Business and Human Rights Meets Behavioral Science:
A Background Note
By Katryn Wright

As part of our Valuing Respect project, Shift is hosting an expert roundtable on April 26th to bring together behavioral scientists, business practitioners and corporate responsibility experts to explore and test how behavioral science can be better leveraged in the business and human rights field. This note:

1. Offers a brief background with regard to the respective fields of business and human rights and behavioral science, and the potential for the latter to inform the former.
2. Provides an overview of some key concepts from behavioral science and ways in which they could be valuable when trying to advance business practices that respect human rights.

What is business and human rights about?

The idea that the "business of business is business" has been upended. The private sector and governments increasingly confront a backlash against globalization and concern for the negative impacts of business actions on workers and communities.

Business can be a force for good in the world by creating employment opportunities, innovating to improve quality of life, paying taxes, contributing through philanthropy, and so forth. But companies can also have, or rely upon, negative impacts on people in the course of meeting their business goals.

- General examples include: the estimated 20-40 million people in forms of forced labor or modern slavery; 75 million children performing dangerous work, many of them in global supply chains; and the regular displacement of rural and indigenous communities from land they rely on for their livelihoods and cultural survival without consultation or due process.
- Specific examples include the collapse of the Rana Plaza factories in Bangladesh, killing over 1,100 apparel workers; the still mounting deaths from the collapse of the tailings dam at a mine in Brazil; and revelations about the role of Facebook in providing a platform that was used for the promotion of genocide in Myanmar.

The decisions and behaviors of corporate executives, managers and operational staff can play a critical role in enabling or avoiding these kinds of human rights impacts. Since 2011, the UN Guiding Principles on Business and Human Rights (UNGPs) have set the international standard for what companies need to do to meet their responsibility to respect human

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rights. The UNGPs set out the kind of policy commitment, human rights due diligence and remediation processes that companies need to have in place to identify, address and remedy human rights risks and impacts across their operations and value chains. They also speak to the duty of states to create an enabling and incentivizing context for business to operate with respect for human rights.

Much is being done to implement the UNGPs around the world. More governments are mandating that companies identify and report on their human rights impacts; investors are using rankings, ESG products and their engagement with companies to incentivize improvements; NGOs are doing similar things through a mix of campaigns and collaborative action. Meanwhile, thousands of companies are themselves developing processes to analyze risks to people along their value chains, train staff on how to address these risks, and contractually require suppliers to comply with their codes of conduct. Meanwhile, individuals within companies are leveraging both external standards like the UNGPs and internal relationships with colleagues to try to influence business decisions and actions in favor of respect for human rights.

Many of these initiatives to understand and tackle the negative impacts of business activities on people have taken a top-down, often compliance-based, approach through the introduction of new systems and processes. They have typically paid limited attention to the specific behaviors that these efforts are intended to drive. This risks generating lots of activity that is not particularly effective. Experience from the burgeoning field of behavioral science suggests (unsurprisingly!) that we should be making the behaviors we want to see our starting point, and then designing and evaluating interventions that help bring them about.

How is behavioral science relevant?

Behavioral science combines economics, social psychology, judgment and decision-making and neuroscience. Over recent years, it has revolutionized approaches to public policy challenges through the scientific study of what motivates, guides and shapes behavior. There are now over 200 teams of behavioral scientists, or "nudge units", linked to governments and academic institutions around the world, trying to influence citizens' behavior in the realm of healthcare, education, crime reduction, energy efficiency, taxation, savings, political participation and more. And companies are increasingly recruiting behavioral scientists and developing their own in-house "nudge units" to meet corporate objectives.

The private sector has also used behavioral insights for decades in certain aspects of business. Marketing professionals were quick to realize that people do not necessarily make rational economic decisions when choosing what to buy. We are not "homo economicus". People are influenced by subtle cues in our environment (like packaging and what it signals, our emotions when making a purchasing decision, or our awareness of what our peers and friends buy) that become a sort of behavioral lever on us, and can outweigh what purely rational logic would suggest we should do.

Insights from the field of behavioral science may offer valuable lessons for people inside and outside companies seeking to improve and embed respect for human rights in the course of how business gets done:

- First, they may help us better understand why individuals within companies might do certain things in practice that are not in line with a policy, process or leadership mandate aimed at ensuring respect for human rights.
- Second, they may help us better understand what we could do to "nudge" people in different business roles act in line with those policies, procedures and mandates, and with their own good intentions.
- Third, behavioral science may help us find ways to evaluate what is most effective in what circumstances when it comes to shaping behaviors in favor of respect for human rights.

How might the two fields come together?

There are a variety of insights from the field of behavioral science that would seem valuable for understanding and anticipating human behaviors that influence whether companies respect human rights in practice. The following table sets out a number of examples.

Behavioral insight	General example	Business and human rights example
Hyperbolic discounting. People choose a smaller near-term reward over a greater reward at a later date.	Choosing to skip the gym in favor of the immediate reward of relaxing, instead of meeting long-term health goals.	A sales executive pushing through a sale to a risky customer in order to secure her immediate bonus instead of demonstrating full due diligence that would protect her and the company if that customer was found to be corrupt in the future.
Optimism bias. People tend to overestimate the probability of positive events, and underestimate the probability of negative events.	Failing to purchase insurance or write a will.	Senior leaders ignoring a health and safety incident at a peer company or discounting the implications of community unrest at an operational site because "it won't happen to us".
Status quo bias. People prefer things to stay the same by doing nothing or by sticking with a decision made previously.	Continuing to pay for a magazine subscription that you do not use.	Procurement managers sticking with a certain supplier because of years/decades-long relationships despite knowledge of bad practices.
Psychic numbing. People tend to feel indifferent to the suffering of large numbers of people.	Feeling indifferent to a large-scale humanitarian disaster or conflict affecting a large population.	Corporate leaders dismissing or aggressively countering a complaint or campaign about impacts of the business

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		on large numbers of workers in a supply chain.
Identifiable victim effect. Related to psychic numbing, the identifiable victim effect is the tendency to offer greater help to specific, identifiable victims than to anonymous, statistical victims. "If I look at the mass, I will never act. If I look at the one, I will." - Mother Theresa.	Signing up to support a charity after hearing a case study story of one child's hardship and how your money can help.	A meeting between a CEO or Board member and a small group of local community women in a site visit leading to new resources and attention being allocated to their concerns.
Loss aversion. The pain of losing is psychologically about twice as powerful as the pleasure of gaining. People are more willing to take risks to avoid a loss than to make a gain.	Booking a hotel room online after a message flashes up saying "only one room left at this price!"	Heads of Sustainability making the business case for human rights using the lens of risk and potential losses (e.g. financially, reputationally) versus the opportunity lens (e.g. access to markets, new business)

Just as behavioral science helps us understand some of the behaviors we see among company staff that work against or in favor of respect for human rights, it also offers a number of now well-established concepts for shaping behaviors. These provide food for thought when seeking to promote rights-respecting practices in company settings. The following table suggests some examples of the potential connections to be made.

Behavioral concept	General example	Business and human rights example(s)
Social proof. The influence that the actions and attitudes of the people around us (either in real life or online) have on our own behavior. This can be used to drive positive behaviors. However, drawing attention to bad behaviors can inadvertently normalize and drive more of the bad behavior (e.g. "lots	In an experiment on towel reuse in hotels, one group received a message about the value of protecting the environment. A second group received a message that said most guests reuse towels, and a third group were told that guests who had stayed in the same room had reused their towels. They learned the second group were 26%	Share information about how general managers across a company's global operations have allocated resources and attention to addressing a particular human rights risk. Inform employees of the cases where peers have raised a concern or dilemma about how a process or practice may be in

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of other people have littered so I will too").	more likely to reuse their towels, and the third 33% more likely to.	tension with human rights in order to find a solution.
Commitment devices. A choice that an individual makes in the present which makes a specific action/behavior more likely in the future	Homer's Odysseus and the Sirens' song which lures and tempts sailors to shipwreck. Odysseus plugs his sailors' ears so they cannot hear the Sirens' call and has himself tied to the mast so he can hear the song without being tempted to follow their call. A more modern example might include committing to a friend that you will achieve a certain goal (e.g. going to the gym 3 times per week) and giving the friend $100 to give to a political party you dislike or rival sports team if you fail to act.	Publish clear goals/targets for implementing respect for human rights (for example, by 2020 we will train 95% of our senior leaders on our human rights commitments) knowing that critical stakeholders will likely hold you accountable if you fail to deliver. Join a new-generation multi-stakeholder initiative which requires certain steps to be taken to improve the company's human rights policies and processes, with consequences for failing to do so.
Framing. Choices can be presented in a way that highlights the positive or negative aspects of the same decision, leading to changes in their relative attractiveness.	Would you rather eat a product that is 95% lean beef or 5% fat? In "Thinking, Fast and Slow" Daniel Kahneman describes an experiment that asks participants to imagine a hypothetical outbreak of disease that is expected to kill 600 people. The experimenters present two groups with identical information on the outcome of potential interventions. One group is told: program A will save 200 people; program B has a 1/3 probability that 600 people will	In a business relationship, a supplier may decide to disclose information to a buyer about a workplace rights issue based on whether the buyer uses a positive (e.g. we will work with you to address the issue) or negative frame (e.g. we have a zero-tolerance approach) to govern the relationship. Practitioners choosing to build the business case for respect for human rights based on positive or negative frames (e.g. "strengthening our company's human rights performance will lead to increased employee engagement and retention" versus "strengthening our company's human rights performance will avoid

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	be saved, and a 2/3 probability that no one will be saved. Another group is told: program C will kill 400 people; program D has a 1/3 probability that nobody will die, and a 2/3 probability that 600 people will die. In the first group, 72% of people chose program A. In the second group, only 22% of people chose program C despite it being an identical scenario in terms of outcome – the only difference is the emphasis in framing – how many people will be saved versus how many people will be killed. The positive frame leads people to engage in risk-avoidant behavior; whereas the negative frame tends to lead to risk-seeking behavior.	operational stoppages and negative media coverage". Corporate willingness to act being swayed by the perception of what their peers and competitors are doing. How does the negative frame "40% of companies are failing on human rights" compare to the positive frame, "the majority of companies are making progress to respect human rights" in inspiring action?
Priming. An implicit memory effect in which exposure to an initial stimulus influences response to a later stimulus.	Priming people with words associated with politeness or rudeness through a word scramble task leads to changes in how long they will wait to interrupt an experimenter deep in conversation. Polite priming led to participants waiting approximately 8.5 minutes, whereas those primed with rudeness interrupted after approximately 5.5 minutes.	Highlight prominent female leaders and role models within companies to inspire women, tackle implicit gender biases and address gender imbalances in the workplace.
Defaults. Pre-set courses of action that take effect if nothing else is specified by the decision maker.	Countries where the default for organ donation is opt-in have effective consent rates in the 3-30%	Pension funds and investors automatically making ESG funds the default.

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Setting defaults is an effective nudge when there is inertia or uncertainty in decision making.	range, whereas countries where the default for organ donation is opt-out have effective (presumed) consent rates in the 80-100% range.	As a matter of default, companies assuming that complaints received through grievance mechanisms are legitimate.

We propose that the roundtable discussion on April 26th might test two propositions:

Proposition one: We need to think "behaviorally".

As discussed, there has been a great deal of attention in the business and human rights arena on the policies and processes that companies need to have in place in order to implement respect for human rights across the business and its value chain. Yet policies and processes are the means to the end of improved outcomes for people. The critical element that sits between a policy or process (what people in an organization *are supposed to* do) and an outcome for people's human rights, is what people in the organization *actually* do (their behaviors).

This suggests there is critical value to be gained from pinpointing what the critical behaviors are that are necessary to achieve desired outcomes, and how they can be shaped. For example:

- How can we modify the choice architecture for procurement managers to make human and labor rights more salient in their buying practices?
- How can we nurture workplace environments that adequately sanction or reward behaviors that prevent harassment, discrimination and intimidation?
- How can we make it simpler (and not disadvantageous) for business development teams to raise flags and potentially pause lucrative business deals if they pose human rights risks?
- How can we improve systems design to encourage affected stakeholders to lodge grievances and use complaint mechanisms when rights aren't being respected?

Proposition two: We need to be more scientific.

Some individuals within companies are already trying to incentivize behaviors that reduce risks to exploited and vulnerable populations, and make doing the right thing easier for colleagues in procurement, business development, product innovation etc. However, very little of this is being done through the scientific method, and practitioners openly discuss that this work is "more art than science". At present, we rely on anecdotal descriptions of "what works" and collect little data that meaningfully can ascertain progress. In short, we do not have evidence to show whether these attempts to change behaviors are working.

Behavioral science provides Insights not only for how we might shape behaviors that advance respect for human rights, but also for how we evaluate those behaviors. Evaluating behaviors can help us understand if they are occurring as intended, and may help us use them as a leading indicator of actual outcomes for people.

This raises questions of how evaluation approaches and techniques from behavioral science can advance the evaluation of business respect for human rights. For instance:

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- Is it feasible to gather and compare data about behavior change interventions?
- How can we use the underlying principles, approaches and methodologies from behavioral science and scientific methods to understand what works?
- When and to what extent could A/B testing, quasi-experimental methods and randomised control trials help build the evidence base for behavior change interventions?

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