath, a company needs to take some responsibility. Of course when a company outsources it can be extremely beneficial to a company's potential bottom line. However once a corporation has entered into the foreign market they need to always know that they have and incorporate some level of social and ethical responsibility

### **What is Outsourcing?**

Outsourcing is defined as, "The procuring of services or products, such as the parts used in manufacturing a motor vehicle, from an outside supplier or manufacturer in order to cut costs" (Definition of Outsourcing). Through the constant need for companies to become competitive within both domestic and foreign markets, many are seeking markets where the cost of labor is cheap and the production is high. "Outsourcing the outsourced is definitely one of the effective trends in the business world today, both for employers and employees all throughout the world"(Editor, A). To adhere to a company's supply and demand, outsourcing has become the answer to saving their bottom line initiatives.

"In the USA, outsourcing continues to grow far more rapidly than the U.S. economy as a whole, with an overall 15% growth rate. The U.S. economy is growing at 3.5 % – only 25 % of the rate of growth in outsourcing. 29% of all companies with sales over \$10 million are now outsourcing, indicating that what was once considered a limited activity is now part of normal business practices"(Auriga Inc).

**Top countries now in the forefront of outsourcing and why:**

India	The leading star of this global outsourcing surge, cornering approximately 80-90% of the global offshore market.
China	Touted as being the next big IT outsourcing destination Their IT services market has grown nearly 42% a year since 1997.
Malaysia	Well-developed world-class infrastructure its outsourcing industry has good government support.
Philippines	Has many years of experience in the BPO space have to their credit a vast population that speaks English with American accents, exposed to Western culture and global business.
Hungary	Slowly emerging as Europe's leading IT service providers, It has an advantage of offering its European counterparts with near shore facilities at a much lower cost.
Czech Republic	Boasts of low costs and cultural compatibility combined with good political stability. It is emerging as an ideal destination to service the German market
Russia	Emerging as a preferred destination for outsourcing of complex R&D problems for most global corporations.
South Africa	Slowly emerging as an outsourcing destination that is taking advantage of increased competition worldwide. Advantageous to the UK market as it lies in the same time zone and has a similar culture.
Mexico	Increasingly becoming a preferred destination to service Spanish speaking populations
Poland	Favored by the German companies as it has a large base of German and English speakers

<http://www.chillibreeze.com/articles/top-countries-outsourcing.asp>

### **Outsourcing is Beneficial**

Throughout the last few decades many companies have been outsourcing jobs to many foreign markets. “Outsourcing has expanded the forefront of the business scene in terms of employment. Assets are now made available in the global sense because companies can now hire service providers from just about any part of the world, as desired and required” (Editor, A). With this ability, the mere act of trading and such becomes a whole lot faster for any company, regardless of size and tenure. “Plus, with the advent of technology supporting the current outsourcing trends, using these assets to their fullest potential is easily realized (Editor, A).

The country that has seen the most positive results from the outsourcing phenomenon is India. “India is also no longer being viewed only as a competitor but also as an enabler to industry growth in other regions. "Indian companies are some of the gorillas and they are increasing their global footprint as clients look for multi-region support" (Shivapriya, N). Their economic stimulation has been a result of the US outsourcing jobs within their region and with the rapid creation of a middle class there is no wonder why India is seen by many economist experts to soon be one of the top global economies. According to Goldman and Sacs, “India is now an important economic power, on track to become a top-five global economy by 2030. It is a player in global economic decisions as part of both the G-20 and the G-8 + 5 (the G-8 plus the five leading emerging economies) and may ultimately attain a permanent seat on the United Nations Security Council”(Feigenbaum, 2010).

**More details are illustrated in Figure 1.**

**2. ECONOMIES:** The global economy will grow significantly, shift to the East and toward services. Characterized by increased sophistication and greater exchange

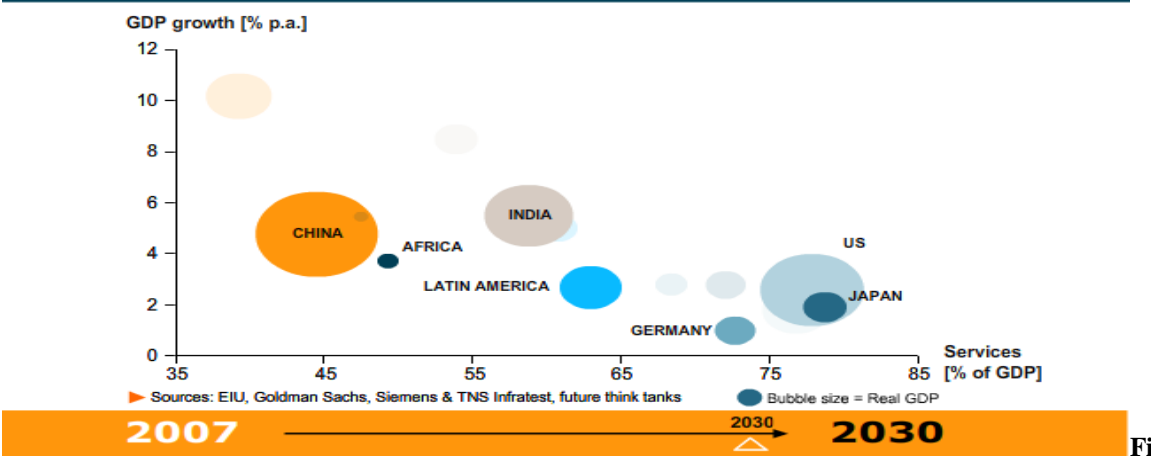


Figure 1 - <http://www.trendcompendium.rolandberger.com/fileadmin/trendcompendium/swf/b1.htm>

Just as India has flourished in outsourcing, many other countries are seeing the benefits of outsourcing as well. According to Business Week, “Smaller, tier 2 cities in the US, such as San Antonio, have also emerged as important destinations because of the falling dollar. A combination of rising unemployment and political pressure to create jobs is increasing interest in on-shoring possibilities among smaller inland locations” (Shivapriya, N).

NASSCOM lists the major indicators of the high growth potential of the ITES/BPO industry in India as the following:
✚ During the years 2003-04, the ITES-BPO segment achieved a 54 percent growth in revenues as compared to the previous years
✚ ITES exports accounted for US\$ 3.6 billion in revenues, up from US\$ 2.5 billion during the years 2002-03
✚ The ITES-BPO segment also proved to be a major opportunity for job seekers, creating employment for around 74,400 additional personnel in India during the years 2003-04
✚ The number of Indians working for the ITES sector jumped to 245,500 in the year 2004
✚ McKinsey & Co. Market research shows that in terms of job creation, the ITES-BPO industry is growing at over 50 percent
✚ In the future, the BPO segment is expected to employ over 1.1 million Indians.



[http://www.outsource2india.com/why\\_india/articles/outsourcing\\_history.asp](http://www.outsource2india.com/why_india/articles/outsourcing_history.asp)

### What a Company Needs to Know Before Outsourcing

There are many positive attributes both a company and the foreign country can have as a result of incorporated outsourcing. However if a company really wants to have success while outsourcing, they need to also be fully aware of the risks. “According to About.com Guide, there are six major disadvantages a company could face as a result of outsourcing.

**A list of disadvantages and their explanations are listed in the table below:**

Loss Of Managerial Control	The outsourcing company will not be driven by the same standards and mission that drives your company. They will be driven to make a profit from the services that they are providing to you and other businesses like yours.
Hidden Costs	Any thing not covered in the contract will be the basis for you to pay additional charges. Additionally, you will experience legal fees to retain a lawyer to review the contacts you will sign.
Threat to Security and Confidentiality	If you have payroll, medical records or any other confidential information that will be transmitted to the outsourcing company, there is a risk that the confidentiality may be compromised.
Quality Problems	Since the contract will fix the price, the only way for them to increase profit will be to decrease expenses. As long as they meet the conditions of the contract, you will pay.
Tied to the Financial Well-Being of Another Company	A company has to turn over apart of the operations to another company. Which result in the company being tied to the financial well-being of the other company.
Bad Publicity and Ill-Will	When a company outsources apart of the operations to another country, morale may suffer in the remaining work force.

<http://operationstech.about.com/od/outsourcing/tp/OutSrcDisadv.htm>

Yes, there is always going to be risk involved when any company participates in outsourcing. However, when a company is aware of their ethical and social responsibility they can have endless benefits. The company will be able to cut costs, improve production and ultimately save on their bottom line. However, many would agree the best attribute of outsourcing, is when a company has the potential to bring great economical and social benefits within the outsourced country.

### **What Are the Facts Regarding Child Labor?**

The topic of Child Labor has been an ongoing debate and enormous problem throughout the world. Once a major issue within the US between the 19<sup>th</sup> and early 20<sup>th</sup> century, but with the implementation of Child Labor Laws, this once US issue has been virtually eliminated. However, the new face of child labor involves children from developing countries, often children who are working in factories to create goods such as: clothing, toys, shoes and even chocolate, which are then sold to consumers in the United States. Unfortunately, for the sake of pure profit, children in developing countries are being exploited in many ways. They are being paid very low wages, in some cases no wages at all, and are working in deplorable working conditions. Unfortunately, child labor practices still remains a worldwide issue. However the continent of Asia, which is a main producer of US products has seen a rise within the past decade. “With the rapid development of China's private economy, child labor workers under the age of 16 has become an increasingly serious issue. The number of child laborers was estimated at between 2 and 3 million at the end of 1999”(China Daily).

### **Child Labor Global Statics**

According to Unicef.org, “An estimated 158 million children aged 5-14 are engaged in child labor, one in six children in the world. Millions of children are engaged in hazardous situations or conditions, such as working in mines, working with chemicals and pesticides in agriculture or working with dangerous machinery. They are everywhere but invisible, toiling as domestic servants in homes, laboring behind the walls of workshops, hidden from view in plantations”(Donovan, K).

**CHILD LABOUR OCCURS THROUGHOUT THE WORLD BUT IS MOST PREVALENT IN SUB-SAHARAN AFRICA**

Percentage of children aged 5–14 engaged in labour (1999–2006)

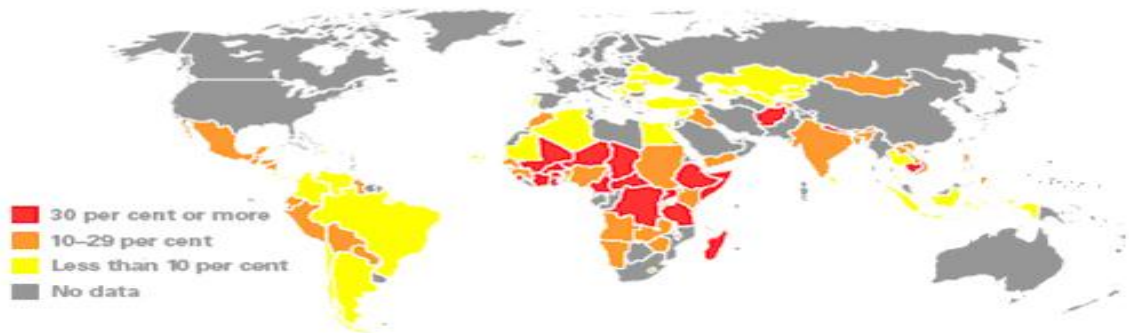


Figure1-[http://filipsagnoli.files.wordpress.com/2008/05/child\\_labor\\_world.jpg](http://filipsagnoli.files.wordpress.com/2008/05/child_labor_world.jpg)

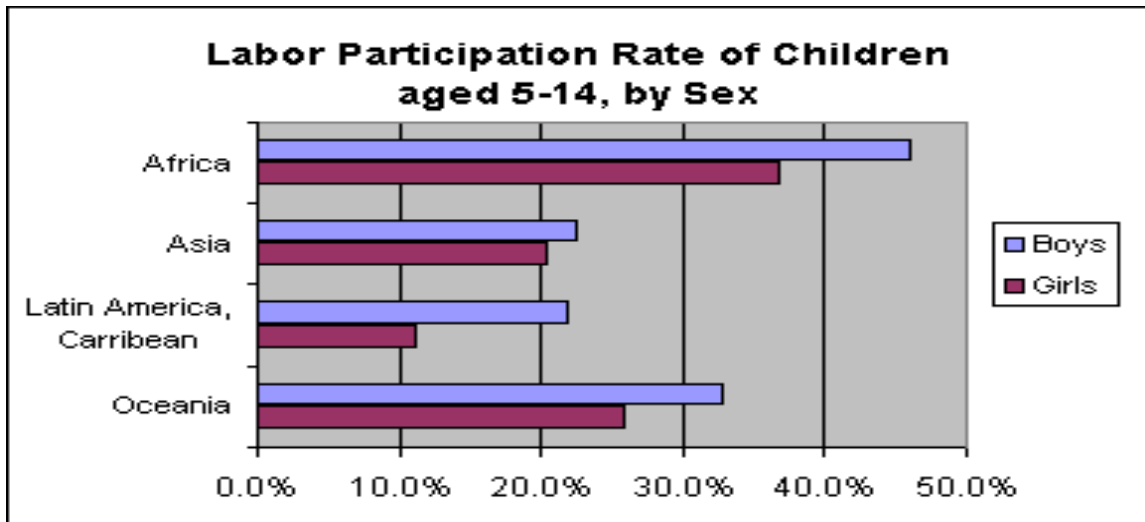


Figure 2- <http://www.newsac.com/graphlaborchild.gif>

Although many Corporations and Governments are taking advantage of cheap child labor, many are doing all they can to put an end to the practice. It maybe surprising to some that China which produces much of the US’s consumer products, has worked very

hard to eliminate child labor practices. “The Chinese government imposed the most severe ban on the employment of children in 2002. Any person who introduces a child to an employer faces a fine of 5,000 yuan (\$640). The fine for the employer is 5,000 yuan for using a child laborer for a month. Those found repeatedly hiring children would have their licenses revoked”(China Daily). In the wake of the Chinese Government stepping in and taking action against child labor, the developing country of India has started to follow in China’s footsteps. In 2009 the Delhi Chief Minister Shiela Dikshit launched an anti child labor campaign named ‘Time for Change’. “During her speech at the campaign launch event commemorating International Children’s Day, Dikshit exhorted police and NGOs to take proactive action against child labour”(Ians). After years of speculation and accusations the US based and one of the most profitable corporations in the world has finally taken some responsibility for their child labor practices.

Although many developing countries are taken action against child labor, many US corporations are starting to take responsibility of their own. Both the Wal-Mart and the Gap corporations have initiated their responsibility. Even though Wal-Mart denied any wrongdoing they still paid settlements to many of its accusers. In 2005 Wal-Mart was ordered to pay \$135,540 to settle federal charges that it broke child labor laws. “The charges included 24 violations, which occurred at stores in Arkansas, Connecticut and New Hampshire, had to do with teenage workers who used hazardous equipment such as a chain saw, paper bailers and fork lifts”(Associated Press). The clothing retailer Gap has also had their share of accusations of taking advantage of child labor. However, “After watching a video of Indian children working in a New Delhi sweatshop, the Gap corporation immediately fired the vendor and the subcontractor Indian company that

made the decision to use child labor”(Tran, C).

## **Conclusion**

Ethics are a framework of morals and values. These morals are unique to each individual and are influenced by society and family. When determining the ethical nature of a situation one must look at all the circumstances, which make up the situation. Differing values and conflict among people will always be present due to the lack of an ethical framework. Companies today are trying to address this dilemma by establishing some sort of preamble in the company's charter or policies. Policies will vary from one company to another, but what is most importantly is the understanding that each employee has with regards to expectations on what is considered ethical behavior. Today's Multinational companies face important decisions that often result in a major trade-offs: increased profits or good corporate citizenship (Rudolf 1995). History is littered with cases in which corporations have chosen the former and have ended up hurting innocent people. Time and again, MNCs have been found to be "chasing the buck" without sufficient regard for society. Even today, the age-old question still echoes through the boardrooms of MNCs around the world: "If it is legal, does that make it ethical?" One definition of ethics could be the clarification of what constitutes human welfare and the conduct necessary to promote it (Rudolf 1995). Some theorists maintain that moral notions apply only to individuals, not to corporations themselves. They say that it makes no sense to hold businesses "responsible" since businesses are more like machines than people. Critics of the corporate social responsibility movement respond that a company's main duty is to its shareholders, not society at large. Pay the shareholders dividends, some would argue, and let them decide what to do with the

money, including donate it to charitable causes. Others counter that corporations do act like individuals, having objectives and actions, which can be moral or immoral just as an individual's action might be. Perhaps neither extreme view is correct. Corporate actions do depend on human individuals who should be held accountable for their actions. However, they also have policies and culture that direct individuals, and should therefore be held accountable for the effects of these corporate artifacts.

Many might agree that while in Rome do as the Romans do. In some cases that would be fine as long as that foreign countries ethical and social practices are at the same level or a bit higher than a company's home country. However if they are beneath, a company needs to take some responsibility. Of course opening factories and businesses in foreign markets especially developing one's has proven to be both beneficial to a company's bottom line and in the foreign market they are within. However it is crucial for the well being of all involved that corporations always be aware that they hold extreme social and ethical responsibility within their new environment and as a representative of their home country.

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### Appendix A

Ranking of importance of foreign direct investment location criteria. 0 = not important and 5= very important (Kucera pg 35)

Ranking	Criteria	Average Score
1	Growth of Market	4.2
2	Size of Market	4.1
3	Profit Perspectives	4.0
4	Political and social stability	3.3
5	Quality of labor	3.0
6	Legal and regulatory environment	3.0
7	Quality of infrastructure	2.9
8	Manufacturing and services environment	2.9
9	Cost of Labor	2.4
10	Access to high technologies	2.3
11	Fear of protectionism	2.2
12	Access to financial resources	2.0
13	Access to raw materials	2.0

**Appendix B**  
**2009 Most Admired Companies**  
**as ranked by Fortune Magazine**



<i>Company Name</i>	<i>Ranking</i>
Apple	1
Bershire Hathaway	2
Toyota Motor	3
Google	4
Johnson & Johnson	5
Procter & Gamble	6
FedEx	7
Southwest Airlines	8
General Electric	9
Mircosoft	10
Wal-mart	11
Coca Cola	12
Walt Disney	13
Wells Fargo	14
Goldman Sachs	15
McDonalds	16
IBM	17
3M	18
Target	19
PepsiCo	20


**2009 Most Reputable Companies  
as ranked by Forbes Magazine**

<i>Company Name</i>	<i>Rank</i>
Johnson & Johnson	1
Kraft Foods	2
UPS	3
General Mills	4
FedEx	5
Whirlpool	6
Walt Disney	7
Google	8
Caterpillar	9
Costco	10
Mircosoft	11
3M	12
Colgate-Palmolive	13
Kimberly Clark	14
Procter & Gamble	15
PepsiCo	16
General Electric	17
Apple	18
Kroger	19
Amazon	20

**APPENDIX C**

Other Corporations in the hot seat for child labor practices

<b>Corporation Name</b>	<b>Offense</b>
	<p>“Firestone, which has operated a rubber plantation in Liberia since 1926, relies on a poverty stricken and often illiterate workforce to tap tons of raw latex from rubber trees using primitive tools and methods that expose them to dangerous pesticides and fertilizers”.</p> <p>&lt;<a href="http://www.laborrights.org/stop-child-labor/news/10917">http://www.laborrights.org/stop-child-labor/news/10917</a>&gt;</p>
	<p>“Nike has been accused of using child labor in the production of its soccer balls in Pakistan”.</p> <p>&lt;<a href="http://www1.american.edu/TED/nike.htm">http://www1.american.edu/TED/nike.htm</a>&gt;</p>

 <p>The Hershey Company</p>	<p>“Chocolate giant Hersey is the target of a campaign to support cocoa farmers and end child labor. The “We Want More From Our S’mores!” campaign urges Hershey to buy Fair Trade Certified cocoa for its chocolate, integral to making the perfect S’more the traditional campfire treat. “We’re calling on Hershey and the rest of the chocolate industry to end poverty and abusive child labor in the cocoa industry,” says the International Labor Rights Forum (ILRF)”.</p> <p><a href="http://www.dclabor.org/ht/display/ArticleDetails/i/80154">http://www.dclabor.org/ht/display/ArticleDetails/i/80154</a></p>
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