

## Dialogue, Debate, and Discussion

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### **Introduction to ‘Human Rights and International Business Research: A Call for Studying Emerging Market Multinationals’**

**Liisa Välikangas**

*Aalto University and Hanken School of Economics, Finland*

Elisa Giuliani, Grazia D. Santangelo, and Florian Wettstein invite international business scholars to study emerging market multinationals from the perspective of their human rights impact. Human rights is a new challenging issue in corporate social responsibility research, yet so far international business scholars have largely overlooked their role in the quality of work, access to water, and education in markets they operate. The perspective continues the leadership by Professor Anne Tsui, the founder of *Management and Organization Review*, in calling for a study of multinationals as part of global governance affecting people’s lives.

### **Human Rights and International Business Research: A Call for Studying Emerging Market Multinationals**

**Elisa Giuliani,<sup>1</sup> Grazia D. Santangelo,<sup>2</sup> and Florian Wettstein<sup>3</sup>**

*<sup>1</sup>University of Pisa, Italy, <sup>2</sup>University of Catania, Italy, and <sup>3</sup>University of St. Gallen, Switzerland*

#### **WHY A FOCUS ON HUMAN RIGHTS?**

The idea that corporations have responsibilities to society beyond maximizing profits is not new. Scholarship on the social responsibilities of business first emerged in the 1950s and 60s (Bowen, 1953; Davis, 1960), and gained traction more broadly in the 1970s (see Carroll, Lipartito, Post, Werhane, & Goodpaster, 2012). Today, there is a well established discussion on Corporate Social Responsibility (CSR) and related concepts, such as corporate sustainability, triple bottom line, business ethics, and the like. However, CSR has not generally included a focus on human rights (HR)

(Wettstein, 2012) and a specific and systematic discussion on business responsibility for HR started to emerge only much later, in the mid-1990s (Chandler, 2003).

HR are those fundamental and inherent rights that human beings are perceived to have for the mere sake of being human (Donnelly, 2003; Griffin, 2008), thus they are perceived to be valid unconditionally and universally. HR aim to protect nothing less than our fundamental human dignity, that is, our equal moral worth as human beings. Or as Kant would say: HR grant human beings the status of ends in themselves and prohibit their instrumentalization, objectification, and humiliation.

Philosophically, their (direct) antecedents can be found in natural rights thinking of the 17th century, though their broader, indirect roots reach much further back in the history of thought (Cranston, 1983). Politically, HR were established in the Universal Declaration of HR (UDHR) in 1948, though natural rights were a key part of the struggles against 17th and 18th century absolutism, leading to the American and French Revolutions (Cranston, 1983). Legally, the rights stipulated in the UDHR were turned into binding international law in 1966 through the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights and further subsequent HR core treaties. Together, the UDHR and the two core covenants build the International Bill of Human Rights.

HR are commonly seen to obligate governments, rather than corporations. However, this traditional state-centric view on HR responsibility has come under increasing pressure in recent years (Wettstein, 2009). Multinational enterprises (MNEs) in particular often operate beyond the regulatory reach of governments and incongruences between economic and political globalization processes create so-called 'governance gaps' (Ruggie, 2008; Simons & Macklin, 2014), which can be exploited by economic actors, often to the detriment of HR.

As a result, an increasing number of global soft law initiatives in the area of corporate responsibility have adopted HR provisions. Notably, the UN Guiding Principles (GPs) on Business and HR have garnered considerable support among governments, businesses and civil society institutions and created momentum for broad adoption and implementation. The publication of the GPs in 2011 concluded a six-year long mandate of the UN Special Representative for business and HR, John Ruggie. In a nutshell, they define a responsibility to respect HR for businesses, a duty to protect HR for governments and the need for improved access to remedies for victims of HR violations; companies are asked to contribute to the provision of such remedies if they were involved in bringing the respective HR violations about. The GPs do not stipulate any new legal rules. Thus, they do not assign any legally binding HR duties to companies.

Against this background, one may wonder what about this new debate on business and HR is different from the broader and more established discussion on CSR and why, as a result, respect and promotion of HR cannot be theorized as a mere subset of CSR. The two debates, while overlapping, grow out of two

different discourses. While CSR roots predominantly in business and management scholarship, Business and HR emerged mainly from legal scholarship (Ramasastry, 2015).

As such, 'Business and HR' comes with distinct advantages over 'conventional' CSR approaches (see Wettstein, 2016): the frame of reference – commonly the HR stipulated in the International Bill of Human Rights – is tighter and provides less leeway and discretion for companies to pick to which issues to give prominence or how to address them. In contrast, CSR initiatives have often been scattered in terms of targets, instruments, and audiences. Furthermore, the language of rights adds the normative force of ethical obligations, while CSR is often perceived merely as 'nice to have'; this is reflected also in the more central and integral role both of governments and of the law in business and HR, and thus in the potential for stronger accountability mechanisms (Ramasastry, 2015). Accordingly, the tools and instruments advanced by business and HR cut through to companies' core business processes in more direct ways rather than being mere 'add ons' to them.

## **INTERNATIONAL BUSINESS AND HUMAN RIGHTS: A MISSED OPPORTUNITY?**

Besides having gained considerable momentum since the publication of the GPs, the relevance of HR is reflected also in the shift from the UN Millennium Development Goals to the UN Sustainable Development Goals (SDG), which put emphasis on a number of HR priorities, such as decent work, access to food, water and education, among others. MNEs are pivotal actors in the promotion of the SDG and HR, because of the significant resources that they mobilize globally, and their growing political role in shaping the global governance agenda (Scherer & Palazzo, 2011). Against this background, it is surprising that international business (IB) scholarship has so far remained relatively silent on the topic (Giuliani & Macchi, 2014).

From its onset, IB research was declared to be concerned with 'firm-level business activity that crosses national boundaries . . . . [and] interrelationships between the operations of the business firm and international or foreign environments in which the firm operates' (Wright, 1970: 110–111). Traditionally, IB research has focused on the activities and interactions of MNEs and their units with their wider socio-economic context. IB scholars have extensively studied the economic and technological impacts of MNEs' activities on host countries (e.g., Driffield & Love, 2007; Feinberg & Majumdar, 2001; Piscitello & Santangelo, 2007); subsidiary embeddedness and linkage creation with host country (mainly) economic actors (e.g., Andersson & Forsgren, 1996; Giroud, 2007; Perri, Andersson, Nell, & Santangelo, 2013; Santangelo, 2009); and the contribution of these activities and interactions to host country economic development (e.g., Dunning & Narula, 1996; Ghauri & Yamin, 2009; Mudambi & Santangelo, 2015). HR are not generally included in such assessments.

Yet, over the years, a number of works within the IB research field have paid attention to the broader societal context hosting MNEs' cross-border operations (for a review see e.g., Kolk, 2016). This literature, while not addressing HR directly, has focused on corporate corruption, environmental sustainability and, more broadly, on CSR and corporate social irresponsibility (CSiR). Research on corruption has commonly embraced a firm-centered perspective investigating the impact of host country corruption in terms of costs and benefits for a firm's entry decision, mode of entry, and more recently for post-entry corporate organization (Cuervo-Cazurra, 2006; Rabbiosi & Santangelo, 2014; Rodriguez, Uhlenbruck, & Eden, 2005; Uhlenbruck, Rodriguez, Doh, & Eden, 2006). Studies on CSR and CSiR as well as research on environmental sustainability have gone a step further, as they have analyzed the pressure that specific stakeholders, such as employees, customers, NGOs, civil society, and local communities, exert on corporate behavior (e.g., Husted & Allen, 2006; Surroca, Tribò, & Zahra 2013; van Tulder & Kolk, 2001). However, the main focus of these studies remains on crisis management and on reputation and image restoration capabilities of the MNE (Zavyalova, Pfarrer, Reger, & Shapiro, 2012), while overlooking the repercussions of MNE activity on society. Possibly, the strand of IB research on MNE environmental sustainability and climate change (Kolk & Levy, 2004, Kolk & Pinkse, 2008; Rugman & Verbeke, 2001) has addressed these concerns most closely. Yet, these studies have not explicitly and directly focused on or addressed HR.

This apparent lack of attention to HR and HR-related issues by IB scholars seems a missed opportunity for the field, as well as for our general understanding of MNEs' HR conduct, for at least two sets of reasons. First, IB research has – as compared to other research fields investigating HR (e.g., international law or political science) – a deep understanding of how MNEs function and coordinate their global activities. Hence, it appears to have a lot to offer to business and HR scholarship. MNEs entry mode, liability of foreignness, legitimation strategies are among the firm-level factors, which may help enhance our understanding what makes HR violations more or less likely in connection to MNEs activities. These factors may also help us come up with strategies to promote and enhance corporate HR respect more effectively. Second, IB research addressing HR-related issues such as sustainability, CSiR and corruption, may benefit from the adoption of the HR framework, as it provides a tighter frame of reference – the HR stipulated in the International Bill of Human Rights – which, as compared to the other above mentioned constructs is less subject to ad-hoc definitions, interpretations and operationalizations by either MNEs' managers or analysts.

## **HUMAN RIGHTS AND EMERGING MARKET MULTINATIONALS**

An area where HR appear to be under-researched and thus particularly worth studying is that of emerging market multinationals (EMNEs), which have become important players in the global playing field. IB scholars could provide

much-needed expertise in addressing a number of interesting questions with reference to, among others, the analysis of the HR conduct of these new actors when they invest abroad.

A key concern connected to the HR conduct of EMNEs comes from considering the country of origin of these new players. Emerging market countries are often characterized by institutional voids (Khanna & Palepu, 1997), press censorship, and freedom of speech limitations (Fiaschi, Giuliani, & Nieri, 2016). These institutional weaknesses also reflect on the capacity of these countries to ensure protection and remedy to abuses of HR associated with the business sector. As a consequence, human rights violations such as, among others, child labour and poor labour conditions are sometimes tolerated, and social and environmental regulations are often looser than in the so-called advanced countries (Kaufmann, Kraay, & Mastruzzi, 2009). Hence, the weakness of the home context may influence the HR conduct of EMNEs abroad because their managers may be ill-prepared to handle operations in institutionally more demanding contexts, being far more familiar with doing business in institutional environments more similar to their home (Cuervo-Cazurra & Genc, 2008). Furthermore, these institutional voids contribute to a liability of origin (Ramachandran & Pant, 2010), that is 'a credibility and legitimacy deficit in the eyes of host country stakeholders' (Madhok & Kayhani, 2012: 31). In a bid to overcome their liabilities, EMNEs seek to align to international socio-environmental standards by adopting a multitude of CSR initiatives (Fiaschi, Giuliani, & Nieri, 2015; Gilbert, Rasche, & Waddock, 2011; Lu & Abeysekera, 2015). Thus far, we still know very little about whether EMNEs are more likely than advanced country MNEs, to adopt CSR initiatives only symbolically, or, on the contrary, they do so by substantively enacting a rights-oriented business conduct (Giuliani, 2016; Marquis & Qian, 2014; Meyer & Rowan, 1977).

Further questions arise about the contingent factors influencing EMNEs HR conduct both at home and abroad. In particular, it is still relatively unexplored how EMNEs' specific liabilities vary depending on a number of contextual or firm-specific factors. Questions related to the relevance of corporate culture and to the influence of the institutional quality of the target countries can be worth investigating in relation to whether HR are promoted or respected. Similarly, in the context of EMNEs, it seems relevant to disentangle differences between the HR conduct of state-owned enterprises and private firms because of the legitimization of the former by their governments, which often bail them out in case of controversy-related losses.

We hope there will be more research addressing these (and other) very important questions in the years to come. A promising starting point is the recently released call for papers by the *Journal of World Business* for a Special Issue on 'Human Rights and the Multinational Enterprise': <http://www.journals.elsevier.com/journal-of-world-business/call-for-papers/human-rights-and-the-multinational-enterprise>.

## NOTE

Corresponding author: Elisa Giuliani ([elisa.giuliani@unipi.it](mailto:elisa.giuliani@unipi.it))

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