# Bridging the great divide? Making sense of the human rights-CSR relationship in UK multinational companies

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## ABSTRACT

Human rights (HR) and corporate social responsibility (CSR) are both fields of knowledge and research that have been shaped by, and examine, the role of multi-national enterprises in society. Whilst scholars have highlighted the overlapping nature of CSR and HR, our understanding of this relationship within business practice remains vague and under-researched. To explore the interface between CSR and HR, this paper presents empirical data from a qualitative study involving 22 international businesses based in the UK. Through an analysis based on sensemaking, the paper examines how and where CSR and HR overlap, contrast and shape one another, and the role that companies' international operations has on this relationship. The findings reveal a complex and multi-layered relationship between the two, and concludes that in contrast to management theory, companies have bridged the 'great divide' in varying degrees most notably in their implementation strategies.

## 1. Introduction

Globalization, and the accompanying growth in the perceived size, power and reach of multi-national enterprises (MNEs), has raised important new human rights (HR) questions and concerns about businesses' impact on workers, indigenous peoples, the environment and public policy (Brenkert, 2016). In 1999 the intensification of such concerns, and the accompanying anti-globalization protests in Seattle, triggered "a powerful wave of research in business academia that has since explored the role of business on issues such as climate change, labor and human rights, and environmental degradation" (Doh & Lucea, 2013, p. 186).

The resulting research into the conduct and social impacts of business may have been largely driven by the conduct of MNEs and some infamous high profile international cases (Wettstein, 2012), but it has mainly developed in specialized fields such as 'business and society' or 'business ethics'. As a result, there are comparatively few contributions within the mainstream international business (IB) literature (Doh, Husted, Matten, & Santoro, 2010; Doh & Lucea, 2013; Giuliani & Macchi, 2014; Kolk & Van Tulder, 2010; Kolk, 2016), and these mostly adopt a broad CSR perspective rather than an explicit HR focus. Giuliani, Santangelo, and Wettstein (2016) characterize this comparative lack of attention to HR by IB scholars as a missed opportunity for the field, as well as for our general understanding of MNEs'

HR conduct. A further missed opportunity is the under-utilisation of CSR knowledge and research in BHR scholarship (and vice versa). Despite scholars acknowledging their overlapping and complementary natures (Ramasastry, 2015; Wettstein, 2012), they have mainly developed separately and our knowledge and understanding of their relationship within business practice remains vague and under-researched.

An opportunity therefore exists to integrate the work of scholars who have developed business and human rights (BHR) as a distinct academic field with IB and CSR scholarship, and to better understand the relevance of BHR for IB and CSR. In this paper we seek to contribute to the integration of these fields by drawing on a qualitative study that explored how the notion of human rights was used, interpreted and managed by 22 international businesses based in the UK. Focussing specifically on the relationship between HR and CSR, the paper aims to address three interconnected limitations of the BHR literature.

Firstly, although scholars have developed a well-articulated rationale for extending HR responsibilities to business, and large MNEs in particular, it remains a predominantly theoretical and normative case (McPhail & Adams, 2016), providing little insight into how companies actually make sense of and use HR internally. To develop the field further, the debate now needs to move beyond whether MNEs have HR obligations, to consider the management strategies needed to promote HR standards in practice (Arnold, 2016; Posner, 2016). This paper

contributes significantly to this process by presenting empirical research concerning how a sample of large international companies understand and relate to HR vis-à-vis CSR, and the extent to which their global presence shapes and influences this relationship.

Secondly, the academic discussion about BHR has tended to focus on companies' external impacts, influences and stakeholders and their responses that 'protrude' to be visible externally. For example, O'Brien and Dhanarajan's (2016, p. 542) 'status review' of the corporate responsibility to respect HR is limited largely to published company policies, reports and impact assessments. Whilst a small amount of research does exist on companies' internal practices (such as Arkani & Theobald, 2005, and McBeth & Joseph, 2005), it lacks an explicit IB focus. What we know about how MNEs understand and respond to their HR responsibilities is limited primarily to an external analysis of their rhetoric, and what is actually happening in relation to HR within MNEs remains largely obscured. This lack of information is problematic. As Obara (2017, p. 3) argues, "(d)eveloping policies or arguments based on what companies should do will likely fall short without an in-depth understanding of what companies actually do and what they consider their responsibility to be".

Finally, despite much common ground, the fields of HR and CSR are subject to a 'peculiar disconnect' (Wettstein, 2012, p. 740) and have largely developed in parallel to one another (Ramasastry, 2015). One explanation for this is the different origins of the two, with CSR rooted predominantly in business and management scholarship while BHR emerged largely from legal scholarship (Giuliani et al., 2016; Ramasastry, 2015). As a result, the relationship between HR and CSR has received comparatively little attention in both the BHR and CSR fields (Smith, 2013), and there has been very little cross-fertilisation of theories, concepts and research. To address this, Wettstein (2012) calls for scholars in both BHR and CSR camps to work together and/or use each other's knowledge to bridge, what he terms, a "Great Divide" (p. 739).

This paper responds to the calls of Wettstein (2012) and Giuliani et al. (2016) to integrate HR and CSR perspectives, as well as the need to explore them from an IB perspective. It extends beyond the philosophical and legal debates about whether MNEs have HR responsibilities and how they might be enforced, to consider the activities and processes occurring within companies to better understand their response to HR pressures in practice. Doing so allows us to tackle a range of important questions such as: Is the academic divide between HR and CSR reflected inside companies? Do business managers perceive HR and CSR as overlapping fields and approach them in similar ways, or do they treat them as separate areas with differing commitments and responsibilities? To what extent is this relationship influenced and shaped by companies' international operations and strategy? For example, does the global reach of a company shape its perception, approach and management of HR and CSR? Exploring these issues from an international business perspective is important. Through this study's emphasis on how companies address HR in practice, often in response to pressures resulting from actions, pressures and stakeholders operating across borders and down supply chains (Kolk, 2010, 2016), it contributes to the type of problem-driven research exploring "real, contemporary issues in global business" that Doh (2015, p. 609) calls for more of in IB scholarship. Given that HR currently represents one of the most pressing issues facing MNEs, this paper provides much needed data, currently lacking in the IB field, concerning how HR (vis-à-vis CSR) are interpreted and managed.

This paper addresses these questions and other knowledge gaps concerning HR and CSR within MNEs through an analysis of data from a qualitative study on the development of HR within 22 large UK-based international companies. It begins with a summary of the literature on HR, CSR and their inter-relationship within IB scholarship. It then explains the methodology used to gather empirical data from the study companies and the sensemaking approach employed to analyse this data (Weick, Sutcliffe, & Obstfeld, 2005). The findings are presented using Weick et al.'s (2005) three stages of sensemaking, showing how companies noticed, interpreted and then implemented HR. The paper concludes by discussing the theoretical and practical implications of the relationship between HR and CSR within MNEs that the research reveals, together with a consideration of limitations and avenues for future research.

## 2. Theoretical background

To appreciate the relationship between CSR and HR, it is first necessary to consider the evolution of each in an IB context.

### 2.1. CSR and IB

The evolution of CSR within the IB literature is detailed in Kolk's (2016) review analysing fifty years of contributions within *Journal of World Business*. As Kolk notes, CSR has proven a highly contentious concept, and whilst it is well-established within multiple management literatures, it lacks a consensus definition (Husted & Allen, 2006). Indeed, it has been characterized as a collection of disparate good intentions rather than a coherent theory or set of practices (Baron, 2001).

Discussions about the perceived expansion of the social responsibilities of business has been complicated by the emergence of other related but distinctive concepts such as sustainability and corporate governance (Kolk, 2010). For MNEs the situation is further complicated since their CSR agenda will be split between local CSR issues linked to the specific countries they operate in, and global CSR issues that transcend national boundaries (Husted & Allen, 2006). To simplify the debate about CSR, Kolk (2010, 2016) distinguishes between two broad schools of thought. The first concerns efforts companies make to respond to and/or further a socio-environmental cause by voluntarily going beyond regulatory compliance (sometimes referred to as 'systematic overcompliance'). This is seen as crucial when businesses operate in states in which laws can be weak, and enforcement weaker still (Posner, 2016). The second concerns a broader approach to managing a business encompassing economic profitability, legal compliance, ethical conduct and making socially constructive contributions, and is broadly in line with the classic 'four faces' conception of CSR proposed by Carroll (1999). This approach encourages a consideration of all socio-environmental contributions and impacts of MNEs (particularly when operating across borders), of stakeholder expectations beyond those of regulators, and of all potential sources of pressure on them to be socially responsible (Kolk, 2010).

Doh et al. (2010) highlight several global trends in which scholars in IB and business ethics share a common interest. These include the relative decline in the power of the nation state; the emergence of non-governmental organizations, many of which are international in their outlook and operations (Doh & Lucea, 2013); the proliferation of self-regulatory bodies; and changes to the perceived responsibilities, roles and structures of MNEs. Despite this commonality, and an acknowledgement of increasing attention in some IB scholarship outlets towards ethical issues, the two sets of scholars remain mostly interested in different aspects of MNEs and their behavior (Doh et al., 2010).

These changes in the IB environment, and the MNEs within it, are also making the voluntary 'overcompliance' approach to CSR problematic. Judged in terms of compliance and beyond, CSR becomes unworkable for MNEs operating in multiple country contexts with different legal rules and norms, and varying approaches to the implementation and enforcement of regulations (Kolk, 2010). This makes knowing where legal compliance begins and ends difficult. The growing power of MNEs and their adoption of roles and responsibilities previously the remit of governments mean that they often act within 'regulatory gaps' where states find controlling them increasingly difficult (Doh et al., 2010). Some commentators argue that MNEs increasingly act as political and/or quasi-state entities (Wettstein, 2009) wielding significant power and authority within the international