BUSINESS PRACTICES: SOUNDS ILLEGAL BUT ETHICAL?

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Abstract - Exploitation of labour, poor working conditions, excessive working hours and underpayments are illegal, but why those have been practised by Multinational Corporations (MNCs). This paper aims to critically analyse the MNCs' business practices and the implication of ethical principles. It is found that the MNCs have adopted the cost leadership strategy to reduce unnecessary costs in their organisation, including finding the cheapest labour costs. For instance, Henderson (2018) mentions that international students in Australia who worked at 7-Eleven, an American convenience store chain, were willing to work with underpayments due to the high living costs and more saving from paying less tax, and 7-Eleven, in the meantime, gained financial benefits from the underpayments. Other MNCs such as Nike, Adidas, Pacific Brands and so forth have been criticised as 'sweatshops' where young workers are hired to work for low pay, long working hours and unsafe workplace (Oxfam Australia, n.d.). The analysis demonstrates that relativism is used as an excuse for the MNCs' wrongdoings whereas egoism explains the intention of MNCs' employees. The cost leadership strategy itself is an acceptable strategy which has been implemented by businesses globally - their practices becomeacceptable as others have been doing similarly. Besides, MNCs' employees seem to have no choice in accepting the job offer even though they will beat a disadvantageso as to fulfil their self-interest. In brief, ethical principles can only assist us to understand the underlying intentions of the aforementioned stakeholders, 'let-government-do-it' might not be the best approach to solve ethical issues because the collaboration of all stakeholders is in need.

Keywords - Multinational Corporations (MNCs), business practices, sweatshops, ethical principles, relativism, egoism

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