

Multinational Corporations' (MNCs') Influence on Business and Human Rights (BHR) Policy in Indonesia

Author
Discipline

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Motivation/Introduction

- Non-state actors play an important role in the development, interpretation, and implementation of norms and rules in the BHR regime (Mende and Hoff 2022).
- Multinational corporations' political influence are often underplayed in analysis (Mikler and Ronit 2020)
- Industry shapes the BHR agenda in Southeast Asia (Gardiner n.d.)
- It is important to understand the power of businesses and their interests with regards to human rights.
- FIHRST(the Foundation for International Human Rights Reporting Standards) introduced the term 'pioneering companies' in Indonesia (2019)
- Presidential Decree No.63, 2023 on Indonesia's National BHR Strategy was drafted by the National Taskforce on BHR, including the Indonesian Global Compact Network (IGCN) and the Indonesia's Chambers of Commerce (KADIN)

Objective

- Identify the mechanisms by which MNCs influence BHR Policy in Indonesia
- Provide empirical evidence on MNC's role in shaping BHR Policy in a Global South economy

Research Question

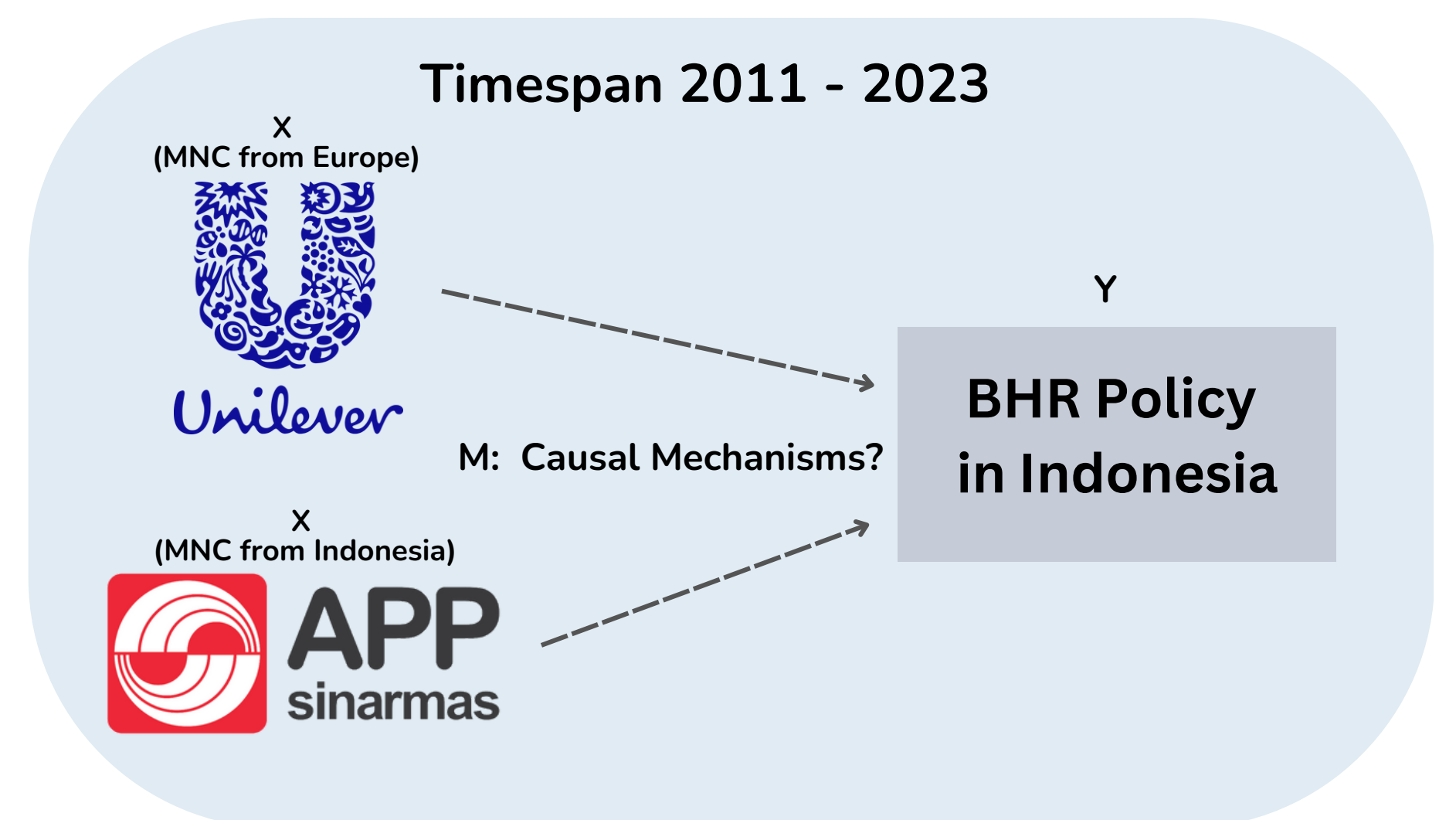
How & Why do 'pioneering' Multinational Corporations (MNCs) influence the Business and Human Rights (BHR) policy in Indonesia?

Contribution to BHR Field

- Provide a context-specific analysis of BHR, informed by political science theories
- Contribute to the State-Business Nexus narrative/debate

Methodology

- Case study Indonesia including within-case variation; process tracing method
- Process tracing is used to trace causal mechanisms (M) between independent variables (X) and outcomes or dependent variables (Y).
- Content analysis of secondary data (using MAXQDA) and semi-structured interviews



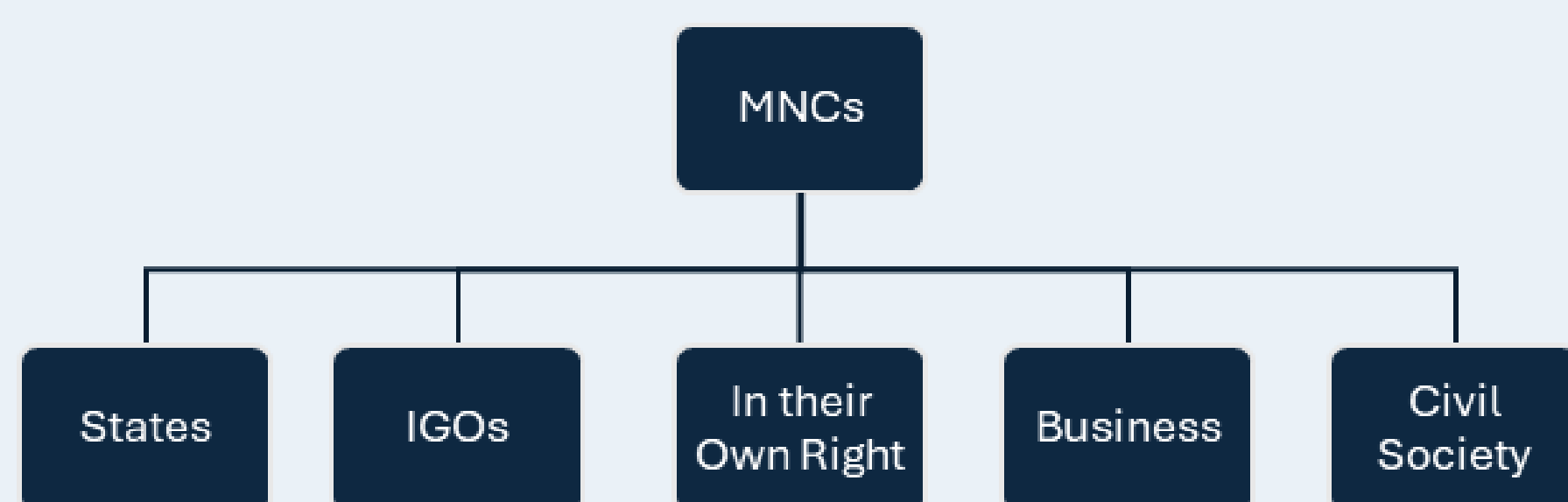
Theoretical Framework

To analyze business' influence on BHR policies in Indonesia, I use:

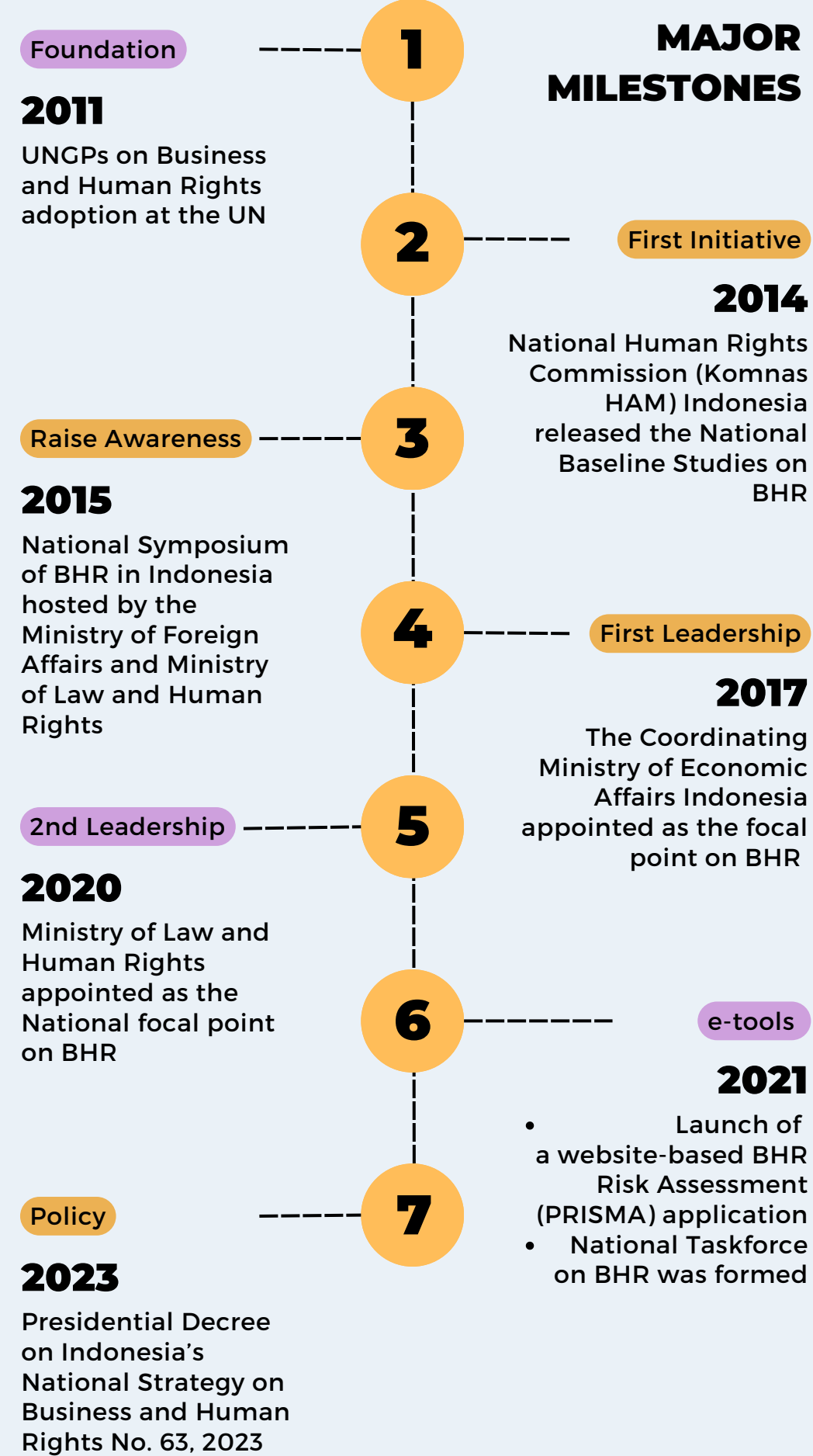
Three Dimensions of Business Power (Fuchs 2007)

Three Dimensions of Power	Definition of Power	Political Activities Examples
Instrumental Power	A has power over B to the extent that he can get B to do something that B would not otherwise do.	lobbying for BHR policy
Structural Power	"A devotes his energies to creating or reinforcing social and political values and institutional practices that limit the scope of the political process to public consideration of only those issues which are comparatively innocuous to A"	company's human rights policy, forming MSIs (or BHR working groups), conducting human rights due diligence
Discursive Power	"A may exercise power over B by getting him to do what he does not want to do, but he also exercises power over him by influencing, shaping or determining his very wants"	BHR company statements, reports, BHR trainings, websites, seminars/debates, BHR news

MNCs' Pathways of Political Influence (Mikler & Ronit 2020)



BHR in Indonesia



Initial Analysis

- Results of content analysis: usage of the term 'human rights' in companies sustainability reports
- Data show that the term 'human rights' fluctuates, possibly due to external pressures or involvement in human rights violations. More uneven picture in case of MNC from Indonesia.

