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## Corporatization: An Analysis of Exploitative Branding Practices

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## **Introduction**

Corporatization plays an essential part of people's daily lives in modern first world countries. This phenomenon is especially obvious when people purchase products that are made in third world countries such as China or Mexico. Naomi Klein asserts that North Americans live in a branded society where corporations mainly produce images, outsourcing actual production to third world countries. An increase in the inequality between the rich and the poor becomes a more serious issue in all the societies that leads to the unjust division of labour between first world and third world countries. This paper will discuss the exploitative division of labour that has been established between first world and third world countries in the car, clothing, and technology manufacturing industries.

## **Branding and Advertising**

Corporatization is "the domination of a society by business corporations, along with the excessive loyalty of large numbers of people to the goals and values of those corporations" (Mann 2011:415). States have to act in the interests of their members of corporations and then manage the conflicts arising between these two groups. There are conflicting views about why corporations exist. This paper takes the stance that they exist to make more profits. Corporations exist to make money for their owners and shareholders. Essentially, they exist to serve their own interests. Corporations utilize three strategies in order to achieve this goal (Mann's Personal Conversation). The first option is to increase prices. However, few companies choose this option because their customers might buy their competitors' less expensive products. The second option is to reduce the costs of producing the goods. Since companies cannot change the prices of the raw materials, the only alternative is to reduce the

cost of labour. In order to do this, they outsource the production to third world countries and hire local workers with lower wages. The third option is to sell more products through branding. Branding occurs when “[the product] is sold to the world via advertising” (Mann 2011:424). The companies now only sell the concepts of the products to the customers and no longer sell the physical products. Naomi Klein (2000:4) states that “what these companies produced primarily were not things, they said, but images of their brands. Their real work lay not in manufacturing but in marketing”. The companies now mainly focus on how to target the consumers and persuade them to purchase the products. They use endless advertisements to produce ideal images and concepts of their products and promote their brands. They provide a false image to the customer through advertising. The customers buy more and more unnecessary products without knowing whether they actually need the products or if they are just buying the concept that the product differentiates themselves from others.

For example, in Nicole Scherzinger’s Herbal Essences airplane commercial (Appendix 1), it is impossible to have moaning and orgasms while washing hair. It is also impossible to meet a perfect handsome man solely due to wearing Channel No.5 perfume (Appendix 2). Klein (2000:5) illustrates that “advertising any given product is only one part of branding grand plan, as are sponsorship and logo licensing. Think of the brand as the core meaning of the modern corporation, and of the advertisement as one vehicle used to convey that meaning to the world”. Companies use romance and sex to relate to the brand in order to increase the sales of the goods (Appendix 3). “It [also] requires an endless parade of brand extensions, continuously renewed imagery for marketing and, most of all, fresh new spaces to disseminate the brand’s idea of itself” (Klein 2000:5). Additionally, both of the ads use

celebrity effects to promote the products and attract customers no matter where the products originally come from. They are just the constructed images. In all these advertisements, the people use the products live in relative comfort. The companies promote the products with positive images. However, they all hide the fact that the products depicted in these images are made using the exploitation of workers in third world country, but associate the products with a comfortable Americanized lifestyle.

### **From Glory to Downfall – The Automobile Industry in Detroit**

In the early 1900s Detroit's automobile industry played an essential role in the United States and Detroit was nicknamed "Motor City". Ford, General Motors (GM) and Chrysler slowly became the big three car companies of Detroit. The rapid development of the industry attracted a large number of residents from the southern United States. After 1909 the number of firms in the industry collapsed and over the next decade the production of automobiles was shifted to Detroit's surrounding area. With its strong manufacturing capability, Detroit provided a large number of military supplies during World War II. In the early 1960s, Detroit became the fourth largest city in the United States and the world's largest manufacturing center. Detroit gradually evolved to be an oligopoly in the car manufacturing industry (Klepper 2002). At that time, the main contribution to the American economy was the manufacturing of automobiles. Thousands of people were hired by the car manufactures and other related industries (Appendix 4). However, the situation began to change with the rise of Japan, Korea, and Germany in the car manufacturing industry.

In general, massive production of cars became very common in Japan, Korea, and Europe, and the United States was no longer a leader in the automobile industry. With the rise

of automobile industries in these new areas, the United States lost its oligopoly in the car industry. American auto companies began to slash their workforce. "Consider the automobile crisis of the early 1980s which lead to the near bankruptcy of Chrysler" (Shimokawa 1994:2). This bankruptcy in Detroit caused a total loss of 134,000 manufacturing jobs and one million people unemployed in the automobile and related industries. The oil crisis that hit the American auto industry was even more disastrous when 75% of the manufacturing jobs evaporated. In the 1980s Japanese car production surpassed the United States and 45% of Japan's automobile production was exported to the United States, which contributed to the greatly reduced dominance of the American auto industry (Shimokawa 1994:5). Meanwhile, the high cost of unionized workers made the local American production even more expensive.

A report showed that while the sales of General Motors, Ford and Chrysler decreased in the U.S. automobile market in May of 2006, the sales of Toyota and Honda increased (Ingrassia 2010:6-7). The main reason for the decline was the oil crisis which caused prices to increase. Japanese cars have become more popular among American buyers because they are more fuel efficient and therefore save consumers more money. American car manufacturers also have higher manufacturing costs and as a result, the Big Three companies had to lay off some of their workers and outsource the labour to the Third World Countries to maintain its sales and competitive strengths with the Japanese car industry.

However this has led to an increase in American unemployment. The majority of the auto industry workers in Detroit have low levels of education. As more and more manufacturing moved overseas (Appendix 5), the workers lost their jobs and often replaced them with jobs only paying minimum wage. Detroit gradually turned into a post-industrial economy and

people started to work in the service sector.

The shift of manufacturing to developing countries allowed the manufacturers to reduce labour costs. They earned more profits and their companies kept growing and they became richer. This manufacturing shift and rise in inequality is partially because the United States exists as a branded society. As Douglas Mann (2011:424) summarizes from Naomi Klein's *No Logo* "we've moved from an economy that produces goods to one that sells concepts of those goods, brands". North Americans no longer make the products. Instead, they sell the images of the products. North American companies sell the images and the concepts of the brands to promote the products.

For example, even though GM claims they are Americanized in part by hiring Michael Jordan as spokesman to promote their cars (Appendix 6), most of the images they present in the ad are Michael Jordan playing basketball instead of promoting the functions of the cars. In addition, there is controversy in Columbia. In a recent scandal, the General Motors plant in Colombia reportedly laid off around 200 workers after they were injured on the assembly line, and in August 2012 GM refused to cover even the workers' medical costs or pension benefits. "[The former GM workers] charged that GM had fired workers injured on the job so it would not have to assume the costs of their healthcare" (Franklin 2013). This is juxtaposed against GM's claims their cars are Americanized whereas. Their cars are actually made in Colombia by exploiting the workers as the workers get fired once they are injured so that the company can save money on paying out benefits. They are selfish entrepreneurs by blindly earning profits without providing safe conditions in the third world leading to devastating and permanent physical injuries to the workers.

## **Levis Strauss Company and Third World Countries' Workers**

Global corporatized branding means production is no longer restricted within one area. The process of production can be globalized. Companies' owners choose the cheapest places to make the products and then they ship the products back to North America to sell. In order to minimize the costs and earn maximum profits increasingly more companies choose to locate their manufactures in third world Countries, such as China. This forms inequality in the sweatshops in China as an exploitative relationship is built between the owners of the sweatshops and the laborers who work. The inequality between the rich and the poor has been a long term concern in China. Even though the globalized economy provides poor people from rural areas more job opportunities, they still earn less than the minimum wage and work in extremely harsh conditions, such as working overtime and having to ask supervisors for permission to use the washroom. Naomi Klein discusses the example of the American company Levis Strauss, best known for their jeans. It is well known that this is an American company, but few people know that one of the manufactures is located in China. The company has shifted their focus to sell the brand and image of the jeans. They use advertisements to persuade the customers to buy the images of the products. In one ad, for example (Appendix 6), a handsome male takes off his jeans to tow a car. The camera specifically focuses on the underwear when the man takes off his jeans. The woman in the advertisement falls in love with the handsome man at first sight. However, the jeans rarely appear in the ad. Levis attempts to use romantic stories and sexuality to promote the jeans. They try to persuade the consumers that if they purchase the jeans they will become as attractive as the handsome man in the commercial. However, this is not the reality for

workers in the third world who make those jeans. The unfair division of labour makes many workers unaware what they are producing for and isolates them from the rest of the world.

The sweatshop facilities in China have negative mental and physical effects on the workers. For example, in the documentary *China Blue* (Peled 2005) the owner of the factory has to make a shipment before certain deadlines. At the same time the owner of the Western company pressures the owner and pushes the owner of the sweatshop to finish the products on time. What's more, the owner hopes to make the shipment before the deadline. As a result, the owner pushes and forces the workers to work longer hours. Both parties put pressure on the workers and make it mandatory for them to work 18 hours every day, but this doesn't mean they can rest after 18 hours. If they cannot finish their quota within 18 hours, they have to work overtime, but they don't get paid any more for doing so. Everyone is responsible for one particular part and they have to do the same thing hour by hour, day by day.

In *China Blue* (Peled 2005), there is a common quote; "if you don't work hard today, you'll look hard for work tomorrow." to remind all the workers to work harder if they still want to work there. The workers are controlled mentally because all they want is to maintain their jobs in the factories. Most of the workers are from poor and rural areas, where income is earned mainly from farming, but the weather does not always act in their favour. Therefore, the workers come to urban facilities to work because they want to improve their families' conditions. Working in the factories increases their families' incomes. Keeping this thought in mind, the workers have to work harder in order to guarantee their income. The main character in *China Blue* (Peled 2005), Jasmine, states that "the supervisors said they'll fire anyone who's too slow". She cannot ask for leave even when she is sick. Even though she is sick, she



is still forced to start working on time. The owners can decide how much the workers get paid. They are paid less than minimum wage and they do not have health insurance. Under these circumstances, she is afraid that she will be paid less than she should or will never get paid. She is also worried that she will be fired if the supervisors and owners think she cannot work anymore. The inequality between the owners and the workers even worsens the issue. The owners can decide when to pay the employees' wages. They sometime treat the workers like beggars. They pay whenever they want. Jasmine has not received her wages for three consecutive months. However, she still has to start work on time. The workers are not able to quit because the owners do not allow them.

Due to these working conditions, some of the workers feel like they totally lose their mental and physical freedom and thus they feel extremely hopeless. If they cannot convince themselves to think positively, they sometimes end up committing suicide. Under such intense working conditions, the workers do not know exactly what they do. They keep doing the same things again and again and they gradually become machine-like. The system completely dehumanizes the workers because the production process makes them lose their spiritual mind. This eventually destroys them as healthy human beings and their souls become completely empty. In the global system of division of labour many global companies tend to focus on the production in the same company, which can achieve the maximum economic scale. However, those companies rarely pay attention to the conditions of their workers in third world countries.

## **False Impression of Apple**

There is perhaps no better example than Apple to illustrate the downfall of corporatization. While the company is located in California, Apple has many of criticisms of its overseas manufactures. The company has millions of loyal buyers whenever new products are launched who are willing to spend \$700 on an iPhone. Once they own it, the buyers will consider themselves fashion icons. However, most of the buyers focus on the fancy fashion and popular Apple products, but they rarely focus on the stories of making these products, which entails oppressing the Chinese workers by paying them less than the minimum wage and causing environmental problems. Apple always promotes its convenience lifestyles to the customers because they can use Apple products for communication, entertainment, and information. However, behind this fantasy is the exploitation of Chinese workers.

The main manufacturer of Apple is Foxconn, which is mainly located in China. Foxconn's tragedy best explains the unjust division of labour in the world. "A startling 13 young workers attempted or committed suicide at the two Foxconn production facilities in southern China between January and May 2010" (Chan and Pun 2010:2). These factories give the internal immigrants false hope that if they work hard enough, they will change their family's conditions for the better. However, the owners of the facilities use them as slaves to manufacture the product.

Thousands of Foxconn workers work all day long and stand beside the assembly line. Many workers work more than 60 hours and work six days a week. One worker lost the iPhone 4 template while delivering other products and was suspected to have stolen the template. Later on his employers punished him by forcing him to do push-ups. Due to the

excessive pressure, the worker committed suicide at the age of 25 (Chan and Pun 2010:10). The Chinese labour minister admitted “some foreign companies in China exploit their workers by forcing them to do overtime or underpaying them” (Blanchard 2012). Indeed, the official admits that the globalized economy provides poor people more job opportunities, while at the same time, these jobs are built on violating ethical standards and workers’ rights. However, the officials cannot do anything to change the situation in the near future because they feel they have to sacrifice some of the rights of poor people in order to create future development for their country. The living conditions in China are worse than in the United States so poor Chinese people are willing to do anything to earn money.

Apple locates their factories in China instead of the United States because the average wage and working hours of Chinese factory workers is more profitable than what American workers would demand. While the average wage for an American worker is \$23 an hour, the average wage for a Chinese worker is only \$1.23. The average working hours for an American worker is 8 hours per day while the average working hours for a Chinese worker is 18 hours a day (Kavoussi 2012). By comparing these statistics labour in China is more profitable for American companies. In order to associate with the new concept-based model, “they moved most production from high-wage Europe and North America to the lower-wage Third World” (Mann 2011:427) where products can be produced more efficiently and more profitably. The World Trade Organization (WTO) downplays globalization. It seems to provide a fair environment to all the countries around the world but it really only favours the developed countries. In the words of Robert Hunter Wade, “developing countries today, as a group, are being ever more tightly constrained in their national development strategies by

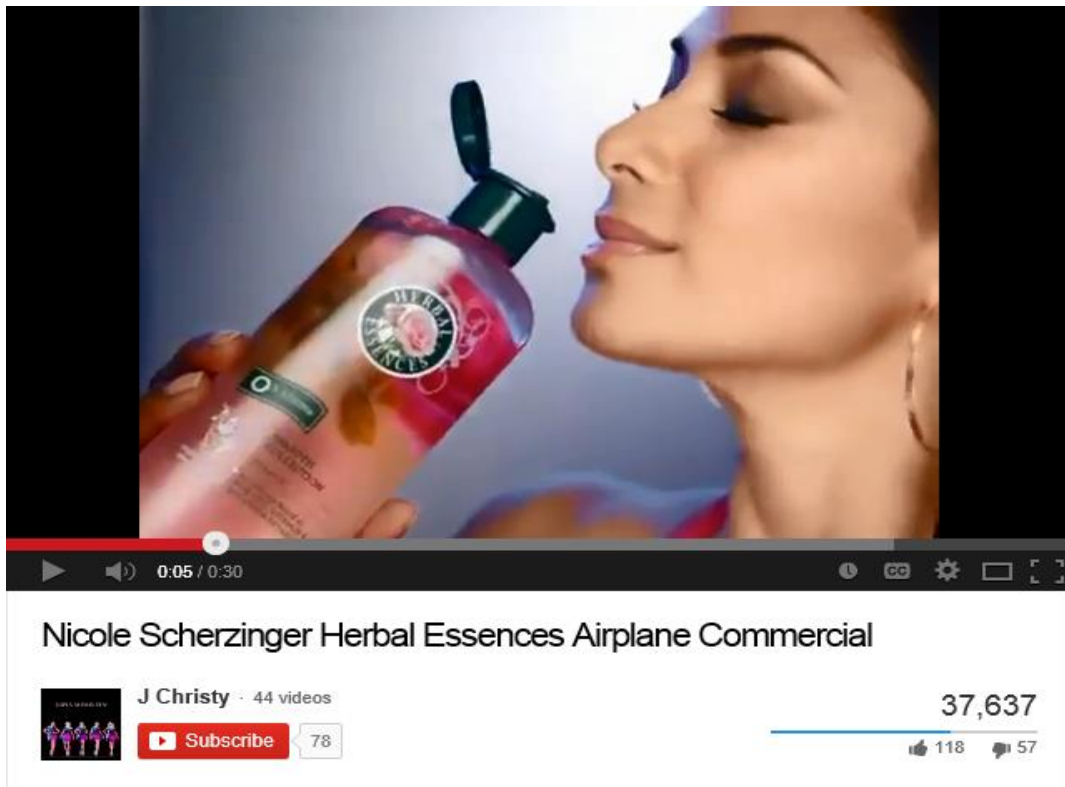
proliferating regulations formulated and enforced by international organizations” (Wade 2003:622). The corporations have turned the developing countries into manufactures. The developing countries’ governments have to change their policies in order to meet the expectation and requirements of those organizations.

### **Conclusion**

Having analyzed the phenomenon under corporatized economy, one cannot deny that corporatization brings the downfall of societies. North American enterprises sell their products by oppressing employees and paying them less than the minimum wage in third world countries. GM claims to be Americanized yet they dehumanize the Colombian injured workers, Levis sells sex and freedom but denies workers’ rights in China, and Apple produces fashionable and fun products while Foxconn employees commit suicide. Globalization provides employment opportunities for some poor people but it takes away the opportunities in North America. Many entrepreneurs only focus on the short-term profits, but they never consider how their plans change their societies. Naomi Klein is right that societies are now creating an unjust division of labour on a worldwide scale. After all, the enterprises are greedy and selfish and they will never earn enough. Perhaps, corporatization provides the companies a perfect chance to satisfy their wants by sacrificing and exploiting the labour. Unfortunately, this situation can hardly be changed in the near future.

## Appendix

### Appendix 1



A screenshot of a YouTube video player. The video frame shows a woman in profile, Nicole Scherzinger, holding a pink bottle of Herbal Essences hair product. The video player interface includes a progress bar at 0:05 / 0:30, a volume icon, a play button, and a 'CC' icon. Below the video frame, the title 'Nicole Scherzinger Herbal Essences Airplane Commercial' is displayed. The channel name 'J Christy' is shown with '44 videos' and a 'Subscribe' button with '78' subscribers. The view count is '37,637' and there are '118' likes and '57' comments.

### Appendix 2



A screenshot of a YouTube video player. The video frame shows a large, illuminated Chanel logo and the word 'CHANEL' in large letters, set against a dark, industrial-looking background. The video player interface includes a progress bar at 0:57 / 2:03, a volume icon, a play button, and a 'CC' icon. Below the video frame, the title 'Nicole Kidman Chanel Perfume Commercial' is displayed. The channel name 'babadugagrand' is shown with '50 videos' and a 'Subscribe' button with '149' subscribers. The view count is '13,944' and there are '34' likes and '2' comments. At the bottom of the player, there are icons for 'Like', 'About', 'Share', 'Add to', and a flag icon.

Appendix 3



Appendix 4



FILE - This 1920s photo shows employees working in the Packard Motor Car Co. in Detroit. (AP Photo/File)

Appendix 5



FILE - This Jan. 28, 2010 photo shows the abandoned 3.5-million-square-foot Packard car plant in Detroit. (AP Photo/Carlos Osorio)

Appendix 6

A screenshot of a YouTube video player. The video content shows a close-up of Michael Jordan's face, looking slightly to the right. Overlaid on the bottom left of the video frame is the text "Chicagoland Northwest Indiana Chevy Dealers" in white. Below the video frame is the YouTube interface, including a progress bar at 0:28 / 0:31, the video title "Michael Jordan Chevrolet Eighties Car Commercial Heartbeat of A...", the channel name "CarCommercialsTV" with 1,350 videos, a "Subscribe" button with 290 subscribers, and a view count of 193 views. There are also icons for Like, About, Share, Add to, and a flag.

Appendix 7



0:20 / 0:45

### Best Levis Commercial Ever

Brookesheppard - 2 videos

316,726

502 10

Like

About Share Add to

This is a screenshot of a YouTube video player. The video frame shows two men standing in a desert-like environment. The man on the left is wearing a denim jacket and jeans, leaning against a car. The man on the right is wearing a suit and glasses, also leaning against the car. The video player interface includes a progress bar at 0:20 / 0:45, a play button, volume control, and settings. Below the video, the title 'Best Levis Commercial Ever' is displayed, along with the channel name 'Brookesheppard' and a 'Subscribe' button. The video has 316,726 views, 502 likes, and 10 dislikes. Navigation options like 'About', 'Share', and 'Add to' are visible at the bottom.



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