

CHAPTER 1

INTRODUCTION

1.1. Background

Multinational Corporations (MNCs) have not been a forefront in protecting the rights of their workers. MNCs have had an unsavory history of human rights violations towards their workers. As recently as 2018, most major companies were still failing in meeting the requirements set by the United Nations in tackling some of the most prevalent human rights issues such as child labor or failing to meet worker safety standards or gender wage inequality, most commonly found in the extractive industry such as oil and gas, minerals, and plantations.¹

This makes me wonder, why is it that even with all the international framework that the world has, and the plethora of IGOs and NGOs alike that pushes for the protection of human rights in the workplace, corporations still failed to meet the necessary quota of human rights protection. Currently, the International Human Rights Law that is used by the UN is based upon three guiding frameworks: The Universal Declaration of Human Rights (UDHR), International Covenant on Civil and Political Rights (ICCPR), and International Covenant on Economic, Social and Cultural Rights

¹ Umberto Bacchi, “Most Big Companies Failing U.N. Human Rights Test, Ranking Shows,” Reuters (Thomson Reuters, November 12, 2018), <https://www.reuters.com/article/us-global-rights-forced-labour/most-big-companies-failing-u-n-human-rights-test-ranking-shows-idUSKCN1NH02F>

(ICESCR).² Various NGOs is also working for and with trade unions around the world to ensure that these frameworks are abided by all corporations in the world.³ With this amount of push from various actors, why do corporations still failed to meet the demand for human rights protection? Well first of all, the United Nations' framework of human rights are not even universally accepted, due to its supposed western beliefs of Judeo-Christian bias.⁴ Some scholars also disagreed with the notion of "human being born with certain inalienable rights" which is used by the United Nations , arguing that it is derived from a naturalist view on ethics and that a positivist view disregards it as baseless.⁵

These findings led me to believe that the same also goes for corporations around the world. Not all corporations, despite how they present themselves in public, does not see human rights as a thing that is supposed to exist, nor does it conform with their pre-existing beliefs. That is why I proposed this thesis. Instead of trying to convince corporations to protect their workers' rights by appealing to their humanity or their ethical principal, why don't we try to convince them in a language that they are familiar

² "Human Rights Framework," OHCHR, accessed February 22, 2020, <https://www.ohchr.org/EN/Issues/Migration/Pages/HumanRightsFramework.aspx>)

³ "NGOs & Trade Unions," Business & Human Rights Resource Centre, accessed February 22, 2020, <https://www.business-humanrights.org/en/un-guiding-principles/implementation-tools-examples/examples-of-uses-by-others/ngos-trade-unions>)

⁴ "Are Human Rights Compatible with Islam?" The Religious Consultation on Population, Reproductive Health and Ethics, accessed February 22, 2020, <http://www.religiousconsultation.org/hassan2.htm>

⁵ Linda Hajar Leib. "An Overview of the Characteristics and Controversies of Human Rights." In *Human Rights and the Environment: Philosophical, Theoretical and Legal Perspectives*, 41-68. LEIDEN; BOSTON: Brill, 2011. Accessed February 22, 2020. www.jstor.org/stable/10.1163/j.ctt1w8h1t2.6.

and comfortable with: money and or profit. I argue that it is both a lot more efficient and effective this way.

It is largely known that the goal of MNCs is closely tied to their origin of European expansion and exploration of Gold, Glory, and Gospel, with their priorities in that order. The very function of an MNC itself is as a for profit organization. That is why I believe that convincing MNCs through the projection of money and profit is a lot more effective than appealing through ethics and humanity. There is already a plethora of examples of corporations experiencing a significant decrease in profit when stories of human rights abuses came out. These losses are most commonly caused by consumer boycotts, and worker strikes, which is why I will also be discussing power of influence that the public have over corporate decision makings. One good example being the 2019 General Motors workers strike, where 48000 worker decided to walk out of over 50 factories to demand better worker treatment and compensation. This strike which only lasted for more than a month, ended up costing General Motors \$2 billion dollars in lost production.⁶ General Motors then gave in to the demands of the workers, promising better wages and better worker protections. What I need corporations to realize, is that the money lost in protecting human rights, would be comparably nothing, to the gains that they would receive and to the amount of loss that they would experience should they decided otherwise. No corporations in the world,

⁶ Alexia Fernandez Campbell. "The GM Strike Has Officially Ended. Here's What Workers Won and Lost." Vox. Vox, October 25, 2019.
<https://www.vox.com/identities/2019/10/25/20930350/gm-workers-vote-end-strike>.

would want to lose any profit no matter how incremental it may be. Convincing MNCs through the projection of profit, could possibly be the only way to ensure worker rights, are always protected in the future.

This is where this research comes in. I would like to propose a new mindset towards corporations to change their perspective towards human workers. That is, by viewing their workers as assets instead of resources. For that, I will be analyzing and comparing the financials of and MNC between two different time periods: Adidas AG in 2012 and 2019. My preliminary research shows that Adidas have a much better human rights track record in 2019 in comparison to 2012 and that affects their financial gains. While the word asset and resources might look to be similar at a glance, this research will provide an argument on why the two are different. My preliminary knowledge leads myself to believe that corporations are a lot more inclined to keep and nurture their assets and to spend their resources and that is the change of mindset that this research would like to instill.

1.2. Research Question

Based on my preliminary findings, I would like to propose the three following research questions:

1. How do Multinational Corporations typically protect worker rights?
2. How does Adidas in 2012 and 2019 protect their worker rights?

3. What are the correlation between the worker protection policies of Adidas in 2012 and 2019 to the benefits of treating workers as assets instead of resources?

1.3. Research Objective

The objective of this thesis is to attempt to provide a method to ensure that the protection of human rights inside industries is never neglected. First, this thesis will discuss about how MNCs typically protect their worker's rights by diving into the history between MNCs, more specifically the apparel industry and worker rights and by using Adidas as its example. Second, this thesis will lay out the differences in Adidas' policies in both 2012 and 2019 and in doing so, will bring us to the third point, which is to analyze the correlation between their policies in 2012 and 2019 to the benefits of treating workers as assets instead of resources.

1.4. Significance of Research

This thesis will cover the losses that MNCs may experience should they decide that workers protection is not a significant issue to be tackled, and the benefits should MNCs decided the opposite and start giving a bigger, if not even a top priority, to ensure that worker rights are always protected. I believe that this thesis would majorly change the method in which the public perceives themselves. This thesis will give light to the public on the significant amount of power that they have over MNCs and that their actions can influence the way decisions are made within corporations. I also believe that this thesis will also be able to influence the way governments create their

policies to policies that incentivizes MNCs to try to prioritize worker rights in order to gain favors that is profitable for them. I believe that academicians would also be able to use this thesis as a steppingstone to the study and the push for human rights protection.

1.5. Structure of Writing

The first chapter is the introduction to this thesis, which consists of the background to this thesis, the research question, the purpose of the research, and the significance of the research.

The second chapter is the framework of thinking of this thesis will consists of the literature review and the theoretical and conceptual framework of the thesis, which is a compilation of theories and concepts that is used to analyze the correlation between workers as resources and assets to the financial performance of Adidas in 2012 and 2019.

The third chapter is the methodology, consist of the research approach, research method, data collection technique, and the data analysis technique used in the gathering and analysis of the resources and data found for this research.

The fourth chapter is the analysis. This chapter will be an analysis and a presentation all the data found regarding the history of MNCs, the history of the apparel industry and Adidas, and the correlation between the policies of Adidas and their financial performance. The analysis will be presented in correlation with the theories

and concept discussed in the second chapter and will be answering the research question of this thesis.

The fifth chapter is the conclusion of the thesis, which will consist of the summary of the analysis of the fourth chapter and further recommendations for future researchers regarding this topic.

