

The Practice and Future Development of Chinese Multinational Corporations in Relation to the Responsibility to Protect Human Rights

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Abstract: With the growing number of Chinese multinational corporations (MNCs) investing in foreign countries, fulfilling MNCs' responsibility to protect human rights outside of China has become an urgent issue that needs to be addressed. Focusing on Chinese MNCs and analyzing their practices in human rights protection, discussing how Chinese MNCs can respect and safeguard local human rights while also considering their corporate interests and domestic regulations when investing overseas. Exploring ways to improve MNCs' awareness and capacity for human rights protection, and offering suggestions for future development. Chinese MNCs must actively fulfill their responsibility to human rights during the process of overseas investment, and strive for common development between enterprises and local communities by enhancing internal management systems, strengthening cooperation with international organizations, and raising awareness of human rights protection. Moreover, analyzing the practices of Chinese MNCs from an empirical perspective, identifying existing problems and suggesting corresponding improvement. By examining relevant cases, it delves into the human rights protection responsibilities of Chinese MNCs in overseas investment and provides valuable insights for Chinese MNCs' cross-border investments.

Keywords: Chinese MNCs, Human Rights Protection, Responsibility Theory, Sovereignty Theory

1. Introduction

As the process of globalization accelerates, the influence of MNCs is growing, and they have become an important force in driving global economic growth and promoting international trade and technological innovation. As an important part of this, the rise and increasing global influence of Chinese MNCs has attracted widespread attention. However, the practice of MNCs in terms of their human rights protection responsibilities has become the focus of public and academic attention. In addition, public concern regarding the human rights practices of MNCs primarily centers on whether they respect local cultures, protect the environment, and ensure fair treatment of their employees in their business activities. A prominent example of such scrutiny is Nike, which faced widespread attention in the 1990s due to the deplorable labor conditions found in its suppliers' factories [1]. The second is whether MNCs can effectively respond to social responsibility issues. A notable example is the water pollution incident in India, where Coca-Cola's actions in addressing the issue garnered

public attention [2]. Moreover, the academic discussion on the responsibility of MNCs to protect human rights mainly focuses on, firstly, the "responsibility theory". MNCs should assume the responsibility of protecting human rights in their global business activities. This view is based on John Rawls's "theory of justice", which emphasizes the fair competition and sustainable development of MNCs in the global context [3]. The second perspective is the "sovereignty theory", which contends that transnational corporations should respect the sovereignty of each country and delegate the responsibility of human rights protection to the host government and the international community. This viewpoint draws on Joseph Nye's "soft power theory" and highlights the impact of MNCs in shaping international relations [4].

From this, it can be seen that the focus of public attention mainly centers on external, explicit human rights protection factors such as the social responsibility of MNCs and the assumption of responsibility for environmental protection. Meanwhile, the academic community is mainly concerned with the theoretical exploration of the human rights protection responsibilities of MNCs. In future development, MNCs need to actively fulfill their human rights protection responsibilities while fully respecting the sovereignty of each country in order to achieve sustainable development and social harmony. For Chinese MNCs, understanding and responding to the human rights responsibility to protect is the key to future development. Therefore, this paper aims to explore the practice of Chinese MNCs in human rights and the direction of future development.

2. Status of Development of Chinese Multinational Corporations

From the time economic reforms and opening-up were embarked, China has had a high rate of development and global integration. In this regard, China's MNC has become a major player in the international trade and investment. These organizations are in the process of building their capabilities and power through global expansion, pushing technological advances as well as practicing internationalization approaches. Based on the World Investment Report 2020 published by UNCTAD [5], Chinese MNCs have been founded in more than one hundred and eighty countries or regions worldwide, with which both outward FDI flows and stocks continue to climb.

On the contrary, as Chinese MNCs grow in stature their ways to comply with human rights responsibilities have caught attention of international community. It has generated intensive discussions in diverse parts of society. For example, the Brookings Institution - a noted U.S think tank - brought out in its report "The Human Rights Challenges of Chinese Multinational Corporations" that for many leading Chinese MNCs it has become an important issue to strike a balance between business interests and ensuring human rights. Additionally, as the Financial Times has also noted, with increasing attention from the international community on Chinese MNCs' practices at human rights protection [6]. Many studies have shown that the commitment of Chinese MNCs in respect to human rights is far from their power and influence on global market. Therefore, what the international community expects from Chinese MNCs increases still further. For instance, MNCs originating from China have been found to be lacking in the assumption of human rights responsibility within host countries by another scholar Zhang Wei [7]. In the light of situation, various companies started making steps to achieve equilibrium between business interests and human rights protection. For example, certain organizations are bolstering the recognition and control of human rights threats by putting in place stringent internal policies. Others, in turn are modernizing their compliance international social responsibility certification systems with the aim of improving on human rights protection. With its MNCs growing in global opportunities, China's practices to balance human rights responsibilities with the protection of business interests. During this process, MNCs have to repeatedly reorganize their strategies of development and manage the approaches towards optimal growth. Comprehensive knowledge of international human rights legislation, developing

collaborations with global organizations and increasing involvement in the governance will be critical for Chinese MNCs to make a leap into this field.

3. The Significance of Chinese MNCs Responsibility to Protect Human Rights

In the era of globalization, upholding human rights has become a prominent issue for international society. Human rights responsibilities become increasingly associated with MNCs as central actors on the global economic stage. However, in practice many cases of MNC misbehavior relating to human right have been reported such as exploitation child laborers, forced labour unfair rights and interest. However, such practices not only violate the rules and moral values established by international labor standards but also have a negative impact on corporate reputation and business interests.

In the case of MNCs, being responsible for human rights protection is very important. However, rapidly increasing economy in China and strengthening international influence of this country also led to increased global impact by those corporations. So taking the responsibility to ensure human rights will improve international image and reputation which Chinese MNCs can earn their recognition from a global perspective. Secondly, the international trade and investment environment is getting more complicated and dynamic which require companies to deal with heightened risks and obstacles. The act of assuming the burden to safeguard human rights may enhance risk prevention consciousness as well and increase Chinese multinational corporations' ability to deal with unforeseen business concerns. The active discharge of this burden by Chinese MNCs has wide-ranging implications for the future prosperity of global economy, and human rights progress [8]. Briefly speaking, Chinese MNCs face both challenges and opportunities in the future of their development. From the other point of view, there is a global trend towards protection of human rights and more attention to corporate responsibility which provide Chinese MNCs with many opportunities for development. Instead, the increasing complexity and uncertainty of international trade and investment landscape create more challenges as well as pressures for Chinese MNCs in terms of human rights protection. Thus, these corporations should act in advance to face such challenges and improve their risk management capacities as well as acting responsibly over human rights. However, in doing so they can both promote the development of a sustainable global economy and improve their own standing as an international actor.

4. Future Development: Challenges and Opportunities for Chinese MNCs in the Context of The Responsibility to Protect Human Rights

With the rapid development of China's economy and the acceleration of globalization, the influence of Chinese MNCs in the global arena will undoubtedly increase. In this context, it becomes crucial to explore the challenges and opportunities that Chinese MNCs face in fulfilling their responsibility to protect human rights. Understanding the challenges confronted by these corporations in upholding human rights and identifying effective coping strategies are imperative for the future development of Chinese MNCs.

4.1. Challenges Faced by Chinese MNCs with Regard to Their Responsibility to Protect Human Rights

4.1.1. Differences in domestic and international regulations and standards

Nationally, human rights regulations and standards around the world differ. To maintain compliance, Chinese MNCS need to obey the law and regulations of various countries when investing overseas or in their operations. Nevertheless, in the operation of enterprises, these regulations and standards often

come into contradiction with each other creating a serious problem for business. Balancing corporate needs, home state regulations and local human rights concerns have emerged as a pressing issue for Chinese MNCs. For instance, such as the situation with Sinohydro Group's investment in a hydropower project in Indonesia that has enormous economic prospects but questions related to land expropriation and pollution issues towards locals [9]. To ensure project compliance in this case, Sinohydro should be fully aware and respect the local laws and regulations, In the process of negotiation and signing the contract with local government. The enterprise should strictly abide by relevant regulations to protect fair compensation for residents and minimize environmental pollution as best possible. In addition, Sinohydro needs to take the social and cultural conditions of the recipient state into consideration not interfering with local traditions and manners in order to prevent conflicts. The company also needs to focus on human rights protection through its processes. This may include protecting lawful interests of employees, ensuring a secure workplace and eliminating the practice of forced labour. This can be further supported through the creation of a specified human rights protection department, development as well devising relevant policies and guidelines while also issuing training programs for employees. Through the institution of these practices, Chinese multinational corporations can effectively mitigate some human rights challenges while doing business and also conform to domestic as well international laws.

4.1.2. Differences in Human Rights Concepts and Management Systems within MNCs

It might be possible for Chinese MNCs that have subsidiaries and branches at a global scale to face differences in terms of their own understanding within human rights and management systems. This often leads to discrepancies in the standards adopted and failure of Implementation with regards human rights protection by MNCs. For instance, take the example of Haier Group that invested and founded a subsidiary or trading company in Egypt, Africa [10]. Given the stiff local laws and regulations on human rights protection, it is possible that the subsidiary has adopted more stringent measures in this respect. But subsidiary in a country with lower regulation might not have human rights protection measures as well. This inconsistency in standards and enforcement may create concerns about human rights protection, raise public opinion conflicts and legal responsibilities. Thus, there is a need for Chinese MNCs to adjust their interpretation of human rights and matching the management systems throughout subsidiaries at all levels.

To meet these challenges, Chinese MNCs should adopt a global system of human rights protection and management. Some actions involve the creation of a complete policy on the protection by millions of humans and bring better insight into defining an international standard for human rights protection to be used within such enterprise. In addition, it is necessary to improve human rights protection training and education to increase employees' awareness in this respect. In addition, the implementation of a strong human rights protection monitoring mechanism is an integral part to ensure that subsidiaries and branches follow unified human rights standards. Collaboration with local governments, non-governmental organizations (NGOs), and communities should also be strengthened to collectively promote the improvement of human rights protection.

4.1.3. Supply Chain Human Rights Risks

The supply chains of Chinese MNCs involve numerous suppliers globally. Unfortunately, some of these suppliers may be implicated in human rights violations, such as child worker and poor working conditions. For example, Foxconn, faced scrutiny for employing underage workers [11]. When such incident came to light, it is crucial for companies to respond promptly. In the mentioned case, Apple took immediate action to penalize the involved supplier and implemented stricter auditing and supplier management practices to prevent similar incidents from occurring again. This demonstrates

the significance that companies place on human rights issues and their ability to address human rights risks within their supply chains. It also highlights the potential impact on the reputation and interests of enterprises, which can attract international attention. Therefore, effectively managing human rights risks in supply chain and ensuring suppliers compliance with human rights regulations have become significant challenge for Chinese MNCs.

In order to solve the above problems, this paper suggests that MNCs should take the following measures. Enhancing the human rights risk assessment mechanism in the supply chain and regularly conduct human rights risk assessments of suppliers to ensure compliance with the relevant regulations. Strengthening communication and cooperation with suppliers, urging them to improve worker conditions, enhancing workers' treatment, and eliminating human rights violations such as child worker. Establishing a contingency plan for managing human rights risk in the supply chain. Taking immediate measures against suppliers with severe human rights risks, such as replacing them and implementing stricter oversight, in order to mitigate reputational damage to the enterprise. Enhancing the company's internal capacity in supply chain human rights risk management by providing training and organizing seminars to raise awareness and improve the management of such risks among employees. Actively participate in international cooperation efforts, sharing experiences in managing supply chain human rights risks with the global community, and working towards improving human rights in the global supply chain.

4.2. Opportunities for Chinese MNCs in the Context of The Responsibility to Protect Human Rights

4.2.1. National Policy Support

In the past years, a great deal of attention has been paid by Chinese Government to human rights protection issues raised from MNCs and many policies have also emerged for these enterprises not only in meeting international laws concerning human right but culture environmental rights interests as well that workers disposes during their overseas investment economic activities. For instance, the Measures for the Administration of Overseas Investments specify that enterprises investing outside China must abide by international human rights regulations and observes local cultures, environments as well labor laws. Moreover, the Guidelines on Compliance Management for Enterprises Operating Abroad ensure that enterprises operating abroad are required to comply with local laws and regulations including human rights. Labor law as well environment protection during their overseas operations. The Policy on Human Rights Compliance for Outbound Investment and Cooperation also states that when enterprises carry out out outbound investment and cooperation activities. They should fully respect the principles of sovereignty, independence, equality, and self-determination of the peoples of other countries. These corporations should strictly abide by international human rights laws and regulations and protect the lawful rights and interests of the local populations. The Opinions on Further Strengthening the Supervision of Outward Investment and Cooperation in the Aftermath of the Event also require that when enterprises carry out outward investment and cooperation. They should earnestly fulfill their social responsibilities, respect local customs and habits, protect the environment and resources, and strengthen communication and cooperation with the local governments, societies and people to promote sustainable development.

4.2.2. Enhancement of Corporate Social Responsibility Awareness

As society attaches importance to corporate social responsibility, more and more Chinese multinational corporations have begun to recognize the importance of human rights protection and have incorporated it into their development strategies and business management. By strengthening

human rights protection, enterprises enhance their corporate image and market competitiveness, thereby realizing sustainable development.

4.2.3. International Cooperation and Exchange

Globally, cooperation and exchanges among countries in human rights protection are increasing. Chinese multinational corporations can take this opportunity to cooperate with international organizations, non-governmental organizations and multinational corporations to jointly promote the protection of human rights and enhance the level of human rights protection for enterprises globally.

In general, Chinese MNCs face numerous challenges in fulfilling their human rights protection responsibilities. However, domestic and international policy support, increased awareness of corporate social responsibility, and enhanced international cooperation and exchanges. Chinese MNCs are expected to seize the opportunity to continuously enhance their level of human rights protection and make positive contributions to global human rights protection endeavors.

5. Conclusions

Chinese MNCs in their human rights protection responsibilities, this paper draws the following conclusions by analyzing the current state of practice and future development trends. First, Chinese MNCs have made certain achievements in human rights protection. They have demonstrated an increasingly mature attitude in respecting and protecting local human rights, balancing corporate interests and domestic regulations. By following international human rights standards, improving internal management systems, strengthening staff training and other measures, MNCs have gradually improved their level of human rights protection. With the further development of globalization, the challenges of human rights protection faced by Chinese MNCs will continue to increase. How to effectively deal with issues such as land expropriation, environmental impact, and labor rights and interests while maintaining the economic benefits of enterprises will be a key issue that Chinese MNCs must face and solve. In addition, the government plays an important role in promoting the fulfillment of human rights protection responsibilities by enterprises. By improving relevant laws and regulations, strengthening policy guidance, and enhancing international cooperation. The government provides MNCs with a clear guiding direction, which is conducive to promoting MNCs to do a better job in human rights protection.

To summarize, this paper suggests that Chinese MNCs should continue to strengthen the following aspects of human rights protection. Raising awareness of human rights protection in MNCs, and integrating human rights protection into enterprise strategies and management processes. Strengthening training and education on human rights protection, and raise employees' awareness of human rights and corporate social responsibility. Actively participate in international exchanges and cooperation in the field of human rights protection and learn from the successful experiences of other countries and enterprises. Establishing a sound monitoring and evaluation mechanism for human rights protection of enterprises, and regularly evaluate the performance of enterprises in human rights protection. Focus on communication and coordination with stakeholders, actively respond to social concerns, and establish a good corporate image. In conclusion, Chinese MNCs have made certain achievements in human rights protection responsibilities, but still need to explore and improve in practice. Only by closely combining human rights protection with sustainable development of enterprises can they establish a good corporate image in the international market and make greater contributions to global economic development. At the same time, the government, enterprises and all walks of life should work together to push Chinese MNCs to a higher level of human rights protection.

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