Australian managers' experience of global human rights issues

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Abstract

This paper explores the experiences of Australian managers in relation to human rights issues in their international business operations. The paper reports findings from a qualitative research study, using the Critical Incident Technique (CIT) that investigated the cross-cultural ethical dilemmas experienced by Australian managers in the mining, textile and IT industries in their international operations. Findings in this study suggest that Australians managers face human rights issues such as child labour, detrimental working conditions, discrimination and exploitation. This represents a major dilemma for them as they address human rights issues that violate their own ethical values in relation to the treatment of others in their working environments and their economic development.

Introduction

This paper reports findings from a qualitative research study that investigated cross-cultural ethical dilemmas experienced by Australian managers operating in several industries including mining, textiles and information technologies (IT) in international markets. Breaches of human rights issues were reported as one of the most common ethical dilemmas facing Australian managers operating across all three industry groups identified. Understanding the nature of this problem faced by Australian business managers may assist business or the public sector when working in an international environment. Data about how Australian business managers identify human rights dilemmas were gathered using the Critical Incident Technique posited by Flanagan (1954).

Literature Review

Human rights are defined by Jefferies (1997:885) as the "conditions in life which allow us to realise our full potential and to develop our human qualities of intelligence, conscience and spirituality".

Human rights have extensive bodies of international declarations (Gordon and Miyake 2001). The *United Nations* (1948) adopted the Universal Declaration of Human Rights on December 10, 1948 in recognition of human dignity and the equal and inalienable rights of all humans to freedom, justice and peace. This Declaration of Human Rights was based on many different cultural and religious values (Donaldson and Werhane 1996). Under Article 23 of the Declaration everyone has the right to work in just and favourable conditions, without discrimination, with fair remuneration ensuring existence and human dignity and the right to join trade unions for the protection of their interests (United Nations 1948; Donaldson and Werhane 1996).

Further to the Declaration, the United Nations developed two international covenants dealing with civil and political rights and economic social and cultural rights. Together with the Declaration these covenants form the International Bill of Human Rights (Australian Department of Foreign Affairs 2002). There are also a number of treaties dealing with specific issues including freedom from torture and racial discrimination, and the rights of women and children. Examples include, the Convention on the Elimination of All Forms of Racial Discrimination, the Convention on the Elimination of All Forms of Discrimination Against Women, the Declaration on the Elimination of All Forms of Intolerance and Discrimination Based on Religion or Belief (Jefferies 1997).

Australia is a signatory to all key international covenants and conventions in the field of human rights (Australian Department of Foreign Affairs 2002). These include the six instruments shown in Table 1.

Table 1. Australian Human Rights Agreements

- The International Covenant on Economic, Social and Cultural Rights
- The International Covenant on Civil and Political Rights and its two Optional Protocols
- The Convention on the Elimination of All Forms of Racial Discrimination
- The Convention on the Rights of the Child
- The Convention on the Elimination of All Forms of Discrimination against Women
- The Convention against Torture and other Cruel, Inhumane or Degrading Treatment or Punishment

Source: (Australian Department of Foreign Affairs 2002)

Australia places great importance on these and other international human rights instruments that form the basis of international human rights law (Australian Department of Foreign Affairs 2002). Australia seeks to engage in human rights agreements, contributing to setting standards, encouraging compliance with existing human rights instruments and ensuring effectiveness. An example of which includes, Australia significantly contributed to the international effort in seeking reform to the six United Nations human rights treaty committees.

Working conditions

The International Labour Organisation (ILO), established by the Treaty of Versailles after World War I (Burtless 2001) is a specialised agency of the United Nations, tasked with creating international standards of labour conditions to overcome problems associated with injustice, hardship and privation (International Labour Organization 2002; International Labour Standards 2002). The ILO has created a total of 180 conventions and 185 recommendations (International Labour Standards 2002). These standards contribute to the areas of development, market competition and peace (International Labour Standards 2002) and are formulated by governments, employers and employees throughout the world (International Labour Standards 2002).

The ILO has identified eight core standards essential to basic human rights (Burtless 2001; International Labour Standards 2002), and these are outlined in Table 2.

Table 2 Core International Labour Standards

- Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)
- Right to Organize and Collective bargaining Convention, 1949 (No. 98)
- Forced Labour Convention, 1930 (No. 29)
- Abolition of Forced Labour convention, 1957 (No. 105)
- Discrimination (Employment and Occupation) Convention, 1958 (No.111)
- Equal Remuneration Convention, 1951 (No. 100)
- Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labour Convention, 1999 (No. 182)

Source: (International Labour Standards 2002)

Proponents of labour standards would also seek to expand this core list to incorporate workplace safety, working conditions and wages (Burtless 2001). Of the 175 member countries of the ILO an overwhelming majority have ratified most of the eight standards (Burtless 2001). Australia has ratified six of the eight core labour standards, with the Minimum Age Convention and Worst Forms of Child Labour Convention still to be ratified (International Labour Standards 2002).

A high profile aspect of working conditions is that of the sweatshop, where employees work excessive hours in intolerable conditions for a remuneration below the living wage (Scherer and Smid 2000). Roddick (2001) describes conditions she witnessed when visiting a factory manufacturing jeans in Nicaragua in what is referred to as a Free Trade Zone. Here 20,000 workers, mainly young girls, worked six days a week, ten hours a day for approximately $130 a month. The basic living wage in Nicaragua is $200 a month. A worker from a similar factory in Taiwan described working twelve to fourteen hours shifts each day, sometimes twenty-four hours if there was an urgent order (Roddick 2001). In Indonesia in the Nike sneaker manufacturing factory a worker received the meagre wage of $2 a day (Singam 2000). Workers are under pressure to meet unreasonable quotas otherwise they are required to work overtime without pay. One worker commented, "Many workers are punished for failing to reach quotas. They are made to clean up the factory and toilets or are humiliated. Sometimes supervisors swear at workers and call them 'dog', 'bitch', 'pig' or 'stupid'" (Singam 2000:1).

The anti-sweatshop movement has been prominent and outspoken resulting in key sweatshop monitoring systems now in place (Bernstein 1999). Applebaum and Dreier (1999) report on the momentum of the movement across university campuses in the United States. The anti-sweatshop movement has generated a large wave of student activism, demanding workers be paid a living wage, an end to discrimination against women workers, public disclosure of the locations and independent monitoring of factories (Applebaum and Dreier 1999). Reebok in Indonesia and Liz Claibourne in Guatemala have subsequently allowed independent audits of their factories (Bernstein 1999).

Writers Scherer and Smid (2000) comment on how lower international labour costs have affected the manufacturing sector, including the textile industry. Many companies in industrialised countries have experienced closures to branches of their industry because of lower manufacturing costs in industrialising nations (Maitland 1997; Scherer and Smid 2000). Developing countries

with emerging economies have lower production costs due to non-existent health and safety regulations, trade union activities and environment protection, their industries provide wages below subsistence levels and use child labour (Scherer and Smid 2000).

Child labour

In 1996 the ILO estimated that there were at least 120 million full-time child workers between the ages of five and fourteen worldwide, with over 250 million children having work as a secondary activity (Hindman and Smith 1999; *Child labor* 2002). The use of child labour is mainly concentrated in the developing regions throughout Asia, Africa and Latin America (Hindman and Smith 1999).

A child is defined by the *Convention on the Rights of the Child* (1990), as any person below the age of eighteen, unless the law applicable to the child declares that majority is attained earlier. Article 32 of the Convention states that a child has the right to be protected from economic exploitation and performing work that is hazardous or harmful to their health, physical, mental, spiritual, moral or social development or interferes with their education.

Worst forms of child labour such as forced and bonded child labour are particularly alarming to the Children's Rights Division at Human Rights Watch (*Child labor* 2002). Estimated millions of children, with 15 million in India alone, work extensive hours in dangerous and unhealthy conditions. For example, incidents are reported where young children working at looms have resultant disabilities such as eye damage, lung disease, stunted growth and susceptibility to arthritis (*Child labor* 2002).

Bonded labour occurs when a family receives an advance payment to hand a child over to an employer (*Child labor* 2002). Inevitably, the child finds it difficult to work off the debt and the family cannot raise the money to buy back the child. The employer usually deducts expenses and interest from the child's wages so that it is almost impossible for the child to repay the debt. The U.N. Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery (Supplementary Convention on the Abolition of Slavery the Slave Trade and Institutions and Practices Similar to Slavery 1957) sought to outlaw debt bondage or debt peonage in 1956. All countries apart from the U.S.A. and Somali have ratified

the Convention on the Rights of the Child (*Questions and answers on the UN special session on children* 2006).

The *International Labour Organization* (2002) reports that more than 100 nations have ratified International Labour Organization (ILO) Convention No. 182, which calls for immediate action to ban the worst forms of child labour. Each member is required to ratify the Convention and take immediate action to prohibit the worst forms of child labour as a matter of urgency (Convention 182 1999). Australia has yet to ratify the ILO Convention, waiting on response from its State Governments (International Labour Organization 2002).

Human Rights Watch (*Child labor* 2002) reports that children's work is sometimes beneficial to their families; however, this may depend on the working conditions and whether it is prohibitive to the child's education. Often the cause of child labour is not due to greedy employers, but poverty (Becker 1999). Indeed, the good intentions associated with reducing child labour resulted in plunging many impoverished children even further into poverty. In 1993 approximately 70,000 children in Bangladesh lost their jobs when the United States introduced the *US Child Labor Deterrence Act of 1992* (Murshed 2001). A subsequent study by UNICEF found that deprived of their income, many children were driven into dangerous jobs and sexual abuse increased for girls (Murshed 2001).

If child labour was placed in historical perspective the past practices of Great Britain and the United States reveal that the use of child labour was extensive during their industrialisation phase (Hindman and Smith 1999). For example, one of the first laws to be passed in Massachusetts was to prohibit children working below the age of fifteen (Basu 1999). Hindman and Smith (1999) state that emerging economies will follow the same processes of high levels of child labour but discontinue the practice once the country is industrialised. They argue that a culturally relativist approach is more appropriate than a universal one that condemns child labour. Donaldson (1996) refers to this as a conflict of relative development where ethical standards reflect differing levels of economic development. If developing nations are to attract outside investment, practices such as child labour are viewed as necessary. As emerging economies become richer, the conflicting practice tends to cease (Donaldson 1996).

Becker (1999) argues that the only way to resolve the issue of child labour and poverty is to pay parents to send their children to school. The World Bank supports this initiative, providing

financial incentives to poor families (How the World Bank is fighting child labor 1999); in Brazil and Mexico payments to poor families have been successful (What Becker calls bribery we call a scholarship 1999).

Discrimination

The ILO adopted the C111 Discrimination (Employment and Occupation) Convention in 1958 (International Labour Organization 2002). Under the terms of this Convention discrimination includes any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinions, national extraction or social origin which impairs equality of opportunity or treatment in employment or occupation. In total, 154 countries have ratified the C111 Convention including Australia who endorsed the Convention in 1973 (International Labour Organization 2002).

The International Convention on the Elimination of All Forms of Racial Discrimination (CERD) in Human Rights Watch (*Racial discrimination and related intolerances* 2001:1) defines Racial Discrimination as:

> *any distinction, exclusion, restriction or preference based on race, colour, descent or national or ethnic origin which has the purpose or effect of nullifying or impairing the recognition, enjoyment or exercise, on an equal footing, of human rights and fundamental freedoms in the political, economic, social, cultural or any other field of public life.*

A report from the Human Rights Watch (*Racial discrimination and related intolerances* 2001) states that race and religion have shaped many of the human rights abuses around the world. In addition, many world leaders have exacerbated this intolerance for their own political purposes. Combined with the widespread fear generated after the September 11, 2001, terrorist attacks, racism and xenophobia have proliferated worldwide (*Racial discrimination and related intolerances* 2001).

Discrimination experienced by women globally has also contributed to human rights breaches in terms of equality and fundamental freedoms in political, economic, social, cultural or civil fields (Office of the High Commissioner for Human Rights 1981; *Discrimination in retraining* 1994).

The Committee on the Elimination of Discrimination Against Women was established in 1979 under the terms of the Convention to undertake constructive discussions and formulate recommendations to the United Nations (Office of the High Commissioner for Human Rights 2000). The Convention on the Elimination of All Forms of Discrimination Against Women was entered into force in 1981 (Office of the High Commissioner for Human Rights 1981). The Convention confirms the fundamental human rights for women such as dignity and worth in terms of equal rights.

Reports from the Human Rights Watch continue to identify many countries where basic human rights for women are constantly challenged (*Human rights developments* 1999). For example in 1998 fourteen (14) countries, that had agreed to eliminate sex discrimination, were still continuing to deny women the right of full citizenship in their own country. In 2000, Human Rights Watch reported on several governments failing to enforce international and national discrimination laws protecting women seeking work or while they were at work (*Labor rights* 2001).

In Australia the Human Rights Equal Opportunity Commission (HREOC) was established by the *Human Rights Equal Opportunity Act* in 1986 (Jefferies 1997). Human rights under the Act are defined in line with those expressed in the various international declarations and conventions (Jefferies 1997).

Exploitation

The OECD has developed three practical guidelines for Aid agencies on issues of poverty reduction, sustainable development and conflict prevention. They seek to increase coherence in debt relief, trade, investment, agriculture, environment, migration, health research, security and arms sales (Rising to global development challenges 2001).

Sustainable development refers to integration of the economic, social and environment objectives of society so as to improve the well-being of people living now without compromising the ability of future generations to fulfil their needs (Rising to global development challenges 2001).

Countries who provide foreign aid to assist emerging economies can be viewed as being self-fulfilling. For example the official web site for USAID's claims that the principle beneficiary of

America's foreign aid has always been the United States. The program cost around $13billion in 2000, creating new markets for US goods and thousands of jobs for US citizens (Dobbs 2001).

Background to the Research

This research was conducted in an Australian context in order to develop findings applicable to Australian international business managers, Australian Government legislators, industry bodies and overseas managers seeking to trade with Australian organisations. A study by Buller, Kohls and Anderson (1997) reported that there was insufficient research available on how managers actually respond to cross-cultural ethical dilemmas. Overall there appears to be limited qualitative and descriptive data available on the ethical issues confronting managers and what managers are actually doing about ethical dilemmas (Kavali, Tzokos and Saren 2001).

Research conducted by Buller et al. (1997) suggests a need for substantial investigation into what managers are actually doing about cross-cultural ethical dilemmas. They also contend that there is a need to examine how the managers' actions will relate to the various global codes being developed by governments, institutions and organisations. To date there has been no research undertaken providing an insight into how managers actually respond to cross-cultural ethical dilemmas and whether these responses are congruent with their intended actions.

Research Method

Senior Australian managers operating internationally form three diverse industry groups (mining, textile and information technology) were interviewed. Seventy (70) face-to-face interviews were conducted throughout Australia to ascertain the critical incidents of ethical dilemmas confronting Australian managers in their international operations.

The research method used was the Critical Incident Technique (CIT). The CIT is a process of collecting observations or anecdotes to aid in finding solutions to various issues, within a specific

situation (Flanagan, 1954). This approach allowed data to emerge according to the values of the respondents rather than the values of the researcher. The mostly qualitative data were collected in 2000.

The primary research question asked of respondents centred on their experiences with ethical dilemmas when operating offshore. Respondents were asked:

> *Can you tell me about a recent incident or experience where you felt there was an ethical dilemma because of cross-cultural differences?*

Respondents were encouraged to tell their stories or anecdotes about ethical dilemmas they had confronted. In this study a dilemma is regarded by the research as something unique to the organisations' normal practices and required special consideration. Ronan and Latham (1974) suggest that an incident should have occurred within six to twelve months of the interview to ensure accuracy of recall. For this reason emphasis was placed on documenting incidents identified by the participants as having occurred within twelve months of the data collection interviews.

Sample

Seventy (70) senior Australian managers operating internationally in the mining, textile and information technology (IT) industries were interviewed for this research. The data was collected from Western Australia, South Australia, Victoria, Canberra, New South Wales and Queensland providing experiences from a broad spectrum of organisations. The diverse group of participants provided a rich source of information based on their authentic experiences. Each of the participants provided multiple examples of critical incidents that affected their business operations.

Data Analysis

Analysis of data collected in this research was based on content analysis methods using coding and categorisation processes as described in Holsti (1969). Coding is regarded as a process for

systematically transforming and aggregating raw data into units that permit a precise description of the content (Holsti 1969).

Data were transcribed verbatim then coded using categories in an index tree structure developed with the aid of NUD.IST software. NUD.IST is an acronym for Non-numerical, Unstructured, Data in qualitative research supported by Indexing, Searching and Theorising (Qualitative Solutions and Research 1997). NUD.IST software was used to code data and references in categories organised in an index system (a hierarchical system called trees), that facilitated exploration of emerging ideas and themes (Richards and Richards 1993).

The qualitative data were further assessed on the number of responses in each category, namely, those categories that achieved a response rate greater than seventy-five percent (75%) were classified as 'most' respondents, between seventy-five percent (75%) and twenty-five percent (25%) were referred to as 'many' respondents and less than twenty-five percent (25%) were cited as 'some' respondents.

Research Findings

The ethical dilemmas associated with human rights emerged across the three industry groups as four key sub-categories: child labour, working conditions, discrimination and exploitation. Respondents cited multiple examples of situations that they believed violated basic human rights. The most frequently occurring ethical dilemma from the four sub-categories was the issue of child labour. Working conditions, discrimination and exploitation were also considered important but were not of the same magnitude in terms of the number of respondents citing incidents of child labour.

Child Labour

Child labour was an ethical issue that was prevalent particularly in the textile industry, respondents directly experienced situations where international operators employed child labour. The incidents regarding child workers usually referred to child labourers aged between six and ten working in textile mills or factory type environments.

Respondents described instances where they were gravely concerned by incidents of very young children being employed, often in appalling conditions. The following comment from one respondent in the textile industry provides a typical example of the situation confronting respondents when deciding to trade with an international organisation.

> *I mean there are some terrible practices in some of those places and I have been to some of those places. I went to this place in particular where they were using child labour and it was just awful, it was appalling. The children where quite young some of them. And its not just the children it is the condition they are working in, it is absolutely terrible.*

The incident of using child labour was not restricted to a small number of disreputable firms but was endemic in some regions. The following comment was quite typical of many respondents who were deeply concerned and disturbed by the exploitation of child labour:

> *I spent many years working and living in China and I can say that I have not been in one factory where there hasn't been child labour.*

A number of respondents provided some insight as to why they thought this situation prevailed. Respondents explained the importance of a child's wage to some families and indeed believed that restricting child labour may result in poorer families suffering financial hardship. The comment below illustrates this dilemma for respondents:

> *I talked to the manager and said "I didn't think they'd have people working so young" but he said "they are sort of happy to work there because if they didn't they'd be out in the gutter".*

Working conditions

Working conditions was an ethical dilemma that emerged related directly to situations arising from working conditions in these factory type environments. Indeed, respondents regarded the working conditions and environments as appalling and an issue of deep concern. Most respondents' concern was levelled at workers being exposed to unreasonable health and safety

risks within their working environment. One respondent described the working condition of a textile mill, which was typical of many similar comments:

> *The spinning mill which included a number of second hand shuttleless looms*
> *which didn't work properly was as low tech as a mill can be. It was almost*
> *impossible to breathe in the spinning section due to the cotton fibres in the air.*

This was followed by many other examples where the same respondent reported conditions that were unbearable for workers to sustain in the overseas factory. The incident below followed on from the many similar experiences of textile industry respondents:

> *I have been in Pakistan a number of times and to walk into lets say a cutting*
> *room and what a cutting room does is sort of combs the cotton and there are*
> *sorts of little bits of minute pieces of cotton floating in the air and you can*
> *walk into a cutting room and the air will be blue just because of fibres in the*
> *air (pointing to a photograph) ... the life expectancy of someone working*
> *under those conditions is obviously reduced.*

The safety risks many people were exposed to while working in some factory and mill environments also came under scrutiny and represent an ethical dilemma for respondents trading with some foreign companies. For example the concern about safety standards is illustrated in the following statement:

> *I remember there was one person who was dipping actually an element in*
> *some acid before it was processed and one of my colleagues said "well why*
> *hasn't that person got rubber gloves on". The answer from the factory was,*
> *"well if she had rubber gloves, then they would all want rubber gloves".*

Discrimination

Discrimination emerged where there is inequality, which is often based on gender or racial backgrounds. There was some subtle reference to religion but the main emphasis focused on the former areas.

Some respondents reported difficulty in accepting the blatant discrimination that occurs within some cultural groups. The following example illustrates the different standards that apply to females in Japanese organisations. Predominantly the discrimination relates to inequities experienced by female employees in some cultures:

> *In Japan women are still, well, not subservient, but there is a distinction ... for women in Japan it is a very hard slog, it is a very, Japan is a very male society. If you are male and you have money you can do anything you want in Tokyo.*

The other form of discrimination concerning respondents as an ethical issue of some significance was based on racial background. Discrimination was targeted at particular races being either excluded or treated unfairly in the work environment. The following example was representative of the incidents that respondents found ethically troubling:

> *They have, the one on my neighbourhood had a sign in English that said, no foreigners allowed. His comment to me was very, very interesting, he said "that is okay it is not aimed at you it is aimed at all blacks and the Iranians". And the Koreans fall in to one of those categories, lower class group.*

The incidents of discrimination related to gender and racial differences in particular cultural groups. Respondents identified this ethical issue as an important category, which they felt violated fundamental human rights.

Exploitation

Exploitation was an important category that focused on the impact of third world debt and the role played by the world aid system. One respondent made the following comments that typified the views of some Australian managers:

> *The aid world is ... all about massive capital injection and then huge debt forever after.*

There were specific incidents provided where the infrastructure of a country could not support or sustain the technology implemented but projects were continuing to be funded. The dilemma predominantly centred on the disparity of funding between sustainable versus popular projects.

> *That then turns into a problem with the way the world aid system is structured. I swear you could get 100 million dollars to build a dam easier than you could get fifty thousand dollars a year for the next 10 years to actually employ a group of people on some long term projects and get them up with basic supplies and pens and paper.*

The following specific incident was indicative of the experiences respondents were confronted with that they found unethical:

> *They wanted a system to send readings from the reservoir down to their office, you know, and they got quotes for 200, 150, 200 thousand dollars and we came in with 50,000 dollars. And I asked him what they currently did and they said that they have a guy that goes up reads this board, he rides his bike down to the board and gives us the reading. I said how much is he on, he was on a thousand or fifteen hundred Australian dollars per year, was his salary.*

> *Which was installed, $50,000s worth of equipment but they couldn't even afford the batteries to replace, it was solar the whole lot and they try and make it full proof and put in 50 spares, duplicate everything, try and make it sustainable. It would have been better to give them $50,000 or at least instalments of $1,000 a year and you could ... of had that guy for 10 years.*

Another aspect of exploitation considered unethical is the political or financial impetus driving the world aid system. The following examples illustrate an emerging trend by wealthier nations to assist the third world in return for political or financial favours:

> *In the Pacific for instance in Malaysian there was, one of the clients I was working with they came in and put in all new bitumen roads but then they also wanted the fishing rights and they would have got them.*

and

> *Then that is what aid is about, I don't think any government would resolve from the fact that part of their aid project is trade based and self centred and is all about influence and the local market.*

Critical Incident Chart versus Industry Group

	Mining industry	**Textile Industry**	**Information Technology Industry**	**Total**
Working Conditions		6	2	**8**
Child Labour	1	7	2	**10**
Discrimination	3	3	2	**8**
Exploitation		1	4	**5**
Total	**4**	**17**	**10**	**31**

Discussion

Respondents from the three industry groups of mining, textiles and IT all described various human rights issues as a key ethical dilemma confronting them in their international operations. This included human rights issues that violated respondents' own ethical values in relation to the treatment of others in their working environments and their economic development. These values included child labour, detrimental working conditions, discrimination and exploitation of workers creating a dilemma for managers in relation to business opportunities versus their social conscience about the welfare of others. Respondents were confronted with the ethical dilemma of deciding whether their organisation should continue trading in those countries that violated what they believed to be the fundamental human rights of others.

Child labour as an ethical dilemma was particularly relevant to those undertaking business associated with overseas factories and textile mills. Asgary and Mitschow (2002) write that when

other countries have different work standards such as those in relation to child labour, a moral dilemma is created for the home country with inherent violation of fundamental human rights. Managers in this research reported many incidents where factory operators where employing children below the age of sixteen, often between the ages of six and ten. The work situation was often exploitive in terms of remuneration and detrimental to the educational opportunities for the child workers.

Although several respondents described a perceived double dilemma in relation to child labour in terms of necessity and poverty. Managers believed that there would be further hardship and adversity if the additional income from a child were not available. For example, one respondent was informed that without the child's income the family would be 'out in the gutter'. Human Rights Watch (*Child labor* 2002) and Becker (1999) point out that a child's work is sometimes necessary to their families and that the cause of child labour is extreme poverty and unavailability of access to other income. Murshed (2001) contends that the good intentions of conventions and treaties to reduce child labour has actually plunged many impoverished children into further poverty. A study by UNICEF found that many children deprived of their income were driven into dangerous jobs and the incident of sexual abuse increased especially for girls (Murshed 2001). Australian managers were confronted with the ethical dilemma of refusing to participate in trade where there was child labour and possibly subjecting children and their families to further hardship as well as sacrificing business opportunities.

Working conditions also emerged as an ethical dilemma relevant closely related to child labour. The most widely cited human rights issue relating to working conditions portrayed in the literature relates to sweatshops, where employees work excessive hours in intolerable working conditions for a remuneration below the living wage (Maitland 1997; Applebaum and Dreier 1999; Bernstein 1999; Scherer and Smid 2000; Singam 2000; Roddick 2001).

There were many reported incidents in this research where workers in these environments were exposed to hazardous health and safety risks. For example, factory workers exposed to dangerous levels of fibres because of inadequate ventilation. Armstrong et al. (1990) also found in their study that working conditions were identified as an important ethical issue for Australian managers in relation to contacts made with overseas organisations exploiting child labour. Asgary and Mitschow (2002) write that the labour law and conditions in developing countries are usually

not as favourable as those in developed countries, particularly in relation to people working in hazardous conditions, unprotected and exposed to harmful chemicals and unsafe working practices.

In this research the incidents reported related mostly to safety standards and hazardous working conditions. This included pollutants (unclean air or exposure to hazardous chemicals) and processes used by foreign organisations, violating basic safety standards (unsafe equipment). Production and processing costs were reduced because of the substandard conditions and wages paid in poorer countries. Scherer and Smid (2000) write that developing countries with emerging economies have lower production costs due to non-existent health and safety regulations, trade union activities and environment protection and have wages below subsistence and use child labour. Where some respondents reported ceasing to trade with these companies, mostly managers considered that there was little opportunity to change the current practices. Nonetheless, managers were unanimous in condemning hazardous working processes and conditions.

Discrimination emerged as an ethical dilemma for the mining and textile industry where incidents of inequality emerged based on gender and race. It was not, however, the centre of a critical incident, but rather a background factor that caused irritation or concern, rather than change of operational strategy. The *International Labour Organization's* (2002) Discrimination (Employment and Occupation) Convention states that discrimination includes, any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinions, national extraction or social origin which impairs equality of opportunity or treatment in employment or occupation. Respondents stated they were confronted with the ethical dilemma of conducting business with overseas organisations that discriminated against their workers.

Australian managers had difficulty dealing with gender discrimination that occurred in some cultures; for example, operating in Japan where discrimination against female employees was accepted and was seen to result in those workers being excluded from employment opportunities in management positions. In one incident described a Japanese executive stated that they only want to employ male managers. Gender-based discrimination contravenes the Convention on the Elimination of All Forms of Discrimination Against Women (Office of the High Commissioner

for Human Rights 1981). The Convention confirms the fundamental human rights to women such as dignity and worth in terms of equal rights.

Racial discrimination also emerged where a person belonging to a specific race was excluded or treated unfairly in the work environment. Discrimination impacted on employment opportunities and caused a dilemma for Australian managers when confronted with a situations where overseas companies excluded or treated others unfairly, such as seeking not to trade with people from middle eastern countries. Respondents were confronted with the dilemma of continuing business associations with organisations where discriminatory practices occurred. McNeil and Pedigo (2001) also identified racism as a key ethical dilemma confronting Western Australian managers in their international business. The Australian managers in McNeil and Pedigo's (2001) research were similarly confronted with the ethical dilemma of either working for or dealing with overseas organisations where gender or racial discrimination existed or forgoing business and employment opportunities.

Exploitation was another human rights dilemma. Managers were confronted with the ethical dilemma of tendering for unsustainable projects funded by various world aid institutions such as the World Bank. They perceived they had the choice of tendering for lucrative projects that had no long-term benefit for the developing country or losing business opportunities through such projects to competitive companies. Moreover, managers believed that some projects were unsustainable and the recipient country would gain no real benefit and incur substantial debt. This is contrary to OECD guidelines on sustainable development which seeks to integrate the economic, social and environment objectives of society in such a way to improve the well-being of people living now without compromising the ability of future generations to fulfil their needs (Rising to global development challenges 2001).

A more ominous aspect of the world aid system is the exploitation of poorer nations particularly by richer countries. For example, one manager stated that the only people who really benefit from world aid programs are the donor countries. In some cases benefits also included political favours. One manager described an incident encountered where the Japanese donated aid contributions in return for fishing rights. Managers viewed countries that provided foreign aid to assist emerging economies as being self-fulfilling and mostly benefiting the recipient country.

Conclusion

Human rights issues represented a serious dilemma for the Australian managers participating in this research. The dilemmas associated with breaches in human rights consisted of child labour, working conditions, discrimination and exploitation alarmed respondents at what they viewed as breaches of basic human rights. However, respondents' sense of dealing with this cross-cultural ethical dilemma appeared to be limited in terms of the perceived economic and social reliance on practices such as child labour and reduced working conditions.

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