

Issue: 3, 2002

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A Multinational Organisation's Approach to Multinational Corporations

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### ABSTRACT

In recent times Amnesty International's activities have extended to include efforts to prevent commercial organisations from using their financial and political power to abuse the rights of their employees. This article discusses some of the human issues associated with multinational enterprises (MNEs) and outlines current trends in government efforts to regulate MNEs in terms of their treatment of employees, contractors, and the general public.

Please note that this article was peer reviewed but not double-blind reviewed.

### ARTICLE

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Amnesty International's mission is to contribute to the campaign for human rights. Amnesty International (AI) believes that every person deserves to be treated with dignity, deserves to be safe and secure, and to have the means to meet basic needs such as decent food and shelter. Each of us is obliged to respect the inherent human dignity of others. AI's appeals are aimed at the behaviour of governments and others who wield power.

AI is a campaigning organisation. It is well known for researching, documenting, and reporting human rights violations, but its work extends further. AI members create mass pressure worldwide and take practical, effective action to stop these violations. AI's campaigning strategies have included creating publicity in the media, mass letter writing, approaches to home governments, reaching out to influential groups and individuals, holding dramatic,

symbolic events, and seeking donations to keep the research and campaigning going.

When AI began in 1961, its focus was on prisoners of conscience. Later, it included a wider spectrum of human rights relating to prisoners. Today, it continues to campaign against grave violations of fundamental human rights, but it also works on behalf of victims of particular human rights violations who may not be prisoners. In recent times these activities have extended to include efforts to prevent commercial organisations from using their financial and political power to abuse the rights of their employees. The purpose of this article is to define the issues associated with multinational enterprises (MNEs) and to highlight how AI, as a multinational organisation itself, approaches the issues of human rights abuses associated with the activities of MNEs.

### **Why is Amnesty concerned about multinationals?**

AI recognises that MNEs have unparalleled power in this era of globalisation. This opens up two areas of possible influence that can be explored. First, AI has a role to play in encouraging the implementation of human rights practises within organisations. Second, there is scope to encourage MNEs to use their power to influence governments in the countries in which they operate to ensure human rights for all citizens.

MNEs by their very presence in a country are evidence of support for a government's policy and actions. While the managers of many MNEs argue that human rights is the responsibility of governments, MNEs by their inaction and presence can be seen as happy bedfellows of governments who have gross human rights violation records.

On a global scale MNEs have a poor record in terms of 'self-regulation', particularly, in developing countries. The International Labour Organisation estimates that more than 250 million children work full time, not counting those working as domestic servants. According to the ILO this number is increasing. Millions of child workers are enslaved through forms of debt bondage in countries like India. Forced labour is used in countries such as Myanmar and China. Trade unionists receive death threats in Colombia, are banned outright in Myanmar, and are routinely pressured into resigning in Guatemala.

AI is concerned with these human rights violations and therefore seeks to work closely with MNEs and governments in an effort to implement change.

## **Who is responsible for protecting human rights?**

A number of MNEs have developed codes of conduct on issues such as human rights, labour rights, and environmental protection. These codes have been portrayed as practical examples of how corporations can improve the manner in which they can do business. While such codes have an important role to play in defining minimum standards of corporate behaviour, they are non-binding and can all too easily be flouted by less scrupulous organisations. The reality is that many organisation's policies and objectives on issues such as human rights are extremely limited, poorly defined, and in many cases, little more than "Business as Usual".

AI believes that the responsibility for protecting human rights is a shared responsibility of national governments and MNEs. It is national governments that must implement and enforce international law through domestic legislation. However, many developing countries appear to be paralysed in terms of their willingness to pass or implement effective legislation to protect human rights abuses perpetuated by MNEs. This inability is due to the perceived advantages MNEs bring to the countries in terms of investment and employment opportunities.

To date, it is probably fair to say that efforts to regulate the activities of MNEs have not been successful, and many MNEs continue to violate basic human rights. However, there are signs that things are slowly changing.

### **Some current trends**

In July of 2001, Secretary General Kofi Annan launched "Global Compact", a joint initiative in support of universal values and responsible business operations. The Compact challenges business leaders to promote and apply within their corporate domains nine principles in the field of human rights, labour standards, and the environment. The principles are derived from the UN Declaration of Human Rights, the International Labor Organization's Fundamental Principles on Rights at Work, and the Rio Principles on environment and development. Nearly fifty transnational companies from sectors such as media, mining, automotive, services, telecom, banking, petroleum, pharmaceutical, software, and footwear took a public stand on the Compact and its principles. Business associations also undertook to initiate concrete plans intended to advance the goals of the Compact. For example, the International Employers Association will organize regional workshops before the end of the year. The International Chamber of Commerce and the World Business Council for Sustainable Development propose to use the

framework of the Compact to address not only environmental but also social issues and development when preparing the business contribution for the Rio-plus-ten conference in 2002. Whilst it is heartening to see such initiatives, voluntary initiatives of the kind represented by the Global Compact are no substitute for action by governments. Effective governance is critical for the promotion of human rights, decent work, environmental protection, and development.

In January 1999, the European Parliament passed a Resolution on Standards for European Enterprises Operating in Developing Countries. The Resolution calls on the European Union to establish legally binding requirements on European MNEs to ensure that these MNEs comply with international law relating to the protection of human rights and the environment when operating in developing countries. The resolution proposes that European MNEs be monitored by a panel comprising independent experts and representatives from European businesses, international trade unions, environmental and human rights NGOs, and from the developing world. The resolution calls on the European Commission to ensure that MNEs acting on behalf of, or financed by, the European Union act in accordance with basic requirements for human rights and environmental protection and that further funding is contingent on their meeting these requirements.

A similar piece of legislation has been proposed by US Representative Cynthia McKinney, which would require all US-based corporations with more than 20 employees abroad to enact a code of conduct which would also apply to the companies' subsidiaries, subcontractors, affiliates, joint ventures, partners, or licensees. The Code would require companies in their overseas operations to pay a living wage, ban specific practices - such as mandatory overtime for workers under 18, respect identified international labour standards, and provide extensive information on employment and environmental practices. It is envisaged that enforcement would be achieved through the US government giving preference to complying corporations in contracts and in export assistance and allowing the victims of violations of the bill, including non-US citizens, to sue US companies in US courts.

In Australia, former Senator Vicki Bourne of the Australian Democrats introduced a "Corporate Code of Conduct Bill" aimed to regulate the activities of Australian companies overseas in the areas of human rights, environment, labour, and occupational health and safety. The Bill has been based on international standards. The principles include the freedom of association, the right to organise, and the right to collective bargaining. Companies cannot use forced

labour or child labour. The Bill also requires that an employer must provide a safe and healthy workplace for its employees, it must provide sanitary working conditions, and it must adhere to proper standards of working hours. The Bill seeks to ensure abidance by Australian companies operating overseas to adhere to the same condition as those under which they operate in Australia (Bourne V.: Corporate Code of Conduct 2000).

These passed and proposed legislative changes are an indication that national governments and international organisations such as the UN are keen to develop an international framework for the regulation of MNEs.

### **So how does Amnesty deal with the issue?**

AI's membership of over a million people across 192 countries allows us to campaign for human rights at many different levels and across many geographic regions.

### **Fundamental Principles**

AI's recently released *Just Business - A Human Rights Framework for Australian Companies* articulates our expectations of business. AI's position is that business has a clear responsibility for human rights issues. We see this responsibility as being in two main areas. The first is that organisations must act to protect human rights within all of their areas of operation, including not only their employees but also contractors, suppliers, family members, local communities, and other parties affected by the organisation's activities or services. The second is that business has a responsibility to support human rights protection more generally, e.g., through public statements on human rights issues, government lobbying, assisting the activities of NGOs on human rights issues, and the provision of information.

### **Amnesty's Campaigning Approach**

Engagement with the corporate sector is a relatively new activity for AI. We recognise that care and expertise is required in this type of interaction.

Over the last five years AI has established specific groups or teams to address business issues in individual countries. The Amnesty International (Australia) Business Group (AIBG) was established in 1996 to facilitate AI's engagement with the business sector in Australia. AI works at an individual member level, through the community, with other non-government organisations, with

corporations, and with government agencies in an effort to observe and promote the full range of human rights.

AI's activities have included:

- Contributing to the development of international (binding) rules regarding the human rights responsibility and performance of companies.
- Contributing to international and national discussions regarding auditing, reporting, and verification.
- Influencing and activating 'drivers of change'.
- Promoting and utilising human rights research that relates to corporate activities.

AI's direct approaches are being built on a constructive and, if necessary, critical approach, including:

- Involvement in discussions on corporate responsibility in general, and on specific human rights concerns (expanding the boundaries of social responsibility).
- Developing awareness of the corporation regarding the human rights context of its operations.
- In-company human rights awareness raising.
- Disseminating human rights information (general and country specific).
- Assisting in corporate human rights policy development.
- Using various forms of leverage derived from both "good" and "bad" cases of corporate behaviour.
- Influencing organisations such as financial institutions, investment banks, chambers of commerce, employers' organisations, business schools, shareholders, and stock market regulators.

AI recognises the importance of developing local and international partnerships with Federal, State, and local governments, with international bodies such as the UN, WTO, trade unions, churches, other NGOs, and many other organisations which are extremely important in influencing the shape of our society.

AI is fully aware of the need to be well informed and the importance of good research in order to maintain AI's credibility as an influential force. We also recognise that we must develop an understanding of business. This understanding will need to occur not only at the level of individual companies, but also at the levels of industry sectors, both nationally and internationally. This involves understanding business-related opportunities, strengths, weaknesses, and threats. In particular, knowledge of what can and cannot be achieved by business is critical to ensuring that dialogue is well informed and balanced. In the context of MNEs, this involves understanding corporate relations, particularly the links between parent companies and subsidiaries. We also need to understand the

implications of accepting funding from the corporate sector. AI recognises that it is vital that specific campaigning activities or objectives are not compromised due to corporate sponsorship. AI recognises these risks and constraints not to prevent campaigning but to ensure that suitable measures are adopted to address these issues.

An example of AI's approach is evident in the recent work on the international diamond industry and the oil industry. AI played a leading role on the debate on the international diamond trade, in particular in the manner in which diamonds from conflict zones such as Sierra Leone are controlled in the international diamond trading system. Diamonds from Sierra Leone have provided funding for weaponry to the Revolutionary United Front rebels who have been responsible for widespread human rights abuses in Sierra Leone. Recognising the links between the diamond trade and human rights abuses in Sierra Leone, AI has, over the past year, campaigned at a range of levels of government to take all possible measures to prevent the transfer of military, security, or police equipment, weaponry, personnel, or training from reaching rebel forces in Sierra Leone. AI's campaign focused on governments, companies, and trading bodies, particularly the Diamond High Council based in Antwerp and De Beers (Gerber & Sullivan 2000).

The key features of AI's multi-country and multi-targeted approach were:

- We maximised the impact of our campaigning by focusing our efforts on key players in their key markets.
- We campaigned across countries.
- We campaigned at multiple levels of government, creating a reinforcing effect between domestic (national) and international regimes.
- We called for levels of transparency that are consistent with broader international pressures for transparency in government and business processes.
- We tried to apply pressure at a range of levels and across a range of issues.

At no stage did we call for boycotts of diamonds or of the organisations involved. We relied on education and publicity, and also on individuals making their decisions. We recognise that other NGOs did call for boycotts or for more direct action. However, we found that, in this case, not calling for boycotts but relying on the quality of our research and publicising this information was sufficient to get access to the players and to lobby effectively. It is questionable whether calls for boycotts on our part would have been any more effective. In fact, such a call would probably have

led to a backlash from governments. The approach that was taken to campaigning was not just oppositional but involved clearly defined strategies and a well-specified end point. It is likely, in our experience, that NGOs will be under increasing pressure to define their alternatives to the current situation if they are to participate in debate on this type of issue. Having said that, probably the key is to ensure that there is a range of campaigning approaches, as the key seems to be to bring a range of pressures to an issue to encourage change.

In addition to AI's campaigning activities, many other NGOs campaigned on this issue. Working with other NGOs provided a range of benefits in terms of information sharing, coordinating, and aligning campaigning approaches. This avoided confusion between the messages being proposed by the different participating NGOs.

The seven-point plan agreed by the governments of major diamond importing countries in London on 28 June, 2000 continues to provide faith in medium- to long-term solutions to address the continuing human rights crisis in Sierra Leone (Gerber & Sullivan 2000).

Another example of AI's involvement with MNEs is with regard to human rights issues in Sudan. In May of this year, AI produced a report entitled "Sudan - The Human Price of Oil", which explored the link between massive human rights violations by government forces and allied militias and the oil operations by foreign companies. Oil and control of the oil-rich territories in the south of the country are central to the armed conflict which continues to devastate the lives of countless civilians in Sudan. Oil was one of the factors that led to the resumption of the civil war in 1984 which has so far cost the lives of almost two million people. Since 1984 more than 4.5 million people have been internally displaced by human rights abuses by government and rebel forces. A lasting solution can only result from commitment from the Government of Sudan, the armed opposition groups, the oil companies, and the international community at large. AI is not at this stage accusing any company of direct responsibility for human rights abuses (*Sudan - The Human Price of Oil, Amnesty International*). AI takes no position for or against oil exploration or commercial enterprises per se. We are concerned, however, about the role which companies play when they effectively become beneficiaries of a conflict in which human rights are violated. In the case of Sudan, human rights violations are being committed on a large scale and predominantly against people who are not taking any active part in hostilities. AI believes that companies are responsible for the way the local community is treated as a result of their operations.



AI formulated recommendations about how a disastrous human rights situation that has claimed thousands of lives and displaced thousands could be improved. AI proposed measures that included action by the Government of Sudan, the armed opposition groups, oil companies, and international community at large. AI continues to seek to establish a dialogue with foreign oil companies, raising concerns about the responsibility oil companies should have in promoting a better human rights environment in the area where they are active in extracting oil.

AI's activities in this area are still in its infancy. AI believes that the power of change lies in engagement and credibility. AI's activities in this area must therefore be backed by:

- solid research,
- involvement of all stakeholders,
- cooperation at a local, national and international level with other NGOs,
- involvement of its membership, community, trade unions, shareholders, and the media,
- close links with governments and legislators,
- partnerships with the UN, WHO, IMF, World Bank, churches, and business associations,
- a sound understanding of business and business principles, and
- a clear understanding of the risks involved.

Our technological age has the potential of putting the activities of multinationals and governments under increasing scrutiny internationally. Recent international campaigns such as Jubilee 2000 and MAI have been highly effective. Bernstein of Human Rights Watch envisages a rosier future for the marriage of human rights and corporate interest in the global village of the next millennium. Bernstein believes that business is changing because "human rights advocates are getting more and more sophisticated in having an impact on their business." There is also a growing concern amongst shareholders about the ethics of the companies in which they invest, as evidenced by the growth of ethical investments funds in the US and the UK. The St James Ethics Centre recently published results from a global poll co-sponsored by Price Waterhouse Coopers. The results showed that 92% of Australians think that the role of large companies is to go beyond the minimum definition of their role in society, which is to employ people and make profits. They felt they should also contribute to setting higher ethical standards and help build a better society for all.

Ultimately, our view is that we can, through well-planned and strategic campaigning, act to 'civilise' the activities of MNEs and of

governments who refuse to address human rights issues. The growth in MNE power is not inevitable. It can be tempered and controlled to ensure that human rights can be protected and enhanced.

### **What you can do**

Each and everyone of us needs to play a role in ensuring that our governments and our corporations develop a culture that ensures human rights for all. The destiny of human rights is our hands.

The following web sites provide information about corporate misdemeanours and current consumer boycotts:

[http://www.ethicalconsumer.org/boycotts/boycotts\\_list.htm](http://www.ethicalconsumer.org/boycotts/boycotts_list.htm)

<http://www.corporatewatch.org.uk/>

<http://www.transnationale.org/anglais/>

<http://www.globalexchange.org/>

<http://www.behindthelabel.org/>

<http://www.caa.org.au/campaigns/nike/news.html>

<http://www.summersault.com/~agj/clar/>

<http://www.sweatshopwatch.org/>

By accessing these sites and learning about the performance records of a range of organisations, you can become an informed consumer and make choices that reflect your values.

### **References**

*Just Business: A human rights framework for Australian companies.* Amnesty International Australia.

*Sudan-The Human Price of Oil* (2000), Amnesty International, May.

*Corporate Code of Conduct Bill 2000*, Senator Vicki Bourne.

Gerber, Paula and Sullivan, Rory, *Diamonds and Sierra Leone: Recent Experiences and Lessons for the Future.* Amnesty International.

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