

# Research on the Regulation of Human Rights Responsibility of Multinational Companies

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**Abstract.** With the development of economic globalization, the status of multinational corporations is constantly improving. Multinational corporations play an increasingly important role in promoting global economic development, profoundly influencing the development of the global economic and political landscape. While promoting economic development, transnational corporations also violate human rights, such as squeezing labor, polluting the environment, and endangering the right to life, health and development of the people in the host country. In this context, analyzing the human rights issues of multinational corporations is important. The article adopts case analysis, historical analysis, and literature analysis methods to analyze the human rights responsibilities of multinational corporations. The article explores the definition, origin, and theoretical basis of human rights responsibility of multinational corporations, as well as the reasons for their human rights violations. At the same time, suggestions are proposed from international regulations, host countries, home countries, and enterprises themselves to regulate the human rights violations committed by multinational corporations, promoting them to actively assume human rights responsibilities.

**Keywords:** Multinational corporations; Human rights responsibility; Legal regulations.

## 1. Introduction

With the development of economic globalization, the economic connections between countries around the world are becoming increasingly close, and multinational corporations are also constantly developing. Multinational corporations have had a profound impact on global economic and political development, which play an important role in labor employment, environmental protection, capital markets, and consumer markets. As an important participant in the global economy, multinational corporations should also actively abide by relevant provisions of international law, home country law, and host country laws, assume social responsibility towards the host country, actively safeguard basic human rights, and promote the development of the host country where they are located. Many international legal documents, such as the Universal Declaration of Human Rights, stipulate the human rights responsibilities of multinational corporations. At the same time, international organizations use their influence and public opinion mechanisms to create external pressure on the behavior of multinational corporations and multinational corporations considering the influence of factors such as consumer and capital markets, actively regulate their own behavior, and actively assume social responsibility. These factors provide a basis for multinational corporations to assume human rights responsibilities.

Human rights are the personal freedom and various democratic rights that people should enjoy. Multinational corporations should actively fulfill their obligations to protect human rights. However, in reality, human rights violations by multinational corporations often occur, such as child labor, neglect of product quality, environmental pollution, and racial discrimination. Nike's exploitation of labor and the El Guado oil field case have posed a serious threat to the lives and health of local people. What is the legal basis for multinational corporations to assume human rights responsibility? What are the reasons for human rights violations by multinational corporations? How to better regulate the human rights responsibility of multinational corporations is very much worth studying.

On the basis of the above, this article analyzes the reasons for human rights violations committed by multinational corporations from international regulations, host countries, and enterprises themselves through case analysis, historical analysis, and literature analysis methods. The content of

international laws and regulations is insufficient, and the laws of the host country need to be improved. And we also need to consider the weak law enforcement of the government and the lack of legal awareness among enterprises. These are all important reasons for the human rights violations committed by multinational corporations. At the same time, this article also attempts to provide relevant suggestions for multinational corporations to assume human rights responsibilities from three aspects: international law, host country, home country, and enterprises themselves. It is hoped that this can contribute to better regulating the issue of multinational corporations actively assuming human rights responsibilities.

## **2. Outline of the Issue of Human Rights Responsibility of Multinational Corporations**

### **2.1. Definition of Human Rights Responsibilities of Multinational Corporations**

The main connotation of human rights is that normal people (non criminals) should be treated humanely. What is the human rights responsibility of multinational corporations? Although international law does not explicitly stipulate the human rights responsibility of multinational corporations, there is a consensus internationally. It is that multinational corporations should actively comply with relevant provisions of international law, home country law, and host country law, assume social responsibility towards the host country, actively safeguard basic human rights, which can promote the development of the host country when the multinational corporations are conducting business activities.

### **2.2. The Reasons Why Do Multinational Corporations Bear Human Rights Responsibilities**

The responsibility to protect human rights is not only something that a country needs to do, but also something that multinational corporations themselves need to do. Multinational corporations are products of economic globalization which are major participants in global economic activities. Under the influence of economic globalization, multinational corporations continue to develop and expand rapidly. However, while multinational corporations engage in business activities, human rights violations and labor exploitation continue to occur. With the development of the economy, society's demands for corporate responsibility and transparency continue to increase, and the impact of ethical standards on investors is gradually expanding. As a result, multinational corporations are increasingly valuing human rights issues, and active human rights behavior by multinational corporations is necessary.

#### **2.2.1 Legal regulations**

From the perspective of legal regulations, many international legal documents stipulate the human rights responsibilities of multinational corporations. Traditional international human rights law is composed of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social, and Cultural Rights, which makes the state the subject of responsibility, but according to Article 29 of the Universal Declaration of Human Rights, "Everyone has an obligation to society", the assumption of human rights responsibility by multinational corporations also has a legal basis [1]. At the same time, the legal treaties signed between multinational corporations and the host country, as well as the domestic labor laws and regulations of the host country, stipulate that companies should bear social responsibility. The Code of Conduct for Multinational Corporations, the Guidelines for Multinational Corporations, and international labor standards also provide relevant provisions on the human rights responsibility of multinational corporations, which together constitute the legal regulation of their human rights responsibility. When receiving the paper, we assume that the corresponding authors grant us the copyright to use.

### **2.2.2 Other aspects**

In other ways, international organizations will restrain and supervise the behavior of multinational corporations which will use their own mechanisms and public opinion advantages to regulate their human rights violations. Consumer consumption and market investment directly affect the development and operation of enterprises. Therefore, multinational corporations, considering the factors of consumer and investment markets, will also take the initiative to assume international human rights responsibilities for their long-term development [2]. In addition, the local people and media will supervise and protest the human rights violations committed by multinational corporations from the perspective of public opinion, which will make them bear social responsibility.

### **2.3. The Current Situation of Human Rights Violations Committed by Multinational Corporation**

Although the law stipulates that transnational corporations should bear human rights responsibilities, in reality, many transnational corporations do not actively fulfill their human rights responsibilities. Transnational corporations still do a lot of things which violate human rights, such as damaging labor rights, endangering people's lives and health, polluting the environment and damaging consumer rights.

#### **2.3.1 Environmental pollution**

Multinational corporations pollute the host country's environment during their production and operation processes. Polluting water resources and emitting polluting gases often occur. The Bhopal gas leak in India has caused serious damage to the air ecological environment, posing a great threat to the safety of the local people. At the same time, the El Guado oil development pollution case is also a typical example. Overexploitation of oil resources has led to oil depletion, which has also caused great damage to El Guado's right to development.

#### **2.3.2 Infringement of workers' rights**

In fact, multinational corporations often exploit labor, force labor, and restrict the personal freedom of workers. From the events of Nike and Foxconn's "sweatshop" in the past years, multinational companies ignored the human rights and the right to life and health of workers in order to maximize their interests. The dirty working environment, unsafe working environment, and even the phenomenon of forced labor by Pakistani Pentland Groups suppliers using child labor have caused great harm to the personal rights and life and health rights of workers [3].

#### **2.3.3 Infringement of consumer rights**

Many multinational corporations, in pursuit of maximizing profits, do not pay attention to product quality and consumer health protection during the production process, which has also caused harm to the rights and interests of consumers. It is very common to engage in false advertising, use it as a pretext, neglect product quality, and add substances that are harmful to consumers' health. Coca Cola Company is deeply involved in the "cancer gate", and the brand side of "Temple Warehouse" responded that the quality of the bags placed was defective, but refused to return them to the platform. And we can also know the Coca Cola fluoride incidents. These all harm the rights of consumers and cause harm to the rights and interests of local consumers.

## **3. The Reasons and Necessity of Regulating the Human Rights Responsibility of Multinational Corporations**

### **3.1. The Reasons Why Multinational Corporations Violate Human Rights**

The reasons why multinational corporations violate human rights is an important thing we need to think about. The phenomenon that multinational corporations violate the human rights reflects various

issues such as enterprises, host and home countries, and international law. The following is an analysis of the causes of human rights issues in multinational corporations.

For multinational corporations, international treaties and labor standards have not been reasonably applied which have not fully exerted the legal effect of international treaties. Although international labor standards regulate many aspects such as wages, working hours, occupational safety and worker protection, they have not been effectively applied and cannot be directly regulated through international law, which also needs to regulate corporate behavior indirectly through domestic law.

At the same time, many provisions on human rights responsibility in international law are vague, such as the Universal Declaration of Human Rights, which requires social institutions to have an obligation to promote the realization of human rights in its preamble. However, there is no clear provision on whether companies belong to social institutions and whether they need to protect personal rights [4]. Therefore, due to the lack of clear and explicit provisions on human rights responsibility in international law, multinational corporations exploit legal loopholes to violate the human rights of the people of the host country. The effectiveness of international law is insufficient, and the content needs to be improved, making it difficult to effectively regulate the issue of human rights violations by enterprises.

Meanwhile, international soft law has not played a reasonable role. "Soft law" and "hard law" are two relative concepts. International law documents with mandatory legal effects are called "hard law", while international organization documents without mandatory legal effects are called "soft law". In specific legal practice, most of the "soft law" documents only advocate for publicity, lacking effective legal binding force and corresponding legal mechanisms. So soft law cannot effectively fulfill its legislative purpose and cannot effectively solve the problem of human rights violations by enterprises.

### **3.2. Host Country and Home Country**

#### **3.2.1 The host country's law enforcement is weak, supervision is not timely, and legal norms need to be improved**

In practice, the majority of host countries belong to developing countries. In order to attract investment and develop the economy, the host country lacks attention to human rights issues in the actual process.

Firstly, the legal content of human rights responsibility in the host country is not perfect and its legal effect is limited. For example, China's labor protection law does not have clear regulations on the length and duration of overtime, and it is not clear how long overtime is recognized. Let's take Foxconn as an example. Foxconn pays overtime wages in increments of 30 minutes. That is to say, if workers work overtime for 29 minutes, they will not be able to receive overtime pay; If workers work for 58 minutes of overtime, they can only receive 30 minutes of overtime pay [3]. Therefore, foreign-funded enterprises use this way to force laborers to work within the legal overtime hours, but thus do not give any money to laborers.

Secondly, in the actual process, some host countries only have principled regulations which does not have any mandatory provisions [4]. The government of the host country does not do its best which is indifferent to infringement and even negligent in law enforcement. For example, in Indonesia, although there are laws such as the Environmental Management and Protection Act, in practice, the government has not seriously complied with the law and allowed multinational corporations to violate human rights, making it difficult to solve the problem of human rights violations by multinational corporations.

#### **3.2.2 Obstacles to home country regulation**

In his work, Yu Liang pointed out that in international law, the home country has the right to jurisdiction over multinational corporations headquartered in its territory or registered in its territory with its nationality [5]. Although the home country has jurisdiction over its territory or nationality in law, there are many problems in.

Firstly, international law does not explicitly stipulate whether the home country has an obligation to regulate the extraterritorial human rights of multinational corporations. Therefore, in reality, there are obstacles and legal conflicts when regulating the behavior of multinational corporations in the home country, making it difficult to effectively regulate the behavior of multinational corporations. At the same time, when the home country exercises jurisdiction over the violation of human rights by its subsidiaries, it is easy to have legal conflicts with the host country, especially in cases where the two countries have not signed a treaty, which may be deemed as a violation of their judicial sovereignty by the host country, resulting in conflicts between the two countries. Therefore, based on this situation, most home countries find it difficult or unwilling to govern the actions of their subsidiaries, making it difficult to address the human rights issues of multinational corporations.

### 3.3. Enterprise Itself

As the main carrier of economic globalization, multinational corporations have a close relationship with human rights responsibilities. The main reason is that enterprises lack legal awareness. In pursuit of maximum economic benefits, multinational corporations violate legal regulations, squeeze labor, pollute the environment, which causes harm to the human rights and development rights of the host country. The "Carcinogen Gate" of PepsiCo and the "sweatshop" of Nike and Foxconn are typical examples. Therefore, the lack of legal awareness of enterprises and the lack of protection of labor rights are the main reasons.

On the other hand, the company's management system should be improved too. Many multinational enterprises have imperfect regulatory mechanisms, unreasonable salary systems, and loopholes in their own management, making it difficult to regulate their behavior within the enterprise in a timely and effective manner. At the same time, in some countries, such as Foxconn in China, trade unions lack representativeness and independence, and overly rely on the enterprise [6]. Under the control of enterprises, trade unions cannot truly represent the interests of workers, making it difficult for multinational corporations to effectively address human rights violations.

## 4. Suggestions

Perfecting the legal protection system of labor rights and clarifying the human rights responsibilities of transnational corporations is a very important issue worth thinking about, which plays an important role in promoting the healthy development of transnational corporations and the world economy. The following are relevant suggestions on corporate social responsibility and labor rights protection.

### 4.1. Combining International "Hard Law" with "Soft Law"

The 2010 Foxconn employee chain jump incident caused a sensation throughout the world. The issue behind the Foxconn incident is also worth pondering: for the business activities of multinational corporations, international treaties and labor standards have not been reasonably applied. Although international labor standards clearly stipulate many aspects such as working conditions, wages, working hours, occupational safety, and worker protection, they have not been well applied in Foxconn enterprises. The freedom of personal rights and interests of workers is restricted, overtime is common, and workers' freedom and entertainment cannot be guaranteed. It is obvious that they have not complied with international treaties and labor standards. Foxconn case is not a special case, but a common problem of multinational companies [7]. To solve the problem of labor rights, it is necessary to strengthen the application of international law, improve international laws and regulations, and combine "hard law" with "soft law".

Firstly, it is necessary to strengthen international legal construction, improve content, and promote the translation of international customs into international treaties, such as prohibiting the employment of child labor and prohibiting discrimination against persons with disabilities and foreigners.

Consolidate the consensus of the international community to enhance the legal application and binding force of the "hard law" of international treaties.

Secondly, we need to leverage the role of international soft law, such as the "Social Responsibility of Multinational Enterprises" and other soft laws. Although international soft law is not like international hard law, which has a mandatory binding force on member states. But it embodies the values commonly accepted by many countries and has a moral guiding and advocacy role [7]. Therefore, it is very important to leverage the coercive effect of international treaties and the advocacy role of international soft law, and achieve a combination of international soft law and hard law. Combining coercion with advocacy, and combining morality with the rule of law, which can better solve the human rights issues of multinational corporations.

#### **4.2. Host Country and Home Country**

The human rights issues of multinational corporations are also closely related to the situation of the host country and the home country themselves. Therefore, solving the issue of social responsibility of multinational corporations requires the home country and the host country to take relevant measures together.

For the home country, it has an obligation to protect the host country's basic development rights, human rights, and fundamental development rights. When transnational enterprises violate human rights and labor rights, the home country should also bear corresponding responsibilities. The home country can strengthen its supervision over multinational subsidiaries, and supervise and manage enterprises that do not actively assume social responsibility, evade taxes, and evade taxes. The home country can also sign international treaties with the host country to provide legal effect for managing multinational enterprises and better protect the natural environment and human rights of the host country. And the home country should respect the sovereignty of the host country, and when regulating the operation of multinational enterprises. It should not violate the sovereignty of the host country [8].

In addition, the human rights issues of multinational enterprises are closely related to the imperfect legislation, weak law enforcement, and untimely supervision of the host country. Therefore, to solve the problem of transnational corporations' infringement of labor rights, first of all, the host country should actively participate in international labor protection conventions and strengthen legal construction. The host country should improve its domestic laws and labor laws, clarify corporate responsibility, and clearly divide and constrain the social responsibility of multinational enterprises through laws and regulations. Secondly, it is necessary to strengthen law enforcement and government enforcement efforts and supervision. Strengthen the supervision of pollution behavior by multinational corporations, while ensuring the implementation of labor standards and domestic labor laws, improving the level and intensity of supervision. At the same time, additional conditions can also be adopted. Conditional approach refers to the implementation of relevant international soft law by granting rights, preferential treatment or other forms of assistance to subject of international law. For example, providing convenient conditions and rewards to enterprises that actively undertake labor and social responsibilities to promote their social responsibility.

#### **4.3. From the Perspective of Enterprises: Standardizing Their Own Behavior and Strengthening Supervision**

As the main body of market operation, enterprises are the direct bearers and performers of social responsibility. The company must comply with laws, administrative regulations, social ethics, and business ethics. Enterprises should accept government and public supervision which are responsible to society. But we can see that in enterprises, environmental pollution and labor exploitation often occur. Many companies' management models are very unreasonable and violate the humanitarian spirit. Employees work in two shifts for 12 hours and are forced to work in a high-intensity and high-pressure labor mode. It is also common to insult employees, accuse them, deprive them of their personal freedom, and prohibit them from entering or leaving freely. Therefore, from the perspective

of the company, the first step is to enhance social responsibility and legal awareness, and comply with the relevant provisions of the Labor Law. The company clearly stipulates work environment, wages and working hours to protect labor rights. The company should enhance its awareness of environmental protection and human rights protection, and reasonably regulate employees' working hours and labor remuneration [9]. At the same time, there are loopholes in internal management of enterprises, so enterprises should establish a sound internal supervision mechanism with clear responsibilities for each department. The company should establish fair salary qualifications, and at the same time, regularly publish relevant data, supervise pollution discharge of environmental problems, and evaluate the work of protecting labor rights and its own behavior [10]. Enterprises should achieve openness and transparency, and solve their social responsibility and labor issues through internal supervision, social supervision, and regulating their own behavior.

At the same time, the RBA Responsibility Business alliance Code of Conduct stipulates that any enterprise in the electronic industry can voluntarily adopt this Code and apply it to its supply chain and subcontractors, including the providers of contract labor. It is say that enterprises adopting the Code must regard the RBA Responsibility Business alliance Code of Conduct as a comprehensive supply chain initiative, and participants should at least require their lower level suppliers to agree and implement the Code. Similar to companies in the electronics industry such as Foxconn, Apple, as an upstream company of Foxconn, has an obligation to regulate Foxconn's business behavior, criticize and supervise Foxconn's labor exploitation behavior. Therefore, multinational corporations can regulate their behavior through their own and social and other corporate supervision.

## 5. Summary

In the current era of economic globalization, it is crucial to regulate the human rights behavior of multinational corporations. Whether multinational corporations can actively assume human rights responsibilities has a significant impact on the healthy development of the world economy. Therefore, it is very meaningful to effectively regulate the human rights responsibility of multinational corporations.

In order for transnational corporations to observe human rights standards in international economic activities. We need to solve it from three aspects: international regulations, host country, and enterpris. In terms of international laws and regulations, it is necessary to improve international legislation, enhance the effectiveness of international law, and promote the combination of international hard law and soft law. From the perspective of both the host country and the home country, it is necessary to strengthen the supervision of the home country, improve the content of the host country's laws, and enhance the government's law enforcement capabilities. From the perspective of the company, it is necessary to enhance its legal awareness and solve corporate social responsibility and labor issues through internal and social supervision. Resolving the issue of human rights responsibility in multinational corporations requires joint efforts from everyone, and we also hope that this article can contribute to addressing the human rights issues of multinational corporations.

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