Translating ideologically based concerns: how civil society organisations use the financial market to protect human rights[1]

Emma Sjöström

Sustainability Research Group (SuRe),
Department of Marketing and Strategy,
Stockholm School of Economics,
P.O. Box 6501, Stockholm 113 83, Sweden
Fax: +46-8-33-43-22
E-mail: emma.sjostrom@hhs.se

Abstract: Civil society organisations are increasingly using the financial market to put pressure on corporations regarding issues such as environmental protection, occupational health and safety and respect for human rights. The purpose of this paper is to explore and explain how this is done and how agreement can be reached despite the often-times differing world-views, ideologies and agendas between civil society organisations on the one hand and financial actors and corporations on the other. One of the main conclusions from this paper is that less powerful actors can achieve a sought-after change by translating the problem so that it fits the ideology of actors who do have power to resolve it.

Keywords: shareholder activism; financial market; civil society organisations; human rights; ideology; translation.

Reference to this paper should be made as follows: Sjöström, E. (2007) 'Translating ideologically based concerns: how civil society organisations use the financial market to protect human rights', *Int. J. Environment and Sustainable Development*, Vol. 6, No. 2, pp.157–173.

Biographical notes: Emma Sjöström is pursuing her PhD at Stockholm School of Economics where she is a co-founder of SuRe Sustainability Research Group.

1 Introduction

The financial market is a central institution in industrialised economies and plays a vital role in the infrastructure that is necessary for a country's development. As we will see in this paper, the financial market also has a major role to play in the context of a socially and ecologically sustainable development, when it is used to foster corporate behaviour to harmonise with long-term goals of society.

The financial market[2] is traditionally seen as amoral (e.g. De George, 1982; Norberg, 2001), meaning that it does not concern itself with moral ponderings, but is purely economically rational. Ever since the 1700s there has however been a relatively small amount of shareholders, most notably religious ditto, who has involved non-financial values in their investment decisions (Domini, 2001; Sparkes, 2002). Wishing not to be involved in harmful industries, these shareholders exclude sectors such as armament, alcohol, tobacco and gambling from their holdings. In the 1960s, 1970s and 1980s, the financial market also became a way to express political values, for example, by avoiding investments in South African corporations to protest the apartheid system (Domini, 2001; Sparkes, 2002). Yet a new phase took off in the 1990s, which saw a surge in investment funds that complement financial analysis with non-financial parameters such as environment impacts and labour standards (Avanzi, 2004; Social Investment Forum, 2006). Further, stock indexes that include such issues in the corporate analysis are continuously being introduced to the market, such as the Dow Jones Sustainability Indexes and FTSE4Good (Sjöström, 2004). The exponential increase of environmentally and socially screened investment products has appeared in a time when 'corporate social responsibility' has become a term widely in use, referring to the responsibilities that corporations may have to the environment and to people who are or could be impacted by its activities.

In addition to selecting which shares to hold, investors are also using more active ways in order to influence corporations on social and environmental matters. This can, for example, be done by presenting formal proposals at Annual General Meetings (e.g. Monks et al., 2004; Proffitt and Spicer, 2006) or by engaging with corporate management on issues of concern (e.g. Hoffman, 1996). This active approach has also attracted an actor-group whose home turf is not generally the financial market, but who is to an increasing extent using this arena in order to achieve its goals. That group is civil society organisations, such as human rights advocates and environmental groups. There is however little academic research that explicitly addresses how civil society organisations are connecting themselves to the financial sector (exceptions include Guay, Doh and Sinclair, 2004; Waygood and Wehrmeyer, 2003). In an effort to contribute to the bridging of this research gap, this paper aims to examine and explore just how civil society organisations are using the financial market to pressure corporations to take social responsibility. To do this, this paper will pinpoint the matter of human rights. As we will see in the following section, protection of human rights was originally intended as a governmental matter, but with economic globalisation and the emergence of super-large corporations it has become a corporate matter as well (e.g. Alston, 2005; Anderson and Cavanagh, 2000; Bexell, 2005; Dine, 2005; Haufler, 2001; Steger, 2002; Strange, 1996).

This paper includes two case studies. The first study shows how Amnesty Business Group bought shares in 12 Swedish corporations as a way to pressure them to adopt a policy on human rights. The second study shows how Friends of the Earth (FoE) put pressure on construction company Balfour Beatty regarding a controversial dam project in Turkey. FoE sought to influence shareholders and also became a shareholder itself. These cases were chosen both because they are representative of how civil society organisations in industrialised countries tend to use the financial market today, and because they are different from each other, illustrating that the same mechanisms are at work despite different approaches. Amnesty Business Group's activities on the financial market were carried out in a peaceful manner and appear to not have upset the targeted corporations. The second case, driven by FoE, was on the other hand using a more confrontative approach, since the company in question was already on the brink of violating human rights.

This paper ends with general conclusions regarding how civil society organisations use the financial market to put pressure on corporations. A concept for how this is done, building on the differing ideologies of civil society organisations on the one hand and the financial and corporate sectors on the other is presented.

Since there is a lack of research on this empirical topic, it presents a good opportunity to use an explorative method and thus avoid being nearsighted by forming an analytical approach prior to data collection. Hence, this paper is using empirical action for drawing conceptual conclusions. Although, building on existing theory is a cornerstone in academic research, it can also be fruitful to avoid using old tracks for discovering new things (Glaser and Strauss, 1967).

2 Human rights: a corporate responsibility

The UN Universal Declaration of Human Rights was adopted in 1948. It contains 30 articles and applies to all humans, without exception (UN, 1948). Many articles in the declaration are a matter for governments. For example, one article states that everyone has the right to seek and to enjoy asylum from persecution in other countries. Another article states that everyone has the right to education and yet another that everyone has the right to freedom of religion. Several articles are however of direct relevance to business. One is Article 23:4, which states that 'Everyone has the right to form and to join trade unions for the protection of his interests'. Another example is Article 24 which states that 'Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay'. Article 17:2 states that 'No one shall be arbitrarily deprived of his property' which means that companies who forcefully displace residents in order to extract natural resources without offering an acceptable resettlement plan and compensation are violating human rights.

The role of business with regards to human rights has become pertinent in particular for transnational corporations that operate in less economically developed countries. Whereas human rights are embedded in the political and social systems of most industrialised countries,[3] this is not the case for many developing countries (Cragg, 2000). Further, transnational corporations are today quite free to choose where to locate their production, due to such things as large budgets and good communication technology, which has contributed to a competition for 'favourable' legal environments between developing countries that are eager to attract foreign investments (Cragg, 2000). In a number of these countries there is a low level of enforcement of labour laws and human rights, which has contributed to a widespread practise of long working hours, unhealthy working environments, punishment for forming labour unions, forced relocation of residents, dumping of toxics in drinking water, etc. (cf. Business and Human Rights Resource Centre, no date; Human Rights Watch, no date). Critics mean that profit maximisation of global corporations is superseding all other values, at the expense of those who are not the money-makers: "it is as if economic dimensions of globalisation have acquired a status higher than human values or even above fundamental human rights" (Welford, 2002, p.2).

In order to clarify further what the responsibilities of corporations are, and also to support corporate respect of human rights, there are a number of initiatives that provide more detail and/or encourage corporations on this issue. For example, the two first principles of the United Nations initiated business network Global Compact read:

"Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence" and "make sure they are not complicit in human rights abuses" (Global Compact, no date). Over 2300 companies are participating in this network, from every part of the world, and have thereby explicitly agreed to respect human rights.

Another example is UN's High Commissioner for Human Rights, that has developed a document that contains norms for business and human rights (UNHCHR, 2003). In its preamble, it says that

> "Recognizing that even though States have the primary responsibility to promote, secure the fulfilment of, respect, ensure respect of and protect human rights, transnational corporations and other business enterprises, as organs of society, are also responsible for promoting and securing the human rights set forth in the Universal Declaration of Human Rights."

The document goes on to explain in more detail what is expected from corporations in this regard.

Many transnational corporations with headquarters in developed countries but with production in for example South East Asia or South America have adopted policies on human rights, including labour rights and environmental protection. It is also increasingly common with ethical codes of conducts for supplying factories. This means that suppliers must adhere to certain standards, often including human rights. Such codes have become particularly common since the 1990s, when most notably Nike was pressured by civil society organisations to stop purchasing from suppliers using child labour. Whereas Nike first denied responsibility for working conditions since the company is not the owner of its supplier factories, it later changed its mind and implemented codes of conducts and regular monitoring of these (Spar and LaMure, 2003; Zadek, 2004). This and similar processes for other companies (cf. Ählström and Egels, in press; Jenkins et al., 2003, Sethi, 2003) have contributed to establishing a common notion among much of civil society and to various extent the business and financial sectors that transnational companies are responsible for ensuring the protection of human rights relating to their operations, including stakeholders to its suppliers. It is however not an un-resisted notion, particularly when it is perceived to conflict with economic profit. Also, the voluntary approach does not necessarily ensure that human rights are not violated. This has spurred demands from particularly civil society organisations that principles on corporate respect of human rights should be legally binding (Dombrowski, 2006; Friends of the Earth, 2005; UNRISD, 2004).

3 Financial market and human rights

The notion that corporations have responsibility for protecting human rights is spurred by actors on the financial market, amongst others. As mentioned in the introduction, the number of investment funds that complement financial analysis with non-financial parameters such as human rights have surged in recent years. To use investment products with social and environmental screening is often referred to as 'socially responsible investments' or SRI (cf. Sparkes, 2002).

There are several ways in which shareholders can seek to influence corporations to take responsibility for human rights. First of all, investment products that have the support of human rights as an inclusion criterion function as a signal to corporations that this is a matter of interest to shareholders and implicitly should be so to corporate management. The screened mutual funds and indexes may in other words have a symbolic effect, as it is an indicator of what shareholders view as corporate responsibilities (cf. O'Rourke, 2003). To invest in such funds may therefore be a way to contribute to the idea that the investment analysis should include a human rights perspective.

Further, in particularly the USA and the UK, shareholders are sometimes raising concern with human rights issues in corporations' Annual General Meetings. So-called shareholder resolutions (formal proposals) urging companies to address human rights issues do not necessarily get a high vote from shareholders, but the goal is oftentimes rather to attract attention from fellow shareholders as well as from media that cover the meeting. A study of 81 large US corporations shows that between the years 2000 and 2003, 45% of all shareholder resolutions passed at these companies shareholder meetings concerned corporate social responsibility (Monks et al., 2004). The most common subjects for the resolutions were global labour standards and equal employment (Monks et al., 2004). A shareholder resolution always ends with a request. For example, a resolution directed at BP Amoco in 2001 demanded that

> "the Board of Directors of the Company [BP Amoco] withdraw from the investment in PetroChina on the grounds that a shareholding in PetroChina and the potential human rights and environmental concerns associated with PetroChina is in contradiction with BP-Amoco's policy commitments on human rights and the environment, and is therefore not in the best long-term financial interests of BP-Amoco" (Trillium Asset Management, no date).

Investors are however not the only actors that are making use of the financial arena for the promotion of human rights (or other issues that pertain to social or environmental responsibilities of corporations). Civil society organisations such as Friends of the Earth, Amnesty, EarthRights International and Global Exchange, to name but a few, are also using this space to promote their ideas of responsible business conduct. Next, two case studies will explore how civil society organisation are using the financial market in order to influence corporations to protect human rights.

4 Case study 1: Amnesty Business Group on the financial market[4]

Amnesty Business Group (ABG) in Sweden was formed in 2000 in order to influence and educate corporations to take responsibility for human rights. It is part of the Swedish section of Amnesty International.

ABG primarily works with the corporate sector, and has with time realised that financial actors can play an important role for corporations' support of human rights.

> "(S)ince our biggest goal is of course to influence corporations, the more actors that ask our questions the better. We used to say no [to proposals from the financial sector] because of time constraints but now we have re-prioritised. So the financial sector is now one of our biggest co-players" (Interview, F. Bergin, 2005).

A difference between the financial sector and ABG in terms of corporate influence is that "(t)hey have a lot more power in comparison to us" (Interview, F. Bergin, 2005). Further, "(o)nce you have got your question onto the agenda [in a company's Annual General

Meeting], you will during that agenda item get full attention from the owners, the board, management and the public" (E-mail, J. Qwist, 2005).

In ABG Sweden's first case of using the financial market for its purposes, conducted in 2004, it reviewed the most traded corporations on the Stockholm Stock Exchange's A-list to see if they had a published policy for human rights. It turned out that out of 28 companies on the list, 12 did not have a policy for human rights (see Appendix). None of the 12 corporations are participants in the aforementioned UN Global Compact.

The next step for ABG was to buy one share in each of the 12 companies that did not have a human rights policy. This would enable the organisation to exercise shareholder rights, including going to the annual shareholder meetings of the companies and raise questions regarding the lack of a policy.

ABG communicated with the companies several months before their shareholder meetings and said that "Given the risks of your company – which look like this – we are wondering why you don't have a steering document that looks like this. We would like to ask that question in your Annual General Meeting and we would like to have our own item on the agenda" (Interview, F. Bergin, 2005).

ABG did not attend all 12 Annual General Meetings in the end, due to resource constraints, but focused its efforts to four companies' shareholder meetings (see Appendix). These were partly selected because they might be trend setters for other corporations. All 12 companies did however receive the same communication regarding the fact that ABG had done a risk analysis, bought one share and intended to raise this issue as a concerned shareholder.

The organisation deliberately chose an issue that is easy to comprehend (i.e. the crafting and publishing of a policy) and thereby be able to achieve good results, rather than asking about a more complex issue. ABG says it realises that a policy is a simple measure that does not in itself mean that human rights will not be violated. But it is something that is easy for a company to achieve. Furthermore, ABG means that the legal situation around corporations and human rights is unclear and a policy is a statement from the company itself, which means that a discussion about what the company is really responsible for becomes unnecessary, because it has already stated that.

According to ABG, it was well received by all 12 companies. Some companies explicitly welcomed ABG's question in the Annual General Meeting as a way for them to be able to promote their human rights work to their shareholders.

In the shareholder meetings, ABG presented itself not primarily as a civil society organisation, but as a concerned shareholder. In the Annual General Meeting of industrial holding corporation Investor, the ABG representative said (my translation):

> "Companies which get involved in violations of human rights, knowingly or unknowingly, directly or indirectly pose themselves at great risk. They risk legal consequences and their own personnel's security. In the long run, they risk having problems with recruitment and last but not least they risk harming their brands. It is therefore pertinent for all shareholders in Investor that Investor's management performs a risk analysis within the area of human rights and also adopts and publishes a policy for human rights. We think that successful commercial operations require active work for human rights for the sake of the own company. We therefore wish Investor all the best in your work with implementing your coming policy and we welcome a continuous dialogue with you in your work for human rights" (Investor, 2004).

For three of the four companies, the question was responded to by the CEO, and for the fourth company the question was addressed by the Chairman of the Board. ABGs campaign received media attention and was reported on in the main morning papers, evening TV news and radio news broadcasts. ABG received positive response from institutional investors who attended the Annual General Meetings. Several asset managers, including pension funds, expressed that they would like to get involved with ABG on matters pertaining to human rights.

As a result of ABGs shareholder activities, all 12 corporations published a human rights policy. ABG would have gone to the following year's shareholder meeting in the event that a policy was not published, but this turned out not to be necessary. ABG subsequently sold its shares. In 2005, ABG started a so called 'business forum' for the financial sector. The intent of this forum is to educate the financial sector on business and human rights.

While this case shows how the financial market can be used to protect human rights in a proactive way, the next case is of a more reactive kind, where a company is already on the brink of violating human rights and a civil society organisation seeks to make the corporation steer away from that situation.

5 Case study 2: FoE on the financial market

In the late 1990s, Turkish government launched plans to build a new dam. It would be built by a number of US and European contractors, headed by British construction company Balfour Beatty. The Ilsu dam would be the largest hydropower project in Turkish history (Ilisu Dam Campaign, 2000a).

The project was strongly objected to by a number of civil society organisations, in particular the Kurdish Human Rights Project, FoE and The Corner House, who came together under the umbrella organisation 'Ilisu Dam Campaign'. The critique was targeted at Balfour Beatty, since it was heading the construction consortium. According to the Ilisu Dam Campaign, the dam project would have severe impacts on human rights and the environment (Ilisu Dam Campaign, 2000a; Kurdish Human Rights Project, 1999). The dam would be located on the River Tigris in a Turkish area of significant cultural heritage and archaeological significance, which would become submerged. The dam was estimated to entirely or partly flood 183 villages and rural settlements and displace up to 78,000 people without proper resettlement plans or compensation. Many of these were ethnical Kurds, a people that has long been oppressed by the Turkish state. It was also believed that the water quality would be affected due to the dam's reduction of the auto-purification capacity of the River Tigris and that downstream wetlands and irrigated agriculture would be disrupted. Further, the project had political consequences, as the dam would enable Turkey to shut off substantial water supply to neighbouring Syria and Iraq, which could potentially lead to conflicts over water.

These and other concerns were responded by Balfour Beatty, who meant that although many people would have to be relocated due to flooding, the overall consequences would not be as severe as civil society organisations' reports claimed (Ilisu Dam Campaign, 2000b).

According to the Ilisu Dam Campaign the project failed to meet all major policy recommendations of the World Commission on Dam's (WCD) standards (Ilisu Dam

Campaign, 2000a). WCD was set up by the World Bank and the International Union for the Conservation of Nature in 1997 to review the performance of large dams and make recommendations for future planning of water and energy projects. Among other things, the WCD recommends that social and environmental aspects should be given the same significance as technical, economic and financial factors in assessing options (WCD, 2000). It also says that all stakeholder-groups should be involved in the decision making on dam projects and that decisions on projects affecting indigenous and tribal peoples should be guided by their free, prior and informed consent. Balfour Betty has not adopted the WCD standards, contrary to many other companies in its industry. It is also not a participant in the aforementioned UN Global Compact.

Several campaign tactics were used, such as the threat of legal action, fact-finding missions to the region, press coverage, grassroots letter writing and demonstrations. The campaign was also supported by the use of the financial market. FoE bought shares worth of £30,000, as to enjoy shareholder rights (Friends of the Earth, 2001a). FoE filed a shareholder resolution at the Annual General Meeting of Balfour Beatty in 2001. It called Balfour Beatty to recognise the importance of the WCD's report 'Dams and Development' and to ensure that all future relevant contracts meet the guidelines that are contained within the report (Friends of the Earth, 2001b).

Prior to the Annual General Meeting, a briefing was sent out by FoE to Balfour Beatty's shareholders, which explained to them why there was reason to be concerned with the company's involvement in and handling of the project and hence why to vote in support of the shareholder resolution. The main points in the briefing are that Balfour Beatty is not considering or managing the reputational risks of the project and connecting them to financial consequences, that it is less agile on this matter than its competitors, and that it can negatively impact shareholder value. It also suggests that Balfour Beatty has misled its shareholders in terms of how it has accounted to them for its project involvement in a statement at the 2000 Annual General Meeting. Part of the 2001 investor briefing reads:

> "(S)hareholders will undoubtedly be looking to Balfour Beatty for reassurances that: any reputational risks to the company are justified financially and do not threaten future shareholder value; steps have been taken to contain reputational risks and to ensure the company's standing; the company's strategy for containing reputational risks matches or betters that of its peers and strengthens its future competitiveness. /…/ (T)here are strong grounds for believing that the company will face difficulties in giving shareholders adequate assurances on these concerns."

It continues:

> "If adopted, this resolution would ensure that, in the hydro-power sector, the company is operating within the framework of international recognition of human rights, the right to development and the right to a healthy environment which the report builds upon. Balfour Beatty would be seen as endeavouring to ensure that its operations in this sector are in line with industry best practice, helping the company to develop a positive reputation. It would also bring commercial benefits in competing for business, particularly in the public sector and is likely to help reassure investors that Balfour Beatty is moving in the right direction, with positive consequences for the share prices" (Friends of the Earth, 2001b, p.1).

Further, the Ilisu Dam Campaign wrote a counter-report to Balfour Beatty's 2000 Annual Report, '2000 Balfour Beatty's annus horribilis', which was given to shareholders at the 2001 meeting (Ilisu Dam Campaign, 2000c). It outlines the concerns not only with the Ilisu dam project but also a number of other projects that the company is involved in around the world.

The shareholder resolution was supported by 3% of voters, while 40% choose to abstain (Environmental Finance, 2001; Friends of the Earth, no date). It is unusual for that many shareholders to abstain their vote, as it is common practise for large shareholders to vote with management (Cragg, 2000).

In November 2001, Balfour Beatty decided to pull out of the project. The company commented its withdrawal in a statement, of which a paragraph reads:

> "The decision follows a thorough and extensive evaluation of the commercial, environmental and social issues inherent in the project. With appropriate solutions to these issues still unsecured and no early resolution likely, Balfour Beatty believes that it is not in the best interests of its stakeholders to pursue the project further" (Balfour Beatty, 2001).

6 Analysis and conclusions

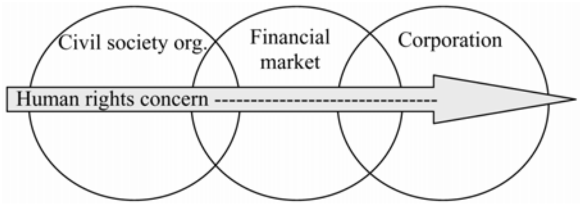
The purpose of this paper is to explore and explain how civil society organisations are using the financial market to put pressure on corporations. This paper has showed that the financial market is used as a space for communicating and negotiating ideas about business and human rights and what business can be expected to be accountable for. The financial market functions as a vehicle for civil society organisations' promotion of human rights protection by using the power of shareholder ownership, whether it is by transforming themselves into shareholders or by influencing other shareholders to put pressure on a corporation.

The Amnesty Business Group case study shows how a matter can be pursued via the financial market in a rather peaceful way, whereas the FoE case study regarding Balfour Beatty shows how the financial market can be used in a more confrontative way, and as a cog in a larger campaigning wheel.

6.1 Conclusion 1: activism as education

A conclusion to be drawn from this study is that through shareholder activism, civil society organisations *educate* investors on risks with a company's approach to human rights and the investors in turn can be a powerful force for pressuring corporations to change. In other words, by helping the financial sector to become more knowledgeable about human rights and about how human rights relate to corporate risks and opportunities, the financial sector becomes an ally to civil society organisations. This education takes place in various ways. Amnesty Business Group has chosen to conduct meetings with the financial sector through so called business forums. FoE issued a briefing and a report aimed at the financial sector, which outlined financial risks with human rights violations. The goal is that investors who read these documents will become concerned and in turn raise the issue with corporate management, who has the ultimate power to resolve the issue at hand. Figure 1 shows how a human rights concern can be raised by a civil society with actors on the financial market who in turn can communicate with corporations; the concern does in other words travel from the civil society sphere via the financial sphere to the corporate sphere.

Figure 1 Human rights concern travels through different sectors



Note: Civil society organisations are using the financial market – including shareholders and financial analysts – as a lever for reaching corporate management and exerting pressure for respect and promotion of human rights.

6.2 Conclusion 2: activism as translation

This leads me to the second conclusion from this study. When civil society organisations seek to educate or influence actors in the financial sector, they can be said to be tapping in to the *ideology* of financial actors. Although, the term ideology is often related to political contexts, it is also part of organisational life (Czarniawska-Joerges, 1988). An ideology is an organised collection of ideas based on core values. It can be thought of as a means-ends philosophy that guides priorities and decisions (Söderbaum, 2000). More specifically, organisational ideology is "a set (system) of ideas describing the organization-relevant reality, projecting a desired state of affairs and indicating possible ways of reaching the desired state" (Czarniawska-Joerges, 1988, p.7). The concept is closely related to thought-structures or thought-worlds (cf. Czarniawska, 1997; Strannegård, 1998). Dominant ideologies are often thought to be 'neutral' and to challenge them would be perceived as something radical.

Ideologies guide action and can be operationalised through the pursuit of *ideals*. These are principles or values that organisations actively pursue as goals. Corporations are by and large directed by a profit maximising ideal, which entails that it is desirable to use as few resources as possible to generate as much profit as possible. Financial actors such as fund managers base their decision on an ideal of maximised financial return on investment. Further, a study of actors on the Stockholm Stock Exchange shows that financial analysts and brokers to a large extent view the market as amoral (Norberg, 2001). This does not mean that these actors are immoral, but that they avoid taking a stance in moral questions. They generally perceive themselves as operating beyond good and bad. Additionally, most actors in the corporate and financial sectors are taught in a neo-classical economic tradition where individuals are limited to being wage-earners and consumers and solely have economic interests. This supports a techno-centric world-view where humankind is separate from and superior to nature (cf. Gladwin et al., 1995).

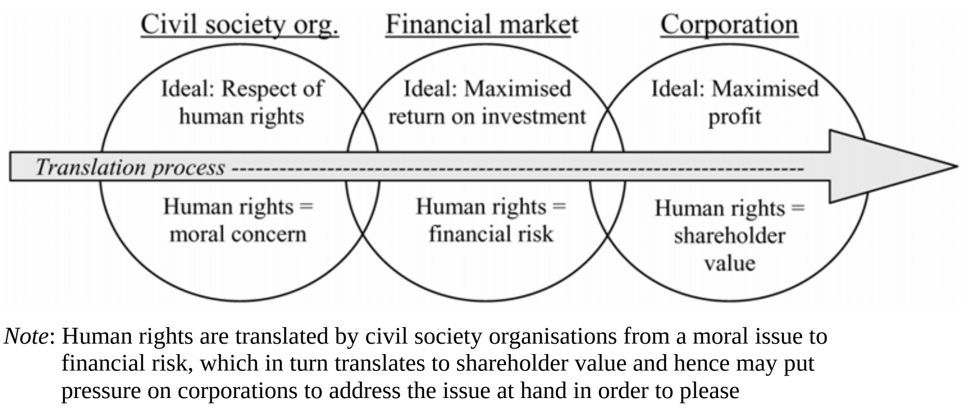
The ideology of an environmental organisation, on the other hand, may be based on ideas that everything is connected to everything else and that non-humans have intrinsic value independent of humans and therefore must be safeguarded (cf. Gladwin et al., 1995). The ideology of a human rights advocate group such as Amnesty may primarily be guided by a vision that every person enjoys human rights as per the UN declaration (which in turn is based on certain core values) and such organisations' ideology, guiding values and ideals are in other words not the same as for example those of corporations or financial actors. Morals, that is ideas about right and wrong, are central for human rights focused civil society organisations.

Each organisation uses its own ideology as a basis for its own agenda or list of priorities. The different ideologies, guiding values and ideals of, for example, corporations, financial actors and civil society organisations mean that they will have different goals and agendas. What I find in this study, however, is that civil society organisations can in fact reach their goals by *translating* their own agenda to that of investors and corporations. For example, human rights violations can be converted into revenue losses due to law suits, shareholder divestments, brand tarnish and badwill. Case in point: as the two cases described above show, ABG and FoE are not talking about human rights primarily as a moral issue, but are directing attention to financial risk and shareholder value. In its communications with shareholders and corporations quoted above, ABG uses words and expressions such as *legal consequences*, *problem with recruitment, personnel's security, harming their brands* and *risk analysis*. In the investor briefing quoted above, FoE uses words and expressions such as *reputational risks, shareholder value, competitiveness, commercial benefits* and *share prices.*

In other words there can be a convergence between human rights protection and shareholder value, which civil society organisations can point out and shareholders and corporations have the power and capacity to act on. On a more general level, this means that less powerful actors can achieve a sought-after change by translating the problem so that it fits the ideology of actors who have power to resolve it.

A civil society organisation that seeks to protect human rights can in other words piggy-back on profit-focused actors in order to achieve its goals. The key for civil society organisations that are using the financial market as a vehicle for human rights may therefore lie in the capacity of translating its agenda so that goals that would otherwise be in conflict (e.g. respect of human rights versus contracting low-cost suppliers that punish workers who form labour unions) can in fact be aligned and resolved, even when the underlying ideologies and assumptions differ. Hence, to use the 'amoral' financial market for moral purposes, such as protection of human rights, may be most effective when using amoral arguments.

Figure 2 A model for translation of an issue between sectors that are based on different ideologies



Note: Human rights are translated by civil society organisations from a moral issue to financial risk, which in turn translates to shareholder value and hence may put pressure on corporations to address the issue at hand in order to please shareholders. The translation process makes the issue fit each actor-group's ideals which are guided by their respective ideologies.

Figure 2 shows how concern over human rights is translated from a moral issue of right and wrong to a financial risk. This in turn means that resolving the issue directly relates to shareholder value and in other words means pressure on the corporation to address the concern that the civil society and now also the financial sector have with regards to human rights. The ideologies of the different actor-groups implicate that a moral issue might not make it to the list of priorities of financial actors, while a financial issue, on the other hand, is likely to do so. Financial issues, in turn, have bearings on corporate profits and financial concern will therefore be on corporations' list of priorities, given a corporate ideology based on a profit maximisation ideal.

The model would be the same if civil society organisations' concern over human rights was exchanged for other ideologically based issues that are within corporations' sphere of influence, such as environmental protection, as long as the issue could be related to financial elements.

6.3 Conclusion 3: activism as corporate support

Another conclusion from this study is that shareholder activism can support corporations who do want to work actively for better social and environmental conditions. Shareholder activism can provide an opportunity for the corporation to respond to pressure in a way that will satisfy shareholders, as well as other stakeholders including business partners, consumers and employees. Again, an alliance can be said to be made, this time between civil society organisations and business, in favour of human rights. Rather than viewing a question from a civil society organisation regarding the lack of a policy as a critique, a corporation can turn it into an opportunity of showcasing its values and priorities in favour of the civil society organisation's request. If the civil society organisation's concern is presented to the corporation well in advance of a shareholder meeting – rather than catching the corporation by surprise – and presented as a strategic opportunity to promote its stance on the issue at hand, then the civil society organisation's pressure for change can be productive in generating a sought-after response and one that is favourable to and welcomed by the corporation, at that.

6.4 Final thoughts

As a post-script regarding the case on the Turkish dam project, it can be noted that this hydro-electric project was not planned in a democratic way, but rather as a closed process (Söderbaum, 2000). In a democratic and open process, each stakeholder or interested party would be informed, respected and able to influence the process. The closed process has however not stopped the power game between actors with different vested interests and thinking patterns – it has just been conducted via a different arena than what Balfour Beatty and the Turkish government had probably expected. The financial arena became a proxy for the democratic process that would counterbalance the power of actors who control property and whose agenda has priority because of current institutional orders.

This said, shareholder activism is not always the solution to problems, as it perhaps sounds like in this paper. It is certainly possible that shareholder activism can be ineffective, either because the shareholder request is unreasonable or because the corporation simply chooses to ignore the issue. The first scenario is however in many cases avoided by financial regulation that will not allow shareholder resolutions on issues that are considered to be micromanagement or for other reasons of internal concern to corporate management. The second scenario, that corporations ignore pressure from civil society organisations, is not unusual and it is in many cases more related to the corporate choice to not prioritise stakeholders' concerns than the lack of persistence of civil society organisations' activity. It may also be that corporate management feels threatened by the pressure from civil society organisations and therefore seeks to silence the issue rather than engaging in dialogue with its stakeholders.

A potential problem with translating human rights issues to financial terms may be, as Waygood and Wehrmeyer (2003) also point to, that by stripping the issue of its moral dimension and turning it into a financial matter, it signals that corporations only have to do the right thing when it is in its financial interest to do so. Further, civil society organisations may find themselves being occupied primarily with issues that can be translated to financial risk at the expense of other human rights or environmental issues that do not relate to a financial dimension.

Future research on shareholder activism for environmental and social goals might benefit from viewing the rhetoric of different actor-groups in society as strategies to gain legitimacy (Suddaby and Greenwood, 2005). It might also be fruitful to view organisational interests, goals and actions as part of an institutional logic (e.g. Boxenbaum, 2005; Friedland and Alford, 1991; Thornton and Ocasio, 1999; Scott et al., 2000). Empirically, it would be relevant to extend the study to a closer examination of corporate response to pressures from the financial market that origin in the organised civil society sphere, and to analyse the outcomes of different tactics for shareholder activism, given the involved organisations' ideologies and ideals.

Acknowledgements

I am grateful to Sukhmani Kaur Mantel at Hong Kong University and Jenny Ählström at Stockholm School of Economics for helpful comments during the crafting of this paper.

References

Anderson, S. and Cavanagh, J. (2000) *Top 200. The rise of corporate global power.* Washington: Institute for Policy Studies. Available at: http://www.ips-dc.org/downloads/Top_200.pdf.

Ählström, J. and Egels-Zandén, N. (in press) 'The processes of defining responsibility: a study of Swedish garment retailers' responsibility', *Business Strategy and the Environment*.

Alston, P. (2005) *Non-State Actors and Human Rights*, Oxford: Oxford University Press.

Amnesty Business Group (2004) *Amnesty köper aktier för att ställa krav på bolagsstämmor [Amnesty Buys Shares to Make Demands at Shareholder Meetings]*, Press release 29 January 2004 (in Swedish).

Avanzi SRI Research/SiRi Company (2004) *Green, Social and Ethical Funds in Europe 2004*, Report, Milan: SiRi Corporation.

Balfour Beatty (2001) 'Balfour Beatty withdraws from Ilisu project', *News and Events*, Available at: http://news.bbc.co.uk/2/hi/business/1653727.stm.

Bexell, M. (2005) 'Exploring responsibility: public and private in human rights protection', PhD Dissertation, Lund University.

Boxenbaum, E. (2005) 'Microdynamic mechanisms of translation: a double case study', *Best Paper Proceedings, Academy of Management 2005*.

Business and Human Rights Resource Centre (no date) *Issues\Labour\Labour: General*, Available at: http://www.business-humanrights.org/Categories/Issues/Labour/LabourGeneral.

Cragg, W. (2000) 'Human rights and business ethics: fashioning a new social contract', *Journal of Business Ethics*, Vol. 27, Nos. 1/2, pp.205–214.

Czarniawska, B. (1997) *Narrating the Organization. Dramas of Institutional Identity*, Chicago: The University of Chicago Press.

Czarniawska-Joerges, B. (1988) *Ideological Control in Nonideological Organizations*, New York: Praeger.

De George, R. (1982) *Business Ethics*, New York: Macmillan.

Dine, J. (2005) *Companies, International Trade and Human Rights*, Cambridge: Cambridge University Press.

Dombrowski, K. (2006) *Overview of Accountability Initiatives*, Working paper number 100, January 2006, London: One World Trust.

Domini, A. (2001) *Socially Responsible Investing. Making a Difference and Making Money*, Chicago: Dearborn Trade.

E-mail correspondence, Qwist, J. (2005) *Head of the Amnesty Business Group Campaign*, 23 January 2006.

Environmental Finance (2001) 'Never mind the ballots', June 2001, Available at: http://www.environmental-finance.com/2001/0106jun/12ballot.htm.

Friedland, R. and Alford, R. (1991) Bringing society back in: symbols, practices and institutional contradictions, in W. Powell and DiMaggio, P. (Eds). *The New Institutionalism in Organizational Analysis*, Chicago: The University of Chicago Press, pp.232–263.

Friends of the Earth (2001a) 'Balfour Beatty faces AGM protest over Ilisu Dam', Press release 2 May 2001, Available at: http://www.foe.co.uk/resource/press_releases/20010502000146.html.

Friends of the Earth (2001b) 'Balfour Beatty: WCD resolution, Briefing for investors', Available at: http://www.foe.co.uk/resource/briefings/balfour_beatty_w_c_dams.pdf.

Friends of the Earth (2005) *Corporate Accountability*, Briefing Paper, London: Friends of the Earth.

Friends of the Earth (no date) 'Evidence: Balfour Beatty's response to ordinary resolution 15 – on the World commission on dams', Available at: http://www.foe.co.uk/resource/evidence/balfour_beatty_resolution_response.html.

Gladwin, T., Kennelly, J. and Krause, T-S. (1995) 'Shifting paradigms for sustainable development: implications for management theory and research', *Academy of Management Review*, Vol. 20, No. 4, pp.874–907.

Glaser, B. and Strauss, A. (1967) *The Discovery of Grounded Theory: Strategies for Qualitative Research*, New York: Aldine de Gruyter.

Global Compact (no date), 'The ten principles', Available at: http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html.

Guay, T., Doh, J.P. and Sinclair, G. (2004) 'Non-governmental organizations, shareholder activism, and socially responsible investments: Ethical, strategic, and governance implications', *Journal of Business Ethics*, Vol. 52, No. 1, pp.125–139.

Haufler, V. (2001) *A Public Role for the Private Sector. Industry Self-regulation in a Global Economy*, Washington: Carnegie Endowment for International Peace.

Hoffman, A. (1996) 'A strategic response to investor activism', *SLOAN Management Review*, Winter, pp.51–64.

Human Rights Watch (no date) 'Business and human rights', Available at: http://hrw.org/doc/?t=corporations.

Ilisu Dam Campaign (2000a) *The Ilisu Dam, the World Commission on Dams and Export Credit Reform. The Final Report of a Fact-Finding Mission to the Ilisu Dam Region*, Available at: http://www.khrp.org/publish/p2000/ilisuReport2000.html.

Ilisu Dam Campaign (2000b) 'A response to Ilisu Critics By Nigel Sloan, Balfour Beatty', Available at: http://www.ilisu.org.uk/debate1.html.

Ilisu Dam Campaign (2000c) *2000 Balfour Beatty's Annus Horribilis*, Available at: http://www.thecornerhouse.org.uk/pdf/document/balfour.pdf.

Interview, Bergin, F. (2005) *Executive Secretary of Amnesty Business Group in Sweden*, 22 November 2005.

Investor (2004) 'Protokoll fört vid ordinarie bolagsstämma med aktieägarna i Investor Aktiebolag /…/ den 23 mars 2004', *Bilaga*, Vol. 28 [Protocol from Annual General Meeting 23 March 2004; Appendix 28] (in Swedish).

Jenkins, R., Pearson, R. and Seyfang, G. (2003) 'Introduction' in R. Jennings, R. Pearson and G . Seyfang (Eds). *Corporate Responsibility and Labour Rights. Codes of Conducts in the New Economy*, London: Earthscan, pp.1–10.

Kurdish Human Rights Project (1999) *The Ilisu Dam – A Human Rights Disaster in the Making*, Report 99/G, Available at: http://www.khrp.org/publish/p1999/IlisuReport.htm.

Monks, R., Miller, A. and Cook, J. (2004) 'Shareholder activism on environmental issues: a study of proposals at large US corporations (2000–2003)', *Natural Resources Forum*, Vol. 28, pp.317–330.

Norberg, P. (2001) 'Finansmarknadens amoralitet och det kalvinistiska kyrkorummet - En studie i ekonomisk mentalitet och etik [The amorality of the financial market and the calvinist church room – A study in economic mentality and ethics]', PhD Dissertation, School of Economics (in Swedish).

O'Rourke, A. (2003) 'The message and methods for ethical investment', *Journal of Cleaner Production*, Vol. 11, pp.683–693.

Proffitt, W.T. and Spicer, A. (2006) 'Shaping the shareholder activism agenda: institutional investors and global social issues', *Strategic Organization*, Vol. 4, No. 2. pp.165–190.

Scott, R., Ruef, M., Mendel, P. and Caronna, C. (2000) *Institutional Change and Healthcare Organizations: From Professional Dominance to Managed Care*, Chicago: The University of Chicago Press.

Sethi, S.P. (2003) *Setting Global Standards: Guidelines for Creating Codes of Conduct in Multinational Corporations*, Hoboken: Wiley.

Sjöström, E. (2004) *Investment Stewardship. Actors and Methods for Socially and Environmentally Responsible Investment*, Research Report, Copenhagen: Nordic Partnership.

Social Investment Forum (2006) *2005 Report on Socially Responsible Investing Trends in the United States. 10 Year Review*, Available at: http://www.socialinvest.org/areas/research/trends/sri_trends_report_2005.pdf.

Söderbaum, P. (2000) *Ecological Economics. A Political Economics Approach to Environment and Development*, London: Earthscan.

Spar, D. and LaMure, L. (2003) 'The power of activism: assessing the impact of NGOs on global business', *California Management Review*, Vol. 45, No. 3, pp.78–101.

Sparkes, R. (2002) *Socially Responsible Investment. A Global Revolution*, Chichester: John Wiley and Sons.

Steger, M. (2002) *Globalism: The New Market Ideology*, Lanham: Rowman & Littlefield.

Strange, S. (1996) *The Retreat of the State: The Diffusion of Power in the World Economy*, Cambridge: Cambridge University Press.

Strannegård, L. (1998) *Green Ideas in Business*, Göteborg: BAS Publisher.

Suddaby, R. and Greenwood, R. (2005) 'Rhetorical strategies of legitimacy', *Administrative Science Quarterly*, Vol. 50, pp.35–67.

Thornton, P. and Ocasio, W. (1999) 'Institutional logics and the historical contingency of power in organizations: executive succession in the higher education publishing industry, 1958–1990', *American Journal of Sociology*, Vol. 105, No. 3, pp.801–843.

Trillium Asset Management (no date) 'Resolution detail: divest from PetroChina', Available at: http://www.trilliuminvest.com/pages/activism/activism_resdetail.asp?ResolutionID=22.

UNHCHR (2003) 'Economic, social and cultural rights', Document E/CN.4/Sub.2/2003/12/Rev.2, 26 August, Available at: http://www.unhchr.ch/huridocda/huridoca.nsf/(Symbol)/E.CN.4.Sub.2.2003.12.Rev.2.En?Opendocument.

United Nations (1948) 'Universal declaration of human rights', Available at: http://www.un.org/Overview/rights.html.

UNRISD (2004) *Corporate Social Responsibility and Business Regulation, UNRISD Research and Policy Brief 1*, Swtizerland: UNRISD.

Waygood, S. and Wehrmeyer, W. (2003) 'A critical assessment of now non-governmental organizations use the capital markets to achieve their aims: a UK study', *Business Strategy and the Environment*, Vol. 12, pp.372–385.

Welford, R. (2002) 'Globalization, corporate social responsibility and human rights', *Corporate Social Responsibility and Environmental Management*, Vol. 9, pp.1–7.

World Commission on Dams (WCD) (2000) 'Dams and development: a new framework for decision-making'' Available at: http://www.dams.org/report/.

Zadek, S. (2004) 'The path to corporate responsibility', *Harvard Business Review*, December 2004, pp.125–132.

Appendix

Table A1 Corporations in which Amnesty Business Group bought shares

	Company	*Industry*[5]
1	Assa Abloy*	Building Products
2	Gambro*	Health Care Providers and Services
3	Handelsbanken*	Commercial Banks
4	Holmen	Paper and Forest Products
5	Investor*	Diversified Financial Services
6	SCA	Paper and Forest Products
7	SEB	Commercial Banks
8	SSAB	Metals and Mining
9	Sandvik	Machinery
10	Securitas	Commercial Services and Supplies
11	Swedish Match	Tobacco
12	Telia Sonera	Diversified Telecommunication Services

*Representatives from Amnesty Business Group attended the Annual General Meetings of Assa Abloy, Gambro, Handelsbanken and Investor.

Source: Amnesty Business Group (2004).

Notes

[1]An earlier version of this paper was presented at *12th International Sustainable Development Research Conference*, Hong Kong, 6–8 April, 2006.

[2]From hereon, the term 'the financial market' is used in this paper to refer to *stock markets*.

[3]This is not to say that human rights violations do not occur in industrialised countries.

[4]This section is based on an interview with Filippa Bergin, Executive Secretary of Amnesty Business Group in Sweden, where nothing else is stated.

[5]Industry as per the categorisation used by the Stockholm Stock Exchange, cf. http://domino.omgroup.com/www/WebTransaction.nsf/attachments/branschindelning/$file/Classification.pdf.