The Evolving Landscape of CSR and Human Rights Communications

By Sarah Litton

It's no longer just about labor issues in developing countries. Climate change, water scarcity and wages impact communities and companies of both emerging and advanced national economies.

Anyone seeking evidence of the relevance of corporate responsibility and human rights in the 21st century will not have to look very hard. There's the turmoil endured by South Africa's mining sector and its lower-wage workers in recent years as labor tensions flared and even resulted in the fatal shooting of 34 striking workers by state police. And it was only a couple of years ago when the global apparel and footwear industry was rocked to its core by the deadliest factory fire in history—the collapse of Rana Plaza in Bangladesh, which killed 1,129 workers.

Not all corporate responsibility and human rights issues have been so violent or deadly. But they are significant nonetheless, and they remind us of the potential of such issues to threaten a company's reputation or even its very economic sustainability. They may complicate a company's growth into new markets, for instance, as was the case for the **Coca-Cola Company** in 2014 when it was forced to close a bottling plant in the Indian state of Uttar Pradesh due to conflict with community farmers over its use of local water resources.

The stakes of these interactions have risen for both parties—companies and stakeholders—and the issue has evolved from one of community relations to one of human rights, particularly when it comes to emerging questions around domestic labor issues and water and climate change. Moreover, the issues are no longer just about communities and people based in developing countries, as was often the case in the 1990s when corporate responsibility and human rights became a mainstream risk management practice of multi-billion dollar brands. Indeed, wage and working hour issues are not just applicable to factory workers in Vietnam or Macau but increasingly have significance for lower-wage workers in advanced nations.

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Consider the "Fight for 15" minimum wage movement in the United States. It started a few years ago as a small labor action at a few fast-food restaurants in New York. It's since grown into a sustained movement and a viable policy that a several local governments and big institutions (including the **University of California**) have embraced. At its core is the question of what constitutes a living wage and what share of corporate profits should go to workers and what share to shareholders and top executives.

Climate change is also influencing the debate on corporate responsibility and human

rights. Water has become a scarce resource. The drought in California has pitted small farmers and members of the community against big agriculture companies. Petroleum companies are having to answer tough questions about their use of water for fracking. Questions over who has claim to water, how much and at what cost have become material issues for companies.

These developments represent the changing landscape of human rights and corporate responsibility, and the new business risks they introduce. The pace of these changes has quickened in the last decade. As is frequently the case with difficult socio-economic issues, just a handful of companies are taking swift and bold action and communicating aggressively. Their examples give us a useful resource for corporate responsibility communication practices.

Labor and Human Rights

Kathy Lee Gifford's implication in a sweatshop labor scandal in the 1990s marked the period when leading apparel and footwear brands began investing hundreds of millions of dollars in global factory compliance programs that include independent monitoring of supply chains to eliminate labor abuse. During that time, there was little talk about labor conditions or wages of U.S. workers. The stock market was soaring, the tech boom of the 1990s seemed to be a tide that lifted all boats, and unemployment levels were at record lows. This environment overshadowed any concerns about the continued loss of manufacturing jobs and globalization. President Clinton even passed NAFTA with bipartisan Congressional support.

But the picture began changing after the turn of the 21st century, particularly as the financial crisis shed jobs and led to years of sluggish wage and job growth. The new jobs that were created were often part time or lower-wage. Consumer confidence remained low and worker insecurity increased. Politicians from parties on the right and the left began adopting more populist rhetoric.

Today, both parties readily acknowledge that depressed wages and wealth inequality is an issue that requires leadership to resolve.

This was the milieu earlier this year when Walmart dropped a game-changing proposal. For years **Walmart** has been vilified as representative of everything that is wrong with the new U.S. economy—the steady loss of decent paying jobs and the growth of low-wage and part-time positions with weak benefits. For at least the past decade, perhaps longer, the most difficult labor issue for Walmart arguably has not been labor conditions of its overseas factories, but of its U.S. stores.

Earlier this year Walmart took its most aggressive and bold action yet to counter criticism of its wage practices. Launching a campaign titled "Tomorrow Starts Today," the company announced an ambitious plan to raise its starting wage to $9 an hour and to provide paths for associates to quickly surpass that wage to earn $10 per hour. The retailer also increased the wage of many manager positions to $13 and $15 per hour. All this was accompanied by earned media and advertising that blanketed major publications.

The company received praise from unlikely sources. A headline in the left-leaning Huffington Post read "Walmart Gives 500,000 Workers a Raise." Scores, if not hundreds, of other mainstream media outlets ran similar headlines. President Obama reportedly called Walmart CEO Doug McMillion from Air Force One to applaud him for the new policy. In an instant, Walmart went from being a pariah on wages to an industry leader.

Water Scarcity and Climate Change

Another area where we are seeing big changes is in water conservation and climate

change. Some companies are taking bold action in this area because the human rights issue in question isn't just a risk to their reputation, but to their viability as a business.

The *Financial Times* reported in May 2015 that companies including **Campbell Soup** and **GrainCorp**, one of Australia's largest grain companies, both blamed drought conditions in California and Australia, respectively, for recent earnings declines. The World Economic Forum's Global Risks 2015 report named water scarcity a top threat to global stability. Reports from **NASA** this year added to concerns by revealing more than a third of the world's biggest aquifers are being depleted and are in serious "distress." **Nestlé** has reported that 38 percent of its factories are situated in water-stressed regions.

In 2014 **Ceres**, one of the most influential non-governmental organizations on environmental and CSR matters, issued a report stating: "In many parts of the United States and the rest of the world, freshwater resources are in jeopardy, creating profound long-term risks for businesses and communities."

Companies have spent more than $84bn worldwide in the previous three years on managing risks associated with water scarcity, according to reporting by the Financial Times. Nestlé is among the small handful of companies taking the most public actions on the topic. Speaking at a high profile industry event in 2013, Nestlé CEO Paul Bulcke said "water scarcity will be the cause of food shortages within the next 15-20 years and that now was the time for industry, governments and other stakeholders to act decisively." Shortly after the speech, Nestlé issued a press release and the message reverberated in headlines globally. The statement was newsworthy, as no major corporate leader had ever sounded so stark a note on the topic.

Besides the business imperative for taking action, there's also a strong social one.

How is a limited but crucial resource such as water to be fairly distributed? What is the cost for individuals and to companies? It's not a theoretical question. According to the United Nations, nearly 1 billion people lack access to clean drinking water.

The Connection to Human Rights

Where does our language regarding corporate responsibility and human rights come from? Many companies steeped in the culture of CSR point to the Universal Declaration of Human (UDHR) rights, a non-binding declaration created shortly after World War II and adopted by 48 countries including the United States.

The UDHR contains provisions relating to slavery, torture, equal protection under the law, freedom of movement and freedom of speech. It also contains provisions related to wages and basic needs. For example, Article 23(3) states: "Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity…" And while it does not contain a provision that expressly mentions access to water, Article 25(1) states that "Everyone has the right to a standard of living adequate for the health and well-begin of himself and of his family, including food, clothing, housing and medical care…"

The notion of equal pay for equal work also comes from the UDHR, as does the idea of reasonable limits of working hours. Again, these provisions are non-binding—a country's local laws are the standard by which companies usually hold themselves accountable. But it's important to be familiar with this framework as a practitioner of corporate responsibility and human rights communications.

Lessons for Communicators

CSR and human rights issues exist in a space of considerable complexity in terms

of economics, governance, society and the interest of a multitude of stakeholder groups. But within that space, there are some general lessons we can observe that can inform and enhance our practice of CSR and human rights communications.

1. **Human rights communications must be integrated.** The issues cross into regulatory and government communications, marketing communications and public relations and crisis communications. They do not exist in silos and should not be addressed as separate, one-off initiatives. Integration and close coordination are key.

2. **Understand which issues are material to the industry or company.** This is part of a company's risk management system, and crisis communications are naturally a part of that. For example, Nestlé sees income and wealth inequality, living wage and youth unemployment as issues that are "material" to its operations. The company's material issues are mapped according to "where financial, operational and reputational impacts would be felt in the value chain."

3. **Reporting builds credibility.** The recognition of influential organizations like Ceres is valuable to companies. Ceres has singled out Coca-Cola and Nestlé for reporting on goals to reduce wastewater. Likewise, they highlight efforts by Coca-Cola, General Mills, Kellogg and Unilever for setting goals around sourcing from farmers who employ responsible water practices. For example, Coca-Cola states on its website a goal of improving water efficiency by 2020 in manufacturing operations by 25 percent compared with a 2010 baseline.

4. **CSR branding efforts are becoming more prominent.** Walmart's "Tomorrow Starts Today" campaign was one of the most prominent of this year. Coca-Cola and Nestlé both have branded blogs that focus on water issues. Companies continue to tread carefully in this area, but expect to see more of this in the coming years if the issue continues to solicit the interest and concern of a broad number of consumers.

5. **Companies that take the biggest risks reap the biggest rewards.** Companies that lead on the issue will be most likely to gain benefits to their reputation. Walmart's campaign again is a testament to this. Not every company has the resources or appetite to take very public stances on such sensitive topics. But those efforts have the potential to be major game changers for a company.

6. **Industry and public partnerships are needed for success.** Issues such as water scarcity are too great and complex to take on alone. Industry and governments must act together to address them. Coca-Cola, General Mills, Gap Inc., Levi Strauss, Sierra Nevada and MillerCoors have all signed on to a campaign by Ceres to place more pressure on state officials to implement water efficiency practices. Nestlé's communications also reflect the need for engagement and its calls for governments to act decisively are clear.

An entire graduate seminar could easily be spent discussing corporate responsibility and human rights communications. Its complexity cannot be overstated, and it is arguably one of the most important strategic tools available to communicators in securing stakeholder support and ensuring sustainability of brands and industries over the long run. **PRN**

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