Engaging global players in order to protect human rights

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Abstract:

The paper aims to analyze proposals to engage global players, transnational corporations, in order to protect human rights. First, it is analyzed how the idea of a Corporate Social Responsibility was born and how it is conceptualized, demonstrating that the concept is not enough to engage transnational corporations to respect human rights, specially because of its voluntariness and no-enforcement characteristics. After that, it is analyzed some proposals that aim to effectively compel global players to protect those rights, such as: (i) the creation of a transnational center to supervise and punish those companies in case of violations of human rights; (ii) the migration to a hard law; (iii) social accountability. It is concluded that the best solution would be the migration to a hard law, compelling the players to protect human rights.

Keywords: Corporate Social Responsibility, Soft Law, Human Rights, Hard Law, Transnational Corporations

1. Introduction

The aim of this paper is to analyze how the idea of a Social Corporate Responsibility was born and to show what are some of the possibilities that are available to make that responsibility effectively fulfilled and, therefore, to protect human rights.

The urgency to respect human rights and to promote equality is something well discussed nowadays, because it is a concern that regards all countries around the world. Regarding this matter, what is possible to do, in a global level, in order to overcome the current social
challenges and to make the society better is to discuss mechanisms to engage global players, especially transnational corporation.

Despite the fact that almost all transnationals already discuss their Corporate Social Responsibilities and their role in protecting human rights, violations continue to occur, especially because of the voluntary and unilateral nature of such responsibility. In this scenario, it is necessary to discuss how it would be possible to stop those violations and to make transnationals to really respect human rights.

There are some possibilities that aims to engage global players to protect human rights, which are: (i) the possibility to regulate the corporate social responsibility, just like John Gerard Ruggie proposes; (ii) to create a center of transnational corporations with capacity to inspect the practices of those companies in the receiving countries and, (iii) the involvement of the company thought social accountability.

The paper, through a deductive method of research, analyses all three possibilities and, at the end, concludes that the most effective way would be the migration for a hard law.

2. The idea of a Social Corporate Responsibility is born

This conception that the State was be the great villain of human rights, born specially because of the violations occurred during the second world war, is altered by the occurrence of some episodes that contributed to open the eyes of the society and to discover that, in the great majority of cases, the violations of rights occurred due to practices within transnational corporations.

Historically, two episodes had a worldwide repercussion stand out and contributes to this awareness: (a) the first one is called Bhopal disaster and (b) the second involved Shell company in Nigeria.

(a) The first of these incidents occurred in Bhopal, India, when tons of toxic gases leaked from a branch of a North American pesticide company, corroborating the deaths of thousands of people (Martins, 2018, p. 118). It is estimated that approximately three
thousand people died during the leak and in the weeks following, and that there are more than 100,000 people who have been directly affected by the incident.

When the leaked occurred, the US company declined to provide detailed information on the nature and components of pesticides, making it harder to perform appropriate health treatments on the individuals who were exposed.

The company is today abandoned in the city and continues to generate negative impacts to individuals who remains in contact with the chemical components by living in the city where the incident occurred.

(b) The second major case regards the oil giant Shell, and involved human rights abuses committed against the Ogoni people by the Nigerian security forces (Azevedo Viana, 2017). The company was committed to the plan to build a new pipeline in an area occupied by indigenous communities. The communities began demonstrations and protests to try to protect their lands and avoid a potential ecological disaster with the construction of the pipeline.

In an attempt to stop the protests of the communities and to continue the plan, the transnational company allied itself with the Army of Nigeria, triggering a series of executions, rape, torture and burning on those villages, all with the aim of building the pipeline. At the end, nine Nigerians were arrested, tried and sentenced to death without the right to defense, leading to a major uprising.

Because of these episodes, including others, since the 1990s, the debate about the need to discuss corporate social responsibility has begun to emerge, largely due to pressure and consumer protests, along with complaints courts as a result of practices within transnational corporations (Hernández Zubizarreta, 2009, p. 548).

Executives gradually start to discuss the responsibility of their companies towards society, as well as the search for profit. In this scenario and, with the aim of the society to have a social and normative control of transnational companies regarding the violations of human rights, a Corporate Social Responsibility model was built.

The problem is that companies, specially transnational corporations, began to discuss their responsibilities with a plurality of stakeholders, presenting hegemonic responses to
counter-hegemonic pressures, in order to control the definition and attainment of the very notion of responsibility (Hernández Zubizarreta, 2009, p. 548).

That was possible specially because of two factors: most of these transnational companies usually have a capital bigger than the GDP of many countries and, among the one hundred and fifty largest entities in the world, one hundred of them are companies (Torres and Muniz, 2016, p. 188).

In this scenario what is observed is the loss of State sovereignty and the fragility of international institutions, both colonized by the ideals of the economic corporations system, becoming unmanageable for them to regulate transnational corporations (Doucin, 2011).

There is a real crisis of sovereignty, and the weaker the states are in relation to the circles of power, the crisis takes on even greater proportions, corroborating a true normative asymmetry between the protection of human rights and the fulfillment of obligations by transnational corporations.

Thus, the idea of corporate social responsibility is consolidated as an economic and political model, a benchmark of control of transnationals, incorporating the old idea of charitable capitalism to the centers of business management, now being considered as good for business (Hernández Zubizarreta, 2009, p. 549).

Codes of conduct, which form part of corporate social responsibility, demonstrate how companies have an autonomous and independent internal regulatory space, because their elaboration is a unilateral act and their objective is related to their presence in the world market as a subject ethically valued, but not a protector of human rights (Hernández Zubizarreta, 2009, p. 550).

These ethical references that are incorporated to corporate social responsibility, especially the respect to the international norms of human rights and labor rights, are contradictory when analyzing the business practices in the international juridical scope, some to be next listed, according to Juan Hernández Zubizarreta.

(i) transnational corporations refuse to be considered direct recipients of international legal obligations and as a consequence are not regulated by international law and do not fit their code of conduct for business ethics and respect for international laws.
(ii) only a few States have adopted instruments to indirectly require responsibilities of the host country of the company due to the weakness of the national legal systems in charge of controlling compliance with the obligations of the transnationals.

(iii) transnational corporations prefer to define the contours of their responsibilities, opposing any external interference, which is why they refuse to approve a binding international external code with the United Nations or to create a Business Center Transnational corporations that inspects their practices, articulating complaints when they detect violations of human rights and the environment.

(iv) transnational corporations refuse to have their corporate social responsibilities reflected in corporate law, which would imply their obligation to refuse to participate or finance projects that have an impact on the environment or on any human rights, this would go against the capitalist principle of unlimited accumulation.

(v) the formal generalization of corporate social responsibility does not ensure that transnational corporations stop developing illegal practices.

Besides that, transnational corporations have used other tools as an alternative to any legal control, that contributes for the lack of effectiveness of the corporate social responsibility. From a strictly normative perspective, one of those tools is the linking of corporate social responsibility with Soft Law, which are non-binding resolutions of international organizations (Hernández Zubizarreta, 2009, p. 552).

The Soft Law pursues two main objectives: (i) it focuses on international subjects and the process of norm-setting, and (ii) self-regulate its conduct - notably what happens with transnational corporations. Thus, codes of conduct, which integrate corporate social responsibility, are considered Soft Law in the self-regulatory and non-binding way; they are not legally enforceable.

Regarding labor relations, Soft Law is colonizing a series of very heterogeneous acts of its origin, formalization, content and nature, whose common denomination is the absence of binding legal effects.

This colonization generated a new manifestation in Labor Law: in spite of an agreement to place the Soft Law within the limits of the respective legal systems, it diverges in relation
to the location of Soft Law as situated at the external or internal borders. From this, it is questioned if the codes of conduct can establish certain behaviors that generate certain effectiveness? Are we facing a new stage where the coercive is giving way to the effective? (Hernández Zubizarreta, 2009, p. 553).

The effectiveness of a norm revolves around its contribution to the full realization of the objectives and ends pursued by a certain normative legal system. Because of this, international labor law standards are flexible in their wording and applicability, which demonstrates that international normative order renounces the use of effective instruments in favor of the effectiveness of the system, leaving the recipient of the standard freedom to choose the method, which may be unilateral, negotiated or concerted.

In this scenario, an asymmetry occurs at the international level because the choice of method is vitiated by power relations. Thus, Soft Law has negative effects on the control of transnational corporations because there is no willingness to intervene internationally in controlling them; the truth is that the extension of corporate social responsibility and codes of conduct hinders the evolution of systems of regulatory controls that could neutralize Global Business Law (Hernández Zubizarreta, 2009, p. 554).

3. The concept of Corporate Social Responsibility

There is no unanimity regarding the concept of a Corporate Social Responsibility and the understanding is still under construction (Machado Filho, 2006, p. 24). Nevertheless, it can be known as a new and more comprehensive role of companies within society (Ashley, 2005, p. 33).

According to the Business for Social Responsibility, corporate social responsibility, in a general way, can be understood as business decisions taken based on ethical values that incorporate legal dimensions, respect for people, communities and the environment (Ascoli and Benzaken, 2009).
It is understood by de la Cuesta González as a set of obligations and commitments, legal and ethical, national and international, with the stakeholders, which are derived from the impacts that the activities and operations of the organizations produce in the social, labor, environmental and human rights fields (2005, p. 13).

According to Ethos institute, Corporate Social Responsibility is the form of management that is defined by the ethical and transparent relationship of the company with all the publics with which it relates, through the establishment of business goals compatible with the sustainable development of society and the preservation of environmental and cultural resources for generations respect for diversity and promoting the reduction of inequalities (Ethos Institute, 2007, p. 5).

Among the authors who study this subject profoundly is Archie Carroll who is responsible for designing the evolution of the concept. For him, Corporate Social Responsibility should be understood as a pyramid divided into four parts: economic responsibility, legal responsibility, ethical responsibility and philanthropic responsibility (Carroll, 1991, p. 40).

(i) At the base of the pyramid would be the economic responsibility, referring to the fact that the company should be profitable when producing goods and services, maintaining a competitive position in the market, operating in a highly efficient way and increasing its performance whenever possible so that profits were increasing.

(ii) Then there would be legal liability, understood as the obligation of the company to observe the laws while driven by the pursuit of profit. Companies should seek profits within the limits of the law, in such a way that legal liability coexists with economic responsibility.

(iii) The third dimension would be filled by ethical responsibility, focused on activities and practices that are expected or prohibited by society, even if they are not codified. Ethical responsibility presupposes standards that are considered fair throughout the community, and that go beyond mere compliance by the company with laws and regulations.

(iv) Finally, the fourth dimension would consist of philanthropic responsibility, understood as the company's obligation to promote human well-being through the
participation and engagement of its employees in charitable activities with the local community, assisting the projects of public and private institutions related to education and the quality of life of the community.

In short, in this model of pyramid, for the company to comply with corporate social responsibility, it should be profitable (the objective by which it was created), obeying laws (law is society's code with respect to what it is right and wrong), do what is right (obligation to do what is right and fair) and be a good corporate citizen (contribute to the improvement of society and the quality of life of the latter).

A few years later Archie Carroll perfected the pyramid model by understanding that it would give a false notion of hierarchy, corroborating in the mistaken conclusion that entrepreneurs should fill each step of the pyramid in isolation. So he changed his initial idea and the model became understood in circles, more specifically three that intersect, being respectively: (i) economic responsibility; (ii) legal responsibility; (iii) ethical responsibility (Carroll, 1999, p. 289).

Finally, according to Juan Hernández Zubizarreta, approach and theory on corporate social responsibility can be systematized into four groups: instrumental theory, political theories, integrative theories, and ethical theories (Hernández Zubizarreta, 2009, p. 556).

(i) For instrumental theories, social activities “corporate social responsibility” are ways to obtain economic benefits, such as solidarity marketing and innovation strategies.

(ii) For political theories, companies have a broad power and must exercise it responsibly; under this possible bias it is possible to include corporate constitutionalism that establishes that who is not responsible will lose power.

(iii) For integrative theories, companies must identify and respond to social demands, giving rise to a management of social affairs as a process, with corporate social actions.

(iv) Ultimately, ethical theories are based on what companies should or should not do to achieve a better society. It has several ideals of sustainability and human rights, giving special attention to common goods.

It is observed that corporate social responsibility has several approaches, such as economic, legal, human, social, environmental, workers, etc., among stakeholders, namely
shareholders, employees, customers, suppliers, the environment and community (Hernández Zubizarreta, 2009, p. 557).

From the perspective of the institutional, business, social and union spheres, it is possible to observe that the different concepts of corporate social responsibility, according to the above theories, converge in the content, having a standard (Hernández Zubizarreta, 2009, p. 557).

It is seen that there are similarities regarding what is understood as corporate social responsibility, whose authors converge in the understanding that it is a question of the social environment in which are located aspects related to the interaction between the company and the society or the communities in which the company operates.

3.1 Characteristics of the Social Corporate Responsibility

Independent of the concept of corporate social responsibility, there are certain characteristics that are inherent to all, that are: (a) voluntariness, (b) unilateralism, (c) self-regulation and (d) non-enforceability (Hernández Zubizarreta, 2009, p. 549).

(a) Regarding the voluntariness, that is why the Corporate Social Responsibility is a «representative of all set of corporate initiative which are discretionary and extend beyond what the law has prescribed» (Aminu, HarashIl and Azlan, 2015, p. 84).

Therefore, the voluntariness is a questionable characteristic since it is an alternative to the regulation and intervention of the governments in relation to the responsibilities and activities of the companies (Hernández Zubizarreta, 2009, p. 561).

It is known that transnational corporations must comply with the law of the state in which they are engaged in activities and also with international standards. In addition, the States where the headquarters are located must ensure that transnational are not committing abuses within or outside the territory.

Nevertheless, it is usual that, despite the social corporate responsibility included on codes of conduct of the transnationals the respect of human rights, in practice what is observed is
that those declarations in codes of conduct are not always fulfilled by companies. This is because such declarations have the nature of voluntariness (Giannarakis, Litinas and Thetokas, 2009, p. 1021).

(b) Regarding the unilaterally characteristic, this one grants ample freedom to companies, and there is no control over the content, mechanisms and procedures of corporate social responsibility. The problem here is because, as unilateral acts, corporate coeds conflicts with the underlying principle that enforceable obligations need to be reciprocal (Beckers, 2016).

(c) Self-regulation means that companies will decide what to insert on their corporate social responsibility, and it is not possible for the states where the activities take place to intervene. It is considered a problematic characteristic because it does not avoid the violation of human rights and, so, what is defended is that business case need to be supplemented by strong, proactive legislation and worker involvement (Hart, 2010, p. 585).

(d) Non-enforceable, which means that companies are not subject to any kind of interference from the states regarding the fulfillment of corporate social responsibility, as long as they are complying with the law of the country, they are immune to external interference. It is understood that transnational corporations are not compel to effectively fulfill what they say are their Corporate Social Responsibilities because they are in the shadow of soft law (Davarnejad, 2011, p. 352) and, consequently, there is no effective protection of human rights.

In this scenario, those characteristics constitutes the sphere of arbitrariness regarding the control of transnational corporations, raising the debate about the need for a law on corporate social responsibility, in spite of the fact that it still remains as a general trend the respect for normative logic voluntary and unilateral (Hernández Zubizarreta, 2009, p. 561).

4. How to engage global players in order to protect human rights – some proposals

Certainly there is a consensus among companies about the importance of protecting human rights, but the effectiveness of corporate social responsibility is still going slowly
Nolan, 2018, p. 66) and that is mainly because of its absence of coercive behavior, due to its voluntary nature (Turke, 2018, p. 239).

In this scenario, alternatives were discussed to give effect to corporate social responsibility and, consequently, greater protection of human rights within transnational corporations.

For the purposes of this article, three proposals were selected: (i) the one defended by Juan Hernandez Zubizarreta, (ii) the Ruggie Global Compact, and (iii) the involvement of the company.

(i) According to Juan Hernandez Zubizarreta, it would be necessary to do two things. First, he defends that the United Nations or the International Labor Organization should create a transnational center of four-part composition with direct and indirect capacity to inspect the practices of transnational corporations in receiving countries (2009, p. 578).

This center would be composed by businessman, trade unions, non-governmental organizations and governments.

The second thing that he defends that should be done is that international institutions should approve a denunciation procedure if violations of human rights were found, in order to compel the transnationals who violate human rights be really punished.

(ii) The second proposal is called the Ruggie Global Compact and is a response from the international community to the need to hold corporations accountable for human rights violations.

The demand for corporate accountability for human rights violations within the UN comes with the former general secretary who launched the idea of developing principles for business activity with the aim of mobilizing the international business community to adopt fundamental and internationally accepted values in the areas of human rights, labor relations, the environment and the fight against corruption. This is how the Global Compact emerged, in the year of 2000.

These principles aim to identify and improve the modus operandi of companies, so that they do their part in protecting human rights, labor standards and the environment. The set of those three principles is called the global compact.
The Global Compact was widely adhered by several countries, largely because they were not mandatory and because there were no punishments if it was not fulfilled.

After that, in 2005 John Ruggie was appointed Special Representative of the UN Secretary-General with the mission of developing standards of accountability of transnational corporations and states to ensure that human rights are respected.

In John Ruggie’s report, he appointed three fundamental principles in order to achieve his objective of protecting human rights. The first of those principals is the State's duty to defend human rights against abuses by third parties, including companies.

The second was the responsibility of companies to respect human rights. He defends that companies must have a statement approved by their high management bodies and that they publicize it, with clear standards of conduct for its employees, partners and others that relate to the operation.

The third principle is the need for more effective access to reparation, there is no mechanism, in the international scenario, to compel transnational corporations to not violate human rights.

It means that there is still a void in the regulatory space of accountability of transnational corporations. It seems that the ideal is a migration to a hard law; this should be done through community participation: states, international organizations, businesses and civil society.

(iii) The third proposal to engage global players in order to protect human rights is the Social Accountability, which is an approach that relies on civic engagement, i.e., society organizations that participate directly or indirectly in exacting accountability (Ackerman, 2005, p. 14).

Social accountability is a way where citizens can directly enforce the answerability of public officials in execution of matters of government; it is the right to obtain justification of the state actions and performance (TISA, 2019). The most important elements for an accountability are information, justification and sanction (Ackerman, 2005, p. 14).

There are six different distinctions that can be used to capture the variety of the social accountability mechanisms, which are: (a) punishment vs. reward based mechanisms, (b) rule following vs. performance based mechanisms, (c) level of institutionalization, (d) depth
of involvement, (e) inclusiveness of participation, and (f) branches of government (Ackerman, 2005, p. 14).

Mainly, social accountability can be as diverse as the society itself. The social accountability makes the citizens participate not only as “users” – limited to deciding when one service should be implemented, but as real citizens, who is engaged and evaluate the entire planning and evaluation process from beginning to end (Ackerman, 2005, p. 14).

According to the idea of a social accountability, once citizens are mobilized in supervising the government, it will be easy to start demanding law and there is a great potential for setting up positive feedback loops between the law and the social accountability. With this in mind, the protection of human rights would be more intense and the violation, more severe.

5. Conclusion

It was observed that the mere existence of a Social Corporate Responsibility inside transnational corporations is not enough to protect human rights, and that is specially because of the voluntariness and the non-enforcement characteristics of the concept. It needs more in order to have the human rights protected.

Because of that, social scientist started to develop proposals with the aim to effectively engage global players in order to protect human rights, and some of them were analyzed in this paper. In despite the differences of each proposal have, it was observed that they converge in the need of a gradual migration of the Social Corporate Responsibility from soft law to hard law.

This argument is not an easy one to defend, especially considering the high influence transnational corporations have nowadays at the international community. Nevertheless, without an effective law compelling global players to protect human rights, it is unlikely that the scenario changes.
This migration from soft law to hard law can occur in many ways and, for sure, it won`t be an easy process, but the sooner the companies realize that the respect of human rights could be good for business, the reality can change faster and for the best, and here the social accountability may have an important roll.

References list


