

In the last five years, as wages have risen in countries such as South Korea and Taiwan, the Nike Shoe Company has shifted many of its production sites to Indonesia. It costs about \$5.60 to produce a pair of shoes in Indonesia which sell for \$45 to \$80 in the United States. Indonesian girls and young women who sew the shoes start at an entry level rate of \$1.35 a day. Union protections are non-existent in Indonesia. If there is a strike the military will often break it up. When questioned about labor conditions in Indonesia Nike representatives take the position that they work with contractors in Indonesia who are responsible for making the shoes. The Nike Company, say these representatives, do not run the factories, and if there are complaints about the treatment of workers, it is not within the Nike Shoe Company's scope to investigate or do anything about them.

Is the Nike Shoe Company's position ethically responsible? If so, why? If not, why not? If not, what would be a reasonable position for the Company to take?

MODERATOR'S ANSWER: Nike's position is not ethically responsible. A company is ethically justified, depending upon the circumstances, in attempting to reduce its labor costs by shifting production to areas with lower wage scales than those prevailing in their current production sites. It is unethical, however, for a company to take advantage of conditions where employees are denied fundamental human rights in the workplace. By doing so, a company contributes to perpetuating the repressive situation. In this case the facts indicate that the Indonesian government denies workers fundamental rights of association and expression with respect to protesting conditions at work. Nike should adopt a policy of not subcontracting production in situations where workers are denied fundamental rights relating to matters such as organizing labor unions or workplace safety and health.

Case from the 1995 Intercollegiate Ethics Bowl. Copyright Robert Ladenson, Center for the Study of Ethics in the Professions, Illinois Institute of Technology, 1995.