

# **Multinational corporations and human rights violations in emerging economies: does commitment to social and environmental responsibility matter?**

## **Abstract**

With the surge in economic growth in the global-north vis-a-vis social and economic inequalities in the global-south (north-south dichotomy), there is an increasing requirement for critical research and an examination of the policy implications with respect to human rights in emerging economies. This paper draws on the concept of convergence and institutional theories to enhance our understanding of how multinational corporations (MNCs) fulfil their profit maximisation agendas using capitalist principles; and the extent to which these ideologies produce human rights violations in emerging economies. Using multiple data sources from the Human Rights Watch, our study provides a comprehensive list of various human rights violations perpetrated by MNCs from 2002 - 2017. We verified 273 violations by 160 MNCs mostly from developed countries. More than 90% of our sample firms have CSR/sustainability committees, are signatories to the UN Global Compact and have reported compliance with the International Labour Organisation (ILO). This raises questions about the effectiveness of these programmes for CSR compliance. We contribute to the CSR/sustainability literature by providing new insights into the nature and location of human rights violations committed by MNCs.

**Keywords:** Multinational corporations, human rights violations, poverty and inequalities, emerging economies.

## **1.0 Introduction**

Hoskisson et al. (2000) define emerging markets as “*low-income, but rapid-growth countries using economic liberalisation as their primary engine of growth*”. Nine years after Hoskisson et al.’s (2000) definition of emerging economies, Prahalad (2009) confirms that most of the world’s population who are at the Bottom of the Pyramid (BoP) live in these economies. In this work, the author argues for inclusive capitalism, justice, community engagement programmes, and socially responsible corporate actions. Prior to Prahalad’s (2009) work, Hinings and Greenwood (2002) argued that multinational corporations (MNCs) must strategise beyond increasing shareholder returns by taking an active role in society because of the wide-ranging and deep-seated environmental and socio-economic problems caused by globalisation. To sustainably satisfy shareholders’ objectives, MNCs take advantage of the confluence of global

capitalism and resource orchestration by utilising their unique capabilities to invest in economies that guarantee maximum profits. MNCs' 'strategic' investment decisions in countries struggling with weaker institutions which characterise most emerging economies have provoked considerable academic and policy debate concerning social justice (Monshipouri et al., 2003) and human rights violations (Giuliani and Macchi, 2013; Giuliani, 2018). Dentoni et al. (2018) urged international business researchers and policymakers to find solutions to what they classified as '*wicked problems*' in the 21<sup>st</sup> century. This century has created '*challenging opportunities*' simultaneously for wealth creation for the global-north and a widening gap for those at the bottom of the pyramid in the global-south (Prahalad, 2009). Global challenges such as climate change, poverty, inequality, and human rights violations seemed to have spurred the United Nations (UN) to introduce the Sustainable Development Goals (SDGs). The objective is to tackle gender inequality, ensuring peace and justice in institutionally weak emerging economies (Freer, 2017). These antecedents have encouraged various stakeholder groups and policymakers to hold MNCs accountable for their actions (Belal et al., 2013; Cooper et al., 2011).

Whilst business ethics scholarship has endeared MNCs to establish and maintain responsible and ethical relationships with stakeholders and intensify corporate social responsibility (CSR) in emerging economies (see Barraquier, 2011; Frynas, 2010; Amaeshi et al., 2016), recent studies point towards three emerging CSR trends in a neoliberalist fashion. Firstly, MNCs tend to use CSR as a strategy to reduce investment risk and maximise profits by developing reputational capital. Secondly, MNCs use social and environmental sustainability to gain competitive advantage. Thirdly, in the interest of transparency and accountability, social and environmental investment decisions are being used as opportunities for legitimisation, relegating the role of justice and fairness as an optional extra in their corporate strategy toolkit. Given the evident paucity of international management research on human rights violations,

this paper aims to illuminate our understanding of the harmful effect of corporate behaviour on local communities around the world by establishing the connection between responsible business practices (CSR) and human rights in international business (IB).

Human rights, according to Wettstein et al. (2019) is defined as “*inalienable fundamental rights to which a person is inherently entitled simply because he or she is a human being*”.

This definition shows that the CSR narrative and/or literature is not enough to explain why MNCs’ fail to adhere to social justice, morality, and CSR within weak institutional contexts (Scholte, 2007; Asmussen and Fosfuri, 2019). Thus, in response to calls for further research by Giuliani (2013); Wettstein et al. (2019); Buckley et al. (2017), this study specifically examines IB issues of child labour, human trafficking, engagement with rogue administration, infringements on rights to human life, and health and other negative impacts of MNCs’ operations in emerging economies. The Paris Agreement (COP21) also requires that “*Parties should, when taking action to address climate change, respect, promote, and consider their respective obligations on human rights, the right to health and the rights of indigenous peoples*”.

Consequently, the main question this paper seeks to answer is why there is a decreased diffusion of sincere CSR practices and respect for human rights in countries with weaker legal systems and lower regulatory quality. On the back of the convergence argument, it would be interesting to build a better understanding of how formal and informal institutions cause such vulnerabilities (Ullah et al., 2018). In doing so, we contribute to improving the understanding of business-labour ethics, to eliminate or reduce human rights violations, creating opportunities for building ethical global corporations and developing equitable and inclusive societies. To the best of our knowledge, this could be a pioneer study, bridging the gap between the efficiency and internalisation hypothesis, to co-exist with fundamental principles of legality and morality vis-a-vis justice and fairness (see Santoro, 2015).

This paper proceeds by critically examining the theories that explain the centrifugal and centripetal factors of foreign direct investments (FDI) as well as factors accounting for the recurrence of human rights violations and abuses in certain emerging economies. Secondly, we explain the methodology adopted in gathering and analysing the data. Finally, we present the findings and highlight the theoretical and practical implications as well as the policy directions. We conclude the paper by discussing the limitations of our study and avenues for future research.

## **2.0 Literature review**

### *2.1 FDI and the growing activities of MNCs in emerging economies*

As globalisation of the marketplace continuously intensifies, companies that conduct business only within their national borders may find it difficult to survive. One way, therefore, to cope with this is to expand operations beyond home country frontiers through foreign direct investments (FDI). According to Rugman and Collinson (2006), FDI involves whole or partial ownership of a company abroad which can be made by acquiring an existing company or by setting up a new overseas venture. The new overseas operations could be set up either as a joint venture or a wholly-owned enterprise, usually called a foreign subsidiary. Once a firm undertakes FDI, it becomes an MNC (Hill, 2007; Collinson et al., 2016). Dunning (2001); Dunning and Lundan (2008) argue that MNCs undertake FDI for the purposes of ownership, re/location, and internalisation to maximise owners' equity. This argument presupposes that the primary motivation that drives the FDI decisions of all MNCs, irrespective of their country of origin, is profit maximisation. MNCs, therefore, take advantage of the confluence of global capitalism, utilising their unique resource capabilities to invest in economies that provide the most optimum opportunities for profit.

Other factors forcing the increase of MNCs' activities in emerging economies include economic reform programmes (Adams et al., 2014), trade liberalisation policies (Giuliani and Macchi, 2013), openness and burgeoning democracies (Awad and Ragab, 2018), exchange rates (Shi, 2019), GDP and trade structures (Zhang and Zhang, 2018), among others. Lauwo and Otusanya (2014) suggest that the increasing flow of information technology and the rapid movement of capital around the globe have increased human rights violations in relation to the size, reach, power, and influence of MNCs. The behavioural premise upon which MNCs' strategic decisions are based has also provoked considerable academic and policy debate primarily focusing on issues of efficiency and productivity on one hand (Dunning and Lundan, 2008; Kano and Verbeke, 2019) and social justice (Monshipouri et al., 2003; Giuliani and Macchi, 2013; Giuliani, 2018) on the other.

### *2.1 Convergence and 'glocalisation' strategies of MNCs*

A stream of scholarly work focusing on the activities of MNCs in emerging economies is underpinned by the convergence theory. This theory argues that the increasing interconnectedness of national economic systems enables firms to implement 'glocalisation' strategies (Buckley et al., 2018). Based on this perspective, MNCs see other countries as an extension of their operational territory (Kaufman, 2016; Edwards et al., 2013; Pudelko, 2005). This implies that global strategies can be implemented at the local level. MNCs are perceived as significant sources of employment, channels of technology transfer, spillover effects (Osabutey et al., 2014) and a means by which host country governments can increase local production and consumption to maximise export revenues for socio-economic growth and development (Flanagan, 2006; Adams et al., 2014). Considering the benefits associated with FDI inflows, researchers and policymakers tend to focus on its positive impact on society. Consequently, policymakers tend to use economic development lenses to create attractive locational incentives and tax holiday packages to attract MNCs (Blomstrom et al., 2003). They

also tend to disregard policies to improve social justice (Giuliani and Macchi, 2013; Braithwaite, 2006). Therefore, the convergence theory and globalisation strategies could explain the high incidences of social injustice within low-income and weak institutional economies.

## *2.2 Transaction cost theory (TCE) and human rights*

The debates that explain why MNCs go abroad are rooted in the conventional theory of Ownership – Location – Internalisation (OLI) (Dunning, 2001), agency theory (Jensen and Meckling, 1976), resource-based view theory (RBV) (Peteraf, 1993) and transaction cost theory (Williamson, 1993). Jones (1995) contends that transaction costs are critical determinants of the economic performance of MNCs and provides the clearest theoretical basis to explore human rights violations. A key aspect of the TCE theory which has been the subject of much debate is opportunism and the behavioural assumptions influencing boundedly rational managerial decision making (see Williamson, 1993; Forsgren and Holm, 2010; Verbeke and Greidanus, 2012). Consequently, Amaeshi et al. (2016); Dobers and Halme (2009); Frynas (2010); Sikka (2010); Wettstein et al. (2019) used the transaction cost economics perspective to confirm that profit maximisation strategies such as tax planning, transfer pricing, low-paid workers, discrimination, violation of rights of indigenous people, child labour and forced overtime are pursued by MNCs operating in emerging economies to enhance corporate profits.

Du and Vieira (2012) and Nieri and Giuliani (2018) extend this argument by indicating that MNCs protect their hegemony by utilising supply chain accounting techniques to reduce costs in emerging economies. MNCs also use market exploitation approaches through third-party contracting in order to pay lower wages. Sarpong et al. (2019) confirm that MNCs use third parties to cover bribery incidences to gain access to ‘conflict minerals in conflict zones’. Other transaction cost economics studies that explain why the profit maximisation agenda of MNCs

can lead to labour exploitation and human rights violations in emerging economies indicate that profitability is the firm's primary objective (Friedman, 2007). Barraquier (2011) find that MNCs' compliance with responsible business practices is driven by the concern for decreasing costs and increase profitability. Frynas (2010) provides several examples of how the cost-saving activities of oil and gas multinationals in Congo, Nigeria and Algeria have created *wealth* for shareholders in the global north but *woes* for the population living in the global south. Adams et al. (2018) add to this by indicating that MNCs use outsourcing, nearshoring, near-sourcing, and offshoring competitive posturing as strategic shields for cost minimisation Feenstra and Hanson (1996); Strange and Magnani (2017) also confirm that overseas operations enable MNCs to reduce cost and maximise revenues whilst taking less responsibility for the operational consequences of their actions. Mallin (2019), therefore, presents the most relevant case study about the British Petroleum (BP) oil disaster in the Gulf of Mexico which resulted in one of the most substantial socio-economic and environmental disasters in the 21<sup>st</sup> century.

### 2.3 Institutional context

Relative to the convergence argument is an institutional research perspective which asserts that national origins influence the actions and strategic behaviours of MNCs (Meyer et al., 2011; Marano and Kostova, 2017). North (1991) described institutions as social interactive mechanisms that '*structure political, economic, and social interaction*'. Institutions determine transaction and production costs including the feasibility and profitability of economic engagement. Business practices in emerging economies are generally characterised by chronically weak legal systems and regulatory structures (Amaeshi et al., 2008). However, the extent to which the subsidiaries of MNCs adapt depends on the national institutional architecture. Based on this theoretical lens, weaker state institutions become conspicuous when an MNC violates the rights of its indigenous citizens. Edwards and Ferner (2002) argue that

the strength of labour market institutions in host countries usually constrains MNCs from paying lower wages. The counter argument is that government influence and the host country's institutional systems have a continuing influence on MNCs' management of workforce at the local level. This reinforces what subsidiary managers of MNCs perceive as an acceptable norm for labour relations at the national level and employee management at the firm level (Brewster et al., 2008; Adams et al., 2017). North (1991) and Jones (1995) agreed that quality institutions have the potential to induce superior productivity for profit maximisation. Meanwhile, Dobers and Halme (2009) outline that the fair-trade movement stalled and its impact waned due to institutional weaknesses in emerging economies. Ackah-Baidoo (2012) also found that weak institutions in emerging economies result in poor systems of governance which generally exert minimal pressure on MNCs to embrace responsible management practices. Abba et al., (2018) claim that MNCs perceive countries with weaker institutions as exploitable. Investigating the relationship between CSR and governance within the South African economy, Ntim and Soobaroyen (2013) confirms that local institutions determine commercial activities and social engagement significantly. Country-level institutional factors affect how MNCs perceive their human rights commitments (Kaufmann et al., 2018). Consequently, we posit that while rules, regulations, and frameworks are necessary to conduct business activities internationally, countries with weak legal, regulatory, and judicial systems ultimately influence the rubric MNCs follow in making strategic decisions.

### *2.3.1 Isomorphic pressures on MNCs*

Whilst DiMaggio and Powell (1983) discuss the isomorphic pressures faced by MNCs from developed countries in localising operations, Matthews (2006); Ramachandran and Pant (2010); Marano et al. (2017) also explain why MNCs from emerging markets adopt CSR practices to overcome their liability of origin. Thus, whilst 'national origin influences the



actions and behaviours of MNCs’, there is constantly the ‘possibility for them to draw on specific systems and practices in the countries where they operate’ (see Edwards and Ferner, 2002; Adams et al., 2017). This may also help to explain why human rights violations of similar proportions do not occur in advanced countries – where most MNCs originate. This also ties in with Hofstede (1984); Trompenaars (1998); Fatehi and Choi (2019) who believe that MNCs are culturally sensitive organisations. In this stream of thinking, although strong cultural norms put pressure on MNCs to adapt, a closer examination shows that their glocalisation strategies may differ from one host country to the other.

Placing alongside (a) MNCs profit maximisation agenda with (b) the institutional theory and (c) the Uppsala Model (Johanson and Vahlne, 1977) we are led to question how firms develop their level of knowledge and experiences operating in different markets. Do firms learn within weak institutional contexts not to comply with local regulations? Or do they abandon their existing CSR initiatives because of weaker systems of accountability? More crucially, the pathway they choose to grow their ‘understanding and experience’ of the host country’s social and political institutions should naturally enable them to finetune their existing strategies to reduce local production costs (including human rights infringements). While it might be too simplistic to assume that the profit maximisation agenda of MNCs leads to unethical business practices and human rights violations, it appears that such practices occur within weak institutional structures (see Ntim and Soobaroyen, 2013; Amaeshie et al., 2016).

On the back of these issues, therefore, this research posits the following key research questions: (i) how and to what extent do MNC’s convergence and glocalisation ideologies drive human rights violations? and (ii) to what extent does institutional weakness contribute to human rights violations in emerging economies? In an attempt to answer these questions, the concept of CSR needs to be reconsidered in order to re-establish the importance of human rights and what

constitutes a violation. This will enable a clear point of intersection to be drawn where international business scholarship and international law governing human rights meet.

#### *2.4. Neo-liberal CSR and human rights in international business*

In the International Business (IB) field, several academic outlets have explored responsible business practices based on morality and society, popularly referred to as CSR. A great number of studies on CSR and government policies have subsequently been shaped on this rhetoric. Recently, however, Tung and Stahl (2018) shifted the discussion from the conventional demands of CSR, calling for accountable and transparent MNCs. Yet, none of the studies on CSR nor cross-cultural management literature seems to offer a tangible explanation of the rising human rights violations by MNCs widely reported in several media and academic outlets (See Duke, 2020; Cohen, 2020; Worster, 2020). The UN Universal Declaration of Human Rights (1948) defines human rights as '*political, civil, socio-economic and cultural rights*'. The social constructivists see human rights as the fundamental need for human existence. This is what Maslow (1943) contextualises in the realm of human motivation which has been used in strategic management circles for decades. O'Manique (1992) presents three major propositions upon which human satisfaction consists: ought to survive, necessary for survival and ought to have. It is significant that the real hurdle lies in the attainment of the first. Moreover, the deontological ethical scholars assert that a moral action must be based on a set of rules rather than the consequences of the action. Paying workers well and treating employees fairly is an undeniable right of any human being, even in countries where the institutional framework is weak. Yet as political and social rights are supposed to be provided and protected by the state, emerging economies, desperate to attract FDI to improve exports and reduce unemployment find it difficult to protect citizens by enforcing these rights. Richards et al. (2001) discover a low level of government respect for human rights in developing countries if foreign capital inflows lead to positive economic outcomes. In other words, governments

would accept the liberal economic doctrine, if the consistency of overseas financial inflows outweighs the perceived political and human rights consequences (De Soysa and Vadlamannati, 2011).

Studies on human rights violations seem to emerge from human rights law whereas CSR and principles for responsible practices descend from management scholarship. Given the noxious impact of FDI on host developing countries, Stiglitz (2006) questions the merits of the biopolitics of circulation, globalisation, and impact of capitalism. Whilst Stiglitz (2006) and Rodrik (2017) raise concerns about the negative effects of MNCs' activities in the global south, where private incentives are not aligned with social and moral costs, it has become necessary to merge these two fields – human rights violations and CSR. Giuliani (2018) contends that MNCs may be causing more social inequality than what is being perceived. On the back of these issues, it is reasonable to indicate that the IB scholarship has been unfair in acknowledging the pitfalls of global capitalism and capital flows as it has been more focused on understanding its virtues and rationales using a set of IB-centred, strategic management-informed theories (Giuliani, 2018; Adams et al., 2018). Whilst it is largely unclear in the IB scholarship whether MNCs are governed by boundedly rational decision-makers who sometimes operate under conditions of uncertainty and weak institutional contexts, or whether they help to perpetuate human rights violations unknowingly, shows the importance of this study.

### **3. Methodology and data sources**

#### *3.2 Data sources*

We use multiple data sources from the *Human Rights Watch* which provides a comprehensive list of human right violations by MNCs. We explore a list of MNCs engaging in human rights

scandals from the *Human Rights Watch* website. In Table 1, we report a total of 273 human rights violations in emerging economies perpetrated by 160 different MNCs originating from 24 different countries.

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Using this list of MNCs engaging in human rights violations we then searched for detailed media stories relating to each violation in different media outlets. Applying a content analysis approach on the media stories, we further categorise the nature of these violations, identify the country-of-origin of the respective MNCs, and, subsequently, the penalty/sanctions imposed in response to these scandals. The content analysis approach has been widely used in understanding issues relating to corporate disclosure. This method is used in analysing annual reports, CEO letters, media stories, corporate governance reports, corporate social responsibility reports, and sustainability reports (Unerman, 2000; Beck et al., 2010). We further separated human rights issues into different categories. We finally used the *Bloomberg* database to collect data on these firms' commitments to human rights principles and business ethics. In particular, we searched for data relating to these MNCs on Bloomberg, if they: (a) had a CSR/sustainability committee; (b) were signatory to UN Global Compact; (c) were a member of the Ethical Trading Initiative; (d) had a human rights policy; (e) reported ILO (International Labour Organisation) compliance; (f) disclosed explicit commitment to business ethics; and/or (g) published a policy on whistleblower protection.

With increasing emphasis by stakeholders on the quality of corporate disclosure (including financial, governance, CSR, and sustainability disclosure), researchers have used a variety of theoretical lenses to uncover the meaning and interpretations within corporate communication documents (disclosure). Content analysis is an attempt to understand variations in the quantity

and quality of information reported in corporate documents. Though qualitative (thematic) and quantitative (mechanistic) content analysis can be applied by researchers in contrasting methodological paradigms (interpretivism in the former case and positivist in the latter scenario) (Beck et al., 2010). Mechanistic content analysis entails some advantages and can be tested for a much larger sample with a greater degree of generalisability. On the other hand, thematic content analysis involves detailed scrutiny of underlying text in investigation, therefore, it is technically not possible to carry out such analysis for a large sample of annual reports. We are also aware that the coding of texts may involve subjective interpretations. We, therefore, validated our results by applying an independent coding scheme for the pilot sample of five media stories relating to human rights violations. This validation process involved two independent coders. Content analysis has been extensively applied in prior research to understand corporate legitimacy tactics (Vourvachis et al., 2016), impression management (Merkl-Davies and Brennan, 2011), and in corporate communications after corporate scandals (Rudkin et al., 2018). In the following section, we provide a detailed overview of our findings and we discuss the results. The analysis combines both frequency tables as well as actual cases/incidences to trace where and why such violations occurred. Following the work of Yin (2003) and Eisenhardt (2007), we considered it important to use actual case studies and frequencies to trace human rights violations and this has yielded some interesting results.

#### **4. Findings and discussions**

The findings from this study contribute to the extant CSR and weak institutional treatise in developing countries by extending our understanding of the negative relationship between CSR disclosure and corporate actions (Tashman et al., 2019) within weak institutional contexts (North, 1991; Kostova, 1997; Ntim and Soobaroyen, 2013). Further, this study seeks to deepen our knowledge and understanding of how CSR avoidance has progressed to corporate

hypocrisy (Jauernig and Valentinov, 2019). Wagner et al. (2009) define corporate hypocrisy as *'appearing moral without paying the cost'*. They argue that most empirical studies about MNCs' CSR commitment in developing countries have been held hostage due to their adverse effects on corporate reputations. They cite *'credible hostages'* to including incidences of human rights violations perpetrated by MNC's. This study, therefore, provides new insights into human rights violations by most MNCs operating in emerging economies.

Results from table 1 show that firstly, most MNCs are listed in developed economies, yet the greatest number of human rights violations occurred in developing or emerging economies. Secondly, MNCs originating from the most advanced countries have the highest human right violations. For instance, the UK has 20 MNCs with 61 human rights violations while the USA with 68 MNCs recorded 88 incidences of violations. That makes MNCs from the UK and US the leading human rights violators according to the data.

Two main reasons account for the higher incidences of human rights violations by US and UK firms in our sample. First, previous studies such as Kahn-Nisser (2019) and Barry et al., (2013) show that the UK and US are open democratic societies and as a result, MNC's from the US and UK are open to intense scrutiny from international media and Non-governmental organisations (NGO) activist groups from both the investing country and the home country. The high level of scrutiny by these international human rights activists might account for the relatively higher number of human rights violations recorded for US MNC's in particular. The US and UK have historically positioned themselves at the forefront of issues related to democracy and human rights on an international level. As a result, US firms (both domestic and international) are often targeted by human rights activists all over the world. For example, the US firm Nike and Reebok are the most popular athlete footwear company in the world. These firms were targeted by human rights activists for human rights violations committed

abroad, not by their managers or in their plants, but by the subcontractors who manufactured their products in overseas facilities. In addition to this, previous studies show that most of the human rights violations instigated by foreign MNC's are reported by international human rights NGO's (Kahn-Nisser; 2019; Barry et al., 2013). Previous studies have shown that the two countries that usually receive the highest number of naming and shaming are the US and the UK due to their strong advocacy for global democracy (Kahn-Nisser; 2019; Barry et al., 2013). For example, as set out in empirical studies, such as Kahn-Nisser (2019), US firms are more likely to suffer naming and shaming by international human rights NGO's due to their significant voting rights at the UN general assembly on issues related to the convention against torturing (CAT) (Kahn-Nisser 2019). Last but not least, our sample size contains a comparatively higher proportion of UK and US firms (Please refer to table 1).

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Remarkably, the human rights violations that occurred in developed countries are concentrated in the deprived regions (Adeola, 2005; Short, 2005) and racially segregated communities (Adeola 2005). The victims of these human rights violations in all cases (including developing, emerging, transition and developed countries) are predominantly the poor and the vulnerable (Muchlinski, 2001; Ruggie 2007). For example, our results show 88 human rights violations in the USA involving 68 companies. Our investigations show the victims of these human rights abuses are the poor, women, children, and the most vulnerable individuals in the society as shown in table 3. In this regard, Ruggie (2007) argues that the giant US supermarket (Walmart) has over sixty thousand suppliers in the USA alone. Thus, the larger the supply chain, the higher the number of human rights violation incidences (Ruggie 2007). Basic human rights, as defined by Wettsein (2018), is the freedom to which all humans are entitled to in a democratic society (O'Manique, 1992). However, the prerogatives of inordinate global capitalist ideologies that

drive MNCs' operations have marginalised? human rights to the peripheries. The ontological constructions by the MNC's operations have led to the exclusions of colonised people, indigenous populations, the poor, women, children, the impoverished, the vulnerable etc. being 'drawers of water and hewers of wood' (see Muchlinski 2001, Ruggie 2007).

Most countries listed in table 1 are saddled with weak institutions such as poor social structures, poor legal systems, poor environmental laws, and poor corporate governance mechanisms, to mention a few. Muchlinski (2001) highlights that the informal institutions of most host countries of FDI provide a thriving ground for human rights violations by MNCs. For instance, the host government and their political allies? may not award operating licences to ethically driven MNCs due to the prevailing state of corruption and weak institutional context existing in most host nations (see Hoskinson et al., 2013, Dobers and Halme, 2009, Ntim and Soobaroyen, 2013).

Whilst MNCs from the Triad countries are seen as torchbearers of innovation and technology transfers (see Osabutey et al., 2014), our results from table 1-5 show that most of these human rights violations are perpetrated by MNCs from the most industrialised countries in the world including Canada, Japan, Germany, France, UK, and the USA, etc. These countries constitute over 70% of the total human rights violations in our dataset. Muchlinski (2001) argues that the reasons why these countries dominate in terms of human rights violations can be traced back to the cold war era where stratifications of human rights were developed based on ideological preferences. These antecedents created liberal western powers who pursued their capital accumulation agenda through the exploitation of the poor and the vulnerable in societies (especially in Africa, Asia and Latin America) and human rights violations (Muchlinski, 2001; Giuliani, 2013; Giuliani, 2018). Similar to the critical issues identified and discussed in table



1, table 2 provides examples of human rights violations based on the primary stock exchange listing of MNCs and the country-of-incident.

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Our findings from table 2 show that most of the MNCs engaged in human rights violations were mining companies driven by resource exploitation and greed. This finding is consistent with Dunning’s (2001) OLI paradigm as well as the resource, asset, and efficiency hypothesis (Dunning and Lundan, 2008). Most of the mining companies in our dataset have little or no care about the effects of their operations on the poor communities and the ecosystems (see Giuliani, 2018). Their priority is cost reduction and profit maximisation. Our results also show that the victims of the violations are primarily the poor, women, children, and the vulnerable people in society. As mentioned previously in this paper, researchers argue that most of the victims of human rights violations are the poor and the most vulnerable in society (Adeola, 2005; Short, 2005; Ruggie, 2007). In line with this, our study reveals that most of the human rights violations centre around intimidation, corruption, bribery, harassment, and poor working conditions.

Again, this strengthens our arguments that profit maximisation prospects, transaction cost and poor institutional framework constitute the prime causes to the human rights violations in the host countries (North, 1991; Kostova, 1997). Our study also reveals that a significant number of MNCs violate their own CSR regulations and corporate accountability responsibilities (Muchlinski, 2001; Amaeshi et al., 2016; Barraquier, 2011). Interestingly, CSR legislation, codes, and corporate accountability mechanisms of MNCs operating in Africa, Asia and Latin America emerge from individual companies’ country-of-incident (Vivoda and Kemp, 2019). For example, industry associations such as the Gold Miners Association of Zimbabwe, Chile,

and South Africa contribute to the development of CSR activities. Sometimes it emanates from host countries' governments, certification bodies (like IOHRP – the International Organisation for Human Rights Protection), or non-governmental organisations, among others.

Several country-specific codes cover a wide range of ethical social and environmental issues, including issues of health and safety, labour laws, and corporate governance. Sometimes, some of the codes and legislation are initiated or sponsored by a group of stakeholders. Recently, several codes and legislation have been jointly developed through multi-stakeholder engagement comprising the government, industry, civil society and environmental groups, etc. A significant amount of these CSR codes and legislation intended to promote ethical issues and encourage MNCs to behave in a particular way, irrespective of the location of operation (Jamali and Karam, 2018; Crane et al., 2019; Adams et al., 2019; Tashman et al., 2019). In support of the main argument presented in this study, Sarpong et al. (2019) show that most human rights violations occur in countries where there are weak legal institutions. Our results confirm that most governments in the host countries (where human rights violations occur frequently) do not hold MNCs accountable for human rights violations and environmental transgressions due to bribery and corrupt practices by politicians (see Ntim and Soobaroyen 2013; Amaeshie et al., 2014; Sarpong et al., 2019).

Our findings reported in Table 3 show that whilst most of the MNCs caught up in these human rights violations are not members of the Ethical Trading Initiative, which has responsibility for improving working conditions of supply chain partners. In addition, a significant number of them are signatories to several high-ranking global sustainability institutions such as the UN Global Compact and the CSR/Sustainability Committee. Ironically, all these MNCs claim compliance with human rights policies and disclose their explicit commitment to business

ethics in their annual reports, despite our data showing poor compliance with these policies in practice.

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Most of the MNCs captured in our data operate in environments characterised by effective impunity. Thus, there is no local, national, or international regulatory system or legal systems to which aggrieved parties (victims of human rights violations) can turn to for redress. Our data shows that whilst most MNCs reported compliance with ILO policies, there were several recorded incidences of labour rights violations. Intriguingly, all MNCs in our data claimed to have whistle-blowing protection policies in place. However, a substantial number of incidences were not mentioned in their annual company reports. This finding was confirmed by Giuliani's (2018), who questioned why MNCs may have been causing more social inequalities than was perceived. Consequently, to acknowledge that the theories of MNCs (with regard to human rights violations should intertwine with the pitfalls of global capitalism. Additionally, our results show that these MNCs disclose in their annual reports that they are committed to business ethics. The findings in this study are, therefore, in line with arguments of prior work which report is a negative association between MNCs' activities and their CSR actions (see Muchlinski, 2001; Ruggie, 2007; Adams et al., 2019).

Unpacking these antecedents from the transaction cost perspective, MNCs are more committed to profit maximisation through cost reduction (see Williamson, 1993; Nieri and Giuliani, 2018, Amaeshi et al., 2008; Dobers and Halme, 2009, Frynas, 2010; Sikka, 2010). Therefore, the CSR avoidance arguments provide prominent support for MNC's profit maximisation agenda, and hence the human rights violations in emerging economies (Frynas, 2010; Sikka, 2010; 2011). To further to this argument, Muchlinski (2001) posits that MNCs are not in the business

of ‘moral responsibility’. Most of the MNCs in our sample that were involved in incidents of human rights violations actually reported their commitment to CSR/Sustainability matters in their financial statements, clearly providing a conflicting picture about being socially responsible. Their own CSR reporting failed to highlight human rights violations. We, therefore, argue that MNCs indirectly use their corporate governance code, industry-based ethical standards and memberships of reputable global institutions as a pretence to avoid real CSR obligations and scrutiny at a practical level within institutional contexts. At the very least, CSR disclosure in the financial reporting of these MNCs creates the false impression that they operate within and follow the highest ethical standards.

Our results support previous empirical findings, such as Jauernig and Valentinov (2019) and Wagner et al. (2009), that argue that human rights compliance and CSR reporting by MNC’s are inconsistent and hypocritical. Our results from figures 1 and 3 show that even though most of the MNC’s report human rights compliance, several human rights violations still occur, especially in developing and emerging economies. Also, our results in figure 4 and table 5 imply that although the US and UK are considered “champions of democracy”, our analysis in table 5 demonstrates that the mean human rights score of the US was 0.599 between 1990-2017 compared to the global highest score of 5.4. The human rights score indicates the degree to which the government protects and respects human rights in a given country. The value ranges from around -3.8 to 5.4 (the higher the better). Our results provide further insights into the relatively high incidences of human rights violations recorded by the US, the perceived global leader in terms of human rights compliance.

We also noted from figures 1-4 that emerging countries are vulnerable to high numbers of human rights violations due to their weak institutional frameworks. For example, our results from table 4 show that MNC's in developing countries have a higher number of CSR/sustainability committees compared to MNC's in emerging countries. This implies that the economic prospects of emerging markets are attracting a compendium of MNCs who care little about CSR and sustainability and continue to violate human rights in these emerging countries. We additionally noted from figure 2, table 4 that whistleblower protection is relatively better in developing countries in comparison to emerging countries. Table 4 shows that among the six human rights legislations, whistleblower protection constitutes the most popular in both developing and emerging countries. Our findings in figures 1-3 and tables 1 highlight that human rights violation also occurs in developed albeit G7 countries. For example, the human rights violation incidence involving BP and Exxon Mobil (Mallin, 2019) shows that even the vulnerable employees in developed countries can experience human rights abuse in countries with a strong institutional framework. We suggest further studies in this area.

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**Insert figures 1, 2, 3, 4 and tables 4 and 5**  
.....

## **5. Implications for policy and management decision making**

Our data shows that corporate political engagements undermining human rights often go unpunished within most emerging economies. For example, there are instances where MNCs have interfered in the politics of such countries by financing or supporting military actions to

overthrow democratically elected presidents (Collins, 2009). These acts do not only undermine the sovereignty of resource-rich emerging economies but can also lead to a cycle of political and economic instability for the affected countries. We recommend that the level of publicness (Bozeman, 2013), transparency, and accountability for human rights violations (Wettstein, 2019) be encouraged on all fronts. Corporate engagements must be subjected to a higher level of accountability and scrutiny by credible and nonpartisan independent auditors and human rights advocacy groups.

In addition, MNCs operating in emerging economies must standardise their human resource (people) development programmes and training on health and safety procedures as part of their ethnocentric strategies during internationalisation. MNCs must set parameters and follow legislation that prevents human rights violations in emerging economies on issues regarding employee health and safety in host countries. We propose that a Human Rights Protection Act, similar to the Health and Safety at Work (HASWA) Act 1974 should be adopted by all resource-rich emerging economies. The HASWA is a UK Act that defines the fundamental structures and authority for safeguarding workforce and preventing human rights violations. The HASWA Act provides extensive coverage to all industries including supply chains and strategic business units of MNCs. An equivalent Act for all emerging economies, particularly those that are resource-rich, could induce a system of independent public scrutiny and supervision through the creation of a Health and Safety Commission and Health and Safety Executives backed by severe criminal sanctions including imprisonment for executives of MNCs operating in emerging economies who fail to protect their workforce. Whilst the territorial extent of the HASWA Act 1974 only covers the UK, this study proposes a replication of this system across emerging economies similar to the International Standard Organisation certification and accreditation rules.

Our study reveals intriguing disparities between the *corporate human rights talk* and *corporate human rights walk*. It is clear that MNCs exert pressure to influence ethical discourses and legitimacy tactics to their advantage. In some cases, government ministers have even used the provision of employment discourse to conceal unethical practices of MNCs. We also recommend that the media should be empowered to scrutinise human rights violations and related activities to ensure a fair and credible local discourse supporting those affected. We advocate for government policy to implement the Right to Information (RTI) by supporting and empowering Non-Governmental Organisations (NGOs) and community groups to demand annual statutory disclosure of human rights violations by MNCs rather than voluntary disclosures.

MNCs need to develop processes and systems that comply with the ten principles of the United Nations Global Compact (see Rasche et al., 2013). The ten principles cover four key issues including human rights, environmental issues, labour standards and corruption prevention. Comprehensive guidance about how to implement and monitor the effectiveness of the above code should be put in place to ensure effective outcomes. Three main aspects of any organisation include people, processes and systems. We assert that staff training (people management) and the adoption of relevant global processes and systems that respond to local environments all provide pragmatic collaboration opportunities for MNCs to engage with local and international regulatory institutions. This, together with state collaboration to support the development of effective legal systems, would ensure an end to human rights violations by MNCs.

Our study seeks to encourage MNCs to adopt a corporate culture that respects human rights irrespective of the host country's prevailing culture, beliefs, institutions (formal and informal) and other local factors. Furthermore, it will enable MNCs to adopt a baseline responsibility that is grounded in prudential risk management. More importantly, our recommendations would

provide nations with the necessary monitoring and groundwork to institute investigative mechanisms and the authority to impose hefty fines and sentences to executives of MNCs that violate the fundamental rights of humanity. Independent third parties (i.e. NGOs and civil society groups) should be given an independent role to monitor the activities of the state and MNCs and be empowered to report on human rights violations freely. Finally, similar to the Corporate Governance Index (CGI) we propose that the introduction of an Emerging Market Human Rights Index (EMHRI) would be an ideal starting point to monitor and report on the activities of MNCs operating in emerging economies. The results of this index could potentially influence the share prices of MNCs at an international level.

## **6. Conclusion and avenues for future research**

This study explores the characteristics of MNCs that have engaged in human rights violations. We identified a total of 273 human rights violations between 2002 and 2017. Most of these violations occurred in developing countries by multinationals, the majority of whom are listed in developed countries. Using a content analysis approach and looking for specific media stories with further details about these violations, we identify categories of human rights violations including poor working conditions, racial discrimination, land grab, harassment, child labour, abuse against female workers, and paying below the stipulated minimum wage. We also highlight that most of these violations occurred in the mining industry, which highlights the resources seeking motives of MNCs operating in the emerging economies (Dunning and Lundan, 2008).

Our results indicate that emerging economies are vulnerable to various forms of unethical activities due to weak legal, institutional and regulatory systems (North, 1991). We find that almost every MNC in our sample had developed a human rights policy, with the exception of two. This raises doubts about the purpose of human rights policies within these corporations.



A growing number of human rights violations from MNCs reporting high levels of compliance with CSR and ethics-related programmes imply that majority of these corporations are merely applying a ‘box-ticking’ exercise to various forms of corporate regulations. This is not only ineffective in terms of upholding human rights but is also morally and ethically inept. Consequently, this study agrees with Muchlinski (2001), Giuliani and Macchi (2013) and Giuliani (2018) in re-echoing the concern that governments in emerging economies should implement legally-binding corporate commitments to human rights as an inherent aspect of directors’ duties. Government policy should emphasise the importance of corporation’s legal responsibility in resource-rich economies. As confirmed by our data, Dobers and Halme (2009) Ntim and Soobaroyen (2013), and Frynas (2010) also agree that MNCs’ commitment to their ‘social’ roles in local communities, particularly in emerging economies, has always been considered as an optional extra in their corporate strategy toolkit and adherence to informal rules and local institutions is often absent in countries with weak regulatory systems.

Ghana’s recent selection as the African regional trade capital, currently the world’s largest Free Trade Area (see Forbes, 2019), is an ideal opportunity for policymakers to start negotiating for stronger institutions aimed at regulating the activities of resource-seeking MNCs across Africa. In addition, Brazil, Russia, India, China and South Africa (BRICs) need to assert their current position in world trade by supporting member countries in each sub-region to develop comprehensive policies similar to the OECD guidelines for MNCs operating in these countries. This could support emerging economies to acquire and develop the skills and resources needed to regulate economic sectors and industries facing considerable human rights violations at the local level (Giuliani, 2016). Also, it is worth mentioning that while violation of the law could have happened as a result of weak laws and institutions, these acts could have been disproportionately magnified to shame governments (Kahn-Nisser 2019). Previous empirical studies, such as Kahn-Nisser (2019), argues that US firms are more likely to suffer naming and

shaming by international human rights activists and NGO's due to their significant voting rights at the UN general assembly on issues related to the Convention Against Torturing (CAT) (Kahn-Nisser 2019).

Future studies may investigate corporate disclosure documents to assess what responses and explanations MNCs report for human rights violations once they appear in the public domain. It would also be interesting to see how and to what extent MNCs change their governance structures after a human rights violation. From a market-based accounting research perspective, future studies may examine the stock market reaction to different types of violations (human rights, accounting, social, and environmental) to understand whether investors react differently to different types of violations.

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**Table 1: Incidences of Human rights violations by Multinational corporations between 2002 & 2017**

MNCs country of origin	No of Industries	No of MNCs	No. of human right violations
Australia	4	6	20
Austria	1	1	1
Belgium	1	1	1
Brazil	2	2	9
Canada	5	6	16
China	2	3	6
Denmark	2	2	2
Finland	2	2	2
France	5	5	10
Germany	5	6	9
Hong Kong	3	2	2
India	3	3	3
Italy	2	2	2
Japan	9	13	14
Malaysia	1	1	1
Russia	2	2	2
Spain	1	1	1
Singapore	1	1	1
Sweden	4	5	5
Thailand	1	1	1
Switzerland	5	5	11
South Africa	2	2	5
United States	44	68	88
United Kingdom	13	20	61
Total		160	273

<b>Table 2: Examples of human right violations based on country of origin of MNCs and the location of incidents</b>					
<b>MNC</b>	<b>Country of Origin</b>	<b>Industry</b>	<b>Country of incident</b>	<b>Type of Human right violation</b>	<b>Case investigation/Outcome</b>
AUS. AND NZ. BANKING GP.	AUSTRALIA	Banks	Cambodia	681 families who were forcibly displaced and dispossessed of their land	\$5,750,000 fine paid to The Office of Foreign Assets Control
BHP BILLITON	AUSTRALIA	General Mining	Colombia	Forcibly expelling the remaining population through a purported expropriation	NA
RIO TINTO	AUSTRALIA	General Mining	Mongolia, Papua New Guinea	Racial discrimination against its black workers at Panguna	Banned from The Government Pension Fund of Norway
OMV	AUSTRIA	Integrated Oil & Gas	Sudan	Human right in conflict zones	NA
JBS ON	BRAZIL	Food Products	Brazil	Meat producing company, serving its employees maggot-infested meat	R\$2.3 million penalty
BARRICK GOLD (NYS)	UNITED STATES	Gold Mining	Papua New Guinea	Killings by security guards at the Porgera Joint Venture (PJV) mine	NA
GOLDCORP (NYS)	UNITED STATES	Gold Mining	Mexico, Marlin Mine,	Basic Work Conditions, health	Ordered to shut operation
HUDBAY MINERALS	CANADA	Nonferrous Metals	Guatemala, Mexico	Human right abuses by mine security personnel (gang rape incidents, sexual violence against indigenous women)	Judge ruled that parent company can be held responsible for the crime of its subsidiary
NEVSUN RESOURCES	CANADA	General Mining	Eritrea	Three refugees who alleged they were forced to work at Bisha mine and endured harsh conditions and physical punishment	A court in the province of British Columbia ruled that it could be heard in the Canadian legal system
OCEANAGOLD	CANADA	Gold Mining	Philippine	Bribery, intimidation, harassment	Licence revoked/Suspension of Operation
TAHOE RESOURCES	CANADA	Gold Mining	Guatemala, Mexico	Firing by company's security personal at Peaceful demonstration	L+G15icenced revoked by local court/Supreme Court of Canada declined to hear Tahoe Resources' appeal, clearing the

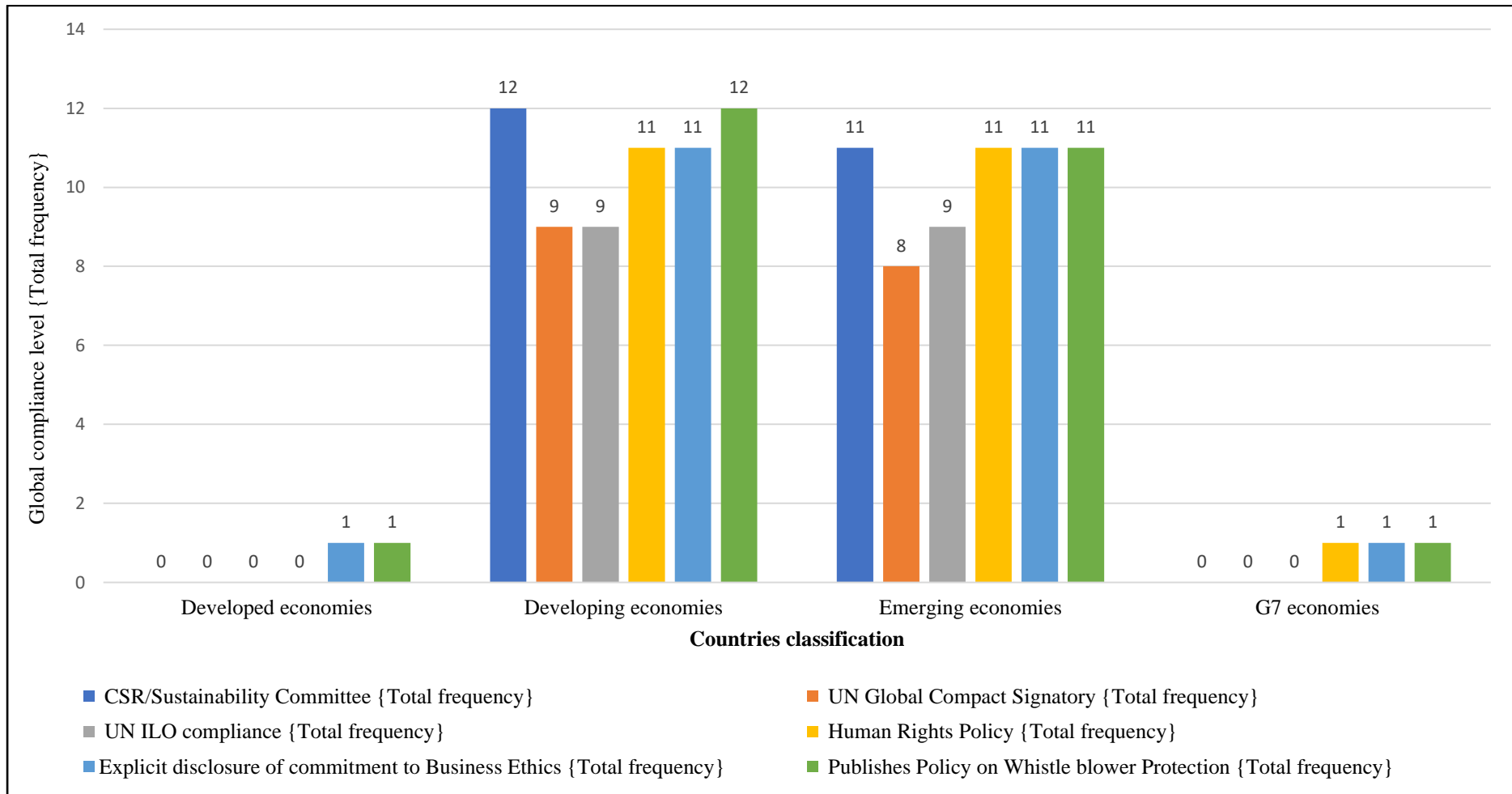
					way for the case to be tried in Canada
PETROCHINA 'A'	CHINA	Integrated Oil & Gas	Sudan	Supporting local government and operating in a conflict zone	US pensions and endowments began divesting
ZIJIN MINING GROUP 'A'	CHINA	Gold Mining	Papua New Guinea	Abuse against women (by company's security guard)	NA
ABB LTD N	SWITZERLAND	Industrial Machinery	Sudan	Forced relocation and violent interaction with fatal outcomes	Suspension of further business activities
CREDIT SUISSE GROUP N	SWITZERLAND	Banks	Cambodia	Land grab	NA
NESTLE 'R'	SWITZERLAND	Food Products	Thailand	Employment of child labour	NA
ADIDAS	GERMANY	Footwear	Cambodia	Forced overtime, firing of pregnant women, underage labour	NA
BAYER	GERMANY	Speciality Chemicals	NA	Violating international human right law (reliance on the sale and use of dangerous and unsafe pesticides including endosulfan, paraquat and neonicotinoids)	NA
BMW	GERMANY	Automobiles	India	Child labour	NA
THYSSENKRUPP	GERMANY	Divers. Industrials	Democratic Republic of Congo	Conflict minerals	NA
REPSOL YPF	SPAIN	Integrated Oil & Gas	Argentina, Bolivia & Ecuador	Discrimination, violating the Right of Indigenous Peoples	NA
STORA ENSO 'R'	FINLAND	Paper	Brazil	Limiting water availability in the communities close to their plantations	NA
WARTSILA	FINLAND	Industrial Machinery	India	Below minimum wage payment	NA

**Table 3: Further analysis of corporate compliance with CSR/sustainability and commitments to business ethics and international human right regulations**

<b>MNC</b>	<b>CSR/Sustainability Committee</b>	<b>UN Global Compact Signatory</b>	<b>Member of Ethical Trading Initiative</b>	<b>MNC reports UN ILO compliance</b>	<b>Has a Human Rights Policy</b>	<b>Discloses Explicit Commitment to Business Ethics</b>	<b>Publishes Policy on Whistleblower Protection</b>
AUS. AND NZ. BANKING GP.	Yes	Yes	No	Yes	Yes	Yes	Yes
BHP BILLITON	Yes	Yes	No	Yes	Yes	Yes	Yes
RIO TINTO	Yes	Yes	No	Yes	Yes	Yes	Yes
OMV	Yes	Yes	No	Yes	Yes	Yes	Yes
JBS ON	Yes	No	No	No	Yes	Yes	Yes
BARRICK GOLD (NYS)	Yes	Yes	No	Yes	Yes	Yes	Yes
GOLDCORP (NYS)	Yes	Yes	No	Yes	Yes	Yes	Yes
HUDBAY MINERALS	Yes	No	No	No	Yes	Yes	Yes
NEVSUN RESOURCES	Yes	No	No	No	Yes	Yes	Yes
OCEANAGOLD	Yes	No	No	Yes	Yes	Yes	Yes
TAHOE RESOURCES	Yes	Yes	No	Yes	Yes	Yes	Yes
PETROCHINA 'A'	Yes	Yes	No	No	Yes	Yes	Yes
ZIJIN MINING GROUP 'A'	Yes	No	No	No	No	No	Yes
ABB LTD N	Yes	Yes	No	Yes	Yes	Yes	Yes
CREDIT SUISSE GROUP N	Yes	Yes	No	Yes	Yes	Yes	Yes
NESTLE 'R'	Yes	Yes	No	Yes	Yes	Yes	Yes
ADIDAS	Yes	No	No	Yes	Yes	Yes	Yes
BAYER	Yes	Yes	No	Yes	Yes	Yes	Yes
BMW	Yes	Yes	No	Yes	Yes	Yes	Yes
THYSSENKRUPP	Yes	Yes	No	Yes	Yes	Yes	Yes
REPSOL YPF	Yes	Yes	No	Yes	Yes	Yes	Yes
STORA ENSO 'R'	Yes	Yes	No	Yes	Yes	Yes	Yes
WARTSILA	Yes	Yes	No	Yes	Yes	Yes	Yes

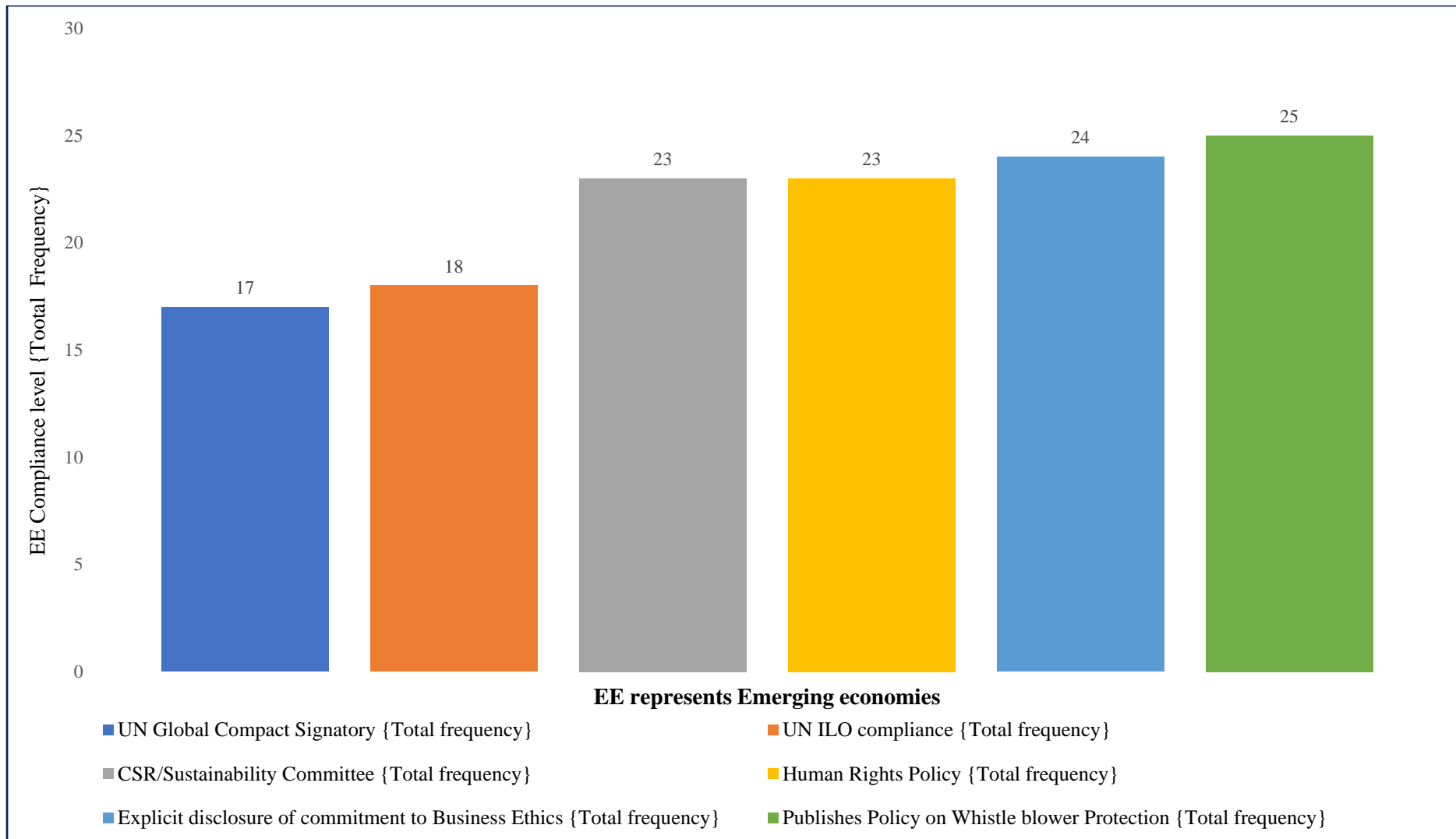
Table 3 reports whether each company in our sample, having a human right incident has: (a) CSR/sustainability committee; (b) has signed United Nations Global Compact on Human Rights; (c) is member of the Ethical Trading Initiative; (d) reported compliance with ILO (International Labour Organisation); (e) has a human rights policy; (f) discloses explicit commitment to business ethics; and (g) has a clear protection policy for Whistleblowers.

**Figure 1: A comparative bar graph showing level of compliance with human rights by MNC's operating in developing and emerging economies**



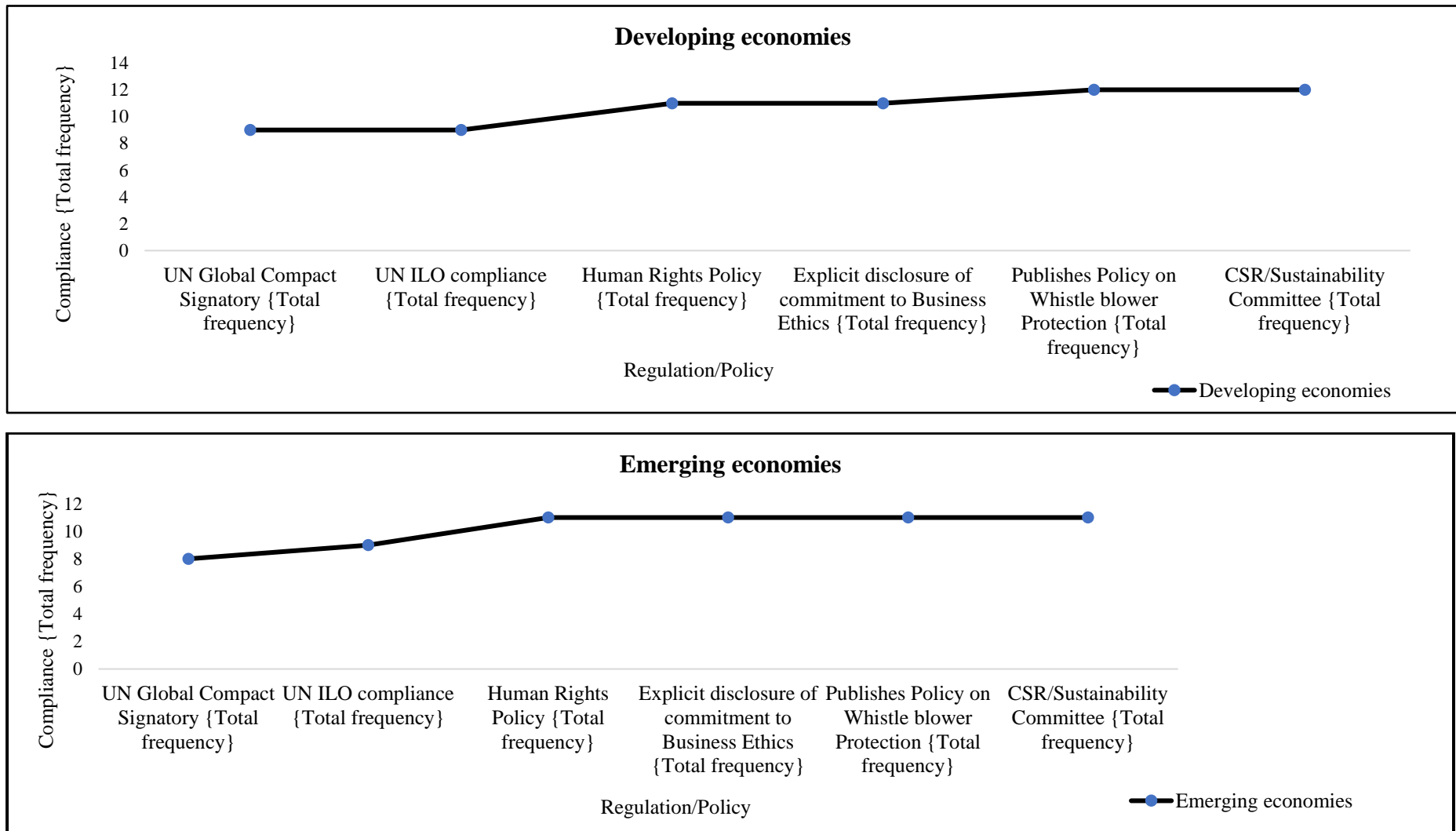
Note: This frequency analysis is based on Table 3 which uses a combination of accumulated firm-level and institutional data between 2002 – 2017

**Figure 2: A Bar graphs showing the ranking order of compliance with human rights by MNC's operating in emerging economies**



Note: This frequency analysis based on Table 3 uses a combination of accumulated firm-level and institutional data between 2002 – 2017

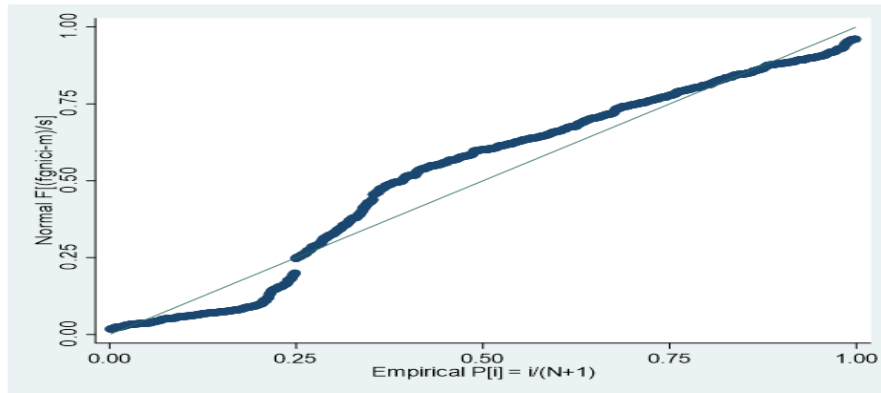
**Figure 3: A line graph showing level of compliance with human rights by MNC's operating in developing and emerging countries**



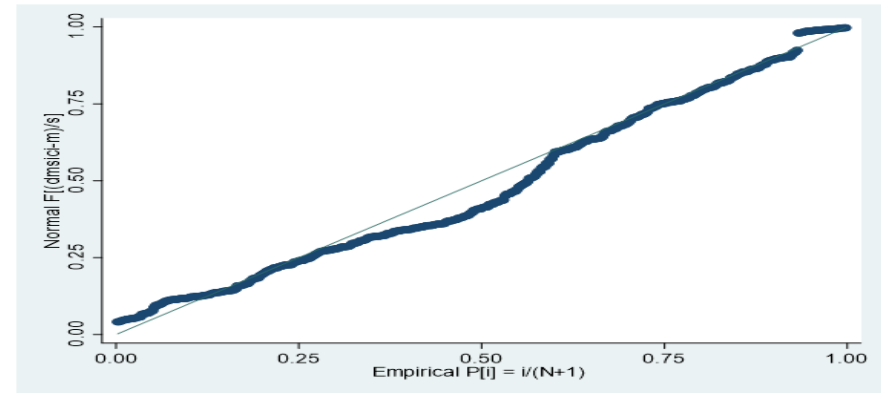
Note: This frequency analysis based on Table 3 uses a combination of accumulated firm-level and institutional data between 2002 – 2017

**Figure 4: Standardised Quantile-Quantile plot showing human rights score between the investing country, domestic country for the USA and the UK**

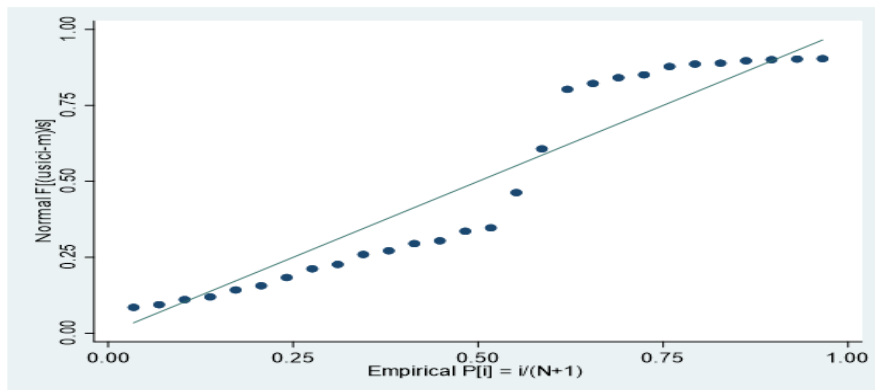
Parent/foreign country- Human rights score



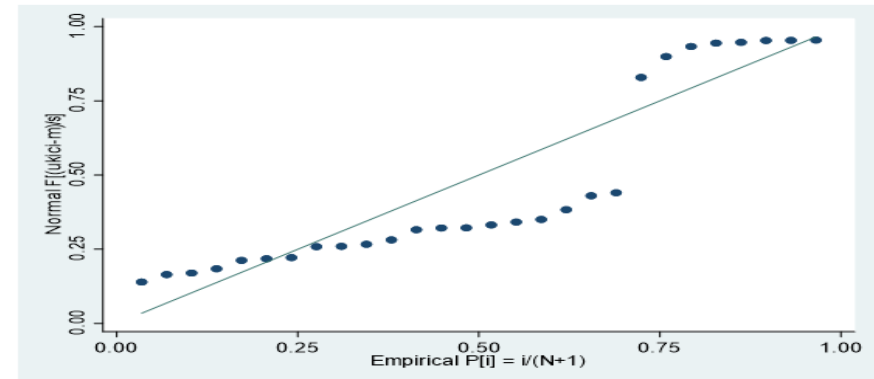
Domestic country human rights score



US- Human rights score



UK- Human rights score



Note: We used a standardised Quantile-quantile plot (Q-Q Plot) to capture the excesses of human rights abuse between 1990 -2017 by the parent/foreign country, domestic countries, USA and the UK. The standardised normal quantities-quantile plot shows human rights scores from UK and US in some instances deviates from the expected global human rights score. Our results compare the observed cumulative distribution function (CFD) of the standardised residuals to the expected CDF of the normal distribution. Above results imply possible human rights violations even in developed countries such as the UK and US. The results from the above Q-Q plot shows that the human rights scores for US and UK are far below the 5.4 which is the global expected highest score according to the global human rights index database.



**Table 4: Frequency table showing compliance with the six human rights initiatives.**

Country	UN Global Compact Signatory {Total frequency}	UN ILO compliance {Total frequency}	Human Rights Policy {Total frequency}	Disclosure on explicit commitment to Business Ethics {Total frequency}	Publishes Policy on Whistle-blower Protection {Total frequency}	CSR/Sustainability Committee {Total frequency}
Developed Countries	1	0	1	1	1	0
Developing countries	9	9	11	11	12	12
Emerging Countries	8	9	11	11	11	11
G7 Countries	0	0	1	1	1	0
<b>Grand Total</b>	<b>17</b>	<b>18</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>23</b>

Note: \*\*Above is a frequency table that provides a summary of the MNC's compliance to six international human rights regulations of CSR/sustainability and commitments to business ethics. We captured the figures using categorical variables 1 for compliance (Yes) otherwise 0 (No). We excluded the variable member of the ethical trading initiative from the above sample because none of the MNC's in our sample is a member of the UN ethical trading initiative.

**Table 5: Descriptive Statistics of Global Human right score between 1990 - 2017**

Human rights violation	Domestic Economies	Parent/foreign economies	US and UK	US	UK
Observations	420	644	56	28	28
Mean	-0.918	0.853	0.965	0.599	1.331
Standard deviation	1.336	1.560	0.656	0.564	0.530
Minimum Value	-3.237	-2.425	-0.173	-0.173	0.757
Maximum value	2.791	3.590	2.230	1.334	2.230
1 <sup>st</sup> Percentile (bottom 1%)	-3.146	-2.210	-0.173	-0.173	0.757
99 Percentile (top 99%)	2.553	3.440	2.230	1.334	2.230
Skewness	0.664	-0.492	0.193	0.193	0.839
Kurtosis	3.066	2.077	2.545	1.363	1.990

Note: \*\*The human rights score indicates the degree to which government protect and respect human rights in a given country. The value ranges from around -3.8 to around 5.4 (the higher the better). Above figures represent global human rights score from 1990-2017 (source; Universal human rights index database, United nations Human rights commission). The domestic country represents the country where the human rights violations occur, Parent/foreign country represents the country of origin or the home country of the MNC's, US and UK represents combinations of human rights violations that occur in US and UK between 1990 - 2017 (US and UK constitutes about 54% of our sample so we decided to further examine the figures), US represents human rights violations that occur in the US only between 1990-2017 and UK represents human rights violations that occur in the US only between 1990-2017.