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The Question of Corporate Responsibility

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Introduction:

The responsibilities corporations hold towards the environment and society are set by ethical standards and norms created and shared by the international community, but with the conflicting interests of corporations, other non-governmental organizations, and states, disputes arise. Through globalization corporate responsibility has become an increasingly complex concept, as corporate actions affect not only local areas and individuals, but the world and its community as a whole. The United Nations' Commission on Crime Prevention and Criminal Justice's responsibility is to set global standards of what corporations can and cannot do and which violations corporations can be held directly responsible for. Many corporations create conflicts by committing criminal offenses across borders, and the United Nations' goal is to place international ethics and norms over corporate objectives while setting standards corporations have to abide by¹.

Corporations ingeniously move across borders to prevent themselves from committing, or rather from facing the

¹ Cedillo Torres, Cristina A., Mercedes Garcia-French, Rosemarie Hordijk, Kim Nguyen, and Lana Olup. "Corporate Social Responsibility." *The Elgar Companion to Development Studies* (2006): n. pag. Web. 08 Aug. 2015.

consequences of, crime. Yet, extortion of weak laws often leads to violation of international norms and human rights. Both BP and Royal Dutch Shell violated environmental laws in the Gulf of Mexico and Nigeria respectively, many clothing



Image Source: <http://cutyourfoodcost.com/corporate-responsibility/>

manufacturers violate child-labor laws in Asia, and the food industry makes intensive use of deforestation in rain-forests in South-America and Southeast-Asia. The United Nations tries to combat environmental and human rights violations committed by corporations by holding the corporations responsible for their actions. This committee will have to determine which of these violations has to be prioritized and how these issues will be tackled, without harming global peace².

² Ibid



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Recent History of Corporate Responsibility Issues

With the growing influence of corporations all around the world, it is crucial for international organizations and states to conduct legal prosecution when laws are violated. Often times, corporations escape sanctions by fleeing from the responsibility to ‘clean up their mess’, setting precedents for similar, future events. While corporations flee their responsibilities, they do not only harm the economy of the affected area, but also fail to retain their positive image.

One multinational corporation that serves as an excellent example for having several issues with responsibilities in the past is Coca-Cola. Around 2003, Coca-Cola sold beverages in India that contained pesticides, exceeding European standards. The Indian government created a committee, like this one, to resolve the issue. The committee carried out tests on the beverages and set new safety standards for beverages being sold in India. Unfortunately, the pesticides occurring in the beverages were not Coca-Cola’s only issue in India. Later in 2004, locals started experiencing water scarcity soon after Coca-Cola began operations in Plachimada. Coca-Cola made use of the remaining water sources to discharge their wastewater. These health and water security issues eventually lead to a

temporary ban of Coca-Cola products in India. Eventually, the Indian government and the committee it created resolved the issue by setting standards for Coca-Cola to respect, such as the recycling of wastewater by treatment, the reducing of water use by improving efficiency, and many more³.

Current Issues and UN Responses

The Coca-Cola dispute in India, like many other corporate disputes, has been resolved. Yet, many issues remain prominent today. Corruption, human rights violation, and land degradation are ongoing issues in today’s corporate world. Animals and people suffer as natural habitats are destroyed and individuals are abused. Issues relating to corporate responsibility stem from three core areas: Social, environmental, and legal issues. These



Exchange " (Global Exchange Top Ten Corporate
Anti-Coca-Cola Responses in India
Source: <https://ejatlas.org/conflict/coca-cola-and-groundwater-exploitation>



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issues relate to how the corporation damages an area, and therefore help to establish areas that need attention, and help to measure appropriate responses. Below are several examples of important issues, each falling into one of the three areas names above, which this committee will strive to resolve.

Corruption

Corruption is an extremely complex issue to tackle, as society, politics, and economics are negatively affected by its appearance. Corporations have the responsibility to not take part in corrupt actions. Yet, many organizations seek to establish more secure positions for themselves in countries where corruption flows freely. Government officials are often bribed to release company licenses and to exclude factories and sweat-shops from basic labor laws, which highly affect economic development. Small businesses within a country's borders simply cannot afford to compete with multinational powerhouses. The UN continues its attempts to fight corruption and all its components. Until today, the UN has created a 'Thematic Programme on Action against Corruption, Economic Fraud, and Identity-related Crime', invested in an international anti-corruption academy to educate officials, launched a TRACK portal in which states can find jurisdiction and legislation on corruption, and started an International Day

against Corruption on December 9th. Corruption is still very hard to track down today, but these many UN legislations have helped countries with initiative and the needed tools to tackle the issue at its roots and inform governments on how to legislate anti-corruption policies⁴.

Environmental Crimes

Environmental crimes cover a wide variety of illegal acts, including but my no means limited to, illegal poaching, the release of ozone-depleting substances, the dumping of waste, and the illegal exploitation of resources. Corporations have the responsibility to interact harmlessly with the environment, yet, as profit is the primary focus of all corporations, they often lack in doing so. Animals are poached and traded, causing them to become endangered, and habitats are destroyed by illegal logging, global warming substances, and illegal waste disposing. Secondary to damages done to animals, environmental damages can also cause communities to lose their livelihood and cause ecological issues. Continuing its wide variety of negative impacts on health, ecology, and economy, environmental crime is a primary focus of this committee. Until now, the UN has attempted to create several organizations,

⁴ "United Nations Office on Drugs and Crime." UNODC and Corruption. N.p., n.d. Web. 08 Aug. 2015.



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implement several treaties, and pass resolutions to resolve the issues. The Convention on Transnational Crime was adopted in 2000, which started drawing attention to multinational corporations committing these crimes. Several years later, the UN passed resolutions concerning wildlife, timber, and forest products to increase legislation and prevent more damage on society and the environment. While these measures are steps towards prevention of violations by companies, there is much that can be done by this body to speed up elimination of corporate crimes⁵⁶.

One example of a corporation negatively impacting an ecosystem and harming the people living within it lies with the Royal Dutch Shell Company in the Niger Delta in Nigeria. One of the worst oil spills in history began in 2005 in Nigeria under Shell's watch, destroying agricultural land, damaging the ecosystem of the delta, and directly affecting the people of the area's health. From the start of the spill well into the beginning of the court case in 2009

and still until the court's decision in 2013, human rights and ecological abuses occurred regularly. The five year court case was fought in the Dutch court system began between the people of several Nigerian



Damage done in Nigeria as a result of the Oil Spill
Source: Amnesty International

villages and the Shell company, and the final decision found in favor of the Nigerians, awarding them money as compensation for damages. Shell, unsurprisingly, voiced its discontent with the court decision and the legal precedent that the case establishes⁷.

Labor Law Violations

In addition to the societal and ecological issues created by the previous mentioned crimes, corporations also often

⁵ Holm, Ingvild. "PRESS RELEASE: Environmental Crime: A Threat to Our Future." National Institute Economic Review No. 47 (2008): 85. 13 Oct. 2008. Web. 8 Aug. 2015.

⁶ Coppens, Ludgarde. "Transnational Environmental Crime - a Common Crime in Need of Better Enforcement." UNEP Sioux Falls. N.p., Jan. 2012. Web. 08 Aug. 2015.

⁷ "Shell Lawsuit (re Nigeria - Kiobel & Wiwa)". Business & Human Rights Resource Centre.



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lack in providing safe and sufficient working conditions for individuals. Labor law violations, such as child labor, unfair wages, unsafe conditions, and working hours exceeding the legal limit, can severely damage individuals and their families. Multinational and national corporations have the responsibility to abide by and guarantee the safety and health of their workers. Yet, many seem to fail. Multinational manufacturers and construction companies choose not to comply with international labor laws and continue to work in unsafe circumstances. Many assume only developing states have companies violating labor laws, but companies that violate labor laws are predominantly western. Coca-Cola for example, abuses its workers' rights, as several union leaders in South-America were killed or kidnapped for protesting against the unfair conditions. Nestle, producer of cocoa products in Europe and the United States, continues its business with Ivory Coast cocoa farms despite having knowledge of abusive and forced child labor. Wal-Mart, another American giant, discriminates in its hiring process and fails to provide proper health insurance. These are just some of many examples proving there is much that needs to be accomplished⁸.

The UN is a dominant player in establishing labor laws around the world. One of the agencies created by the UN that helps provide better opportunity, training, and working conditions is the International Labor Organization (ILO). The ILO works on the development of equal opportunities for men and women, but also attempts to prevent violations of working condition standards. Besides opportunity, the ILO also has programs concerning child labor, health care for workers, fair wage laws, and equal rights for domestic and immigrant workers. This in itself is what the UN's role has historically been in reference to corporate responsibility. The UN has worked to establish international norms, which can be expanded to how companies are held responsible for issues that stem from their operation in an area. Steps such as building upon existent legal precedent and giving the International Court of Justice (ICJ) the power to take up cases against corporations are important ones that this committee can begin⁹.

Issues and Positions by Region

Regularly, developing regions in Asia, Africa and South America are blamed for the violations committed by corporations. 'How can they allow that to

⁸ "International Labor Rights Forum." The 14 Worst Corporate Evildoers. N.p., 12 Dec. 2005. Web. 08

Aug. 2015.

⁹ "United Nations Sport for Development and Peace - ILO." UN News Center. UN, n.d. Web. 08 Aug. 2015.



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happen?' the developed world asks itself. Yet, often times, the west forgets that it is western companies that commit these violations. Developing states simply allow it to occur as it increases economic flow. Each region has their own ideas about what is best and how these responsibilities should be legislated and controlled based on societal needs such as jobs, western influence, or simply economic prosperity.

Africa and Asia

Multinational corporations often expand to Africa and Asia for its cheap labor and resourceful nature. Besides China, Japan, and South Korea, African and Asian states are known for their poor economic development. The multinational companies that expand to Africa and Asia therefore, seem extremely positive for the African and Asian states as they bring many economic advances with them. Disadvantages however, are just as present. Child labor, illegal poaching, oil spills, and many other corporate violations take place in the African and Asian states, what is most important is for their delegations to decide¹⁰.

¹⁰ "Resources for Speakers, Global Issues, Africa, Ageing, Agriculture, Aids, Atomic Energy, Children, Climate Change, Culture, Decolonization, Demining, Development, Disabilities, Disarmament, Environment, Food, Governance, Humanitarian, Refugees, Women." UN News Center. UN, n.d. Web. 08 Aug. 2015.

Europe and North-America

European and North American states, often referred to as the west, are home to majority of multinational corporations. Germany, the Netherlands, the United Kingdom and the United States of America hold the vast majority of multinational corporations. From Adidas and Haribo, to Chevrolet and Heineken, almost all global businesses erupt from the west. These corporations have great interest in making profits and look across borders to achieve just that. Profit appears to be the most important, but there also is a loud voice, calling for punishment when responsibilities are not taken and when violations of international ethics are committed.

Oceania

Oceania and the Pacific Islands have relatively little issues with labor laws and corporate violation. Occasionally, some hiring discrimination in Australia and sweatshops on the smaller islands do occur, but these are usually minor events. Despite having little issues themselves, Australia and New Zealand do have a large international voices calling for stricter regulations on corporate responsibilities.

South-America

South America has, similar to Africa and Asia, more issues with multinational



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corporations within their borders. Habitat destruction, illegal logging, and labor law violations are extremely common in South America. Once again, states will have to decide what is more important: profit, or maintaining international ethics and corporations being held to their responsibilities.

Considerations for the Body

It is apparent that corporate responsibility includes a wide range of violations that should not be committed. Each of these violations has to be solved differently and while all these issues appear to be of the same gravity, this committee is going to decide which problems are prioritized and how each problem will be resolved. Below are some questions the body can consider.

- Can you sanction individual states for allowing illegal practices to

continue, or should these states receive extra funds or tools to stop corporate violations?

- How are these violations legislated, and how can enforcement of legislation be improved?
- How can you increase risk factors corporations have to consider before committing violations?
- Should corporations be sanctioned after violation, or rewarded for not violating transnational laws?
- What are possible sanctions, rewards, or solutions for these violations and issues?
- When is it a corporation's responsibility and when is it the country's responsibility?



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