Corporate Social Responsibility and Human Rights: A Conceptual Framework

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Abstract
In the new world order the preservation of human rights has been receiving renewed attention which is driven not only by code of conduct but also through corporate ethical practices in the marketplace. There is a growing demand on corporations to base their decisions and operations on the satisfaction of society’s expectations and stakeholders’ interests which has paved the way for establishing a new norm for corporate social responsibility (CSR) encapsulating human rights development programs. Thus, an approach to establish international standards of human rights for the practice of CSR and stakeholder management could be derived from rights to form reciprocal relationships between organizations and society. Against this backdrop this paper explores the dimensions of voluntary CSR practices based on extant literature and proposes a framework embedded in a governance mechanism for implementing CSR-encapsulated human rights program. This pioneering initiative has the potential of generating further research.

Introduction
MNCs in the 21st century play pivotal roles in global economy and are often criticised for breach of human rights (Lopez, 2004). MNCs exert significant influence on the wider social fabric through their dominant control over global trade, investment, and technology transfers through their operations (Windsor, 2006; Lopez, 20004). This powerbase put MNCs in a position of considerable political leverage (Freeman, Pica and Camponovo, 2001), despite the intrinsic socio-political values of a particular society (Boele, Fabig and Wheeler, 2001; Lopez, 20004; Engle, 2004). This power issue of MNCs until recently has been less obvious, little acknowledged, and minimally regulated (Hellemans, 2003). Thus, both the society and MNCs are uniquely positioned to positively or adversely affect the level of enjoyment of human rights within a society. Reports of non-adherence to a CSR paradigm of human rights program has been cited in Latin American countries, Africana’s, and Asia (Dhir, 2006; Lopez, 20004; Engle, 2004) as examples with respect to the broader categories of human rights; namely; The Rights to Life, Liberty, and Physical Integrity, Labor Rights, Environmental Rights, and the Rights of Indigenous People (UNDP, 2000). Ethical CSR mechanisms further has the scope and foundations to delineate the principles for governing human rights and effect reciprocal relationships of the government, society and the corporation’s (Garriga and Mele, 2004; Van Opijnen and Oldenziel, 2011; Engle, 2004). It is important that the legal law, political system, policy channels, administrative channels as governing actors of the states bind and support corporate actions against human rights issues and environment abuse (Welford, 2004; Watts,
While the codes of conduct often require States to regulate corporate activities harmful to human rights and the environment (Siegel and Vitaliano, 2007) and to enforce these regulations in case of corporate violations (Kinley, Nolan and Zerial, 2007); they do not directly bind corporate actors leading to the breach of human rights code of conduct. At the same time, those areas of law that are most relevant to the activities of corporations primarily pursue different and at times conflicting objectives (Rupasingha and Goetz, 2007; Engle, 2004) which can lead to horizontal policy incoherence (Welford, 2004; Engle, 2004). Consequently the legal protection of human rights and environment is by exception rather than by norm (Hillemanns, 2003). It is also observed that the application of law is primarily jurisdictional on the basis of territory (Dhir, 2006; Keeffe-Martin, 2001). The exercise of extraterritorial jurisdiction to protect human rights and the environment often encounters legal and political obstacles (Kinley, Nolan and Zerial, 2007; Engle, 2004). The UN representation has distinguished between the exercise of ‘direct' and ‘extraterritorial jurisdiction’. Direct implies the assertion of State authority via various legal, regulatory and judicial institutions over actors and activities located in their territory. ‘Extraterritorial’ refers to the other region with which businesses are shared. In this instance, it is left to the authority of the other region to apply law through their respective state authority frameworks. While both measures may be contested, the latter is often more problematic to implement. An ideal citizenship interpretation restates ethical responsibility into voluntarism language intended to influence managerial discretion (Quazi and O’Brien, 2000) concerning universal human rights (Augenstein, 2010). Thus, in-order to attain uniformity we have synthesised evidence from literature on CSR and Human Rights to support the grounds for a CSR Encapsulated Human Rights Program by (A) extracting factors from observed evidence on CSR mechanisms and the practices of human rights (B) and conceptualized a framework (C) for regulating and monitoring human rights activities through strategic CSR mechanisms by corporations at the level of international codes of conduct (as a suggested benchmark by Jenkins, 2005) to attain uniformity. Also, we attempt through this paper to raise awareness of the organisations both in the private and public spheres including the MNCs, governing bodies, legal authorities and corporations to postulate, propagate and adhere to human rights principles in the society in which they operate.

A. Background Studies and Inadequacy in the Practice of Human Rights

Globalization has been the greatest revolutionary force of our time (Jenkins, 2005), heightening the visibility of private and public sector collaborations with MNCs. This integration is driving the forces of technology, trade and investment; bringing global economic proximity. This situation demands a greater awareness of the practices and adherence of universal human rights and governance (Augenstein, 2010). This changing environment has challenged the traditional precepts of international law particularly in their applicability, practice and governance of international human rights law to non-State actors (Engle, 2004; Freeman, Pica and Camponovo, 2001). This has intensified political, government and administrative scrutiny on the conduct and accountability of all involved. Arguably the actors are charged with favouring their corporate interests at the expense of other interests and this has been a subject of widespread criticism for human rights abuses globally (Weissbrodt, 2005; Engle, 2004). As a result, new patterns of dialogue and partnerships have emerged to address these issues. Initiatives such as U.N. Global Compact, Global Sullivan and Caux Roundtable Principles, Global Reporting Initiative, Social Accountability 8000, Fair Labor Association and ‘Voluntary Principles’ (2004) provide guidance for MNCs to act as good global citizens. The shortcomings of these initiatives are attributed to
their broad and aspirational in nature rather than being specific prescriptions (Freeman, Pica and Camponovo, 2001). In addition, there has been extensive proliferation of initiatives and codes that makes it hard for actors to realistically embody recommendations (Augenstein, 2010). It is suggested that these overwhelming recommendations for change blur the focus of even willing participants on the issue of human rights (Siegel and Vitaliano, 2007). Thus the need for enactment of appropriate laws through the legal systems of states and to ensure inalienability of these codes and universal conduct of practices have been stipulated (Utting, 2007; Weissbrodt, 2005). Governing bodies are recommended to restrain from altering these codes of practice and regulate adherence in the application under any circumstances (Engle, 2004; Williams and Conley, 2005; Watts, 2005) by all states and their governments internationally (Van Opijnen and Oldenziel, 2011; Kjnley and Tadaki, 2004). Some advocate mandatory stipulations with tie ups with the state and corporate missions for interdependence and the practice of CSR vis-a-vis human rights (Watts, 2005). When enacted with such strategic attitude, corporations and governments could embed human rights principles in its business operations enabling reciprocal relationships (Utting, 2007; Garriga and Mele, 2004) to strengthen and emulate such practices and encourage participation of all the actors (Augenstein, 2010; Lopez, 2004). In this chaotic arena the focus has returned to initiatives involving ‘Voluntary Principles’ (2004).

Development of a broader socio-economic view of CSR: The works of Bowen (1952) brought to use the term broader dimension of CSR (Maon, 2010). Morell and Heald in the 1960s (cited in Carroll, 1999) advocated businesses to be philanthropic to establish community relations. On the other hand, Preston and Prost (1975) introduced the notion of public responsibility to CSR. Carroll (1979) developed on philanthropic involvement and proposed a three dimensional model to achieve corporate social goals through responsibility, responsiveness and tackling social issues. To further encourage uptake of these three dimensions, Drucker (1988) suggested that social responsibilities could be converted into business opportunities. This idea was further developed by Johnson (cited in Carroll, 1999) who looked at business social programs to add profits to their organisations. Frederick (2003) cautioned that it would be immoral to place money on par with people. Game theory describes the intrinsic societal nature of some to benefit from other’s social productivity. However, it is uncommon for violators of social codes to be shunned because of tolerance developing from ethical relativism (Collins, 2000). As all was not fair play, Bowie and Duska (1990) were of the view that businesses need to act in accordance with justice. On the question of who is answerable to deal with certain issues, clarification was proposed in the Kew Garden principles by Moses and Joshua (1997) that the obligation to prevent harm is dependent on capability, need and proximity. In view of MNC operations in different countries, Quazi and O’Brien (2000) proposed two dimensional model of CSR in a cross-cultural context. As it was recognised that regulations were less able to influence uptake of social responsibility, Schwartz and Carroll (2003) identified the role of voluntarism, indirect linkage with other voluntary organisations and the absence of measurable economic returns on some activities (Matten, Crane, and Chapple, 2003) as the way forward. Garriga and Mele (2004) examined the evolving CSR practices and grouped them into four clusters: instrumental, political, integrative and value oriented practices.

It was soon recognised with the advancement of social contract theory, behavioural theory and stakeholder theory that several perspectives will have to be accommodated in an organisation’s decision making process. Porter and Kramer (2006) call for shared value that benefits the mutual
dependence of corporations and society and the firms observable outcomes then relate to the firms societal relationships (Wood, 1991). Thus, enabling the stakeholders and society to be bound to duties and emulate rational behaviour that are commonly accepted and conform to the maintenance of social systems enabling strong societal relationships (Harsanyi, 1955) and avoid unethical practices (Muniapan and Dass, 2008) thereby ensuring equality (Utting, 2007) and total value maximisation (Jensen, 2000). A Stakeholder theory constituting CSR agendas is visualised from different viewpoints of an individual, organisation and institution thus overcoming the criticism that only corporations have responsibility to society. Corporate and business citizenship are hence extensions of CSR across boundaries. These scholars argued that firms would benefit from greater social legitimacy with less government regulation, and that a better society was simply good for long-term profitability (Utting, 2007). The broad maximal view thus envisions social control of business without depending on the uncertainties of ethics or the coercive authority of governments (Wood and Logsdon, 2002). Such an analysis establishes the foundations for human rights from the perspective of CSR paradigm. Thus, drawing from ethics and CSR literature, it can be inferred that CSR encompasses seven mechanisms for responsible investing namely: people and human rights, community and charity, the environment, health and safety, stakeholders, corporate governance and regulations and standards (Figure 1).

**CSR and Human Rights (HR) practices: A synthesis** - The advocacies revealed in the practice of human rights and the broader socio-economic view of strategic CSR mechanism which will enable identification of ‘voluntary principles’. This would involve strategic alliance of all actors committed to the conception and practice of human rights also found in the broader socio-economic strategic CSR program of an organisation. Embarking on this process would be considered as a novel practice. It has the potential to derive prescriptive strategies for the practice of human rights universally rather than initiating another ‘code’ in an already crowded arena. It would then help build a stage for prescriptive human rights practices with governance mechanisms thus establishing universal practice of human rights. These advocacies have, thus, been considered as principles for human right practices and implementation within CSR domain (Figure 1).

**B. Framework to delineate human rights principles and outcomes through CSR mechanisms:**

Based on the major findings from the voluntary CSR perspectives, a conceptual framework is proposed for encapsulating the principles of human rights for strategic developmental outcomes. The framework is presented in Figure 1. The proposed model will further help in channelling accountability mechanisms for the practice and governance of CSR driven human rights programs at the international level. Encapsulating the seven principles of human rights into CSR mechanism could strengthen the relationships between society, governments (states), corporations and NGOs, thus forming affective partnerships. Such a strategic partnership paves way for strategic outcomes which include; centrality (closeness), specificity (ability to capture inadequacies), legal reforms, pro-activity (degree to which principles can be planned in anticipation of emerging trends), alongside empowerment by all actors leading to non-discrimination and equality which will make the process transparent and visible in the society.
Concluding remarks: To sum up, it is clear from the above discussion that the voluntary CSR dimension from the broader socio-economic view of CSR mechanism has the scope to embed the suggestive principles of human rights. These dimensions and principles are not distance apart and could not pose difficulties in their embedment in the company’s CSR initiatives. In-turn, such an effort by corporations will foster partnerships among all actors within the states and the stakeholders. This will lay the foundations for responsible and accountable behaviour for adherence, protection and proliferation of individual rights at the global level. Standards could be set and differences in performance could be compared. This would facilitate the implementation of efficient change management processes to work towards a state of universal respect for Human Rights within a CSR encapsulated program and bring-in the new norm for CSR engulfed human rights practices. Such a practice results in increasing transparency, strengthen management for multinational enterprises (OECD), enhance access to remedy for victims of abuse, address competition or differences between countries in relation to human rights, ensure diligence in relation to high-risk companies and promote responsible management through public procurement in the same vein as EU comments on the draft Guiding Principles for the implementation of the UN “Protect, Respect and Remedy” framework (Pangratis, 2011) to encourage accountability and adherence from social channels thus forming a full circle (Watts, 2005; Engle, 2004). Further, each of these areas could potentially be researched using quantitative and qualitative techniques.
References

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