



# Exploring Western Multinational Enterprises' Perceptions and Challenges in Implementing Human Rights Principles: Towards a Practical Facilitator Model

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## Abstract

**Title:** Exploring Western Multinational Enterprises' Perceptions and Challenges in Implementing Human Rights Principles: Towards a Practical Facilitator Model

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### **Abstract (English)**

This master's thesis explores the perceptions of Western MNEs towards human rights and the major challenges they encounter in implementing these principles across their global operations. While comprehensive international frameworks such as the United Nations Guiding Principles on Business and Human Rights (UNGPs) exist to provide guidance, many MNEs struggle to integrate these standards into their day-to-day business activities. Through qualitative research, including expert interviews, this study explores the complexities and nuances of the implementation of human rights principles within MNEs. The findings highlight significant gaps between strategic intent and on-the-ground implementation, often driven by factors such as the intricate structure of global supply chains, legal and cultural variations across jurisdictions, local labor laws, societal norms and resource constraints that limit the ability of companies to enforce human rights consistently across all tiers of operations. To address these challenges, a practical facilitator model is proposed, offering actionable recommendations in three key areas: "Governance and Strategy," "Operational Implementation and Resources," and "Stakeholder Engagement and Accountability."

By focusing on these three pillars, the model aims to provide MNEs with concrete strategies for bridging the gap between commitment to human rights and their effective practice, ensuring that their operations are better aligned with international standards while navigating the complexities of global business environments. Through the implementation of this model, MNEs can proactively address human rights risks, mitigate adverse impacts, and contribute to sustainable and ethical global business practices.

### **Keywords:**

Multinational Enterprises, Human Rights, UNGPs, Business Ethics, Corporate Responsibility, Implementation Challenges, Practical Framework

**Resumo (Português):**

**Título:** Explorando as Percepções e Desafios das Empresas Multinacionais Ocidentais na Implementação dos Princípios de Direitos Humanos: Rumo a um Modelo Prático de Facilitador

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Esta dissertação de mestrado explora as percepções das empresas multinacionais ocidentais (MNEs) em relação aos direitos humanos e os principais desafios que enfrentam ao implementar esses princípios em suas operações globais. Embora existam marcos internacionais abrangentes, como os Princípios Orientadores das Nações Unidas sobre Empresas e Direitos Humanos (UNGPs), muitos MNEs têm dificuldades em integrar esses padrões em suas atividades diárias. Através de uma pesquisa qualitativa, incluindo entrevistas com especialistas, este estudo explora as complexidades e nuances da implementação dos princípios de direitos humanos dentro das MNEs. Os resultados destacam lacunas significativas entre a intenção estratégica e a implementação prática, muitas vezes impulsionadas por fatores como a complexa estrutura das cadeias globais de fornecimento, variações legais e culturais entre jurisdições, leis trabalhistas locais, normas sociais e limitações de recursos que dificultam a capacidade das empresas de aplicarem consistentemente os direitos humanos em todos os níveis operacionais.

Para enfrentar esses desafios, é proposto um modelo de facilitador, que oferece recomendações acionáveis em três áreas principais: “Governança e Estratégia”, “Implementação Operacional e Recursos” e “Engajamento de Stakeholders e Responsabilidade”. Focando nesses três pilares, o modelo visa fornecer às MNEs estratégias concretas para superar a lacuna entre o compromisso com os direitos humanos e sua prática efetiva, garantindo que suas operações estejam melhor alinhadas com os padrões internacionais enquanto navegam nas complexidades dos ambientes empresariais globais. Através da implementação deste modelo, as MNEs podem abordar proativamente os riscos de direitos humanos, mitigar impactos adversos e contribuir para práticas empresariais globais sustentáveis e éticas.

**Palavras-chave:**

Empresas Multinacionais, Direitos Humanos, UNGPs, Ética Empresarial, Responsabilidade Corporativa, Desafios de Implementação, Modelo Prático

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## Abbreviations

BHR: Business and Human Rights

CSDDD: Corporate Sustainability Due Diligence Directive

CSR: Corporate Social Responsibility

CSRD: (European) Corporate Sustainability Reporting Directive

HRDD: Human Rights Due Diligence

LKSG: German Supply Chain Due Diligence Act

MNE: Multinational Enterprise

UNGPs: United Nations Guiding Principles on Business and Human Rights

## 1. Introduction

*"Human rights are not a privilege conferred by government. They are every human being's entitlement by virtue of his humanity." – Mother Teresa*

In a world where global supply chains cross borders and regulatory frameworks vary widely, multinational enterprises (MNEs) find themselves at the intersection of business and ethics. The responsibility of upholding human rights is not just a legal obligation; it is a strategic imperative. As these enterprises expand their operations beyond their home countries, they carry with them the immense responsibility of upholding and promoting human rights principles. However, despite these companies' economic power and global influence, the practical application of human rights principles remains challenging. Comprehensive frameworks like the United Nations Guiding Principles on Business and Human Rights (UNGPs) exist, but many MNEs struggle to translate these ideals into practical and sustainable business practices.

In order to gain insights that can help bridge the gap between human rights principles and corporate practice. This thesis seeks to answer two key research questions:

*How do Western multinational enterprises perceive human rights in business, and what are the main challenges they face in implementation?*

*What facilitators can these enterprises adopt to enhance the effective implementation of human rights principles?"*

The main objective of this thesis is to highlight the significance of these challenges and to propose a practical model Western MNEs can use to ensure robust human rights practices across their global operations. The findings presented here are not only timely but critical for businesses wanting/needing to align themselves with evolving global standards and expectations.

This thesis is structured as follows: First, a thorough theoretical discussion explores the relationship between MNEs and human rights, with an emphasis on international frameworks and implementation challenges. The subsequent chapter outlines the methodological approach, detailing the qualitative research design and expert interviews conducted for this study. The results are then presented and analyzed, leading to the development of a Facilitator Model. This model aims to bridge the gap between theory and practice, providing both academic insight and practical guidance for MNEs. The thesis concludes with a critical reflection and an outlook for future research.

## 2. Theoretical Discussion

This section establishes the theoretical foundation for the study, focusing on MNEs and their role in implementing human rights principles. The exploration draws upon insights from international business, business ethics, legal, and management literature to examine the complex relationship between MNEs and human rights. It also covers the theoretical basis of challenges & facilitators for the implementation of human rights principles.

### 2.1. MNEs and Human Rights

In the context of MNEs and human rights, the relationship between business operations and ethical obligations has become increasingly relevant in present discourse. With rising global reach and significant economic influence, MNEs hold considerable power beyond traditional business objectives. As key actors in the global economy, companies operating multi-nationally, are more and more expected by society to uphold and respect human rights principles in their operations, supply chains as well as interactions with stakeholders. However, this does not only entail compliance with legal frameworks, but also proactive measures that go beyond, to mitigate negative human rights impacts and promote positive social aspects. The dynamics at play between MNEs and human rights include a large variety of complex issues, including (among others) labor rights, environmental sustainability, community development and access to essential services (Global Compact Network Germany, 2015). Therefore, understanding the role of MNEs in adhering to human rights requires a closer look at the evolution of human rights within MNEs, (international) legal standards and frameworks, as well as of ethical frameworks within which organizations operate and the historical context that shaped their engagement with human rights issues over time.

#### 2.1.1. Evolution of Human Rights in Multinational Enterprises

The evolution of human rights and the perception thereof in MNEs has been a multifaceted process. Discussions surrounding the social responsibility of business have roots dating back to the 1950s with Bowen's work "The social Responsibility of Businessmen" (Bowen, H. R., 1953 & Wettstein et al., 2019). Bowen's work started sparking debates in the 1960s and 1970s. The International Business field started diving into the topic in the 1970s as well, putting a distinct international angle to the discussion, which at the time, was mostly limited to the "American

experience”. This era laid important groundwork for the subsequent considerations of human rights impacts and the measurement of such impacts (Wettstein et al., 2019).

Within the late 1990s and early 2000s, the focus has changed more towards aiming to understand how cultural orientations and informal institutions have the ability to influence responsible conduct by firms and managers, as well as their commitment to Corporate Social Responsibility (CSR). Scholars started exploring the connection between institutional deficits in emerging markets and CSR reporting by emerging market MNEs, indicating growing awareness of the impact of cultural contexts on corporate behavior. General discussion surrounding human rights in business evolved to include a broader range of related issues, such as modern slavery, human trafficking and labor conditions (Wettstein et al., 2019).

An often mentioned pivotal moment was the release of the UN Guiding Principles on Business and Human Rights (UNGPs) in 2011, as it is claimed to have significantly influenced the academic discourse on human rights in MNEs (Wettstein et al., 2019). These principles introduced a framework enhancing discussions on corporate responsibility towards human rights. Also the OECD Guidelines for MNEs have played a significant role in linking corporate behavior with human rights, further stressing the responsibility of companies to uphold universal human rights.

Although there was a long standing focus on topics relating to responsible business, the field of International Business and Human rights as its own area of study had developed separately from CSR. This distinction underlines the particular focus on human rights issues within the international corporate environment. Recent years witnessed a shift, showing increasing recognition of the relevance of human rights and sustainability discussions, especially looking at MNE operations and trade decisions (Kolk, 2016). Further, scholars began exploring the interplay of MNE operations with human rights showing instances of CSR and human rights abuses in a multitude of industries and regions (Giuliani et al., 2014; Santangelo, 2018).

### 2.1.2. International Standards and Frameworks

Having examined the historical evolution of human rights in MNEs, this section now turns to the international frameworks and legal standards that currently guide corporate behavior.

International standards and frameworks play a crucial role in a globalized business environment. They ensure that businesses operate ethically and responsibly, respecting the

rights of individuals and communities affected by their operations. Standards can be broadly categorized into “soft law” and “hard law” frameworks.

### **Hard Law**

Hard law refers to legally binding obligations that businesses must comply with, often enforced by national or international law. These frameworks establish clear legal standards and consequences for non-compliance, making them crucial for ensuring businesses respect human rights (ECCHR, n.d.).

International human rights law, as established by treaties such as the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR), imposes binding legal obligations on states, which although not directly impactful to business, may in turn regulate the activities of businesses within their jurisdictions. These treaties require states to protect individuals from human rights abuses, including those committed by businesses, through legislation and enforcement mechanisms (Schrijver, 2016).

The Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD) are legislative initiatives aimed at addressing human rights and environmental impacts in the value chains of both EU and non-EU companies. The CSDDD requires large companies to exercise due diligence by identifying and mitigating human rights and environmental risks, with specific obligations for directors, and it will take effect after 2024. The CSRD, effective from 2023, mandates companies to report on sustainability issues such as environmental, social, and governance metrics, with detailed information on business strategies and due diligence processes (Methven O’Brien & Christoffersen, 2023 & ). Additionally, the Sustainable Finance Disclosure Regulation (SFDR), in effect since 2022, requires financial market participants to disclose sustainability risks and impacts of their financial products, promoting transparency in sustainable investments (van Gnechten & Peeters, 2023).

Additionally, there are legislation such as the German Supply Chain Act (2021), UK's Modern Slavery Act (2015) and Australia's Modern Slavery Act (2018). These are examples of hard law frameworks that require businesses to take proactive steps to prevent forced labor, human trafficking, and other forms of modern slavery in their supply chains. These laws mandate that companies report on the actions they have taken to address modern slavery, with non-compliance leading to legal sanctions and reputational damage.

## Soft Law

Soft law refers to guidelines, principles, and codes of conduct that, while not legally binding, exert significant influence on the behavior of businesses. These frameworks are often developed by international organizations and serve as benchmarks for best practices in corporate human rights responsibilities (ECCHR, n.d.).

The UN Guiding Principles on Business and Human Rights (UNGPs), endorsed by the United Nations Human Rights Council in 2011, are the most widely recognized soft law framework for business and human rights. The UNGPs rest on three pillars (United Nations, 2011):

1. **The state's duty to protect human rights:** States have a primary obligation to protect human rights through appropriate policies, regulation, and enforcement. States must ensure businesses within their jurisdiction do not violate human rights and provide remedies when violations occur.
2. **The corporate responsibility to respect human rights:** Businesses must avoid infringing on human rights and address adverse impacts with which they are involved. This responsibility is independent of the state's ability or willingness to fulfill its own human rights obligations and applies globally, regardless of the legal framework in the host country.
3. **Access to remedy for victims of human rights abuses:** The need for greater access to effective remedy for victims of business-related human rights abuses. This includes both judicial and non-judicial mechanisms that should be accessible, effective, and transparent.

While the UNGPs are not legally binding, they have been integrated into various national and international standards, influencing corporate policies and practices globally. The principles stress MNEs must undertake human rights due diligence to identify, prevent, mitigate, and account for how they address their impacts on human rights. This involves assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed. The UNGPs also highlight the importance of embedding human rights into corporate governance structures, ensuring these issues are not relegated to peripheral concerns but are integrated into core business operations and decision-making processes. The widespread adoption of the UNGPs by businesses, governments, and civil society organizations has made them a pivotal point of reference in the discourse on

business and human rights, making them central to the theoretical framework of this research (European Parliament, 2017; OHCHR, 2022).

The International Labour Organization (ILO) Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, adopted in 1977, offers guidelines for MNEs on labor practices, including fair wages, safe working conditions, and non-discrimination. This declaration, while not binding, is influential in shaping corporate labor policies and practices, particularly in developing countries where labor rights are often at risk.

Further, the OECD Guidelines for MNEs are a set of recommendations established by governments of OECD member states to guide the behavior of MNEs operating within their jurisdictions (Hendrickx et al., 2016). They were originally introduced in 1976 and revised significantly in 2000. Their aim is to promote responsible business conduct among MNEs (Branco & Delgado, 2012). They align with the beforementioned UNGPs and the ILO Declaration on Fundamental Principles and Rights at Work, and the ILO Tripartite Declaration of Principles concerning MNEs and Social Policy (Filippi et al., 2023).

Soft law and hard law represent two contrasting yet complementary approaches. These provide a flexible and adaptive approach to encouraging responsible business practices. Soft law allows companies to voluntarily commit to higher standards of human rights without the constraints of legal obligations and is often praised for its ability to swiftly respond to emerging human rights issues and to promote a culture of corporate responsibility. However, its non-binding nature can also lead to inconsistent application and a lack of accountability, as no formal mechanisms to enforce compliance or to penalize violations exist (Joseph & Kyriakakis, 2023).

On the other hand, hard law is crucial for establishing clear and enforceable standards, providing legal recourse for victims of human rights abuses, and ensuring businesses cannot evade their responsibilities through voluntary commitments alone. The strictness and enforceability of hard law are essential for creating a level playing field and for holding companies accountable for their actions. However, hard law can also be slow to develop and may struggle to keep pace with the rapidly evolving nature of business and human rights issues (Joseph & Kyriakakis, 2023).

## 2.2. Identification and Implementation of Human Rights Principles in MNEs

The identification and implementation of human rights principles in MNEs are based on a range of theoretical approaches aimed at explaining the inherent complexities and challenges of the processes. Such theories offer critical insight into how business are able to navigate the aspects and difficulties of global operations while striving to uphold human rights standards. This chapter explores the theoretical foundations guiding the identification of human rights risks and the subsequent implementation of these principles, highlighting the tensions and difficulties that arise when translating theory into practice in the context of international business.

### 2.2.1. Underlying Theories of Human Rights in Business

This section discusses the theoretical foundations of how human rights principles apply to MNEs. It will explore the evolution of human rights in the business context, key ethical and corporate governance theories, and the shift in stakeholder accountability.

While historically shareholders were the primary focus of corporations, following the belief this would naturally lead to the best outcomes for the economy and society, there has been a shift in the awareness of the broader impact businesses have on stakeholders. The concept of CSR emerged and in the 1980s Freeman's stakeholder theory challenged that view, proposing businesses should consider the interest of all stakeholders, arguing companies create long-term value by addressing the needs and concerns of all stakeholders (Preeti, 2024 & OECD Masterclass, n.d.). It supports the idea that respecting human rights is not just an ethical obligation but also a strategic necessity for long-term business success. According to research, MNEs can therefore develop governance structures that prioritize human rights, ensuring that these considerations are integral to decision-making processes at all levels of the organization (Sudirjo et al., 2024).

Further, companies operating internationally, tend to be exposed to adverse global-local dynamics. These entail that MNEs must consider risks evolving from the variation in legal, cultural and social norms across different countries in which they operate. Theoretical perspectives on global-local dynamics therefore provide theories as to how MNEs can navigate these complexities (Fuchs, 2016). One of these is referred to as the institutional theory, as it proposes organizations are influenced by the institutional contexts in which they operate, including the legal frameworks, cultural norms and societal expectations of different countries. It aims to explain why MNEs might have problems in the application of a standardized approach

to human rights risk identification across their global operations. For example, practices perceived as a human rights risk in one country, might not be perceived the same way in another, due to cultural, ethical and/or legal standards. In more detail, institutional theory plays an important role in the understanding of dynamics in international business. The interaction between home and host country institutions is particularly significant, as it influences CSR, compliance with local regulations, and overall business performance. One of the key insights from literature is that MNEs often face pressures from both home and host country institutions, which can lead to varying degrees of legitimacy and operational success. Therefore, while much of the CSR literature focuses on host country institutions, there is a growing recognition of the influence of home country institutional pressures on MNEs, particularly those from emerging economies. This becomes particularly relevant in regions undergoing significant institutional changes. Particularly in the central and eastern European context has seen fundamental shifts in institutional frameworks affecting organizational behavior (Yang et al., 2020).

Furthermore, the dynamics of institutional change are critical for understanding how MNEs operate in adverse environments. Meyer & Thein (2020) discuss how international sanctions and other adverse home country institutions can significantly impact MNE strategies and operations. Institutional theory provides a robust framework for understanding the complexities of international business. It emphasizes the interplay between various institutional environments and the strategies employed by MNEs to navigate these challenges. The literature suggests both home and host country institutions significantly influence MNE behavior (Meyer & Thein, 2020).

The transnational governance model additionally offers a view on global-local dynamics. This model explores how MNEs can leverage global frameworks such as the UNGPs while addressing local human rights challenges. According to it, MNEs have the ability to act as transnational actors that bridge the gap between global norms and local practices. This does not only involve them adhering to international standards but also influencing local practices through their business operations, advocacy and partnerships. The transnational governance model therefore sees MNEs not only as followers of global standard but also as leaders shaping local human rights practices (Bravo-Laguna & Levi-Faur, 2024).

The agency theory is a foundational concept in corporate governance and management, where former represent the principals and the latter represent the agents. In the context of human rights, this demonstrates the potential conflicts of interest that can arise when managers prioritize short-term profit over long-term sustainability and ethical considerations. Therefore,

this theory builds the basis for the importance of aligning interests of managers with those of shareholders. This is done by embedding human rights into corporate governance frameworks. MNEs can try to ensure managers are held accountable for upholding these principles, thereby aligning corporate strategies with ethical imperatives (Adenan et al., 2024).

### 2.2.2. Identification of Human Rights Risks

Given by the complex nature of MNEs and human rights themselves, the identification of human rights risks is a complex process that requires a thorough and systematic approach, most commonly referred to as human rights due diligence (HRDD). The due diligence process, as defined by the UN, should be done by companies to justify, prevent, mitigate and account for how they address their adverse human rights impacts. The process should therefore include not only the assessment of actual but also of potential human rights impacts, integrating and acting upon findings, tackling responses as well as communicating how impacts are addressed (UNDP, 2022). Further, the UN poses that due diligence

“ (a) should cover adverse human rights impacts that the business enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships; (b) Will vary in complexity with the size of the business enterprise, the risk of severe human rights impacts, and the nature and context of its operations; (c) Should be ongoing, recognizing that the human rights risks may change over time as the business enterprise’s operations and operating context evolve.”<sup>1</sup>

A commonly attended to approach within the due diligence process, is the risk-based approach. By using it, companies are enabled to prioritize the identification and mitigation of the most severe human rights risks. Particularly those with the largest potential impact on individuals, rather than the company itself. It is based on the idea that not every unique risk is equal, therefore, MNEs should allocate their resources where they can make the most significant change and difference. Additionally, it includes the notion that human rights risks should be viewed from the perspective of those who could potentially be affected. It allows for a better focus on impact rather than probability or business consequences (OECD Masterclass, n.d.).

Basing on that approach, another critical aspect of risk identification is the stakeholder engagement model. This model entails that to accurately identify human rights risks, MNEs must engage with said stakeholders. Particularly the engaging with those stakeholders directly affected by the companies’ operations. This especially includes workers, local communities, indigenous peoples and civil society organizations. Theoretical perspectives on stakeholder

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<sup>1</sup> UNDP (2022)

engagement suggest those closest to the impact are often best positioned to identify potential risks and propose effective mitigation strategies. Engaging stakeholders is supposed to not only help with the identification of risks but also the building of trust and legitimacy, which are essential for the successful implementation of human rights policies (Preeti, 2024 & OECD Masterclass, n.d.).

Further, Implementing HRDD in practice requires a systematic approach that is integrated into the company's overall risk management framework. This includes developing policies and procedures for conducting human rights impact assessments, establishing monitoring and reporting mechanisms, and creating remediation processes for addressing human rights violations when they occur. Companies must also engage with stakeholders, particularly those who may be adversely affected by their operations, to ensure their perspectives are considered in the HRDD process.

### 2.2.3. Implications of the implementation of Human Rights Principles

The logical next step following a thorough due diligence process is working on the identified risk areas and implementing changes. Such process, is heavily dependent on the integration into corporate governance structures, as no fundamental change can be made without clear commitment and communication throughout. Theories supporting this are the agency theory, as well as the stakeholder theory.

Theory particularly often suggests key mechanisms for thorough integration to be policy development and leadership commitment. The former is supposed to establish comprehensive human rights policies aligned with international standards and applicable across all operations, subsidiaries and supply chains. They should be developed with input from relevant stakeholders and should outline clear responsibilities and procedures for addressing human rights issues. Further, clear leadership commitment is supposed to ensure senior leadership is visibly committed to human rights, which is critical for setting the tone throughout the organization (Dharmawan et al., 2018).

Furthermore, a central debate in literature concerns the implementation of human rights in MNEs surrounding the topic of compliance versus ethical commitment, which is underpinned by theoretical perspectives on the role of law against ethics in business.

Compliance theories propose that legal frameworks provide the necessary boundaries within which business has to operate. Accordingly, this view suggests MNEs are eligible to the

compliance with the law of the countries in which it operates. Compliance theories subsequently suggest that without stringent legal requirements, companies may neglect human rights considerations, particularly in regions of weak enforcement. It emphasizes the importance of regulatory frameworks and the need for international cooperation to establish and enforce global human rights standards. On the other hand, theories promoting an ethical view suggest businesses have a moral obligation to respect human rights beyond mere legal compliance. These align also with the general concept of corporate citizenship, which promotes MNEs acting as responsible global citizens. This entails MNEs should voluntarily commit to upholding human rights, even in the absence of legal mandates. They argue that companies can and should play a proactive role in promoting human rights, contributing to the well-being of society (Tyler et al., 2008).

#### 2.2.4. Major Challenges in Implementing Human Rights Principles

The implementation of human rights principles in business operations holds several major challenges, each requiring careful consideration and strategic action. As, even though recognition of corporate responsibility is growing, and guidelines are readily available, companies struggle when translating human rights commitments into effective and consistent practices (OHCHR, 2023).

Although the relevance varies greatly depending on industry, size, product and a multitude of other aspects, scholars broadly categorize the areas them into these key areas:

**Supply-Chain-Complexities:** One of the greatest challenges MNEs face is the complexity of global supply chains, often spanning multiple countries with varying legal standards and enforcement mechanisms. Ensuring all human rights principles are upheld across all parts of the supply chain is complicated. Companies therefore have to monitor and manage compliance in environments where regulatory oversight may be weak (LeBaron, 2021). Additionally, different countries also have different laws and regulations regarding human rights. MNEs therefore must navigate this system of legal obligations while also adhering to their international human rights policies. All while compliance with international human rights standards, such as the UNGPs, adds another level of complexity. Therefore, ensuring that suppliers comply with the company's human rights policies is a daunting task, particularly when those suppliers are several tiers removed from the direct oversight of the MNE (de Felice, 2015). An example of this being an issue, is the Rana Plaza Disaster in Bangladesh 2013, where

over 1,100 garment workers died. The incident exposed severe human rights abuses in the global textile supply chain. Brands often source materials from multiple tiers of suppliers, with several levels of subcontracting involved. MNEs may have direct relationships with a few suppliers, but these suppliers often outsource parts of their production to smaller factories with little oversight (Schüßler et al., 2019).

Secondly, **Local Legal and Cultural Variations** are another significant challenge, as previously touched on. While global standards provide frameworks for corporate conduct, the practical implementation oftentimes encounters obstacles due to differing local laws and societal norms. When (e.g.) labor laws are well-protected in one country but weakly enforced or even not relevant in another, this creates a situation where a company has to navigate a patchwork of legal requirements, often with conflicting expectations. Therefore the key challenge lays in companies trying to uphold a consistent standard of human rights across all of their operations, leading to discrepancies as to how human rights are protected in different regions. For instance, in countries like Qatar and Saudi Arabia, labor laws are often less protective of workers' rights compared to Western countries. The kafala system, which ties migrant workers to their employers and restricts their freedom to change jobs, has led to accusations of forced labor, particularly in the construction industry. Migrant workers involved in large construction projects, such as those related to the 2022 FIFA World Cup in Qatar, have faced exploitation, poor working conditions, and restrictions on their freedom of movement (HRW, 2023).

Further, **internal organizational barriers** often hold companies from implementing changes effectively. These include, beyond others, particularly a lack of awareness or understanding of human rights issues among employees, insufficient training on how to handle issues and the absence of clear accountability structures. Also, human rights initiatives may be sidelined if they are not integrated into the core business strategy and also communicated as such. Companies tend to view these as more of a compliance exercise. Further, companies struggle with aligning different departments and functions for a unified approach to human rights. Such fragmentation then tends to inconsistent application of human rights policies and a lack of coordination in addressing human rights risks (UN Assembly, 2023). An example for this is Apple's supply chain transparency push. Apple has faced internal resistance when trying to improve supply chain transparency and address labor rights violations in its supplier factories. Reports of poor working conditions at suppliers like Foxconn in China, where employees worked long hours in unsafe environments, led Apple to introduce more stringent human rights

policies. However, the internal push for transparency and compliance with ethical standards met resistance from suppliers who were concerned about the cost and operational impacts of these changes (Xing, 2023).

Seeing a company's ultimate goal is to increase profitability, another aspect where trying to implement changes is challenging, is the **balancing of short-term financial goals with long-term ethical commitments**. They often find themselves in the situation of feeling pressure to achieve short-term financial performance with the need to make long-term investments in human rights initiatives. Such tension can be particularly pressuring in competitive industries where cost-cutting measures are prioritized, at the expense of robust human rights practices. A prominent example would be the constant pressure to reduce production costs leading a company to source from cheaper suppliers, who might not adhere to strict human rights standards, for instance in the fast-fashion industry. Additionally, long-term benefits of investing in human rights, particularly reputation and risk mitigation, are often hard to quantify, making it challenging for these initiatives to compete with direct, immediate financial objectives (Pessoa de Araujo & Robbins, 2019).

One of the most critical areas is seen in businesses and their stakeholders **lacking awareness and understanding** of human rights issues and their relevance. Companies may face resource constraints that may limit the availability of necessary data or the resources to translate said data into actionable implementation strategies. Financial resource constraints can additionally hinder the process (Wettstein, 2012; Lund-Thomsen & Lindgreen, 2014).

Also the **navigation of conflicts and establishing of effective grievance mechanisms** to address human rights violations is critical as well as challenging. Businesses struggle to assure affected individuals and communities can safely report abuses and receive appropriate remediation. This involves designing no or insufficient processes that are accessible, transparent and fair. Whether these issues arise from within the company, such as disputes over labor rights, or externally, such as community opposition to business operations, resolving them requires a well-structured and responsive grievance mechanism. Therefore, while grievance mechanisms are crucial for addressing human rights violations and ensuring accountability, their effective implementation is fraught with challenges related to accessibility, transparency, fairness, cultural sensitivity, resource allocation, and ongoing monitoring (Rees & Vermijs, 2008).

A final area often mentioned in academia, presents the **continuous measuring and reporting on human rights performance**. This can be difficult, as businesses need to develop reliable indicators and metrics to assess their own impact on human rights. The challenge here particularly is the ongoing process of creating ongoing transparent reporting that requires robust data collection and analysis systems (European Parliament, 2017).

Generally, the mentioned official legislations, guiding principles along with other international frameworks provide crucial guidelines for companies to respect human rights. However, these principles often lack the practical, actionable advice companies need to implement these standards effectively. While they outline the expectations for businesses to avoid infringing on human rights and to address adverse impacts, they fall short in offering specific guidance on how to integrate these principles into day-to-day operations. As a result, even companies with genuine and proactive intent to uphold human rights may struggle to translate their commitment into practice. The gap between the high-level principles and the on-the-ground realities of implementation often leaves businesses uncertain about how to proceed, leading to inconsistencies and gaps in human rights compliance. This lack of practical advice can hinder companies' ability to operationalize their good intentions, leaving them vulnerable to human rights violations despite their willingness to adhere to international standards (European Parliament, 2017; OHCHR, 2022).

### 3. Methodology

In an aim to create such practical advice for on-the-ground implementation toward the better effectiveness of human rights efforts, qualitative research has been conducted.

This chapter outlines the chosen research method to achieve the objective of explaining two research questions:

- *How do western MNEs perceive Human Rights in Business and what are the main challenges they are facing in terms of implementation?*
- *What strategies and facilitators can MNEs adopt to enhance the effective implementation of human rights principles?*

The primary aim is to gain in-depth insights into the topic, leveraging the knowledge and experience of selected experts in the field. This chapter begins with a detailed description of the research design, explaining the rationale behind selecting semi-structured interviews. It then outlines the process of selecting experts, ensuring the criteria for inclusion are clearly defined and justified. Following this, the development of the interview guide is discussed, highlighting the steps taken to ensure the questions are aligned with the research objectives. The procedure for conducting the interviews is then detailed, providing transparency into how the data was collected and managed. This is followed by an explanation of the data analysis methods employed to interpret the interview findings. Ethical considerations are also addressed, ensuring the research was conducted in accordance with established ethical guidelines. Finally, the limitations of the chosen methodology are discussed, acknowledging any constraints and their potential impact on the research findings.

#### 3.2. Research Design

Qualitative research is valuable for exploring complex phenomena like MNEs' perceptions and challenges in implementing human rights principles. It allows for in-depth insights into organizational change and business ethics (García & Gluesing, 2013).

Additionally, qualitative research has been instrumental in exploring the human experience of ethics in business, providing in-depth insights into the dynamic and blurred field of business ethics (Lehnert et al. 2016, van Grootel et al., 2020). Moreover, qualitative analysis in business has been shown to reveal unsuspected possibilities for improvement, reduce the range of causes of failure, and increase the probability of survival, thereby contributing to the sustainability of businesses (Slávik et al., 2021).

Generally, interviews offer a rich source of data, while enabling to capture nuanced insights and perspectives directly involved in human rights in business. Using interviews in research has been instrumental in enabling participants to freely discuss issues related to the violation of human rights and the consequences of this. Interviews have particularly been proven expedient when assessing the perceptions of business involvement in human rights violations (Amengual et al., 2023).

Due to the exploratory nature of the beforementioned research questions, a method of data collection is needed, which allows a deep exploration of participants' perceptions and experiences. Interviews present the best option for them to express their views on human rights practices and share insights into challenges and strategies for implementation.

Further, seeing the individuality of the topic, a certain level of flexibility and adaptability is needed. Conducting qualitative interviews fulfills said criteria, as it allows flexibility in questioning techniques, allowing for probing follow-up questions to explore further emerging themes and issues. Said adaptability ensures for the research to remain responsive to the dynamic and evolving nature of the research.

Ethical principles, such as informed consent and confidentiality, guide the conduct of interviews to protect participants' rights and privacy. Transparency in data collection and analysis processes will be maintained to uphold the integrity of the research and honor the contributions of participants.

### 3.3. Participant selection

Participants required significant experience and/or expertise in the area of human rights in business. Said experience/expertise could stem either from being an expert through academic background, work as a consultant specializing in the field or as managers with decision-making authority within MNEs in the western world. Further, interviewees should be directly involved and actively engaged in human rights-related initiatives, policy development or implementation strategies within MNEs. Another criteria was the representativeness. Efforts have been made to ensure diversity in terms of demographics, including representation from various industries, geographical regions and organizational roles.

The identification process occurred via professional as well as academic networks and relevant industry associations specializing in human rights and corporate responsibility. The recruitment happened through invitation to participate in the study through personalized invitations,

highlighting the significance of their expertise and the potential contribution of their insights to the research objectives. Simultaneously, the experts were sent an overview of the topics of the interviews, as well as the developed interview guide, to allow an appropriate preparation, if wished for.

In terms of informed consent: Prior to participating, all selected individuals were provided with the study's purpose, procedures and potential risks and benefits. Participants then additionally were asked to provide informed consent, indicating their voluntary agreement to participate in the research and their understanding of their rights and responsibilities as participants.

Measures were implemented to ensure the confidentiality and anonymity of participants responses, including the use of potential pseudonyms and the secure storage of data. Participants were assured their identities will be protected and their contributions will be presented in aggregate form to maintain confidentiality.

### 3.4. Interview Guide Development

To effectively focus the interview on the main topics and open questions, a guide has been developed to structure the interviews. A semi-structured approach has been chosen, which allows a balance between flexibility and structure, as well as an in-depth exploration of participants perspectives and keeps focus on the research questions at the same time. Said guide favors a more simple comparison of each of the interviews and provides guidance in terms of the qualitative analysis (Mayring, 2016, p. 70).

The interview guide was developed based on literature findings and key topics, focusing on collecting expert background information and perceptions (and shifts thereof) on human rights principles. Further, they were asked about challenges to implement them in MNEs, as well as potential facilitators for the implementation and guiding principles they have found useful for the implementation.

In the beginning, a multitude of different questions for various subject areas have been gathered. Similar questions were then consolidated and all questions were put into an open structure with free answering opportunities, to fulfill the principle of openness. Additionally, the interview partners were allowed enough opportunity to freely express their experiences and knowledge (Gläser & Laudel, 2010, p. 115).

After, the questions were ordered into the previously developed categories. Both central questions and subordinate supplementary questions were formulated, but the wording and order

were not considered binding. To ensure an authentic and natural course of the conversation, questions were also asked during the interview that were not included in the guidelines, if this seemed thematically appropriate. The guideline was partially optimized and adapted to the experts depending on the course of the interview.

### 3.5. Conducting the Interviews

Due to reasons of time and costs, the interviews were conducted in a digital format using Google Meets. With expressed declaration of consent, the conversations could be recorded electronically. Towards the best possible qualitative analysis of the interviews, Fireflies AI has been used to record and transcribe. Fireflies AI is an online software for online-meetings that is included into a call as an additional participant of a video conference. It records the entire conversation and is able to identify the speaker. At the same time Fireflies transcribes what is being said. It was chosen as the preferred tool due to its accuracy, efficiency and user-friendly interface. Furthermore, it not only supports data collection through recording and transcription, but also facilitates data analysis. Fireflies AI additionally ensures data security and privacy measures in the form of encryption protocols and compliance with relevant data protection regulations to ensure the confidentiality of participants' responses.

### 3.6. Data collection and evaluation

The interviews were analyzed using Mayring's qualitative content analysis method, chosen for its suitability in handling large volumes of text and ensuring representativeness. The consideration of theoretical principles in this procedure promotes the investigation and acquisition of new results on the specific research topic. The evaluation follows a strict, systematic procedure. The use of different variants or sub-forms of content analysis ensures a multi-layered evaluation of the data. This means different research questions can be answered depending on the specific objectives of the study (Weber & Wernitz, 2021 p. 6ff.).

In the context of Mayring's evaluation, three central forms of content analysis can be identified, each with different objectives: The summary, the explication and the structuring (Mayring, 2015, p. 67). Therefore, the data has first been comprised to the most relevant parts, without it losing the original sense. The central statements stay alive, while all irrelevant and redundant information is eliminated. In the next step, the explication, unclear or ambiguous text passages are cleared up or supplemented with additional information for better understanding. Finally,

in the structuring part, the text is systematically categorized into the previously set criteria. A coding guideline is developed (Appendix 2) and the text is segmented along these criteria and the passages are ordered into a coded table and then key statements are summarized (Appendix 3).

The summary form is used in connection with the analysis of large amounts of text material. The scope of the text material is gradually reduced. The content is not changed, but explanatory information is linked together. The process of explication is used to examine ambiguous text passages or terms and make them comprehensible. The existing results are partially adapted and supplemented with further information. The third basic form, the structuring of the text material, was selected for this thesis. This helps to highlight specific content, gain an overview of the material and evaluate it according to certain criteria (Mayring, 2007, p. 58 ff.).

A fundamental component of the analysis process is the methodical and systematic application of the procedure. The focus here is on the meaning of the results to be analyzed. To this end, the first step is not to develop different theories, but to form categories and then discuss them. In this context, Mayring's method allows a certain degree of flexibility to be able to adapt the assignment of individual text passages to a sub-category if a more precise definition of the categories emerges in the course of the evaluation.

In accordance with Mayring's qualitative content analysis, the following categories have been identified. First, the interviews explored **perceptions of human rights principles by decision-makers in MNEs**. This first criterion is relevant because it shapes the overall corporate culture and influences the priority given to human rights within the organization. The perception of decision-makers directly influences how initiatives are valued, resourced and implemented. This criteria explores awareness, attitudes and beliefs, the perceived importance, particularly over time and across different regions and industries.

The next explored category looks at **the challenges in the implementation of human rights in MNEs**, as this poses the first step to overcome barriers preventing effective action. Such challenges often hinder progress and can lead to superficial compliance rather than meaningful change.

The third criterion concentrates on potential **facilitators** companies can leverage to enhance the effectiveness of implementation strategies. Recognizing and leveraging facilitators can significantly enhance the effectiveness of human rights implementation strategies. Facilitators help companies overcome barriers and achieve more sustainable and impactful outcomes.

Finally, the last criterion focuses on **guiding principles** that have proven themselves useful. As they offer a reference point for companies to align their strategies with internationally recognized standards.

### 3.7. Limitations

While semi-structured interviews are valuable for collecting qualitative data, they can result in gaps. Using an open-ended interview guide helped mitigate this by allowing flexibility.

Due to the distance to the experts' locations and to save time and costs, the interviews were conducted digitally via video conferences. In one survey, this led to some parts of the conversation being difficult to understand due to poor internet connections. The informational content of the interviews was not significantly compromised as a result.

In the context of semi-structured interviews, there is a risk that important information may be overlooked due to the structured questions. Since the interview guide was sent to the experts in advance for preparation, they sometimes focused heavily on the given questions, leaving less room for spontaneous and in-depth discussions. This was countered with targeted supplementary questions on specific topics.

Additionally, the prior sending of the guide led to a challenge in one case where some questions were not correctly understood or were misinterpreted. This could be due to the complexity or unclear wording of the questions. During the conversation, these questions were explained in detail, and the guide was revised afterward to ensure interview participants could understand and adequately respond to the topics discussed. By clarifying the questions, the quality of the collected data was maintained.

Lastly, the phenomenon of social desirability poses a significant risk to the honest answering of the questions, particularly when speaking to decision-makers. There is a danger that responses may align more with the perceived expectations of the interviewer or societal norms rather than the actual views and behaviors of the respondents. This can affect the validity of the experts' statements, which is why an attempt was made to reduce the risk of socially desirable answers through well-thought-out questions, targeted follow-ups, creating a trusting interview environment and by anonymizing and identifiers.

## 4. Results and Analysis

This chapter presents the results of the qualitative content analysis conducted on twelve interviews using Mayring's method. The coding guideline and a summarized, structured table of the key findings are attached (Appendix 2 and 3) for reference. Due to the intertwined nature of the themes discussed, the results and their analysis are integrated within the same sub-chapters to provide a cohesive understanding of how the identified categories—**interviewee background, perceptions of human rights principles, challenges in implementation, facilitators, and guiding principles**—emerge from the data and contribute to answering the research question. Each section will present the relevant findings, followed by a detailed analysis to explore the significance of the patterns and insights derived from the coded data.

### 4.2. Background

The 12 interviewees come from diverse professional backgrounds, all sharing a deep engagement with human rights practices within multinational enterprises (MNEs). While each interviewee brings unique perspectives and experiences, several commonalities and distinguishing features can be identified across their profiles:

Commonalities among all interviewees include the extensive experience in human rights and sustainability with most of them having more than a decade of experience working on human rights, corporate sustainability and related fields, while their roles mostly involve advising or directly managing the implementation of human rights principles within MNEs. Further, all interviewees shared an international perspective and experience basis, stemming from either the work with global organizations or managing human rights initiatives across multiple regions. Such expertise is essential, seeing the cross-border nature of MNEs and the varying human rights challenges in different nations and regions.

Additionally, all share a focus within their expertise on the practical implementation of human rights principles. They are involved with the translation of human rights standards into actionable strategies within companies, often dealing with the complexities of supply chains, stakeholder engagement and compliance with legal frameworks. They focus on this, all while having cross-disciplinary roles, meaning they occupy roles that require a blend of expertise.

There also were relevant distinguishing features, introducing different levels of perspectives to the results. A few interviewees, such as those with legal backgrounds bring a strong focus on compliance, grievance mechanisms and navigating complex legal landscapes. Such expertise is

particularly valuable when interpreting an applying mandatory human rights legislation. Some interviewees additionally have specialized knowledge and experience in specific industries. This allows for the addressing of unique human rights challenges. Interviewees also hold different levels of strategic leadership and seniority. While some are responsible for the development and overseeing of company-wide human rights strategies and the integration into the core business, others work as consultants, providing external advice and support to companies. Such view allows for a critical insight and helps companies benchmark their practices against industry standards. Finally, some additionally come from backgrounds in advocacy or NGOs.

#### 4.3. Perceptions of human rights principles of decision-makers in MNEs

Generally, the interviewees themselves perceive human rights as a critical components of responsible business practices in MNEs. They share the perception that human rights are not only a moral obligation but also a strategic necessity in today's global business environment. However interviewees agree for the depth and integration of this perception to vary greatly to decision-makers, organizations and industries.

The key themes identified surrounding the topic of perceptions of human rights in MNEs include the strategic importance of human rights. Several interviewees emphasized that human rights are increasingly recognized as a strategic imperative. They noted companies increasingly recognizing the risks associated with human rights violations, such as legal repercussions, reputational damage and disruptions to operations. Interviewees agreed to experience a growing trend towards integrating human rights into the core business strategy rather than treating them as a peripheral concern.

Interviewees additionally noted a noticeably varying level of commitment among different companies, although more and more note the significance of human rights principles. While some companies act proactively, embedding human rights into their corporate culture and decision-making processes, also beyond the mere compliance to hard laws, other rather act in a reactive way. Such companies primarily focus on the compliance with legal requirements. This variation often reflects differences in leadership priorities, corporate values and industry-specific pressures.

However, all interviewees report a change in the general perception of decision-makers in MNEs towards human rights principles in the past decade. The influences for this were mostly seen in external factors. These include particularly the launch of regulatory frameworks, stakeholder expectations changing and general market dynamics. Interviewees pointed out that stringent regulations and an active civil society engagement often drive companies to adopt more robust human rights practices. This goes along also with scandals such as the Rana Plaza incident in Bangladesh coming to the attention of the public eye. These were also identified to be catalysators for the faster development of human rights perceptions as well as causing industries more public attention to develop earlier and with more commitment. Consumers therefore demand for more ethical products and services, leading companies to prioritize human rights.

On another note, for some companies, human rights are primarily perceived through the lens of compliance. While the launch of hard and soft laws is the number one mentioned influence for switching perceptions, some companies tend to focus on meeting the minimum legal requirements and avoiding potential penalties. This approach leads to a so-called checkbox mentality, where human rights are addressed superficially, without deeper commitment to fostering a human rights respecting culture. Additional factors influencing such change, are increased education and training efforts within companies. Interviewees noted that as employees and executives become more knowledgeable about human rights issues, there is a corresponding increase in the prioritization of these principles in business operations. This shift is often supported by external expertise and ongoing learning initiatives.

The results entail that the perceptions towards more awareness of human rights in MNEs are influenced by a complex combination of internal, as well as external factors. Internally, leadership commitment and corporate culture are critical influences as to how human rights are perceived and prioritized. Externally particularly legal frameworks are essential, as well as stakeholder pressures and market conditions shape the level of attention given to human rights issues.

One key finding includes the recognition that while compliance is necessary, it is not sufficient for truly embedding human rights in business practices. Organizations that see human rights as integral to their business strategy are more likely to adopt comprehensive and sustainable approaches, leading to long-term benefits for company and stakeholders. When looked at from the other perspective, this entails, that companies perceiving human rights primarily as a

compliance issue risk missing out on the broader value these principles are able to bring. Such narrow focus can result in missed opportunities to enhance reputation, build trust with stakeholders, and contribute to social progress.

Generally, the evolution of perceptions is uneven across the corporate landscape, highlighting the need for continued advocacy, education, and leadership to ensure human rights are fully embedded in business practices. Also, the perception of human rights in MNEs is characterized by a recognition of their strategic importance, varying levels of commitment, and the influence of external factors. While there is a growing awareness and integration of human rights principles, challenges remain in ensuring these principles are prioritized consistently across all levels of the organization. Moving forward, it is essential for companies to go beyond compliance and embrace human rights as a core component of responsible and sustainable business. However, seeing legal frameworks pose the key influence for changing perceptions and more frameworks being developed, indicates perceptions are likely to keep evolving.

#### 4.4. Challenges in the implementation of human rights principles in MNEs

The interviewees identified pressing challenges with the implementation of human rights principles in MNEs. The interviewees agreed with what has also been found in literature, the implementation of human rights principles in MNEs is fraught with numerous challenges, reflecting the complexity of global operations, diverse legal environments, and varying stakeholder expectations. While companies are increasingly aware of the importance of human rights, translating these principles into practice remains a significant hurdle.

Closer, the number one mentioned challenge is the complexity of global supply chains. This poses one of the most pervasive challenges, as most MNEs operate through vast and intricate networks of suppliers, often spread across multiple countries with differing legal and regulatory environments. Such complexity increases not only the difficulty in the implementation but particularly also the ongoing monitoring and enforcing of human rights standards consistently throughout all levels of the supply chain. Building on that: There is a lack of transparency and traceability. The interviewees noted it is often difficult to trace the origin of raw materials and to monitor the conditions under which goods are produced all the way back to the beginning. By nature, a lack of visibility creates significant barriers to ensure human rights are respected at every stage of production. Another challenge often mentioned, is the variation of legal and

cultural contexts across countries. MNEs need to navigate a complex patchwork of national regulations, some of which may be weak or poorly enforced. Additionally, cultural differences can lead to varying interpretations of human rights, making it challenging to apply a uniform set of standards globally.

Coming from a more internal side, most interviewees highlighted the issue of limited resources and capacity within companies, particularly in smaller or less well-resourced MNEs. Implementing human rights principles and/or initiatives requires significant investment in terms of time, money and expertise. This poses a barrier for companies operating on tight margins or without dedicated human rights teams.

Additionally, resistance to change within organizations has been cited as a challenge. Implementing human rights often requires a shift in corporate culture and business practices, this can be met with resistance from various stakeholders, including employees, management and even suppliers. Such a resistance can in many cases undermine or slow down the effectiveness of human rights initiatives. A particularly pressing challenge mentioned, is the lacking commitment by leadership and along with that, the insufficient implementation into core policies of the business. Interviewees agree that human rights efforts can only succeed, when commitment is spread through the whole corporation, from the top down. Additionally, a recurring theme noted in the interviews was the tension between short-term financial performance against long-term responsibility. Due to the pressure to deliver immediate financial results, that exists in almost all companies. They often tend to prioritize cost-cutting over the implementation of robust principles. Such behavior poses a significant barrier to embedding human rights into the core business strategy and operations.

One significant challenge companies face when implementing human rights principles in their supply chains is the limited leverage they have when procuring smaller quantities from certain suppliers. Suppliers who cater to multiple large clients may deprioritize the demands of smaller customers, particularly when those demands involve stricter human rights standards. These smaller purchasing volumes can lead to a lack of influence, making it difficult for companies to enforce compliance with human rights principles. As a result, suppliers may be less motivated to adhere to the rigorous standards required, leaving the MNEs in a vulnerable position where they might inadvertently contribute to human rights violations without the ability to effect meaningful change.

Finally, even when human rights policies are in place, many interviewees noted mechanisms to address grievance oftentimes are insufficient. Effective grievance mechanisms are essential to identify and rectify human rights abuses. However, many companies lack such infrastructure and processes to handle complaints effectively and fairly. This creates situations where companies tend to be tempted to not take implemented measures seriously enough.

The previously summarized challenges further highlight the multifaceted nature of the issue at hand. The combination of complex global supply chains and varying legal frameworks and cultural norms, create significant obstacles to consistent and effective implementation.

Generally, the lacking transparency and traceability intensifies these, making it even more complex for companies to ensure human rights principles are respected throughout the operations. Also the lack of needed substantial resources and the presence of resistance to change within organizations often hinder progress. One of the most pressing, underlying issues, the tension between short-term financial goals and long-term human rights responsibilities further underscore the need for a paradigm shift in how businesses approach these issues. Companies prioritizing immediate profits over ethical considerations risk not only legal and reputational consequences but also the long-term sustainability of their operations. Inadequate grievance mechanisms further compound these challenges, as they prevent companies from addressing issues effectively when they arise. Without robust mechanisms for hearing and resolving grievances, companies may find it difficult to maintain trust with stakeholders and to uphold their human rights commitments.

#### 4.5. Facilitators for the implementation of human rights principles in MNEs

Building upon the previously mentioned challenges, Interviewees have been asked about facilitators that help companies overcoming them, to more successfully implement human rights principles.

Referring back to the primarily named influence on switching perceptions being legal and regulatory frameworks, several interviewees emphasized that mandatory legislation serves as a critical driver for businesses to prioritize human rights. Although not manageable from inside a company, legal impetus is essential, especially for companies that might not voluntarily engage in human rights due diligence. An often mentioned measure is the LKSG and the CSRD that aid companies to act, regardless of their motivations. Such laws create a non-negotiable

requirement for companies to assess, address and report on human rights risks in their operations and supply chains.

Also frequently mentioned is the creation of international and regional regulation: The expansion of legal frameworks across different jurisdictions means companies are increasingly facing a complex web of compliance requirements. This has led to a heightened focus on human rights as a critical business risk that must be managed proactively. The interviews suggest that this legal landscape is not just about compliance but also about mitigating potential legal and financial liabilities, which can be significant in cases of non-compliance.

Coming to measures addressable by companies themselves, the mostly mentioned facilitator is the addressing of internal capacities and resources. Interviewees support having the role of a specialist in MNEs. This entails the appointment of dedicated human rights professionals. Such roles could be Human Rights Directors or Managers, are reportedly crucial to driving the company's human rights agenda. These individuals bring specialized knowledge and can focus exclusively on human rights issues, ensuring they are adequately addressed within the company's broader strategy. This contrasts with scenarios where human rights responsibilities are tracked into existing roles, which is also poses a significant change, but often leads to insufficient attention and resources being devoted to these issues.

To overcome the challenge of limited leverage, European MNEs can form strategic alliances and partnerships, including collaborations with NGOs, to collectively advocate for higher human rights standards across their supply chains. By pooling their influence with other companies facing similar challenges, MNEs can increase their bargaining power and exert greater pressure on suppliers to comply with human rights expectations. These partnerships can also include NGOs, which bring additional expertise, credibility, and visibility to the human rights efforts. For example, the Ethical Trading Initiative is a leading alliance of companies, trade unions, and NGOs that promotes respect for workers' rights worldwide. Another example is the collaboration between major chocolate manufacturers and NGOs through the International Cocoa Initiative to combat child labor in the cocoa industry. These alliances not only enhance leverage but also demonstrate a unified commitment to ethical practices, making it harder for suppliers to ignore the demands for human rights compliance.

Building on the issue of lacking corporate commitment, training and education poses an important facilitator. The continuous building of internal capacities through training and education is essential for embedding human rights across the organization. These trainings

should include topics such as the awareness among employees about human rights issues, how they relate to their specific job roles. An example has been made by one interviewee saying procurement teams need to understand how their purchasing decision can impact labor rights in the supply chain. Overall, interviewees show that without internal capacity, companies struggle to implement effective human rights policies, often leading to a tick-box approach rather than meaningful action.

Adding to that, cross-functional collaboration is one of the most mentioned facilitators, which can be divided into two key areas. First, it is reported to be important to break down silos, meaning due to human rights issues being inherently cross-functional, through touching on areas like procurement, compliance, legal etc., it is one of the biggest challenge to overcome siloed nature and the reluctance to change. Therefore, effective human rights management requires collaboration across departments which can be facilitated by establishing cross-functional teams or committees. These groups then can help ensuring human rights considerations are integrated into all aspects of the business. Also, organizing the collaboration in a structured manner, companies that successfully implement human rights often have formalized mechanisms for coordination. That might include regular meetings of cross-functional teams to discuss human rights practices, share information and particularly track progresses. The relevance of having at least one person or a dedicated team responsible for coordinating these efforts has been mentioned frequently, as it aims to ensure human rights remain a priority.

As mentioned before, lacking commitment by leadership, is on the most mentioned challenges, without which no real change can be made. Therefore facilitators for leadership commitment include top management buy-in as well as the creation of a culture of accountability. Beginning with the relevance of top management buy-in: Leadership has to act as a role model, in order for implementation efforts to be effective. History proves that when leaders are visibly supportive of human rights initiatives, it sends a strong message throughout the organization. Leadership commitment additionally helps overcome resistance at lower levels of the organization and can be instrumental in securing the necessary resources for human rights initiatives. Interviewees agree that without said buy-in, initiatives lack the authority and momentum needed to be effective.

To create a level of ownership and responsibility, a culture of accountability is necessary, which in turn is necessary to achieve effective implementation. Assigning clear responsibilities for

human rights within an organization is crucial. When accountability is diffuse, human rights issues are more likely to be neglected.

The strategic integration is another crucial facilitator. In line with the clear leadership commitment and accountability, there needs to be a clear embedding of human rights into the core business strategies. This starts with a general strategic alignment. What this means, is the clear integration of human rights considerations into core strategies. They should not be treated as peripheral issues but embedded into strategic planning, risk management and operational processes. When human rights are aligned with business goals, they are more likely to be taken seriously and acted upon. The interviews suggest companies taking this approach are better positioned to manage human rights risks and to respond effectively to emerging challenges.

Further, practical frameworks and tools can be used to help the structuring of such approach. Particularly the well-established UNGPs provide a set of guidelines. Interviewees mentioned specific tools like the Human Rights Impact Assessment and Management Guide, which offer practical guidance for companies looking to integrate human rights into their operations.

Engaging with external stakeholders is a crucial aspect of successfully implementing human rights policies, especially within complex supply chains. Participation in multi-stakeholder initiatives is identified as a powerful facilitator in this regard. These initiatives bring together a diverse array of actors, including businesses, NGOs, governments, and other stakeholders, to address shared challenges, exchange best practices, and pool resources. The interviews highlighted the significant value of such collaborations, particularly in helping companies overcome limitations they might face individually, such as gaining visibility into their supply chains and implementing effective human rights due diligence.

Additionally, leveraging external expertise through partnerships with NGOs and consultants is also critical. These external partners can provide specialized knowledge, resources, and an independent perspective that is invaluable in both developing and implementing human rights policies. According to the interviewees, companies that actively engage with external partners tend to be more successful in addressing human rights challenges than those attempting to navigate these complexities on their own.

In the realm of data and risk management, the effective use of data is essential for identifying and managing human rights risks. However, many companies struggle with the interpretation of the vast amounts of data they collect, as highlighted in the interviews. This underscores the need for better tools and training to assist companies in translating raw data into actionable

insights. It is not enough to simply collect data; companies must develop sophisticated risk management systems that allow them to prioritize and address the most significant human rights risks effectively. Companies with constrained internal resources may struggle to navigate the complexities of human rights due diligence, risk assessment, and ongoing monitoring. By hiring consultants with expertise in human rights, MNEs can gain access to tailored guidance, best practices, and strategies that are crucial for effective implementation. Additionally, the use of advanced software solutions can greatly enhance data collection, analysis, and reporting capabilities, ensuring transparency and accountability across the supply chain. For example, tools like SAP Ariba help businesses manage supplier relationships and ensure compliance with ethical standards, while platforms like EcoVadis provide comprehensive sustainability ratings and performance monitoring for suppliers. These solutions not only streamline the process of managing human rights risks but also provide actionable insights companies can use to improve their practices continuously. By leveraging both consulting expertise and technology, MNEs can overcome the limitations of internal resources and achieve a higher standard of transparency and accountability in their operations.

Moreover, the concept of continuous improvement is central to the implementation of human rights due diligence. This process is not a one-time effort but rather an ongoing cycle of assessment, action, and refinement. The interviews stress the importance of adopting a mindset geared towards continuous improvement, which enables companies to adapt to new challenges and progressively enhance their human rights performance over time.

#### 4.6. Guiding principles and general recommendations

Toward the end of each interview, the interviewees were asked about potential pieces of advice they deem important and frameworks that have proven useful in the endeavor of improving human rights principles.

The most mentioned framework for orientation and guidance are the UNGPs. These were frequently highlighted as the foundational framework for human rights in business. They were identified to provide a clear and comprehensive roadmap for companies to identify, prevent and address human rights impacts. The three pillars—protect, respect, and remedy—are seen as essential for structuring corporate human rights strategies. It further also addresses the challenge of diverse cultural and legal contexts by offering a globally recognized standard companies can adopt across all regions. They also support companies in moving beyond mere compliance by embedding human rights into core business operations. Also the OECD

guidelines were mentioned frequently for their detailed recommendations on responsible business conduct, including human rights. Interviewees noted that these guidelines are particularly useful for MNEs operating in multiple jurisdictions, as they provide a consistent framework for managing complex supply chains and engaging with diverse stakeholders. They additionally tap into the issue of lacking transparency and traceability in supply chains. By following the OECD's recommendations, companies can improve their monitoring and reporting processes, ensuring that human rights standards are upheld throughout their operations.

Seeing interviewees came from different industry backgrounds, several mentioned the importance of abiding to industry-specific standards, such as those developed for the textile, mining or electronics sectors. Such standards offer tailored guidance that takes into account the unique human rights risks and opportunities within each industry. Industry-specific standards help companies navigate the particular challenges associated with their sector, such as labor rights in the textile industry or environmental impacts in mining. They provide actionable guidelines that can be integrated into the company's broader human rights strategy.

A recurring general recommendation was the need to strengthen internal processes related to human rights due diligence, monitoring, and reporting. Interviewees advised companies to establish clear protocols and invest in training to ensure human rights considerations are systematically integrated into all business decisions. Strengthening internal processes directly addresses the challenges of limited resources and capacity by formalizing the company's approach to human rights. It also supports the development of robust grievance mechanisms, ensuring human rights issues are identified and addressed promptly.

Also, to further overcome the challenge of resistance to change and ensuring cultural appropriateness and effectiveness, another key recommendation was to actively engage with stakeholders, including employees, local communities, and NGOs. Interviewees emphasized that stakeholder engagement is critical for understanding the real-world impacts of business operations and for building trust with affected groups.

Finally, interviewees recommended fostering a general culture of respect for human rights within the organization. This involves promoting awareness and understanding of human rights issues at all levels of the company and encouraging employees to take ownership of their role in upholding these principles

## 5. Discussion

The objective of this thesis was to explore how Western MNEs perceive human rights in business, to identify the key challenges they face in implementing these principles and to propose a model of facilitators for the implementation. While international frameworks set a wide foundation of guidance, there is a persistent gap between high-level human rights ideals and practical implementation within complex global operations. Bridging this gap is crucial for ensuring MNEs contribute meaningfully to the protection and promotion of human rights across their value chains. To accomplish this, qualitative interviews with 12 experts from various sectors, applying Mayring's content analysis method to extract insights on MNEs' perceptions of human rights, the obstacles they encounter, and the strategies they use to overcome these challenges. These interviews provided a comprehensive understanding of the current landscape, revealing how human rights are perceived within corporate governance and operational frameworks, and identifying actionable facilitators to enhance human rights implementation.

The main messages of the results are as follows: While human rights principles are widely acknowledged, MNEs often struggle to translate these into operational realities due to legal, cultural, and structural complexities. However, effective strategies and facilitators have been identified as critical tools for closing this gap. These findings suggest that with the right approaches, MNEs can better navigate human rights risks and integrate these principles into their core business practices, even in diverse global contexts.

### 5.2. Proposed Practical Facilitator Model for Implementation

While human rights principles are well-established through international frameworks, particularly the UNGPs, MNEs often face significant challenges in implementing these ideals into everyday business practices. The gap between high-level principles and operational realities creates complexities that require more than just theoretical understanding. This chapter presents a practical handbook aimed at providing actionable facilitators derived from extensive research. These facilitators have been identified as key tools to bridge the gap between corporate intention and practice, helping MNEs navigate the intricacies of human rights implementation across global operations. The following model follows the division into three general groups: "Governance and Strategy", "Operational Implementation and Resources" and finally "Stakeholder Engagement and Accountability", each focusing on eleven identified categories and providing 24 practical recommendations for MNEs to follow.

5.1.1. Governance and Strategy

This category focuses on high-level, long-term strategic planning and leadership commitment. It includes adapting to legal frameworks, aligning human rights with core strategies, and ensuring cultural and regional sensitivity.

<b>Leadership and Accountability</b>	Top Management Role Models	Leadership must actively promote human rights initiatives to drive them effectively throughout the organization
	Establish Accountability	Create a culture where clear responsibilities for human rights are assigned, tracked, and evaluated.
<b>Embedding Human Rights into Core Strategies</b>	Strategic Alignment	Integrate human rights considerations into the core business strategy, ensuring they are treated as integral, not peripheral, to the company's goals.
<b>Adapting to Legal and Regulatory Frameworks</b>	Proactively Comply	Stay ahead of legal changes by regularly updating policies to ensure compliance and adaptability to new regulations.
	Manage Risks Globally	Align with international standards while addressing regional legal and cultural variations to mitigate business risks.
<b>Navigating Legal and Cultural Variations</b>	Global Standards, Local Adaptation	Tailor practices to align with local requirements while upholding international human rights standards.
	Cultural Sensitivity	Engage with local communities to understand their needs and adapt initiatives accordingly.

5.1.2. Operational Implementation and Resources

This category emphasizes the practical execution of human rights initiatives, focusing on building internal capacity, conducting due diligence, ensuring cross-functional collaboration, and leveraging external expertise and technology.

<b>Human Rights Due Diligence</b>	Proactively Identify Risks	Conduct thorough assessments across operations and supply chains to uncover potential human rights risks.
	Prevent and Mitigate	Prioritize and implement strategies to address the most severe risks.
	Monitor and Communicate	Continuously track the effectiveness of these strategies and transparently report on progress to stakeholders.
<b>Building Internal Capacity</b>	Secure Leadership Commitment	Ensure senior management visibly supports and prioritizes human rights.
	Specialized Roles	Assign dedicated professionals to manage and drive the human rights agenda within the organization.
	Ongoing Training	Regularly educate employees on how human rights issues intersect with their roles, especially in procurement and compliance.
<b>Enhancing Internal Resources</b>	Cross-Functional Collaboration	Break down silos and ensure human rights issues are integrated into all business functions through structured collaboration.
	Formalize Coordination	Establish cross-functional teams to regularly discuss and track human rights efforts.
<b>Leveraging External Expertise</b>	Form Strategic Alliances	Collaborate with NGOs and other companies to increase leverage and enhance human rights compliance.
	Engage Consultants	Engage with specialized consultants to provide guidance and best practices, especially for companies with limited internal resources.
	Utilize Technology	Implement advanced software for effective data management and transparency, and leverage data.

5.1.3. Stakeholder Engagement and Accountability

This category focuses on interacting with stakeholders, ensuring continuous improvement, and maintaining transparent, accessible grievance mechanisms to uphold human rights standards.

<b>Engaging Stakeholders</b>	Identify and Engage	Regularly consult with relevant stakeholders, including employees, local communities, and NGOs, to gather feedback and address human rights concerns.
	Collaborate on Initiatives	Participate in multi-stakeholder initiatives that focus on shared human rights challenges.
<b>Commit to Continuous Improvement</b>	Ongoing Evaluation	Regularly assess and refine human rights strategies to adapt to evolving challenges and enhance performance.
<b>Developing Effective Grievance Mechanisms</b>	Ensure Accessibility	Make grievance processes available to all stakeholders.
	Promote Fairness	Design transparent and culturally sensitive mechanisms, addressing grievances promptly.
	Regularly Monitor	Continuously review and improve grievance processes for effectiveness.

5.2. Overview and final Considerations

This research aimed to explore how western MNEs perceive human rights in business and to identify key challenges they face in the implementation thereof. Through qualitative expert interviews and the application of Mayring’s qualitative content analysis, the study revealed MNEs struggles with the implementation, despite the existence of internationally established guidelines. The findings emphasized the gap between corporate intention and operational reality, highlighting several facilitators that can help bridge this divide.

Despite those valuable insights, the study faced a multitude of limitations future research should aim to address. Seeing that this work has a heavy reliance on qualitative research, it limits the generalizability of the findings. The data is context-dependent and therefore may

not be fully representative of the challenges and practices across all industries and regions. Further tapping into that, this research takes a broad cross-sectoral approach and does not delve into the specifics of each region, industry and/or department. Each industry has unique challenges that were not fully explored. In terms of geographical variability, the research focuses on western MNEs, which proposes a further limitation. While not fully extensive on western MNE understanding, the impact in non-Western regions is particularly limited. Legal frameworks, enforcement, and cultural expectations differ across regions, requiring a broader geographical scope to capture a global perspective. Finally, there is a lack of quantitative, practical measures and tests. While the research proposes a model of implementation facilitators retrieved from secondary research as well as expert interviews, it does not include measures to practically assess the effectiveness of them. Without measurable indicators, it is difficult to evaluate company performance or compare effectiveness.

To address these limitations and build upon those findings, several avenues for future research are proposed. The most conspicuous next step, is the development of quantitative performance indicators based on the categories identified in this study. Surveys or assessments could be conducted across a larger sample of MNEs to validate the model. Adding to that, a future area should include the expansion of the model to more specific areas. On the one hand, sector-specific case studies would provide more detailed insights into sector-specific human rights challenges and how companies can tailor their approaches to them. And on the other hand regional specific facilitators could be explored, this implies particularly looking at specific countries and regulations and also MNEs outside of the western world. Comparative studies revealing how human rights practices differ across regions, legal environments, and cultural contexts, providing a more global perspective.

Using the developed model towards a different direction, future research could include the exploration of emerging technologies, in a proactive way. Examples could be AI-powered supply chain monitoring, in improving human rights oversight. This would provide insights into how MNEs can leverage new tools to enhance compliance and transparency in their operations.

In conclusion, this thesis provides a foundational framework for understanding how MNEs perceive and implement human rights, along with actionable strategies to enhance their efforts. However, to move this research theme further ahead, future studies must address the limitations of qualitative focus and industry-specific differences, incorporate quantitative

measures, and explore the role of technology in human rights implementation. As global regulations evolve and public scrutiny increases, MNEs must remain flexible, proactive, and committed to embedding human rights into their core operations while seeking new tools and strategies to enhance their practices.

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## A. Appendix

### A.1. Appendix I: Interview Guide

**Master Thesis Title:** “Exploring Multinational Enterprises' Perceptions and Challenges in Implementing Human Rights Principles: Towards Best Practices and Guiding Principles”

#### **Key Areas to be explored:**

##### **Background Information**

- Role, experiences (MNEs and human rights principles)
- Motivations

##### **Perception of human rights principles in MNEs:**

- Have there been shifts in perception?
- Factors influencing perceptions
- Importance of human rights principles within operations and strategies of MNEs

##### **Challenges in implementation of principles:**

- Main business areas for companies to struggle in terms of upholding principles (e.g. production, logistics...)
- Main challenges or barriers encountered when implementing human rights principles for MNEs
  - o provide **examples** for challenges in implementing, how have they been addressed?
- Generally, how can companies overcome challenges in implementing?

##### **Facilitators (companies can leverage these to enhance effectiveness of implementation strategies):**

- **what facilitators, strategies, or approaches** have demonstrated effectiveness in aiding the implementation?
  - o **Examples** where facilitators contributed to successful implementation

##### **Guiding Principles and Recommendations:**

- what guiding principles or frameworks do you believe are essential for MNEs to effectively implement and uphold human rights principles?
- Overall: What recommendations would you give to MNEs seeking to improve their human rights practices?

## A.2. Appendix 2 Coding Guidelines

### Categories and Coding Rules

#### Interviewee Background

**Definition:** This category captures the professional background of the interviewees, including their current role, field of expertise, and relevant work experience.

**Coding Rule:** Assign all statements related to the interviewee's job title, work history, education, and areas of expertise to this category.

**Anchor Example:**

*"I've been working in sustainability and human rights compliance for over 10 years."*

*"My background is in law, with a focus on human rights in multinational corporations."*

#### Perceptions of Human Rights Principles of Decision-Makers in Business

**Definition:** This category reflects how decision-makers within multinational enterprises perceive and prioritize human rights principles in their business operations.

**Coding Rule:** Include statements where interviewees discuss shifts in perceptions of human rights over time, the influence of laws, or how businesses integrate human rights into their decision-making processes.

**Anchor Example:**

*"Businesses used to see human rights as a state responsibility, but now they recognize a shared responsibility."*

*"The perception of human rights has evolved, especially with the introduction of legal frameworks like the UN Guiding Principles."*

#### Challenges in the Implementation of Human Rights in MNEs

**Definition:** This category includes any references to difficulties or barriers that multinational enterprises face in implementing human rights principles.

**Coding Rule:** Code statements that describe organizational, structural, or financial challenges, as well as practical difficulties in upholding human rights standards.

**Anchor Example:**

*"The biggest challenge is the lack of internal capacity to understand human rights risks."*

*"There's still a lot of resistance from leadership when it comes to allocating resources to human rights."*

#### Facilitators for the Implementation of Human Rights in MNEs

**Definition:** This category captures strategies, processes, or frameworks that facilitate the implementation of human rights principles within multinational enterprises.

**Coding Rule:** Code segments that mention actions, programs, or support mechanisms that make the implementation of human rights more manageable or effective.

**Anchor Example:**

*"Cross-functional working groups have been effective in coordinating human rights efforts."*

*"Having a dedicated human rights manager has helped streamline implementation."*

#### Guiding Principles That Have Proven Useful

**Definition:** This category identifies any specific frameworks, principles, or guidelines that interviewees found useful for guiding the implementation of human rights practices in their organizations.

**Coding Rule:** Assign any mention of frameworks, regulations, or principles (e.g., UNGPs, OECD guidelines) that interviewees cite as influential or helpful.

**Anchor Example:**

*"The UN Guiding Principles on Business and Human Rights have been pivotal in structuring our human rights policies."*

*"We rely on the OECD guidelines for due diligence processes in our supply chain."*

### A.3. Appendix 3 Summarized Table of coded Statements

#### **Category 1: Background**

<b>Background</b>	<b>Description</b>
<b>Field of Expertise</b>	Human rights, sustainability, supply chain management, legal compliance, corporate governance
<b>Experience</b>	2 to 20 years of experience in HBR, multinational enterprises (MNEs) and consulting
<b>Professional Roles</b>	Consultants, lawyers, sustainability officers, human rights specialists, corporate governance advisors
<b>Industries Covered</b>	Manufacturing, textiles, energy, mining, finance, agriculture, and consumer goods
<b>Educational Background</b>	Degrees in law, business, international relations, environmental science, and political science
<b>Focus Areas in Current Role</b>	Human rights due diligence, sustainability reporting, corporate social responsibility (CSR), risk assessment

#### **Category 2: Perceptions of Human Rights Principles in MNEs**

<b>Aspect</b>	<b>Perception Change</b>	<b>Motivating Factors</b>	<b>Internal vs. External Drivers</b>
<b>Initial Perceptions</b>	Initially, businesses perceived human rights as a state responsibility, with minimal accountability on the corporate side. Many viewed compliance with human rights principles as an optional or voluntary effort.	Legal frameworks, such as the <b>UN Guiding Principles (UNGPs)</b> and national laws (e.g. <b>EU directives</b> ), were significant in shifting corporate perceptions	Companies generally reacted to external regulatory pressure, with intrinsic motivation less of a factor, though growing in importance.
<b>Current Perceptions</b>	Many multinational enterprises now recognize that they hold shared responsibility for protecting and promoting human rights. However, there is still resistance in sectors and regions where legal mandates are weak or non-existent.	Growing legal risks, reputational risks, and stakeholder pressure have driven change.	Primarily <b>externally driven</b> by legal compliance and the need to mitigate reputational risks. Some companies have started to see human rights as a strategic business issue.
<b>Influence of Regulations</b>	Decision-makers are increasingly influenced by regional regulations,	Regulatory frameworks are a primary motivator for	<b>External pressure</b> from new laws remains the main factor pushing

	particularly <b>EU's Corporate Sustainability Due Diligence Directive</b> and <b>France's Duty of Vigilance Law</b> , which enforce stricter human rights standards.	compliance, forcing companies to address human rights across global supply chains.	MNEs to adopt human rights practices. However, some intrinsic motivation is emerging, particularly in industries vulnerable to public scrutiny.
<b>Shift in Corporate Responsibility</b>	There has been a clear shift from voluntary initiatives to mandatory compliance, with human rights increasingly seen as integral to corporate social responsibility (CSR). However, there remains a gap in understanding the full implications.	Legal risks, reputational damage, and consumer demands for responsible business practices continue to be pivotal factors.	Although <b>intrinsic motivation</b> is growing, it remains secondary to legal and reputational factors in most industries.

### Category 3: Challenges in Implementing Human Rights in MNEs

<b>Challenge Area</b>	<b>Description</b>	<b>Examples</b>	<b>Impact</b>
<b>Areas of Responsibility</b>	The shift from state responsibility to businesses taking on human rights obligations is seen as difficult. Many still believe human rights are a state issue .	This view persists in regions with weaker legal frameworks, where companies prefer to focus on profitability rather than assuming responsibility for human rights .	Causes delays in the adoption of human rights practices across industries and regions where regulations are less enforced .
<b>Financial Constraints and Profit Orientation</b>	Implementing human rights practices is costly, and businesses, as profit-making entities, resist dedicating resources to non-revenue-generating activities .	Budget cuts often limit activities like fieldwork for human rights assessments. For example, reducing a 10-day fieldwork to 4 days impairs data collection .	Lack of proper budgeting leads to underinvestment in human rights processes, risking incomplete implementation and long-term violations .
<b>Complexity of Global Supply Chains</b>	Supply chains, especially beyond first-tier suppliers, are opaque, making it difficult for companies to monitor human rights compliance .	Managing lower-tier suppliers is difficult due to limited transparency. Some suppliers view the lack of disclosure as a competitive advantage .	Failure to manage the entire supply chain exposes MNEs to human rights violations further down the line, particularly in industries like textiles and mining .
<b>Leadership Commitment and Corporate Culture</b>	Many companies struggle to obtain commitment from senior leadership, which is critical for setting the	Involvement in human rights issues is often limited to a single department (e.g., sustainability) rather	Without leadership commitment, there is often a lack of cross-functional collaboration,

	tone on human rights practices .	than the whole company .	resulting in fragmented implementation efforts .
<b>Legal Conflicts in Different Jurisdictions</b>	Conflicts between international human rights standards and local laws create challenges for companies operating in different regions .	Labor Laws in Gulf states.	Companies are forced to navigate complex legal environments, often balancing between compliance with local laws and international human rights standards .
<b>Accountability and Corporate Veil</b>	The structure of MNEs often allows companies to avoid direct accountability for human rights violations committed by subsidiaries or partners .	Parent companies may use local partners to shield themselves from legal responsibility for human rights abuses in the supply chain .	This reduces legal accountability, making it harder to address violations and ensure consistent human rights practices across subsidiaries .
<b>Lacking Internal Capacity</b>	Lack of knowledge and training among employees, particularly in subsidiaries, leads to ineffective human rights implementation .	Headquarters may have a strong understanding of human rights, but this knowledge doesn't always filter down to staff at lower levels or in different regions .	Without proper training and capacity building, staff on the ground may misunderstand or inadequately apply human rights standards .

#### **Category 4: Facilitators for the Implementation of Human Rights in MNEs**

<b>Facilitator Area</b>	<b>Description</b>	<b>Examples</b>	<b>Impact</b>
<b>Corporate Governance and Leadership</b>	Strong governance structures and commitment from senior leadership are critical in ensuring human rights policies are effectively implemented across the business.	Companies have established governance teams, human rights managers, or steering committees to oversee human rights efforts.	Clear leadership commitment empowers middle management and ensures sustained attention to human rights issues.
<b>Capacity Building and Training</b>	Continuous training and capacity building at all levels within the company ensure that employees are aware of human rights responsibilities and can implement these standards effectively.	Programs aimed at training lower-tier employees and subsidiaries are particularly important for ensuring consistent understanding across regions.	Ensures that human rights practices are well-understood and effectively implemented across all departments and regions, including supply chains.

<b>External Expertise and Consulting</b>	Engaging external consultants with experience in human rights implementation can help companies navigate complex issues and integrate human rights into existing processes.	Companies that lack internal expertise or face resistance in traditional sectors have successfully leveraged consultants to guide their human rights efforts.	External expertise provides companies with tailored advice, helping them bridge the gap between policy and practical implementation.
<b>Partnerships with NGOs and Civil Society</b>	Collaboration with national human rights institutions, NGOs, and civil society organizations facilitates the sharing of valuable insights and enhances corporate human rights performance.	Partnerships have proven effective, especially in regions where local knowledge is critical to understanding and addressing human rights issues.	These partnerships ensure companies receive guidance on best practices and improve engagement with rights holders.
<b>National Action Plans and Legal Frameworks</b>	National Action Plans (NAPs) and regulations such as the EU Corporate Sustainability Due Diligence Directive serve as strong legal frameworks that guide companies in human rights compliance.	Many companies align their practices with the UN Guiding Principles and OECD guidelines, utilizing the frameworks provided by governments.	The existence of legal obligations helps standardize human rights practices and provides clarity on compliance.
<b>Industry Collaborations</b>	Engaging with other companies in the same industry to address collective human rights challenges facilitates a more coordinated response and cumulative impact.	Industry-wide initiatives, such as the Rainforest Alliance in agriculture, have created platforms for companies to collaborate on shared human rights goals.	This collective approach amplifies efforts and helps address systemic issues that single companies alone cannot solve.
<b>Resource Allocation</b>	Adequate resource allocation is crucial for the proper implementation of human rights policies. This includes ensuring budgets are available for fieldwork, assessments, and long-term monitoring.	Companies that allocated sufficient budgets for fieldwork and data collection saw improvements in their ability to assess and address human rights risks.	Without proper budgeting, companies face significant obstacles in conducting thorough human rights assessments and remediation efforts.
<b>Clear Human Rights Policies</b>	Developing clear, actionable human rights policies that integrate with existing company	Companies find that integrating human rights principles into their existing	Streamlined policies ensure smoother implementation and allow companies to maintain

	policies helps avoid the need for entirely new systems, making it easier for companies to comply	governance and risk frameworks, rather than creating new ones, is more effective.	consistency across various regions and sectors.
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**Category 5: Guiding Principles and frameworks that have proven useful**

<b>Guiding Principle/Framework</b>	<b>Description</b>	<b>Application in Business</b>	<b>Impact on Human Rights Implementation</b>
<b>UN Guiding Principles (UNGPs)</b>	Often referred to as the "Bible" of business and human rights. The UNGPs outline corporate responsibility for human rights and due diligence processes.	The UNGPs provide a comprehensive guide for companies to establish human rights policies, assess risks, and implement human rights due diligence.	Widely accepted across industries, the UNGPs serve as a core reference point for embedding human rights in business practices globally.
<b>OECD Guidelines</b>	The OECD Guidelines for Multinational Enterprises offer recommendations for responsible business conduct, including human rights.	The OECD Guidelines are particularly useful in integrating environmental and human rights concerns, offering a holistic approach.	Enhances alignment with international best practices, particularly for companies operating in multiple jurisdictions.
<b>EU Corporate Sustainability Directive</b>	A legally binding framework that incorporates the UNGPs, designed to enforce human rights due diligence across MNEs.	Companies must comply with legal requirements on human rights and sustainability, ensuring accountability across global operations.	Provides legal pressure that accelerates the adoption of human rights due diligence, helping companies align with international norms.
<b>National Action Plans (NAPs)</b>	NAPs, developed by governments, guide businesses on implementing human rights through legal and voluntary measures.	Companies align their human rights practices with NAPs to ensure compliance with national and international standards.	Creates a structured framework for human rights implementation, especially in countries with robust NAPs.