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HUMAN RIGHTS AND CORPORATIONS

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Abstract: China is undergoing a great change from a traditional society based on obligations to a modern society based on rights. In modern society human rights are basic behavior codes and values needed, and everyone's rights should be respected, which is a fundamental principle to the whole society, individuals and corporations. Therefore, corporation respecting human rights have become a national legal requirement with mandatory. The company that respects human rights could ride the trend of social expectations and earn inestimable business profits. In other words, corporation should not only focus on short-term profits but also commit itself to assure all the others' interests respected, in this way, maximum profits could be reached in the long term.

Keywords: human rights; corporation; soft-power; social responsibility; economic ethics

Introduction

After 30 years of implementation of Revolution and Opening-up policy, China's GDP has reached the second in the world, however, people's income and labor security have not developed to a suitable degree, numberless common workers devote themselves to the development of the country and social prosperity and make a big sacrifice at some aspects, but many of them have made a hard working on the way of protecting their rights. In order to sufficiently protect fundamental rights of workers, *Labor Contract Law* in China began to implement since January 2008, following the result that the proportion of signing labor contract has up to 93% from less than 20% ever. Furthermore, short-term contract has shrunk and mid-term, long term contract as well as non-fixed contract has dominated in the labor market.

The implementation of *Labor Contract Law* which is supposed to protect legal rights to labors called on a big reaction, and a lot of workers are inspired while exist opponents.

To some companies, especially those avoid responsibility to make profits will witness the increase of their labor cost. Since the outburst of global financial crisis, under the difficult condition, it's said that Labor Contract has increased cost, which should be put off, even someone thought this law should be revised again. Undoubtedly, there are some enterprises laying workers off to increase the efficiency. With indifference to their somewhat reasonable demands and legal rights, many workers have got to return home.

After spring festival in 2010, the economy had rebounded and international orders augmented with a sudden rise, however some places were experiencing shortages of migrant workers. The reason for this phenomenon was complex but fundamental that workers were not satisfied with company's long-term indifference to workers' rights. Migrant workers found it not attracting to work in a corporation for a long time with non-punctual salary and no welfare such as pension, housing, children's education, medical treatments and so on, which make them having no sense of belonging.

Thus, the so-called shortage of migrant workers can be thought as shortage of workers' rights. A company

who have not attached much importance on workers' rights and not well treat workers would be denied by them. On the contrary, factories that obey *Labor Contract Law* and not laying off staff even though the influence of financial crisis could keep a constant relationship with labors even in the moment of needing lots of workers.

The phenomenon of shortage of migrant workers needs us reviewing the sense of Labor Contract Law. Laws like *Contract Law* have been implemented in the most parts of the world for centuries. However there is no information showing that protecting labors' fundamental rights would hamper social and economic development. As to standard-performing enterprises, *Contract Law* has no obvious influence on their costs and competitiveness of labor costs. For most of companies *Labor Contract Law* is helpful to stabilize labor relationship and benefit to human capital investment. In the long run, this law is not only positive to corporate healthy development but also benefit to keep national economic growing.

Because of market economy developing at a high speed, Chinese citizens have improved awareness of protecting their own rights. *Labor Contract Law* is a fundamental law that safeguards the interests of workers, and shortage of migrant workers has reflected that workers safeguarding their own interests have become a conscious action in daily life. Shortage of migrant workers has a profound effect on China's economic development, which teaches a lesson to some enterprises, and what's more, deepens cognition of relationship between human rights and companies.

Economic Development and Social Welfare

China is undergoing a great change from a traditional society based on obligations to a modern society based on rights. China's traditional society is known for emphasis on compulsion which is a one-way compulsion of an individual to the whole family and country. However in modern society human rights are basic behavior codes and values needed, when we talk about obligations again, for the most, obligations should be based on country protecting human rights. Every individual's rights should be respect no matter a country, a person or a company, which is a basic principle. As company is a conductor, it has been a country's legal requirement for company to respect human rights.

Lots of enterprises worry about that abiding by human rights' requirements strictly may impair company's competition. This worry does not stand. Human rights express basic human's requirements and fundamental behavior codes for people and countries to communicate. A country respecting another country would earn the praises of the world, a person respecting the others would receive gratitude, the same as a corporation, corporation respecting human rights would conform to the society's expectations, and then would earn incalculable business interests. In another words, a company should not focus on the short-term interests but commit to make sure that every related parts would get respects, and by this way the company would realize maximum business interests in a long term.

If corporation respects human rights, employees would get corresponding protection such as personal safety, equal opportunity, private data, minimum salary, labor contract, relaxed time, medical insurance, unemployment insurance and pension insurance and only in this way could a corporation attract outstanding staffs and make employees active. In 2010 People's Congress, there was a representative stated that a company should build humane management and change the traditional hard-working image of migrant workers in response to migrant workers' change of living method and culture (1). This proposal has a profound meaning. Entrepreneurs should look at the economy with a great mind, not only focus on immediate fortune, but also have an important eye on

interests of majority, and then realize sustainable development. The reason why China's stated owned company Changan Auto won Outstanding Practice Award in 2011 in "the First Finance Corporate Social Responsibility List" is that Changan Auto knows the truth that employees is the most valuable wealth for the company. In the progress of developing, Changan Auto makes its best to create an atmosphere in which employees are respected, trained and could obtain achievements, and both corporate interests and individual's values could be realized at the same time. Under the guide of Respecting Customers, employee-oriented, integrity and Professionalism, Continuous Improvement, Changan Auto put Duo-Concern culture into practice. On the one side, Changan's staff would double their income, and on the other side, care about staff's health in the way such as examining body regularly, building up fitness center, holding games and playing Tai chi. Changan Auto has not only made contributions to social stability and economic growing, but also made an example of put CSR (Corporate Social Responsibility) into practice as well (2).

If a corporation respects human rights, consumers would be set in a vital position, and then corporation would attach much importance on production safety and protecting environment, as well as devote themselves into career of public welfare via donation, as a result the corporation would earn a unique brand image and a greater fame. COFCO Group, who based on the concept of Loyalty to the Country and Helpfulness to People's Livelihood, has been awarded on the list of "the First Finance` Corporate Social Responsibility List" and "Outstanding Corporate Award". COFCO Group connects social responsibility and corporate strategy initiatively, bases on Chinese market, takes advantage of global resources, disposes scientifically and builds industry train from universal perspective, through all of which commit itself to share responsibility of national food safety and solving rural issues.

By providing a whole industry chain from Field to Dining which includes source control, producing control, inspection and traceable system, COFCO fulfill the responsibility of company to public and maintain its brand as well. With the management method of HACCP, ISO22000 and TQM carried out, COFCO has promoted to complete modern system of food safety management around human, operations, merchandises, environment and management with spot management to make sure that production procedure are controlled efficiently. Except for daily management, COFCO Group explored risks assessment system of food safety and regularly assesses food safety management to promote rank of food safety raising (3). As the biggest stated-owned grain food company, COFCO Group knows well that excellent band is not only the symbol of quality but also of series of values, which would bring numerous profits to economy and society.

If a corporation respects human rights, when interests conflict it will provide a transparent procedure and a platform to gather all the related parts to talk about equally. Expressing different concepts is helpful to reveal the truth, arguing about opinions is helpful to form a wisdom decision. Brilliant light is the best disinfectant and monitor from society is the key for company to respond to challenge and go to success.

In the world of German business ethics there exists a theory saying the core of business ethics is the discourse ethics. It has been noticed that the character of traditional business management is that instruction is passed from top to down, however nowadays companies are influenced by democracy of universal suffrage and managers attach much importance on critique and advices from all of the company, which set up a cornerstone for communication solving corporate ethics problem. As an operational procedure, communication forms the kernel of business ethics. Corporate should have a sense of moral, giving up any behavior whose consequence may impact others'. If not give up, peaceful communication should be taken under a reasonable and voluntary condition to make a deal which could be accepted by all the parts, sharing interests and bad consequence. There

are extensive meanings for corporation ethics including resolving labor conflicts, interior communication to improve quality management of products, as well as communication coordinating corporate behaviors and social responsibility. National Grid, a British energy group, built a free talking forum participated by representatives from industry, government, academia and civil society which is held by an independent institute – British Environmental Protection Committee when National Grid found that to the problem whether magnetic field affects human health or not there are lots of sounds in the science (4). It is proved that it is meaningful to eliminate public's worries and put forward a wisdom strategy by providing a transparent platform to express different ideas.

As to corporate interior communication, business ethics should study how to form rule of business ethics which have characteristic of the company and have a profound instructive meaning for quality of business ethics. This ethic rule is absolutely not traditional rules to enlarge production efficiency, but the complementation to the national law which reflects self-restraint of corporation itself economic action and provides a basic standard of making decisions that simplify procedure of thinking of moral. Taking Caterpillar as an example, its business ethics' rule contains the following things: First, as to foreign company's branch, if two appliers, one of who come from abroad and the other is a native, compete one position at the same time, the native has a prior chance when there are no essential differences. Second, as to staffs' salary, if the standard conflicts with universal moral standards, moral standards should be abided by. Because rules of ethics formulate definitely what interests should be considered first, what interest should be considered after the others, which draw an boundary to persons who pursue interests, when a company comes across problems such as that one profitable product has a side effect on health while other companies' are not, rule of ethics may make a decision since it put consumers' health in the first place (5).

Of course, there exists limitation to rules of ethics. For instance, certain company produces a kind of saccharine which has high value to health of overweight persons and diabetes. However later someone found out that saccharine is harmful to a few people which may cause cancer. In this case there is not a normal rule could be referred, so whether should be continued to produce or not? It's difficult for rule of ethics to play a role because it cannot weight the importance of interests of majority and potential cancer crisis of minority. Only way seems to set up an ethics committee to talk about this problem between corporation and representatives from society. Ethics committee is a temporary but important institute aiming to resolve conflicts between corporate action and its consequence, whose responsibility is to participate in board decisions, check the implements of rule of corporate ethics and publish review report. Except for companies, members of the committee should not only be equipped with professional skill and moral authority, but also be good at promoting communication and procedures of reaching an agreement.

If a corporation respects human rights, it could keep a good relation with governments and business partners, obtaining business license, lending opportunities, supply and sales channels, lowering operation risks, and then creating strong competitiveness. IFC is an international financial company, which needs lending customers comply for a demolition and resettlement rule to protect interests of relocates. This rule claims that in every relocation, corporation should provide stable using right of land to new residents even though the house before has no stable using right. If IFC's financing projects relate to non-voluntary resettlement, it need lending customers providing a detailed plan for resettlement and making sure that each target in this plan would be realized (6). In the summer of 1998, there erupted a flood in areas of Yangzi-River, and many companies promised to donate at a charity party organized by CCTV, but there were a few of companies didn't

keep their words. GMC was informed that three companies having good partnership with GMC belongs to those that did not keep their promises, and deprived these three of agency rights, which trapped GMC into a dilemma: finishing contracts, GMC will suffer lots of losses; continuing contracts, if this was exposed by Chinese Media GMC's reputation would be impaired. Eventually, when the scandal was revealed, GMC determined to finish partnership with these three Chinese companies for an obvious reason that corporation with no integrity have no basis on cooperation

Conclusion

In China, it's a new concept to use human rights theory into business, which will have no doubt to rebuild understanding of people to corporation. Because of relationship between human rights and corporation, corporation would make a unique contribution to China's Human Right Career. According to expectation of Oxford University's staff, in the future there are 9 kinds of Jobs will have a promising future, among which include soft-power manager (be responsible for managing corporate culture and strengthening staff's skill), employee welfare manager (be responsible for employee welfare, safeguarding his health and reasonable time and intensity of working), sustainability manager (be responsible for monitoring the influence of company's behavior to environment and coordinating corporation, government and residents), these three kinds of managers' main duty involve to relationship between corporation and human rights, which is aimed to improve the degree of contribution of company to human rights. It can clearly be seen that a company must have the sense of human rights and its every decision should meet human rights requirement, so a company should have its own action guide which is taken as important standard for assessing performance. So far, there are more than 200 Chinese corporate have joined into Global Compact, which is a kind of voluntary deal of UN to spread CSR, having two core principles , one is that companies should support and respect international cognitive human rights, while the other is that assure not make friends with human rights abuses.

This compact let companies understand that their own records on human rights have a great influence on their fame, and only respect human rights could corporation maintain their own benefits.

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Page 30, Business Leaders Initiative on Human Rights

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