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The Role of the Business Sector in the Development and Protection of Human Rights

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As Attorney General of Ireland, I was involved in the ratification of the two major UN Covenants which support the Universal Declaration of Human Rights (UDHR) — the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

Since then the Berlin Wall has fallen and the world, with minor exceptions, shares one economic system. Capital moves freely around the world, and news moves just as freely and even more quickly, thanks to global communications. Many countries which were inaccessible to companies from Europe and North America have now been opened to western businesses. Transnational companies find themselves in new places with new issues to manage. They also find themselves under scrutiny, in the media and by active “civil society” of non-governmental organizations (NGOs) and agencies.

In Vienna in 1993, 171 states reaffirmed the Universal Declaration of Human Rights at the UN World Conference on Human Rights. In his opening address, the then UN Secretary-General, Boutros Boutros-Ghali, reminded us that “equality of opportunity for development is a prerogative both of nations and of individuals who make up nations”, and that “the right to development is a human right”. This is a key role of the business sector.

Business provides the economic vehicle for the fundamental human right to development, for nations as well as individuals. The business sector is, in other words, essential to the development and protection of human rights for the 5 billion people on this globe. Without development, and without the involvement of the business sector, I believe fundamental human rights cannot be secured. Far from being in conflict, one is dependent upon the other.

The business sector has a key role to play, but it must accept its role and perform it responsibly. With economic development must come environmental stewardship and social responsibility. This presents the business sector with new, complex and challenging situations. It finds itself having to deal in a practical way with human rights issues, not as a matter of choice, but of reality in this global environment.

Getting it right is not only a matter of ethical behaviour and moral choice. Enlightened business people have realised that good business is good business. Good business is sustainable, is part of global society, not at odds with it, and reflects values which are shared across the world. A company which abuses its workforce, or a company which employs forced labour, is not only in breach of the UDHR and its reaffirmation in the Vienna Declaration, but is flying in the face of civilized thinking all over the world. Such a company is acting irresponsibly in an area over which it has direct influence. In a world of increasing transparency and global communication, such a company is also foolish if it thinks such behaviour will not attract attention. Even if moral imperatives are discarded, self-interest should dictate responsibility.

Companies have direct control over their own staff policies in their own operations, and must be held responsible for ensuring their performance meets international expectations. Codes of conduct lay down the expected behaviour but are not in themselves enough. Codes must be backed up by an assurance process within the company and a way to verify that process for shareholders, customers, employees and society. Verification must also be done to accepted standards, in the same way as financial and, increasingly, environmental reporting is verified by objective professionals in the field. Assuring and examining those operations over which a company has direct control is relatively straightforward. If it is not yet common practice throughout the world, I expect it will not be long before it is. Consumers, shareholders, staff and good managers will make it happen.

However, the business sector interacts with society around it, and deals in many areas over which it does not have direct control. In these areas, such as suppliers and contractors, and joint ventures, companies have varying amounts of influence. Influence varies according to the nature of the deal, the competitive situation and the business environment. Good business practice for many years now has been to build close relationships with suppliers, distributors and partners. This practice will increasingly raise standards through competitive forces. Such forces don't just drive down costs, they also raise standards as leading companies demonstrate the benefits of responsible behaviour.

We are seeing major developments in this area. NGOs and industries have been working together to establish standards. Leading companies and NGOs have been working towards common goals. Last year the charity, Christian Aid, for example, published its "Global Supermarket" report, and the UK supermarket chain, Sainsbury's, initiated its ethical monitoring program. Another example is the Council for Economic Priorities in the USA, which works with manufacturers, human rights groups, labour groups and certification/audit firms in addressing child labour in the production of sports goods. Initiatives such as these have not yet extended to the capital-intensive industries, but the principles must surely be the same.

What we must always remember is that we are not in the business of satisfying our own consciences, we are in the business of global development. Early attempts to stop the use of child labour in Bangladesh resulted in child unemployment, child prostitution and children working in dangerous metal-smelting works rather than the safer conditions of a football-stitching factory. We now understand that the eradication of child labour requires the provision of schools, education and development. Using this approach, the business sector can truly contribute to the securement of human rights in the course of global development. In some industries, in some countries, progress will be slower than in others. But the general principle of building closer relationships based on shared standards is good business practice and will raise standards across the world.

In addition to dealing with human rights issues in its own operations where it has direct control, and promoting standards among suppliers, contractors and partners with whom it has influence, the business sector has increasingly been asked in recent years to exercise influence in a broader arena, by influencing governments. I do not subscribe to the view that companies do not have influence with governments or, if they do, do not exercise it. The business sector has, quite rightly, always argued its corner. It is appropriate for companies to describe the commercial impacts of the fiscal environment to governments, consumers, shareholders and staff. By engaging in that debate, companies are inevitably having an influence.

The real question is not whether companies have influence, but whether they use what influence they have responsibly. We must remind ourselves that business influence in politics can be a force for bad as well as good. It was the business sector that helped Adolf Hitler to power in Germany in the 1930s. In the 1970s, society was rightly concerned about multinational companies exerting political influence. We must be cautious about encouraging the business sector to take on a political role.

Some business people say, “Our business is to look after our shareholders. Why should we stand up and lecture governments on human rights?” I don’t believe that they should, but I do believe that it is part of building good sustainable businesses to help establish safe, secure, stable and peaceful societies. The business sector thrives where society thrives. We don’t have to look far for an example of this. Look at the investment confidence in Northern Ireland during the first IRA cease-fire and after that cease-fire broke down.

It is appropriate for companies to point out to governments the impact of social or environmental policies on commerce, just as it is appropriate for companies to point out the impact of fiscal policy on commerce. This is not a call for lectures or public posturing. It is a recognition that it is legitimate for companies to engage in discussions about the commercial impacts of unsustainable development. In practice, this must be managed in different ways in different situations, sometimes publicly, sometimes quietly. This approach may not satisfy those who have a deep-seated distrust of corporations, and may be seen by some as a way of avoiding dealing with human rights issues. However, this is essentially a matter of trust or mistrust of corporations. Trust must be established through dialogue and a proven track record.

In South Africa during apartheid there were companies who crassly profited from that system. There were foreign companies, who, driven largely by consumer pressure, withdrew from South Africa. There were also companies who did not withdraw, because they believed they could make significant contributions to the transformation of South Africa by engaging in dialogue with the African National Congress and other groups, by being exemplary employers and by having the courage and conviction to act as islands of normality in an abnormal society. These companies also faced pressure from consumers and others who perhaps were not aware of the positive contribution such companies were making, a contribution which did not escape the attention of leaders such as Nelson Mandela. Businesses sometimes need a tough skin to deal not only with human rights issues, but also with the attention of a media which is not interested in a “The business sector does good work” story.

Responsible companies do see human rights issues as part of their business environment. Many are dealing with their own operations through standard-setting and openness, and are increasingly building relationships with suppliers and contractors in order to raise standards. They do have influence, but that influence must be used with great care and will be exercised in different ways in different situations. The business sector must re-establish trust with society, and by example, not just talk. Companies’ activities should be scrutinized and good business rewarded with praise, with bad business being punished by exposure.

I believe that when the business sector behaves responsibly it can be a fundamental force for good, for economic development, for environmental and social improvements, and for the rights of our 5 billion fellow humans.