

Felipe's Informative Memo: Final Draft



Memorandum

To: Humberto
From: Felipe
Subject: Conditions and Risks at Our Main Chinese Factory

Overall, our Chinese vendors balance low costs, good quality, and decent working conditions. Without them we couldn't be competitive with companies much bigger than us. However, as I've discussed with you, I found worrisome employment practices and working conditions at our principal vendor. I detail both in this memo and provide facts about the risks they pose for our company. Based only on the facts, I believe the risks warrant our careful consideration.

Circuit Assembly

The first stop on my factory tour was the circuit assembly area, the largest in the plant. The workers sat on long benches that run the width of the room. I'm not sure how many workers there were, but I estimated several hundred.

- Many of the workers in the factory are young girls, 12 to 16 years old.
- Rooms the girls work in are not air-conditioned and temperatures in the factory often exceed 100 degrees.
- They are not allowed to look up for eight hours, and they have no breaks.
- No magnifying glasses are available to ease the strain on their eyes.

Risks of Child Labor and Poor Working Conditions

China has laws that protect workers; however, they are often not enforced.

Apple, Nike, and other companies have received bad publicity for doing business with sweatshops. Nike faced consumer boycotts in the 1990s and experienced large sales losses in the year after its use of sweatshops was publicized. People still remember Nike's association with sweatshops many years after it first came to light.

Todd McKean, a Nike executive, described how the company first responded to the use of sweatshops: "[Our] initial attitude was, 'Hey, we don't own the factories. We don't control what goes on there.' Quite frankly, that was a sort of irresponsible way to approach this."

Apple has been criticized too for the working conditions in its supply chain. As the Nike executive recommends, the company responded quickly and hasn't experienced any drop in sales.

Molding and Painting

The second large area I visited includes painting and molding. At this plant, both involve the use of lead.

- Some employees work around melted lead or apply lead paint to plastic cases.
- They have only paper masks as protection.

Risks of Using Lead

Short-term exposure to lead fumes can cause some changes in nervous system function and muscle and joint pain. Long-term exposure can cause memory and concentration problems, exhaustion, reproductive problems, kidney failure, and even death.

Lead paint also produces vapor and has the same dangers as exposure to melted lead.

Ethically, these conditions are not ones with which we want to be associated. The company would also look bad in the eyes of our customers if they knew of this situation.

Dormitories

Factory workers must live in company dormitories. In theory they could live in one of the surrounding villages, but they have no accommodations.

Employees live in dormitories next to the factory that have no windows or running water.

Risks of Dormitories

In the company dorms, many workers are crowded into rooms with no windows, and diseases spread rapidly. The absence of running water contributes to unsanitary living conditions, which also are conducive to disease.

These conditions reduce productivity, and they also put our company in an ethically questionable light. Our acceptance of the situation would also look bad to our customers.

We Should Do No Harm

However, we should remember that factory jobs help many Chinese escape poverty and improve their standard of living, and the factories stimulate local economies. We should be careful not to force the owner into taking actions that result in a sudden loss of jobs. We accomplish nothing in that case. The workers trade one set of hardships (working conditions) for another (unemployment).



Conclusion

Thank you for taking the time to read this memo. I'm not in a position to say how dangerous the risks are that I've laid out, but I do think they justify further discussion.

If you have any questions, please let me know.