MEMORANDUM

To: J. Doe, CEO
From: Maddy Reedy, Head of *Company*'s Human Resources Department
Date: August 23, 2024
Subject: Ethical Implications for Factory Workers (Off the Clock - Markkula Center of Applied Ethics (scu.edu))

Introduction

Currently, many factory workers are expected to work overtime without being paid, to meet their unrealistic daily quotas. Factories are unable to afford to pay workers overtime, but must also meet their quotas to keep up with demand and maintain profits. Workers are aware of this illegal expectation, but with the threat of losing their jobs, many are forced to keep working.

Background

The *Fair Labor Standards Act* requires that most hourly employees in manufacturing receive overtime pay for hours worked over 40 in a workweek, however, many factories do not follow these requirements. Historically, factories choose to prioritize their products over their employees, exploiting their workers for unpaid labor, often with threats to fire them. We have discovered that this unlawful practice is being implemented at *Company*. We have recorded incidents of factory workers working beyond their 8-hour shifts to meet daily quotas without receiving additional pay. It has also come to attention that many company higher-ups are aware of this illegal practice; however, due to factory budgeting, this practice continues to transpire. This practice, while not only illegal, can also damage *Company's* reputation, create a bad employee-employer relationship, and lead to legal issues such as fines and closures.

Options

We recognize three solutions to address this issue. The first option is the implementation of overtime pay and fair labor practices. This would include following all *FLSA* regulations, which include overtime pay for all hours worked over 40 per workweek at a rate of no less than time and a half of their regular pay rate. The second option is investing in higher-grade tools that can expedite the process and optimize workflow. This would include a thorough inspection of the current workflow to highlight areas of improvement within the manufacturing process, then researching and investing in tools that can automate or better manage certain areas within this process. Finally, you must implement and train your employees on how to safely operate the new tools. The final option is to enhance the factory's current work schedule and implement a better assembly line for product manufacturing. This would involve a thorough analysis of the current manufacturing process and making note of how much time each step takes. Using this data, you can then create a more efficient assembly practice by tasking the correct number of employees to specific steps. Which overall can speed up the manufacturing process and cut down on overtime needs. You may also decide to adapt your schedule for full-time and part-time employees to keep up with peak manufacturing periods.

Ethical Considerations

When evaluating these three options, it is essential to assess both their ethical implications as well as their practicality. Ethical considerations pertain to the moral principle guiding the proposed solution, while practicality involves the realistic application and effectiveness of these solutions in addressing the issue at hand. Ensuring that a solution is both ethically sound and practical is vital to ensuring satisfaction for both the company and its employees.

Choosing the first option, which is to enforce all regulations set forth by the *FLSA,* would ensure the company is in compliance with all ethical standards and ensure the avoidance of any legal risks and potential fines related to unpaid overtime. This can also create a higher employee satisfaction rate and overall boost morale, which can directly affect productivity. Yet, this option doesn't address the current budgeting issue the company faces and can overall cause a decrease in profit. Implementing this solution may call for an increase in the pricing of the units being manufactured or a decrease in the daily quotas, in order to keep the factory's cost within the current budget.

The second option, which is to implement higher-grade tools and technology, can create a more efficient workflow, drastically cutting down on overtime rates for employees. Being able to automate or use better tools for certain aspects of the manufacturing process can help increase efficiency, which overall will help to keep up with demands without having workers put in overtime. Higher-grade technology in the manufacturing process can also create a better quality product with better consistency, which can help maintain or improve profit margins. However, this option is a heavy investment; the upfront cost of buying high-grade machinery and the cost you require in order to train your employees on the new machines can be a risk. Especially with the initial decrease in productivity that may occur with the invitations and the learning curve the new equipment may entail.

The third option of enhancing the factory's current work schedule, as well as optimizing the factory's assembly line, can increase productivity as well as employee satisfaction. Using the data you captured based on the current manufacturing process, you can better assess employees and discover which employees are stronger in which tasks. This can allow your company to utilize its employees' strengths and further decide how many employees are needed for each step of manufacturing. You can also decide to implement a full-time and part-time employee system, which can help during peak manufacturing periods and reduce the risk of overtime or quotas not being met. This option can result in some trial and error until you find the most optimal system, which can cause profit fluctuation.

Conclusion and Reccomendations

There are many methods your company can take to tackle the issues of employee extortion and unpaid overtime, though after weighing all of the options, I believe option two is the best for *Company*. Due to the current issue surrounding the company budget, investing in high-quality tools can be daunting. However, I believe the payout will be very beneficial, since higher-grade tools can be more efficient, creating a fast manufacturing process and allowing quotas to be hit earlier in the day. As well as create a higher quality product and reduce the chance of GD&T manufacturing errors. Which can overall improve your product's markups and cut down on wasted material, contributing to an increase in profit. Optimizing your current manufacturing process can drastically cut down on the amount of overtime an employee may have to put in, creating a high employee satisfaction rate, as well as staying within the FLSA labor laws.

Conclusion

We at the Human Resources Department are deeply committed to an ethical work environment for *Company's* employees and have invested lots of time in researching solutions to the current issue at hand. We thank you for your time, and if you have any questions regarding this memorandum or clarifications on laws surrounding unfair labor practices, we would be pleased to provide further clarification and discuss the matter deeper.

Work Cited

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