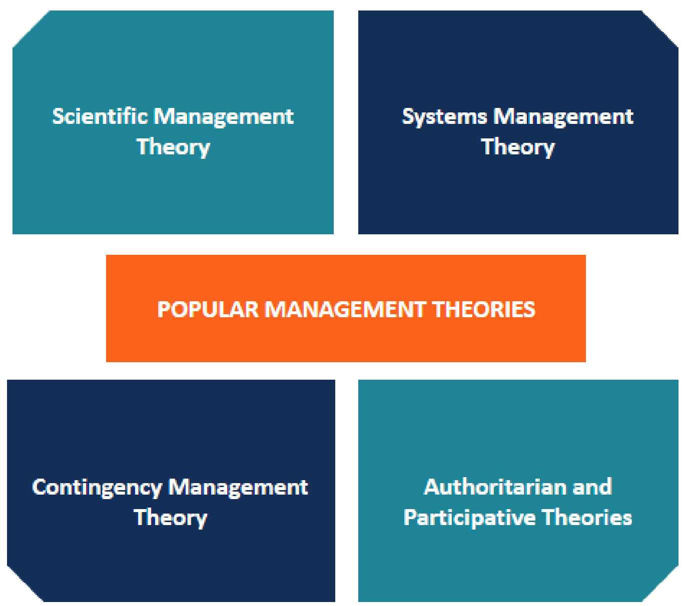
CORPORATE SOCIAL RESPONSIBILITY
MODULE II
FRAMEWORK OF SOCIAL ORIENTATION

Management Theories

Management theories are concepts surrounding recommended management strategies, which may include tools such as frameworks and guidelines that can be implemented in modern organizations. Generally, professionals will not rely solely on one management theory alone, but instead, introduce several concepts from different management theories that best suit their workforce and company culture.



1. Scientific Management Theory

American mechanical engineer Frederick Taylor, who was one of the earliest management theorists, pioneered the scientific management theory. He and his associates were among the first individuals to study work performance scientifically. Taylor's philosophy emphasized the fact that forcing people to work hard wasn’t the best way to optimize results. Instead, Taylor recommended simplifying tasks so as to increase productivity.

The strategy was a bit different from how businesses were conducted beforehand. Initially, a factory executive enjoyed minimal, if any, contact with his employees. There was absolutely no way of standardizing workplace rules and the only motivation of the employees was job security. According to Taylor, money was the key incentive for working, which is why he developed the “fair day’s wages for a fair day’s work” concept. Since then, the scientific management theory has been practiced worldwide. The resulting collaboration between employees and employers evolved into the teamwork that people now enjoy.

2. Systems Management Theory

Systems management offers an alternative approach to the planning and management of organizations. The systems management theory proposes that businesses, like the human body, consist of multiple components that work harmoniously so that the larger system can function optimally. According to the theory, the success of an organization depends on several key elements: synergy, interdependence, and interrelations between various subsystems.

Employees are one of the most important components of a company. Other elements crucial to the success of a business are departments, workgroups, and business units. In practice, managers are required to evaluate patterns and events in their companies so as to determine the best management approach. This way, they are able to collaborate on different programs so that they can work as a collective whole rather than as isolated units.

3. Contingency Management Theory

The main concept behind the contingency management theory is that no one management approach suits every organization. There are several external and internal factors that will ultimately affect the chosen management approach. The contingency theory identifies three variables that are likely to influence an organization's structure: the size of an organization, technology being employed, and style of leadership.

Fred Fiedler is the theorist behind the contingency management theory. Fiedler proposed that the traits of a leader were directly related to how effectively he led. According to Fiedler's theory, there's a set of leadership traits handy for every kind of situation. It means that a leader must be flexible enough to adapt to the changing environment. The contingency management theory can be summed up as follows:

- There is no one specific technique for managing an organization.
- A leader should be quick to identify the particular management style suitable for a particular situation.
- The primary component of Fiedler's contingency theory is LPC – the least preferred co-worker scale. LPC is used to assess how well oriented a manager is.

4. Theory X and Theory Y

Do you believe that every individual gets maximum satisfaction from the work they do? Or are you of the opinion that some view work as a burden and only do it for the money? Such assumptions influence how an organization is run. The assumptions also form the basis of Theory X and Theory Y. Douglas McGregor is the theorist credited with developing these two contrasting concepts. More specifically, these theories refer to two management styles: the authoritarian (Theory X) and participative (Theory Y).

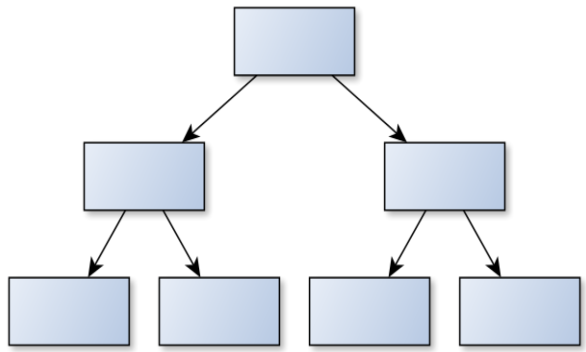
In an organization where team members show little passion for their work, leaders are likely to employ the authoritarian style of management. But if employees demonstrate a willingness to learn and are enthusiastic about what they do, their leader is likely to use participative management. The management style that a manager adopts will influence just how well he can keep his team members motivated.

Theory X holds a pessimistic view of employees in the sense that they cannot work in the absence of incentives. Theory Y, on the other hand, holds an optimistic opinion of employees. The latter theory proposes that employees and managers can achieve a collaborative and trust-based relationship. Still, there are a couple of instances where Theory X can be applied. For instance, large corporations that hire thousands of employees for routine work may find adopting this form of management ideal.

Types of Managers

1. Vertical Management: - Vertical management, also called top-down management, refers to the various levels of management within an organization. Managers at different levels are free to focus on different aspects of the business, from strategic thinking to communicating information to operational efficiency. During the nineteenth century and much of the twentieth century, vertical management was highly structured with many layers of management (as depicted by a pyramid). In industries where processes and conditions are stable and where ongoing innovation is less critical, the vertical structure of management can still be very efficient. Workers in labor-intensive industries such as manufacturing, transportation, and construction need to follow established procedures and meet specific goals. Everyone knows who is in charge and assumes the job they do today will be the same next year or in five years. Vertical management in a traditional organizational structure

A main disadvantage of vertical management is that it limits information flow from the lower levels of the organization to the upper levels (like water, information flows downhill easily). Without easy two-way communication, top management can become isolated and out of touch with how its plans affect core processes in the organization. It also fosters vertical thinking. Vertical thinking refers to using traditional and recognized methods to solve particular problems. It is the opposite of "thinking outside of the box." The digital age exposed the shortcomings of management that addressed problems in formal or bureaucratic approaches at the expense of creativity and innovation. Today, many organizations use "flatter" structures, with fewer levels between the company's chief executives and the employee base. Most organizations, however, still have four basic levels of management: top, middle, first line, and team leaders.



2. Top-Level Managers: - As you would expect, top-level managers (or top managers) are the "bosses" of the organization. They have titles such as chief executive officer (CEO), chief operations officer (COO), chief marketing officer (CMO), chief technology officer (CTO), and chief financial officer (CFO). A new executive position known as the chief compliance officer (CCO) is showing up on many organizational charts in response to the demands of the government to comply with complex rules and regulations. Depending on the size and type of organization, executive vice presidents and division heads would also be part of the top management team. The relative importance of these positions varies according to the type of organization they head. For example, in a pharmaceutical firm, the CCO may report directly to the CEO or to the board of directors.

Top managers are ultimately responsible for the long-term success of the organization. They set long-term goals and define strategies to achieve them. They pay careful attention to the external environment of the organization: the economy, proposals for laws that would affect profits, stakeholder demands, and consumer and public relations. They will make the decisions that affect the whole company such as financial investments, mergers and acquisitions, partnerships and strategic alliances, and changes to the brand or product line of the organization.

3. Middle Managers: - Middle managers must be good communicators because they link line managers and top-level management.

Middle managers have titles like department head, director, and chief supervisor. They are links between the top managers and the first-line managers and have one or two levels below them. Middle managers receive broad strategic plans from top managers and turn them into operational blueprints with specific objectives and programs for first-line managers. They also encourage, support, and foster talented employees within the organization. An important function of middle managers is providing leadership, both in implementing top manager directives and in enabling first-line managers to support teams and effectively report both positive performances and obstacles to meeting objectives.

4. First-Line Managers: - First-line managers are the entry level of management, the individuals "on the line" and in the closest contact with the workers. They are directly responsible for making sure that organizational objectives and plans are implemented effectively. They may be called assistant managers, shift managers, foremen, section chiefs, or office managers. First-line managers are focused almost exclusively on the internal issues of the organization and are the first to see problems with the operation of the business, such as untrained labor, poor quality materials, machinery breakdowns, or new procedures that slow down production. It is essential that they communicate regularly with middle management.

5. Team Leaders: - A team leader is a special kind of manager who may be appointed to manage a particular task or activity. The team leader reports to a first-line or middle manager. Responsibilities of the team leader include developing timelines, making specific work assignments, providing needed training to team members, communicating clear instructions, and generally ensuring that the team is operating at peak efficiency. Once the task is complete, the team leader position may be eliminated and a new team may be formed to complete a different task.

ORGANIZATION CLASSIFICATION

The organization can be classified on the basis of authority and responsibility assigned to the personnel and the relationship with each other. In this way, an organization can be either formal organization or informal organization. Both formal organization and informal organization are explained below.

1. Formal Organization: - Formal organization is formed on the basis of delegation of authority. Each formal organization has its own objects and the activities are performed to achieve them. Under formal organization, the duties and responsibilities of each employee are well designed and exhibited in the organization chart. It is a conscious determination by which people accomplish goals by adhering to the norms laid down by the structure. This kind of organization is an arbitrary set up in which each person is responsible for his performance. Formal organization has a formal set up to achieve pre- determined goals.

Features of Formal organization

The main features of formal organization are presented below:

- Formal organization is consciously designed.
- It provides for specialization.
- It is based on delegation of authority.
- The authority, responsibility, duties, policies and rules are properly well defined.
- The principle of unity of command is usually observed.
- It is deliberately impersonal.
- It is supported by organization chart.

Merits of Formal Organization

The merits of formal organization are briefly described below:

- There is no conflict among the employees since their respective duties and responsibilities are clearly defined.
- Overlapping of responsibility is easily avoided.

- It results in the motivation of employees.
- There is no personal bias since clear cut rules and regulations are framed and followed.
- It makes the organization less dependent on one man.

Demerits of Formal Organization

The followings are the demerits of formal organization.

- It reduces the spirit of initiative.
- There is a delay in taking a decision since rules and regulations are getting importance than situation.
- It does not give any importance to sentiments and values of employees.
- It reduces the free flow of communication.
- It creates the problems of co-ordination.

2. Informal Organization: - Informal organization refers to the informal relationships develop among the group of employees in an organization. These groups fulfill their needs which are largely personal in nature by creating informal relationships. Informal organizations develop relationships which are built on likes, dislikes, feelings and emotions. Therefore, the network of social groups based on friendships can be called as informal organizations. There is no conscious effort made to have informal organization. It emerges from the formal organization and it is not based on any rules and regulations as in case of formal organization. Relationships are created during breaking hours of an office (say coffee or tea break, lunch hour etc.) and in sometimes even outside the office.

One cannot predict the time of formation of such informal organization. At the same time, the informal organization can be dissolved at any time by itself. The group members of the informal organization may be consisting of not only from the same department but also from the several other departments and cut across the status boundaries. Generally, these groups' members are having same type of taste, opinions, views and expectations.

Features of Informal Organization

The features of informal organization are given below:

- An informal organization arises spontaneously.
- It is based on personal attitudes, emotions and likes and dislikes.
- It provides social satisfaction to its members.
- It is an integral part of a total organization and the management cannot eliminate it.
- It has no place in the formal chart.
- It is a network of personal and social relations.
- It has its own rules and traditions.
- It is indefinite and has no structure.

Merits of Informal Organization

The followings are the merits of informal organization.

- The informal organization overcomes deficiency and fills up the gaps of the formal organization.
- The flow of communication is very fast.
- The motivation of employees is very easy.
- Decisions are taken very quickly.

Demerits of Informal Organization

The demerits of informal organization are presented below.

- It ruins the morality among the employees.
- It acts according to mob psychology.
- There is no evidence available for the information received under informal organization.
- It spreads rumor among the employees regarding the attitude or approach of top management unnecessarily.

INTERNATIONAL FRAMEWORK OF CORPORATE SOCIAL RESPONSIBILITIES

Over the last few years, corporate social responsibility (CSR) has gained importance on the international stage and undergone conceptual changes. New tools have been developed and existing ones updated and enhanced. After the ISO 26000 Guidance on Social Responsibility was published in 2010, the updated OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights were released in 2011. The UN Sustainable Development Goals of the 2030 Agenda for Sustainable Development, which appeared in 2015, also emphasize the contribution the private sector can make to sustainable development.

OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises constitute comprehensive recommendations for conduct provided by governments to multinational enterprises. They help enterprises exercise their responsibility and can be applied wherever the enterprises operate. The OECD guidelines are not legally binding but the National Contact Points (NCPs) of the signatory states support their implementation. Any suspected breaches against the OECD guidelines can be reported to the NCPs, which offer a platform for dialogue or a mediation procedure. General and sector-specific guidelines (covering minerals, agriculture, textiles, finance, etc.) support implementation of the OECD guidelines and enterprises' due diligence in particular.

UN Global Compact

Thanks to its 10 universal principles on human rights, working standards, the environment and combating corruption, the United Nations Global Compact (UNGC) offers an introduction to CSR issues and serves as a networking and learning platform. With more than 10,000 participating enterprises and organisations, it is now the biggest network in the world for responsible business conduct. The UNGC is a multi-stakeholder platform whose primary goal is to facilitate dialogue between the individual interest groups working together to implement the principles. Participating enterprises are obliged to publish a report on the progress they have made in implementing the principles each year. The federal government supports the Global Compact Network Switzerland by means of a partnership.

ISO 26000 Guidance on Social Responsibility

The ISO 26000 guidance on social responsibility was elaborated as part of a broad-based international process between industry and developing countries, enterprises, and workers', consumers' and non-governmental organisations. It helps enterprises and organisations take a strategic approach to their business processes in accordance with responsible business conduct principles. Although ISO 26000 provides a comprehensive take on social responsibility, it is not certifiable like other ISO standards.

Global Reporting Initiative

The Global Reporting Initiative (GRI) provides a globally applicable framework for drawing up sustainability reports in accordance with internationally recognised criteria. The reporting framework covers principles and indicators for enterprises and other organisations to measure their economic, environmental and social performance. At the same time, a report oriented towards the GRI also provides interest groups with a transparent representation of the relevant sustainability aspects of an enterprise.

The Role of International Organizations in Promoting Corporate Social Responsibility

International organizations play a major role in promoting better governance, and better economic processes in general, said Kathryn Gordon of the Organization for Economic Cooperation and Development (OECD). The OECD has a very distinctive way, a consensus-based way, of promoting better governments—governance among its member countries. A consensus development at the OECD is based on soft law instruments, meaning nonbinding statements of values and principles. To make these soft law instruments meaningful, OECD engages in consensus-based peer reviews about how these values and principles are implemented in different national policy contexts. The instruments provide guidance for both government and corporate responsibilities in the investment area. On the government responsibility side, the instruments express the core investment values of transparency, nondiscrimination between foreign and domestic investors, and investment protection. On the corporate responsibility side, the OECD Guidelines for Multinational Enterprises provide guidance for international business. It is a comprehensive code of conduct that covers such areas as environmental management, human rights, anticorruption, and supply chain management. The OECD guidelines implementation procedures involve a distinctive and unique combination of voluntary and binding elements. Observance by business of the guidelines is voluntary, but the OECD governments assign a binding commitment to promote the principles of the guidelines among multinational enterprises operating in, or from, their territories.

MILLENIUM DEVELOPMENT GOALS

The United Nations Millennium Development Goals (MDGs) are the eight goals set by the 189 UN member states in September 2000 and agreed to be achieved by the year 2015. The Millennium Declaration was signed at the September global summit held at the UN headquarters in New York and the 149 international leaders in attendance committed to combating disease, hunger, poverty, illiteracy, discrimination against women and environmental degradation. The MDGs were derived from this Declaration, and specific indicators and targets were attached to them.

The following are the eight Millennium Development Goals:

1. To eliminate extreme poverty and hunger;
2. To achieve global primary education;
3. To empower women and promote gender equality;
4. To reduce child mortality;
5. To promote maternal health;
6. To fight malaria, HIV/AIDS, and other diseases;
7. To promote environmental sustainability; and
8. To develop a universal partnership for development.

The implementation of these eight chapters of the Millennium Declaration was agreed to begin in 1st January 2001, and the UN agreed to be holding such summits every five years to assess its progress towards achieving the MDGs. The first follow-up to the Millennium Summit was held in 2005 at the 2005 World Summit.

Since 2001, the UN has given a lot of priority to the implementation of these MDGs, and though most of the targets had not been achieved by 2015, a substantial positive progress has been recorded over the 15 years.

Important Features

1. It synthesizes, in a single package, many of the most important commitments made separately at the international conferences and summits of the 1990s;
2. recognize explicitly the interdependence between growth, poverty reduction and sustainable development;
3. acknowledge that development rests on the foundations of democratic governance, the rule of law, respect for human rights and peace and security;
4. It is based on time-bound and measurable targets accompanied by indicators for monitoring progress; and
5. It brings together, in the eighth Goal, the responsibilities of developing countries with those of developed countries, founded on a global partnership endorsed at the International Conference on Financing for Development in Monterrey, Mexico in 2002, and again at the Johannesburg World Summit on Sustainable Development in August 2003.

SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals are a set of seventeen pointer targets that all the countries which are members of the UN agreed to work upon for the better future of the country.

The documentary screened at the Rio+20 conference – "Future We Want" presented the idea of a post-2015 development agenda. Sustainable Development Goals (SDGs) is an intergovernmental agreement formulated to act as post-2015 Development agenda, its predecessor being Millennium Development Goals.

It is a group of 17 goals with 169 targets and 304 indicators, as proposed by the United Nation General Assembly's Open Working Group on Sustainable Development Goals to be achieved by 2030. Post negotiations, agenda titled "Transforming Our World: the 2030 agenda for Sustainable Development" was adopted at the United Nations Sustainable Development Summit. SDGs is the outcome of the Rio+20 conference (2012) held in Rio De Janerio and is a non-binding document.

The 17 goals under the Sustainable Development Goals are as mentioned below:

1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
3. Ensure healthy lives and promote well being for all at all stages
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5. Achieve gender equality and empower all women and girls
6. Ensure availability and sustainable management of water and sanitation for all
7. Ensure access to affordable, reliable, sustainable and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

9. Built resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
10. Reduce inequalities within and among countries
11. Make cities and human settlements inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production pattern
13. Take urgent actions to combat climate change and its impact
14. Conserve and sustainably use the oceans, seas and marine resources
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably managed forests, combat desertification and halt and reverse land degradation and halt biodiversity loss
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

Sustainable Development Goals in India

India's record in implementing Sustainable Development Goals

- Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) is being implemented to provide jobs to unskilled labourers and improve their living standards.
- National Food Security Act is being enforced to provide subsidized food grains.
- The government of India aims to make India open defecation free under its flagship programme Swachh Bharat Abhiyan.
- Renewable energy generation targets have been set at 175 GW by 2022 to exploit solar energy, wind energy and other such renewable sources of energy efficiency and reduce the dependence on fossil fuels. (Read about International Solar Alliance in the linked article.)
- Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Heritage City Development and Augmentation Yojana (HRIDAY) schemes has been launched for improving the infrastructure aspects.
- India has expressed its intent to combat climate change by ratifying the Paris Agreement.

UNITED NATIONS (UN) GLOBAL COMPACT 2011

The United Nations Global Compact is a strategic initiative that supports global companies that are committed to responsible business practices in the areas of human rights, labor, the environment, and corruption. This UN-led initiative promotes activities that contribute to sustainable development goals to create a better world.

Understanding the United Nations Global Compact

The UN Global Compact is based on 10 principles that should define a company's value system and approach to doing business. These principles were collectively founded in the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention against Corruption. Member companies are expected to engage in specific business practices that benefit the people and the planet while pursuing profitability with integrity.

The UN GC – Vision & Objectives

- At the heart of the UN Global Compact lies the conviction that business practices which are rooted in universal principles help the global marketplace to be more socially and economically inclusive, thus advancing collective goals of international cooperation, peace and sustainable development.
- The UN Global Compact works toward the vision of a sustainable and inclusive global economy which delivers lasting benefits to people, communities, and markets.
- To help realize this vision, the initiative seeks to:
  1. Mainstream the UN Global Compact's Ten Principles in business strategy and operations around the world; and
  2. Catalyze business action in support of UN goals and issues, with emphasis on partnerships and collective action.
- The implementation of universal principles into business is a long-term process. The UN Global Compact thus encourages participants to follow a

path of continuous improvement with priority for addressing the most serious adverse impacts first.

- This commitment requires the sustained support of leadership through ongoing activities and partnerships, as well as a company’s engagement in dialogues, willingness to learn and dedication to practical actions.

The Ten Principles

- The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:
- The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anticorruption enjoy universal consensus and are derived from:

  1. The Universal Declaration of Human Rights

  2. The International Labor Organization's Declaration on Fundamental Principles and Rights at Work

  3. The Rio Declaration on Environment and Development

  4. The United Nations Convention Against Corruption

- **Human Rights**

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses. •

- **Labour Standards**

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

- **Environment**

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

- **Anti-Corruption**

Principle 10: Businesses should work against all forms of corruption, including extortion and bribery

Companies that join the compact are expected to integrate these principles into their corporate strategies, culture, and day-to-day operations. Companies are also expected to advocate the principles publicly and communicate with stakeholders on progress toward meeting the principles. Any company that commits to upholding the principles may join the compact, which is not legally binding and is purely voluntary.

UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS

The Guiding Principles on Business and Human Rights are one of the most common topics in business and human rights courses today. Since state members of the United Nations Human Rights Council unanimously endorsed them in 2011, the UN Guiding Principles have provided a conceptual framework and common language used by many stakeholders working at the intersection of business and human rights. A typical business and human rights course syllabus often covers most, if not all, of the principal issues addressed by the UN Guiding Principles.

The UN Guiding Principles detail how states and business enterprises can implement the “Protect, Respect and Remedy” Framework (2008). Both the UN

Framework and UN Guiding Principles were developed by John Ruggie, a Harvard University professor in human rights and international affairs who served from 2005 to 2011 as the UN Secretary General's Special Representative on Business and Human Rights. During his six-year mandate, Ruggie is credited with forging a working consensus among governments, companies, and human rights advocates on key issues surrounding the human rights responsibilities of business enterprises. For many stakeholders, the UN Guiding Principles have become a global standard for preventing and addressing adverse impacts on human rights linked to business activity.

Ruggie's appointment as Special Representative followed an earlier UN effort by an expert body of the UN Commission on Human Rights (now the Human Rights Council) to apply binding human rights standards to companies. The Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (2003) ,which sought to hold companies directly responsible for human rights obligations under international law, while supported by civil society groups, met opposition from states and from the business sector, and were ultimately never acted upon by the UN Commission on Human Rights.

In 2005, the Commission established the mandate for an individual expert to "identify and clarify" existing human rights standards for businesses; elaborate the role of states regulating business conduct in relation to human rights; and research key concepts such as corporate complicity in human rights abuses. During his mandate, Ruggie sought to move "beyond the mandatory-vs.-voluntary dichotomy to devise a smart mix of reinforcing policy measures that are capable over time of generating cumulative change and achieving large-scale success—including in the law." He has described the approach that produced the Framework and Guiding Principles as "principled pragmatism." The Special Representative conducted research, consulted with stakeholders and piloted specific principles.

The UN Framework, contained in the Special Representative's 2008 report to the Human Rights Council, has three "pillars":

1) "The State duty to **protect** against human rights abuses by third parties, including business enterprises, through appropriate policies, regulation, and adjudication;

2) “The corporate responsibility to **respect** human rights, which means that business enterprises should act with due diligence to avoid infringing on the rights of others and to address adverse impacts with which they are involved; and

3) “The need for greater access by victims to effective **remedy**, both judicial and non-judicial.”

The interrelated pillars of the “protect, respect and remedy” Framework, which reflect Ruggie’s view of the human rights responsibilities of both states and business enterprises under international law, highlight both the legal and policy dimensions of the state duty to prevent, investigate and punish human rights abuses by non-state actors. The Framework defines the corporate responsibility to respect human rights as a responsibility that goes beyond legal compliance, and that companies cannot satisfy through corporate philanthropy. This corporate responsibility is a social norm, or global expectation, that companies can meet by “knowing and showing” that they do not infringe on others’ rights. The scope of the responsibility to respect human rights includes all “internationally recognized human rights.” The Principles state that nothing in them creates new international law obligations. (Nor are the Principles intended to limit the further development of international law.)

The Guiding Principles, published in 2011, build upon the topics introduced in the UN Framework by elaborating “the implications of existing standards and practices for states and businesses.” Thirty-one Guiding Principles, organized as “foundational“ and “operational” principles for each of the three pillars, are accompanied by commentaries clarifying the meaning and implications of each Principle. More detailed interpretation of each Principle, approved by the Special Representative, was subsequently published by the UN Office of the High Commissioner for Human Rights.

While the Guiding Principles are considered to be “universally applicable” to all states and to all business enterprises, the Special Representative emphasizes that they are not an “off the shel” tool kit; means for their implementation will vary.

The state duty to protect against human rights abuse (Principles 1-10) requires states to take “appropriate steps to prevent, investigate, punish and redress” abuses by business enterprises “within their territory and/or jurisdiction.” While the

Guiding Principles note that states are “not generally required under international human rights law” to regulate the extraterritorial activities of companies, they also emphasize that “nor are they generally prohibited from doing so.” The operational principles of Pillar 1 encourage states to: adopt a “smart mix of measures” to protect against abuses by business; address state-owned businesses and commercial business relationships; highlight the risks of human rights abuses in conflict-affected areas; and ensure policy coherence internally and externally.

Under the corporate responsibility to respect human rights (Principles 11 – 24), the Guiding Principles expand upon the Framework by calling on companies to “avoid causing or contributing to ‘adverse human rights impacts’ through their own activities” and to “seek to prevent or mitigate” those “directly linked to their operations, products or services by their business relationships.” To meet their responsibility, companies must “know and show that they respect human rights.” The operational principles of Pillar 2 detail steps companies should take: adopting a human rights policy that is embedded throughout the enterprise; conducting human rights due diligence, including assessing and acting to address actual and potential human rights impacts, and tracking and communicating what they have done; and remediating adverse impacts.

The Pillar 3 principles (Principles 25 – 31) describe ways that states must, and businesses can, ensure access to remedy for victims of human rights abuses, including judicial, non-judicial, and non-state-based grievance mechanisms; and provide effectiveness criteria for all non-judicial mechanisms.

Ruggie has described the endorsement of the UN Guiding Principles by the UN Human Rights Council as the “end of the beginning” – the Guiding Principles establish a “common platform for action” by the stakeholders at the intersection of business and human rights. Inter-governmental bodies have incorporated elements of the Guiding Principles in other international standards. Aspects of the UN Guiding Principles have been adopted by states in National Action Plans, by advocates in campaigns seeking corporate accountability, and by companies seeking to demonstrate respect for human rights. It remains to be seen what the long-term impact of the UN Guiding Principles will be, but they are already shaping the business and human rights agenda for practitioners and teachers alike.

The UN Guiding Principles, their conceptual foundations, the process that produced them, and implementation efforts since, have also generated criticism from key business and human rights stakeholders. Critics, for example, consider international legally-binding standards as the most effective means to challenge corporate abuses, and see the UN Guiding Principles as an impediment to true accountability; argue that the Principles inaccurately characterize corporate and state obligations under international law; question the ability of corporate human rights due diligence to prevent human rights abuses or improve human rights conditions on the ground; and challenge the notion that companies should have any role providing a meaningful remedy to victims of human rights abuses connected to business activity. These criticisms have contributed to renewed efforts to draft an international business and human rights treaty, including an inter-governmental Working Group established by the UN Human Rights Council in 2014.

OECD (Organization for Economic Cooperation and Development)

The OECD, or Organization for Economic Cooperation and Development, is an international organization that promotes policy coordination and economic freedom among developed nations. The OECD was derived from the Organization for European Economic Cooperation (OEEC) that was established in 1948 to monitor American and Canadian contributions under the Marshall Plan.

Headquartered in Paris, France, the OECD was formed in 1961 and included members from democratic states such as the United States, countries in Western Europe, Japan, Canada, Australia, and New Zealand. The organization expanded in the 1990s to include Mexico, South Korea, and Eastern European nations. In recent years, India, Brazil, China, and Indonesia also made contributions to the work agenda of the OECD.

The OECD's Mission

The mission of the OECD is to promote policies that will improve the economic and social welfare of people in developed nations.

The OECD's Objectives

The main purpose of the OECD is to improve the global economy and promote world trade. It provides an outlet for the governments of different countries to work together to find solutions to common problems. It includes working with democratic nations that share a commitment to improving the economy and well-being of the general population.

The OECD's main focus is to help governments around the world achieve the following:

- Improve confidence in markets and the institutions that help them function.
- Obtain healthy public finances to achieve future sustainable economic growth.
- Achieve growth through innovation, environmentally friendly strategies, and the sustainability of developing economies.
- Provide resources for people to develop the skills they need to be productive.

The OECD's Organizational Structure

The organization is structured in three tiers: the Council, the Secretariat, and the Committees.

1. The Council

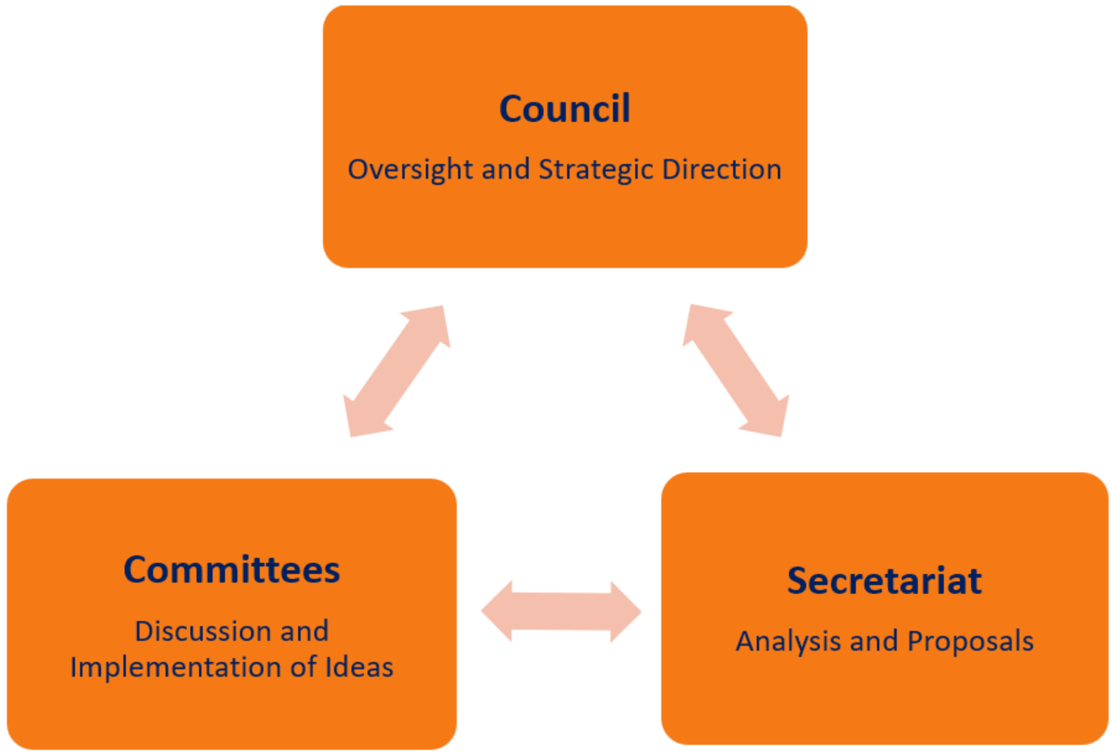
The Council consists of ambassadors from the member nations. They exercise authority over decision-making and establishing goals for the organization. They are in charge of the strategic direction of the OECD.

2. The Secretariat

The second tier is the Secretary-General, the deputy, and the directorates. The current OECD Secretary-General is Jose Angel Gurria, a Mexican economist and diplomat. The Secretariat lists 2,500 members and includes economists, scientists, and lawyers who are in charge of the collection of data and research and analysis. The council and the Secretary-General oversee the work of the Secretariat.

3. The Committees

The third tier is the committees, which include representatives from different member nations that meet to discuss the environment, education, trade, and investment.



The OECD's Functions

The OECD uses information on various topics to fight poverty, help governments prosper, and prevent financial instability. The organization monitors the economies of member and non-member nations, and the Secretariat collects and analyzes information on different aspects of society. The committee discusses relevant policies to be implemented using the information, and the council makes the final decisions on the policies. The governments of the different states execute the recommended strategies.

1. Peer Reviews

There are processes where individual member countries' performance is supervised by the other members of the OECD. This is a core function of the organization and helps them create more effective policies. It can also help governments gain support for the implementation of difficult policies in their home country. An example of a peer review is when the UK was told to keep foreign aid at a commendable 0.7% level. It was done to ensure that the extra money is spent in the most efficient way possible.

2. Standards and Recommendations

At the committee level, member countries of the OECD discuss general policies and rules for international cooperation. There are formal agreements on issues such as exports, imports, investments, and combating bribery. They also set the standards that all countries need to follow regarding the tax system and treaties, and provide recommendations on environmental practices and corporate regulations.

3. Publications

The OECD publishes articles on economic outlooks, statistics, and a general overview.

OECD Economic Outlook – Provides a forecast for member and non-member nations

OECD Factbook – Serves as a guide-book for economies that are implementing new policies

Going for Growth – A comparison of countries, based on national performance

The peer review, standards, and agreements, and publications help the OECD achieve economic growth for nations while also providing a base for the implementation of future policies.

ILO TRIPARTITE DECLARATION OF PRINCIPLES CONCERNING MULTINATIONAL ENTERPRISES AND SOCIAL POLICY

The Tripartite declaration of principles concerning multinational enterprises and social policy (MNE Declaration) is the ILO instrument that provides direct guidance to enterprises on social policy and inclusive, responsible and sustainable workplace practices. The aim of this Declaration is to encourage the positive contribution which multinational enterprises can make to economic and social progress and the realization of decent work for all; and to minimize and resolve the difficulties to which their various operations may give rise. These principles do not aim at introducing or maintaining inequalities of treatment between multinational and national enterprises. They reflect good practice for all. Multinational and national enterprises, wherever the principles of the MNE Declaration are relevant to both, should be subject to the same expectations in respect of their conduct in general and their social practices in particular.

Its principles are addressed to MNEs, governments of home and host countries, and employers' and workers' organizations and cover areas such as employment, training, conditions of work and life, and industrial relations as well as general policies.

1. General policies

2. Employment

• Employment promotion
• Social security
• Elimination of forced or compulsory labour
• Effective abolition of child labour: minimum age and worst forms
• Equality of opportunity and treatment
• Security of employment

3. Training

4. Conditions of work and life

• Wages, benefits and conditions of work
• Safety and health

5. Industrial relations

• Freedom of association and the right to organize
• Collective bargaining
• Consultation
• Access to remedy and examination of grievances

The guidance is founded substantially on principles contained in international labour standards (ILO conventions and recommendations listed in Annex I of the instrument), and on obligations that States have through their ILO membership and following their ratification of ILO conventions.

The MNE Declaration highlights the importance of the rule of law, law enforcement and social dialogue and recalls that all parties should respect workers' rights and contribute to the realization of the fundamental principles and rights at work. It emphasizes the importance of dialogue and consultations among the different parties to ensure inclusive, sustainable, responsible business behavior of MNEs in host countries and compatibility with national development objectives and policies. It encourages home and host country governments of MNEs to engage in consultations with each other as well as with their enterprises on social and labour policy.

The MNE Declaration is the only global instrument in this area that was elaborated and adopted by governments, employers' and workers from around the world. Adopted by the Governing Body of the ILO at its 204th session (Geneva, November 1977), the instrument was amended several times. It was last amended in March 2017 following a tripartite review process to respond to new economic realities and to take into account developments since the last update in 2006. These developments included new labour standards and policy outcomes adopted by the International Labour Conference, the Guiding Principles on Business and Human Rights endorsed by the Human Rights Council in 2011, and the adoption of the 2030 Agenda for Sustainable Development.

Aim and Scope

1. Multinational enterprises play an important part in the economies of most countries and in international economic relations. This is of increasing interest to governments as well as to employers and workers and their respective organizations. Through international direct investment, trade and other means, such enterprises can bring substantial benefits to home and host countries by contributing to the more efficient utilization of capital, technology and labour. Within the framework of sustainable development policies established by governments, they can also make an important contribution to the promotion of economic and social welfare; to the improvement of living standards and the satisfaction of basic needs; to the creation of employment opportunities, both directly and indirectly; and to the enjoyment of human rights, including freedom of association, throughout the world. On the other hand, the advances made by multinational enterprises in organizing their operations beyond the national framework may lead to abuse of concentrations of economic power and to conflicts with national policy objectives and with the interest of the workers. In addition, the complexity of multinational enterprises and the difficulty of clearly perceiving their diverse structures, operations and policies sometimes give rise to concern either in the home or in the host countries, or in both.

2. The aim of this Declaration is to encourage the positive contribution which multinational enterprises can make to economic and social progress and the realization of decent work for all; and to minimize and resolve the difficulties to which their various operations may give rise.

3. This aim will be furthered by appropriate laws and policies, measures and actions adopted by the governments, including in the fields of labour administration and public labour inspection, and by cooperation among the governments and the employers' and workers' organizations of all countries.

4. The principles of this Declaration are intended to guide governments, employers' and workers' organizations of home and host countries and multinational enterprises in taking measures and actions and adopting social policies, including those based on the principles laid down in the Constitution and

the relevant Conventions and Recommendations of the ILO, to further social progress and decent work.