

3. Globalisation has changed the way many businesses operate. VKW makes cell (mobile) phones. It uses just-in-time inventory control. VKW exports 40% of its products. It imports most of its raw materials to help reduce total costs. All 800 of VKW's employees understand the importance of quality assurance. The Operations Director has asked all suppliers to ensure they do not use child labour. She is also concerned that many governments are planning to increase import controls such as quotas.

(e) Do you think that businesses should be concerned about ethical issues such as child labour? Justify your answer.

Yes because being ethical may improve image so more customers want to buy its products which may increase revenue.

No because being ethical may increase costs, for example if they have to pay VKW's 800 employees higher wages this will increase labour costs.

Although short-term profits may fall, in the long term this could be outweighed by the additional revenue received

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