

8. Conclusions and recommendations

The previous chapters have described and analysed how the multinational Shell has embedded its commitment to human rights at different levels. This final chapter will draw overall conclusions from this analysis in order to answer the research questions. These research questions were developed in section 1.7 and are answered in section 8.1. Answering these research questions are then connected to the theoretical research objectives (see section 8.2). Finally, section 8.3 provides points for discussion and further research.

8.1 Empirical results

The empirical part of this thesis aims to depict the richness of the information provided in chapters 4 – 7, of the process of embedding human rights within a multinational company (MNC). Based on the model that was introduced in chapter 2, the MNC Shell was studied and analysed in depth on different levels. The research questions are answered one by one with the data obtained.

1. How is the commitment to human rights embedded within a MNC?

The analysis across the different levels in Shell (Headquarters and subsidiary) shows that Shell does not use an explicit 'human rights management system', but aims to embed human rights through existing procedures. The reasons for this strategic choice were explained in section 4.3.3 and mainly relate to efficiency considerations. These existing procedures (Policy, Standards and guidelines) cover specific human rights topics, such as labour conditions and security forces. Nevertheless, when a human rights perspective is taken at the existing management system elements within Shell, different elements of a human rights management system can be discovered with specific roles for Headquarters (HQ) and subsidiaries (SU). The following figure explains the mechanisms used to embed human rights in Shell:

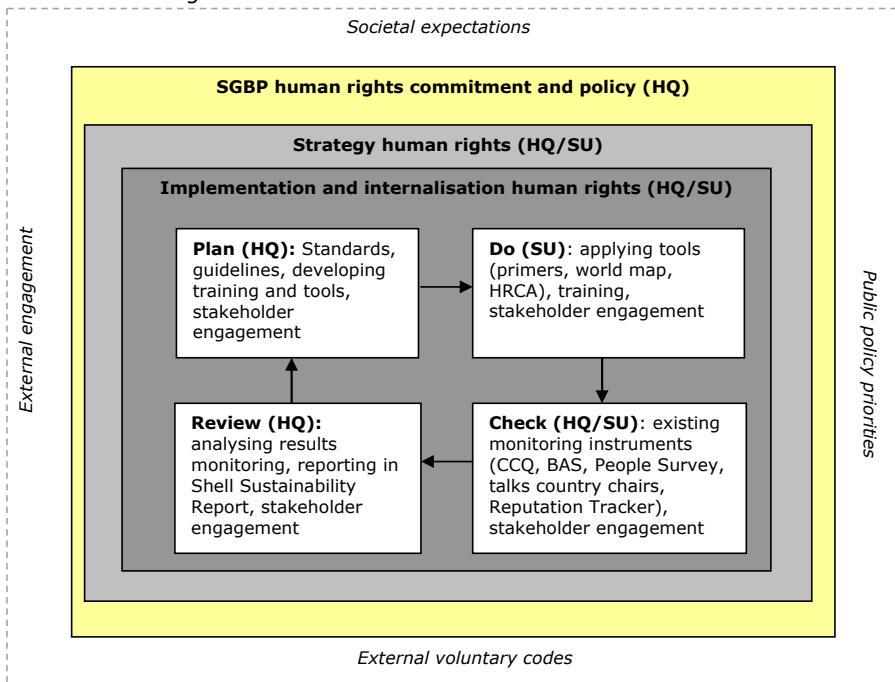


Figure 1 Existing elements covering human rights management system in Shell

The outer dotted square represents the external global and local contexts in which Shell is embedded. Through engaging with stakeholders in these contexts, Shell is faced with societal expectations and priorities in public policy locked in external voluntary codes (e.g. Global Compact, EITI, see chapter 4) regarding adherence of how the company should adhere to human rights. Stakeholder engagement informs Shell's commitment to human rights, the management strategy and its implementation and internalisation processes. Stakeholder engagement is also used as a mechanism for managing these external expectations (section 4.12).

- Plan

Shell developed its human rights policy as the first oil company and expressed support for the UDHR. However, as was concluded in section 4.12, the policy needs to be updated to reflect the language currently used in the human rights world and be complemented with practical and detailed guidelines for subsidiaries how to implement human rights. That way, both subsidiaries as well as external stakeholders know what to do and expect. As explained in section 4.4.2, one focal point in the organisation, the policy and external relations team, develops a wide ranging strategy and drives and coordinates internal implementation and internalisation efforts, develops tools and guidelines and has the interface with the external world around the topic of human rights.

The interface with the external world is managed through the process of stakeholder engagement. At each level of the organisation, stakeholders are engaged and relationships are built to influence or cope with the influence of the external contexts (see sections 4.10, 5.9, 6.5.2, 7.11). However, human rights seem to play a larger role in the global context as an explicit debate and therefore in Shell's Headquarters relationships with global stakeholders than in the local contexts. Nevertheless, stakeholders in the global and local contexts are also connected and often local issues have to be dealt with at the global level as well (section 4.10), which is especially illustrated by the case of the Nigeria subsidiary (chapter 7).

- Do

From section 5.2 follows that the Businesses and subsidiaries are supposed to follow the Standards according to the principles of this management system and therefore embed human rights elements, but at the same time they have a relatively high degree of autonomy in choosing the way they embed these. Voluntary guidelines are provided with good practices by Shell Headquarters, which cover important areas of human rights. This human rights strategy resembles the 'voluntary code of conduct' strategy, in which the subsidiaries are weakly embedded into the Shell Group as well as the local contexts.

Besides following Standards, a tool specific to human rights was applied within Headquarters and in some subsidiaries, focussed on the formal implementation of human rights. This research described the first experiences with applying the tool Human Rights Compliance Assessment (HRCA), developed by the Danish Institute for Human Rights, within a MNC (see 4.12, 6.5.1). Through this application, this research found that this tool has a number of benefits as well as a number of disadvantages and a way to apply this tool effectively within a MNC is described in section 6.5.1. Another tool was also described, i.e. the human rights and conflict training in Nigeria focussing more on the informal internalisation of human rights. This tool has not been often applied as yet within MNCs and important lessons were described in section 7.4.4.

Next to following these formal procedures, the commitment to human rights is also embedded at both Headquarters and subsidiary level through a wide range of

internalisation instruments, such as workshops, trainings, surveys, conferences, management visits and exercises (see sections 4.12, 5.9, 6.5.2, 7.11). In each of the spheres of influence, implementation and internalisation instruments are used in combination. Internalisation instruments are mainly used to strengthen the implementation instruments. However, the case study of Shell also illustrates that internalisation instruments play a larger role in the outer spheres of influence, such as with communities, governments (and joint ventures with governments) and international society, where the control is less. For example, at both Headquarters and subsidiary level, the company does not have procedures in place for dealing with governments around human rights (except for a general stakeholder engagement process), but aims to build good relationships with host governments that will facilitate dialogue or work through embassies.

Furthermore, this research also found that Shell's subsidiaries generally do not use separate procedures or instruments other than those provided by Shell Headquarters that cover human rights (see 5.9, 6.5.2, 7.11). Some subsidiaries do use separate procedures or instruments, such as human rights training in Nigeria (chapter 7) and the HRCA tools (chapter 6), but these are all initiated by Shell Headquarters or expatriates (see below for more explanation on the role of expatriate employees). Besides, some variation can also be recognised in the ways to embed human rights across the different Businesses and subsidiaries, depending on the specific Business or local contexts. As follows from section 5.2, different Shell Businesses faces different human rights issues and are organised differently (e.g. Social Performance sit in different organisational structures across the Businesses). Furthermore, chapter 6 illustrated that the degree in which human rights is covered in local laws and practices lead to different priorities and dilemmas for local Shell subsidiaries. The Businesses and subsidiaries have the freedom to adjust their approach accordingly, on the condition that they stay within the framework of Group Policies and Standards. Only when there is a Group interest or risk exposure (such as with Nigeria), Headquarters will support the specific subsidiary to address the issues concerned. Thus, the experience of Shell learns that it is possible to place consistent, minimum process requirements on certain, existing, internal company processes throughout the world, although there are also aspects which have to be tackled locally (see below).

- Check and review

Shell does have a number of existing monitoring instruments in place, each covering a number of different human rights elements (see section 4.4.2). This research pulled together these results to assess human rights practices, but these instruments did not cover the full spectrum and were not meant for assurance purposes (as they were not designed for this purpose). The tool Human Rights Compliance Assessment therefore complements the existing monitoring instruments in Shell and this research developed an approach to use this tool effectively (see section 6.5.1). Nevertheless, Shell has focussed more on implementation (embedding within existing processes) and not yet on the check and review phase. Monitoring, review and reporting of adherence to its human rights commitment (see section 4.4.3) is therefore still in an early phase within the company at all levels and many issues still need to be tackled (see section 8.3 for suggestions for further research).

2. *To what degree are these mechanisms embedded within a MNC?*

Based on the theoretical model as defined in chapter 2, the degree in which these mechanisms are implemented is complemented with the degree of internalisation. These degrees were determined at each level of Shell's organisation for the mechanisms of stakeholder management and the management strategy and system.

- Degree of implementation

When the results on the degree of implementation are compared across Shell Headquarters (section 4.12) and subsidiary level (sections 5.9, 6.5.2 and 7.11), the same general pattern emerges, which confirms that the subsidiaries researched within Shell implement Group procedures. This pattern of the degree of implementation is displayed in table 1.

Sphere of influence	Strong	Average	Priority areas
Core operations	Health and safety	Harassment & Discrimination	
		Employee Relations	
		Benefits & remuneration	
		Child & forced labour	
		Integrity	
Contractors and business partners	Health and safety, Integrity (bribery and corruption)	Local content	Labour conditions
Security forces	Confidential		
Communities	Product Stewardship	Social Performance	
		Social investment	
Government	HSE, Integrity	Security	Complicity, Legal
International society	Not classified, see text.		

Table 1 Pattern degree of implementation of procedures covering human rights across Shell Headquarters and subsidiary level

The table above indicates that those human rights elements covered in Shell's health, safety, security, product stewardship and integrity procedures are well implemented at subsidiary level. On the other hand, there are areas that deserve more attention in implementation both in developing procedures as well as in practices at subsidiary level. These include labour aspects in core operations/contractors, relations with communities and addressing the potential for complicity in some human rights abuses of the host government.

The sphere of influence of the international society include topics of discussion and has not been classified in table 1 for the reasons already mentioned in section 4.12; it would presume that Shell Headquarters was able to steer the highly complex global context. For the same reasons, Shell Headquarters talks about 'stakeholder engagement' instead of 'stakeholder management'. Nevertheless, by engaging and involving stakeholders, the company will always have an influence by e.g. generating more understanding of the dilemmas the company faces. As was indicated in section 4.10, global stakeholders recognise the willingness of Shell to engage on human rights issues or take part in new initiatives, but the results of those engagements is seen to be rather minimal. In the eyes of global stakeholders, the procedures of stakeholder engagement are not fully integrated into the decision making processes, especially at subsidiary level.

Some of these areas have only recently been formalised within Shell, such as Social Performance or the Voluntary Principles, and need more time to mature. This is also apparent in the variance that exists in the degree of implementation in Social Performance. Social Performance was found to be average at Headquarters, at the overall subsidiary level and in the subsidiary in Nigeria, but

indicated as relatively strong in the existing subsidiaries based in country 1 and 2 (see chapter 6). Other human rights areas, such as employee relations and harassment & discrimination, are highly decentralised, but also have a relatively low degree of implementation at subsidiary level. This underlines the conclusion that subsidiaries in Shell stick to the contents of the procedures from Headquarters and initiate implementation of human rights mechanisms themselves only to a limited extent. The implication of this conclusion could be that embedding human rights elements within central procedures potentially leads to a high degree of implementation, which was also recommended by several key focal points at subsidiary level. However, the cause for this may also be a relatively low degree of internalisation, which is discussed below.

Despite the similarities, a number of differences between the organisational levels regarding employees can also be detected, which range from:

1. Child/forced labour: average (Headquarters) to strong (subsidiary);
2. Benefits and remuneration: priority (Headquarters / existing subsidiaries researched) to strong (overview overall subsidiary level).

These differences reflect the high degree of decentralisation of the function Human Resources within Shell. Thus, it can be expected that child/forced labour elements are present in HR procedures at Headquarters level to a limited extent and strongly present at subsidiary level. Besides, the research at subsidiary level shows that Shell subsidiaries strictly follow local legislation, in which forced and child labour is prohibited. Following local legislation is, however, also the reason why coverage of human rights elements in benefits and remuneration procedures in Shell subsidiaries still need substantial improvement. As central procedures in HR hardly existed during the time of research, international labour standards are not sufficiently reflected in the local HR procedures of Shell subsidiaries.

Another difference that is illustrated in this research is the variety in degree of implementation between subsidiaries based in extreme/high human rights risk countries and in medium/low human rights risk countries. The Shell subsidiaries based in extreme/high human rights risk countries have more difficulty to implement human rights elements, especially in the outer spheres of influence. Why this is the case is answered in the next research question.

- Degree of internalisation

The degree of internalisation shows a different picture across the different organisational levels than the degree of implementation (see e.g. section 4.11, 5,8). The degree in which country chairs, project managers and employees in the company commit to, take ownership and are satisfied with human rights norms and stakeholder engagement is limited in general, as compared with the degree of implementation. Especially their understanding of the full spectrum of human rights, how human rights link to company activities, how it could be embedded and the importance of stakeholder engagement are aspects that can be improved. The degree in which stakeholder engagement is embedded varies at subsidiary level, however, depending on the local context (see next research question). As human rights mostly play a role at the international level as an explicit debate, subsidiaries and projects are little exposed to the concerns from international stakeholders. This limited exposure is also mentioned as one of the potential causes for the variance in degree of internalisation at functional level. Some functions pay more attention to internalising their procedures (e.g. Health and Safety) and understanding human rights (e.g. Social Performance) than other functions. The reasons for this difference include a clear business case, measurability, exposure to external contexts and maturity of the function.

Despite this difference, the degree of internalisation appears to be strongly related to the degree of implementation, as awareness and understanding need

to be raised first before procedures are implemented adequately. This research found, however, that the other way around (degree of implementation influences the degree of internalisation) is not always apparent, as introducing new procedures do not always trigger internal debates that raises awareness on human rights issues. Shell Headquarters undertakes explicit internalisation efforts on human rights and stakeholder engagement when the global debates evolve further, in which individual conversations (and training in the case of Nigeria) seem to increase the degree of internalisation most. Besides, the in-depth case studies of subsidiaries consistently illustrated that subsidiaries will only commit and take ownership, if the human rights norms are fully implemented and internalised at Headquarters level and in Group procedures first. In most cases, subsidiaries fear that e.g. engaging host governments on particular sensitive human rights issues will impede their business position in the country where they operate and feel little empowered to influence the human rights situation. This again demonstrates that Shell Headquarters has a crucial role in providing guidance (and internalisation) on human rights to its subsidiaries. However, these efforts can increase the degree of internalisation to a certain degree only, as the extent of business responsibilities to comply with human rights is still under discussion.

3. What explains the degree in which these mechanisms are embedded?

From the research model as presented in chapter 2, potential explanations for the degree in which these mechanisms are embedded were found in the influence of the external (global, local) and internal (organisational and relational) contexts. These identified contexts were used as a framework to analyse the empirical results.

- **Global context**

Starting with the global context, its dynamics and international stakeholders appeared to have a strong influence on Shell Headquarters around the topic of human rights, mainly in driving Shell's commitment to human rights and driving the internal implementation and reporting activities and debates further (see sections 4.12). Hence, the continuous attention of international stakeholders is an important enabler of embedding the commitment to human rights, sometimes providing an internal mandate to initiate activities in the case of Shell. And, as was concluded before, local context issues also drive the global context issues through linkages between local and international stakeholders. Some international stakeholders support and empower local stakeholders. This way, the global context also influences Shell's subsidiaries to pay more attention to the local human rights situation. In some cases, Shell Headquarters even partners with international stakeholders to tackle local issues faced by subsidiaries (see sections 4.10, 7.4.4).

However, as was illustrated in the Nigeria case (chapter 7), Shell is also confronted with international stakeholders that use local issues in the global context without putting these issues into the local context. Creating mutual understanding on how to resolve these issues are made impossible that way. As was discussed in section 2.3, it is crucial to identify the extent of control within its spheres of influence a company has to influence a situation giving rise to human rights abuses. This can only be done if these situations are seen in the local context.

Instances of the other way around (Shell influencing the global context) were also found, but to a limited extent (sections 4.10). Shell Headquarters and subsidiaries work together in understanding the complex dynamics of the global context and the connection with local issues and communicating the reasons for its decisions. However, at both Headquarters and subsidiary level, employees do not feel in the

position to judge the legitimacy of the claims of stakeholders due to the power and urgency some stakeholders have, even though some claims may not be legitimate. The inherent distrust of societies (in developing as well as industrialised world) regarding companies fuels the power and urgency of stakeholders. Without assessing the legitimacy of their claims, however, the company has sometimes been driven to overstretch its responsibilities regarding human rights (e.g. in providing community development in Nigeria) and thereby replacing government responsibilities.

- Local context

The local contexts in which Shell operates also strongly influence its subsidiaries, but in a different way. As international stakeholders drive Shell to increase the degree of implementation, the local context and local stakeholders often influence the degree of implementation negatively. Local legislation and practices often limit the control of subsidiaries to implement human rights norms, especially in countries where the risk to violate human rights is extreme or high. Many governments would think that it is not Shell's place to criticise them on their human rights performance and may reconsider Shell's presence in the country. And, the limited health and safety and labour practices of local contractors might prevent Shell's aim towards local content (and thereby promoting the socio-economic rights of local stakeholders).

This occurs in all of the spheres of influence, ranging from core operations to government. In general, the number of human rights issues increase when moving to the outer spheres of influence, again confirming its associated decrease of control. Especially when different spheres of influence coincide around one issue, such as the clash between a protesting local community and public security forces over a non-controlled joint venture with the host government, the issue is highly complex to manage and it becomes very unclear to what extent the company can exercise control. Hence, the amount of efforts, time and resources needed to manage issues in the outer spheres of influence also increase accordingly. This became especially apparent in the case of Nigeria, where an overall weak governance of the Niger Delta severely impacts the efforts of the subsidiary to adhere to human rights. In some cases, however, the company is able to exercise some influence in the outer spheres of influences. For example, the company uses the relationships with its home governments (UK and the Netherlands) to exercise influence host governments (see section 4.9). The question should therefore be raised in what degree the spheres of influence are helpful in analysing the degree of control a company has, which is further discussed in the next section.

On the other hand, the influence of Shell on the local contexts should also be recognised, in which the size and age of the subsidiary determines this influence. The case of Nigeria is again a good example, as oil revenues and certain activities of the subsidiary also contributed to the breakdown of governance in the region (see section 7.11). Subsidiaries can therefore not use the constraints of the local context as the main reason for not implementing or internalising human rights elements, as was found at the subsidiaries researched. Subsidiaries indicate that implementing some Group standards is not possible in the local context and therefore do not understand, commit to or feel owners of these Standards. Developing a clear and strategic plan based on the subsidiary's particular spheres of influence of a local context, building trusting relationships with local stakeholders and internal and external competency building of how to embed can still contribute to adhering to the commitment to human rights. The success, however, will depend on the influence of the subsidiary in the local context, which is increasingly reduced as Shell sits in more non-controlled joint ventures.

- Relational context

Another explanation for not embedding human rights elements can be found in the internal relational context of Shell Headquarters and its subsidiaries. This includes a general distrust of the subsidiaries researched towards Headquarters that it is able to understand the local contexts in which the subsidiaries are embedded (see sections 5.9, 6.5 and 7.11). On the other hand, policy owners and focal points at Headquarters level are not satisfied with the ways and consistency of embedding human rights elements by subsidiaries. Large geographical, cultural and developmental distances contribute to these tensions between Headquarters and subsidiaries. As demonstrated in sections 6.5 and 7.4.4, these distances can be successfully bridged by forming 'transfer coalitions' in which members of subsidiaries as well as Headquarters participate or exchanges of employees and individual relationships are strengthened.

Expatriate employees originating from or having worked in the home countries play a crucial role in bridging the relative distance between Headquarters and subsidiaries in terms of embedding human rights (see section 6.5). These employees have an understanding and commitment to the practices of Headquarters and international stakeholders and therefore are willing exert considerable efforts on behalf of Headquarters. At the same time, they fulfil key positions in subsidiaries, which give them control to embed these efforts. However, in the case of joint ventures and government relations, this needs to be complemented with local individuals who have key local relationships in order to exercise more influence. Furthermore, the importance of the relational context also became apparent through the driving role of key individuals in embedding the commitment to human rights within the organisation (see section 4.12). These individuals take a special interest in the topic, have a strong informal network within the company and knowledge of hierarchical relations and are in a position to exercise influence within the company.

- Organisational context

This research also found that the organisational culture within Shell played an important role in influencing the degree of implementing and internalising human rights mechanisms (see sections 4.11, 7.11). Firstly, the organisational culture of prioritising individual interests over company interests (not embedded into company) was one of the root causes for the reserves crisis, which influenced the way and the degree in which formal procedures covering human rights are implemented in Shell. Secondly, the rational engineering mindset, which is an important part of Shell's internal culture, was found to be constraining the understanding of the more emotional concerns of stakeholders, both at Headquarters and subsidiary level (see sections 4.11, 7.11). Understanding stakeholder concerns plays a key role in increasing the degree of internalisation and understanding why and how Shell aims to respect human rights.

Other organisational context aspects that influenced consistent embeddedness are more related to the organisation of formal procedures, such as a confusing language, bureaucracy and lack of rewarding based on social and environmental performance. Besides, the abundance of guidelines without a clear indication to what extent these should be followed created confusion at subsidiary level when and how these should be applied. Besides, the 'voluntary code of conduct' approach, in which Businesses and subsidiaries have the freedom to embed human rights within a certain framework, also lead to tensions and a high degree of dissatisfaction of policy owners and focal points with the ways and consistency of implementing human rights elements (see section 5.9).

One aspect in the organisational context of Shell that should be mentioned separately is the strong focus on thinking in terms of risk management, which is

formalised in the company's Risk Policy (see section 4.3.2). Many functions indicated to focus on the highest risks in Shell's operations only (e.g. not to focus on child/forced labour with employees but with contractors). However, in the context of human rights, focussing on the highest risk only may lead to problems in implementing and internalising. For example, contractors have questioned clauses to prevent child/forced labour, because Shell have no binding policies and procedures for their own companies either. Besides, the external perception of risk of stakeholders, such as local communities, might be totally different from the internal perception of risk. This also includes the difference between external and internal perceptions of the power of certain stakeholders to influence Shell's business activities. Hence, stakeholder engagement and different spheres of influence are an important part of risk management.

This concludes the empirical results of this thesis, which may be used by other multinational companies as input to the implementation of their commitment to human rights. These results can also be used by the stakeholders of a multinational company, as this provides understanding what prevents or enables the implementation of human rights within a company and may therefore form a better partner when cooperating. Both multinational companies and stakeholders should feel encouraged by these results to further the embedding of human rights within business. A number of general recommendations will be provided in section 8.4 to facilitate access to these results.

8.2 Theoretical implications

The previous section presented the conclusions regarding the empirical results and this section will discuss the possible theoretical implications of these results. As was explained in chapter 1, this research had the objective to expand the knowledge in the area of international business management by providing insight into the explaining factors that influence the management of human rights within a multinational corporation. The theoretical research model was compiled in chapter 2, based on a model of Kostova (1999). Each element of the research model is analysed separately below.

- Degree of implementation and internalisation

The research model indicated that the practices (stakeholder engagement and human rights management strategy and system) are conceptualised at the degree of implementation and internalisation. Both appeared to be relevant in the context of human rights and this research found that these are strongly interrelated, as the degree of internalisation is an explanation for the degree of implementation. This confirms the assumption of Kostova (1999) that higher levels of implementation of a particular practice will be associated with higher levels of its internalisation. She also assumes that implementation is a necessary condition for internalisation. This assumption was confirmed in this research to some extent, as making explicit in how existing formal procedures covered human rights facilitated employees' awareness of how their activities impacted human rights (see e.g. chapter 7). In the practice of stakeholder engagement, however, this assumption seems to be less valid. This research stipulated the importance of internalisation instruments in the outer spheres of influence. As the practice of stakeholder engagement can be coordinated with formal rules, the very practice of stakeholder engagement in order to embed human rights cannot be done with formal rules, but is to be embedded by internalisation (awareness, experience, understanding). Besides, assessing the degree of implementation and internalisation in the context of the practice of stakeholder engagement appeared not to be easy, as the formal rules and symbolic meaning underlying this practice also need to be followed by the stakeholders themselves. The success of the

practice of stakeholder engagement depends therefore on the perception of stakeholders on Shell's performance of human rights as well.

The research model further presented three types of contexts that could explain the degree of implementation and internalisation: external (global and local) and internal (organisational and relational) contexts.

- Global context

The research model added the Headquarters level embedded in the global context to the model of Kostova, which resulted in a deeper understanding of the importance of international stakeholders and Headquarters as a driving force in embedding human rights within a MNC. The influence of the home contexts became particularly apparent on the practice of stakeholder engagement, even using the relations in the home context to influence the local contexts. And, there was some indication that the home context influenced the human rights management strategy. Further, the assumption that the pace of implementation and internalisation differs over time was also endorsed in this research. The attention of international stakeholders on the company has a particular influence on driving this pace forward.

- Local contexts

The local contexts (or social context in Kostova's definition) confirmed the assumptions of Kostova in that it was found to be very influential in explaining the degree of implementation and internalisation of human rights practices in different ways. A subsidiary will face fewer dilemmas with human rights practices in a particular country when human rights are integrated into national laws supported by good governance and part of socio-cultural and historic, political practices. The political structure appeared to be particularly determinant, as human rights are often used as a political pressure mechanism in international relations. Human rights can therefore be a sensitive topic in a country and thus for the subsidiary (see also section 6.5.1). Adapting the associated practices therefore appeared to be a necessity to operate successfully in different contexts, e.g. by not explicitly labelling issues with 'human rights'. This confirms the theoretical comment that practices can also be adapted by subsidiaries to fit the local context. However, the values and principles underlying human rights were not contested anywhere in the company. When faced with a dilemma, the company strived for adhering to the principles underlying human rights norms in cooperation with the relevant stakeholders. This also implies that understanding the local context as an explanation for the degree of implementation and internalisation is more important than the distance between the home and host contexts, as was discussed in section 2.7.

The local context was further defined by the introduction of the concept of spheres of influence, as explained in section 2.3. This was used as a framework to analyse the different layers of the local context. However, this concept appeared not to be very helpful in determining the degree of control and responsibility of a company to resolve a situation giving rise to human rights abuses. As was described before, spheres of influence sometimes overlap and global and local contexts are interconnected. As a result, the degree of control is hard to define, which confirms the conclusions of a recent paper of the UN Special Representative on Business and Human rights (Ruggie, 2008). He indicates that the concept '*is of limited utility in clarifying the specific parameters of their responsibility to respect human rights*'. Besides, he argues that using the concept of 'control' or 'causation' would be too restrictive for companies that seek to voluntary support human rights. What could replace the concept of spheres of influence is discussed in the next section.

- Organisational and relational context

Regarding the internal context of a multinational corporation, this research found that the organisational context as well as the relational contexts provided plausible explanations. Attitudes and power relationships between individuals (relational context) turned out to be particularly vital in embedding human rights. As was described in chapter 2 and concluded earlier, a socialisation process takes place via interactions between managers from Headquarters and subsidiaries, in which expatriates serve an important bridging role. Their commitment to, identification with and trust in Headquarters influences the adoption of human rights mechanisms.

The organisational context of Shell confirmed the theoretical assumption that the organisational culture plays a particularly crucial role in internalising the practice of stakeholder engagement. Over time, the degree of internalisation might even influence the organisational culture, when more people understand the importance of stakeholder engagement in embedding human rights and change their ways and values of working. However, the influence of the compatibility between the values implied by the human rights management system and the values underlying the subsidiary's organisational culture (definition Kostova) appeared to be limited. As was concluded earlier, employees of subsidiaries or Headquarters did not contest the values and principles underlying human rights, but indicated the difficulties of implementing this in the realities of the local context. The organisational culture is therefore less relevant in explaining the degree of embedding the human rights management system as compared with the relational context.

Organisational structures and procedures were, however, found to be an important explanation for the degree of implementation (less for the degree of internalisation). It was already concluded that the 'voluntary code of conduct' approach and other characteristics of the management system itself (e.g. confusing guidelines) limits the degree of implementation as set out by Headquarters. Especially the characteristics of the subsidiary itself, determining Shell's degree of control, were indicated as important limitations for embedding its commitment to human rights. This confirms the research of Sanyal & Guvenli (2000), who found that the more influence the other partners in the joint venture have, the more difficult it will be to fully implement and internalise the mechanisms used to embed the commitment to human rights within a MNC. In the case of joint ventures, Shell relied more on internalisation instruments to influence the other partners. In her later research, Kostova also demonstrated the limited capacity of formal structures and mechanisms to control and coordinate foreign activities and increasingly emphasized the importance of informal approaches (Kostova & Roth, 2003). Hence, organisational structures and procedures are also important in explaining the degree of implementation and internalisation instruments should be used when these are found to be limiting.

- Weakly re-embeddedness

The research model was based on the concept of 'weakly re-embedding' human rights, which means that the MNC should be linked to existing social relations, but still should have the flexibility to deviate from any local or global norms and values in order to align them properly. Although the company researched strived for the recommended 'voluntary code of conduct' strategy, obtaining this flexibility turned out to be difficult in both the global and local contexts. The company often appeared to be strongly embedded into the external contexts. As appears from this research, the power and urgency of international and local stakeholders allowed the company to deviate from their expectations to a very limited extent only. On the one hand, Shell's international reputation suffered extensively from not sufficiently living up to their expectations of international

stakeholders for companies to adhere to human rights (e.g. in Nigeria). On the other hand, host governments ask from Shell to comply and adhere to local laws and practices that may not correspond to the expectations from international stakeholders. Thus, the expectations from NGOs in the global context and host governments in the local contexts often pulled Shell in two opposite directions. Global and local NGO's appeared to be strongly cooperating as well to pull Shell in a certain direction, sometimes going against the demands from the host government. Thus, the importance of the MNC's flexibility to *adapt* demands of stakeholders both at subsidiary and Headquarters level to be able to match these demands is confirmed. Within Shell, the company aimed to bridge this gap by increasingly involving the right stakeholders (constructive, critical to success) at the right time (as early as possible), at the right place (linked to the local context) in the right way (not impeding on integrity). In other words, as weakly re-embedding into its external contexts appeared to be difficult, the company aimed to weakly re-embed its stakeholders into its own internal context. The conclusions above are summarised in the figure below.

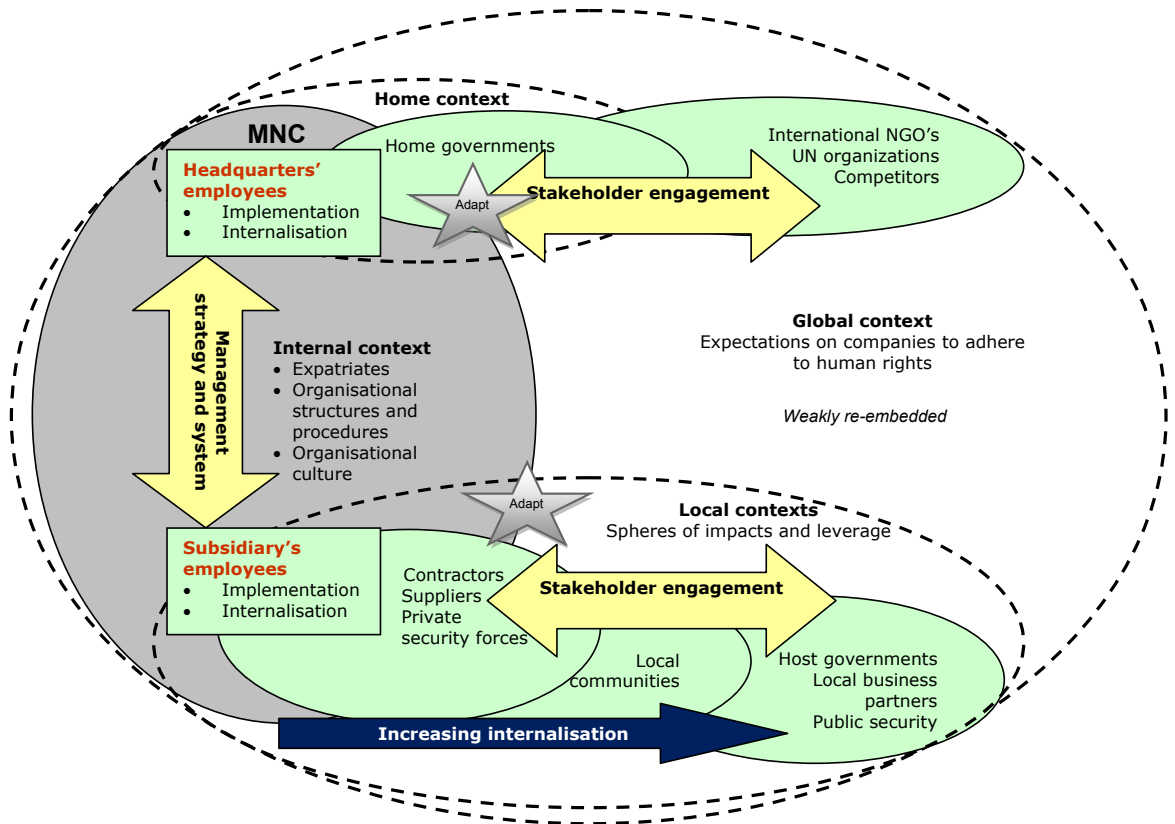


Figure 2 Theoretical model updated according to empirical findings

The figure above represents the updated research model. The mechanisms for embedding human rights are indicated in the yellow arrows: stakeholder management in global and local contexts and the management strategy and system. The green boxes indicate the degree in which these mechanisms are implemented, internalised at the subsidiary and Headquarters. The contexts that can explain the degree in which these mechanisms are embedded within a MNC

are indicated in the dotted circles: the global, home and local contexts and the internal context.

In sum, the empirical results have generally confirmed the applicability of this research model and the use of 'traditional research' of international business management as a solid foundation in researching the process of embedding human rights within a MNC. This foundation was also complemented with the empirical results in the context of human rights. This way, this research reached its objective to expand the knowledge in the area of international business management by providing insight into explaining the factors that influence the process of embedding human rights mechanisms within a MNC. As research within a MNC on their process of embedding human rights is exploratory, this model provides a start for academic researchers from all disciplines to build further based on their research.

This model can be used by other MNCs (and/or their stakeholders) either to analyse possible obstacles and enablers in their process of embedding human rights or as a guide for designing a new strategy and plans. A number of general recommendations resulting from this model will be provided in section 8.4. That way, lessons are learnt from the experiences of a front-running company and the process of embedding human rights may occur more efficiently and effectively. In effect, this could contribute to preventing human rights violations and enhance the positive impact MNCs can have on the human rights situation of a country where they operate.

8.3 Limitations, discussion and further research

- Limitations

This PhD research has been exploratory in nature, not only in terms of contents, but also in terms of applying the methodology of action research to international business management research. As was identified in chapter 3, this research confirmed that case study and action research are suitable to answer the research questions. Although these methods are rarely used in international business management literature, using these methods to explore the relatively new topic of business and human rights, facilitated a framework for generating insights into this process on which others can build theory further. Besides, using these methods allowed for complementing contemporary research in corporate social responsibility and international business management with providing a deep, dynamic and holistic understanding of the internal process of embedding human rights within a MNC. This could only be done through the unique opportunity for a PhD researcher to be part of the process itself and thereby assessing tacit knowledge. In doing so, this in-depth research process has yielded deeper understanding of the internal and operational dilemmas that a company faces and contributed to human rights policy development inside the company at the same time. This allows for a contribution to theory but also immediate applicability in real life. As this research was well received by MNCs as well as academics, I therefore call on both the academic world as well as MNCs to use this form of cooperation.

One of the important criticisms in both case study and action research includes the generalisability of research. As explained in chapter 3, the requirements to ensure generalisability were followed (see sections 3.2 and 3.3.2). To enhance the generalisability of this research, the empirical data was purposely presented in a highly descriptive way in order to provide sufficient transparency. Different levels of case studies (Headquarters, subsidiaries) were selected within the MNC based on transparent criteria and it was explained which data was used for the empirical

analysis. Nevertheless, this research is based on a front-running company and is therefore not generally representative. Still, as explained earlier, little research has been done as the topic is relatively new and a front-running company has the most extensive experience in 'running'. Furthermore, just as this research has demonstrated the importance of context and calls not to take processes and issues out of their context, the results of this research should also be seen in the context of Royal Dutch Shell, a Western, large multinational oil company. An extractive company faces other human rights issues and other stakeholders than a clothing or biotechnology company and are confronted with other stakeholders and contexts. Further research in other extractive companies, different industries, other contexts and different periods (other than this research: 2004-2006) could therefore complement this research.

Another criticism on case study and action research includes the internal validity of such research. Again, certain requirements to ensure validity of this research were followed. Firstly, the selection criteria used to select the extractive company Royal Dutch Shell appeared to be relevant, as sufficient data was found to be able to answer the research questions (see section 3.4). Secondly, many different research instruments were triangulated to answer the research questions, both qualitative and quantitative. This allowed for analysis of patterns across the whole MNC, even though this research did not cover all subsidiaries of Shell to the same extent. However, more in-depth action research within subsidiaries of MNCs could complement this research with other experiences in embedding human rights. Thirdly, the research period covered a limited period of 2004-2006, in which many aspects (e.g. structure of Group policies and procedures) changed as a result of the merger in 2005. Although this research did reach theoretical saturation, longitudinal research might complement the current results as organisations continuously change.

To enhance the validity in action research, transparency on the different roles of the researcher is important. This process is described in section 3.3.2, including explicit contracts in which the roles of the researcher were defined. When reflecting upon the performed roles in this action research, a move from being predominantly an outsider to becoming more of an insider within the action context (Shell) can be recognised. Over the course of the two years of research, I became strongly involved in Shell's human rights activities than initially foreseen and was even given several organisational responsibilities for the internal actions on human rights. The latter led to sharing of responsibilities between the PhD researcher and the participants (Shell employees). This shift has taken place in other research projects as well, as Herr & Anderson (2005) suggest: '*action researchers, who tend to be outsiders to the setting under study, report that their relationship to participants can shift throughout a study and can vary for different parts of the study*'.

In increasingly becoming an insider, the objectivity of the researcher needs to be maintained, as the researcher becomes a part of the system studied. One of the requirements to offset this concern is a continuous process of critical self-reflection and reflection of others over the course of the research, which was also done in this research. For example, I struggled when the interactions in the company did not lead to the expected results (e.g. adoption of human rights elements in procedures), as it sometimes led to personal frustrations that I could not allow to influence the interpretation of the events. This required me to take a step back and focus on understanding the factors that contributed to the results. As was described earlier, the process in embedding human rights has been described to a great detail in order to enhance the transparency and thereby the validity. In the spirit of action research, I therefore welcome any reflections on the methodology and results, which can only be strengthened that way.

Another way to offset is to restrain the interpretations (within the history and context of the research) and generalisations. As stated before, this research needs to be seen in the context of a front running extractive company on human rights. Other companies need to decide for themselves how to embed human rights with their own context and decide which element of this research could be useful within the context of their company. Finally, ensuring good ethical behaviour can enhance the objectivity of the researcher. The explicit contracts covered this and the dual role of the researcher and use of the data was explained to the interviewees. In the case of Nigeria, however, it appeared that some employees were not always fully aware of this. The results were therefore re-checked with some of the people interviewed. Furthermore, one of the conditions to agree to this research includes that the company needs to review for accuracy and sensitivity of the presented results before publishing. These reviews took place and lead to some textual adaptations, but did not influence the integrity of the results.

A final question relating to the validity of this research includes the use of perceptions as research data. Most of data used are objectified in this research as much as possible through the use of the DIHR tools and other sources (e.g. existing instruments within Shell). These generated reliable and more or less objective data. Nevertheless, the perceptions of managers, employees and stakeholders on the process of embedding human rights also played a role in this research. Their perceptions can be regarded as facts, as they do govern their thinking and acting, which is particularly important for the degree of internalisation and implementation. Still, the topic of human rights is already inherent of many different interpretations, as was described in chapter 1, so the danger is that too many variables confuse the research questions and that perceptions hinder the understanding of reality. This concern has been partly addressed by asking particular key managers on their interpretation of human rights next to their experiences and factual knowledge, which provided valuable research data. Determining whether a particular perception was valid for the whole population was not always possible. However, individual perceptions, especially of those in key internal and external positions, steer and inform the process and are therefore valuable research information. Besides, for this research it was important to understand why particular people had a particular perception. But above everything else, this was addressed by triangulation of methods and proper sampling, such as document analysis and quantitative analysis, in order to complement these perceptions.

- Discussion

This research explored the process of embedding human rights within a MNC. During this research, I often asked myself what a human rights perspective really adds to the already existing systems within a company to manage social and environmental issues, as these often overlap. However, the experience of developing the human rights and conflict training in Nigeria (section 7.4) and the Sustainability Report (section 4.4) learns that they sometimes clash as well. I come to the conclusion that systems that manage sustainability and social elements provide a process or a way of doing things (e.g. send children to school), whilst a human rights perspective is more norm setting (e.g. no child labour below 16 years old). For efficiency purposes, however, it would be good if processes or tools (focussed both on implementation and internalisation) could be developed that fully integrate these perspectives with each other and allow easy integration into general business processes. It may be better if all of these 'labels' can be avoided altogether.

I also found that the dimension of time plays an important role in explaining the degree of implementation and internalisation of human rights within a MNC. As was mentioned in chapter 2, stakeholder relationships, human rights issues and the attitudes of people within the organisation change over time. Embedding human rights mechanisms is a continuous process that uses internalisation and implementation instruments to increase the degree of embeddedness. Based on my personal experience within Shell, I feel that the degree of implementation and internalisation gradually increases within Shell, as a result of internal efforts and external developments. A general figure can be drawn that represents the influence of time on the degree of implementation (red line) and internalisation (black line) resulting from the introduction of informal and formal instruments in Shell. This figure is displayed below.

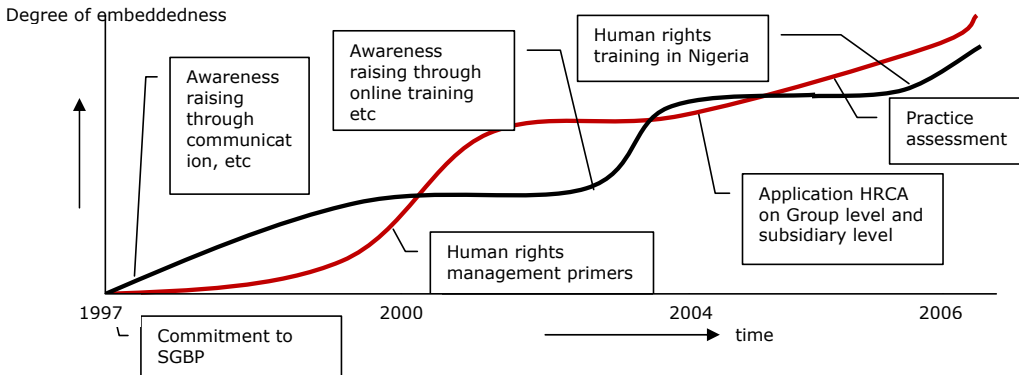


Figure 3 Process of embedding human rights within Shell over time.

The continuous external international developments related to business and human rights, mostly related to the activities of the UN Special Representative, made this research relevant but also complicated it. The boundaries of business responsibilities and business and human rights concepts are still under debate and are continuously in development. Thus, studying the implementation and internalisation of a 'moving target' is difficult. Applying the tools of the Danish Institute for Human Rights provided some foundation, but discussions around the tools also revealed the fluid concepts. Nevertheless, everything will change over time and this research showed in detail how a front-running company coped with these developments.

Recently, the UN Special Representative has taken an attempt to clarify an important concept in the business and human rights world, i.e. spheres of influence. As was concluded in this research, the concept of the spheres of influence was not helpful in determining the degree of control and responsibility of a company to resolve a situation giving rise to human rights abuses. Ruggie (2008) advocates separating the meaning of influence into 'leverage' and 'impact':

'companies cannot be held responsible for the human rights impacts of every entity over which they may have some leverage, because this would include cases in which they are not contributing to, nor are a causal agent of the harm in question. Nor is it desirable to require companies to act wherever they have influence, particularly over governments. Asking companies to support human rights voluntarily where they have leverage is one thing; but attributing responsibility to them on that basis alone is quite another.'

Using a concept of 'spheres of impact and leverage' resulting from local activities and relationships could be more useful to analyse the local context and therefore to explain its influence on the degree of implementation and internalisation. However, the scope of these spheres is difficult to determine. In his paper, Ruggie recommends companies to execute due diligence to identify, prevent and address

adverse human rights impacts related to their activities as the scope is not a fixed sphere. Companies should consider three sets of factors: 1) understanding the context, 2) assessing the impact of the company's own activities and b) analyse the company's relationships for risk of being implicated in third party harm to rights.

In principle, this research confirms Ruggie's view, as the relationships and actual impacts in the local context appeared to influence the degree of embeddedness to a great extent. However, this research has also concluded that stakeholders might have a different assessment of those relationships and impacts in the local context from the company. Often, the local context is highly complex and it strongly depends who you talk to. Shell aimed to closely work together with its global and local stakeholders to align these assessments, but this was not always possible as stakeholders did not always want to work together with a MNC or only on some issues. Besides, who do you choose to work together with? This research also concluded that the legitimacy of stakeholders' claims should be assessed before engaging them. However, who decides which are legitimate claims? If a company determines this, it may not be accepted by its stakeholders. If global stakeholders determine this, it may not be accepted by the company and/or local stakeholders and vice versa. Who decides then who has the 'right' assessment that is accepted by all? The same questions are valid for potential human rights violations: who can assess the contribution of a company to these violations and what the consequences are for the company? And who has the power to implement and monitor those consequences or resolutions? The key would be to find an independent party that has the power and credibility with all parties involved, cutting across global and local contexts.

In a way, the UN system with its human rights institutions and treaties, including the international and European courts of justice, provide this function. However, as described in appendix 2, the human rights system is highly bureaucratic and the effectiveness is limited. The set-up of OECD national contact points has seen some complaints being filed against companies (including Shell) and independent attempts to resolve them, but the NCP's are also often criticised for their lack of implementation (OECD Watch, 2005). Recently (2008), the UN Special Representative has set up a dialogue on 'judicial versus non-judicial grievance procedures' to further develop ideas around this (<http://srsq-consultation.pbwiki.com>). Companies, their stakeholders and researchers should closely monitor and participate in this dialogue and monitor the outcome of existing complaints filed with the NCPs and with other mechanisms (e.g. ATCA, see chapter 1).

Finally, this thesis has described the development of theory, methodology and empirical results as it were a linear process. However, in practice, this was more an iterative process in which the empirical research informed the theoretical model and vice versa. The research model as presented in chapter 2 is partly developed based on early insights in practice, after which the empirical results then automatically confirm the research model. This leads to the question whether these insights should have been used as theoretical implications rather than integrated into the research model. One could argue that research should not be described as a linear process in a thesis with a strict format, but as something that reflects the iterative process.

- Suggestions for further research

Some elements were revealed in this research that require further research as well. One of these elements was that the important role of project managers in influencing management of human rights concerns and stakeholder engagement became clear. This research did not cover project managers as a specific target

group, but further research could clarify what enables and constrains project managers, as they sit at middle management level and therefore experience pressures from top and bottom of the organisation. Another element resulting from this research is that the importance of a common language around embedding human rights. Internally and externally, the use of terms such as Sustainable Development, Social Performance, human rights, SGBP, corporate social responsibility, etc. are interpreted in different ways and leads to confusion and misunderstanding.

Furthermore, this research has shown the importance of the local context in embedding human rights and this could therefore be substantially expanded by exploring general patterns in regulatory, developmental, political, social and culture distances and how they influence human rights issues companies face or how they manage these. Additionally, this research has identified some of the creative ways of subsidiaries to adapt practices of human rights to the local context, but more research is required to compile a more complete inventory of these ways, so other companies can make use of these. Furthermore, some of these ways should be explored further. For example, Shell's strategic partnerships with NGOs to manage local issues need to be further explored. Next, this research identified a number of enablers and constraints in embedding human rights, on which further research can be build by determining a hierarchy in influence on the degree of implementation and internalisation. And, this research has not chosen to focus on learning and innovation theories. Kostova already pointed out in her research that a cultural orientation of subsidiaries is likely to enable the transfer of a practice, although this research has not focussed on this. Thus, applying these concepts could provide more insight how organisations learn from implementing and internalising human rights mechanisms.

The final, but not least, suggestion for further research on the topic of business and human rights is the role of governments in embedding human rights in business. This thesis has shown that host (and home) governments considerably influence the ability of a company to embed human rights in the local context. Besides, governments have the mandate (as business do not) to regulate and embed human rights into society. The debate on Corporate Social Responsibility has focussed too much on the dynamics between NGOs and business only, but governments have the important role of providing the framework that facilitates adherence to human rights. As a presenter at a conference I recently visited said: *'let's bring government back into the equation'*. Further research should therefore focus on the capacity of home and host governments to regulate business in terms of adherence to human rights, especially the role of local (municipality or state) governments. Related to this is the suggestion for researchers in law to further clarify and contextualise the responsibilities regarding business and governments regarding human rights from real cases.

8.4 Recommendations

A number of highly general recommendations are provided for MNCs and its global stakeholders to facilitate access to the results of this PhD thesis. These recommendations complement the ones already discussed in sections 2.9 and 2.11 (human rights management system and stakeholder management) and section 7.11.1 (applying the Human Rights Compliance Assessment tools). As stressed before, these recommendations follow from the experiences of a Western extractive company and should always be interpreted within the specific organisation and local/global/home contexts in which this organization operates.

- For MNCs
 1. Reflect the language currently used in the human rights world in the commitment to human rights, such as 'respect', 'protect' etc. Use stakeholders to provide input and set clear boundaries as much as possible.
 2. Appoint members of the executive board and supervisory board to 'champion' human rights who actively monitors and challenge the company on the subject and have strategic engagement with key international stakeholders. If possible, appoint international stakeholders in the supervisory board or another key governing body within the company.
 3. Set a number of minimum *process* requirements across all operations that allows for sufficient local differentiation whilst staying within human rights principles, preferably integrated into existing processes. These requirements should be developed in cooperation with internal and external stakeholders.
 4. Complement these minimum requirements with practical and detailed guidelines for subsidiaries with options how they can implement and internalise human rights.
 5. Develop a wide range of tools and/or adapt external tools to fit the organization so that subsidiaries can pick and choose from that list to fit their local organisation and context.
 6. Ensure that employees understand how human rights links with their day to day work and how it links and adds value to the existing processes of managing social and environmental issues.
 7. Have regular conversations with the managers of subsidiaries and/or projects to discuss the human rights situation in their country and discuss the assessment of international stakeholders of the local context and their claims. If possible, set up a direct conversation with subsidiary/project managers and the international stakeholders. Agree concrete and practical follow-up actions and actively monitor their implementation.
 8. Integrate stakeholder perspectives into internal risk/issue management processes, as stakeholder perceptions of risks/issues might differ from internal perceptions.
 9. Expose as many line managers as possible to the external perspectives of stakeholders and do not let stakeholder engagement sit only with one particular department only. However, stakeholder engagement should be coordinated to ensure consistency.
 10. Integrate adherence to human rights principles and stakeholder engagement in the reward system for employees by e.g. indicators of the number of community grievances filed.
 11. Realise that implementation instruments (e.g. processes and rules) for embedding human rights have their limitations. A balanced mix with internalisation instruments (training, communication etc) should be used, especially in the outer spheres of impact and leverage.

12. Create both competencies (implementing global company standards as well as embedding within local companies) with particular key well-positioned individuals to transfer human rights practices, not only top-down (expatriates), but also bottom-up (job rotation and assignments abroad of subsidiary employees). This can be done by creating working groups cutting across subsidiaries and Headquarters level.
13. Build legal capacity internally or work together with human rights expert institutions that assess and monitor the differences between local legislation and international human rights treaties for all countries in which the company operates or sources. This way, potential risks to violate human rights can be anticipated.
14. Share the dilemmas and issues faced with external stakeholders as much as possible and work together with those who can provide a unique perspective on the issues and/or contribute to resolving them.
15. Work together with peers in the industry as much as possible to create a level playing field and learn from their experience.
16. Before responding to claims of stakeholders, assess on what they base their claim, what influence they have and what they want to achieve with making that claim. Do not be afraid to challenge their claim if needed, but do this via a credible independent party who can facilitate dialogue.
 - For global stakeholders
 1. Continue challenging MNCs on the adherence to their commitment to human rights, as this forms an important driver for internal efforts.
 2. Adapt the influencing strategy and tactics according to the issue, the type of MNC and the phase in which the MNC is at in the process of embedding human rights.
 3. Realise that MNCs need to adapt the demands, expectations and/or tools to fit their internal and/or local contexts in which they operate, but challenge them if it is not line with human rights principles.
 4. For human rights issues to be resolved, they need to be seen in the local context in which they occur. Understanding the local context and the company's place within their web of relationships is key in assessing the legitimacy of claims of local stakeholders.
 5. MNCs cannot always share its dilemmas and issues openly as this may create problems in the local context. Building a trusting and constructive relationship in which confidentiality is promised for certain issues may be a way to influence the MNC.