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MBA for Executives

Dissertation

An Examination on Corporate Social Responsibility  
and the Role of Non-Governmental Organizations in  
Implementing Norms in International Business

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## Abstract

Corporate Social Responsibility (CSR) has risen into prominence in many countries similarly with the concept of sustainable development. At present, with the wave of globalization, international business has been able to go across boundaries of sovereign states to engage in business operations. There are many economic factors behind the outsourcing of business corporations which are vastly beneficial both to the organization and the society. International business organizations have created many economic opportunities to countries with employment generation, transfer of new technology, foreign direct investment and development of trade and political relations. Despite the positive outcomes of international business, unfortunately there are many social disruptions and violations caused by business operations which negatively affect millions of people. In this regard, the Non-Governmental Organizations (NGO) play a major role in influencing the business companies to implement CSR activities and embrace its social responsibility. This research describes, analyses and explains the emergence of partnerships between business corporations and NGOs, the strategies NGOs use to influence business companies to be socially responsible and eventually the NGOs introduce norms to be followed in international business to avoid recurring of social disruptions.

Key words: Corporate social responsibility (CSR), Nongovernmental Organizations (NGO), International business, norms in international business, social disruptions

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## List of Abbreviations

Corporate Social Responsibility (CSR)

Convention on the Elimination of all forms of Discrimination Against Women (CEDAW)

Environmental Rights Action (ERA)

Free Trade Agreement of the Americas (FTAA)

Friends of the Earth (FoE)

Fair Labor Association (FLA)

International Labor Organization (ILO)

International Covenant on Civil and Political Rights (ICCPR)

Multinational Enterprises (MNE)

Multinational Corporations (MNCs)

National Labor Committee (NLC)

Non-Governmental Organizations (NGO)

North American Free Trade Agreement (NAFTA)

Organization for Economic Cooperation and Development (OECD)

Population and Community Development Association (PDA)

The Southeast Textiles, SA (SETISA)

The United Nations (UN)

United Nations International Children's Emergency Fund (UNICEF)

World Wildlife Fund (WWF)

World Trade Organization (WTO)

Worker Rights Consortium (WRC)

## 01. Introduction

The ultimate objective of every business organization is to generate economic values with the purpose of accomplishing the set financial goals. It is crucial for a business organization to make profits as the shareholders' investment and the expansion of the business depends on it. Davoren (2014) suggests that over time profit becomes just one of the objectives of a business organization as other objectives such as growth, societal responsibilities, actions to environmental changes might emerge. In addition, the interaction between the society and business organizations could be seen through the formation of employment generation, paying the salaries for the employers and taxes to the government which could be described as economical and legal obligations (Smit et al, 2003).

Chen (2019) defines Corporate Social Responsibility (CSR) as a business model that self-regulates and supports the company to be socially accountable for its stakeholders as well as to the public. Thus, business organizations will always be conscious on the impact the business has on the society in terms of economically, socially and environmentally. If a business organization is engaging in CSR it means that the organization operates in a manner of enhancing the society without contributing in a negative way. Skinner and Ivancevich (1996) state that business organizations have a social responsibility and should be aware that the business activities directly have an impact on the society. The concept of CSR has gained significance and admiration in parallel with the concept of sustainable development (Balaban et al, 2012). Furthermore, the business organizations have comprehended that it would be eventually beneficial for them if they take part an active role in social progress and maintain their financial stability at the same time. Nevertheless, as business organizations begin to expand their business ventures and become more globalized it has become problematic to guarantee and maintain the ethical integrity in managing the workforce which goes beyond national and cultural boundaries (Balza & Radojicic, 2004).

As a result of recent global developments and globalization, there has been a significant growth in internationalization of business and economic integration (Kourula, 2009). It is evident that the Multinational Enterprises (MNE) has gained a vital position in global business and that has led to global inequality and environmental crises. The economic integration have reduced the trade barriers and freight costs and also have lowered the manufacturing costs in countries such as China,

Vietnam, Bangladesh etc which has become the main reasons for large business organizations to start their factories in such developing countries.

There have been large corporate scandals caused by business organizations such as Parmalat, British Petroleum, and Enron which have stunned the public with the negative impact (Balza & Radojicic, 2004). Nestle is another transnational company which was blamed for its human rights violations and for misleading the public by stating that infant formula is crucial for a healthy childhood. There was another astonishing incident where IKEA was exposed to have used child labor in developing countries and for engaging in illegal logging in protected forests (Wadsworth, 2007). Nike is another large business organization which moved a large portion of its production to countries such as China and Indonesia for the cheap labor. Later Nike was accused of violating human rights by implementing very low wages, forced overtime work, abuse and poor working conditions (Wilsey and Lichtig, 2018). Likewise, the large business organizations shift their business activities to countries with low level of legal standards and violate human rights and leave a negative impact on the society as well as the environment.

Therefore, a lot of Non-governmental organizations (NGOs) have shown their interest to influence business organizations to operate ethically by engaging in CSR activities and in implementing business norms to be followed. Therefore, a lot of business organizations are now under the scrutiny of such NGOs.

Non-governmental organizations are considered as independent organizations that focus on betterment of the community and society without expecting any financial benefits (Boran, 2011). Non-governmental organizations are always prepared to extend their support for business organizations to implement CSR activities in order to contribute to the society as businesses play a major role in the society just like its role in enhancing the economy (Balaban et al, 2012). Non-governmental organizations are an important sector in social responsibility due to its projects and activities focused on enhancing the societal values and now they have begun projects with business organizations to increase their understanding in social responsibility. The Multinational Enterprises rules global business over time and similarly International Non-Governmental Organizations such as the United Nations and its agencies have developed in influence (Kuorala, 2009). Therefore, NGOs have gained the authority to reveal the truth to the public and contribute to the society's opinion and have an impact on commercial, economic, social and political aspects.

The business organizations invite the non-governmental organizations to collaborate in CSR projects to cater into their targeted groups of communities (Moldovan et al, 2016). Thus, the concept of CSR builds a relationship between NGOs and business entities by creating a partnership by providing valuable outputs to the society as a part of social responsibility. The business organizations can ensure the social integrity and maintain its financial viability at the same time with the support of non-governmental organizations. Such partnerships could prevent the aforementioned scandals from recurring and commit to social values and follow ethical norms when engaged in international business. China is already utilizing the CSR platform to attack on environmental practices of business organizations in China (Davis and Moosmayer, 2014).

NGOs play a significant role in spreading awareness on environmental and social responsibilities of business organizations. Similarly in China, the NGOs are influencing business organizations to embrace the concept of CSR and practice environmental healthy factory operations. The International nongovernmental organization Greenpeace are working with the textile companies on the elimination of toxic chemicals during the operation. Furthermore, a group of Chinese NGOs focused on the betterment of the environment advocate business organizations to adhere into environmental laws. Thus, such partnership between a NGO and CSR have become the key to sustainable development and therefore implement norms in international business to ensure that they are being practiced. There are several NGO corporate partnerships such as Coca Cola and World Wildlife Fund to protect fresh water river basins, Rainforest Alliance partnership with Chiquita bran to grow bananas in an environmental healthy manner and Environmental Defense Fund partnership with McDonalds to reduce the environmental damage done by its packaging (Poret, 2014). Therefore, this dissertation would examine how corporate social responsibility and nongovernmental organizations could implement norms to be followed in international business.

## 1.1. Rationale for the Study

Business organizations have come under close observation of nongovernmental organizations since few years due to many concerns. Economic globalization has created an interdependent world and the end of Cold War brought drastic changes in international trade and financial affairs. Consequently, there was a huge expansion of power in large transnational corporations and financial organizations. At present, resources such as technology, capital and labor are moving towards different investment destinations based on economic factors such as cheap labor, inadequate regulations so that the business could be operated in a more convenient environment. Therefore many of the large corporations are operating across boundaries. Moreover, large corporations being economically powerful actors, possess the capacity to influence policy in developing countries and thereby would have a huge impact on the societies which include millions of people both in a negative and in a positive manner (Amnesty International, 2004). In 2016, Amnesty International accused major corporations such as Apple, Samsung and Sony of using child labor (BBC, 2016). The Amnesty report was done with the support of nongovernmental organizations in Africa and has found out that child labor is being used in cobalt mining in Congo which is purchased by these companies. The cobalt mining operations are owned by Chinese mineral corporation Zhejiang Huayou Cobalt Ltd and the major traders are identified as Apple, Samsung and Sony. From such incidents, it is evident that there should be norms to be followed in international business and contribute to the society and the environment in a positive manner.

In order for business organizations to contribute back to the society, they should embrace the concept of social responsibility by engaging in CSR activities. The nongovernmental organizations play a significant role in implementing CSR concepts in business organizations and thereby implement 2030 agenda for sustainable development (Tankovski, 2017). The rationale of this study is to examine how nongovernmental organizations have an impact in formulating and implementing CSR activities of business organizations and spreading awareness on social responsibility. Thus, with the relationship between the concept of social responsibility and the role of nongovernmental organizations played in international business, they could implement norms to be practiced by business entities when engaged in business operations so that the community would not be negatively affected. If the business organizations are obliged to follow such norms, there would be less incidents of child labor, abuse of work rights, human rights violations,

environmental damages etc. Therefore, it is important that the corporate world builds a relationship with NGOs to engage themselves in social responsibility. This dissertation is an attempt to explore the relationship of nongovernmental organizations, corporate social responsibility and business organizations and how this relationship will influence in implementing norms to be practiced in international business.

## 1.2. Significance of the Study

Bird and Smucker (2007) represents that business enterprises and transnational corporations are means that transform resources in developing countries into goods and services and consequently contribute in enriching lives by providing income, skills development and tax revenues. Despite these positive outcomes of business enterprises, sometimes they have failed to safeguard and enhance social and economic resources of the local communities. There are inevitable disruptions brought by an international business to the local community. This dissertation closely examines the negative impacts of international business imposed on the society as a result of neglecting social responsibility.

As mentioned previously, corporate social responsibility offers numerous benefits both for the business organization and the society. When the business organizations engage in social and environmental activities they bring benefits to the society and henceforth it improves the relationship between business entities and communities (Ksiezak, 2016). The nongovernmental organizations support business entities to engage in CSR activities in order to contribute back to the society. NGOs execute campaigns in internet against irresponsible business organizations revealing how they have violated human rights, engaging in abusive practices, environmental damages which could tarnish the image of the business organization (Tankovski, 2017). Moreover, nongovernmental organizations often conduct awareness campaigns on how to engage in the business operations in an ethical manner using CSR concepts. Thereby, this dissertation is significant as it would examine the relationship between the corporations and NGOs in practicing social responsibility and the implementation of norms to be practiced in international business. Thus, there the disruptions caused by international business on local communities would be less. This study would be important since there are no adequate studies done on this area.

Even though business organizations provide many employment opportunities for people, its malpractices negatively affect millions of people (Amnesty International, 2004). Business organizations tend to violate human rights through the employment practices, production operations, negative impact on workforces and environment. Furthermore, large business corporations engage in human rights violations with exploitative governments and political authorities. Such global business activities have come under scrutiny of public as well as NGOs and are now working towards adoption for a more comprehensive, effective instrument by implementing norms in international business with the concept of corporate social responsibility. This dissertation would further examine how norms could be monitored and enforced and how the business organizations could measure itself against it. The NGOs could determine if the business organizations are maintaining their obligations and determine whether regulatory frameworks exist to maintain the norms. Such norms could be used as a campaigning tool for the NGOs and also for the activists. The business organizations following norms in order to protect workers' rights, human rights, and economic, social and cultural rights, environment impact would be a significant aspect to be observed.

### 1.3. Research Questions

The key research questions of the study would be as follows.

1. What are the norms to be implemented in International Business as its role of community development?
2. What are the negative effects faced by the community as a result of the international business activities?
3. What is the content of Corporate Social Responsibility?
4. What is the role played by Non-Governmental Organizations in implementing new norms in International Business?

#### 1.4. Research Objectives

The objectives of the research is to

1. Identify the existing issues in international business and the negative effects faced by the community as a result of the business activities.
2. Identify the relationship between Nongovernmental Organizations and business organizations
3. Identify the role of Corporate Social Responsibility and Non-Governmental Organizations in community development
4. Identify how Non-Governmental organizations could assist business corporations in embracing new norms to be implemented in international business to serve the community

#### 1.5. Conceptual Framework

Many researchers have presented their studies on the importance and the of NGOs in the corporate social responsibility, business organizations engagement with NGOs from a social responsibility perspective, CSR and global norms, NGOs and business collaborations for social sustainability etc. which would be studied in order to present norms to be followed in international business. Previous research suggests that when a business organization follows business norms and CSR policies such as reforming labor practices and increasing protection of human rights, improving working conditions will eventually benefit the business organization as well as the society (Ksiezak, 2016).

There are several known incidents of violations of human rights and environmental damages caused by renowned business corporations. Balza and Radojicic (2004) have investigated on incidents such as IKEA was accused of using child labor in Asian developing countries, Nike the transnational corporation's infamous brand for sportswear is accused of having poor working conditions and low wages in developing countries, Shell which is an oil producer from Holland has caused a heavy environmental damage in Nigeria. Millions of people are affected as a consequence of such negative effects of international business which shows the importance of norms to be followed in business operations. The aforementioned incidents would be examined closely further in the study when stating the negative impacts of business organizations.

Furthermore, this study would examine how corporate social responsibility and NGOs play a major role in reducing such negative effects of such business corporations. CSR supports business organizations to engage in best labor practices, help protect the environment, develop cooperation in the society and supports achieving success in sustainable development (Balaban et al, 2012). Therefore, it is further stated that NGOs should be considered important as they are the institutions that seek to realize corporate social responsibility projects for business organizations to engage in community development. Henceforth, NGOs and CSR activities could implement norms to be followed in international business in order to engage in community development.

Furthermore, with regards to the theoretical framework of this study would examine different approaches on Business Corporation's role concerning the society with regards to shareholder and stakeholder theories which are considered as normative theories of corporate social responsibility. The study would also investigate few case studies where business organizations have negatively impacted on the society which proves that there should be norms to be followed in international business. In addition, this study would explore in deep about corporate social responsibility and NGOs and how norms could be implemented in international business as a result of such concepts.

This research is an exploratory research relying on secondary resources and will not consist field studies or experiments. In addition, secondary resources will be the basis of the conclusions and recommendations. Therefore, the dissertation will be based on research design literature study which would be published articles, journals, published books, other researchers work, studies, theories and opinions of other researches and the same will be used to derive hypothesis and answer the research questions.

## 1.2. Outlines for the Chapters

The first chapter would present the background of this research, its rationale and significance, the research questions and the research objectives expected to achieve, the conceptual framework and the limitations of the study. Under the second chapter, the literature review will present the concepts of social responsibility, the role of Non-Governmental Organizations (NGO), business attitudes towards Corporate Social Responsibility (CSR), the negative effects of international business organizations on society. Furthermore, the literature review also outlines the importance of NGO Business relationship and its impact on the society by implementing norms to be followed

in international business. The third chapter of the research focuses on the research methodology. The analysis of the results will be presented under the fourth chapter along with case studies. The fifth chapter presents the conclusion of the research along with suggestions for future research and recommendations.

### 1.3. Limitations of the Study

The time was not adequate to conduct a survey to examine the effects of business organizations on local communities which could be considered as a limitation of the study as the data could be used in the analysis. In addition, as a result of the given circumstances, it is an arduous task to conduct a primary research to find more information on business corporations and its operations. Moreover, it would be a challenging task to find out the negative effects of business corporations as they try to cover their flaws in operation.

## 2.0 Literature Review

This chapter of the dissertation would be a critical examination on the literature available on social and corporate responsibility concept, the role of corporate social responsibility, the significance of nongovernmental organizations and its relationship with the business organizations. Furthermore, this chapter would also investigate case studies of which large business corporations such as Nike, IKEA, Shell, and Sean John were accused of violating social responsibility and its negative impact on local communities. In addition, the literature review will also address the norms which could be embraced by business organizations in order to enhance the society.

### 2.1. Social Responsibility of a business organization

A business is named as successful when it has gained profits and have achieved its financial expectations. However, as mentioned in the previous chapter, a business organizations only objective is not to generate profits and expand its business ventures (Davoren, 2019). It is evident that a business organization provides a countless number of employment opportunities for people in that community which is the same source that supplies them the resources to be utilized in a business enterprise (Balasundaram, 2009). He further states that the money which is utilized as the capital, raw material used for the production, human resources employed, the rented space and land for the business operation etc. arrive from the local community and society. Therefore, a business organization must be obliged to serve the society in return, without causing any damage as its social responsibility.

Authors have defined social responsibility in different ways. Social responsibility could be defined as the obligation of business to moral ethical values while they accomplish their expectations and utilize their gained resources for the enhancement of the society they function (Balaban, et al., 2012). Some authors have also suggested that social responsibility as an obligation beyond required by the law for an organization to follow long term goals that would be rewarding for the society (Robbins & Decenzo, 1995). These authors indicate that a business activities directly have an impact on the society by its decision making. Therefore, a business organization has responsibilities towards its employees, consumers, its investors and the environment. Social responsibility concept rose to prominence in the 1990s and the scholarly literature presents that even in 1950s business commentators have written on the subject (Crane, et al., 2009).

## 2.2. The Concept of Corporate Social Responsibility (CSR)

A number of authors have defined CSR as a concept that outlines the duties of a business organizations towards its societal stakeholders and the environment it operates in (Kourula, 2009). The concept assumes that business organizations are responsible beyond legal compliances such as obligations to law and regulations and the economic obligation of being profitable and are responsible towards several external stakeholders (Crane & Matten, 2004). Balaban et al, (2012) describe corporate social responsibility means that business organizations should operate in a responsible and an ethical manner towards both internal and external stakeholders such as employees, community and the environment.

When reviewing the literature on CSR, authors have presented CSR in different connotations. The International Institute for Sustainable Development (2004) has presented terms such as corporate citizenship, corporate sustainability, sustainable development and corporate social investment which has similar objectives of CSR. Despite the different terminology used, as the authors suggest a business organization must behave in a morally accurate manner towards the growth of the society while improving the quality of the employees' lives. Therefore, a business enterprise should not just focus on their products and services but also the working conditions, education, human rights and environment (European Union Commission, 2018). This concept has gained much attention during the recent years with the concept of sustainable development agendas around the world. Based on different studies, authors have emphasized corporate social responsibility is important for the business organizations as it provides advantages in terms of improving customer relationships, risk management, human resources management, sustainable operations, cost savings and innovations. In addition, when the business organizations become sustainable and innovative it would contribute to a more sustainable economy.

Nevertheless, there are several arguments which have been brought by different researchers on the concept of CSR. Neoclassical economists such as Henderson (2004) have depicted CSR as a dangerous concept which threatens the foundation of the market economy. He has further mentioned that the main role of a business is to make financial progress by pursuing profits and CSR provides unwanted attention on public welfare. Wan-Jan (2006) states that there are different forms of CSR practices at present. Some organizations become socially responsible without expecting any benefits from their activities as they have realized it is the noble way to engage in

business. In addition to that, some business organizations follow the concept of social responsibility with the expectation of gaining tangible or intangible benefits. Furthermore, according to sound investment theory, it is assumed that business organizations conducting socially responsible activities will be rewarded by its consumers.

In the present studies, it is shown that despite the popularity of the CSR concept, in developing countries there are very less drivers who influence social responsibility due to high level of poverty, vulnerable civil society and poor governance. The main goal of most of the people regardless of being customers or employees is to earn their living and therefore priority for improvement of their working conditions, ethical products often carry less priority (International Institute for Sustainable Development, 2004). Therefore, countries such as India, Bangladesh, Vietnam, Chile, etc. do not connect social responsibility and the success of a business as they only focus on financial success and such concepts on being ethical has become irrelevant. Such situations have to be changed as it has led to many human rights violations and disruptions in the society and in the environment in which nongovernmental organizations play a major role.

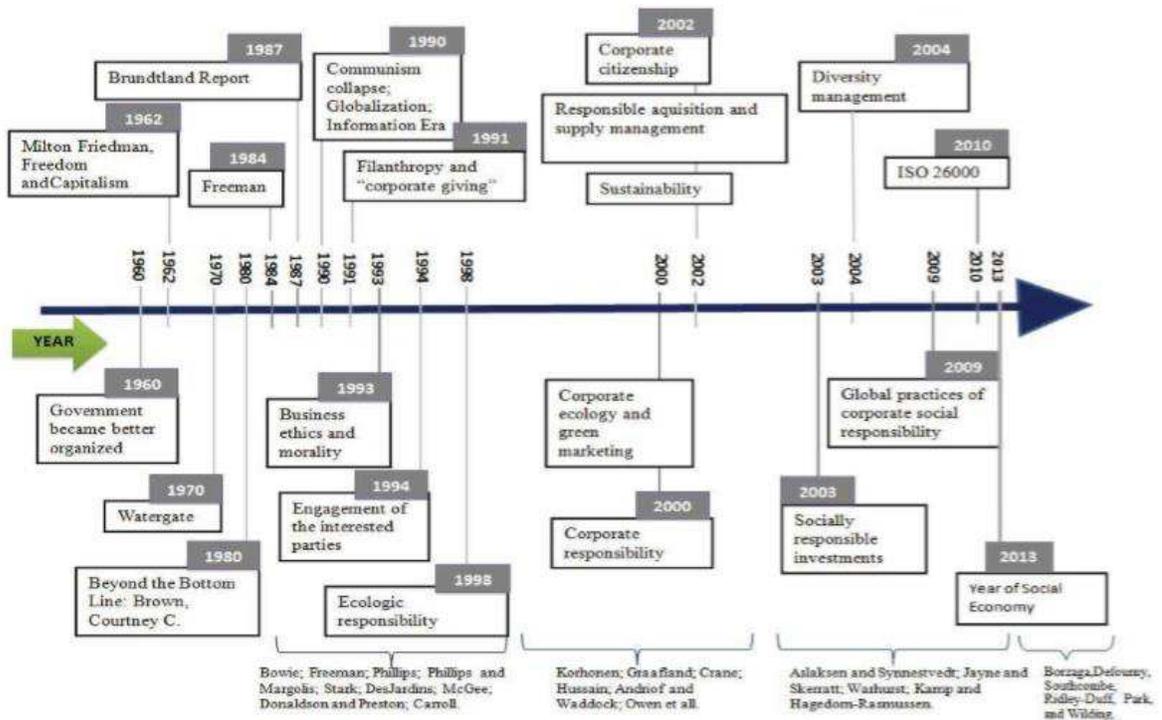


Figure 2.1. Development of the Corporate Social Responsibility Concept (CSR)

### 2.2.1. The Role of Corporate Social Responsibility

CSR is a concept followed by business organizations in order for them to function in an ethical, socially acceptable and beneficial way to the community in terms of growth and development (Ismail, 2009). There are several theories such as utilitarianism, managerial and relational theories associated with CSR which proves that it has become an international concept due to the increasingly globalized disposition of business which goes beyond borders. Over the time, the CSR perspective has shifted from philanthropy to emphasize on the relationship between business and the society focusing on the contribution being made by a business organization to the development of the society. Bichta (2003) emphasizes that a business organization should take the initiative in implementing ethical standards by using ethics of economizing when doing business and doing so the business organization will generate wealth in the society and provide better living standards as well. Therefore, it is important international business to follow business norms.

| Types of theory  | Approaches   | Short description   |
|--|--|---|
| Instrumental theories<br>(Focusing on achieving economic objectives through social activities) | Maximization of shareholder value<br><br>Strategies for competitive advantage<br><br>Cause-related marketing | Long term value of maximization<br><br><ul style="list-style-type: none"> <li>• Social investment in a competitive context</li> <li>• Firm's view on natural resources and its dynamic capabilities</li> </ul> Altruistic activities socially recognized as marketing tool                          |
| Political theories<br>(focusing on a responsible use of business power in the political arena) | Corporate constitutionalism<br><br>Integrative social contract<br><br>Corporate citizenship                  | Social responsibilities of businesses arise from the social power the firms have<br>Assumes that a social contract between business and society exists<br>The firm is understood as being like a citizen with certain involvement in the community  |
| Integrative theories   | Management issues<br><br>Public responsibility<br><br>Stakeholder management<br>Corporate social performance | Corporate response to social and political issues<br>Law and the existing public policy process are taken as a reference for social performance<br>Balances the interests of firms' stakeholders<br>Searches for social legitimacy and processes to give appropriate responses to social issues     |
| Ethical theories<br>(Focusing on the right thing to achieve a good society)                    | Stakeholder normative theory<br><br>Universal rights<br><br>Sustainable development<br><br>The common good   | Considers fiduciary duties towards stakeholders of the firm. This requires some moral theories<br>Based on human rights, labor rights and respect for environment<br>Aimed at achieving human development considering present and future generations<br>Oriented towards the common good of society |

Table 2.1. Corporate social responsibility theories and its relevant approaches

It is an undeniable fact that CSR plays a major role in community development in many ways. Certain reports suggest that CSR is one of the main drivers of employee engagement and also the organizations stature in the community depends on its reputation for social responsibility in the United States (Perrin, 2009). Therefore, CSR plays a significant role in enhancing the social values and contributes for community development. CSR improves the relationship between business organizations and the community as CSR activities convince the society that business organizations do not only generate employment opportunities, goods and services but also provides social capital necessary for the community development. Such positive attitudes have proven to be correlating with much better performance and act on the best interest of the consumers. Furthermore, when a business organization takes corporate social responsibility into consideration, they would engage in transfer of technology to its employees and in general to the community (Barton, 2007). When there are Multinational Corporation (MNCs) in developing countries it could transfer the technology and knowledge of its mother country to the people of its local community, provide public sector technology assistance, invest in research and development in developing countries and henceforth engage in community development of that particular country.

The United Nations (UN) global compact was introduced in 2009 as a strategy to influence business corporations to follow the universal principles of protecting human rights when engaged in international business (UN Global Compact. 2009). The UN global compact is considered as the world's largest CSR initiative and it expects Business Corporation to align the business activities and strategies by considering different aspects such as human rights, labor rights and environment. As a result, it could be ensured that markets, technology, finance, commerce would be beneficial for the economies as well as the societies it operates in and the business world and the community could be aligned. If international business and the community could embrace common goals, for instance forming markets, fighting against corruption, protecting the environment there would be close partnerships between business, civil society and government parties (Ismail, 2009). Along with such partnerships, CSR would be able to implement norms to be followed in international business.

Moreover, some authors indicate that CSR programs could also be used to alleviate poverty in certain contexts. For instance, Ismail (2009) states that in Malaysia a local business enterprise named Syarikat Faiza Sendirian Berhad (SFSB) with the support of a media channel supports

impoverished community to enhance their livelihood. A percentage of the money earned from its products will be donated to a fund to assist poor people. Nevertheless, it is difficult for the business organizations to engage in CSR activities without any advocacy or guidance in which Nongovernmental organizations support business corporations to implement CSR activities (Balaban, et al., 2012).

## 2.2. Nongovernmental Organizations (NGOs).

Lewis (2010) acknowledges that NGOs are recognized as actors that focus on the areas of development, environment, human rights and humanitarian action. NGOs provide their services to people in need and also provide policy advocacy for organizations, public campaigns with the goal of social transformation. Henceforth, NGOs could be defined as private organizations that do not pursue profits but aim on serving social interests by engaging in societal, political, economic, humane and environmental protection activities for the betterment of the society (Kourula, 2009). Therefore, unlike other organizations, NGOs pursue in supporting communities by operating development projects that enhance the quality and standard of life of communities that are under problematic situations (Moldovan, et al., 2016). Authors point out that the most important factor of NGOs is their independent nature from any direct governmental influence or control. As Padron (2001) describes NGOs are organizations that are not related to the government but voluntarily focus on growth and development by addressing the needs of the society.

NGOs have always played a major role in influencing political leaders and policy makers to address pressing issues of the society (Simmons, 1998). Furthermore, the NGOs also have contributed much for the inclusion of human rights issues in the United Nations (UN) Charter in 1945. It has also been acknowledged that NGOs contributed in many ways when formulating United Nations treaties and conventions (Tuijl, 1999). For instance, Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) in 1979, Convention on the Rights of the Child in 1989.

NGOs have risen into prominence after the Second World War focusing on civil society, economy, international institutions and transnational networks of the NGOs, grass root level organisations and social campaigns cause pressure on governments and institutions to address issues on climate

change, human rights, gender equality and sustainable development (Tuijl, 1999). At present, there are different categories of NGOs addressing different sectors.

| <b>Type of NGO</b>                             | <b>Examples</b>                                    |
|--|--|
| <b>1. Business Oriented NGO</b>                | World Business Council for Sustainable Development |
| <b>2. Partnership Oriented NGO</b>             | World Wildlife Fund                                |
| <b>3. Business Interested NGO</b>              | Fair Trade   |
| <b>4. Shareholding NGO</b>                     | Shareholder activism such as Greenpeace            |
| <b>5. Strategic Stakeholder Oriented NGO</b>   | Forest or Marine Stewardship Council               |
| <b>6. Supervisory NGO</b>                      | Global Reporting Initiative                        |
| <b>7. Discussion and Dialogue Oriented NGO</b> | Medecins Sans Frontieres                           |
| <b>8. Watchdog Oriented NGO</b>                | Corporate Watch, Greenpeace, Amnesty International |
| <b>9. Direct Action Oriented NGO</b>           | Animal Liberation Front                            |

Table 2.2. Different Categories of NGOs

### 2.2.1. The Role of Nongovernmental Organizations in the Corporate World

Martens (2002) defines NGOs as formal independent social organizations who primarily focus on the promotion of common objectives at both national and international levels. At present, there is a huge number of NGOs around the world such as Amnesty International, Care International, Save the Children, the World Wildlife Fund (WWF), Oxfam which has drastically increased in the past few decades (Poret, 2014). Today, NGOs are increasingly becoming more international and they present new strategies in developing different communities with their resources, knowledge and expertise and global reach. The academic literature suggests that NGOs play a significant role in implementing CSR activities of business organizations and also in the implementation of the 2030 agenda for sustainable development (Tankovski, 2017). Vidal et al, (2015) present that NGOs are recognized as an important social actor capable of carrying out political incidence in order to provoke societal changes.

At many instances, neither the government nor the private sector actors could fulfill the necessities of the society. Therefore, during such incidents, NGOs play a crucial role in terms of governance and also engaging in value creation for the enhancement of the society (Berger, 1977). Simmons (1998) describes that NGOs play a major role in implementing international agreements and norms in the communities. For instance, Amnesty International's responsibility is to observe and pay attention to the violations of the United Nations Declaration of Human Rights and take necessary actions to rectify them. In addition, NGOs also support in setting standard, monitoring and implementation of societal values by advocating in different methods such as lobbying, serving as advisory experts or representatives, public campaigns, engaging in research, dissemination of information, exposing misconducts, developing codes of conducts and norms (Hudson, 2002). The author further states that NGOs provide a powerful voice and offers access to different institutions to promote social values and mitigate negative impact caused from different issues. NGOs are also recognized as actors that deliver programs that the government cannot properly manage. It is perceived that NGOs such as Amnesty International, International Committee of the Red Cross etc. often influence governments to apply human rights principles which they are bound to implement (Balza & Radojicic, 2004).

There is academic literature which have explored on how NGOs influence the corporate sector. Many authors have described that NGOs contribute a lot in areas of international labor, environment standards (Doh & Guay, 2003). For instance, NGOs have played a significant role in the formulation of the North American Free Trade Agreement (NAFTA), development of the World Trade Organizations (WTO) and also the Free Trade Agreement of the Americas (FTAA). Furthermore, NGOs have also contributed in the formulation of international codes such as the UN Global Compact, International Labor Organization (ILO) declaration of principles with regards to Multinational Corporations, Organization for Economic Cooperation and Development (OECD) policies to be followed by Multinational Corporations. Henceforth, NGOs have the authority to address issues related to child labor, health and safety issues of business corporation, forced labor, working conditions, discriminations which are considered as main disruptions caused by business organizations in the society. Therefore, with the partnership of the concepts of CSR and NGOs and by formulating relationships with the business corporations, norms could be implemented in international business to reduce the negative impact caused by them on millions of people.

### 2.3. The impact of globalization on International Business

Radebaugh and Sullivan (2007) define international business as commercial transactions such as private and government related, sales, logistics, transport and investments that take place between countries, regions and states beyond the politically defined borders. Globalization is referred as the process which interconnects the business corporations, people, governments and different institutions of different countries (Lechner, 2009). As a result, economies of all the countries have become much closer, connected and interrelated through the process of globalization. Therefore, there is a clear relationship between globalization and international business.

Many business organizations prefer to go beyond their mother country boundaries due to various reasons (Ristovska, 2014). As the author presents, one of the reasons to move the business to a different country is the operation requirements such as materials, technology, equipment and the surplus production. In addition, the organizations also look at its strategic requirements such as strategic need such as ensuring a steady growth, increasing the business volume, possibility of gaining more profits. The growth of international business activities occurred in parallel with the globalization of markets, increased growth of economic integration and growing interdependence of countries (Ristovska, 2014).

Nevertheless, globalization of international business has both positive and negative connotations. On a positive note, due to the globalization of international business there are so many high-level investments being done in many developing countries. For instance, General Motors which is a multinational company from the United States expanded their business ventures into more than 100 countries. General Motors started their factories in China and its sales had increased by 50 percent in China and by 15 percent in the United States and such opportunities contribute to the gross domestic product rate of the host country. Despite the positive outcomes, there are negative effects such as impact on culture, creation of social problems, child labor, slavery, forced labor as well as environmental issues (Ball, et al., 2001).

### 2.3.1. Business attitudes towards Corporate Social Responsibility

Most if the international business organizations are focused on the maximization of their profits as one of the main reasons for them to expand their business across the borders was to gain benefits than operating in the mother country. Due to that fact, different business organizations hold different attitudes towards CSR (Brum & Castilla, 2007). International business organizations that consider their primary objective as profit are exclusively responsible for their performance and are answerable to their head offices. Hence, such business organizations are reluctant to accept their social responsibilities as they are primarily focused on generating wealth. In addition to that, as the authors present, there are some business enterprises who admit their sole purpose is to generate profit but acknowledge that they are answerable to all the stakeholders linked to their trade such as shareholders, employees, suppliers and consumers. Such organizations attitude is that they are contributing to the society in terms of creating employment opportunities and generating wealth.

There are numerous business organization that contribute to the welfare of the society through funding of sports and cultural events, healthcare campaigns etc. but do not focus on the stakeholders directly linked to the company (Cockalo, et al., 2015). Such organizations do not recognizes either the working or living conditions of its employees as important. Thus, it is important that business corporations accepts that all the groups participating in generating wealth possess the right to have a dignified quality of living and needs to have a justifiable distribution of benefits. Hence, it is important that business organizations broaden their scope of mission and objectives to include their social role. CSR and NGOs play a major role in influencing the business organizations to be socially responsible and has the power to implement norms in international business in order to reduce the disruptions in the society caused by international business.

## 2.4. The Negative Effects of International Business on the Society

As international trade and business has travelled across borders of sovereign states, the governments believe that such alliances would benefit their economies by creating trade relationships with developed countries (Brown, 2013). It has been suggested by researches that large business corporations required an increased autonomy from governments to allow them to engage in free trade in some countries which gives them the liberty to do business with anybody they want in order to gain power and profit (Kluyver, 2001). This nature of international business is deemed to be dangerous as they have an immense influence on the lives of people in the developing countries as they already have a low standard of living. Many powerful business organizations of developed economies chose to do business in developing countries as labor is cheap which generates more opportunities for profit for the investors. Thus, the richer countries and investors would gain wealth from such business ventures and the governments allow that as the business corporations would be creating employment opportunities for its people (Annie, 2001). This chapter will present different case studies to illustrate the negative impact caused by international business.

### 2.4.1. IKEA and use of Child Labor

IKEA is a Swedish found multinational business organization that is considered as the world's largest furniture retailer since many years. One of its major reasons for the success of its growth is the low price of the IKEA products but as always low prices always have high social costs. Despite its increasing growth, there are several accusations against the business corporation for using child labor, poor working conditions for employees and forced labor (Barlett, et al., 2006). In 1998, it was discovered that IKEA had very poor working conditions for its employees in Romania. As a result of its social disruption, the NGO, International Federation of Building and Wood Workers have conducted public campaigns which threatened to damage the image of the company and boycott its products (Bailly, et al., 2006). The campaigns have led to an agreement between the NGO and the retailer to provide better working environment for its employees with proper equipment. Furthermore, a study was conducted by the Health and Human Rights center at Harvard University and they have presented incidences with over 3200 cases of forced labor, child

labor and human trafficking used at carpet factories (Bahree, 2014). IKEA is one of the major retailers who sell these carpets in big retail stores of other countries.

Moreover, there have been several documentary reports indicating that factories in the Philippines and Vietnam which manufacture products for IKEA use child labor as they are below the minimum age given by international agreements (News, 1997). IKEA has responded for such social disruptions mentioning that it is committed to prevent child labor and has suspended their contracts with such suppliers after the revelation. Furthermore, they have also mentioned the issue is much complicated as the child labor is recruited by the local suppliers and not directly by IKEA but IKEA has a social responsibility to investigate on such areas (BBC News, 1997). IKEA has requested NGOs such as labor organizations, Save the Children and International nongovernmental organizations such as UNICEF to support the business corporation to spread more awareness on human rights.

In 2003 a research has been conducted by the Dutch Trade Union Federation and the Centre for Research on Multinational Corporations to research on IKEA organizations in countries such as India, Vietnam and Bulgaria (Bailly, et al., 2006). The research was done outside the working place as well as in the factories. After vigorous examination, the researchers have come to the conclusion that there are severe violations of human rights in those factories. The employees were not allowed to form a trade union, minimum wage has not been followed, and there has been exploitation of workers' rights. Moreover, the employees have been trained to lie during inspections. In India, employees have been earning a very low wage of \$48 a month which is barely enough for a decent living. When the employees were further inquired, they have mentioned that the work time is 12 to 15 hours per day due to the given tight deadlines. The findings of the third party audits are not allowed to be published and they are exclusively to the management's review (Wadsworth, 2007).

#### 2.4.2. NIKE and its social disruptions along the years

NIKE is considered as a business leader in the footwear industry around the world which creates billions of profits annually. This is another huge international business corporation which has been accused by nongovernmental organizations for human rights violations. Along with the benefits of the globalization of international business, NIKE too looked for low cost locations to establish its manufacturing operations such as in countries like Korea, China, Thailand, Vietnam and Indonesia (Locker, 2002). After outsourcing its operations, NIKE had to face numerous allegations and accusations related to being ignorant towards social responsibilities, having poor working conditions, violating human rights and using forced and child labor. In the 1990s, the world was shocked with revelations of graphics revealing a 12 year old child working in a NIKE factory in Pakistan. Due to this incident, consumer groups and nongovernmental organizations began several campaigns which eventually damaged the image of NIKE severely the consumers started to boycott the product (The Guardian, 2005). Later the company has paid \$1.5 million to settle the allegations which could not cover the high social costs it has caused.

In addition, for years several nongovernmental organizations such as Worker Rights Consortium (WRC) and activists have been trying to monitor Nike factories but allegedly Nike has denied such requests. (Marc Bain, 2017). Nevertheless, the research conducted indicate that there are several issues in Nike Asian factories such as abusive treatment for employees both physical and verbal, 25% and 50% of the factories of some regions have restricted access to toilets and water when working, not even one day off for a week, forced labor, very low wages etc.

#### 2.4.3. Environmental and Human Rights Violations caused by Shell in Nigeria

Nigeria discovered its oil reserved in 1956 which transformed the country into Africa's largest oil producer. This discovery led Nigerian people to think that finally they will prosper but unfortunately, it only made a minority rich due to its government actions (Balza & Radojicic, 2004). Shell is a Dutch company which is the largest oil business corporation in Nigeria and accounts for approximately 50% of the oil's production since decades. It is reported that there has been massive environmental damage done from frequent oil spills and gas flaring which has resulted poor fish catch, damage to crop yields which has eventually led to impoverishment (Human Rights Council 2014). The community conducted protests with the support of

nongovernmental organizations since 1980s which were met with severe oppression and repression by the government supported by the business organization Shell.

It is reported that averagely, 190 oil spills occur annually which has led to heavy pollution of water sources such as lakes and rivers. All the lands have become infertile and the eco systems have been damaged constantly. As a result, the pollution has brought the people cholera resulting in many deaths, severe respiratory diseases related with gas flaring (Johansen, 2002). The Ogoni is a minority group heavily affected by Shell's social disruptions. The Ogonis embarked on campaigns and protests demanding the company to clean the environment and provide compensations to the affected people and regions to which the government's actions was killing more than 2000 people and destroying villages leading to a genocide. Several studies have pointed out gas flaring have caused a devastating situation for people close to the oil operation in the Nigerian delta as gas flaring has caused effects such as pollution, skin diseases, there is black dust in people's houses, on their food and has provided a low quality of life and a very unhealthy environment (Utomwen, 2011). A campaign led by nongovernmental organizations such as Friends of the Earth (FoE) and Environmental Rights Action (ERA) brought a court case against Shell and the Federal High Court in Benin ordered to stop gas flaring in 2005 and declared it as a severe fundamental human rights violation. Nevertheless, the disruptions are continued by Shell and they have totally disregarded the justice system in Nigeria due to many influences it has.

#### 2.4.4. Violations of Human Rights by Sean John

The Southeast Textiles, SA (SETISA) is a factory in Honduras which creates sweatshirts, tshirts and sweatpants. In addition, the factory is reported to employing about 400 workers and most of them are said to be young women (Powell & Skarbek, 2006). In 2003, the National Labor Committee (NLC) conducted an investigation at SETISA when the factory was manufacturing apparel for Sean John Company. It was found out during interview with the employees and site visits that the working condition were very poor as the women recruited were required to do a pregnancy test every two months. Furthermore, if a woman was found to be positive in the pregnancy test, she would not be recruited and if she was already an employee she would be fired. Thus, the female employees have been often subjected to gender discrimination based on the reproductive capacity. It has also been reported that in the early years at the factories in Honduras,

women were subjected to sterilization upon being recruited by giving injections mentioning them to be tetanus vaccines, malaria tablets, which have then caused even abortions.

Moreover, the factories have had a daily production quota which has been excessive for the employees and they have not let the workers leave until the quota has been met. This has caused the workers to work for more hours without even getting paid (Balza & Radojicic, 2004).

## 2.5. Relationship between Corporate Social Responsibility and Nongovernmental Organizations and its impact in implementing norms in International Business

There are business organizations that have embraced social responsibility and contribute to different community projects. On the other hand, NGOs are nonprofit organizations that seek to support communities through its development projects to enhance the quality of life of people who live under vulnerable situations (Moldovan, et al., 2016). Thus, a partnership between a business organizations and a NGO could be beneficial for each other when they focus on projects to improve the quality of lives of people in the society. Hence, CSR is considered as a concept which brings business and NGOs together in order to create a collaboration which will equally benefit both parties by providing quality development projects focusing on the betterment of specific communities.

Business organizations often face many issues and have an increasing responsibility for the organization's actions, business codes, face human rights violations and sustainability strategies (Conley & Williams, 2005). CSR allows business organizations to engage in their community development projects in a smooth way with the collaboration of the NGOs. Henceforth, business organizations could utilize the knowledge, expertise and strengths of NGOs to ensure proper implementation and execution of development projects (Balaban, et al., 2012).

NGOs have great power in establishing public opinion around the world and often have an impact on commercial and political aspects (Balaban, et al., 2012). It is reported that sometime business organizations engage in social responsibility due to the pressure and influence of the NGOs. Since the social responsibility has risen into prominence in Europe, countries doing trade with Europe cannot enter into the European market with engaging in corporate social responsible activities and lot of organizations seek support from the NGOs. Recently, the NGOs in China have begun to use CSR platform to confront the environmental practices of business organizations in China (Davis

& Moosmayer 2014). As the authors suggest, when a new environmental standard is being introduced internationally, the NGOs in China use the power of brand names to influence good business practices in Chinese suppliers. In 2013, Apple has discussed with NGOs in China to enhance the environmental auditing of its suppliers in China with the involvement of representatives of NGOs. Furthermore, the NGO Greenpeace has advocated the abolition of toxic chemicals used in the textile supply chain and the Chinese environmental NGOs acted to ensure that the Chinese business organizations must adhere to them.

The multinational corporation, Coca Cola has a partnership with the World Wildlife Fund (WWF) to support in conserving the seven most valuable fresh water river basins in the world (Poret, 2014). In addition, Chiquita brand has collaborated with the Rainforest Alliance to grow bananas in a much more sustainable and in an environmentally friendly method. Furthermore, McDonald's have a partnership with the Environmental Defence Fund to decrease the environmental damage done by its packaging. Thereby, researchers have suggested that NGO – Corporate partnerships would become more crucial in the world in the next coming years. Moreover, NGOs have become standard implementors in many areas such as sustainable agriculture, packaging, labor rights, health and safety, packaging etc.

It is evident, that NGOs and corporate social responsibility can influence business organizations into following good business conduct when engaged in their operations as its responsibility towards the society. Therefore, corporate social responsibility and nongovernmental organizations collaboration have the potential to implement norms in international business to reduce the disruptions caused by its business operations.

### 3.0. Research Methods

This chapter presents the overview of the research, research philosophy, research approach and design and the strategies used to collect and analyze the data.

#### 3.1. Research Overview

Business is considered as the primary source of investment and for employment opportunities, creating economic growth, elimination of poverty and markets are increasingly efficient in distribution of scarce resources (Ruggie, 2008). Trade has undergone many changes with the wave of globalization and business now involves flows beyond boundaries of states and continents and affect millions of people. (Brown, 2013). The increasing competition both domestically and internationally have led business corporations to seek new markets for better opportunities. Furthermore, removal of trade barriers have led trade and investments to reach greater heights with exports, Foreign Direct Investments and imports. Many of the business organizations have moved to developing countries and different markets from their mother country due to economic factors such as cheap labor, tax rates, new markets with better opportunities, poor regulations and laws etc. Even though, international business provides better economic opportunities to countries, there are also negative effects of it on millions of people. There are many case studies of human rights and environmental issues reported around the world which have been caused as a result of international business. For instance, the trade union leaders who fight for their work rights are being shot in Latin American countries such Mexico, El Salvador, Colombia (Plancke, et al., 2016). In addition, the rights of indigenous people are being ignored starting from the Philippines to Peru when it comes for international business investments which has led to destabilization of their communities. Furthermore, in Africa, certain investments have threatened the farmers and deprived them of their sustainable food production. This research would examine the case studies of such social disruptions and negative impact caused by international business organizations.

This research would also examine the concept of CSR and how it would influence the society the business operates in. Schooley (2019) states that CSR should be a business norm that integrates sustainable development and have a positive impact on factors such as social, environmental and economic aspects. Furthermore, the research will analyze the case studies and depict how international business organizations should use their power to influence in upholding human rights,

provide good working conditions, fair salaries etc. A study done by Harvard Business School has presented that business organizations that incorporate CSR policies regards to the community, products, employees and consumers will perform better in the long run. It is difficult for the business organizations to engage in social responsible activities alone and they often collaborate with NGOs to implement successful development projects (Blair, 2014). Therefore, this study would explore the role played by NGOs in influencing the corporate organizations to become socially responsible and implement norms in international business. Several case studies would be examined in the research to present the norms that should be followed in international business to reduce the disruptions caused by international business organizations.

### 3.2. Research Philosophy

This research would follow the philosophy of epistemology which examines the accepted knowledge on a certain area of research or study. This philosophy concerns on the assumptions based on the knowledge and decides whether it is acceptable, its validity and legitimacy and how the knowledge could be communicate to others (Saunders, et al., 2015). As presented by Burell and Morgan (1979), different sorts of knowledge varying from numerical, visual, textual, narratives, case studies are considered accepted knowledge. There are different epistemologies used in a research, and this research would be based on archival research, case studies and literature. In addition, there are intrinsic features of epistemology followed in this research which are interpretivism and realism namely. The research follow interpretivism as the research interprets the social role of different actors which are business corporations and nongovernmental organizations using an analysis of the existing literature. Therefore, a qualitative approach is being applied to carry out the research. Furthermore, this research also observes realism as it is based on the reality projected and case studies are being used to present the analysis.

### 3.3. Research Approach

Qualitative type of research approach is used in this research as it is appropriate to analyze the social disruptions caused by business organizations and how NGOs could collaborate with the corporate sector to implement norms and reduce the negative impact of business organizations on the society as a social phenomenon. Qualitative research could be conducted with both primary and secondary data, nevertheless, this research would be only using secondary data sources such as public reports and documents, archived records, case studies, former researches and studies etc. Statistics, mass media and literature are the public documents used in this research. In addition, archived records such as records of organizations, progress reports and agendas are utilized. Due to limitations, secondary data is being used and it provides suitable data to engage with the research problem. This research is based on the data collected from business management and social literature, reports, journal articles, books, archived documents, newspaper articles, conference papers related to the research topic. Henceforth, the research adopts a deductive approach to define the research problem.

All the data needed to for the research topic was gathered at the initial phase of the research and the major three research related areas the data were gathered on corporate social responsibility, social responsibility of business organizations, case studies on negative effects of business organizations, NGOs role in community development and how NGOs could implement norms in international business to reduce the negative impact caused by business organizations. The case studies were negative effects related to human rights violations, child labor, poor working condition, nondemocratic government authorities, low wages and environmental causes. The business organizations were selected based on its industry and geographical representation and success. Since the research is based on qualitative data, the study follows an inductive approach of analysis as there is less prominence given to analytical techniques to interpret the data. Therefore, the inductive approach will use the secondary data to deliver concepts. The research gathered secondary data on the research topic and will create links among the research objectives and the results will be drawn from the secondary data.

### 3.4. Research Design and Strategy

As mentioned in the research approach, this research would be conducted using secondary data such as official records, academic publications, statistics, previous researches or studies, books and archives. This would help in saving time and to expand the scope of the research. This is primarily a qualitative research as it involves describing experiences, interpreting case studies and understanding different social phenomenon concepts. The secondary data will be collected online, physical archives, books, journals etc. This research is an exploratory research relying on secondary resources and will not consist field studies or experiments. In addition, secondary resources will be the basis of the conclusions and recommendations. Therefore, the dissertations will be based on research design literature study which would be published articles, journals, published books, other researchers work, studies, theories and opinions of other researches and the same will be used to derive hypothesis and answer the research questions. Therefore, this is an exploratory research investigating on the issue of international business organizations causing social disruptions and negatively impact on many people and how NGOs could collaborate with the corporate sector and implement norms to be followed in international business in order to reduce the negative impact. Furthermore, this research adopts the case study approach where independent case studies are used for the analysis to investigate the research problems.

### 3.5. Validity and the Reliability of the Research

This is a qualitative research which have incorporated the following strategies to ensure the credibility and the validity of the research. There are no personal inclinations which might have influenced the findings of the research. In addition, the research demonstrates a clear track of decisions ensuring a transparent data interpretation. The research has incorporated previous studies done by other researchers.

### 3.6. Limitations of the Research

This research is based on qualitative data and secondary data due to time constraints and the findings of this research would have been more credible if primary data were collected by having interviews with business organizations, conducting online surveys and conducting interviews with employees. The qualitative data analysis is a much more time consuming process and the interpretations of the researchers are quite limited. The researchers' personal experience and the knowledge might have influenced their observations and conclusions related to the research topic.

## 4.0. Analysis of Results

This Chapter will provide the analysis based on the case studies presented in the previous chapters. Furthermore, it will be demonstrated how the findings of the analysis are related to the research objectives, research problems and the literature.

### 4.1. International business organizations partnerships with the NGOs to reduce the negative impact of corporate sector on the society

Recent research has revealed that NGOs could influence business organizations attitudes towards CSR through many strategies such as mobilizing public opinion, conducting public campaigns, lobbying and boycotting of products (Knight & Greenberg, 2002). NGOs possess the capacity to influence the publics' perception on a business organization by detecting and exposing the malpractices. For instance, in 2010 the Deepwater Horizon which is a business operation in oil drilling in the Gulf of Mexico exploded which caused the death 11 employees and it was the largest oil spill in the history. There have been 4 million barrels of oil flowing from Macondo for 87 days which caused severe damage environmentally and humanely (Environmental Protection Agency, 2010). The business corporation was heavily criticized for its lack of environmental and socially responsibility and consequently faced financial, operational and legal issues due to the campaigns conducted by NGOs (Tankovski, 2017).

The 2030 Agenda for Sustainable Development presents that partnerships between different sectors is one of the important factors in finding solution for global sustainability concerns (United Nations, 2015). Therefore, the corporation and relationships between NGOs and business organizations could yield mutual benefits and contribute to the development of the society. Along with the partnerships with the NGOs, they could bring legitimacy, awareness on social concerns, and access to other networks and technical expertise. Similarly, business corporations would be essential partners to make sure that the NGOs could offer greater values to the society by promoting social and environmental practices (Dahan, et al., 2010). The following case studies demonstrate the social disruptions caused by large international business organizations and how NGOs have supported in reducing the negative impact on the society and to prevent such human and environmental violations from occurring in the future by spreading awareness.

#### 4.1.1. IKEA accepting its social responsibility with the support of Nongovernmental Organizations

As discussed in the previous chapters, IKEA, which is an international business organization was accused of utilizing exploitative child labor in its operations, forced labor, poor working conditions and engaging in environmental degradation. IKEA have caused severe human rights violations in the developing countries neglecting its social responsibility and ethical business operations. In order to lower the prices of its products, a higher cost is being paid by the society due to its negative impact (Güvenli & Sanyal, 2002). IKEA often faces constant pressure worldwide for the alleged abuses which is ruining its image as an ethical corporation. In order to be more a socially responsible business organization to come over the accusations, IKEA has begun to form partnerships with several NGOs to contribute back to the society it operates in.

In 2007, the IKEA companies acknowledged that child labor exists in many countries and that the business organization will not accept child labor being employed in its supply chain and began to work against it actively with the support of the NGOs. The business organization have understood the complexity of the child labor issue and that it requires consistent, long term strategies to and activities to spread awareness to reach the goal of ensuring that products delivered to IKEA by different countries are not being produced by child labor (Jonathan P. Doh & Guay, 2006). IKEA is bound by the United Nations Convention on the Rights of the Child and follows the code of conduct presented by the International Labor Organization (ILO). Furthermore, IKEA expects all the suppliers to recognize the U.N. Convention on the Rights of the Child and the suppliers are required to comply by such regulations. In addition, the suppliers are required to ensure that no child labor has been utilized at the suppliers or contractors production operations (Barner, 2007).

To further enhance its social responsibility as an international business corporation, the IKEA foundation collaborated with the Save the Children NGO in 2014 and supported a 7 million euro development project to protect 800,000 children living in cotton communities in India. As a result of the project, over 65,000 of children have been enrolled in educate releasing them from bondages of child labor (Save the Children, 2016). IKEA has partnered with NGOs in India and United Nations International Children's Emergency Fund (UNICEF) to develop sustainable solutions to support the Children in India. IKEA has collaborated with the NGOs as its efforts to fight against

child labor used in its supply chain and to strengthen its systems to spread more awareness. Therefore, the NGOs and IKEA is working together by addressing the root causes of why children are being employed at the first place which is poverty and IKEA is now helping poor families and children. This collaboration in fighting against child labor has evolved through many years and have impacted millions of children already. Currently, the IKEA incorporated programs are across many states addressing child labor issues, by providing education for children and executes other strengthening projects to impact children spreading awareness on children rights, development and protection (Hulshof, 2016).

Furthermore, IKEA and the NGO World Wildlife Fund (WWF) joined together building a corporation in 2002 to promote good environmental practices in priority regions in the world. A series of development projects have been executed by both organizations in China, Latvia, Russia, Romania, Bulgaria and Estonia. These projects are significant in achieving forest conservation targets and in implementing IKEAs action plan to preserve forests (Crossroads Global Hand, 2010). In addition. WWF and IKEA focused on reducing the negative impact on society and environment by conventional cotton production in India and Pakistan. The project has involved about 50,000 farmers in the two countries in manufacturing better cotton using better management strategies. In 2010, it was reported that farmers have reduced using pesticides by 38% in India and 47% in Pakistan. Moreover, as a result of the project, they have reduced the water usage by 30% in India and by 38% in Pakistan.

#### 4.1.2. Nike realizing its role in corporate social responsibility with the partnerships of NGOs

Nike is considered as one of the top sports brands in the industry and has encountered numerous controversies related to poor working conditions, human rights violations and accused of using child labor. It was evident that the company was struggling to seek equilibrium between financial performances and social performance and clearly have chosen generation of profits over social responsibility as described in the previous chapters (Balaban, et al., 2012). The public campaigns conducted by activists and NGOs against Nike for violating human rights was successful that such campaigns have almost become a lesson on no matter how giant the business corporation is it could be brought to account of the consumers (The Guardian, 2012). Nike brand image was severely damaged by its social disruptions such as Child labor in Pakistan and Cambodia, poor working conditions in Vietnam, China and in Indonesia (Balza & Radojicic, 2004). Even though the

business organization became a huge corporation around the world, it was often accused by NGOs for violating human rights and the NGOs pressured the business organization to understand that corporate social responsible activities play an important role in a brand name and the consumers are more interested in socially responsible business organizations. Therefore, during the last decade, Nike has made several changes in its business conduct to improve its image and engage in CSR and sustainable development projects (Pratap, 2019).

Nike has built a partnership with the NGO Business for Social Responsibility (BSR) which works with more than 250 member companies and stakeholders to create a sustainable world from Asia to North America. The NGO provides sustainable business solutions and strategies for Nike to implement its corporate social responsibility activities. Furthermore, Nike works with Ceres which is a NGO focused on working on sustainability challenges such as human rights violations, climate change and environmental impact and pollution (Nike, 2019). Moreover, Nike collaborated with the Fair Labor Association (FLA) to act as a monitoring organization and thus work on managing issues in Cambodia, Mexico and Indonesia and prevent any more human rights violations. As a result of the UN Global Compact, Nike has decided to apply Key Performance Indicators on the company for CSR activities to contribute back to the society (Nike Inc, 2001). Nike is also collaborating with 'Better Work' NGO, ILO and the International Finance Corporation and this partnership focuses on enhancing cooperation in worker management, improving working conditions of employees and supporting employees and workers to understand their rights as employees and the required skills (The World Bank, 2007).

In 2004, Nike came into a partnership with the NGO, Population and Community Development Association (PDA) in Thailand to establish the 'Nike Village Development' project to enhance people's lives in Thailand rural communities. In addition, the project has addressed root causes of child labor and poverty by establishing a revolving fund to offer low interest loans to local communities so that the villagers could engage in income generating activities. The company has also supported activities related to environmental sustainability such as reforestation, trainings on spreading ecological awareness, skills training workshops for the communities (Frank, 2004). The benefits of such CSR activities were seen among the children who received scholarships to get education and the children received a nutritious diet by their parents as they got the support from such projects. Moreover, the village development program has supported in raising awareness in

the local communities on ecological and environmental issues and as a result of such awareness programs there is community involvement to protect the environment.

Nike built another partnership with the NGOs in China such as Mercy Corps and the China Foundation for Poverty Alleviation for the development of the communities in Fuan County in Fujian state. Nike provides credit for the poor farming and fishing communities to develop their income generating activities which are not supported by local financial organizations in China. NGOs targeted Nike conducting huge campaigns over its exploitation of workers in developing countries and the pressure finally have persuaded the company to engage in corporate social activities to work for the betterment of the communities it operates in around the world.

#### 4.1.3. SETISA factories in Honduras operating under Sean John brand following corporate social responsibility

The case study on Sean John how the organization has involved employees from the Southeast Textiles (SETISA) in Honduras to undergo mandatory pregnancy tests for recruitment, forced labor without overtime wages and poor working conditions where even the water given to the employees have been polluted (Cunningham, 2005). The NGOs such as Human Rights Watch and Sweatshop Watch conducted public campaigns on this issue and brought it to the attention of UN human rights authorities about the practice of pregnancy testing for its recruitments. The SETISA factory which was manufacturing products for Sean John brand was violating human rights and labor rights under both Honduras law and international law defined under the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW), International Covenant on Civil and Political Rights (ICCPR) and International Labor Organization (ILO). Even the factories were violating the domestic laws, authorities have not bothered to enforce the law and therefore the NGOs have decided to implement campaigns to spread awareness among consumers about the human rights violations (Linares, 2003).

In 2003, the National Labor Committee (NLC) conducted a huge name and shame public awareness campaign to expose the company's human rights violations and doing nothing to improve the standards of the factories. The human rights violations were publicized and even thought Sean John Company decided to terminate its contract in Honduras it decided to have strict compliance in the factories with the laws and regulations. If the company terminated the contract

without actually addressing the issue, lot of employment opportunities for the Honduras communities would vanish. The factory condition have improved with the involvement and constant inspection of Sean John Company to examine whether the factories have decent working conditions for the employees. As a result of the CSR activities the women are no longer requested to undergo pregnancy tests. In addition, NLS has also persuaded the Sean John organization to examine the working condition of its other factories in Thailand and Vietnam to safeguard human rights for all employees (Powell & Skarbek, 2006).

4.2. The impact created by NGO and corporate sector partnerships on the communities around the world by implementing norms in international business with corporate social responsibility activities

The collaborations between NGOs and business organizations have been increasing over the last few years. These alliances support in strengthening the validity and the social responsibility of the business organizations while protecting human and environmental rights without causing any social disruptions to the society. Instead, the business organizations ensure the essential goods and services could be accessed to an extensive population. In this manner, the partnerships between NGOs and business organizations have been able to increase the effectiveness of NGO activities and have reinvented the image on how business organizations become socially responsible actors worldwide and specially in developing countries (Menasce, 2016).

The C&E Advisory Corporate NGO Partnerships Barometer report indicates the statistics on the NGO business partnerships which have been able to make a huge impact on the society through its development activities focusing social, economic and environmental issues (Amadi, 2013).

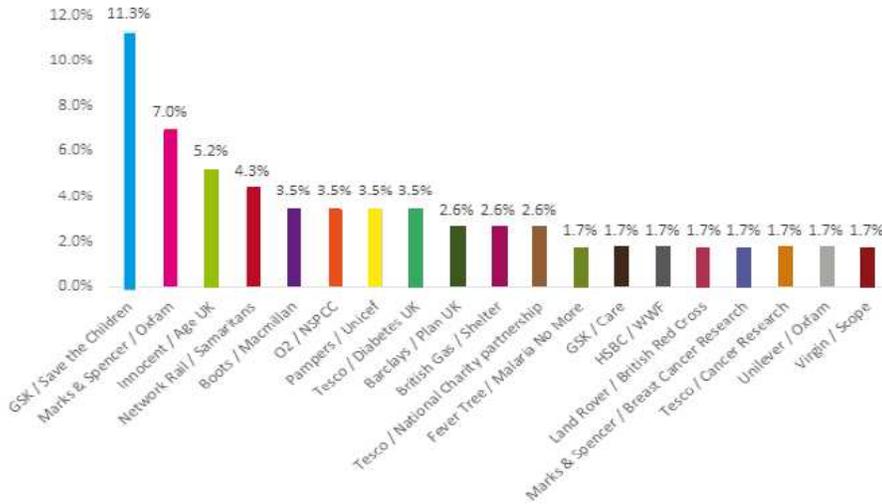


Figure 4.1. The NGO-Business Partnerships contributed the most to the society in 2017

#### 4.2.1. The impact of the partnership between GlaxoSmithKline and Save the Children

This NGO – Business partnership commenced in 2013 with the objective of expertise and resource sharing focusing on saving one million children lives. They have worked in the regions with the most vulnerable children combining their capabilities in research and development, supply chain and vaccines. This primary goal of this partnership is to focus on providing basic healthcare access in vulnerable communities (GSK, 2019).

#### The first 5 years at a glance



Figure 4.2. The Impact made by GSK and Save the Children partnership

The partnership has already reached 3.6 million people and 1.3. Million children. As a result of the development activities, approximately 23,500 under five year old children have been completely immunized and more than 125,000 children have been cured of diarrhea, pneumonia, malnutrition and malaria.

#### 4.2.2. The partnership between Coca-Cola and WWF to conserve fresh water resources around the world

Coca Cola and World Wildlife Fund began their partnership in 2007 to protect and safeguard the primary river basins around the world with the goal of conserving freshwater resources and built a water secure future. In addition, the partnership also focuses on reducing the carbon emissions of Coca-Cola manufacturing factories, promoting sustainable agriculture in the entire supply chain of the company. The two organizations have jointly implemented a 2020 environmental sustainability strategy for the business organization along with its 300 bottling operations in more than 100 countries worldwide (Moye, 2013). This collaboration has supported in purchasing and preparing Liberty Island in Croatia for restoration by revitalizing the forests island, removal of impediments to the water flow, plantation of native trees and species to offer a habitat flora and fauna. Few of the major achievements of this partnership towards environmental sustainability could be seen in the below figure.



Figure 4.2. Achievements of the Coca Cola – WWF Partnership

The aforementioned corporate social business activities implemented through the partnerships of NGOs and corporate organizations have had a huge impact on different communities around the world. The NGO influences have shown that business organizations must revolutionize their way of engaging in international business by putting human and environmental concerns at the heart of business. The NGO business partnerships have made the social responsibility of business to be reinforced and is socially acceptable. Therefore is evident, that there are norms which should be followed by international business organizations should follow in order to make a huge positive impact on the communities they operate the business.

#### 4.3. Norms on the social responsibilities of international business organizations with regards to Human Rights and Environmental Concerns

There are some business organization that do not respect standards of international human rights engage in abuses such as using child labor, discrimination on employees based on sex or ethnicity, providing poor working conditions, suppressing trade unions, polluting the environment with toxic waste. Such malpractices disproportionately have an impact on developing countries, other communities, children, women, minorities and indigenous communities and other groups that are vulnerable (Weissbrodt & Kruger, 2003). The world was closely observing the global business activities which led many business organizations to adopt business conducts and corporate social responsibility during the period of 1980s and 1990s. Nevertheless, such codes of conducts have been proven to be insufficient given the fact that even some business organizations do not comply with domestic law due to its weak nature but will be bound by norms when the NGOs conduct campaigns exposing the violations to the public (Amnesty International, 2000). These norms could be more authoritative than codes of conduct adopted by business organizations as the NGOs could bring the company into the attention of international law authorities if any violations have been committed. The development of such a framework can lead corporate behavior and would be a positive step towards the development of the global international society (Perez, 2013). As per the analysis of several case studies, the following norms could be implemented by business organizations with the support of the NGOs.

#### 4.3.1. Nondiscrimination of human rights

It was evident in the aforementioned case studies that a lot of business organizations have committed human rights violations. By adopting the norm on nondiscrimination of human rights a business organization must refrain from violating human rights and also be obliged to promote human rights through its business operations. Under this norm, businesses must not engage in discrimination based on factors such as sex, race, language, political opinion, color or the religion. Furthermore, a business organization must promote equal opportunities for everyone regardless of any difference on health status, sexual orientation, marital status or the pregnancy status. Therefore, a business organization must ensure it has provided decent working conditions for the employees (Waddock, et al, 2002).

#### 4.3.2. Protecting civilians and laws of war

Under this norm, the business organization must ensure that it will neither support human rights violations nor benefit from the war crimes in a country such as plundering villages, genocide, rape and torture and other international human rights violations. In the case study of human rights violations committed by Shell in Nigeria described the horrific crimes done by the Nigerian military government with the support of the business organization in the oil producing region Ogoniland back in the 1990s. Amnesty International seeks to bring the organization to criminal inquiry at international courts over the alleged murders and torture in Nigeria (Gaughran, 2017). Since such violations have been the most serious tragedies in the recent years, it is important for the business organizations to follow this norm or if not the business organizations will be brought to the international courts under international human rights.

#### 4.3.3. Ensure the security forces of the business organizations adhere to human rights

One of the repeated human rights violations have been occurred by the private security forces guarding the business premises due to the neglect of local and international human rights standards. There have been situations where security forces have used excessive energy to suppress peaceful protests conducted by indigenous communities or its employees (United Nations Global Compact, 2007). Therefore, it is crucial that the business organizations do not employ known human rights

offenders for its security forces and also must provide training in human rights standards to follow by incorporating such regulations in their contracts.

#### 4.3.4. A business organization must adhere to workers' rights

Labor rights is an area that every business organization should focus and it has a direct impact on human rights as well. There should be no forced labor, using children for business operations, safe and healthy work condition and wages for a decent standard of living. Under this norm, the employees will have the opportunity to leave the job at a preferred time without having any bondages. This must be the practice of the entire supply chain of the companies of a business organization (Urminsky, 2001).

#### 4.3.5. A business organization must adhere to economic, social and cultural rights

A business organization must contribute to the society economically within the respective sphere of business operations and influence and contribute to adequate food, water, health standards and education of a society. Furthermore, business organizations also must respect indigenous communities' rights and their cultural aspects so that they would not be affected by business development projects. Every person must enjoy economic, social, cultural and political aspects in a developed community in which globally business organization could play a major role in this regard (Balza & Radojicic, 2004).

#### 4.3.6. Business operations must not violate environment protection rights

A business organization must always be obliged to adhere to domestic and international laws, rules and regulations and policies on conserving the environment. Therefore, a business organization must conduct its activities in a manner to contribute to sustainable development.

These norms in international business will make business corporations more liable for their activities around the world. The norms could be an instrument which makes business organizations to oblige to adhere to human rights guaranteed in various international conventions and declarations. In addition, these norms outline the priorities of a business organization in terms of human rights, working conditions, the organizations aspects on social management which would be considered by its future investors. The NGOs will be playing a major role acting as a monitoring

framework to examine whether these norms are being followed or not. These norms will be much effective if they are internalized in company policies and practices. Furthermore, they should be adopted as the minimum standards of the organizations' codes of conduct and internal regulations for the operation.

## 05. Conclusion

.At present International business organizations have obtained a vast amount of power which has arrived with the wave of globalization. The increase of power has also increased the social responsibility a business organization has towards the society and communities. Nevertheless, as shown in the case studies there are some business organizations that do not accept its social responsibility and engages in human rights violations by having child labor, poor working conditions, suppressing trade unions, poor wages and abusive treatment for employees and destroying the environment. These violations are identified as negative effects of international business organizations on the society.

The findings of this research has shown that the partnerships between business organizations and NGOs implementing CSR activities have become increasingly rampant in the recent years. It is believed that when there is great respect for human rights by business organizations, it leads to sustainability of the emerging markets and high business performances. For instance, when an organization adheres to human rights, it protects its reputation internationally without being exposed by activists and NGOs to the public of its commitments towards exploitations. Furthermore, consumers too have indicated that they are concerned on the standards and business conduct which observes and promotes human rights. The research has shown that NGOs have a broad understanding on the community and has various strategies such as collaborations, alliances, coercive methods to influence business companies to engage in CSR activities. The partnerships of NGOs and business have created a better approach in analyzing, guiding and implementation of community development projects focusing on the community needs making a positive community impact.

Through such collaborations between NGOs and the corporate sector in implementing social responsible activities, it has brought upon norms to be followed in international business. The norms reminds the companies that they are obliged under human rights law, environmental law,

anticorruption law, international labor law and consumer laws. Eventually, following such norms would be beneficial for the company as it demonstrates its compliance with standards of human rights. The norms could be considered as the best practices of corporate social responsibility business organizations could implement.

The recommendations that come under this research would be that developing countries must establish firm legal framework to ensure that international business organizations adhere to its human rights laws and regulations. Furthermore, NGOs must conduct more awareness programs on human rights, labor rights, social and cultural rights and environmental rights among the business communities. Moreover, NGOs should often engage in monitoring, lobbying and conducting public campaigns on the norms to be followed by business organizations.

It was understood from the case studies where business organizations have engaged in severe human rights violations, there seems to be no much research on how such business organizations have been penalized and the victims have been brought to justice or being compensated. Furthermore, the current researches are primary based on violations done in the developing countries context and therefore more research should be done on the negative impact of international business organizations in developed countries.

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