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Role of Human Rights on Business Practice

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ABSTRACT

Everyone has the fundamental and unalienable right to human rights, regardless of their race, religion, gender, or social standing. Fundamental rights serve as the cornerstone of contemporary democratic countries and are established in international law. Businesses can help promote and preserve human rights even though governments are largely in charge of seeing that they are enforced. This study will examine how human rights relate to business operations and will highlight some of the potential and problems that result from it.

Keywords: Human Rights, Corporate Social Responsibility, Bhopal Gas Tragedy, Sterlite Industries Case

I. INTRODUCTION

Companies have a duty to uphold human rights in all of their dealings, including those with their workers, clients, suppliers, and communities. Failing to do so may have detrimental effects on the company and society at large. The abuse of Human Rights, can hurt a company's brand, bring about legal repercussions, and impair the wellbeing of impacted people and communities. Businesses that support and uphold human rights, on the other hand, can improve their reputation, recruit and keep people, and promote long-term sustainable growth.

Companies have a duty to uphold human rights in all of their dealings, including those with their workers, clients, suppliers, and communities. Failing to do so may have detrimental effects on the company and society at large. Human rights abuses, for instance, can hurt a company's brand, bring about legal repercussions, and impair the wellbeing of impacted people and communities. Businesses that support and uphold human rights, on the other hand, can improve their reputation, recruit and keep people, and promote long-term sustainable growth.

Labor rights, environmental preservation, social justice, and community development are just a few of the human rights problems that corporations should take into account. Fair salaries, secure working conditions, and the ability to organise and engage in collective bargaining are all covered by labour rights. The goal of environmental protection is to reduce how negatively corporate activities affect the environment. The fair treatment of all people, regardless of their colour, gender, or socioeconomic class, is referred to as social justice. Working with local

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communities to advance their economic and social well-being is a component of community development.

Notwithstanding the significance of human rights in business activities, there are numerous obstacles businesses must overcome to put them into practise. Lack of precise standards and regulations that businesses can adhere to is one problem. The intricacy of global supply systems is another difficulty. Several companies have operations in different nations and depend on vendors from around the globe. In particular in nations with lax legal systems and a track record of violating human rights, this can make it challenging to monitor and address human rights issues in the supply chain.

II. HUMAN RIGHTS AND ITS IMPORTANCE

“Regardless of a person's colour, gender, nationality, religion, or any other status, they are all born with certain rights, which are known as human rights. Without exception, everyone is entitled to human rights.”

The judiciary's function is crucial in preserving an individual's dignity and freedom. Since it both defends and interprets the scope of fundamental rights, it is the defender of individual human rights. In a few notable cases, legal rulings or interpretations have changed through time and broadened the definition of human rights in India.

*Importance of human rights:*³

Human rights are laws that uphold and defend the inherent worth of every person. Human rights determine how people interact with one another and with the state, as well as how they relate to the state and what obligations the state has to them.

Governments are restrained from doing anything that violates the Human Rights. People are also accountable for respecting others' rights when exercising their human rights. No person, group, or government has the authority to act in a way that infringes the rights of others.

Human rights are universal and inalienable. All people everywhere in the world are entitled to them. No one can voluntarily give them up. Nor can others take them away from him or her.

Whether civil, political, economic, social or cultural in nature, they are all inherent to the dignity of every human person. Consequently, they all have equal status as rights. There is no such thing as a 'small' right. There is no hierarchy of human rights.

The realization of one right often depends, wholly or in part, upon the realization of others. For

³ *Analysis Of Human Rights In India*, StrictlyLegal (Aug. 24, 2021), <https://strictlylegal.in/analysis-of-human-rights-in->.

instance, the realization of the right to health may depend on the realization of the right to education or of the right to information.

All individuals are equal as human beings and by virtue of the inherent dignity of each human person. All human beings are entitled to their human rights without discrimination of any kind, such as race, color, sex, ethnicity, age, language, religion, political or other opinion, national or social origin, disability, property, birth or other status as explained by the human rights treaty bodies.

PARTICIPATION AND INCLUSION

Every person and all peoples are entitled to active, free and meaningful participation in, contribution to, and enjoyment of civil, political, economic, social and cultural development, through which human rights and fundamental freedoms can be realized.

ACCOUNTABILITY AND RULE OF LAW

States and other duty-bearers must comply with the legal norms and standards enshrined in human rights instruments. Where they fail to do so, aggrieved rights-holders are entitled to institute proceedings for appropriate redress before a competent court or other adjudicator, in accordance with the rules and procedures provided by law.

III. HUMAN RIGHTS AS AN OBLIGATION OF COMPANIES⁴

In today's globalized world, multinational corporations have a significant impact on the human rights of individuals and communities. Companies have the power to influence the lives of people around the world, from workers in their supply chains to consumers who purchase their products. As such, companies have an obligation to respect human rights and prevent any negative impact they may have on people and the planet.

The idea of corporate human rights obligations has gained increasing attention in recent years. The United Nations Guiding Principles on Business and Human Rights (UNGPs) serve as the authoritative framework for business and human rights, outlining the responsibilities of companies to respect human rights, the duty of states to protect human rights, and the need for access to effective remedy for victims of human rights violations.

The first and most fundamental human right is the right to life. Companies must take all necessary measures to prevent any harm that could lead to the loss of life, such as providing safe working conditions and ensuring that their products do not pose a risk to public health or

⁴ Aurora Voiculescu, *Business & Human Rights Research Methods*, <https://www.tandfonline.com/doi/full/10.1080/18918131.2018.1547522>.

safety. For example, a company that produces food must ensure that it is safe for consumption and does not contain any harmful substances.

Another critical human right is the right to freedom of association and the right to collective bargaining. Workers have the right to join unions and engage in collective bargaining to improve their working conditions and negotiate better wages. Companies must respect and support these rights, and not interfere with workers' attempts to form or join unions.

Companies also have an obligation to prevent forced labour and human trafficking in their supply chains. This involves conducting due diligence to identify and address any risks of human rights abuses in their operations, as well as ensuring that their suppliers and subcontractors also respect human rights. Companies must also take steps to ensure that their own employees are not subjected to forced labour or human trafficking.

Environmental rights are also an essential aspect of human rights. Companies must take steps to minimize their impact on the environment and prevent any harm to people or ecosystems. This includes reducing greenhouse gas emissions, protecting biodiversity, and conserving natural resources. Companies must also disclose information about their environmental impact and take responsibility for any damage caused.

The UNGPs also emphasize the importance of access to remedy for victims of human rights abuses. Companies must have effective grievance mechanisms in place to allow people who have been harmed to seek redress. This includes providing access to independent complaints mechanisms and ensuring that victims are able to obtain compensation for any harm they have suffered.

The responsibility of companies to respect human rights extends beyond their own operations to include their business relationships. Companies must take steps to ensure that their suppliers and business partners also respect human rights. This includes conducting due diligence to identify and address any risks of human rights abuses in their supply chains, as well as using their leverage to influence their partners to respect human rights.

The role of states in regulating the human rights obligations of companies is also essential. States have a duty to protect human rights, including from abuses by companies. This involves regulating business activities to prevent human rights abuses, holding companies accountable for any violations, and providing access to effective remedies for victims of human rights abuses.

Companies have a responsibility to respect human rights and prevent any negative impact they may have on people and the planet. This involves taking steps to prevent harm to workers,

respecting their right to freedom of association and collective bargaining, preventing forced labour and human trafficking, minimizing their environmental impact, and providing access to remedy for victims of human rights abuses. States also have a role to play in regulating the human rights obligations of companies and ensuring that companies are held accountable for any violations. By respecting human rights, companies can contribute to a more just and sustainable world.

To shed some further light in the above matter, let us look at some landmark Indian case laws involving human rights violations by corporations/companies:

1. **Bhopal Gas Tragedy Case (1984):**⁵ One of the most significant cases in India's legal history, this case involved the release of a poisonous gas in Bhopal in 1984, which killed thousands of people and left many more injured. The case was against Union Carbide India Limited, the company responsible for the gas leak. The company was found guilty of negligence and paid compensation to the victims.
2. **Sterlite Industries Case (2018):**⁶ This case involved the closure of a copper smelting plant in Thoothukudi, Tamil Nadu, owned by Sterlite Industries (India) Limited, a subsidiary of Vedanta Resources. The plant was found to be violating environmental norms and causing pollution. The case brought to light the issue of corporate accountability and responsibility towards the environment and the people living in the area.
3. **Enron Power Plant Case (2005):** The Enron Power Plant Case was about the construction of the Dabhol Power Plant in Maharashtra by Enron Corporation. The project was mired in allegations of corruption and violations of environmental and human rights norms. The Supreme Court of India ordered the cancellation of the project and criticized the government for not protecting the interests of the people.
4. **Union of India v. Kesoram Industries Ltd. (2004):**⁷ This case dealt with the pollution caused by the Kesoram Industries Ltd. in the town of Rishra, West Bengal. The company was found to be discharging toxic effluents into the Hooghly river, which was affecting the health and livelihoods of the local population. The Supreme Court of India directed the company to take measures to prevent pollution and compensate the victims.

⁵ Union Carbide Corporation vs Union Of India Etc 1990 AIR 273, 1989 SCC (2) 540

⁶ Sterlite Industries (India) Ltd. v. Union of India (UOI) and Ors., (2013) 4 SCC 575,

⁷ West Bengal v. Kesoram Industries Ltd. & Ors. : (2004) 10 SCC 201

5. **Coca-Cola Case (2004)⁸**: The Coca-Cola Case was about the extraction of groundwater by the Coca-Cola company in Plachimada, Kerala, which was leading to water scarcity and pollution. The case brought to light the issue of the exploitation of natural resources by corporations and their responsibility towards the environment and the people. The company was ordered to pay compensation to the victims and to take measures to prevent pollution.

THE RESPONSIBILITIES OF BUSINESSES IN RELATION TO HUMAN RIGHTS

The responsibilities of businesses in relation to human rights are set out in the United Nations Guiding Principles on Business and Human Rights, which were adopted by the UN Human Rights Council in 2011. These principles are based on the three pillars of "Protect, Respect, and Remedy", which provide a framework for how businesses should approach human rights.

- The first pillar, "Protect", requires governments to protect human rights, including by regulating business activities and ensuring that businesses do not violate human rights.
- The second pillar, "Respect", requires businesses to respect human rights, including by avoiding complicity in human rights abuses, conducting due diligence to identify and address human rights risks, and providing remedies for any harm that they cause or contribute to.
- The third pillar, "Remedy", requires governments to provide access to effective remedies for human rights abuses, including by ensuring that victims have access to justice and reparations.

CORPORATE SOCIAL RESPONSIBILITY

Businesses have a duty to enhance social, environmental, and economic situations in collaboration with stakeholders as part of their corporate social responsibility (CSR). Because firms that uphold human rights can have a positive effect on society and the environment, respect for human rights is an essential part of corporate social responsibility (CSR). Businesses that put a high priority on human rights, for instance, can enhance employee working conditions, lessen the environmental impact of their activities, and aid local communities. Companies that place a high priority on CSR can also gain a favourable reputation and more trust from customers.

Customers are becoming more concerned about how businesses affect society and the environment, and enterprises that are viewed as ethical and socially conscious may draw in

⁸ Perumatty Grama Panchayat vs State Of Kerala on 16 December, 2003

more clients and investors. For instance, a survey by Cone Communications found that 76% of consumers will not buy a product if they learn the company supports a cause that goes against their values and that 87% of consumers will buy a product because the company supported a cause they care about.

To fulfil their CSR commitments, businesses must respect human rights. Regardless of a person's gender, colour, nationality, or any other particular trait, human rights are essential values that must be upheld. These include freedom from discrimination, the right to safe and decent working conditions, the ability to associate and engage in collective bargaining, and the right to a clean environment, among others. Companies that uphold human rights can benefit society and the environment, which can strengthen stakeholder confidence, boost their reputation, and ensure their long-term viability.

However, companies who disregard human rights run the risk of being sued, having their brand ruined, and losing clients and investors. Companies who, for instance, violate labour laws or use unethical business methods in their supply chains risk legal action from regulators, customers, and employees. A company's reputation can be harmed by unfavourable media coverage and public outcry, which can reduce sales and investor confidence. Contrarily, businesses that put a high priority on human rights can build a good reputation and boost customer confidence, which promotes sustainability and profitability over the long run.

IV. INCORPORATING HUMAN RIGHTS INTO CORPORATE SOCIAL RESPONSIBILITY AND IT'S STRATEGIES

Businesses must first determine their human rights impacts and risks before incorporating human rights into their CSR plans. To detect potential human rights effects of their business and supply chains, this entails completing a human rights impact assessment (HRIA). An HRIA should evaluate the risks to human rights in the company's supply chain and analyse its policies, procedures, and interactions with stakeholders.

The company can create a human rights policy that outlines its commitment to respecting human rights once it has determined its human rights impacts and risks. The company's ideals and principles should be stated in the policy, along with specific promises to uphold human rights. To ensure that everyone is aware of the company's obligations to human rights, the policy should be distributed to all personnel, partners, and other interested parties.

Businesses can undertake human rights due diligence procedures to verify that their operations and supply chains do not infringe on human rights in addition to creating a human rights policy.

Regular audits of suppliers, the implementation of grievance procedures for staff members and stakeholders, and human rights education for both staff members and suppliers are some examples of due diligence efforts.

To make sure their human rights obligations are in line with stakeholder expectations, businesses can also interact with stakeholders, such as employees, clients, and civil society organisations. Engaging with stakeholders can open up chances for collaboration and creativity while also assisting businesses in identifying areas where their performance in protecting human rights needs to be improved.

V. CONCLUSION

Companies significantly affect human rights, both favourably and unfavourably. They have the ability to improve economies, create jobs, and benefit both individuals and societies. They can, however, also violate human rights through their business practises and supply chains, including through the use of child labour, forced labour, discrimination, and environmental damage. Human rights play a dual role in business practise: they must be both protected and upheld.

Businesses have a responsibility to uphold human rights in addition to protecting them. This calls for them to make sure that neither their business practises nor their supplier networks result in nor support violations of human rights. This obligation is founded on the "do no harm" maxim, which calls for companies to refrain from committing or aiding in violations of human rights. Businesses can perform human rights impact assessments to identify and resolve any risks and effects of their operations and supply chains on human rights as part of their commitment to upholding human rights. They can also create rules and processes to make sure that their supply chains and business activities don't support the violation of human rights. Companies can interact with stakeholders, such as civil society groups, to make sure they are aware of potential threats to human rights and to address any issues that may develop.
