Navigating corporate responsibility in global supply chains using codes of conduct

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7 | Discussion

Amidst the complexities of global production and transnational supply chains, supplier codes of conduct offer hope for fair treatment of workers and ethical corporate practices. However, the path to implementation of minimum labor standards reveals a convoluted journey filled with challenges. This dissertation helps to lift the veil by providing empirical data on the challenges surrounding codes' adoption and implementation. By doing so, it exposes the delicate balance between the corporate rhetoric and the reality of corporate actions, constrained in the rules of economic competition. In this closing chapter, I bring together the findings of chapters 2 to 6, to answer the question raised at the beginning of this research journey: To what extent are multinationals addressing labor risks in their global supply chains when adopting and implementing supplier codes of conduct, and what are the factors influencing this process?

I begin by providing an overview of the findings regarding multinationals' action when *adopting* codes of conduct, then when *implementing* them. Subsequently, I delve into the implications of these findings for the literature and the theoretical contributions. The results advance knowledge on the process from a policy adoption, via its implementation, to an outcome – applied to the specific case of voluntary self-regulation. In addition, I present implications for policymakers and corporations, offering insights to guide future initiatives aimed at promoting ethical practices within global supply chains. Finally, I present the limitations and lessons learned of these empirical studies, to offer avenues for relevant future research.

7.1 SUMMARY AND INTEGRATION OF THE KEY FINDINGS

This dissertation provides a comprehensive investigation into the complexities surrounding the dynamics of SCCs and their implications for labor standards within global supply chains. To initiate this research, Chapter 2 explored the legal dimensions of SCCs, unraveling the legal obligations surrounding codes' adoption and implementation. From this legal analysis, I observe that SCCs are not obligatory, and do not have a recognized legal value in courts (yet), thus are unlikely to lead to corporate accountability. However, they may constitute evidence of corporate commitment towards labor standards, which, if not respected, could be interpreted as misleading consumer practices and therefore lead to corporate liability. This interpretation is however uncertain and on a case-by-case basis, as it depends

entirely on what codes say, hence, on what companies commit to do. With no overarching legal obligations dictating their adoption or content, multinationals retain discretion in determining the extent of their commitment to upholding minimum labor standards within their supply chains. This is the reason why codes are referred to as *voluntary self-regulation*, and widely rely on self-responsibility.

Building upon this legal analysis, the subsequent chapters 3 to 6 assessed whether companies have embraced this responsibility by adopting ambitious SCCs regarding labor standards, by accepting responsibility in the formulation of their codes, by adhering to their self-regulatory commitments embodied in SCCs and by taking actions to implement them. This section provides key findings regarding SCC adoption and implementation, emphasizing the need for a nuanced understanding of the operational realities shaping corporate behavior within global supply chains.

7.1.1   Adopting codes: A step towards addressing supply chain labor risks?

The wide adoption of SCCs is evident from the empirical results presented. In the sample studied, 71% of multinationals have adopted a non-financial policy targeted to the supply chain.[1] Most of ILO core labor standards (e.g. child labor, forced labor, discrimination) are referred to in up to 90% of those policies, and 70% of codes refer to freedom of association or collective bargaining. Yet, only 30% of codes explicitly refer to specific legal texts or international Conventions.[2] There is a standardization and homogenization of labor standards integrated in codes, but a wide discrepancy on how extensively these standards are developed or refer to similar legal bases.

On the acceptation of responsibility, results suggest that while companies show willingness to set minimum labor standards applicable throughout their global supply chain, they have not fully accepted a role to actively prevent social rights beyond their economic value. This lack of responsibility shows in the content and formulation of the policy, investigated in chapters 4 and 5. SCCs most often articulate expectations for suppliers, but rarely phrase implementation provisions as a responsibility pending (also) on themselves. Only 17% of SCCs appear to bind the multinational to actions of implementation, reflecting a shared responsibility. Instead, most codes seem to put the responsibility of compliance on suppliers, either through a directive language engaging a responsibility, or via recommendations for behavior.[3]

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1   Result presented in section 4.2.
2   Results stemming from section 4.3.3.2.
3   This analysis is provided in section 5.2.2., which performs a quality assessment of provisions related to codes' implementation provisions. Table 3 of Chapter 5, in this section, specifically details the classification of SCCs in five 'quality' categories. Only categories 4 and 5 demonstrate a level of shared responsibility accepted by the company in the formulation of the provisions. Only 17% of codes entered these categories. Rather, codes classified in categories 1, 2, and 3 only included obligations pending on their suppliers.

The lack of responsibility also shows by the marginal development of implementation mechanisms in-text, to ensure codes' compliance. Nearly 35% of codes do not contain any implementation provision, and only 6% of codes include all core mechanisms recommended by international standards – namely reference to transparency, risk assessment and monitoring, training programs, corrective action processes, and reporting procedures or grievance mechanisms.[4] Setting standards but no actionable means to implement them raises questions on the extent of the responsibility accepted by multinationals.

There are noticeable differences across geographical locations and across sectors in the topics addressed in SCCs. While American companies thoroughly elaborate on corporate values and relationship with their suppliers in their SCCs, European companies focus to a greater extent on references to international standards, both regarding labor and the environment. This can be attributed to the differences in the corporate and legal culture differences. In the consumer sector, companies show more commitment to the inclusion and development of labor-related provisions, as well as references to the auditing procedure and the environmental impact of supplier production. The financial sector most often includes references to international standards, including labor and environmental international benchmarks.[5] To explain these sectorial differences, I hypothesize that multinationals are sensitive to negative publicity that might damage their brand reputation with consumers, the public, and government regulators (Toffel et al., 2015), especially for sectors highly dependent on firms' reputations.

Finally, in the comparison of my own Database of Business Ethics with the KnowtheChain Database, I did not find any evidence in support of the claim that the adoption of a SCC – whether it includes labor standards and implementation mechanisms or not – ensures good corporate social behavior in global supply chains.[6] This result also corroborates previous empirical findings (Paiment, 2016; Distelhorst et al., 2015; Barrientos & Smith, 2007).

Therefore, to answer the first part of the research question, these results indicate that codes' adoption is only partially showing a commitment by multinationals to address labor standards in global supply chains. The adoption of a SCC in itself does not ensure that any actions are effectively taken to address labor rights in global supply chains. While codes set policy benchmarks for labor standards to be complied with at supplier level some elements of our data hint at limited responsibility of multinationals, which instead seem to rely heavily on suppliers.

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4   Results are available in section 5.2.2. Figure 2 specifically visually depicts statistics on the reference to each management system in codes.
5   These results are presented in Chapter 4, specifically sections 4.4.3.1. and 4.4.3.2., where specific regional and sectorial differences in SCC content are depicted.
6   Section 5.3.2. in Chapter 5 discuss and detail these results.

7.1.2   Implementing codes: a multi-level challenge

As revealed throughout the dissertation, codes merely represent policy setting benchmarks. Without actions to implement them, a code is "*just a piece of paper*" as formulated by one of the respondents in the interviews conducted with human rights experts for Chapter 6. The analysis of SCC implementation reveals a gap between the breadth of standards set (the extent to which they pledge minimum labor standards worldwide), and the activities or systems put in place to enforce them. Findings highlighted in Chapter 5 reveal a lack of evidence that increased commitments articulated in SCCs equate to improved management practices.[7] This supports the interpretation of a disparity between the formulation of policies and their practical executions, observed by other empirical scholars as highlighted in the systematic review (chapter 3). In other words, codes do not seem to automatically lead to actions. The interview study revealed that some human rights experts within multinationals also acknowledge the lack of appropriate tools to ensure codes' impact and the overall lack of awareness of SCCs and human rights standards within the company.[8] This lack of awareness likely extends to the supplier level as well.

Despite these generally disappointing results when it comes to the implementation of codes, some factors influencing code implementation are identified. From the analysis of the literature (chapter 3), I developed a taxonomy of factors influencing SCC implementation, classified in four levels, involving different actors. These are (1) Implementation of codes within companies (thus: buyer level), (2) Integration of the codes' standards within the buyer-supplier relationship, (3) Implementation at supplier level, and (4) External influences on code implementation. In this dissertation, the implementation at supplier level was not investigated, as the research question focused exclusively on companies' perspectives and possibilities of action in this implementation process. Therefore, the internal corporate level (buyer level) constitutes the central focus of this analysis. Some elements of the buyer-supplier relationship could also be identified from the data,[9] but it needs to be kept in mind that data is only provided for the buyer side in this relationship. Moreover, some external factors influencing this process were highlighted, again, as pressures experienced by the corporations (hence, perceptual). External contextual factors are relevant for future policy recommendations, as they constitute factors that companies cannot address on their own but call for a multipartite action, including

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7   This analysis is conducted in section 5.3.2.

8   In section 6.3.3.1, I bring together interviewees' responses related to the challenges of implementation of SCCs within companies. Here, it was demonstrated that human rights experts face difficulties in integrating human rights concerns through the different levels of the company, especially within procurement teams.

9   For instance, in section 6.3.3.2., specific challenges were discussed in the buyer-supplier relationship, raised by internal human rights experts.

governments. Sections below detail the factors for each level, and table 1 gives an overview of all factors.

7.1.2.1 *Integration of human rights concerns within corporate policies: The buyer level*

The assessment of the buyer level factors of implementation dials down to the analysis of the efforts made by corporations to ensure that human rights concerns are integrated within all their business activities, internally and with their external partners. For this to happen, human rights standards set in codes must be disseminated throughout the company to ensure awareness, internal tools must be developed to ensure their implementation, and consequent actions must be taken to prioritize human rights. In Chapter 6 particularly, I assessed the capacity of companies to spread interest for human rights concerns within their own companies and the systems in place to ensure human rights integration in all activities. I observe that this integration needs to happen in two ways: vertical integration and horizontal integration.[10]

Vertical integration necessitates the adoption of ambitious and binding SCCs by governing boards, along with the establishment of effective implementation management systems. In all companies interviewed, codes of conduct were in place and an attempt was made at developing tools to implement them. In best case scenarios, governing boards also developed specific structures within their companies to integrate social concerns, such as human rights committees. However, human rights experts highlighted major challenges in considering supply chain risks holistically, notably because human rights risks are not considered a priority by leadership boards, especially when balanced with other objectives related to the core business, such as product quality or – most importantly – price competitivity. Human rights experts stress the need for leadership to prioritize human rights, even when balanced with cost considerations.

Horizontal integration involves fostering internal collaboration to promote awareness and skills regarding human rights across all functions within the organization. Discussions on human rights should be embedded within cross-functional teams to ensure comprehensive engagement. To foster horizontal integration, human rights experts play a crucial role in educating and enabling teams, particularly within procurement, yet obstacles to change persist within internal dialogues, reflecting an internal resistance to cultural shifts. The difficulty of dissemination of the policy internally and specifically with operational teams in charge of supplier relations and contracts (procurement) prevents the policy from cascading to suppliers.

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10 Section 6.4.1., namely the discussion section of chapter 6, develops the vertical and horizontal integration necessary of human rights within companies, necessary to ensure SCC implementation.

7.1.2.2   *Relational factors of SCC implementation: The buyer-supplier level*

Aside from the relevance of internal spread of the policy, empirical results point to the evidence that the way SCCs are integrated in the supplier-buyer relationship is crucial to ensure their effectiveness. As highlighted by the literature review, successful SCC implementation depends on the extent to which both parties (suppliers and buyers) are committed to the code implementation,[11] and some argue that the relationship they develop is the most important variable affecting code's impact (Oka, 2010 ; Egels-Zanden, 2014). The buyer-supplier cooperation (1), long term and trusting relationship (2), and suppliers' independence to develop their own strategies (3) constitute factors shown to increase SCCs' effectiveness. From the literature, I distinguish two types of supplier-buyer relationship: the collaborative approach, also referred to as the cooperation theory or peer-to-peer governance, and the compliance approach, relying on a top-down monitoring of the buyer on the supplier, often relying on threats of sanction to enforce codes. The collaborative approach is said to be more effective, allowing a "joint problem solving" or "commitment-oriented" approach (Locke et al 2009), where both buyers and suppliers' responsibilities are "highly intertwined and mutually reinforcing" (Jiang, 2009).[12] The type of relationship entertained by the buyer with their suppliers is also showing in the type of management systems chosen to implement codes. Social audits, for instance, relate in general to a top-down monitoring, while grievance and reporting mechanisms (where workers may voice their concerns) manifests an approach based on communication and joint-problem solving. Notably, critics were formulated on the *audit society* and *audit culture* (Power, 1999 ; Strathern, 2000), where scholars notice that monitoring activities to assess SCC compliance – such as audits – can serve to limit MNEs' legal liability instead of improving working conditions.

The empirical results gathered from my own data analysis appear to confirm the trends identified in the literature. Management systems[13] favoring the 'compliance' approach were found less incline to integrate stakeholder involvement and workers' voices in the process of codes' implementation. Where companies promoted such management systems in their codes, I could not find a correlation with better implementation efforts

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11   This assertion stems from Chapter 3 Discussion (section 3.6.), where I conclude that both parties' commitment to code implementation is only successful when the buyer and the supplier establish a collaborative relationship on the long term.

12   In the literature chapter 3, section 3.5.3. on buyer-supplier relationship expands on the three factors affecting SCC effectiveness related to the relationship.

13   Chapter 5 studied management systems as mechanisms designed to assess, facilitate and ensure compliance with labor standards stipulated in those codes, investigating those systems both as described in implementation provisions and as established in implementation practices. It relied on the definition by De Bree and Stoopendale (2020), considering that management systems include all the kinds of intended organizational measures and procedures to achieve the goals set by the policy.

to address forced labor (evaluated by an NGO, namely KnowtheChain, assessing companies' actual practices in their supply chains and with their suppliers). On the contrary, management systems favoring a buyer-supplier collaborative approach were more correlated with better implementation efforts ratings in supply chains. Here, I noticed that the more companies commit to setting whistleblowing and grievance mechanisms in their SCC, the better implementation efforts were identified.

Given the crucial need for a collaborative approach between suppliers and buyers, I raise the question: which are the management systems most popularly adopted within multinationals to ensure SCC implementation? The answer, provided in study 1 of Chapter 5, does not follow the logic of the effectiveness, by choosing the collaborative approach in majority. In fact, audits and supplier monitoring are the most common management system referred to, included in 47,8% of codes. Corrective action plans, where buyers have the leverage to "drop" the supplier in case of noncompliance, provoke a similar effect – and yet are the second most common instrument mentioned in 47,3% of SCCs. Comparatively, reporting procedures such as whistleblowing avenues and hotlines for workers and workers' representatives are somewhat less referred to, in 32,4% of codes. Training of suppliers on SCCs is also an important component of collaboration between buyers and suppliers, but only included in 23,4% of codes. The management systems chosen in majority by companies thus seem to establish a top-down governance by multinationals slightly more often, instead of the more functional collaborative approach.[14]

During interviews with human rights experts, the topic of companies' relationship with their supplier was also central. Respondents mentioned the difficulty to transfer labor standards to suppliers down the supply chains, as well as the necessity to engage and collaborate with the supplier towards an agreement.[15] One of the human rights experts insisted on the necessity to collaborate and engage with suppliers, as "*Simply signing codes of conduct is not a sufficient way to make business*". Yet, when looking at the existing 'collaborative' practices, so to say, experts also question their effectiveness. For instance, some interviewees mention the existence of grievance hotlines available to the worker, but nuanced their impact, as few workers actually use this mechanism. Therefore, while a collaborative approach between buyers and suppliers is essential for effective implementation, favored notably by supplier engagement and stakeholder involvement, I consider that this collaborative approach is only marginally adopted to implement codes, as management systems promote a top-down supervision of codes' compliance and external stakeholder engagement is occurring less often.

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14   These results stem from Study 1 of Chapter 5, detailed in section 5.2.2.
15   Section 6.3.3.2. of Chapter 6 brings together respondents' reflections regarding the buyer-supplier challenges of implementation.

7.1.2.3   *External factors influencing SCC implementation*

Even though this dissertation intended to highlight the role of the company in adopting and implementing SCCs, the findings inevitably lead to the limits of corporate action to address labor issues in global supply chains. From the literature review, I observed that scholars highlight supplier-level institutional frameworks as a central factor of SCC compliance. For instance, suppliers' domestic labor laws affect SCC compliance, as SCC are better complied with in countries with strong regulatory institutions enforcing labor rights effectively (Distelhorst et al. 2015; Locke et al. 2007; Toffel et al. 2012), including labor inspectorates (Bartley & Egels-Zanden 2015).[16] However, my own empirical data, particularly present on this topic in Chapter 6, points to external factors experienced by buyers in their economic context. This can be explained by the pool of respondents interviewed: human rights experts within companies were more sensitive to the external factors influence SCC implementation in their own institutional framework. In the interview chapter, I observe that multinationals underscore the absence of a level playing field and lack of governmental support in implementing SCCs as a factor impeding best practices and the development of appropriate tools to implement SCCs.[17] The human rights experts interviewed generally asserted that their company was in favor of a legislation increasing the normative framework on corporate obligations in global supply chains, although this could be the result of a selection bias.[18] Overall, human rights experts are of the opinion that the shift towards a due diligence law is a positive push towards corporate accountability and will give them leverage in putting human rights considerations on top of the leadership agenda. Yet, concerns remain regarding the practical implications of the law, the potential compliance approach leading to a box-ticking exercise, or the challenging of harmonizing requirements globally.

Therefore, to answer the second part of the research question, my analysis concludes that SCCs' implementation is generally weak, as I point to disparities between the formulation of policies and their practical executions. The challenges faced by companies of *'walking the talk'* are influenced by a range of factors, that can be addressed by different actors. This is why I consider SCC implementation to be a multi-level endeavor. The classification of these factors is detailed in Table 1 below, with on the left column the

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16   Results on external factors gathered from the literature review are detailed in section 3.5.1.
17   The external challenges to SCC implementation are specifically detailed in section 6.3.3.3.
18   This selection bias is twofold: 1. The companies accepting to contribute to this research are most likely to be 'best actors', and already include due diligence in their business practice and 2. Respondents were human rights experts within these multinationals, in charge of pushing the company's agenda towards better practice.

list of factors highlighted in the literature review (chapter 3) and in the right column factors identified by my own empirical data (chapters 4, 5 and 6).

Table 1. Factors influencing SCC implementation

	Literature	Own data
Buyer level	– Companies' purchasing practices and price pressure – Companies' characteristics (sector, size, location) – Monitoring and supervising suppliers' compliance and costs spent on compliance programs – Internal drive for social commitment – Reputation conscious buyers	– Internal dissemination of human rights standards, especially in teams working directly with suppliers – Corporate governance structures facilitating cross-functional collaboration – Human rights experts acting as enablers and trainers on human rights risks. – Human rights not considered a priority, especially when costs of implementation are balanced with profit interests
Buyer-supplier level	– Supply chain governance and transparency, contract duration, complexity of supply chain – Cooperation between suppliers and buyers – Long term; trusting and direct supplier-buyer relationships – Compliance approach compared to peer-to-peer governance – Supplier independence to develop own strategies	– Establishment of collaborative (instead of compliance-based) management systems – Companies having leverage on suppliers – Successful map of supply chain – Companies "leading by example" – Effective tools to measure SCC compliance beyond audits – External stakeholder engagement
Supplier level	– Employment practices and management – Supplier characteristics (size, ownership) – Production characteristics – Presence and independence of trade unions – Supplier commitment to high labor standards	NO DATA
External level	– Institutional legislative framework (supplier level) – Presence of civil society and press freedom (supplier level) – Economic context (supplier level)	– Economic competition – Absence of a legal level playing field – Absence of support or expertise from public institutions

7.2 THEORETICAL CONTRIBUTIONS: THE PATH TO SUCCESSFUL IMPLEMENTATION

As follows from the presentation of the findings, I can generalize the answer to the research question by saying that, although companies adopt codes, their commitments to implementing them are limited and corporate actions do not seem to match the objectives set to guarantee labor standards in global supply chains. This limited implementation and the necessity of improving codes' impact forms the basis of the theoretical contribution

detailed in this section: the presentation of a model called the *path to success* (section 7.2.1.), and the potential in *derailing* from the path (section 7.2.2). In this model, I contribute to organizational and institutional theories, regarding the ongoing processes from a policy adoption to their implementation – and ultimately their effectiveness in reaching the set objective. The model, in turn, helps me formulate recommendations for the business practice (private) and the policy maker (public) to avoid derailing from the path, on the basis of my empirical findings (section 7.3.).

7.2.1   Presenting the path to success

The *path to success* is a comprehensive conceptual model bringing together the results of my thought process and data analysis, outlining the recommended steps for achieving decent labor standards in global supply chains. It details the challenges and factors affecting the process from the adoption of the policy to its objective of addressing labor risks. I would not go as far as arguing that this model is entirely new, or that it develops a new theory. Instead, the model is a combination of several theoretical models drawn from different scholars, integrated in one model and adapted to SCCs. The model is largely based on new institutional theories of Bromley and Powell (2012), adapted by de Bree and Stoopendal (2020), and inspired by the integrated research model by Kaptein & Shwartz (2007). This model was explained and used in different ways throughout the dissertation and is even visually represented in chapters 3 and 5. Initially developed as a result of the literature review, I observed that it constituted a relevant framework to integrate and visualize my empirical findings. Therefore, it has evolved, justifying why the model is different every time it is presented in this dissertation – ultimately leading to the overarching depiction of model 1 below.
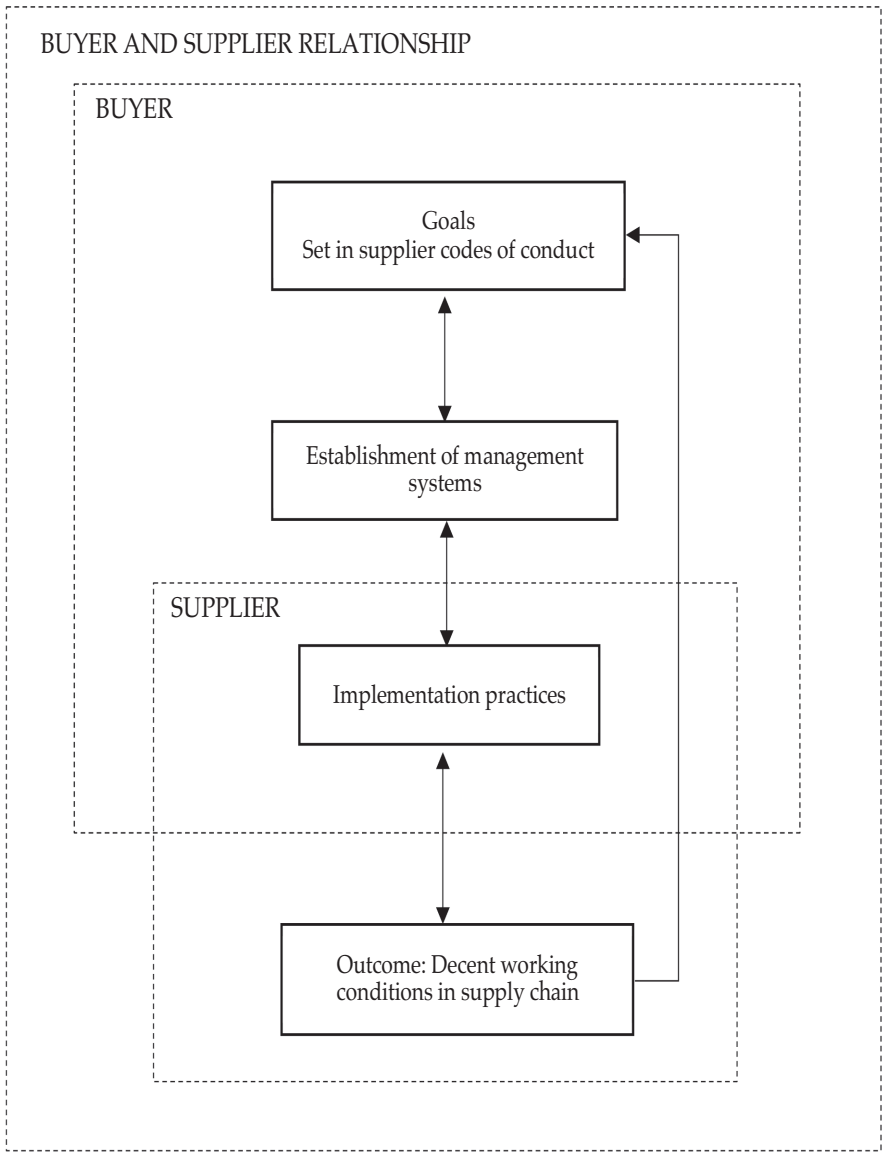
With the development of the *path to success*, I hope to contribute to the existing theories in two ways. Firstly, the model delineates four sequential steps crucial for achieving the desired outcome. While Bromley and Powell's (2012) original model featured three steps – Formal policies, Daily practices, and Intended outcome – recent scholarship by de Bree and Stoopendaal (2020) identified an additional step: the relevance of management systems in bridging policy and practice. I contend that these four steps are particularly pertinent to the implementation of SCCs and elaborate on their application in this context. Secondly, the model incorporates four distinct levels of analysis (featured by the boxes in model 1), each corresponding to actors (or groups of actors) exerting influence over (parts of) the implementation process. This is notably inspired by the theoretical framework developed by Kaptein and Schwartz (2007), who designed an integrated model to assess business code's effectiveness. Their model only includes two levels, as codes discussed by Kaptein and Schwartz are internal codes, thus only applying to companies' employees. In the case of supplier codes, more levels of actors are relevant. At the buyer level, multinational corporations play a pivotal role in driving the adoption of SCCs, establishing labor standards, and designing management systems to ensure

compliance. Both buyers and suppliers play a role in implementation practices, as the two parties to this formal or unformal 'contract'. The ultimate outcome—namely, working conditions—is discernible only at the supplier level. A third level of actors identified is the relationship between the buyer and the supplier, precisely the collaboration between these two parties to ensure minimum labor standards. This level, I argue, affects all parts of the implementation process. Finally, this implementation process takes place in a specific legal, economic and cultural context that I refer to as the *external environment*, the fourth level of analysis. This environment is characterized by specific pressures and constraints imposed by civil society and consumer organizations, national and international policymakers, judicial bodies, but also economic actors such as shareholders.

Overall, the *path to success* model emphasizes the collaborative efforts of multiple actors and the contextual factors that shape SCC effectiveness. Below, I delineate the steps and levels of analysis involved in the implementation process, providing a comprehensive framework for understanding and addressing challenges in promoting decent labor standards in global supply chains.

Model 1: The path to success from SCC adoption to decent labor standards

EXTERNAL ENVIRONMENT

BUYER AND SUPPLIER RELATIONSHIP

BUYER

Goals
Set in supplier codes of conduct

Establishment of management
systems

SUPPLIER

Implementation practices

Outcome: Decent working
conditions in supply chain

The first step of the *path to success* is setting a goal, in this case, the labor standards laid down in supplier codes of conduct upon their adoption. From my empirical data, the goal of SCCs is clear: ensuring that multinationals' supply chain ensure minimum labor standards. Observing that 70% of multinationals adopt a code, and that most codes include a standard content, allows to reflect on institutional theory of organizational isomorphism. Organizational isomorphism describes the tendency for organizations to become more similar over time (DiMaggio & Powell, 1983). Interviews with human rights experts confirm that multinationals mimic other companies in developing their CSR policies. Companies also mirror collective initiatives such as the Responsible Business Alliance and is influenced by the policies of other companies. Additionally, there is an undergoing normative isomorphism occurring, where organizations tend to conform to cultural norms, values, or expectations. This was also very present and a central motivation for SCC adoption raised during interviews, as companies mention the pressure experienced by external stakeholders to address labor rights in their supply chains. This conformity is particularly evident in geographically proximate locations, reflecting the convergence of corporate behaviors in culturally similar contexts (confirmed by Scholtens & Dam, 2007). These findings shed light on the complex interplay between institutional pressures, cultural norms, and corporate behavior, underscoring the nuanced dynamics shaping the formulation of SCCs towards a sense of standardization. In a context of a global regulatory gap, isomorphism is welcome, and provides for an international benchmark setting. Codes therefore allow seem to allow a form of institutionalization of human rights in global supply chains. This assertion aligns with George's research (2022), which argues that global human rights have evolved to form an integral component of the 'social license to operate' for prominent transnational corporations. This phenomenon, characterized by the institutionalization of human rights, entails their incorporation into corporate practices, encompassing considerations within business models, supply chains, and operational strategies. It is important to note, however, that the findings presented on codes' standardization are confined to the examination of the content of codes, rather than their practical implementation.

Within this context, several notable aspects of standardization emerge. Firstly, the role of international soft law or indirect norms is pivotal in fostering alignment of labor standards across global supply chains. Despite explicit references to international texts being present in only 30% of codes, a consensus appears to exist regarding core ILO standards. Secondly, it is crucial to keep in mind that isomorphism does not equate to efficiency of business practices (DiMaggio & Powell, 1983), which, in our case, means that it will not necessarily improve labor conditions in global supply chains. On the contrary, the absence of tailored approaches to addressing labor risks within global supply chains may impede effective interventions. Moreover, while sector-specific variations exist, they offer potential avenues for positive change. Kolk (2008), for instance, explores how companies adopt

carbon disclosure practices, often influenced by mimetic isomorphism within their respective industries. However, our findings suggest that the primary impetus for change lies more in mitigating reputational risks than addressing labor standards directly, considering that better formulation of codes content is identifiable in sectors specifically driven by consumer reputation. Furthermore, my research indicates that the scope of standardization predominantly encompasses broad terms of labor law, such as child labor, forced labor, and discrimination, rather than delving into more nuanced aspects. This suggests a need for further examination and refinement of corporate practices to ensure comprehensive adherence to human rights principles within global supply chains.

The second step of the model involves the establishment of management systems, designed by the multinational itself. As defined by de Bree and Stoopendale (2020), management systems include all the kinds of intended organizational measures and procedures to achieve the goals set by the policy. At this stage, my analysis revealed that multinationals' management systems are predominantly focused on risk assessment and monitoring practices, such as audits and factory visits, along with corrective action plans for addressing non-compliance with standards. Findings indicate a notable disparity in the inclusion of other critical management mechanisms. For instance, references to supplier training programs aimed at facilitating the implementation of labor standards, as well as reporting procedures like whistleblowing or grievance mechanisms, are comparatively less frequent in the codes we examined. Overall, the second step of the model underscores the importance of adopting a holistic approach to management system design, one that goes beyond a surveillance and monitoring of supplier practices.

The third step of the model focuses on the practical implementation of management systems and strategies designed to uphold labor standards within global supply chains, meaning the practices effectively in place to integrate codes in companies' and suppliers' everyday activities. Insights gleaned from interviews revealed a diverse array of implementation practices employed by multinational corporations. Two main types of practices are identified. Firstly, internal practices aimed at raising awareness and understanding of SCCs within the company are crucial. This remains in the internal buyer-level of action. Here, workshops and training sessions can be used to educate internal teams, particularly those in direct contact with suppliers, about the importance and requirements of SCCs. Additionally, efforts to enhance transparency by mapping the supply chain and identifying "most at-risk" suppliers are underway, albeit in early stages of development. Secondly, practices involving collaboration with suppliers or monitoring the implementation of codes play a vital role. Here, it relates to the buyer-supplier level of action. For instance, multinationals are developing prequalification questionnaires to assess suppliers' adherence to standards, while also exploring advanced technologies such as AI and web scraping to identify potential risks through media monitoring. However,

collaborative implementation practices are overall lacking and weak, even in best practices scenarios. Most companies are only beginning to implement basic verification measures to ensure supplier compliance. Human rights experts are increasingly acknowledging the limitations of traditional auditing practices and are seeking alternative approaches. They underline the necessity of including participation in collaborative initiatives aimed at conducting joint audits at the branch level. Additionally, they warn about the dangers of suppliers' termination of contracts in case of noncompliance (a practice often referred to as the "cut and run" philosophy). Yet, between the known theory by experts and practical action, there is a gap. This third step highlights the importance of implementing a range of practices that encompass both internal awareness-building efforts and collaborative approaches with suppliers.

The last step of the process concerns the outcome sought, in this case, decency of working conditions at supplier level. While a comprehensive examination of what constitutes 'decent' working conditions could warrant a separate research endeavor, this dissertation relies on internationally adopted labor standards provided by the ILO as a robust framework for this purpose. At this step of the process, empirical data were not collected. As we can see from the model, an arrow relates the outcomes back to the standard setting in codes. This intends to show that the outcomes, including specific problematics identified, theoretically affects the goal setting. This emphasizes the dynamic nature of the process, wherein outcomes serve as valuable inputs for revising and updating policies and practices to better address the evolving needs and challenges faced by multinational corporations and their suppliers.

7.2.2   Derailing from the path: Decoupling

Drawing from the literature, scholars have demonstrated that organizational responses to external pressures often led to buffering of internal practices, creating a *decoupling* of formal policies from daily practices in an organization's internal technical core (Meyer and Rowan, 1977). Following a presentation of the steps of the *path to success*, the concept of decoupling focusses on the arrows of model 1, meaning the process going from one step to the next allowing to align the policy and the practice. This process, as observed by the theorists designing other versions of this model, is likely to be interrupted at each stage, especially for policies such as supplier codes of conduct (Bird et al, 2019). In organizational studies, and particularly new institutional theory, decoupling is defined by the creation and maintenance of gaps between formal policies and actual organizational practices (de Bree & Stoopendaal, 2020). This concept of *decoupling* has been previously used by scholars to refer to the gap between supplier codes of conduct standards, and actions (or lack thereof) in global supply chains (Bartley and Egels-Zandén, 2015). In chapter 5, I also referred to this gap as the discrepancy between the "talk" and the "walk". Applying decoupling to the *path to suc-*

cess, I consider that the multi-level actors involved may *derail* from the path, preventing the implementation of codes and thus not reaching the set goal of decent labor standards at supplier level.

De Bree and Stoopendaal (2020) consider that decoupling can occur at each phase of the implementation process, leading to four phases at risk of decoupling: the goal-system decoupling, system-practice decoupling, practice-outcome decoupling, and policy-outcome decoupling. Each of these decoupling possibilities are visually depicted in model 2 below and explained further.

Model 2. Derailing for the path: the decoupling phases
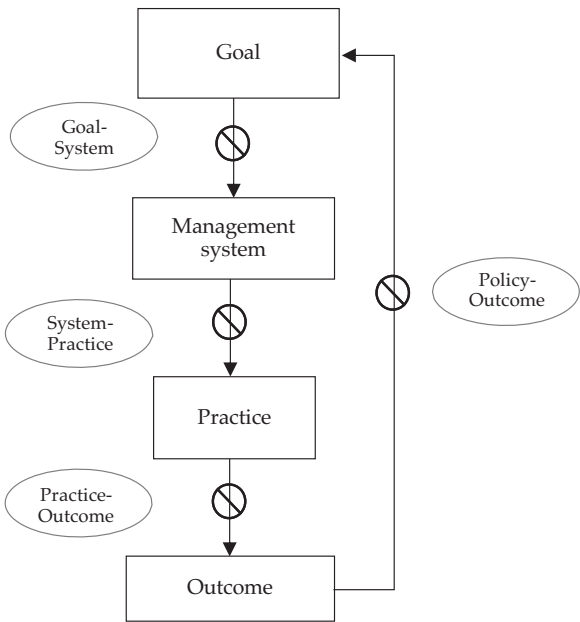
First, goal-system decoupling occurs when there is a misalignment between an organization's publicly stated goals and the organizational arrangements established when designing management systems (de Bree and Stoopendaal, 2020). In essence, goal-system decoupling occurs when organizations publicly express certain goals or values but fail to set a formal organization with appropriate tools and internal structures on the basis of this policy.

Second, system-practice decoupling refers to the phenomenon where organizations formally adopt certain management systems but struggle to effectively implement them in practice. This concept suggests a disconnect between the intended goals or standards set by an organization and the actual behaviors within the organization. System-practice decoupling can be attributed to a multitude of factors, including organizational inertia, conflicting priorities, lack of resources, or inadequate monitoring and enforce-

ment mechanisms. Here, Meyer and Rowan (1977) draw a connection with organizational isomorphism, to show the negative sides of growing similarity across organization. The link between organizational isomorphism and decoupling lies in the tension between external pressures for conformity (isomorphism) and the practical challenges of implementation. Organizations may face pressure to adopt certain structures or practices to appear legitimate or conform to industry norms (isomorphism), but they may struggle to fully implement these practices due to internal constraints or conflicting priorities. As a result, organizations may engage in decoupling, where they maintain the appearance of conformity without fully embracing the practices in practice.

Thirdly, the practice-outcome decoupling refers to a phenomenon where organizations implement certain practices or procedures (practices), without achieving the intended outcomes. Practice-outcome decoupling is particularly relevant in the context of assessing the effectiveness of organizational interventions or initiatives. It highlights the importance of not only implementing practices or procedures but also ensuring that they lead to the intended results or outcomes. DiMaggio and Powell (1983) discuss how organizations may adopt external structures or practices to appear legitimate without necessarily internalizing them or achieving the intended outcomes. Bromley and Powell (2012) also call this the means-end decoupling, meaning that 'policies are thoroughly implemented but have a weak relationship to the core tasks of an organization'. This form of decoupling concerns situations in which the practices implemented have an unclear relationship to outcomes. Means-end decoupling arises from embracing wishful social narratives about control in which the pressure to conduct evaluation is stronger than the pressure to conduct good evaluation. As underlined by Power notably (1997), this form of decoupling applies well to social audits for instance. Power's work on organizational control and accountability highlights the potential for audits to create symbolic assurance without driving substantive changes in behavior or outcomes.

The last decoupling phase concerns the policy-outcome decoupling, related to the disconnect between policy intentions or goals and the actual outcomes or results achieve.

7.2.1   Avoiding derailing from the path: Recoupling

Despite the numerous possibilities that policies can decouple when looking in organizational theories, decoupling is not an irreversible state. Scholars have argued and show paths to the process of *re*-coupling, meaning that a policy initially decoupled may trigger behavioral changes over time and provoke a dynamically evolving phenomenon of gradually aligning human rights practices with policies (Egels Zanden, 2007; Cole, 2005). Indeed, over time, even symbolic policies can become integrated into organizations in unexpected ways, driven by moral obligations and evolving institutional norms (Sauder & Espeland, 2009). Tilcsik (2010) particularly studied the

processes of recoupling and mentions that recoupling can be achieved through a series of strategic interventions. According to Tilcsik, this recoupling process involves five key steps: symbolic adoption of the formal policy, integration of new organizational members with the necessary skills, dissemination of a new vision of organizational rationality, triumph of this new vision, and ultimately, the coupling of formal policy with actual practice (Tilcsik, 2010). This means that it *can* be achieved through several steps, that a policy that is originally symbolic and lacks effect can progressively integrate organizational culture.

Following these explanations on the decoupling and recoupling, it is relevant to understand what my empirical studies have contributed when it comes to the factors affecting this process – and most importantly the factors leading to a more successful implementation – hence, what can change. The following section is dedicated to seeing how the multi-level factors underlined in the key findings integrate this model and formulate recommendations for policymakers and companies – proposing an effective path to success avoiding the obstacles. Considering my lack of data on outcomes, I was not able to empirically test two of these phases: the practice-outcome decoupling and the policy-outcome decoupling. The following section provides insights for corporate practice and policy makers to lead to recoupling.

7.3   Practical implications: Recommendations on the path to success

In this section, I aim to bridge the gap from factual observations to normative recommendations. This transition involves translating empirical findings into actionable suggestions for companies and policymakers to develop norms that mitigate human rights risks within global supply chains. Through the application of concepts such as de- and re-coupling to empirical data, conceptual models 3, 4, and 5 offer insights into addressing goal-system decoupling (model 3) and system-practice decoupling (model 4), while model 5 outlines actionable strategies for policymakers to contribute to re-coupling across all levels. The empirical findings brought on these three levels of analysis and the recommendations made on this basis hope to improve SCCs' effectiveness in practice.

It is important to acknowledge the limitations of this analysis. While the steps to code implementation were empirically tested, data collection did not extend to the supplier level, where the outcomes of labor conditions manifest. Consequently, two potential phases of decoupling—practice-outcome and policy-outcome—were not explored. Moreover, empirical results on SCC implementation primarily reflect the corporate perspective (buyer level). Despite these limitations, the path to success model provides a holistic understanding of potential gaps in SCC implementation, offering explanations for why outcomes may not be achieved and recommendations for improvement.

7.3.1   Preventing derailing from the path: Recommendations for corporate practice

Companies are central in implementing codes of conduct, or in preventing their decoupling. From the path to success model, they are especially important actors at the goal-system decoupling phase, and the system-practice decoupling. For each of those steps, I aim to formulate recommendation on companies' best behavior to implement codes.
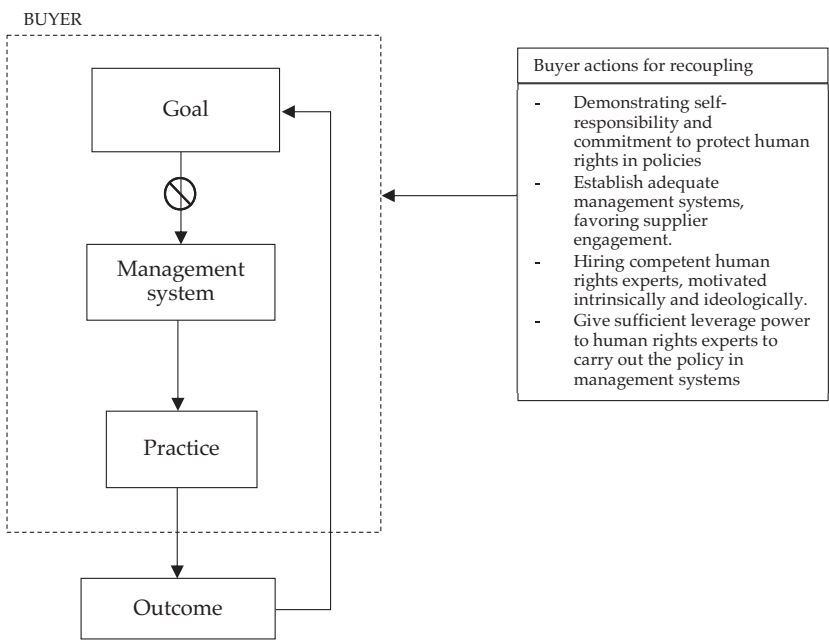
As visually represented in model 3 below, companies can adopt behavior to avoid a gap between the goal set in codes of conduct and the management systems developed. From the content analysis, it is apparent that companies do not fully accept a high level of responsibility, notably in the formulation of their policies. Intentions and actions were oriented towards the supplier, and less so towards the actions underwent by the company itself to address the risks. This lack of self-responsibility phrased in codes has repercussions on the legal value of the codes, as explained in the second chapter. Lack of explicitly binding provisions in codes impedes the recognition of a legal value and enforcement by the judicial actor and does not guarantee a genuine commitment from multinationals to human rights beyond mere window dressing. To prevent this, it is desirable that the language adopted in SCCs reflects actionable steps that companies themselves are willing to undertake. This not only provides for more actionable management systems to establish, but also ensures transparency of commitments towards external stakeholders. This relates to the factor 'Demonstrating self-responsibility and commitment', in model 3. Therefore, when drafting codes, governing boards of companies should adopt policies that are binding themselves to conduct action.

Additionally, the choice of management systems to implement codes is crucial for ensuring policy impact. Certain management systems are more effective than others. Empirical scholars and the literature are clear on this point: Social audits and supplier surveillance are ineffective in improving labor conditions, while management systems favoring collaborative practices are better practices. Yet, when looking at what companies do, the findings presented in this dissertation indicate that fewer companies set management systems engaging with suppliers, workers, and adopting the collaborative approach. Among the 'adequate' management systems recommended to implement the policy, I therefore promote setting whistle-blowing systems for workers within supply chains in case of violation of labor standards and setting internal grievance mechanisms to ensure access to remedy, developing training programs of suppliers to increase awareness and skills to identify and prevent labor rights violations, and ensuring buyer-supplier communication on addressing labor risks at supplier level.

To promote the establishment of adequate management systems, I also recommend that companies recruit human rights experts within their companies. The interviews conducted for this dissertation showed that these experts can serve as catalysts for bridging the gap between stated goals and

practice, notably by leveraging their expertise to design and implement effective management systems. Moreover, providing sufficient leverage and authority to human rights experts is imperative for the successful implementation of policies. During the interviews, experts underlined that companies' structures were not always suited to ensure the development of adequate management systems, considering that operational teams in contact with suppliers lacked expertise to address human and social risks. Empowered experts can navigate organizational hierarchies, enact necessary changes, and ensure that policies are embedded within management systems effectively. To enhance their power, specific structures such as human rights committee can be set up to facilitate horizontal integration of human rights concerns.

Model 3: Multinationals' capacity to address the goal-system decoupling

BUYER

Buyer actions for recoupling
- Demonstrating self-responsibility and commitment to protect human rights in policies
- Establish adequate management systems, favoring supplier engagement.
- Hiring competent human rights experts, motivated intrinsically and ideologically.
- Give sufficient leverage power to human rights experts to carry out the policy in management systems

Goal → Management system → Practice → Outcome

Beyond the code formulation, empirical findings underscore that the adoption and content of SCCs represent only a small part of the solution to addressing labor rights in global supply chains. The primary focus should be on how companies act to implement these policies and ensure their impact. Indeed, even in 'best case scenario' of management systems set in codes, my findings reveal that these may still prove ineffective to ensure minimum labor rights. This points to the following: it is instrumental that companies *walk the talk* and substantiate their commitments with a strong decision making in favor of human rights protection. From interviews with human rights experts, I identified that the dissemination of the policy *within* the company is a necessary first step of action to ultimately reach

the supplier level. I argue that the dissemination of the policy within the organization should occur on two fronts: vertical and horizontal integration. Vertically, leadership must emphasize the centrality of human rights to the corporation's objectives and establish a governance structure conducive to collaboration on human rights issues, such as the formation of a human rights committee. Horizontally, collaboration within the company is essential. Here again, human rights experts play a pivotal role in training operational and procurement teams in direct contact with suppliers, ensuring a holistic approach to human rights integration throughout the organization. For this purpose, I recommend a company-wide awareness on human rights issues, to foster knowledge on human rights, particularly among teams directly engaged with suppliers. This may instill a culture of human rights consciousness within the organization thus linking the policy with actions in all activities. Internal workshops and training sessions serve as an effective platform to disseminate this information.

Moreover, interviews revealed that the budgetary elements were central when discussing *actions* towards human rights protection. In fact, human rights risks come after considerations towards financial profits and economic competition within companies. To address this problematic, I recommend that the budget invested in management systems and in discussing with suppliers on human rights concerns be re-evaluated, to figure as a priority within organizational agendas. In addition, consequent allocation of resources towards the implementation of management systems would reinforce the organization's commitment to bridge the policy and practice.

Model 4: Multinationals' capacity to address the system-practice decoupling
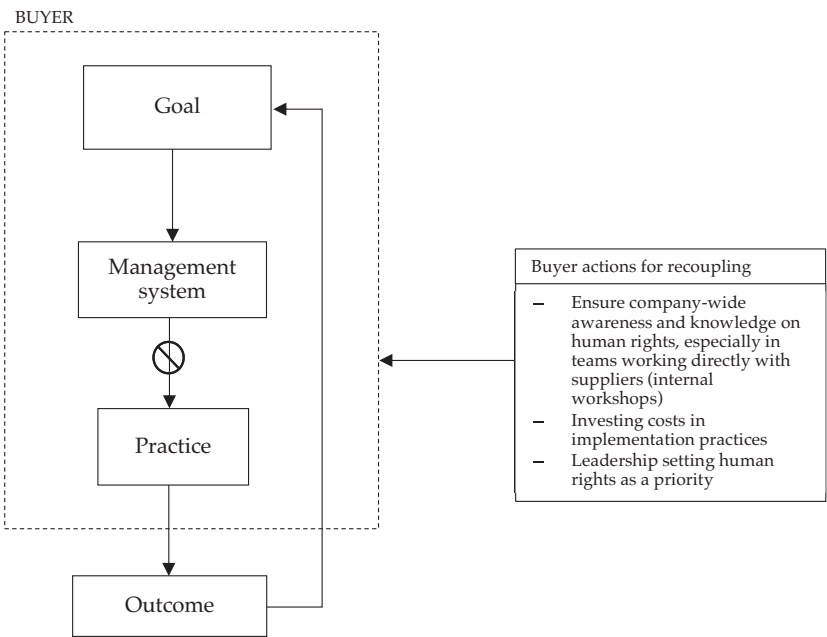
7.3.2   Preventing derailing from the path: Recommendations for policy makers

Pursuant to my empirical results and my theoretical insights, I want to express my general positive stance towards the introduction of laws aimed at enhancing corporate accountability within global supply chains. Simply relying on corporate willingness is insufficient, and the "regulatory gorilla in the closet" should intervene to create the necessary preconditions to strengthen private regulatory enforcement (Verbruggen, 2013). Given that business models primarily seek economic viability and profit in a capitalist economy, attempts from public actors to set a level playing field on human rights and environmental issues are necessary. In the *path to success* model, the external box (external environment) shows how implementation processes are dependent on a context, which can be influenced by external stakeholders, and especially the public actor. In fact, decoupling can occur because the demands of external stakeholders conflict with the operational realities of companies striving to remain competitive in the market (Bromley & Powell, 2012). In such cases, companies may resort to superficial measures, such as drafting symbolic policies or making token gestures, without making substantial changes to their practices – resulting in window dressing.

   Therefore, public actors and policymakers can help rebalance power dynamics and provide the necessary incentives for companies to genuinely adhere to labor standards in their supply chains. Recoupling can occur by policy adoption. One general direction has been mandatory human rights due diligence law, and first and foremost the adoption of the CSDDD. However, I argue that other transformative policy-making pathways may be even more effective.

7.3.2.1   *Re-coupling with the CSDDD*

As I write these concluding words, the Corporate Sustainability Due Diligence Directive is being adopted at the European level.[19] This Directive marks a major reform in the legal approach to transnational corporate responsibility for global supply chain human rights and environmental risks, as argued throughout the dissertation. Pursuant to Article 5 of the Directive, multinationals will be obligated to adopt codes of conduct outlining rules and principles to be followed by the company and its subsidiaries, and to take measures to '*verify compliance with the codes of conduct*'. By integrating codes and compliance systems into hard law, the legislator creates a system of accountability that aims to ensure companies adopt and act upon

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19   This dissertation was finalized in April 2024. On March 15th, the Council of the EU reached and adopted a compromise, after weeks of uncertainties and political negotiations. On April 24th, the European Parliament adopted this new version of the Directive. Formal adoption of the Directive should occur by June 2024.

their self-regulatory policies. This will likely impact corporate efforts in the *path to success*, as the Directive relies heavily on businesses to self-regulate and to integrate human rights within their practices as they deem relevant. The control of the integration of due diligence in corporate practice will, in large part, be performed *ex ante*, where the judge or the administrative supervisory authority will assess whether the companies have taken *appropriate* measures *where relevant*. The legislator, with this text, intends to give a central role to businesses in protecting human rights, without dictating exactly how this role should be performed, and leaving a margin of appreciation. As underlined in the Preamble (7) "*All businesses have a responsibility to respect human rights, which are universal, indivisible, interdependent and interrelated*". This interpretation of the Directive is in line with the plethora of academics identifying an increasingly blurred division between the public and the private roles, as private power must increasingly be directed towards public goals interests (Deva, 2013 ; Schouter & Miklian, 2018). Therefore, the objective of mandatory human rights due diligence is not only to increase corporate accountability, but also to internalize negative impacts on human rights. This is a promising direction, as the result of my empirical studies consider *internalization* and *corporate intrinsic motivation* as factors of SCC effectiveness.

In this light, Lafarre (2023) contends that the CSDDD can indeed provide appropriate incentives to avoid adverse impacts, but selecting the right enforcement mechanisms is key for effective enforcement of these obligations. My results point to the same direction. Only *some* corporate management systems appear to ensure codes' effectiveness, while others point to no effect, or even, negative effects (chapter 5). The CSDDD does not refer explicitly mandate the use of specific management systems, nor limits companies in their 'verification of compliance' to be put in place. Yet, some elements allow us to foresee which management systems will be considered 'good enough' by the judge or the supervisory authorities. First, Article 10 (5) considers that "*For the purposes of verifying compliance, the company may refer to independent third-party verification*", thus acknowledging external audit as a legitimate tool. This is a matter of concern, considering the lack of effect and negative impact of auditing highlighted in the dissertation. As derived from chapter 6, this compliance approach based on the auditing system also raises the risk of entering a box-ticking exercise. Second, results show that grievance mechanisms or reporting mechanisms empowering workers in supply chains were the most effective in positively impacting labor conditions. On this point, Article 12 (2) of the Directive considers that "*Member States shall ensure that, where a company has caused or jointly caused an actual adverse impact, the company provides remediation*." While this does not dictate a direct obligation for companies to put in place private grievance mechanisms ensuring access to remedy, it gives Member States the supervisory role to promote these mechanisms. Thirdly, internal dissemination and human rights expertise was assessed as a large factor of codes' implementation. To promote this, the German Supply Chain Act include the obligation

to appoint a 'human rights officer', responsible for monitoring the risk management within their supply chains. The Directive does not formulate such immediate obligation, which will leave a margin of appreciation to Member States' transposition laws. Finally, Lafarre (2023) demonstrates that public enforcement with the involvement of public authorities that have strong monitoring and sanctioning powers is key to effectively enforce substantive due diligence obligations. In her article, she demonstrates that the factors of effective enforcement are missing in the CSDDD. While my results do not allow me to draw conclusions on the authorities and powers necessary to effectively enforce due diligence, interviews showed that there is a necessity for public expertise and support of companies to ensure a coherent and harmonized due diligence framework. The supervisory authorities (Article 24 CSDDD) form a good hope for the development of public expertise, even though number of scholars and civil society are wary of their independency, legitimacy, and expertise.[20]

Despite these opportunities and hopes for the CSDDD to recouple SCCs with decent labor standards in global supply chains, the emphasis on corporate self-regulation is a matter of concern to some scholars (Patz, 2022). In fact, explicitly mandating codes of conduct diverges from the UNGPs approach. Instead of referring explicitly to the adoption of SCCs, the UNGPs only insert a short reference to 'human rights policy' under commentaries of Principle 19. This Principle insists more on the *integration* of the human rights policy throughout the company, than on their adoption.[21] The reference to third party audit for verification of compliance is also worrisome. Ultimately, to prevent the CSDDD to turn into a box-ticking exercise voiced by human rights experts in chapter 6, the case-by-case assessment by the judge of due diligent conduct should favor corporate efforts in stakeholder participation, grievance mechanisms, and attempts to transform supplier relationship towards more centrality to the social aspects. For this purpose, a re-evaluation of purchasing costs should also be conducted by companies. This approach aligns with the UNGPs and the OECD Guidelines, a necessary factor to ensure CSDDD effectiveness to recouple the *path to success*.

7.3.2.2 *Re-coupling beyond the CSDDD*

While the CSDDD has the objective of ensuring due diligence in all companies' activities, Western due diligence laws do not appear to have the ambition of reforming existing governance of supply chains or operate a

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20   The French NGO Sherpa has been the most vocal on this topic. Already in 2021, Sherpa wrote an assessment of this potential authority: "*Creating a Public Authority to Enforce the Duty of Vigilance Law: A Step Backward?*", accessible at: https://www.asso-sherpa.org/wp-content/uploads/2021/05/2021.05-Position-Paper-DV-Public-Enforcement.pdf (last accessed June 2024).

21   Commentaries to Principle 19 mentions that: "*Human rights prevention should be integrated horizontally across the business, meaning that human rights policy commitments have been embedded into all relevant business functions.*"

shift away towards a redefinition of corporate purpose or a systemic change of global production systems. By placing SCC and compliance verification (third party audits) central to due diligence obligations, the legislation comes from a neoliberal perspective, meaning that companies must integrate human rights concerns in their agendas, but are not incentivized to redefine their orders of priorities and purpose. When assessing due diligence laws, Leite (2023) in fact considers that States' actions to increase multinationals' accountability in supply chains is following a (capitalist) market logic, instead of ensuring a "rights-based economy". This neoliberal view of the global market is detrimental to setting global minimum standards. To achieve the objective set in the preamble of the Directive to "*advance respect for human rights and environmental protection*", States should push for more transformative macroeconomic policies to fundamentally change business models.

In this light, I advocate for a comprehensive and overarching transition in national, regional and international policies and governance, for a long-term prevention and mitigation of human rights risks in global supply chains. As one of the intrinsically motivated human rights experts mentioned, "*Ultimately, the whole system needs to change. Also, the economic system.*" This 'shift', in my opinion, should be systemic, towards new models of global production, that prioritize multi-stakeholder governance and embed human rights concerns within corporate practices. Central to this transition is the elevation of workers' voices to the forefront of supply chain decision-making processes, thereby reframing policy agendas to prioritize social welfare over economic interests. Concretely, this could entail:

A) Promoting collective bargaining and protecting trade union rights in transnational settings. This is a challenge in global supply chains, considering that trade unions are traditionally focused on improving labor conditions at the national level (Frege & Kelly, 2020). Yet, global trade unions such as the International Trade Union Confederation (ITUC) and initiatives such as the Global Unions Group are good examples of undergoing internationalization of trade unions.[22]

B) Empowering workers by giving them a place in policy setting and an effective access to remedy notably favors a more horizontal governance of global supply chains. Mandating the involvement of civil society organizations and workers' representatives in the global policy making at corporate level, as well as in the verification tools developed to implement them.

C) Ensuring easily, effective, and protected access to remedy to victims of labor violations, both internally in the company and externally.

The objective of this transition should be to favor the redistribution of

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22   For more information, see the briefing of the British Trades Union Congress (TUC) of December 2021, *The role of trade unions in international development cooperation*, accessible at: https://www.tuc.org.uk/sites/default/files/2021-12/Trade%20Unions%20and%20 International%20Development.pdf

wealth and address wide inequalities, ensuring that cheap labor does not lead to disproportionate and unfair enrichment of multinationals, instead promoting fair costs of production. This transition should represent a fundamental shift away from neo-colonialist practices and towards a fairer, more equitable model of production that respects the dignity and rights of all individuals involved in global supply chains. For this purpose, I bring forward the thoughts of some progressive minds who advocate for a redefinition of corporate purpose or '*raison d'être*', moving beyond mere profit gains to encompass broader social responsibilities.[23] In lieu of a foundational principle like shareholder primacy or stakeholder fairness, Mayer (2018) proposes "purpose primacy". The public actor can incentivize this change of purpose, by shaping policies encouraging corporations to adopt a more socially conscious approach (Porter & Kramer, 2011). For instance, policy making could mandate corporations to clearly outline their societal contributions, thereby holding them accountable for their social impact. This was argued and developed by Palombo (2022), who underscores the necessity for businesses to rediscover their original function to serve the needs of society – and what legal avenues are promoting this. In France, the *PACTE* legislation of 2019[24] makes a first step in this direction, by introducing the concept of *raison d'être* and establishing the status of *entreprise à mission* (mission-drive company). The law allows companies to specify a *raison d'être* in their establish description. This is a statement that defines the company's purpose and the principles it aims to adhere to in conducting its business. At the European level, there is not yet a specific law governing mission-driven companies as there is in France with the PACTE law. Legislations requiring their actions based on their societal contributions would allow a shift in fostering a different vision of corporations and will have repercussion on exploitative supply chain practices.

The transition from a neoliberal capitalist model must tackle many different fields of law for an overarching approach. On top of the legal changes regarding corporate governance, due diligence, and corporate accountability, policies must also affect economic and fiscal systems. Among those discussing the necessary shift for sustainable and economic global produc-
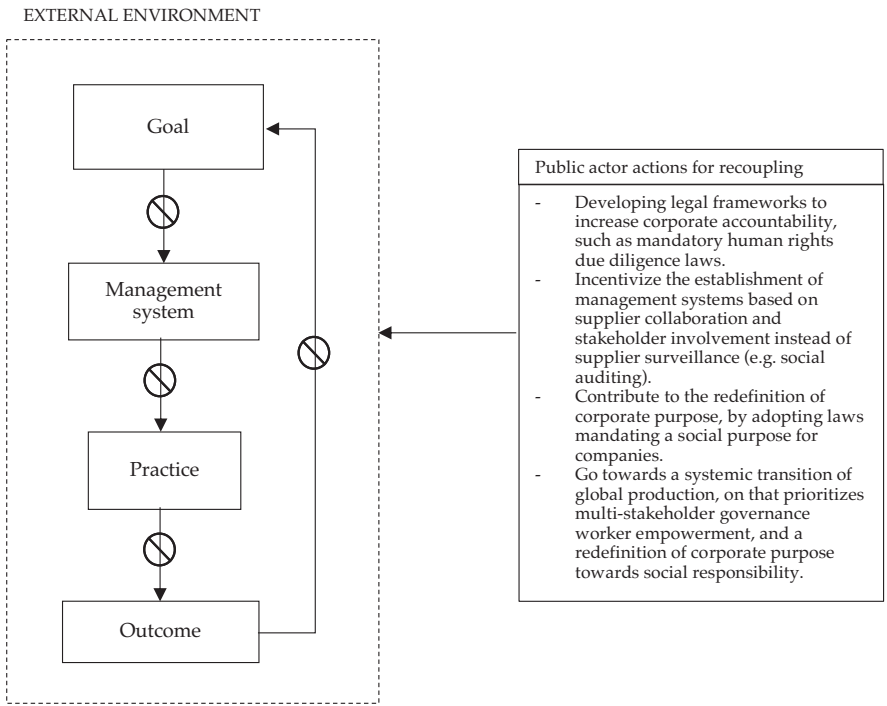
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23   Among them are Mayer with his book 'Prosperity. Better Business Makes the Greater Good', 2018, who argues for a redefinition of the corporation's purpose, advocating for businesses to focus on creating long-term value for society rather than solely prioritizing shareholder profits. He emphasizes the role of public policy in encouraging this shift. Additionally, John Elkington, known for the term "Triple Bottom Line", has been a strong proponent of integrating social and environmental considerations into the core purpose of corporations. Porter and Kramer in their influential article "Creating Shared Value" (2011) argue for a redefinition of corporate purpose to include creating economic value in a way that also creates value for society.

24   The PACTE law stands for Plan d'Action pour la Croissance et la Transformation des Entreprises (Action plan for the Growth and Transformation of Companies). French Government. (2019). *Loi n° 2019-486 du 22 mai 2019 relative à la croissance et la transformation des entreprises (PACTE).* Retrieved from Legifrance

tion, Stiglitz (2010 addresses the necessity for government intervention in correcting market failures. In his various works, he discusses how subsidies and tax incentives can be used to encourage businesses to adopt sustainable practices. Stern (2007) highlights the importance of carbon pricing to internalize the environmental costs of business activities and promote investment in greener technologies. Nordhaus supports this view, advocating for carbon taxes as a critical tool to reduce emissions and address climate change (Nordhaus, 2015). Finally, and in a more radical approach, a growing body of scholars are developing the concept of *degrowth* (among them: Hickel, 2020; Kallis et al, 2018), originally coming from climate activists in the early 2000s. It advocates for a deliberate downscaling of production and consumption requiring a radical reorganization of society. While it is beyond the scope of this dissertation to dive into the benefits and challenges of degrowth, the voices of authors arguing that *degrowth* is the only long-term solution to align human rights protection and business activities should be heard. It allows to present another model of global production and consumption, other than the growth-based developments characterizing our contemporary capitalism.

Model 5: Public actors' capacity to address the decoupling stages

EXTERNAL ENVIRONMENT

Goal

Management system

Practice

Outcome

Public actor actions for recoupling

- Developing legal frameworks to increase corporate accountability, such as mandatory human rights due diligence laws.
- Incentivize the establishment of management systems based on supplier collaboration and stakeholder involvement instead of supplier surveillance (e.g. social auditing).
- Contribute to the redefinition of corporate purpose, by adopting laws mandating a social purpose for companies.
- Go towards a systemic transition of global production, on that prioritizes multi-stakeholder governance worker empowerment, and a redefinition of corporate purpose towards social responsibility.

7.4   Limitations and direction for future research

This dissertation raised the question: to what extent are multinationals addressing labor risks in their global supply chains. The findings reveal that while many multinationals adopt SCCs and acknowledge labor rights within their supply chains, substantive adequate action to implement these codes and establish effective programs is lacking. While this dissertation provides empirical data and an analytical framework to study SCC (the *path to success*), it has undeniable substantial limits. After all, the field of business and human rights is at its debuts, and the call for corporate responsibility towards their supply chain is only recently integrating corporate practices beyond standard setting. Throughout the research journey, I learned and developed various empirical challenges. Here, I reflect on the lessons learned and highlight the limitations of my study before suggesting avenues for further research.

7.4.1   Empirical limitations and lessons learnt

Navigating the landscape of CSR poses a significant challenge in gathering reliable data on corporate actions. The intricate web of global supply chain networks, coupled with the lack of transparency surrounding supply chain mapping and the presence of window dressing practices make it difficult to collect trustworthy data on labor standards in global supply chains. Moreover, the sensitivity surrounding CSR efforts raises doubt on data provided directly by companies themselves, as they can be biased by reputational motivations. Recognizing these complexities, my research initially aimed to gather data at the supplier level, and not from multinationals themselves. By examining labor conditions within supplier factories, I would have been able to uncover critical insights into the gaps in implementing labor standards and study the outcomes of corporate self-regulation. This strategy would have allowed for a comprehensive assessment of policy implementation in the *path to success* model.

Unfortunately, several obstacles impeded the pursuit of supplier-level data. Firstly, the beginning of the global COVID-19 pandemic severely restricted travel, preventing data collection in supplier locations during the initial two years of my research. Secondly, as I delved deeper into the literature, I realized the complexity of developing a research design capable of unraveling labor violations at the supplier level (as explained by Bartley & Egels-Zandén, 2015; Toffel et al., 2015).[25] Thirdly, my linguistic limitations and Western cultural background posed challenges in evaluating labor standards in regions with vastly different norms and practices. As a result, I decided to limit my analysis to corporations' actions and initiatives aimed at promoting human rights throughout their production chains. While the

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25   See Chapter 3 for an in-depth analysis of supply chain data collection methods and difficulties.

absence of supplier-level data represents a significant limitation, the focus on corporate policies enabled other meaningful contributions.

Indeed, the work conducted around the Database of Business Ethics represents a valuable contribution to the field of CSR and to ELS, by enhancing accessibility and comparability of supplier codes of conduct, as a public-open source. Yet, as argued, SCCs themselves are susceptible of advertising corporate practices, being adopted for reputation purposes or only symbolically. To overcome the limitations of simple textual analysis, I employed a diverse range of methodological approaches. In Chapter 4, I utilized various techniques, including exploratory computational methods, manual coding of text, and Structural Topic Modelling, to scrutinize the textual content of codes and unveil the true intentions of multinationals. Additionally, in Chapter 5, I categorized the codes into five different quality groups based on a detailed analysis of grammar and content, enabling a deeper understanding beyond simplistic keyword methods.

These varied textual analysis methods were however limited in understanding the reality of business practices. Consequently, the last study intends to complement this quantitative analysis with qualitative data, and triangulate research methods. This involved semi-structured confidential interviews with human rights experts employed by multinational corporations. Through these interviews, I delved deeper into corporate practices and gained insights into the perception of their codes of conduct. While this method is not novel in ELS, my sample of respondents brings an interesting observation. My initial assumptions were that respondents would prioritize protecting the interests and reputation of their respective companies, considering the literature around social desirability bias in organizational settings (e.g. Bergen & Labonté, 2019). While some respondents adopted this expected behavior and reacted somewhat defensively when asked about challenges or gaps in improving human rights, others diverged from this pattern. They expressed criticisms of their companies' actions, acknowledged significant difficulties in addressing human rights issues in global supply chains, and highlighted systemic failures to integrate human rights into everyday operations with suppliers. In some cases, their frustration towards leadership boards and procurement teams for slow processes and lack of consideration for human rights issues was palpable. Non-coincidentally, these respondents were also highly qualified in their human rights expertise, which corresponds to previous findings suggesting that employees with deep domain knowledge are more inclined to critique existing practices and advocate for meaningful change (Johns, 2006). While these interviews yielded the most enlightening insights, they were also conditional to anonymity. This confirms the sensitivity of the topic.

The variety of methods employed therefore had one central objective: seeking information going beyond window dressing and bring forward empirical evidence on corporate practice more neutral and reflecting the reality of codes' implementation. While this sensitive field makes it challenging to be confident in the reliability of the data collected, the trian-

gulation of data and the diversity of sources, may help to ensure results' accuracy. From my experience, ensuring anonymity helped in having open conversations, but they also reduce transparency and reproducibility of research.

7.4.2   Avenues for future research

In light of the limitations identified in my dissertation, I propose avenues for future research, which fall into two categories: 1. Strategies to complement this study and address its gaps, and 2. Directions for research aligned with the evolving legal framework.

To address the gaps identified in this research, two key propositions emerge. Firstly, there is a need to bridge the gap of data collected at the supplier level. This dissertation primarily focused on the internal mechanisms of policy implementation within multinational corporations, without providing data on the labor conditions and human rights risks at the supplier level.[26] Future research should aim to bridge this gap by investigating the actual conditions faced by workers in the lower tiers of the supply chain. As highlighted in the literature review, data is still missing on this front, especially at the bottom end of supply chains. By centering the debate around the victims and assessing human rights risks at the supply chain level, researchers can gain a more comprehensive understanding of the effectiveness of SCCs in addressing labor rights violations. Useful research here should notably underline the possible pathways to link workers and suppliers into the policy making of multinationals, to imagine ways that supplier at different levels could have a voice in supply chain governance. Considering the place of external stakeholder consultation in the due diligence process, it is relevant to study how workers can be one of the stakeholders.

Secondly, this research calls for studies investigating CSR beyond the specific instrument of SCC. While this study provides insights into the limitations of SCCs as a self-regulatory tool, it is crucial to recognize that SCCs are just one element within the broader landscape of CSR. Future research should explore alternative CSR mechanisms and their efficacy in promoting ethical supply chain practices. By examining other corporate approaches, researchers can identify complementary strategies to address the gaps highlighted in this study. Outside of the private sphere, it is relevant to investigate how external stakeholders' initiatives can influence corporate behavior, as well as the interplay between the different interventions. In fact, this research focused exclusively on the multinational, while the *path to success* was highlighted as a multi-level process. As argued by Knudsen and Moon (2017), existing research on CSR regulation fails to address the growing role of the state in initiating changes in corporations' practices. I therefore insist on investigating other instruments from other actors, and their effects on private regulation.

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26   For explanation on this limit, see section 7.2.2.

Given the current legislative developments, it is also worth highlighting pathways for future research in an evolving context. In fact, the recent introduction of legislative initiatives such as the CSDDD presents an opportune moment for scholarly inquiry. Considering what was said in this dissertation regarding the external influences on the implementation process, it will be relevant to assess how the CSDDD is shaping the renewed sense of corporate responsibility towards supply chain labor conditions. As the preliminary research on the French due diligence shows, mandatory human rights due diligence laws are not instinctively effective and require academic reflections to ensure an impact on global supply chains beyond a box-ticking exercise. Schilling-Vacaflor (2021) indeed demonstrates that the inclusion of environmental and human rights standards in legal norms is not sufficient to ensure policy integration, and that institutionalization of policy integration on paper is not sufficient. Following, it is relevant that future research investigates public actors' capacities to motivate multinationals to integrate human rights concerns within corporate activities. It is my observation that effective implementation must goes through integration of external stakeholders into the policy making and the mechanisms in place to implement them. It would be relevant to present best practices on how to invest supply chain workers (or their representatives) at the buyer level and work on improving the buyer-supplier connections.

Moreover, findings of this dissertation indicate the crucial role of human rights expertise within corporations to establish adequate management systems. Building on this, future research could explore the implications of integrating human rights professionals into supply chain management processes. To deepen our understanding, researchers could investigate the specific types of human rights expertise required, and what role and powers they should have within organizational dynamics. For example, my findings emphasize the necessity for expertise in mapping global supply chains and identifying high-risk areas. It also appears that experts must be given a role of enabler and a training role for the rest of the company to raise awareness within companies. This needs to be investigated further to confirm these preliminary findings. Additionally, in Chapter 6, my focus was centered on *internal* experts, meaning those employed by companies themselves. Instead, McVey (2022) focused on the authority of external human rights experts. I also highlighted the necessity for public human rights experts to act in support. It would be interesting to see how these different experts can exchange information and knowledge and ensure a multi-level action to ensure labor standards in global supply chains. Future research should highlight the strengths and capacities of each expert and see how they are intertwined. Here, interesting reflections were discussed in chapter 6, relating to the professionalization and marketization of human rights expertise. As we are progressively shifting towards a holistic embeddedment of human rights concerns within companies, one risk highlighted was the 'marketisation' of human rights, meaning that products will sell better when they are *'human rights approved'*. This would shift the business *and* human rights into a business *of* human rights (Deva, 2020). Further

research into this process would shed light into the potential risks of business and human rights. This calls for empirical qualitative research with human rights experts in different institutions holding different internal or external consulting functions, for instance: public expert supporting businesses, external private firms' experts providing consultancy to companies on their due diligence plans, and internal experts such as the ones interviewed within companies. It also calls for theoretical studies on the role of these experts in organizations.

7.5   Concluding remarks

In 2016, Arnold proposed that we shifted the debate in business and human rights from *whether* multinationals have human rights obligations, to *how* multinationals integrate their human rights responsibility in their practices, and how we politically and legally hold them accountable (Arnold, 2016). A year later, Hsieh (2017) writes a commentary on Arnold's work, arguing against extending human rights obligations onto multinationals, considering that human rights protection must remain entirely a state obligation. Instead of discussing the legitimacy and moral human rights obligations of multinationals, this dissertation investigates *what* are companies doing to integrate human rights obligations in their business practices. The research question raised departs from the normative debate of what companies ought to do, instead to engage in a descriptive debate of what is being done – and what are the limits. Empirically investigating companies' commitments and actions hopefully provides elements to contribute to the normative debate.

    Results stress the importance of a binding framework regulating corporate voluntary responsibility towards human rights, considering the gaps between what companies say – the "talk" – and what they do – the "walk". As advocated by other scholars (Scherer & Palazzo, 2011), and established by Ruggie with the UNGPs, the approaches of public and private regulation are not exclusionary and should go hand in hand. The call for a binding framework on corporate accountability should not undermine private efforts to address labor rights in global supply chains. It is time however that the public actor interferes with the largely unregulated field of corporate responsibility beyond national borders, now that an array of corporate practices has developed. In particular, it is paramount that government agencies be well equipped to guide and support multinationals in their human rights prevention down supply chains, with the appropriate expertise on human rights.

    After my reflections on labor standards in global supply chains, I also highlight the necessity to transition to a new model of global production, one more centered on the social problematics than the drive of economic profit. Legal makers and governments should be the instigators of this new model. As put by Delmas-Marty, we must *"consider law not as immu-*

table structure, but as an evolving process that calls for reinventing models."[27] By reflecting on the developing legal framework on due diligence, and by highlighting the opportunities and threat of the current stance of the European policy maker, I hope my dissertation has conveyed the following message: the current global production system calls for a transition – one that must also be pushed by the public actor, but where the private actor will hold an increasingly important role – and where the public / private divide is fading. This transition must put social interests at the center, meaning that companies' primary objectives can no longer be driven by capitalist profit-driven objectives. Codes of conduct, as instruments setting standards for global supply chains, are a good first step in this direction to start the discussion on human rights protection, but they must be strengthened and valued to represent a pillar of the company's activities, where the social mission of the private actor becomes a core objective of the organization.

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27   This is an unofficial translation from the French quote: « *Considérer le droit non pas comme un édifice immuable, mais comme un processus évolutif qui appelle à réinventer des modèles* » (Mireille Delmas-Marty, 1941-2022).