

Corporate Social Responsibility: A Necessity for Complying with Human Rights

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Abstract

Corporate law and human rights are often viewed as distinct legal and policy spheres. However, International law also focuses invariably upon the activities of international associations, corporations, individuals and others. In our present world, the major MNCs and Corporations have a huge imprint on the day to day activities of a civilised man. When such corporations have so much control in the market structure, is indeed a deadly combination if a Big Corporate entity does not have an anchor for Human Rights. This paper will focus upon the various Corporate tools used for attaining its advocacy for Human Rights.

The United Nation's Draft Human Rights Norms for Corporations seeks to impose obligations on states to ensure that corporations within their jurisdiction which also includes the extra-territorial nations to abide by a certain minimum human rights standard. However, many corporations and governments are opposed to the idea. This article will analyse the debate over the Norms, focusing on the various reasons advanced. The legal implications of Norms and the likely future of it within the context of Corporate Social Responsibility will also be discussed upon in terms of how it will affect internationally and in India.

This paper will further focus upon the relevance of Corporate Social responsibility and its adoption. However, from the recent attitude of law and enforcement, there has been a Socio-political pressure upon such Corporate entities to comply upon and to act according to such CSR. The adoption of CSR is no longer being treated as a matter of voluntary practice on the part of business. This paper will critically analyse upon the market forces for such urging for CSR. The methods used by the Corporate to show its compliance towards CSR will also be discussed upon. How CSR is treated as a Human Rights Tool will be discussed. The questions upon CSR if it is treated as a duty or just used as a competition tool amongst each other will also be addressed. A varied range of governing methods being brought into play to form a new corporate accountability will also be demonstrated in this paper.

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Chapter I: Research Methodology

Scope and Objective Of The Study

The objective of the Paper is to understand the issues regarding the Corporate Social Responsibility (CSR). This paper will be in focus as to the problems arising under this issue based upon CSR in terms of Human Rights. We will also discuss the difference of opinion between the difference in the responsibility with the bigger Companies in contrast with the small to middle range companies. The main objective of this Research paper is to understand the necessity of having Corporate Social Responsibility in terms of its compliance with the Human Rights Norms.

Research Methodology

The methodology adopted is largely analytical and descriptive. Reliance has been placed largely on secondary sources like books and articles. The lectures and classroom discussion have been rich with valuable pointers and gave direction to the research.

Mode of Citation

A uniform system of citation according to the Bluebook (19th edition) style of citation is followed throughout in the contents.

Chapterization

1. Chapter I – Research Methodology
2. Chapter II – Introduction
3. Chapter III – Research Questions
4. Chapter IV – Suggestions

Chapter II: Introduction

Corporate Social Responsibility has been a highly debated topic with the scholars for many years. Its importance in the sphere of Human Rights is undoubted. However, many legislations around the world has not made the distinct and defined set of notions towards the concept of CSR. CSR depends upon many aspects interms of Human Rights. CSR is widely agreed upon to mean that the corporations should be having a set of degree of responsibility for not just the economical outcome of their activities, but also for the environmental, social, and sometimes even the Political implications. One major thing to be clear about in terms of CSR is that it differs in its context upon the various implications of environmental aspects, legal framework, societal norms, etc.

The involvement of Commitment by corporations in the CSR Policies is stated in the statement of Business principles or in the Code of Conducts through MOAs or AOA's, to

enhance its concerns for the Human rights, customers, environment, sociological implications, and its opposition to misconduct of business. It is important to note that the range which is involved in this particular topic is ever expanding, with classical examples of diversity in workforce. The aspect of equal pay to equal work in terms of gender, religion, ethnicity, race and background has been in the forefront of the recent debates on CSR. Not just in terms of working force, but also in its duties as a manufacturing unit to be using a right means of production in areas of sanitary, and consumer consciousness of Obesity, and health. Marketing strategies used by the corporates are also under severe scrutiny and implications of CSR have also taken place in the recent years in terms of advertisements and corporate restructuring.

The institutionalisation of CSR as a business issue has been demonstrated by the increasingly routine adoption of CSR policies in major companies. In 2001, 73% of the UK's FTSE100 companies had codes of conduct or statements of business principles. By, 2004, this was up to 91%. In India, the March issue of Forbes India completely expresses that the legislature anticipates that Rs 63 billion will stream in from India's best 500 recorded organizations, passing by the administration's 2% standard. On the off chance that this rundown is additionally extended to the best 1,000 companies, include MNCs, co-agent banks and SMEs, and afterward we are discussing in any event Rs 120 billion. Without a doubt such a huge entirety created year on year can possibly reduce numerous social and natural issues sickly the country.²

Chapter III: Necessity for Building CSR

The theme of corporate duty has been subtitled under numerous names, including key charity, corporate citizenship, social duty and different monikers. As the names infer, every convey with it a specific viewpoint on the job of business in the public eye. Despite the mark, until further notice the predominant worldview basic corporate social duty or CSR is fixated on making "shared esteem." The job of business, as per this model, is to make an incentive for its investors yet so that it too makes an incentive for society, showing itself as a win-win recommendation. All at once the thought intends to join the pundits of CSR from the left and the right, for the thought of CSR has had the questionable qualification of being condemned by the two sides of the ideological range.

Benefits of CSR

1. Helps improve performance in Finance

²PoonamLakra, *Corporate Social Responsibility Effect on Human Right Standards and Sustainability and CSR Effect on Various Indian Corporate*, 16 (4) IOSR-JBM 96, 96-101 (2014).

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2. Enhances the reputation and the Brand image
3. Increases customer loyalties and sales
4. Maintains a healthy and a positive environment with workers
5. Helps improve the motivation and the moral of the employees
6. Compliance with the Government Statutory regulations

Common society advocates question companies' central inspirations for CSR, stating that corporate projects to support social and natural projects are simply advertising efforts to help their image notoriety, frequently excessively to the exertion itself. This rejection of CSR dwells in a principal doubt of a company's authentic aims to do much else besides increment its benefits. On the ideological right, faultfinders dismiss the job of CSR in an entrepreneur society where the essential obligation of business is viewed as making budgetary returns for its investors and the bigger economy.

Strategic CSR provides companies with solutions for:

1. Adjusting the making of monetary incentive with that of societal esteem.
2. The most effective method to deal with their partner connections
3. Distinguishing and reacting to dangers and opportunities confronting their partners.
4. Creating feasible business rehearses.
5. Choosing the association's ability for humanitarian exercises.

Stages of CSR Practices: Steps Taken to Complement Human Right Norms

Philanthropic Giving

The principal CSR risk centres around generosity, either as immediate subsidizing to charitable and network benefit associations, worker network benefit ventures, or in kind gifts of items and administrations to not-for-profits and undeserved populaces. Corporate magnanimity might be described as the "spirit" of an organization, communicating the social and ecological needs of its originators, official management and workers, elite of any benefit or direct advantage to the organization. Inside secretly held organizations, the estimations of the controlling proprietors regularly decide the organization's magnanimous needs, while altruistic undertakings for openly held organizations might be affected by sheets of chiefs and official management. Inside this range a business participates in CSR because it really is great to do, spurred by the rationale that since the organization is an essential piece of society it has a commitment to add to network needs. While it might challenge for corporate pioneers to influence a rational contention for how humanitarian exercises to add to an organization's

business methodology, all in all these exercises upgrade an association's notoriety in the neighbourhood network and give a level of protection from unexpected risks.

1. Precedents incorporate PNC's "Grow Up Great" early youth instruction program and Goldman Sachs' "10,000 Women" activity to prepare and support ladies business people in creating nations. Both CSR endeavours are an immediate articulation of the organizations' particular business strategies. With \$100 million in subsidizing over a five-year time frame, "Grow Up Great" gives basic school preparation assets to underserved populaces where PNC works, thusly making more grounded networks, potential future representatives and PNC mark dependability.
2. A case of funding by the Coca-Cola co. of \$106 million to many environmental, educational, and humanitarian basis in the year of 2016. This was distributed to more than 230 organisations in the same year. The funding directly impacted more than 200 countries worldwide. This majorly focused upon women, water and community-wellbeing.

Transforming the Ecosystem

This is done by changing the ecosystem of the business fundamentally. This is so in order to secure to benefit the Company's long-term business position. There might however, include short term risks, because the drive behind such a decision is to create a Social Value. There is a large scale of disruptive changes to the model of the Corporation's business, because its motives will be shifting towards creating a solution to a Societal problem, which might render them to the financial returns in the long-term basis.

1. For instance, Interface's weighty technique to revamp the organization's whole production network, assembling, deals and conveyances models required author Ray Anderson's hands-on inclusion to be fruitful. Without the affirmation of the organization's most noteworthy positioning official, Interface's workers would likely not have been focused on and occupied with executing Anderson's vision.
2. The world's greatest retailer Wal-Mart is recently being object of extending examination by the overall open, its relevant investigation is depicting a couple of ascribes that are profitable to separate having a widely inclusive and exhaustive approach to manage CSR and what could be the aftereffects of not keeping theensures that have been made to achieve a "greener" corporate picture, especially if the Company has a broad detectable quality.

Inside this area, the company makes a profoundly new biological community arrangement that might be outside its centre business interests, and that is on a very basic level

problematic to the current esteem chain. CSR endeavours in this space are not incremental or wary, but rather require vital hazard taking and an attention on long-run instead of here and now financial additions. Thus, third space CSR is most viably embraced by organizations that have scale, differentiated product offerings, and huge monetary assets to assimilate the vulnerabilities of a postponed budgetary result. Be that as it may, there are exemptions to this run the show. Littler organizations with creative advances or business procedures may think that it's invaluable to mount an exertion that upsets the biological system far from the officeholders to something that is more helpful for its one of kind business advertising.

Re engineering Value Chain

In this stage, CSR activities will include activities those are greatly intended to enhance the company's bottom line, as well as the environmental or social bottom lines / impacts of either one or more of which regarding their value chain partners, including the aspect of supply chain, distribution channels, or production operations. This is so that it will benefit both the Companies Agenda of business as well as impact the environment in a better way.

1. Gap, Inc. propelled an exhaustive "Stakeholder engagement" crusade in 1999 to address exceedingly exposed exploitive work rehearses in its assembling offices, some of which likewise delivered products for Nike.
2. Ambuja Cements Limited, an Indian mining organization with lion's share holding by Holcim, represents an extractive industry that is aggressively utilizing the altering procedure to develop from Re engineering of value chain to an ecosystem related work. By defining a hierarchical objective to be "net positive" all through its generation tasks, Ambuja is blasting an inventive way that disguises societal and network needs and desires in its business arranging. To wind up net positive in its water utilize, the organization propelled a water resource administration activity for its encompassing network a long way past what was legitimately required. For instance, at its Ambujanagar mine site, the shortage of water in the nearby network was a critical test for neighbourhood residents, especially in horticultural creation, the financial pillar of most country families.

Chapter III: Why Are Human Rights Important to Comply With in the Corporate Sector?

The different spheres of corporate law and many subjective derivations from the human rights are often viewed as distinct legal and policy spheres. However, International law also focuses invariably upon the activities of international associations, corporations, individuals

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and others. In our present world, the major MNCs and Corporations have a huge imprint on the day to day activities of a civilised man. When such corporations have so much control in the market structure, is indeed a deadly combination if a Big Corporate entity does not have an anchor for Human Rights.

Human rights are important to the financial, social and natural parts of corporate action. For instance, work rights expecting organizations to pay reasonable wages influence the financial viewpoint. Human rights, for example, the privilege to non-separation are applicable to the social perspective. What's more, the ecological parts of corporate movement may influence a scope of human rights, for example, the privilege to clean drinking water. In this way, while the essential obligation regarding the requirement of worldwide human rights gauges lies with national governments, there is a developing acknowledgment that enterprises likewise have an imperative task to carry out.

With the Guiding Principles for Business and Human Rights, embraced by the United Nations Human Rights Council in 2011, business related organisations are progressively anticipated to quantify and alleviate their social and ecological effect, handle their supply chains and assume a capable job in the public eye. The United Nations and Other major legal representative bodily organisations are being more conscious and aware of the power that the MNCs truly have. It is impossible for an average civilised man to not have been influenced or use the products of major corporations. This in a way leads to either indirect or direct support of such Corporations. Almost the everyday life of an average urban man is dictated by the usage of the products and facilities of a leading corporation. When such power is wielded by any corporation which is not of a governing national entity or a body of law enforcement, it is threatening to the Governmental organisations. In order to seek a check and balance over such Corporations, certain policies have been drafted and legal jurisprudence taken into place by putting such Corporations in charge of maintaining some amount of Responsibility and Obligations.

Without such Obligations and CSR, the Human Rights violation could happen with its own subtlety and be ceased from any damage or reparations. To counteract such a problem, it has been put about such Responsibility unto the Corporations and the means for maintaining such pressure has been put across by State legislations, Policies, Political pressure and the Societal pressure as well. In terms of societal pressure, it could be derived from the mutual coexistence of the give and take relationship between the consumers and the corporations. In terms of a competitive market, a company would like to stand out by exposing its ideology and its compliance to the Social responsibility to attain Goodwill. To attain this Goodwill,

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some amount of work in terms of maintaining ecological, political and social implications shall be put across to show its “greatness” and its company’s face value to be of its pristine character. By doing so, the consumers or the state factors could favour them more, and thus bringing them more profit.

Partnerships effect on human rights in critical ways. These effects have expanded over late decades as the financial and political impact of partnerships has developed, and as enterprises have turned out to be more associated with conveying administrations already given by governments. Enterprises have come to perceive that the crux of being a decent corporate resident incorporates is by showing regards to the human privileges of the individuals who come into contact with the company through any means. This may be through close contact (for instance, representatives or clients), or aberrant contact (for instance, specialists of providers, or individuals living in regions influenced by a company's exercises). This could mean that even if it’s voluntarily or directly/indirectly imposed by the state or pressure groups, the importance to comply with Human Rights is not only necessary but even bring about a mutual benefit to each side of the party.

Should Csr Be Imposed Or Practiced Voluntarily?

This is one of the most debated topics under the heading of CSR. It is in no doubt very useful in terms of business to the both ends of the parties; however, we cannot deny that there are indeed problems resulting of it. The major one being the motivation for CSR to be of business and not in general for the Society at large. Looking at this case in an ethical stand point, this could be cold and meticulous in terms of business regardless of the socio-enviro standpoint. Sir, Geoffrey Chandler, has rightly put it to a greater understanding as “Ultimately you do it because it is right.” CSR is being followed voluntarily or involuntarily, is not be the ideal focus. The focus should rather be upon the Voluntariness being the result of a moral insinuation. CSR might be done upon voluntarily basis as discussed in the previous question, resulting in its business boom. However, the focus upon the business should not be the only driving force behind such acts. It is very much important to embrace the ethical side and the true spirit of willingness to give back to the society or the environment. This could further inspire people and the next business ventures to follow such a regime. As stated by Socrates that we are social animals, and Corporations being the creation of such Social animals should benefit them, and not the other way around. It is important to bring Goodwill in terms of its raw nature, and not just motive derived of sheer business.

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In another sense, it is not self-evident however that human rights norms will always lead to a good outcome of business. It is one such example where the entry into Chinese internet market, the self-censorship was to be done by various companies like Google and Yahoo, this was in the expense of sacrificing its own basic values and commitments as a company.

However, there are other instances where the CSR is not a choice. In such cases, if the interests are clashing, voluntary CSR would not probably be enough to validate the goals of CSR, even if long term is selected over the short-term profit or securing limited business opportunities.

Should Size Matter in Terms of Corporate Social Responsibility?

One major important to note in here is that generally Voluntary CSR Policies are prevalent in the Big companies, and not so much in the medium and small sized companies. Some of the major reasoning to this is that the Big companies since it being popular and having all the attention from the State actors and the individuals, it shows its compliance to the aspect. However, when it comes to the Corporate social responsibility in terms of the small to medium sized company it does not however show as much of the Compliance as its bigger opponents do. The question that we pose here is whether size matters or not, in terms of Compliance towards CSR?

Today, there are still a lot of associations who presently can't seem to move past the possibility of CSR as generosity, anyway when organizations actualize "Strategic CSR" they can discover there are numerous business benefits not of which is fortified corporate and brand notorieties and upgraded trust with key partners. CSR activities can enhance risk management, increment incomes from advancement that distinguishes new business opportunities, and diminish costs from productivity upgrades.

One of the main criteria or reasoning for such a phenomenon could be that the start-ups are just aimed at making money. This could be because they want to further improvise the brand image by incurring the money. Right off the bat, SMEs are by and large overseen by their proprietors, frequently the organization's authors, prompting significant contrasts in pledge to corporate reason. Hardly any fruitful business visionaries begin organizations exclusively with the aim of profiting. Like William Lever, who established the firm that progressed toward becoming Unilever on the conviction that offering cleanser spared lives, originators of the present new businesses regularly have some societal need at the top of the priority list. This nearby contribution of proprietors and originators implies that duty to object is significantly simpler to induce than in an expansive, openly held enterprise. Consequently alone, SME's can be more socially capable than their significantly bigger partners.

SMEs are probably not going to be too resourced as bigger associations. Much of the time they have less subsidies accessible to put resources into programs that may be socially or naturally useful, particularly if the financial result is more subtle or longer term. They additionally have less individuals to offer time to CSR, especially in situations where organizations are working hand-to-mouth.

SMEs commonly have less reputational risk than bigger associations. The 2013 Rana Plaza catastrophe in Bangladesh, where more than 1,100 specialists kicked the bucket in the fallen manufacturing plant building would have kept numerous a CEO from extensive marked attire organizations wakeful with the possibility that their image might be uncovered as having sourced from a plant with hazardous work conditions.

Should Bigger companies have bigger responsibility than the smaller companies for Compliance with the Human Rights Norms?

This question has been debated in the many coming years. One major thing that one must be noted here is that Corporate Social Responsibility in this term goes hand in hand. However, as discussed in the previous question, we must realise that though Bigger Companies tend to show more compliance towards the CSR norms, there is however many such violations happening even in the current world regarding CSR and Human Rights Norms. The main idea behind the argument is that the Bigger companies often act as a guiding big brother to all the smaller companies under it, or even the smaller competitors under the same sector. Since, such companies tend to hold a significant power over the other building competitors and its own subsidiary companies, it must show its responsibility towards the CSR and Human Right Norms. This is so that it would bring about a Corporate Culture in that particular sector which would govern over how the business is dealt with Humanity and Conscious goodwill.³

Though CSR may act as a Strategic guide to the bigger companies to score better in business, it is also a social responsibility that must be executed in the long and the short run. That however does not mean that only big companies should comply towards CSR or the Human Right Norms. The small to medium sized companies also have a set of CSR and Human Right Norms to comply towards.

Chapter IV: Suggestions for a Better Application of CSR

Specific CSR activities may do great, or mischief, or have no effect one way or the other, yet it is vital to oppose the achievement of the CSR thought. This is talking about upon the part of the relatively general acknowledgment of its premises and fundamental lines of contention.

³H. H.MaharajadhirajaMadhavRao v. Union Of India, 1971 AIR 530, 1971 SCR (3) 9.

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Generally, bones may for sure start to snap and CSR may infringe on corporate basic leadership in manners that genuinely diminish welfare.⁴

The UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights upon Draft Norms, which is developed and approved by the UN Sub-Commission upon the Promotion and the Protection of Human Rights in 2003, are considered to be one of the most comprehensive, clear and complete standards which is developed in its relation to a more socially conscientious and responsible corporate behaviour. However, the Corporation's activities will depend varyingly upon its size. It is therefore under my suggestion that there be a set of rules and code of conduct that has to be further implemented upon the bigger Corporations with an even higher degree of Social responsibility than its counterparts.

Private enterprise generally requires a system of permissions, code of conducts, licence, rules and regulations. This will also require the consent of various parties such as that of the Board members and Electorates to further proceed with the agenda of the Business. This has been in general deemed and called as the "Licence to Operate". The consent that the electorates often give are dependant upon the concept of profit maximisation, or whatever is the benefit for the company. The ideology of CSR should be done with passion and dedication, in order to set upon an example to the other corporations.

In order to set upon such aspects, and to guarantee a reasonable supply of goods which are in terms of the Human Rights Norms, there should be an implementation of a nationwide system of Corporate Social Responsibility Standards. The OECD Guidelines for the Multinational Enterprises and the International Labour Standards upon the prime aspects and principles of the Societal Responsibility of the Corporations and will also help to implement Corporate Social Responsibility in an in-depth aspect of the International level.

⁴*Supra* note 2.