

ATTITUDES TOWARD SOCIAL AND ETHICAL ISSUES IN INTERNATIONAL BUSINESS ACROSS TIME: CHANGE AND CONTINUITY

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ABSTRACT

Comparing public disquiet in the U.S. over social and ethical issues in international trade at two time periods, separated by 20 years, it appears that over time, in general, there has been a significant lessening of worries about their prevalence in foreign countries. However, the top three concerns – the use of child labor, violation of human rights, and poor working conditions – have remained unchanged over time. There is some re-ordering of the 10 issues examined, with significant differences in attitudes. Concern over use of prison labor in manufacturing imported products and violation of intellectual property rights have risen in relative importance. Implications for public policy, corporate conduct, and advocacy groups are discussed.

INTRODUCTION

On 24 April, 2013, the collapse of the Rana Plaza building in Dhaka, Bangladesh, which housed five garment factories, killed 1,132 people and injured more than 2,500. Among the worst industrial accidents ever, it drew attention of the world to the abysmal labor conditions faced by workers in the readymade clothing industry in that country. For some of the lowest wages in the world, millions of people, most of them women and girls, are exposed every day to an unsafe work environment with a high incidence of work-related accidents, deaths, and occupational injuries. Most of the factories do not meet standards required by building and construction legislations. Bangladesh is the world's second largest exporter of garments --- these products are purchased and sold by the world's leading clothiers and retailers based in advanced industrial nations. (International Labour Organization, 2016)

The above story encapsulates the criticisms around unfettered international trade. As economic activities have become more globally integrated, the spotlight has fallen on social and ethical issues in different countries, the role of multinational firms in profiting from “lower” standards abroad, while hurting workers and the economy of its home country. Thanks to the activism of

nongovernmental organizations (NGOs), advancements in communication, and easier travel, the general public, especially in advanced industrial countries such as the U.S.A., have become increasingly conscious of economic, social, and political conditions elsewhere in the world. Stakeholder groups have sought to highlight social deficiencies in foreign countries as a reason to restrain imports of goods and services and incorporate changes in trade treaties with the goal of forcing social, political, and legal reforms in the exporting nations.

Since the late 1990s, we have been sampling attitudes in the U.S. with respect to trading with countries whose standards may be different from those in the U.S. The focus has been on ten social and ethical issues surrounding international trade (primarily import of goods and services) – issues discerned from media coverage, political developments, trade negotiations, and extant studies. In this paper, we examine attitudes in the 1997-99 period and the 2017-19 period, ascertain if there has been a change over this twenty-year period, and infer from the findings implications for public policy and corporate conduct.

REVIEW OF EXTANT LITERATURE

During the late 1980s and through the 1990s, major changes were occurring in the global trading arena. Negotiations were underway to liberalize trade (the Uruguay round) that would lead to the creation of the World Trade Organization, successor to the General Agreement on Tariffs and Trade (GATT). China created Special Economic Zones, offering attractive incentives to domestic and international investors, to manufacture and export. Subsequently, under pressure from multinational firms, the U.S. granted “most favored nation” treaty status to China, which gave a turbo boost to China’s exports. The existing free trade agreement between the U.S. and Canada was expanded to include Mexico to facilitate economic integration among the three countries. All these developments triggered opposition amongst various groups – labor unions, human rights activists, church groups, environmentalists, and businesses wary of competing with cheaper imports (Compa & Diamond, 1996). The success of trade sanctions against South Africa, imposed to pressure that country’s minority government to dismantle apartheid (a race-based policy that discriminated against non-Whites), was seen by activists as evidence that abhorrent practices abroad could be changed through public pressure and legal changes in that country’s trading partners.

The complaint was that unfettered trade and investment flows would neither be “free” or “fair” (Shoch, 2000). In many of the exporting countries, low wages, often employing children or prisoners, poor working conditions, absence of laws (or of their enforcement) to protect the natural environment or intellectual property (IP), and undemocratic political regimes that ignored workers’ well-being and denied its citizens basic human rights would enable companies to produce and export goods at prices that while socially reprehensible would also harm domestic manufacturers in the importing country. Benefitting from lowered trade barriers and taking advantage of low labor costs and minimal or no regulations, products made in these countries and subsequently exported to developed nations such as the U.S., competed on an unfair basis.

Critics maintain that the removal of trade barriers encouraged multinational firms to locate to developing countries to take advantage of these lower labor costs and lax regulatory setting. Products made in these countries, subsequently exported to developed countries, competed on an unfair basis because lower production costs could be traced to the denial of very elementary workplace standards and basic worker rights or compliance with environmental protection standards (Rodrigues, 2018). Opponents of trade liberalization pushed for the inclusion of a social clause in bilateral and multilateral trade treaties. Such a clause would link improvements in labor standards in developing countries to gaining access to markets in developed nations (Sanyal, 2001). The goal was to ensure that trade was not only free but also “fair.” Companies engaged in international commerce were told that their stance on human rights would be considered part of their performance and that they would be expected to confront the governments that host them on issues ranging from political repression to child labor (Cowell, 2000). In negotiations that led to the creation of the WTO, ministers of the 123 member countries approved a declaration that worker rights must be on the agenda of the new organization (Preeg, 2012). The North American Free Trade Agreement with Mexico included supplemental clauses covering labor rights and environmental protection. In 1999, the United Nations launched the Global Compact, a call to companies to align strategies and operations with universal principles on human rights, labor, environment, and corruption to advance societal goals (Global Impact). Companies adopted voluntary codes of conduct and international organizations enacted rules calling for adherence to social and ethical standards. The mantra of “people, planet, and profit” came into vogue (Elkington, 2018).

Against this backdrop, surveys were conducted to ascertain opinion with respect to how these various social and ethical issues were viewed in the U.S. and what that meant with respect to free trade policies.

In the 20 years since the first surveys were conducted, world trade and investment has grown. The U.S. economy has been becoming more and more integrated with those of other countries. One measure of this is the proportion of imports of goods and services into the country. This has risen from 4.2 percent of the country’s GDP in 1960 to 11.81 percent in 1995 to 14.6 percent in 2019 (World Bank, 2021).

Public attitudes in the U.S. toward international trade have fluctuated over the past few years. Gallup began tracking this attitude in 1993 when the favorable-unfavorable ratio was 44:48. However, since 2013, most Americans have viewed it as a net positive for the U.S. With an economic recession and high unemployment resulting from the pandemic's impact on everyday life, more Americans in 2021 viewed trade as a threat (compared to the previous year) – though a majority still saw it as an opportunity for the U.S. economy – 63 percent versus 32 percent compared to 79 percent versus 18 percent in 2020 (Younis, 2021).

Despite all this, social and ethical issues have continued to dominate headlines as exemplified by the Rana Plaza accident. Public attitudes in the U.S. towards certain countries (e.g., China and Saudi Arabia) have become less positive in recent years, for various reasons, including concerns over environmental protection and human rights issues. U.S. companies and the U.S. government have accused China’s government and Chinese companies of acquiring IP through questionable means. In 2016, Mr. Donald Trump secured the U.S. presidency on a campaign platform that

criticized foreign countries (e.g., South Korea) for unfair trading practices. In office, his administration renegotiated NAFTA with Mexico, championed a “Make in U.S.A.” policy, and withdrew from the Trans-Pacific Trade Agreement (Amadeo, 2020). That trade is strictly a commercial function with no immediate connection to social concerns has evaporated under the pressure of political and social forces generated by the globalization of the economy. In recent years, concern about environmental issues (e.g., global warming and activities contributing to it, rain forest destruction, zero waste, recycling, and sustainable development), gender rights (e.g., harassment of women and discrimination), and bribery and corruption have grown. While specific topics may be more salient in the late 2010s compared to the late 1990s, the survey questionnaire that was used in earlier period remained relevant for the later period.

The subject of businesses needing to be socially responsible in their international operations emerged as a major topic of academic research in the 1980s as growing number of child labor and sweatshop scandals involving apparel and footwear companies and mounting awareness of global environmental issues (such as depletion of ozone layer and deforestation) dominated news headlines. Outlets such as the *Journal of World Business* and the *Journal of International Business Studies* saw many research articles in this field (Kolk, 2016). A paper by Guvenli and Sanyal (2002) found that public concern in the U.S. was highest with respect to the use of child labor, human rights violations, and poor working conditions in the exporting countries.

Public opposition in developed countries over social and ethical conditions in developing countries have focused on three main topics: (a) Employment conditions (low wages, sweatshop-like workplaces, and employment of prisoners and children); (b) Politics and laws (nondemocratic nature of governments, absence of laws protecting IP rights, human rights violations, and corruption); and (c) Environmental protection (nonexistent or weak regulations, and lax enforcement of those). This is presented in Table 1. In the 20 years between 1999 and 2019, these issues continue to dog international business and fuel demands to restrict trade with countries that do not enhance compliance and shame businesses that take advantage of producing in these locations.

TABLE 1. SOCIAL AND ETHICAL ISSUES IN INTERNATIONAL BUSINESS

Employment Conditions	Low wages; unsafe working conditions; using children as labor; using prisoners as labor
Politics and Laws	Non-democratic governments; lack of unionization rights; non-protection of IP (e.g., patents, trademarks, copyrights, and copyrights, and trade secrets); bribery and corruption
Physical Environment	Absence of regulations; weak regulatory framework; non-enforcement of regulations

Note that these conditions are perceived to exist in the foreign country and are seen by firms and citizens in the home country as the basis on which products made in the foreign country have a competitive edge. Since this competition from imported goods is considered “unfair,” it triggers a wide range of protests and opposition in the importing country that includes the demand to stop

trading with such countries or to impose other sorts of restrictions – sanctions, bans, quotas, tariffs. Free trade proponents accuse fair trade advocates of protectionism, albeit in disguise.

Employment Conditions

Data indicates that wages in developing countries are often a fraction of what they are in the advanced industrial countries. For instance, the average income in Mexico in 2020 was USD 16,230 compared to USD 69,392 in the U.S. (OECD, 2022). For labor intensive goods, producing in Mexico offers a substantial cost advantage. The opening story about the industrial accident in Dhaka illustrates the issues of poor working conditions. Employment of children is common in many of these developing countries and has been receiving urgent attention of advocacy groups, the media, and governments. The U.S. Department of Labor (2018) issues an annual report that lists goods produced by child labor. These include vegetables imported from Mexico, garments from Bangladesh, flowers from Colombia, and shrimps from Thailand. Similarly, indignation has been expressed over drafting prisoners to produce goods which are exported. An estimated 11 million people are imprisoned worldwide and many of them are put to work in schemes that experts say amount to exploitation – paid a pittance, made to work long hours in harsh conditions. The U.S. and China have the two largest prison populations in the world, estimated at 2.1 million and 1.7 million respectively. It has been reported that China operates a network of prison facilities that use forced labor to produce goods for export – ranging from Christmas decorations to footwear (Dotson & Van Fleet, 2014). While exporting prison-produced goods is illegal under domestic and international trade laws, there are reports of prison labor being present in many of China’s global supply chains (Humphrey, 2022).

Politics and Law

Across the world, relatively few countries of the world are considered “full” political democracies, as per the Democracy Index created by the Economist Intelligence Unit. The U.S. itself is categorized as a “flawed” democracy. Of the top 10 countries from which it imported goods and services in 2019, Mexico, Japan, South Korea, and India are “flawed” democracies. “Authoritarian” countries are China and Vietnam, while “Full” democracies are Canada, Germany, Ireland, and the United Kingdom (Democracy Index, 2019). In many authoritarian countries, workers may not have the right to form unions or go on strike; the judiciary may not be independent and legal due process may be suspect; one-party political systems exist; the media may not be independent; and individual rights may be circumscribed.

Laws on protection of IP rights may not exist or, if they do, may not be enforced. U.S. firms have long complained to their own government and to foreign governments about illegal duplication of their products, such as films, recorded music, books, and computer software, misuse of patents and trademarks, and theft of industrial designs, layout-designs of integrated circuits, trade secrets or know-hows. National laws regarding IP protections vary regarding their comprehensiveness and enforceability. In 1997, under the auspices of the WTO, an agreement on Trade-Related Aspects

of IP Rights (TRIPS) to curb counterfeiting was signed (World Trade Organization). It requires the signatory countries to imprison and fine individuals or organizations guilty of violating these rights. Illegally produced goods can be seized and destroyed. Violation of IP rights not only leads to loss of revenues for the firm whose assets are being misused, it often leads to the devaluation of product quality and integrity. Such infringements also create competitors who export cheap knock-off versions. However, the effect of this agreement has been mixed. Industry groups in developed countries feel that some foreign governments are unenthusiastic about stamping out illegal duplication, counterfeiting, and patents' misuse and in fact, are actively engaged in stealing technology to gain a competitive advantage. The U.S. placed China, India, Indonesia, and Saudi Arabia on the priority watch list for IP violations under Section 310 of the Trade Act of 1974 (Office of the US Trade Representative, 2019).

Corruption, primarily in the form of payment of bribes to public officials to gain contracts, not only adds to the cost of doing business but also poses difficult ethical dilemmas, and in many situations, serious legal problems. The Foreign Corrupt Practices Act makes it illegal for American firms to bribe foreign officials with the intention of changing policies or to secure the suspension of a legal norm (Sanyal, 2012). In 1997, thirty-four countries signed the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD, 1997). Transparency International, an NGO based in Berlin, gathers information on corruption and provides an annual country specific Corruption Perception Index (Transparency International). Bribery is widespread, particularly in non-OECD countries (Samanta & Sanyal, 2016).

Physical Environment

A growing concern is the impact of unrestrained and unregulated economic activities in developing countries on the physical environment—the air, water, and land. Strict regulations in developed countries impose costs and reduce the maneuvering space of manufacturing firms. In many developing countries, laws on environmental pollution do not exist, are weak, or are not enforced. Individual states may lack the ability to enforce laws or lack the motivation to implement potentially costly regulations. An assessment of environmental rule of law by the United Nations Environment Programme (2019) found that despite a 38-fold increase in environmental laws put in place since 1972, there is a failure to fully implement and enforce these laws. Firms, domestic and foreign, take advantage of this permissive regulatory regime to produce and export “dirty” goods at lower costs (Copeland & Taylor 1994).

More recently, worry has increased over climate change and its deleterious impact on the earth. Focus has been on the excessive emission of greenhouse gases, deforestation, mining and using coal as fuel, oil spills, building smokestack factories, loss of wildlife habitats, and overfishing. Multilateral efforts to protect the environment have taken many forms including the signing of the Paris Agreement to limit global warming and public activism (e.g., banning single use plastic bags).

As noted earlier, protests against globalization so far as it profits firms and nations at the expense of workers, the disadvantaged groups in society, the environment, democratic rights, and the rule

of law, have led to a reassessment of the international trading framework. Among the consequences have been: (a) a retreat from multilateral trade agreements to either bilateral deals or imposition of quotas, tariffs, bans, and sanctions; (b) renegotiation of trade agreements to ensure access to hitherto closed markets, to protect the environment, and to safeguard labor interests both at home and abroad; (c) continuing pressure to incorporate a social clause in trade treaties; (d) rise of nationalist sentiments most prominently demonstrated by the decision of the United Kingdom to exit the European Union; (e) protests and boycotts against individual firms (e.g., Nike) for manufacturing products in harsh working conditions); (f) negative media coverage of products, firms, and countries; (g) divestment of stocks in erring firms and countries by pension fund managers and university endowments; (h) heightened public scrutiny of international firms and their activities in host countries; (i) enactment of laws that impose sanctions and tariffs on imports from countries believed to be insufficiently concerned about social issues; (j) intensified lobbying by advocacy groups to bring about changes in foreign countries; (k) complaints to home and host governments by firms hurt through loss of protection of their IP; and (l) creation of both corporate codes of conduct and industry codes to increase consciousness about being socially responsible.

SURVEY AND RESEARCH METHODOLOGY

A survey instrument was developed that sought responses, on a five-point scale, to ten most common issues of social and ethical concerns in international business. These issues are employment of child labor, employment of prison labor, poor working conditions, low wages, violation of human rights, authoritarian nature of foreign governments, insufficient protection of IP rights, low or no environmental standards, non-enforcement of environmental standards, and unfair competition based on low wages. The rationale for including the last issue in the survey was to ascertain whether respondents would associate low wages with unfair competition. The questionnaire was administered in 1997-1999 (Time Period 1) and twenty years later, in 2017-2019 (Time Period 2). The purpose of the questionnaire was to (a) determine how these various social and ethical issues were perceived over time, (b) to compare and explain changes, if any, and (c) rank the relative importance of these issues based on their mean scores.

In the context of the notion of including a social clause in trade treaties, survey participants were asked whether they would support restrictions on the import of goods into the U.S.A. if those products had been made in countries where employment conditions and business practices identified in the previous section prevailed. Responses could range from strongly disagree (1) to strongly agree (5). The focus was on countries, not individual firms.

The survey respondents were students in an U.S. state-supported university in the upper Midwest of the country, studying business. The sample size in the 1997-99 surveys is 336 (46 percent female; 54 percent male). In the 2017-19 surveys, 240 completed responses (46 percent female; 54 percent male) were used. The survey results were tabulated and statistically analyzed.

RESULTS

The mean scores were calculated for the responses to the ten social and ethical issues of concern for both time periods and t-tests performed to ascertain if there were any changes. The results are presented in Table 2.

The results indicate that attitudes have changed significantly over time for seven of the issues and these are in all three categories – employment conditions, politics and law, and physical environment.

- On six issues, concern had declined from Time Period 1 to Time Period 2, as reflected in the mean scores. These were: use of child labor, poor working conditions, unfair competition arising out of low wage rates, human rights violations, low or no environmental standards, and non-enforcement of environmental standards. The mean scores in Time Period 2 were significantly lower than those for Time Period 1.
- Only on the issue of use of prison labor, concern in Time Period 2 was higher than in Time Period 1.
- There was no statistically significant difference between the responses for the two time periods for the other variables – low wage rate, less democracy, and IP violations.

TABLE 2. T-TEST RESULTS COMPARING SURVEY RESPONSES FOR THE TWO TIME PERIODS

Issue	Mean Scores		t value	p value
	Time Period 1	Time Period 2		
<u>Employment Conditions -</u>				
Use of child labor	4.23	3.81	4.24	0.00*
Poor working conditions	3.96	3.66	3.10	0.00*
Low wage rates	3.03	2.92	1.30	0.19
Use of prison labor	2.55	2.86	-3.01	0.00*
Unfair competition due to low wages	3.33	3.15	1.95	0.05**
<u>Politics and Law –</u>				
Less democracy	2.47	2.60	-1.15	0.13
Human rights violations	4.18	3.94	2.52	0.01*
IP rights violations	3.48	3.61	-1.43	0.15
<u>Physical Environment –</u>				
Low or no environmental standards	3.56	3.29	3.05	0.00*
Non-enforcement of standards	3.70	3.36	3.69	0.00*
*significant at the .01 level or less				
**significant at the .05 level				

Note. Mean responses are on a scale of 1 to 5 where 1 signifies strong disagreement to restrict imports and 5 indicates strong agreement to restrict imports.

Thus, overall, except for the issue of prison labor, concerns over ethical and social issues appear to have mostly dimmed or remained unchanged.

The mean scores allowed for ranking the 10 issues for the two time periods. Table 3 presents the ranking, with issues that evoked the highest concern (highest mean score) at the top and descending to the issue of the lowest concern (lowest mean score) at the bottom of the league.

The top three concerns of the respondents were unchanged at both time periods -- use of child labor, human rights violations, and poor working conditions. While use of child labor was ranked #1 in Time Period 1, human rights violations were rated as the most important issue in Time Period 2.

The rankings of four of the issues – unfair competition due to low wage rates, low wages, use of prison labor, and less democracy – at the bottom of the table remained unchanged.

TABLE 3. RANKING OF SOCIAL AND ETHICAL ISSUES, TIME PERIOD 1 AND TIME PERIOD 2

Rank	<u>Time Period 1</u>		Rank	<u>Time Period 2</u>	
	Issue	Mean Score		Issue	Mean Score

1	Use of child labor	4.23	1	Human rights violations	3.94
2	Human rights violations	4.18	2	Use of child labor	3.81
3	Poor working conditions	3.96	3	Poor working conditions	3.66
4	Non-enforcement of environmental laws	3.70	4	IP violations	3.61
5	Low or no environmental standards	3.56	5	Non-enforcement of environmental laws	3.36
6	IP violations	3.48	6	Low or no environmental standards	3.29
7	Unfair competition due to low wages	3.33	7	Unfair competition due to low wages	3.15
8	Low wages	3.03	8	Low wages	2.92
9	Use of prison labor	2.55	9	Use of prison labor	2.86
10	Less democracy	2.47	10	Less democracy	2.60

IP violations jumped in the rankings to #4 in Time Period 2 from sixth position previously. Concerns on environmental laws (their existence and enforcement) are ranked midway in the table though both dropped a position. Also of note is that for 7 of the issues, the mean scores have declined; only for IP violations, use of prison labor, and less democracy have they increased. However, only the increase in the mean score for use of prison labor was statistically significant.

DISCUSSION

Change over Time

Time Periods 1 and 2 are snapshots separated by 20 years. In essence, these views reflect those of two successive generations at a particular point in their lives. The results show that the latter generation is comparatively less concerned over seven of the issues. For three issues – IP rights violations, use of prison labor, and undemocratic governments – they are more concerned than the previous generation.

Table 3 shows that the differences in mean scores are statistically significant for seven of the issues. However, for six of these issues – child labor, working conditions, human rights, environmental standards, and their enforcement, and unfair competition arising due to low wages – fewer respondents were as concerned in Time Period 2 compared to Time Period 1. Even for the three issues that were of most concern in both time periods – human rights, child labor and working conditions – there were significant decline in respondent concerns.

This drop in disquiet may indicate a more pragmatic, as opposed to an idealistic, recognition of the underlying realities of international commerce. It is that employment conditions, politics and law, and the protection of the physical environment vary dramatically from country to country. In the intervening years of this study, and even before that, many efforts have been made, initiatives undertaken, projects started, and pressure borne to introduce and support changes in foreign countries. Participants in Time Period 2 may rightly conclude that corrective measures have now been widely accepted and put in place, and that the desirable outcomes will take longer to occur than had been expected. Only so much can be accomplished unilaterally. Some issues, such as environmental protection can only be achieved through a cooperative international effort. Given that public opinion in the U.S. favors international trade by more than 3 to 1, the results reported here validates the decline in concerns over conditions in the developing countries.

An exception is the issue of prison labor, which though ranked towards the bottom (ninth), saw significantly more respondents being concerned about in Time Period 2 compared to 20 years ago. It is likely that there is more awareness of this issue and a recognition that products created by this type of labor is now part of international commerce and reflects exploitative working conditions. In the U.S. too, given the large size of its own prison population, there has been extensive debate on this subject and calls for a review of policies and practices that incarcerate so many of its citizens.

There were no significant differences on three issues – low wages, IP rights, and undemocratic governments. In comparison to the other issues, these have remained relatively less important in both time periods, being ranked 8th, 9th and 10th. Respondents recognize that wage differences across nations and countries persist, and it remains a source of competitive advantage for many countries. Similarly, it has become apparent that bringing changes to the political systems of foreign countries is difficult, impractical, and often, unsuccessful. As noted earlier, IP issues have risen up in the list. This is significant from a practical perspective, if not statistically.

The differences and similarities in the responses over these two time periods suggests that demands for curbing imports from countries with social, legal, and environmental problems may have become more focused and also diffused. Slightly more respondents are unhappy with IP violations, use of prison labor, and less democracy in Time Period 2, but significantly more with use of prison labor. All these three issues also characterize the largest source of U.S. imports and with which it has a huge and growing deficit – China. In 2021, the U.S. had a merchandise trade deficit of USD354 billion on imports of USD505 billion with China (United States Census Bureau, 2022). As has been discussed earlier, concern has been voiced by both U.S. businesses and the government over IP issues with respect to China. Media and U.S. government reports point to the use of forced and prison labor to produce goods for export. As per the Democracy Index, China is classified as an authoritarian country. All these could be influencing the perception of the respondents to the survey in Time Period 2. Trade and political disputes characterized Sino-U.S. ties since Mr. Trump became the American president in 2016 (Swanson & Rappaport, 2020). Respondents in Time Period 2 could have had their attitudes influenced by this. These concerns over China were less salient for the previous generation as they were less in the news.

It is worth noting that concern over low wages in developing countries – often identified by trade critics as a basis for the export advantage of these countries resulting in unfair competition – garnered a middling rating of about 3.0 in both time periods. These mean scores suggest that the respondents were neither in favor of or against trading because of low wages or the advantage derived from low wages in the exporting countries.

Ranking of Concerns

All the social and ethical concerns with respect to international trade do not arouse the same level of concern and indignation. There is a calibrated ranking of these issues. In Time Period 1, employment of child labor, violation of human rights, and poor working conditions (sweatshops) were viewed as issues of far greater concern than low wages, employment of prison labor or whether the foreign country is a political democracy. While the mean score for child labor is 4.23, it is only 2.47 for less democratic governments, indicating that the range from the first rank to the last rank is large. It should be noted that in the U.S., for the most part, the practice of using children in manufacturing is not only prohibited but in practice too is virtually nonexistent. Similarly, Americans enjoy an extensive array of constitutionally protected rights including the right to form labor unions and all the trappings of democracy – free and fair elections, independent judiciary, rule of law, an active civil society, and a free press. The advanced nature of its economy, legislation about workplace standards, and the enforcement of laws have generally ensured that sweatshop-like conditions is the rare exception, not the rule. In contrast, the three issues that were ranked low suggests a recognition that low labor cost in exporting countries reflects their level of economic development and lower productivity levels.

Less sympathy for using prisoners to produce goods presumably reflects a view that they deserve this plight for crimes they have committed. The American respondents were also least concerned over the political makeup of the countries where imported goods come from. Many countries with which the U.S. trades are not political democracies and even among those that are, several are

flawed and developing nations with poor working conditions. It may also be an acknowledgment that the U.S. notions of democracy and human rights may not be appropriate in all countries.

These three issues also elicited the highest concern for the second generation. However, human rights violation is ranked first, followed by use of child labor. Poor working conditions remain in third place. The mean score for the top concern (human rights) is 3.94 and that for the topic of least concern (undemocratic governments) is 2.60, pointing to a much smaller spread in comparison to the previous time period. No issue receives a mean score of 4.0 or above on the five-point scale. The mean scores for all the issues differ markedly. The issues that ranked at the bottom in Time Period 1 – unfair competition due to low wages, low wages, use of prison labor, and undemocratic governments – remain unchanged in Time Period 2. As noted earlier, concerns over IP violations rose to the fourth rank in Time Period 2 from its sixth-place position previously leapfrogging over environmental issues. IP protection/violations have come to the fore as this is being recognized as a key source of competitive advantage for the U.S. which needs to be defended. The U.S. government has included the subject in bilateral and multilateral forums with great vigor.

Inferences for Businesses and Exporting Countries

Despite the expressed concern for the top three issues being less intense in Time Period 2, misgivings about labor standards in developing countries transcends two generations of respondents. Firms engaged in international business as producers, contractors, exporters, and importers should note that the strongest opprobrium attaches to the employment of children, violation of human rights (such as right to form unions, right to due process, and right to fair treatment), and the existence of degrading working conditions. When businesses allocate resources to improve their social responsibility practices, priority should be given to addressing these issues. Failure to address them will also draw the greatest flak. Thus, these findings can direct managerial attention on what issues to give immediate and higher attention, anticipate negative publicity, and be more intentional on where not to source purchases from or locate their manufacturing facilities bearing in mind the possibility of a consumer boycott and loss of reputation with attendant negative consequences on the bottom line. Similarly, countries wishing continued access to the large and wealthy U.S. market should recognize that certain activities and practices bring more negative reaction than others, and thus should work to alleviate them. Respondents appear to recognize that low wages, reflecting various factors, do differ from country to country and they do not see that as being a source of unfair competition.

Inferences for Advocacy Groups and Public Policy

The results provide directions to advocacy groups concerned with ensuring fair trade. They help identify the causes to campaign for, with their home country's policy makers, and to drive change in the exporting nations. Thus, a prioritization of causes would inform the agenda of both advocacy groups and in the formulation of public policy. The latter would reflect national legislation, posture

at trade negotiations, or using other tactics to reflect the worries and hopes of the home country populace. Similarly, in the host country, social activists and the government, recognizing the barriers to succeed in the U.S., could concentrate on bringing about the reforms needed.

In a democratic society such as the U.S. with a highly literate and affluent population, concerns over social issues influence public policy, media coverage, and lobbying activities. It also feeds into the programs of NGOs, which may be able to garner public support and exercise greater influence by focusing on those topics that are high on the ethics hierarchy of concerns. This may also lead to pressure on U.S. firms to distance themselves from doing business with countries where ethical lapses are egregious.

However, as the findings reveal, Time Period 2 respondents are less passionate than the previous generation about these issues and less confident of what approaches might work best to bring about the desired changes. Despite ambiguous outcomes, stricter regulations, restricting or banning imports, imposing sanctions on foreign countries, withdrawing from or altering extant trade pacts, instituting consumer boycotts, and shaming corporations, are among practices that continue. There is a realization among the populace of the complexity of the issues and the need to craft new ways to supplement extant approaches to change conditions around the world. For example, businesses have become proactive in their own domains, such as buyers of apparel framing codes of conduct for garment makers in Bangladesh or Starbucks coffee shop chain sourcing sustainably produced coffee from Costa Rica. On matters of the environment, a multilateral approach is seen as more appropriate, as reflected in the Paris Agreement on climate change.

FUTURE RESEARCH

The survey instrument used for this study, designed in the late 1990s, reflects the social and ethical issues informing trade at that time. While this has enabled this comparative study, going forward, questions covering other topics could be included reflecting emerging issues, such as those focused specifically on gender and race, or sustainability. Other demographic variables such as education, age, and income levels can provide additional insights. This study could be expanded into a wider, multi-country comparative examination of these concerns. Multi-country perspectives would allow for a fuller understanding of the ranking of ethical concerns in individual societies. Finding out how these issues are perceived in exporting/developing countries might usefully lead to more integrated trading arrangements.

The respondents to the survey are business students. To that extent, they may not be representative of the entire population. Business students would be expected to be more knowledgeable about international business and able to discern the benefits and downsides of trade. Expanding the pool to include non-business respondents and those with less than college education could provide more inclusive insights.

The respondents to the surveys belonged to two different generations. The “second” generation was answering questions at a time when the world economy was more globalized compared to 20 years ago, with more information and insights available, including the efficacy of various policies

and approaches in the U.S. to drive reforms in developing nations. Thus, the Time Period 2 respondents are affected by the “time lapse” effect. Since the authors plan to continue to conduct the survey, results from future periods could provide a unique perspective on how perceptions towards international trading issues have or have not changed over time.

CONCLUSIONS

In this singular longitudinal study, attitudes toward ten social and ethical issues as they impact import of goods and services from foreign countries into the U.S. are compared at two time periods 20 years apart. The three top subjects of concern in 1997-99 and 2017-19 have remained the same although the level of distress about them (use of child labor, human rights violations, and poor working conditions) have waned. The level of concern for six issues has declined, for three there was no change, and for only one – the use of prison labor – has it increased significantly. The general decline in the intensity of concern from the first-generation respondents to the second can be attributed to the current generation having grown up in an inter-connected world with a more liberal trading regime than their predecessor. There may also be a recognition of the limits to what can be achieved only through trade regulations or unilateral policies adopted by the importing country.

Issues that were of lesser concern 20 years ago (unfair competition based on low wages, low wages *per se*, use of prison labor, and less democracy) were similarly ranked low by the next generation. However, concern over protecting IP rights has become more important in recent years in a practical if not statistically significant sense. More strikingly, the issue of wages – substantially lower in developing countries – is not seen as a leading matter of concern in international trading. The overall findings provide businesses engaged in trade with less developed countries to be mindful of the key issues that trouble consumers in the U.S. and take appropriate steps to address them. Public policy and social justice advocacy groups could benefit from re-ordering the issues of concern, focusing on those that have stayed salient over time while relegating others, acknowledging that all social and ethical concerns are not of equal weight. Similarly, as other issues of global concern arise, activist groups will need to decide where to focus their energies and businesses to be alert to.

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Published By:

University of Tennessee at Martin and the International Academy of Business Disciplines
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