

Corporate Human Rights in the Context of Corporate Social Responsibility: Relationship with Firm Performance in Extractive Industry

(Kurumsal Sosyal Sorumluluk Bağlamında Kurumsal İnsan Hakları: Madencilik Firmalarında Firma Performansı ile İlişkisi)

Edib Ali PEHLİVANLI^a 

^a Dr. Öğr. Üyesi, Aksaray Üniversitesi, Sosyal Bilimler Meslek Yüksekokulu, edibali@aksaray.edu.tr

Abstract

Keywords:

Corporate Social Responsibility,
Corporate Human Rights,
Firm Performance

Paper type:

Research

In this study, corporate human rights (CHR) performance is evaluated within the framework of corporate social responsibility (CSR). The emergence and development of corporate human rights (CHR) and the benchmarks prepared on the basis of the UN Guiding Principles on Business and Human Rights established within the Office of the United Nations High Commissioner for Human Rights (OHCHR) is evaluated. The CHR performances of multinational enterprises operating in the oil, gas and mineral mining (extractives) sector all over the world in 2019 examined. 54 multinational extractive corporations included in the analysis. The relationship between the financial performances and CHR scores is examined by correlation analysis, and significant relationships found between CHR and total revenue, total assets, EBITDA, price to book and net profit margin.

Öz

Anahtar Kelimeler:

Kurumsal Sosyal Sorumluluk,
Kurumsal İnsan Hakları,
Firma Performansı

Makale türü:

Araştırma

Bu çalışmada, kurumsal sosyal sorumluluk (KSS) çerçevesinde kurumsal insan hakları (KİH) performansı değerlendirilmiştir. Kurumsal insan haklarının ortaya çıkışı, gelişimi ve Birleşmiş Milletler İnsan Hakları Yüksek Komiserliği Ofisi bünyesinde kurulan İş Dünyası ve İnsan Haklarına İlişkin BM Kılavuz İlkeleri baz alınarak hazırlanan kıyaslamalar değerlendirilmiştir. Tüm dünyada petrol, gaz ve mineral madenciliği sektöründe faaliyet gösteren çok uluslu işletmelerin 2019 yılı için hazırlanan KİH performansları incelenmiştir. Araştırmaya 54 çok uluslu madencilik firması dahil edilmiştir. Firmaların finansal performansları ile KİH skorları arasındaki ilişki korelasyon analizi ile incelenmiş olup, KİH ile toplam gelir, toplam aktif, FAVÖK, PD/DD ve net kâr marjı arasında anlamlı ilişkiler tespit edilmiştir.

Başvuru/Received: 19.01.2023 | Kabul/Accepted: 24.02.2023 , iThenticate benzerlik oranı/similarity report: %19

Introduction

Human rights and corporations seem to be contradictory concepts, especially when it comes to the extractive industry. In fact, it's the opposite. Evidence of the link between modern business concept and human rights emerges in the framework of CSR. Previously, human rights were believed to be among the obligations of states, not corporations. Today, corporations are one of the most important players in determining how human rights are implemented.

The United Nations Human Rights Office of the High Commissioner (<https://www.ohchr.org/en/business-and-human-rights>) reported the link between the actions of some companies and human rights violations. These reports highlight that companies often use a process known as downward harmonization, which involves adopting only employment and environmental laws that meet the lowest global standards for social, environmental and human rights. The documents also state that corporations can support development by creating jobs, paying taxes and transferring technology, but they can also encourage structural violence, unfavorable working conditions and ecosystem destruction. Only in this way they hinder the sustainable development capability of underdeveloped and developing countries.

The approach that only states can be held responsible for human rights violations is being questioned by both civil society, political circles and business executives in recent years. The process of building a company that respects minimum international human rights standards is being considered. In a globalized economy, companies are no longer viewed as merely producers and sellers of goods and services, but as social, economic and environmental actors. Undoubtedly, this is directly related to the emergence of the concept of CSR. Although there are opinions on the complexity of the relationship between CSR and human rights (Wettstein, 2020), in this study, Corporate Human Rights (CHR) is considered as a sub-extension of CSR.

The relationship between financials and CSR and financial performance has a number of theoretical models. According to the social impact theory, meeting the demands and hopes of many stakeholders may improve financial results. Stakeholder theory proponents asserted that businesses must adopt socially responsible behavior aimed at reducing pollution and energy consumption since doing so would create value in the form of increased productivity, a positive corporate image, and increased market share. To specify the suitable informal interactions between CSR and firm performance, the stakeholder theory assumes significant importance. According to the trade-off hypothesis, resource allocation intended to achieve societal objectives may increase costs for the businesses and restrict profit maximization. Traditional theories, however, suggested a negative relationship between CSR and firm performance (Preston and O'bannon, 1997; Barnett and Salomon, 2006; Vurro and Perrini, 2011).

To be successful in today's world, corporations must prioritize profitability, growth potential, and social interactions. Other than profitability and growth potential, a social relationship displays a firm's diverse commitment to its stakeholders, which includes a wide range of linkages, including social, governance, and environmental efforts. Investments in socially responsible behavior, like as pollution reduction, efforts

energy-saving devices or respecting human rights, have a favorable impact on financial performance (Friedman, 2007). Companies had to pay large compensations in cases of human rights violations. Not to mention the loss of reputation of companies as well as financial liabilities.

The most influential extractive corporations in the world (mostly oil extractors) were investigated in this study in the context of human rights and financial performance. The total revenue of the 10 largest extractive corporations, including Exxon Mobil, Petro China and Shell, is greater than the 25 lowest gross domestic product (GDP) countries (<https://data.worldbank.org/indicator/NY.GDP.MKTP.KN>, accessed 20 December 2022).

The extractive industry (both oil and mineral extractors) has a poor track record in the context of human rights (for further reading Watts, 2005). What could be the reason for poor human rights records? For more profit? To be a sustainable business? What about the loss of prestige when they come to the fore with human rights violations? By examining the relationship between human rights and financial performance, some evaluations could be made about these questions. The aim of this study is to determine the motivation of corporate human rights violations by examining the relationship between corporate human rights and firm performance within the scope of CRS. The paper is as follows; section two is the literature review, section three is the extractive industry and dataset, section four is the methodology, analysis and findings and last section is the conclusion.

1. Literature Review

In this study, corporate human rights are examined within the framework of CSR. Although CSR has been studied extensively in the literature, CHR have not been studied sufficiently. However, the current studies about the CSR and CHR are as follows;

CHR have emerged about 40 years ago. In 1990s, the subject of business and human rights became permanently embedded on the global policy agenda, reflecting the enormous global expansion of the private sector at the time, along with a commensurate surge in transnational economic activity. These events raised public awareness of the impact of enterprises on human rights and drew the attention of the United Nations. The Norms on Transnational Corporations and Other Business Enterprises was an early United Nations-based effort drafted by an expert subsidiary body of what was then the Commission on Human Rights. This essentially tried to impose on businesses the same set of human rights obligations that States have accepted for themselves through treaties they have ratified. While receiving little backing from governments, this initiative ignited a bitter dispute between the business community and human rights advocacy organizations. In 2005, the UN Human Rights Council requested that a Special Representative be appointed by the UN Secretary-General to examine into a number of significant economic and human rights concerns. The appointee, Prof. John Ruggie of Harvard University, has produced several significant studies and has carried out a great deal of study in this field (Bilchits, 2010;

Ruggie, 2007, 2011). These studies have formed the basis of the United Nations Guiding Principles on Business and Human Rights.

In addition to the ongoing studies at the United Nations, a number of studies have been published by researchers in this area. Wouters and Chanet (2008) emphasize that multinational enterprises have been getting more powerful since the 1970s and state that they have become stronger than states in terms of economic power and influence. However, empowered multinational enterprises can move to the regions that are suitable for them (usually cost-effective) thanks to the opportunities brought by communication technology. High human resource costs and environmental obligations, especially in developed countries, direct such enterprises to developing or underdeveloped countries, where human rights violations are also considerably high. Therefore, the social responsibilities of these enterprises in the context of human rights are quite heavy.

Wood (2012) examined the leverage effect of CHR and defined the leverage effect as the ability of a company to contribute to improving a situation through its relationships, by its influence on other actors. Wood states that corporations directly have significant relationships with human rights holders or violators through its activities, products or services, and indirectly corporations can contribute to the prevention of human rights violations by exerting pressure through their relationships. In this case, companies can contribute to the improvement of human rights with their stance (leverage effect), even if they do not make any practical applications. Many of the corporations in extraction industry are multinational companies and develop very strong relationships with many national and local governments in their extraction, operation or sales processes. In this case, it can be said that their leverage in the context of human rights will be more effective.

Examining the limits of CHR, Bishop (2012) states that the extension of human rights obligations to corporations does not explain whose rights and which rights companies are responsible for. Corporations must respect the fundamental human rights of all people. In addition, companies must also not be complicit in human rights abuses and protect the right to freedom of political expression. According to Bishop, companies should not bear the human rights responsibilities that states must fulfill beyond basic human rights. While this point of view is acceptable for medium-sized enterprises, it is not applicable for giant enterprises in the extraction industry, some of which are even more powerful and highly influential than governments.

The Corporate Human Rights Benchmark (CHRB) is a non-profit, multi-stakeholder effort that drew on the expertise of a few organizations in investor, business, and human rights as well as benchmarking, was introduced in 2013 and joined the World Benchmarking Alliance in 2019 (<https://www.worldbenchmarkingalliance.org/corporate-rights-human-benchmark-2017-2019/>, accessed 20 December 2022). This multi-stakeholder initiative publishes (mostly) annual reports, providing information on corporate human rights benchmarking around the world. In order to evaluate how businesses are handling their obligations to uphold human rights through the application of the UN Guiding Principles on Business and Human Rights, reports lay

out a stand-alone methodology, which covers the six themes as: Governance and Policies, Embedding Respect Human Rights, Remedies and Grievance Mechanisms, Company Human Rights Practices Performance, Responses to Serious Allegations, and Transparency. The reports also include the total score of these themes as the total CHR benchmarking score.

Chijioke-Oforji (2019) examined the structure and implications of corporate human rights benchmarking by evaluating the performance of 101 publicly traded companies around the world against a set of human rights metrics and indicators, which are obtained from the previously mentioned CHRB 2018 reports. He argues that benchmarking can be characterized as a quasi-monitoring tool for the UN Guiding Principles. In the article, it is stated that human rights benchmarking brings a positive competitive environment to companies that are successful in Human Rights and creates significant reputational and financial pressure against companies that perform poorly.

In addition to the studies mentioned, there are many studies examining the firm performance with CSR (Lu, Wang and Lee, 2013; Boesso et al., 2015; Ting et al., 2019; Chen, Feldman and Tang, 2015; Blasi, Caropin and Fontini, 2018). As far as known, there is no study examining the CHR in extractive industry. The purpose of this paper is to examine the CHR scores of 56 firms in extractive industry, out of a total of 195 influential extractive enterprises and the relationship with firm performance.

2. Extractive Industry and Dataset

The extractive industries have the potential to have both internal and external effects on human rights. They have an impact on communities all over the world, whether it be through involvement in abuses committed by unaccountable security forces, destruction of the livelihoods of nearby communities due to impacts on their land, water, and other natural resources, or inadequate consultation of indigenous groups to obtain their consent before operations. Workers may also be harmed by shortcomings in health and safety or obstructions to effective collective bargaining and unrestricted association (CHRB, 2019). The key human rights issues that could surface in extractive operations include freedom of association and collective bargaining, health and safety, indigenous peoples' rights and free prior and informed consent form (FPIC), land rights, safety, water quality and sanitation.

The extractive industry mainly focuses on oil, gas and mineral extractions. The total revenue of the 10 largest extractive corporation is greater than the 25 lowest GDP countries. Some of them are Shell, Exxon Mobil, Petro China, Lukoil, BP and Total. CHR benchmark scores were determined by focusing not only on extractive corporations but also on their business partners. Business partners in the extractive industry can be categorized as operational-level contractors, joint ventures, or other types of contractual agreements with numerous parties to conduct exploration and/or production. Contractors working at the operational level include those working on-site and off-site during operations, such as those engaged in relocation operations or other off-site operations of a similar nature, hired security providers, etc. The CHR

benchmarking score covers six (A to F) main themes. The themes and sub themes shown at Table 1.

Table 1. CHR Benchmarking Themes (Source: CHR,2019)

Code	Theme Explanation
A	Governance and Policies
A.1.	Policy commitments
A.1.1.	Commitment to respect human rights
A.1.2.	Commitment to respect the human rights of workers
A.1.3.	Commitment to respect human rights particularly relevant to the extractives industry
A.1.4.	Commitment to engage with stakeholders
A.1.5.	Commitment to remedy
A.1.6.	Commitment to respect the rights of human rights defenders
A.2.	Board level accountability
A.2.1.	Commitment from the top
A.2.2.	Board discussions
A.2.3.	Incentives and performance management
B	Embedding Respect Human Rights
B.1.	Embedding respect for human rights in company culture and management systems
B.1.1.	Responsibility and resources for day-to-day human rights functions
B.1.2.	Incentives and performance management
B.1.3.	Integration with enterprise risk management
B.1.4.	Communication/dissemination of policy commitment(s)
B.1.5.	Training on human rights
B.1.6.	Monitoring and corrective actions
B.1.7.	Engaging business relationships
B.1.8.	Approach to engagement with potentially affected stakeholders
B.2.	Human rights due diligence
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)
B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts
B.2.5	Communicating: Accounting for how human rights impacts are addressed
C	Remedies and Grievance Mechanisms
C.1.	Grievance channels/mechanisms to receive complaints or concerns from workers
C.2.	Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities
C.3.	Users are involved in the design and performance of the channel(s)/mechanism(s)
C.4.	Procedures related to the mechanism(s)/channel(s) are publicly available and explained
C.5.	Commitment to non-retaliation over concerns/complaints made
C.6	Company involvement with State-based judicial and non-judicial grievance mechanisms

C.7.	Remediating adverse impacts and incorporating lessons learned
D	Company Human Rights Practices Performance
D.1	Company Human Rights Practices Performance for Extractives Industry
D.1.1	Living wage (in own extractive operations, which includes JVs)
D.1.2	Transparency and accountability (in own extractive operations, which includes JVs)
D.1.3	Freedom of association and collective bargaining (in own extractive operations, which includes JVs)
D.1.4	Health and safety: Fatalities, lost days, injury rates (in own extractive operations, which includes JVs)
D.1.5	Indigenous peoples' rights and free prior and informed consent (FPIC) (in own extractive operations, which includes JVs)
D.1.6	Land rights (in own extractive operations, which includes JVs)
D.1.7	Security (in own extractive operations, which includes JVs)
D.1.8	Water and sanitation (in own extractive operations, which includes JVs)
E	Responses to Serious Allegations
E.1	The Company has responded publicly to the allegation
E.2	The Company has appropriate policies in place
E.3	The Company has taken appropriate action
F	Transparency
F.1.	Company willingness to publish information
F.2	Recognised Reporting Initiatives
F.3.	Key, high-quality disclosure
F.3.1.	Specificity and use of concrete examples
F.3.2.	Discussing challenges openly
F.3.3.	Demonstrating a forward focus

The CHR benchmarking scores calculated with the above themes. Total score is the sum of six theme scores with the weights (for further reading CHRB, 2019). The 2019 CHR benchmarks covers the 195 corporations operating in different sectors from worldwide. The 56 of them are extractive industry corporations, which are the scope of this study. The extractive industry mainly focuses on oil, gas and mineral extractions.

Since the financial data of Surgutneftegas and Gazprom corporations could not be reached, excluded from the research. The research was carried out with the data of the remaining 54 corporations. Financial data were obtained from the annual reports of the corporations and from the stock market data. Some of the financials are in local currency (CNY, JPY, CHF, EUR etc.) so financials converted into billion USD (BUSD) using the IRS annual currencies of 2019 ([irs.gov/individuals/international-taxpayers/yearly-average-currency-exchange-rates](https://www.irs.gov/individuals/international-taxpayers/yearly-average-currency-exchange-rates), accessed 26 December 2022). The CHR benchmarking scores and financial full data is given in appendices. The descriptive statistics are given in Table 2.

Table 2. Descriptive Statistics

Variable	Abbreviation	Min.	Max.	Mean	Std. Dev.	Skewness	Kurtosis
Total CHR Score	TCHR	3.8	76	29.82	21.01	0.725	-0.591
Governance and Policies	GP	0	9.22	3.33	2.43	0.942	-0.39
Embedding Respect Human Rights	ERHR	0	20.45	6.26	6.83	0.784	-0.99
Remedies and Grievance Mechanisms	RGM	0	12.08	3.78	3.21	1.086	0.442
Company Human Rights Practices Performance	CHRP	0	16.88	6.09	4	0.614	-0.331
Responses to Serious Allegations	RSA	0	17.5	6.38	4.6	0.625	-0.717
Transparency	TR	0.42	8.29	3.97	2.13	0.216	-0.604
Revenue BUSD	REV	4.87	428.36	70.72	93.87	2.332	5.416
Operating expense BUSD	OE	-0.04	100.63	13.98	21.26	2.448	5.89
Net income BUSD	NI	-4.28	15.84	3.85	4	0.948	1.055
EBITDA BUSD	EBITDA	1.04	53.01	12.56	12.07	1.603	2.310
Cash and short-term investments BUSD	CSTI	0.27	31.08	6.74	6.92	1.547	2.181
Total assets BUSD	TAS	8.22	404.34	96.57	99.4	1.800	2.572
Total Equity USD	TEQ	3.48	208.39	45.95	48.5	2.089	4.047
Total Liabilities BUSD	TLB	4.54	213.87	50.61	53.99	1.658	1.839
Price to book	PB	0	164.76	5.13	22.22	7.265	53.157
ROA	ROA	0.0062	0.2551	0.06	0.05	2.106	5.615
ROE	ROE	0.0092	0.5303	0.09	0.09	3.149	12.590
Net profit margin	NPM	-8.98	42.63	10.18	10.88	0.913	0.945
Revenue Change	RCH	-0.4686	0.9908	0.05	0.21	1.621	6.500

As seen in Appendix Table A, the Australian Rio Tinto has the maximum total CHR benchmark score (76). Another Australian company, BHP, took the second place with total score of 71.6. China Shenhua Energy and Anhui Conch Cement Company from China and CNOOC from Hong Kong have the lowest overall CHR scores (4.2, 3.8 and 4.2, respectively). While it is noteworthy that three firms from Asia scored the lowest, regional differences should be evaluated statistically. The distribution of the total CHR score by country is visualized on the map by Microsoft Excel and given in Figure 1. Australia, North America, Spain, UK and Italy originated corporations seem having better CHR scores.

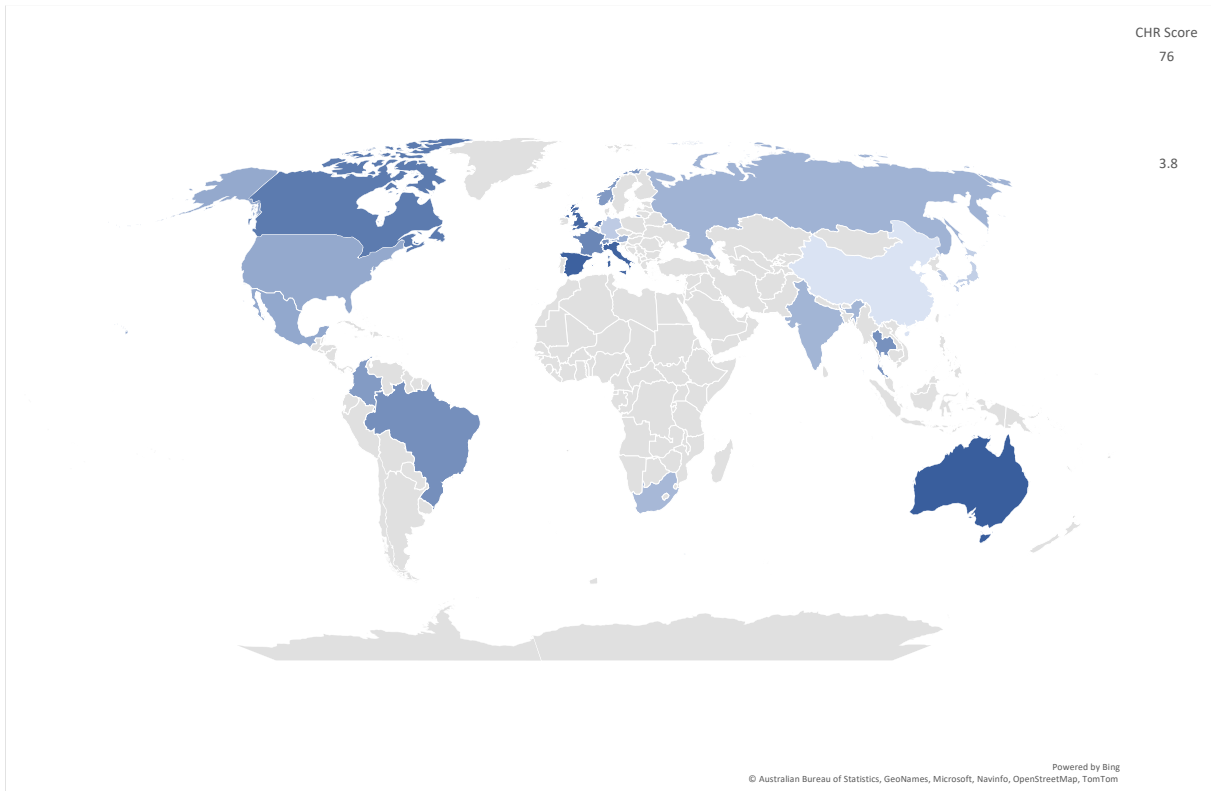


Figure 1. CHR Benchmark Total Score Distribution

As seen in Appendix Table B, the corporations with the largest revenues in 2019 are China Petroleum (428 bUSD), Perto China (364 bUSD), Shell (344 bUSD), Exxon Mobil (259 bUSD), Glencore (203 bUSD). For 2019 the total revenue of these five corporations is greater than the GDP of the 20 smallest countries such as Dominica, Micronesia, Comoros, etc.

3. Methodology, Analysis and Findings

To investigate the relationship with corporate human rights and financial performance indicators, correlation analysis is performed. Field (2013) states that Kolmogorov-Smirnova normality test should be performed to determine whether the data are normally distributed, and if the data are not normally distributed, the correlations should be determined with the Spearman correlation test.

Kolmogorov-Smirnova test results are given in Table 3. Except for the Transparency score ($p=0.200$), differ significantly from the normal distribution. For this reason, Spearman correlation analysis was performed, and the results are given in Table 4.

Correlation between financial indicators (between ROA and ROE or revenue and EBIDTA) are not the subject of this study. In addition, the correlation between total CHR scores and sub-themes is expected. The subject of this study is the correlations between CHR scores and financial metrics.

The correlation of Total Assets with Total CHR score ($r=0.341^*$, $p=0.012$), Governance and Policies score ($r=0.379^{**}$, $p=0.005$), Remedies and Grievance Mechanisms score ($r=0.295^{**}$, $p=0.031$) and Responses to Serious Allegations score ($r=0.356^{**}$, $p=0.008$) is significant. The correlation of Price to Book with Remedies and

Grievance Mechanisms score ($r=0.340^*$, $p=0.012$) and Company Human Rights Practices Performance score ($r=0.278^*$, $p=0.042$) is significant. These findings support the relationship between financial metrics and CHR.

Total assets are the total amount of assets owned by the corporation. The significant positive correlation between CHR and total assets shows the relationship between development and CHR. Of the six themes of CHR, five are associated with total assets. Only the relationship between transparency and total assets was not significant. This may be due to major players in closed economies (Petro China, China Petroleum).

By comparing a firm's market value to the value of its assets minus its liabilities and preferred stock, the price to book ratio can be used to assess if a company is fairly valued. The price to book ratio is significantly correlated with Remedies and Grievance Mechanisms and Company Human Rights Practices Performance. This finding indicates that the more human right practices the more firm-value.

Table 3. Kolmogorov-Smirnova Test of Normality Results

Variables	Statistic	Sig.	Variables	Statistic	Sig.
Total CHR Score	0.123 *	0.04	EBITDA BUSD	0.232 **	<.001
Governance and Policies	0.163 **	0.001	Cash and short-term investments BUSD	0.218 **	<.001
Embedding Respect Human Rights	0.216 **	<.001	Total assets BUSD	0.225 **	<.001
Remedies and Grievance Mechanisms	0.161 **	0.001	Total Equity USD	0.247 **	<.001
Company Human Rights Practices Performance	0.141 **	0.01	Total Liabilities BUSD	0.251 **	<.001
Responses to Serious Allegations	0.134 *	0.018	Price to book	0.441 **	<.001
Transparency	0.084	0.200	ROA	0.173 **	<.001
Revenue BUSD	0.242 **	<.001	ROE	0.24 **	<.001
Operating expense BUSD	0.279 **	<.001	Net profit margin	0.155 **	0.002
Net income BUSD	0.151 **	0.004	Revenue Change	0.152 **	0.003

* $p<0.05$, ** $p<0.01$

Table 4. Spearman Correlations Results Between Variables

Variables	Total CHR Score	Governance and Policies	Embedding Respect Human Rights	Remedies and Grievance Mechanisms	Company Human Rights Practices Performance	Responses to Serious Allegations	Transparency	Revenue BUSD	EBITDA BUSD	Total assets BUSD	Price to book	ROA	ROE
Governance and Policies	0.877***												
Embedding Respect Human Rights	0.929***	0.789***											
Remedies and Grievance Mechanisms	0.917***	0.808***	0.843***										
Company Human Rights Practices Performance	0.869***	0.792***	0.782***	0.766***									
Responses to Serious Allegations	0.903***	0.740***	0.777***	0.816***	0.677***								
Transparency	0.920***	0.842***	0.887***	0.820***	0.832***	0.744***							
Revenue BUSD	0.221	0.228*	0.123	0.183	0.121	0.278*	0.125						
EBITDA BUSD	0.249*	0.255*	0.155	0.218	0.191	0.235*	0.168	0.794***					
Total assets BUSD	0.341**	0.379***	0.229*	0.295**	0.253*	0.356***	0.244	0.897***	0.874***				
Price to book	0.246*	0.201	0.238*	0.340**	0.278**	0.138	0.210	-0.182	-0.029	-0.051			
ROA	-0.109	-0.183	-0.082	-0.075	-0.061	-0.155	-0.066	-0.250	0.070	0.317**	0.066		
ROE	-0.056	-0.139	-0.037	-0.019	-0.014	-0.113	-0.015	-0.154	0.137	-0.242	0.112	0.980***	
Net profit margin	-0.157	-0.231*	-0.114	-0.146	-0.083	-0.221	-0.075	-0.391***	-0.008	-0.350***	0.089	0.769***	0.716***

*p<0.1, **p<0.05, ***p<0.01

4. Conclusion

In this study, the corporate human rights investigated in the context of corporate social responsibility. The emergence of corporate human rights coincides with the rapid expansion and growth of multinational enterprises (1990s). The request from the United Nations to take a position on the prevention of human rights violations in the workplace was met in 2005 and resulted in the appointment of a representative by the United Nations Secretary-General. Prof. John Ruggie from Harvard University was the appointee and carried out a great deal of study in this field, which are formed the basis of the United Nations Guiding Principles on Business and Human Rights.

The Corporate Human Rights Benchmark, a non-profit, multi-stakeholder initiative that relied on the knowledge of a few organizations in investment, business, and human rights as well as benchmarking, was established in 2013 and joined the World Benchmarking Alliance in 2019. In order to provide information on corporate human rights benchmarking globally, this multi-stakeholder initiative publishes annual reports. The UN Guiding Principles on Business and Human Rights are applied by firms to examine how they are handling their responsibilities to uphold human rights, reports set forth a stand-alone methodology that addresses the six issues and calculates the corporate human rights benchmark score. The six main issues are Governance and Policies, Embedding Respect Human Rights, Remedies and Grievance Mechanisms, Company Human Rights Practices Performance, Responses to Serious Allegations, and Transparency.

Since the extractive industry has a terrible track record in terms of human rights, the most powerful extractive firms in the world were studied in the perspective of corporate human rights in this paper. Involvement in abuses committed by unaccountable security forces, destruction of nearby communities' livelihoods due to impacts on their land, water, and other natural resources, or inadequate consultation of indigenous groups to obtain their consent before operations are undertaken are all examples of how the extractive industry may have both internal and external effects on human rights and have an impact on communities around the world. Oil, gas, and mineral extraction are the main focused areas for the extractive industry.

Numerous studies have looked at the relationship between firm performance and CSR, but as far as I know, the relationship between CHR and firm performance has not studied yet. So, the relationship with firm performance indicators as Revenue, EBITDA, Total assets, Price to book ratio, ROA, ROE, Net profit margin and CSR benchmarking scores evaluated via correlation analysis. As the data is not normally distributed, Spearman correlation performed.

The findings indicates that the relationship between Total assets and Total CHR Score ($r=0.341$, $p=0.012$), Governance and Policies ($r=0.379$, $p=0.005$), Embedding Respect Human Rights ($r=0.229$, $p=0.096$), Remedies and Grievance Mechanisms ($r=0.295$, $p=0.031$), Company Human Rights Practices Performance ($r=0.253$, $p=0.065$), Responses to Serious Allegations ($r=0.356$, $p=0.008$) and Transparency ($r=0.224$, $p=0.076$) is statistically significant at 99%, 95% and 90% confidence intervals. Price to

book ratio is statistically correlated with Total CHR Score ($r=0.246$, $p=0.073$), Embedding Respect Human Rights ($r=0.238$, $p=0.083$), Remedies and Grievance Mechanisms ($r=0.340$, $p=0.012$) and Company Human Rights Practices Performance ($r=0.278$, $p=0.042$). The correlations are given in Table 4.

The findings prove the relationship between corporate human rights scores and financial metrics. For further evaluations, it is recommended to determine possible predictive relationships by examining the multi-year financial datasets of extractive companies and all CSR scores together. The study's limitation is that it used single-year data, and since the data were not normally distributed, predictive relationships could not be determined.

Contribution Rate and Conflict of Interest Statement

All stages of the study were designed by the author(s) and contributed equally. There is no conflict of interest in this article.

Ethics Statement and Financial Support

Ethics committee principles were followed in the study. Ethics Committee Report is not required in the study. There has been no situation requiring permission within the framework of intellectual property and copyrights.

References

- Barnett, M. L., & Salomon, R. M. (2006). Beyond Dichotomy: The Curvilinear Relationship Between Social Responsibility And Financial Performance. *Strategic management journal*, 27(11), 1101-1122.
- Bilchitz, D. (2010). The Ruggie framework: An Adequate Rubric for Corporate Human Rights Obligations. *SUR-International Journal on Human Rights*, 7(12), 199-229.
- Bishop, J. D. (2012). The Limits of Corporate Human Rights Obligations and the Rights of For-Profit Corporations. *Business Ethics Quarterly*, 22(1), 119-144.
- Blasi, S., Caporin, M., & Fontini, F. (2018). A Multidimensional Analysis Of The Relationship Between Corporate Social Responsibility And Firms' Economic Performance. *Ecological Economics*, 147, 218-229.
- Boesso, G., Favotto, F., & Michelon, G. (2015). Stakeholder Prioritization, Strategic Corporate Social Responsibility And Company Performance: Further Evidence. *Corporate Social Responsibility and Environmental Management*, 22(6), 424-440.
- Chen, L., Feldmann, A., & Tang, O. (2015). The Relationship Between Disclosures Of Corporate Social Performance And Financial Performance: Evidences From GRI Reports In Manufacturing Industry. *International Journal Of Production Economics*, 170, 445-456.
- Chijioke-Oforji, C. (2019). The Corporate Human Rights Benchmark: Sparking a Race to the Top?. *International Company and Commercial Law Review*, 31(1), 25-39.
- CHRB, Corporate Human Rights Benchmark Methodology 2019, <https://assets.worldbenchmarkingalliance.org/app/uploads/2021/04/CHRB2018MethodologyAGAPEX.pdf> (accessed 12-13-14 December 2022).
- Field, A. (2013). *Discovering Statistics Using IBM SPSS Statistics*. SAGE Publications.
- Friedman, M. (2007). The Social Responsibility Of Business is To Increase Its Profits. In *Corporate ethics and corporate governance* (pp. 173-178). Springer, Berlin, Heidelberg.

- Lu, W. M., Wang, W. K., & Lee, H. L. (2013). The Relationship Between Corporate Social Responsibility And Corporate Performance: Evidence From The US Semiconductor Industry. *International Journal of Production Research*, 51(19), 5683-5695.
- Preston, L. E., & O'bannon, D. P. (1997). The Corporate Social-Financial Performance Relationship: A Typology And Analysis. *Business & Society*, 36(4), 419-429.
- Ruggie, J. G. (2011). Report Of The Special Representative Of The Secretary-General On The Issue Of Human Rights And Transnational Corporations And Other Business Enterprises: Guiding Principles On Business And Human Rights: Implementing The United Nations 'Protect, Respect And Remedy' Framework. *Netherlands Quarterly of Human Rights*, 29(2), 224-253.
- Ruggie, J. G. (2007). Business And Human Rights: The Evolving International Agenda. *American Journal of International Law*, 101(4), 819-840.
- Ting, I. W. K., Azizan, N. A., Bhaskaran, R. K., & Sukumaran, S. K. (2019). Corporate Social Performance And Firm Performance: Comparative Study Among Developed And Emerging Market Firms. *Sustainability*, 12(1), 26.
- Vurro, C., & Perrini, F. (2011). Making The Most Of Corporate Social Responsibility Reporting: Disclosure Structure And Its Impact On Performance. *Corporate Governance: The international journal of business in society*.
- Watts, M. J. (2005). Righteous Oil? Human Rights, The Oil Complex, And Corporate Social Responsibility. *Annu. Rev. Environ. Resour.*, 30, 373-407.
- Wettstein, F. (2020). The History Of Business And Human Rights And Its Relationship With Corporate Social Responsibility. In *Research handbook on human rights and business* (pp. 23-45). Edward Elgar Publishing.
- Wood, S. (2012). The Case For Leverage-Based Corporate Human Rights Responsibility. *Business Ethics Quarterly*, 22(1), 63-98.
- Wouters, J., & Chanet, L. (2008). Corporate Human Rights Responsibility: An European Perspective. *Northwestern University Journal of International Human Rights*, 6 (2), 262-303.

APPENDIX-A

Table A. Extractives Industry Corporate Human Rights Benchmark Scores (Source: CHRB, 2019)

#	Company Name	Headquarter country	2019 Total Score	Governance and Policies	Embedding Respect Human Rights	Remedies and Grievance Mechanisms	Company Human Rights Practices Performance	Responses to Serious Allegations	Transparency
1	Anglo American	UK	66.8	9.22	16.82	8.33	13.13	12.08	7.18
2	Anhui Conch Cement Company	China	3.8	0.78	0	0	1.88	0.77	0.42
3	ArcelorMittal	Luxembourg	26.3	2.71	2.05	2.5	9.38	5.26	4.4
4	Barrick Gold Corporation	Canada	56.9	5.73	15.97	7.5	10	10.94	6.78
5	BHP	Australia	71.6	8.75	18.69	12.08	13.13	10.63	8.29
6	BP	UK	53.9	5.42	13.81	9.17	8.75	10.78	5.96
7	Canadian Natural Resources	Canada	13	1.98	0.91	1.25	3.13	2.61	3.16
8	Chevron Corporation	USA	33.5	3.8	6.08	6.25	8.13	6.7	2.53
9	China Petroleum & Chemical	China	4.8	1.2	0	0	0	1.25	2.32
10	China Shenhua Energy	China	4.2	0	0	0	1.25	0.84	2.11
11	CNOOC	Hong Kong	4.2	1.2	0	0	2.5	0	0.53
12	Coal India	India	27.4	1.09	7.44	4.17	5.63	5	4.06
13	ConocoPhillips	USA	38.1	3.39	12.39	5.83	5.63	5	5.85
14	Devon Energy	USA	11.1	0.99	0.45	0.83	5.63	2.21	0.95
15	Ecopetrol	Colombia	40.4	1.72	16.36	2.5	8.75	6.25	4.82
16	ENI	Italy	68.7	8.59	17.67	8.75	16.88	9.38	7.39
17	EOG Resources	USA	4.5	0.57	0	1.25	1.25	0.9	0.53
18	Equinor	Norway	41.3	3.96	7.33	5.83	6.88	12.5	4.84
19	Exxon Mobil	USA	22.7	2.14	1.7	1.67	9.38	3.75	4.08
20	Freeport-McMoRan	USA	70.7	7.45	17.05	11.25	12.5	14.13	8.29
21	Glencore	Switzerland	46.1	6.67	13.07	5	6.19	9.69	5.47
22	Grupo Mexico	Mexico	34	3.02	4.09	3.75	6.25	12.5	4.4
23	HeidelbergCement	Germany	15.8	2.45	2.44	1.25	3.13	3.16	3.37
24	INPEX Corporation	Japan	14.1	2.14	0.68	0.83	4.38	2.82	3.26

25	JXTG Holdings	Japan	16.2	3.18	0.91	0.83	4.38	3.24	3.66
26	LafargeHolcim	Switzerland	24.5	2.45	8.13	2.08	1.88	6.25	3.68
27	Lukoil	Russia	28.2	4.38	2.73	2.08	9.38	5.64	4
28	Marathon Petroleum	USA	24.3	2.45	1.14	3.33	1.25	15	1.16
29	Newmont Goldcorp Corporation	USA	60.2	8.13	17.33	5.42	10.63	11.25	7.47
30	Nippon Steel Corporation	Japan	11.8	0.78	0.45	1.67	1.25	5	2.63
31	Norilsk Nickel	Russia	15.2	2.34	0.68	2.5	3.13	3.03	3.47
32	Novolipetsk Steel	Russia	6.8	1.2	0	0.83	2.5	1.37	0.93
33	Occidental Petroleum	USA	23.3	3.85	4.03	4.17	4.38	4.66	2.21
34	Oil & Natural Gas Corporation	India	17.3	1.51	0.68	2.08	1.25	8.75	3.05
35	OMV	Austria	30.7	2.45	4.77	4.58	7.5	6.13	5.22
36	Petrobras	Brazil	46.6	3.07	11.31	6.67	10.63	9.33	5.64
37	PetroChina	China	10	2.45	0	0.83	1.88	2	2.84
38	Phillips 66	USA	9.9	0.89	0.45	2.5	3.13	1.98	0.95
39	POSCO	South Korea	17	2.45	1.99	3.75	1.88	3.13	3.79
40	PTT	Thailand	45.4	4.32	12.5	4.17	7.5	12.5	4.42
41	Repsol	Spain	70.1	6.82	18.01	11.67	11.88	14.38	7.39
42	Rio Tinto	Australia	76	7.66	20.45	10.83	14.38	15.2	7.49
43	Rosneft Oil	Russia	32.7	1.82	0.45	2.92	6.88	17.5	3.16
44	Royal Dutch Shell	Netherlands	57.1	4.79	18.13	7.08	9.38	11.25	6.46
45	Sasol	South Africa	25.5	3.85	3.64	3.75	5	5.11	4.19
46	Severstal	Russia	15.3	2.45	0	2.5	5.63	1.25	3.45
47	Siam Cement Public	Thailand	19.5	1.51	6.31	1.25	3.13	3.89	3.37
48	Suncor Energy	Canada	20.7	3.39	1.14	2.08	6.25	4.13	3.68
49	TATNEFT	Russia	9	0.47	1.59	1.67	2.5	1.79	0.95
50	Teck Resources	Canada	35	4.9	7.05	2.92	8.13	7	5.03
51	Total	France	51.3	7.03	15.74	5.42	10	7.5	5.66
52	UltraTech Cement	India	9.5	0.47	1.99	0.42	1.88	1.9	2.84
53	Vulcan Materials	USA	7.8	1.09	0	1.25	3.13	1.55	0.74
54	Woodside Petroleum	Australia	19.4	2.55	1.59	2.92	4.38	3.88	4.08

APPENDIX-B

Table B. Extractives Industry Financials (Source: Annual Reports and Exchange Boards)

#	Company Name	Revenue BUSD	Operating expense BUSD	Net income BUSD	EBITDA BUSD	Cash and short- term investments BUSD	Total assets BUSD	Total Equity USD	Total Liabilities BUSD	Price to book	ROA	ROE	Net profit margin	Earnings per share	Revenue Change
1	Anglo American	29.87	9.84	3.55	8.85	6.36	56.15	31.39	24.77	1.81	0.0726	0.097	11.87	41.21	0.0819
2	Anhui Conch Cement Company	22.73	1.43	4.86	6.9	10.68	25.87	20.6	5.28	1.08	0.1614	0.189	21.39	6.17	0.223
3	ArcelorMittal	70.62	2.76	-2.45	3.96	4.87	87.91	40.48	47.43	0.81	0.0062	0.01	-3.48	0.3	-0.0713
4	Barrick Gold Corporation	9.72	-0.04	3.97	4.55	3.31	44.39	29.83	14.57	1.61	0.054	0.0717	40.85	0.51	0.3416
5	BHP	44.57	20.53	8.31	22.21	15.64	100.86	51.82	49.04	7.39	0.0961	0.123	18.64	1.45	0.0335
6	BP	158.11	30.37	4.03	34.07	22.52	295.19	100.71	194.49	7.27	0.0339	0.0567	2.55	0.49	-0.4686
7	Canadian Natural Resources	17.23	4.79	4.08	8.5	0.47	58.87	26.37	32.5	1.93	0.0463	0.0628	23.68	3.18	0.0877
8	Chevron Corporation	139.87	49.27	2.92	29.02	5.75	237.43	145.21	92.22	2.31	0.0267	0.0358	2.09	6.27	-0.1198
9	China Petroleum & Chemical	428.36	73.22	8.32	25.48	19.01	254.7	126.96	127.78	0.65	0.0305	0.046	1.94	6.69	0.0237
10	China Shenhua Energy	35	3.11	6.04	12.37	15.32	81.49	60.81	20.68	1.37	0.0707	0.0871	17.24	2.07	-0.0842
11	CNOOC	33.75	14.19	8.84	20.03	23.93	109.66	64.87	44.79	1.03	0.0704	0.087	26.18	19.27	0.0241
12	Coal India	13.62	8.13	2.48	3.6	4.54	18.89	3.82	15.06	4.98	0.1049	0.5303	18.21	—	0.1662
13	ConocoPhillips	33.35	8.75	7.19	13.75	10.23	70.51	35.05	35.46	3.73	0.0662	0.0949	21.56	3.59	-0.1106
14	Devon Energy	6.67	2.49	-0.36	1.69	1.46	13.72	5.92	7.8	4.22	0.0066	0.0092	-5.32	1.38	-0.2091
15	Ecopetrol	21.8	1.83	4.19	9.42	2.65	40.82	17.75	23.07	0.01	0.1008	0.1352	19.23	1.73	0.042
16	ENI	79.38	13.31	0.17	18.73	14.28	138.23	53.64	84.59	2.34	0.0446	0.0696	0.21	0.8	-0.0732
17	EOG Resources	19.78	6.92	4.66	10.1	2.03	37.12	21.64	15.48	3.49	0.0645	0.0864	23.58	8.61	0.9908
18	Equinor	62.91	13.01	1.84	24.53	12.6	119.86	41.16	78.7	2.53	0.0576	0.0964	2.93	1.48	-0.1992
19	Exxon Mobil	259.5	65.52	14.34	34.44	3.09	362.6	198.94	163.66	2.5	0.0274	0.0398	5.53	2.25	-0.0767
20	Freeport-McMoRan	14.4	2.07	-0.24	2.25	2.02	40.81	17.45	23.36	7.04	0.0093	0.0137	-1.66	0.02	-0.2269

Pehlivanlı | Corporate Human Rights in the Context of Corporate Social Responsibility...

21	Glencore	203.75	2.58	4.97	16.03	3.34	127.51	36.92	90.59	2.19	0.0499	0.0853	2.44	0.68	0.4315
22	Grupo Mexico	10.68	1.36	2.21	4.91	3.98	29.07	15.32	13.75	2.77	0.0875	0.1026	20.73	0.23	0.0177
23	HeidelbergCement	23.89	14.88	2.47	5.46	3.77	30.19	13.11	17.07	3.61	0.0926	0.1444	10.34	9.74	0.1291
24	INPEX Corporation	11.65	0.69	0.88	7.42	2.2	44.49	29.91	14.22	0.67	0.0667	0.0731	12.36	—	0.3611
25	JXTG Holdings	102.1	6.77	2.96	6.7	3.97	77.79	28.62	49.17	0.56	0.0356	0.0567	2.9	—	0.0804
26	LafargeHolcim	26.88	8.1	2.26	5.36	4.18	58.66	31.69	26.97	1.1	0.0343	0.044	8.4	3.83	-0.0271
27	Lukoil	119.03	24.12	9.9	18.4	8.64	91.98	61.37	30.45	0.29	0.0863	0.1104	8.31	13.01	-0.0417
28	Marathon Petroleum	111.28	6.98	2.64	8.29	1.39	98.56	43.11	55.45	2.33	0.0331	0.0433	2.37	4.94	0.2896
29	Newmont Goldcorp Corporation	9.74	2.64	2.81	3.78	2.48	39.97	22.42	17.56	2.01	0.0357	0.0481	28.8	1.32	0.3429
30	Nippon Steel Corporation	56.69	4.97	2.3	5.83	1.61	73.85	33.12	40.73	0.7	0.0193	0.0262	4.07	—	0.0814
31	Norilsk Nickel	13.56	1.52	5.78	7.99	2.78	19.47	4.29	15.19	0.13	0.2551	0.3401	42.63	32.9	0.1622
32	Novolipetsk Steel	10.55	1.27	1.34	2.55	1	10.48	5.95	4.54	1.33	0.1212	0.1499	12.69	2.23	-0.1239
33	Occidental Petroleum	20.91	9.78	-0.67	9.17	3.04	107.19	34.23	72.96	2.4	0.0227	0.032	-3.19	1.45	0.1732
34	Oil & Natural Gas Corporation	59.95	6.71	4.34	11.55	1.76	70.03	33.38	36.65	0.85	0.0672	0.0958	7.24	20.86	0.3065
35	OMV	26.27	4.88	1.96	6.13	3.99	45.22	18.88	26.33	1.2	0.0533	0.0899	7.48	5.47	0.0231
36	Petrobras	66.86	11.24	10.17	30.07	8.44	234.67	75.81	158.86	164.76	0.0544	0.0771	15.21	2.83	-0.1496
37	PetroChina	364.69	100.63	6.61	49.34	16.02	395.08	208.39	186.69	0.56	0.0299	0.0396	1.81	3.53	0.0597
38	Phillips 66	107.29	8.5	3.08	4.61	1.61	58.72	27.17	31.55	1.82	0.0362	0.0521	2.87	8.05	-0.0377
39	POSCO	55.22	2.09	1.58	6.22	10.69	67.82	41	26.82	0	0.0301	0.0348	2.85	22.82K	-0.0094
40	PTT	71.54	2.6	3	9.25	10.88	80.24	41.89	38.35	1.1	0.0397	0.0503	4.19	2.72	-0.0498
41	Repsol	47.57	10.43	-4.28	5.42	6.66	64.84	28.23	36.61	0.89	0.0218	0.0291	-8.98	1.38	-0.0252
42	Rio Tinto	43.17	1.42	8.01	19.03	10.64	87.8	45.24	42.56	4.84	0.1034	0.1515	18.56	6.36	0.0652
43	Rosneft Oil	128.62	67.71	10.9	28.91	9.99	200.19	79.61	120.58	0.01	0.0567	0.0835	8.48	1.05	0.0622
44	Royal Dutch Shell	344.88	41.9	15.84	53.01	18.06	404.34	190.46	213.87	1.02	0.0366	0.052	4.59	2.03	-0.112
45	Sasol	14.09	5.13	0.23	3.22	1.14	32.27	15.44	16.83	0.05	0.0395	0.051	1.66	2.09	0.1219
46	Severstal	8.16	0.93	1.77	2.75	1.09	8.22	3.48	4.74	5.21	0.2056	0.2712	21.65	2.08	-0.0493
47	Siam Cement Public	14.11	1.67	1.03	1.72	1.42	20.45	10.56	9.89	0.04	0.0309	0.0351	7.31	28.57	-0.0846

İşletme, 2023, 4(1), 1-19

48	Suncor Energy	28.89	16.78	2.19	6.94	1.48	67.4	31.68	35.71	1.57	0.0144	0.0213	7.56	2.8	-0.0051
49	TATNEFT	14.41	6.33	2.97	4.8	0.59	19.17	11.63	7.55	0.03	0.1419	0.2167	20.62	5.28	0.0239
50	Teck Resources	8.99	1.94	-0.46	3.07	0.78	29.65	16.63	13.02	1.07	0.0126	0.0177	-5.07	2.75	-0.0501
51	Total	176.25	43.1	11.27	30.21	31.08	273.29	119.31	153.99	1.43	0.0393	0.0589	6.39	4.38	-0.0427
52	UltraTech Cement	5.91	2.77	0.34	1.04	0.28	10.87	4.8	6.08	5.82	0.0461	0.0588	5.78	89.46	0.3431
53	Vulcan Materials	4.93	0.4	0.62	1.23	0.27	10.65	5.62	5.03	4.26	0.0522	0.0631	12.53	4.7	0.1246
54	Woodside Petroleum	4.87	0.46	0.34	3.35	4.09	29.35	17.41	11.94	2.06	0.0374	0.0452	7.04	1.14	-0.07