Deontological Ethics Applied to Business Relocation and Worker Rights

Posted on October 30, 2018

Introduction

Deontological ethics evaluates actions through duties, rights, intentions, and respect for persons rather than through consequences alone. In business, this means that a decision cannot be justified only because it increases profit, lowers prices, or preserves the company. Managers must also ask whether the means used to achieve those outcomes respect the dignity and legitimate claims of employees, suppliers, communities, customers, and investors. The textile-relocation case illustrates this problem clearly. A North Carolina manufacturer is considering shifting production to South Asia to reduce labor costs and remain competitive. The ethical issue is not simply whether relocation produces more benefits than harms. It is whether the company can restructure without deceiving current workers, exploiting overseas labor, violating promises, or treating vulnerable people merely as instruments.

A rigorous deontological analysis also avoids two common mistakes. First, it should not assume that all low-cost labor in South Asia is exploitative or child labor. Legitimate employment can support workers and local development when wages, recruitment, safety, working time, and freedom of association meet lawful and responsible standards. Second, duty ethics does not require a firm to operate an economically unsustainable plant forever. It requires decision-makers to follow principles they could defend consistently, honor justified commitments, disclose material facts honestly, and refuse practices that violate fundamental rights.

Deontology, Kant, and the Moral Limits of Business Decisions

The term deontology comes from the idea of duty. Deontological theories hold that some actions are morally required or prohibited because of what they are, not merely because of their consequences. Telling the truth, keeping promises, respecting autonomy, and refusing coercion are common examples. Consequences still matter in practical planning, but they do not erase duties. A company cannot defend forced labor by saying that it creates cheaper products or more aggregate wealth.

Immanuel Kant's ethics provides the most familiar version of this approach. One formulation of the categorical imperative asks whether the principle behind an action could be willed as a universal law. Another requires people to treat humanity, in themselves and others, always as an end and never merely as a means. For business leaders, this means that workers are not simply labor-cost variables. They are persons with agency, plans, families, expectations, and rights that constrain what management may do.

The universalization test is especially useful in the relocation case. A maxim such as “a company may ignore promises and use any labor arrangement whenever profit increases” would undermine the trust on which employment and contracting depend. A more defensible principle would be that a firm may restructure when necessary if it communicates honestly, honors contractual and earned obligations, protects fundamental labor rights, and provides reasonable transition measures to those it displaces.

Duties to Current Employees and the Local Community

The company’s first set of obligations concerns the people who have already contributed to its success. Employment is not ordinarily a guarantee of lifetime work, but long service, explicit promises, pension expectations, collective agreements, and repeated appeals for employee loyalty can create significant moral obligations. Management should therefore distinguish between the legal minimum it can impose and the treatment it can defend ethically.

Honest notice is a basic duty. Workers need time to seek new employment, arrange healthcare, manage mortgages, plan education, and support families. Secrecy may sometimes be necessary during early negotiations, but withholding a final decision simply to prevent employee resistance shifts nearly all transition risk onto the people with the least power. Where closure becomes likely, employees should receive accurate information as soon as reasonably possible.

Severance, continuation of benefits, protection of earned retirement rights, paid job-search time, references, skills assessments, retraining, and partnerships with local employers or colleges can make the transition more respectful. These actions do not erase the loss of employment, but they recognize that workers helped create the value from which the company now benefits. Management should also examine executive incentives carefully. Large bonuses tied directly to layoffs can appear inconsistent with claims of shared sacrifice.

The North Carolina community may also be affected through lost purchasing power, reduced tax revenue, supplier disruption, and declining local employment. A firm cannot solve every regional economic problem, but it should consider whether a phased closure, partial retention of higher-value work, retraining, sale of the facility, or local redevelopment can reduce avoidable damage.

Duties to Workers in South Asia

Relocation does not become unethical simply because production moves to a lower-wage country. The key question is whether the new labor relationship respects basic rights. The OECD Guidelines for Multinational Enterprises and international labor standards emphasize responsible business conduct across issues such as forced labor, child labor, nondiscrimination, freedom of association, safe working conditions, and supply-chain due diligence. These principles apply even where local regulation is weak or poorly enforced.

Child labor requires particular care because not all work performed by minors is treated identically under international standards. The central duties involve minimum-age protections, compulsory education, and the elimination of hazardous and worst forms of child labor. A textile company should use reliable age-verification procedures, prohibit unauthorized subcontracting that obscures worker age, and investigate rather than simply accept supplier assurances.

Forced labor can occur through debt bondage, document retention, recruitment fees, threats, restricted movement, or other coercive practices. A company therefore has a duty to examine recruitment as well as factory conditions. Workers should not have to pay excessive fees to obtain jobs, surrender passports, or remain because leaving would create unpayable debt.

Wages and working time also matter. A company should comply with local law and should not design purchasing practices that make lawful wages or safe hours impossible. Extremely low prices, unrealistic deadlines, or constant last-minute changes can pressure suppliers toward excessive overtime or unauthorized subcontracting. Ethical responsibility therefore extends beyond issuing a supplier code; the buyer’s own commercial practices must be compatible with the standards it demands.

Supply-Chain Responsibility and Due Diligence

Outsourcing production does not outsource moral responsibility completely. A company that benefits from a supply chain should conduct due diligence proportionate to the risks. This includes mapping suppliers, identifying high-risk processes, verifying recruitment practices, reviewing working conditions, maintaining grievance channels, and responding to credible findings. Independent audits can help, but audits alone may miss hidden subcontracting, coached workers, falsified records, or retaliation after inspectors leave.

Worker voice is therefore essential. Employees should have confidential mechanisms to raise concerns, and suppliers should not retaliate against workers who report unsafe or abusive conditions. Freedom of association and collective bargaining can provide a continuing source of information that periodic inspections cannot replace. Where violations are found, immediate termination of a supplier is not always the best response if it leaves workers without income and removes leverage for remediation. The response should depend on severity, willingness to correct, and the risk of continued harm.

The company also has a duty of truthful marketing. It should not advertise products as “ethical,” “sweatshop-free,” or “responsibly sourced” unless those claims are supported by credible evidence. Consumers are entitled to accurate representations about sourcing, just as investors are entitled to honest disclosure of legal, operational, and reputational risks.

Business Survival, Investors, and Consequences

Deontological ethics does not eliminate duties to investors or the organization itself. Management is responsible for using resources prudently, maintaining lawful operations, and protecting the firm’s ability to continue creating value. If the North Carolina plant is structurally uncompetitive and no feasible changes can restore viability, refusing every form of restructuring may eventually destroy more jobs and capital.

Consequences therefore remain relevant even within a duty-based framework. They help determine which rights-respecting option is practically sustainable. Utilitarian reasoning can illuminate effects on workers, consumers, investors, communities, and future employment, while deontology sets limits on what means are acceptable. The two perspectives are not identical, but they can complement one another: consequences identify likely harms, while duties prevent those harms from being justified through exploitation or deception.

Management should therefore begin with complete information about the company’s financial condition, productivity, capital needs, supplier alternatives, demand, and cost structure. “Global competition” should not be used as a slogan that ends ethical inquiry. The firm should demonstrate why change is necessary and which alternatives have been considered.

Evaluating the Strategic Alternatives

One option is to remain entirely in North Carolina. This protects current employment and reduces supply-chain risk, but it is only ethical and practical if the operation can remain financially viable. If keeping the plant open merely postpones insolvency, the apparent protection may be temporary and may ultimately harm employees more severely.

A second option is rapid closure and full relocation. This may produce the largest immediate cost reduction, but it creates the greatest risk of treating current workers as expendable and overseas workers merely as cheap inputs. Without strong due diligence, fair notice, transition support, and enforceable supplier standards, this approach conflicts most directly with deontological duties.

A third option is phased restructuring or dual operation. The company could retain selected higherskill, design, technical, or specialized manufacturing functions in North Carolina while moving appropriate production gradually. It could use the transition period for retraining, redeployment, retirement planning, or voluntary separation. Overseas capacity could be expanded only after suppliers demonstrate compliance with labor and safety standards. This option may not always be financially possible, but it deserves serious evaluation because it can reduce harm while preserving competitiveness.

Other alternatives may include automation, product redesign, energy efficiency, leaner operations, supplier renegotiation, movement into higher-margin products, partial outsourcing, or strategic partnerships. Ethical analysis should not begin with the assumption that only “stay” or “leave” exists.

A Rights-Respecting Decision Process

A defensible process should begin with evidence. Management should document why restructuring is being considered and compare realistic alternatives using financial, operational, labor, community, and human-rights criteria. The company should identify the promises and legal obligations already owed to employees and should assess the labor-risk profile of every proposed overseas supplier.

Decision-making should also include meaningful consultation where appropriate. Employees may identify productivity improvements or transition options that senior managers have overlooked. Suppliers should understand that labor standards are contractual requirements rather than public-relations preferences. Boards and investors should receive honest information about the costs of responsible sourcing instead of being shown savings that assume unsafe or unlawful practices.

If relocation proceeds, the company should publish clear standards on age, recruitment fees, forced labor, working time, wages, health and safety, nondiscrimination, freedom of association, grievance mechanisms, and subcontracting. Purchasing contracts and deadlines must make compliance feasible. Monitoring should continue after production starts because ethical performance is an ongoing management responsibility rather than a one-time certification exercise.

Conclusion

Deontological ethics does not answer the relocation case by simply saying that profit is wrong or that a company must remain in North Carolina regardless of cost. Its central question is whether every person affected is treated as someone with rights and agency rather than merely as a means to reduce expenses. Current employees are owed honesty, fulfillment of earned obligations, and meaningful transition support. Overseas workers are owed freedom from forced and child labor, safe conditions, fair recruitment, lawful treatment, and respect for association and voice.

A phased or dual strategy may be the most rights-respecting option where it is commercially feasible, but no single operating structure is morally mandatory in every case. The decisive standard is the process and the principles under which restructuring occurs. A company may adapt to global competition, but it should do so through rules it could defend consistently: tell the truth, honor justified commitments, refuse exploitation, conduct serious due diligence, and ensure that workers at both ends of the supply chain are treated as ends in themselves.

References

Kant, Immanuel. *Groundwork of the Metaphysics of Morals*. 1785.

International Labour Organization. (2022). *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy*.

Organisation for Economic Co-operation and Development. (2023). *Guidelines for Multinational Enterprises on Responsible Business Conduct*.

United Nations. (2011). *Guiding Principles on Business and Human Rights*.

Bowen, S. A. (2004). Organizational factors encouraging ethical decision making. *Journal of Business Ethics, 52*, 311–324.