

## **Disclaimer**

- 1- This report aims at identification of situation of Human Rights within Iranian business environment. This project addresses CSR practices of companies, intermediaries (business and professional associations), trade unions, academia, nongovernmental organizations, and the media active in Iran with a human rights focus.
- 2- Since 5 years ago, an increasing number of Iranian companies have increased their involvement in socially responsible human resource projects and initiatives as a response to a variety of social, environmental and economic challenges, although not necessarily calling it as supporting human rights. Lots of these companies aim to send the proper signals to their various stakeholders; employees, shareholders, investors, customers, public authorities, NGOs, and etc.
- 3- This report shares the findings of an empirical study on views of top executives and managers of sample Iranian companies on the concepts of protecting human rights in a socially responsible framework. The study adopted an in-depth and exploratory approach to a sample of more than 20 companies in major business sectors of the Iran Club 100 database.<sup>1</sup>

## **Introduction**

- 4- Human Rights might not be a favourable concept in enterprises inside the Iranian borders but its aspects are somehow practiced in these companies. Today, increased competition and commercial pressure are combining with rising regulatory standards and emergence of business excellence and quality management models to create a whole new playfield for businesses in Iran. It is no longer enough to simply employ people, make profit and pay taxes. Companies are now expected to act responsibly, be accountable and benefit their stakeholders. In this respect, Iranian companies, especially those active in competitive markets, have tried to improve some aspects of their human rights performance under titles of employee satisfaction, employee development, and supply chain management, by applying non-discriminatory employment policies, screening human rights within company supply chain, implementing employee suggestion systems, and increasing physical and emotional health of their people. Some of them have also implemented international standards, relevant to human rights like SA8000.
- 5- Our findings reveal that regulatory obligations and widespread movement of Iranian enterprises towards business excellence and quality management models are the main drivers of protecting human rights within the Iranian business community.

## **Objective of the Study**

- 6- The main objective of this project is to identify situation of social responsibility with a focus on human rights within Iranian business environment. With the aim of accelerating the development of human rights in Iran, this project will identify opportunities and capacity gaps to be filled by private companies, civil society organization, government agencies, and researchers.

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<sup>1</sup> - an annual ranking of the most prestigious firms in Iran as well as the top companies in EFQM award, Consumer right, green award , etc.

## **Iran's Priority Human Rights issues in Business Sector**

### **Non Discriminatory**

- 7- In Iran there are widespread incidents of discriminatory practices in the areas of employee promotion, recruitment and other unilateral benefits to special groups. Many companies only employ male people with direct emphasis in their recruitment advertisements. Many companies only recruit Muslims. And some companies inquire about creed and ethnic origin of the applicants and consider it in their selection criteria and promotion plan.
- 8- Large companies like IKCo and Saipa with more than 24000 and 8000 workers have banned formation of labor associations.
- 9- According to the results of the 1385/2006 Iranian census, only 3.5 million Iranian women are salaried workers, compared with 23.5 million men. The most recent Iranian census (1385/2006) shows that the female share of the labor force is less than 20%, considerably below the world average of 45%. (The census gives the figure of 18.5%, which is at odds with the 24.6% figure sometimes seen in international data sets.

### **Child Labor and forced or compulsory labor**

- 10- Some Iranian companies, especially SMEs mostly operating in deprived areas have designed the core of their business plan on using children to reduce their human resource costs. Some other companies force extra working hours to their employees.
- 11- Unofficial figures suggest that between three million to five million Iranian children are living under poverty line, less than a dollar a day and about 25 percent of them are working. Official government figures estimate that there are about 20,000 street children in the country, but NGOs say there are at least 35,000 in the capital Tehran alone. According to an article published in an Iranian daily six years ago<sup>2</sup>, between 100 to 150 street kids die each month from malnutrition and dangerous working conditions.
- 12- Iran has not ratified international conventions defining a minimum age for work, but it has set its own rules to prevent child labour. A child in Iran cannot legally work under the age of 15. However, there is a loophole that is open to exploitation. Mahsa Kayyal, head of child rights committee of human rights group of ODVV asserts that "There is one major problem to this law: domestic work is excluded, which means many children are employed at home or in domestic workshops without any legal prosecutions" .

### **Worker Health and Safety**

- 13- Working conditions in Iran has recently become a hot topic. Safety and health at work are the main focus areas of contemporary social policy of the Iranian government. The national policy in that field is formed and implemented through coordination within the frameworks of established structures for trilateral cooperation on government, labor and employer levels.
- 14- Our findings demonstrate that in general, employers are not able to fulfill their obligations and meet the legislative requirements if no efficient organization of the activities in terms of safety and health at work is in place. One of the key challenges, therefore, is the elaboration of a proper strategy for implementing company policy in this area, which is directed also towards applying methods and approaches for changes in attitudes of workers towards this problem. A national infrastructure is being established that supports employers in fulfilling the obligations concerning the provision of safe and healthy working conditions. This includes labor medicine services, laboratories measuring the various elements of working

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<sup>2</sup> - <http://www.irinnews.org/report.aspx?reportid=40428>

conditions, and training and consultation centres for safety and health issues at work. Furthermore, an occupational risk assessment system is being introduced. As a method to manage and plan the activities for safety and health at work it also addresses the social risks such as depression and violence at work, fear of unemployment, application of various forms for working hours management, need of additional qualifications and training, lack of motivation when the labor relations are not prospective, and hierarchical relations.

- 15- According to the “department of labor”, in 1384, close to 1,100 workers lost their lives due to on the job accidents which were caused by lack of education and awareness on the part of the workers. Also, on the job injuries in the same year were reported to be 4,018. On the job injuries for the first half of '86 were 11,634, which is a rise of 9% compared to similar timeframe.

### **Freedom of Associations**

- 16- Freedom association is mostly banned within Iranian business environment. Iran has several times received ILO notifications on recognition of independence of associations. Although Minister of Labor has recently announced that the number of labor associations has increased by 80 percent in the last three years reaching 5370, but most of these associations do not enjoy independent decision making procedures. For example National Employer Association, was disbanded over night by government two years ago, or Urban Transportation Company Employee Association members were arrested by government. Large companies like IKCo and Saipa with more than 24000 and 8000 workers have banned formation of labor associations.

- 17- Examples of violating Freedom of Associations:

- Summons, arrests and prosecutions of workers and members of the Haft Tapeh Sugar Factory;
- Arrests, sentencing and imprisonment of members of the Tehran Bus Drivers Union;
- Summons and imprisonment of members of the Free Workers Union;
- Summons, detentions and prosecutions of other labor activists and journalists covering labor-related news and banning polls for Trade Union of Journalists;
- Banning teachers' professional associations and central coordinating committee, and detentions and prosecutions of teachers.

### **Preliminary Findings**

- 18- The initial findings of the study reveals that, although there is no legal framework for protecting human rights in business sector in Iran, companies are involved in various human rights practices. Executives believe that it is important for their firms to be socially responsible and to be known as responsible organizations. The study shows that ethical values of influential managers as well as organizational culture are the major factors determining companies' attitude toward human rights in these organizations. Government rules, regulations, and commitments towards the society are the next drivers of responsible business practices towards human rights.
- 19- One of the main obstacles in protection of human rights within the Iranian business environment is that the Ministry of Labor does not have clear-cut policies on child labor, discriminatory actions and freedom of associations, nor does it conduct any systematic procedure on issuing a country wide report on incidents of malpractice of corporations in these areas and has limited its regulatory role to labor law. The second binding constraint

on development of Human Rights issues in Iran is fear of Iranian companies from government to use this title. Widespread hostility of the government authorities toward human rights oriented initiatives, and at the same time, lack of specialised associates that may devote some effort on issues of this nature to guide them properly is another problem.

## **Recommendations**

20- Based on the findings of the study, some tentative recommendations can be made:

- Currently there are no guidelines for devising and implementing human rights policies or determining Human Rights priority issues for the Iranian businesses. It is necessary to develop such guideline for Iranian companies. One key recommendation is institution of a national policy guideline to help ensure protection of human rights in business entities.
- There should be a regulatory body for protecting human rights in Iran to streamline both performance and reporting of human rights activities to meet predefined standards.
- Increased competition and ever increasing international exposure of Iranian companies has made the right playground for launching a national initiative for UN Global Compact. Official start up for UNGC through UNDP or other UN independent organizations can help promotion of corporate citizenship and more responsible business conduct in Iran. Practicing the 10 principles, directly and indirectly, can increased protection of Human Rights within Iranian business community. This claims more committed effort from UNGC, UNDP and other UN agencies inside and outside Iran.

## **NGO profile**

### **Introduction**

21- CSR-DC is a non-governmental, non-commercial organization that promotes responsible business and corporate responsibility in Iran. The center is the first Iranian member of UN Global Compact, Board Member of Islamic Conference Youth Forum for Dialogue and Cooperation and member of GPN360. With the vision of "Improvement of Responsible Business Practices in Iran", our approach is: "To raise awareness and provide useful resources for corporate responsibility through cooperation with all stakeholders."

### **Objectives**

- 22- Raising awareness on responsible business to public policy arena, business sector, and civil society organizations.
- 23- Capacity building through internationally recognized training, world class development and educational programs.
- 24- Becoming the market leader in providing corporate responsibility consultancy, research and educational services in Iran.

## How does CSR Iran engage companies?

- 25- CSR Iran has launched an Iranian Roadmap for a sustainable and competitive enterprise. This Roadmap serves as a set of goals and strategies to integrate corporate responsibility in daily business practices. The Iranian Roadmap for Businesses includes key points on: integrating CSR across business functions, respect for human rights, developing employees, preserving the environment and engaging with stakeholders.

### Center's Current Activities:

Activity	Time/Duration	Partners	Project Manager	Description
CSR situational Research	Feb 09-July 09	CSR-Turkey	Alireza Omidvar	A comparative research to identify the situation of CSR, current practices and trends.
Country CSR Tours Visits	Sep 09 (Turkey) Oct 09 (Iran)	CSR Turkey	Alireza Omidvar	Two events in the countries to present the results of the research and also transfer of knowledge between partner companies.
CSR Showcase	Sep 09	OMV, Interested Private Companies	Salme Jalayer	Presentation of CSR best practice activities of NGOs, Companies, and International Organizations and Multi National Companies and exchange of ideas and experiences roundtables.
Launching Course : "Corporate Responsibility"	Since Mar 09	Sharif University of Technology	Alireza Omidvar	First Corporate Responsibility MBA course in Iran
Research Advisory	Since Dec 08	Alzahra University Tehran Azad University Sharif University of Technology	Alireza Omidvar	Topics : Effects of Firm's Corporate Social Responsibility practices on its Customer Behavior Analyzing effectiveness of CSR activities on Firms' competitive advantage Analyzing effects of corporate governance, as the means of board to control management on market value of the firms (Defended)
CSR training Courses		Rail Niroo, Golrang, Pars Khodro, etc	Alireza Omidvar	
CSR and Privatization under Article 44	Feb 09 to Jun 09	Parliament Research Centre ( <a href="http://www.majlis.ir">www.majlis.ir</a> )	Tahereh Kharestani	This research highlights benefits of implementing CSR activities for Government and business sector and position of CSR after privatization

## Feedback<sup>3</sup>

**We welcome your expert views, opinions and comments on any of the statements, conclusions and recommendations of the report.**

**For any further queries on this project please contact Maziar Ebrahimi, CSR-DC International Relations Deputy at: Tel: 0098-937-152-2846 Email: [maziar@csriran.com](mailto:maziar@csriran.com)**



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