

# World's largest companies are neglecting their human rights responsibilities, study finds

November 8 2022

---



Credit: Unsplash/CC0 Public Domain

The majority of the 500 largest businesses in the world are neglecting their human rights responsibilities, new international research has found.

An analysis of Fortune Global 500 companies operating across 33 countries and 21 industry sectors has shown very low levels of public disclosures, indicating a lack of corporate awareness, commitment and sensitivity towards human rights.

The study, which sought to evaluate the current level of disclosures and the underlying factors influencing them, was carried out by researchers at the University of Aberdeen Business School in partnership with the University of Hamburg and the University of Oldenburg in Germany, and Syracuse University in the United States.

The team analyzed both the scope and quality of disclosures made by firms across a 13-point criteria, which included measures such as adopting a human rights policy, implementing grievance mechanisms and reporting on universal standards indicators.

On average businesses met only 4 out of the 13 points, with just 28% providing a publicly available human rights policy or statement and only a third (34%) declaring their commitment to the United Nations Guiding Principles on Business and Human Rights.

The study, which has been published in *Critical Perspectives on Accounting*, also found there are considerable geographic differences, with higher scoring businesses predominantly based in Australia and Europe. Conversely, 26% of organizations scored zero points, most of which are based in China and the United States.

On a sectoral basis, 26% of businesses in the [financial sector](#) scored zero points, as did almost 18% in the energy sector.

"Businesses face more pressure than ever before to show respect for human rights in their [daily activities](#), both as a result of a rise in critical consumers but also the number of legislative acts that require them to act

and report on their human rights engagement," said Dr. Naser Makarem, researcher and lecturer in accounting at the University of Aberdeen Business School.

"However, some may shy away from publicly disclosing human rights issues either because of their complexity and sensitivity or because they are unwilling to allocate the necessary resources.

"Many businesses may also decide not to address the issue because they still perceive the term 'human rights' as too abstract and having [negative connotations](#), or because they consider states to bear sole responsibility for guaranteeing human rights.

"What our research shows is that this power asymmetry between large enterprises and individual states, which tips in favor of the former, has allowed businesses to neglect their human rights responsibility."

The research also revealed that corporate visibility, sector sensitivity in terms of higher litigation risk and institutional pressure in the form of guidelines or codes of conduct are more positively associated with [disclosure](#) levels.

"Current forms of national mandatory regulation do not appear to achieve the desired impact on high-quality corporate human rights disclosure," added Dr. Makarem. "This suggests that a more targeted and concrete reporting requirement, as well as better enforcement, is necessary to improve corporate [human rights](#) disclosures."

**More information:** Kerstin Lopatta et al, The current state of corporate human rights disclosure of the global top 500 business enterprises: Measurement and determinants, *Critical Perspectives on Accounting* (2022). [DOI: 10.1016/j.cpa.2022.102512](https://doi.org/10.1016/j.cpa.2022.102512)

Provided by University of Aberdeen

Citation: World's largest companies are neglecting their human rights responsibilities, study finds (2022, November 8) retrieved 11 May 2024 from <https://phys.org/news/2022-11-world-largest-companies-neglecting-human.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.