A COMPARATIVE STUDY BETWEEN SWEDEN AND THE NETHERLANDS: BUSINESS AND HUMAN RIGHTS FROM A CSR PERSPECTIVE

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A Comparative Study Between Sweden and the Netherlands: Business and Human Rights from a CSR Perspective

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Summary

The globalization and transnational operations of businesses have contributed to complex and diverse supply chains that have resulted in difficulties to address businesses’ social impacts, such as on human rights. To approach human rights issues in the supply chain, many companies have adopted and implemented the concept ‘corporate social responsibility’ (CSR) in their business agenda and sustainability strategy. CSR can be defined as businesses responsibility for their social, environmental and economic impacts on society.

The aim of this Master Thesis is to execute a comparative research study between a selected sample of businesses in Sweden and the Netherlands and investigate in which way they approach human rights concerns in their supply chains in developing countries as part of their CSR or sustainability strategy. The research is guided by the following research question:

*What are the most important aspects and indicators to integrate human rights impacts in the supply chain and to what extent can these measurements influence potential similarities and differences in CSR or corporate sustainability approaches between businesses in Sweden and the Netherlands?*

The aspects and indicators explored are (personal) motivation, internal and external drivers, internal and external communication, national market competition, engagement of the state, implementation of (voluntary) guidelines and standards, challenges, corporate identity, and organizational culture. To conduct this study, participants of Dutch and Swedish companies and the public sector took part in interviews and a questionnaire to gain insight into their top-down approaches to human rights issues and challenges in the supply chain from a CSR perspective in relation to these aspects and indicators. The empirical findings illustrate that the most important aspects and indicators to integrate human rights impacts in Swedish and Dutch companies’ supply chains in developing countries are ‘internal and external drivers’, ‘external communication’, ‘implementation of (voluntary) guidelines and standards’ and ‘challenges’ in adopting (voluntary) guidelines and standards, and that each measurement can influence similar or different ways to approach human rights issues in the supply chain in developing countries. The empirical findings also illustrate that how the Dutch and Swedish companies approach CSR is also linked to the challenges they experience when addressing human rights issues. The main challenges were dealing with the size of the supply chain and number of suppliers, and the cultural and political barriers in their supplier countries. Future research that could be explored is how companies are specifically cooperating and collaborating with their stakeholders and other societal actors to tackle the main challenges that are commonly experienced by businesses that have supply chains in developing countries.
I, Johanna Bohman would like to thank my supervisor from Radboud University Nijmegen, Pieter Leroy for helping me by giving theoretical and practical guidance and suggestions throughout the research process of my Master Thesis. I would like to thank my contact person and supervisor Annelien van Meer for giving me a valuable experience in Enact Sustainable Strategies learning about sustainable business and corporate responsibility, and helping me find the contacts for my interview participants for my research study. Finally, I would like to thank the interview participants of this research study for giving their time and giving me an opportunity to research the topic human rights concerns and challenges in the supply chain management.
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**ACRONYMS:**

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<th>Acronym</th>
<th>Full Form</th>
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<td>EUROPEAN UNION</td>
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<td>GLOBAL REPORTING INITIATIVE</td>
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<td>MULTINATIONAL CORPORATION</td>
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<td>NGO</td>
<td>NON-GOVERNMENTAL ORGANIZATION</td>
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<td>SCM</td>
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<td>UNIVERSAL DECLARATION OF HUMAN RIGHTS</td>
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<td>UNICEF</td>
<td>UNITED NATIONS INTERNATIONAL CHILDREN’S EMERGENCY FUND, UNITED NATIONS CHILDREN’S FOUNDATION</td>
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Chapter 1: Introduction

This section provides an overall picture of some of the challenges that follow from businesses that operate in an increasingly globalized world. This background information is intended to provide a foundation for investigating a research problem that will be explained and addressed as a 'real world problem' followed by the research objective and research questions. Finally, the societal and scientific relevance of the study according to the researcher will be supported by arguments from academic literature.

1.1 Background

Globalization can be defined as the process of intensified global interconnectedness of subsystems resulting in an increasing system complexity at various scales and domains (Figge, Oebels & Offermans, 2017). These subsystems consist of transnational structures and global integrations of social, economic, cultural, political, ecological and technological processes from local to global levels (Figge, Oebels & Offermans, 2017). This has led to opportunities for economic and human development due to technological advancements, declining costs of communication and transfer of capital, goods and people (Scherer & Palazzo, 2011). However, the combination of globalization, international policy problems, large-scale humanitarian crises, conflicts around the world, and the persistence of deep poverty are amongst the many causes that has triggered many issues around the world in different political, social, and economic contexts, such as human rights violations (Karns & Mingst, 2010).

From an environmental perspective, consequences such as high ecological footprints, increasing atmospheric greenhouse gases, and biodiversity loss illustrate that economic globalization intensifies and depletes Earth’s natural resources and ecosystems (Lemos & Agrawal, 2006). From a societal perspective, economic activities pressured from increased competitiveness between firms and global international trade have led to unethical practices in society and contributed to human rights abuses such as exploitation or forced (child) labour, human trafficking, low wages and trade in conflict minerals particularly in developing countries (Bejou, 2016). It is shown that multinational corporations’ (MNCs) complex supply chains are often linked directly or indirectly to human rights violations (Bejou, 2016). In short, the term ‘supply chain’ can be defined as “a set of three or more entities (organizations or individuals) directly involved in the upstream and downstream flows of products, services, finances, and/or information from a to a customer, (and return)” (Mentzer et al., 2001, p. 4. in Ellram & Cooper, 2014). Further discussion about the concept supply chain will be introduced in Chapter 2: Theoretical Framework section 2.1.1.

Many companies have suppliers in developing countries that collaborate with their own respective individual partners, which can have an impact on the overall sustainability of the company (Mani, Agrawal & Sharma, 2016). Social issues in developing countries such as child labour, gender inequality, poverty and health and safety problems at project or operational sites are continuous problems that occur in complex global supply chains that can
reflect the overall level of sustainability, as well as the image, reputation and (financial) performance of a company (Mani, Agrawal & Sharma, 2016).

To address environmental, economic and societal issues, the overarching umbrella concepts ‘sustainable development’ and ‘sustainability’ have become terms used by state, market and civil society actors. Historically, the concept sustainable development was presented in 1987 as an attempt to balance environmental concerns related to increasing ecological consequences of anthropogenic or human activities and the socio-political concerns about human development issues (Robinson, 2004). The term sustainable development is often a preferred terminology used by government and private actors and refers to the “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987, p.41). The term ‘sustainability’ is often used by academic and NGO (non-governmental organizations) sources and used in similar contexts as sustainable development. However, there is a current debate on the use of this terminology by NGOs and academic environmentalists because ‘development’ is seen as synonymous with (economic) growth, which is seen as problematic for various reasons (Robinson, 2004) (see Chapter 2: Theoretical Framework section 2.2.1).

As umbrella concepts used by actors in the market (and also the state and civil society), sustainable development or sustainability can be divided into three ‘pillars’ or dimensions: the economic, environmental and social dimension (Robinson, 2004). According to the Global Reporting Initiative (GRI)¹, an independent organization and advocate of sustainability reporting, the economic dimension can be defined as “the organization’s impacts on the economic conditions of its stakeholders, and on economic systems at local, national, and global levels” (DesJardin, 2016). In short, stakeholders are “any individual who may affect or be affected by an organization’s activities” (Global Compact Network Germany, 2014, p. 12).

The environmental dimension of sustainable development or sustainability “concerns the organization’s impact on living and non-living natural systems, including land, air, water and ecosystems [and] covers impacts related to inputs (such as energy and water) and outputs (such as emissions, effluents and waste)” (DesJardin, 2016). This dimension relates to the conservation and protection of nature and landscapes, safeguarding natural resources, and mitigating the impacts of unsustainable activities, for example air and water pollution, ecosystem and biodiversity loss (Pawlowski, 2008). The social dimension refers to the impacts on the social systems within which organizations operates, for example impacts that concerns labor practices and decent work, human rights, and the society (DesJardin, 2016). The social dimension also includes social values and notions of responsibility (Scheyvens, Banks &

¹ GRI is an international independent organization that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others. https://www.globalreporting.org/Information/about-gri/Pages/default.aspx
Hughes, 2016) over the social well-being of those affected (e.g. stakeholders) by organizations.

According to the UN Global Compact, an initiative to promote sustainability amongst companies, the social dimension of sustainability is about identifying and managing positive and negative business impacts on people (United Nations Global Compact, n.d.). In the context for businesses and firms, the social dimension refers to the quality of a company’s relations and engagement with their stakeholders, for example the impact of social issues (human rights, labor or gender equality issues, concerns regarding children, discrimination, indigenous rights etc.) on their employees, workers in the supply chain or local communities (UN Global Compact, n.d.). From a corporate perspective, corporate sustainability entails “meeting the needs of a firm’s direct and indirect stakeholders without compromising its ability to meet the needs of future stakeholders” (Dyllick & Hockerts, 2002, p. 131). This interpretation is inspired by the definition stated in the report ‘Our Common Future’ provided by the World Commission on Environment and Development in 1987 (see the previous page). To approach and incorporate the social dimension of sustainability in practice from a corporate perspective, more businesses have engaged and committed to ‘corporate social responsibility’ (CSR). It is a concept that can be understood as the responsibility of firms for their social, environmental and economic impacts by complying with societal expectations and norms (Scherer and Palazzo, 2011). Further discussion on CSR can be found in Chapter 2: Theoretical Framework section 2.2.3.

Generally, CSR is associated with the integration of social, environmental, and economic concerns into firms’ values, culture, decision making, strategy and operations in a transparent and accountable manner in order to establish better and more ethical practices internally and externally to the firm and for society (Bondy & Starkey, 2014). One of the most frequent and reoccurring social concerns that firms and businesses that outsource their production come across with are related to challenges regarding human rights in the supply chain (Welford & Frost, 2006). An example within the fast-fashion industry was the accident in the Rana Plaza building in Bangladesh in 2013 (Chandran, 2016) and issues regarding safety, child labour or labour abuse within the agricultural and retail industry (and also in other industries). These social concerns regarding human rights issues are fundamental to integrate and address across firms and their CSR or sustainability strategy because they are universal issues (referring to United Nations Declaration of Human Rights and the International Labour Organization’s Conventions) that are often violated in the global supply chains (Bondy & Starkey, 2014).

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2 https://www.unglobalcompact.org/what-is-gc/our-work/social
3 http://www.reuters.com/article/us-bangladesh-garments-lessons-analysis-idUSKCN0XJ02G
1.2 Research Problem

Since the early 1980s, economic globalization has accelerated and resulted in policies in favour of privatization, deregulation, trade liberalization, outsourcing and subcontracting based on a neoliberal ideology (Crew & Axelby, 2013). This has led to blurred boundaries and cross-border operations of the private sector and its widespread supply chains (Crewe and Axelby, 2013). This makes it difficult to track operations, identify ‘free riding’ behaviour and hold businesses and firms accountable and responsible for their social impacts and the respect for human rights throughout the entire business supply chains (Crewe and Axelby, 2013). In practice, it can be a challenge to measure the impact of business practices on human rights violations or abuse and implement, monitor and assess these practices through sustainability strategies. Yet, human rights violations that occur in many developing countries cannot ignore the critical need for both firms, NGOs and governments to cooperate and transition towards more sustainable strategies from an organizational perspective.

Approaching social sustainability issues such as human rights violations also poses methodological and practical issues because the concept of CSR is considered multi-dimensional and contextual without a common consensus on what CSR exactly entails as a definition (van Marrewijk, 2002) (further discussion on CSR see Chapter 2: Theoretical Framework section 2.2.3). Therefore, in practice businesses can define, communicate and implement CSR differently. This can lead to different outcomes and impacts of a company’s CSR and sustainability performance in which some firms in some countries are more responsible than firms in other countries (Halkos & Skouloudis, 2016). For example, the way CSR is applied in practice can be influenced by the institutional environment businesses operate within, meaning that different social, economic, cultural and political settings and contexts can influence organizational decisions and reflect a company’s sustainability (Halkos & Skouloudis, 2016).

Cross-country differences in how CSR is approached or prioritized by companies in terms of being defined, implemented, practiced, and influenced by certain driving factors shows that there are methodological and practical issues related to CSR. For example, in Finland one of the ‘Finnish way’ of thinking about and practicing CSR is related to the country’s high respect for a moral and ethical attitude, which has contributed to CSR is also a matter of values such as transparency, openness and trust (Table 1 in Panapanaan, Linnanen, Karvonen & Phan, 2003). Other aspects that influence how CSR is approached by Finnish companies is the high presence of labor associations that drive and promote CSR issues (Panapanaan, Linnanen, Karvonen & Phan, 2003). These legal, economic, political or (organizational) cultural settings can differ in other countries and therefore influence the way, the ability, and the difficulties to approach CSR. For example, in Nigeria, CSR approaches related to community involvement and development (to e.g. reduce poverty or contribute to social

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5 For example, within economic activity, free riding is an issue for achieving sustainable development and can arise when a potential cooperator realizes that the actions of others may achieve collective the collective benefit even if the cooperator does not act (Ascher, W., & Mirotvitskaya, N. (2001). *Guide to Sustainable Development and Environmental Policy*. Durham and London: Duke University Press).
infrastructure) have failed to reduce violence and instead increased communal instability (Jamalia, Karama, Yinb & Soundararajajan, 2017). In the area of the Niger Delta, being involved in CSR practices such as (local) community development as a company meant that CSR approaches focused on partnerships with the (local) community and (local) authorities as an opportunity to demonstrate their social responsibility due to corporate-community conflicts in the Niger Delta region (Idemudia, 2009). In China, the notion of CSR is considered influenced from Chinese characteristics and values related to its communist legacy and ideals, and the relationship between the government, corporations, and society (Li, 2016). These characteristics refer to CSR as being ‘people-oriented’ in terms of achieving ‘harmony and stability’ for the corporation, providing basic employee rights, growth and development opportunities for employees and promoting employee contribution to CSR in the form of philanthropy (Li, 2016). These are a few examples that show that CSR is context dependent in theory and in practice. That has led to companies in various countries having different ways of interpreting, approaching, and implementing CSR in their business practices. This can have certain implications on how CSR differs among national settings and is perceived not only by businesses but towards consumers and their stakeholders (Matten & Moon, 2008). Yet, despite the worldwide adoption of CSR policies and strategies, the social responsibility by companies remains contextualized and differs among countries, due to different political, financial, education, labour and cultural systems (Matten & Moon, 2008).

An example that illustrate different approaches and performances in CSR is between Nordic and Continental European countries. Rankings and indices suggest that in general, Nordic or Scandinavian countries have scored higher in CSR and sustainability performance measurements (see Table 1, Strand, Freeman & Hockerts, 2015; and Appendix 1 in Halkos & Skouloudis, 2016). This makes one question, are there certain aspects, conditions or factors that affect the way Nordic or Scandinavian companies’ approach CSR and sustainability? In particular, are there certain conditions, factors or (corporate) cultural aspects that make Swedish (as Scandinavian) and Dutch (as Continental European) companies approach CSR differently? These are important considerations for understanding the way significant and complex societal issues are dealt with between different (corporate, cultural or economic) environments and institutional settings.
Table 1  Triple-bottom-line performance by country cluster

<table>
<thead>
<tr>
<th>Country cluster</th>
<th>Economic</th>
<th>Environment</th>
<th>Societal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Anglo Saxon (incl. U.S.)</td>
<td>High</td>
<td>Low</td>
<td>Middle</td>
</tr>
<tr>
<td>Continental Europe</td>
<td>Middle</td>
<td>Middle</td>
<td>Middle</td>
</tr>
<tr>
<td>Mediterranean Europe</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Confucian</td>
<td>Middle</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

Adapted from “Toward Sustainable Sustainability Learning: Lessons from a US MBA Study Abroad Program in Scandinavia,” by R. Strand, 2011, Journal of Strategic Innovation and Sustainability 7(2), 41–63. High = 1 to 1.9, middle = 2.0 to 3.5, and low = 3.6 or more

Source: Strand, Freeman & Hockerts, 2015.

Appendix 1  Country scores according to the national corporate responsibility index of Skouloudis (2014) and Skouloudis et al. (2016).

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>NCSI</th>
<th>Rank</th>
<th>Country</th>
<th>NCSI</th>
<th>Rank</th>
<th>Country</th>
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<tbody>
<tr>
<td>1</td>
<td>Switzerland *</td>
<td>20.64</td>
<td>30</td>
<td>Greece *</td>
<td>-15.36</td>
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<td>Mexico *</td>
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<td>32</td>
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<td>-17.98</td>
<td>61</td>
<td>Turkey</td>
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<td>Costa Rica **</td>
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<td>53</td>
<td>Czech Republic *</td>
<td>-26.25</td>
<td>82</td>
<td>Morocco **</td>
<td>-33.94</td>
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<tr>
<td>25</td>
<td>Austria</td>
<td>-12.21</td>
<td>54</td>
<td>Iceland *</td>
<td>-26.36</td>
<td>83</td>
<td>Iran **</td>
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<td>26</td>
<td>South Africa</td>
<td>-12.58</td>
<td>55</td>
<td>Poland *</td>
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<td>Bangladesh *</td>
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<td>Israel *</td>
<td>-13.57</td>
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<td>China</td>
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<td>28</td>
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<td>Peru</td>
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<td>Saudi Arabia **</td>
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<td>29</td>
<td>New Zealand *</td>
<td>-15.19</td>
<td>58</td>
<td>Uruguay **</td>
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Note: (*) Advanced economies, (**) Emerging economies.
1.3 Research Objective and Research Questions

With the emergence of the concepts CSR and sustainability, issues that were traditionally the responsibility of the state have now also become a concern and responsibility for businesses, due to the negative impacts of complex and cross border operations of many firms, such as human rights violations in the supply chain (Scherer and Palazzo, 2011). Therefore, incorporating CSR in practice also changes the traditional organizational environment and resilience of the firm (Schwesinger Berlie, 2010). To understand how companies in various countries may approach CSR differently, the objective of this Master Thesis is to execute a comparative study between businesses in Sweden and the Netherlands and how they approach human rights concerns in their supply chain management as part of their CSR or sustainability strategy. The aim of this comparative study is to gain an understanding of whether there are differences or similarities in implementing practices to target human rights concerns or violations in the supply chain management in developing countries of businesses in Sweden and the Netherlands. Part of the study also consists of identifying the challenges that Dutch and Swedish based companies experience throughout their processes of implementing strategies to approach or cope with potential negative human rights impacts in their supply chains. This will help develop an understanding of the contextual environment and challenges these companies operate within both abroad and internally. This will provide room to identify the lessons learned and future potential improvements in a suggestive manner that could be used in future businesses’ CSR and sustainability approaches.

To execute this Master Thesis, the following sub-aims have been formulated to guide the research:

1. To select Swedish and Dutch companies that have manufacturing sites or supply chains in developing countries. This will help understand the extent of the corporate response and behaviour for preventing and handling human rights risks and violations in their business operations in developing countries.

2. Investigate possible differences and similarities in the way CSR and human rights concerns are approached between the selected Swedish and Dutch companies. This includes comparing the possible differences and similarities, including the challenges for approaching CSR practices in the context of social sustainability.

3. Investigating the differences and similarities will be done by identifying and assessing certain conditions, motivations, aspects, and institutional settings as measurements that influence specifically human rights practices of Swedish and Dutch businesses. These measurements are: motivation, internal and external drivers, internal and external communication, national market competition, engagement of the state, implementation of (voluntary) guidelines, challenges, corporate identity, and organizational culture.
4. Conclude the lessons learned from researching the selected cases of Swedish and Dutch companies in the context of CSR and social sustainability. This will be done by identifying main points and advise that are important for understanding the (possible different) approaches to CSR and sustainability.

To execute the aim of the Master Thesis, the following central research questions is:

**What are the most important aspects and indicators to integrate human rights impacts in the supply chain and to what extent can these measurements influence potential similarities and differences in CSR or corporate sustainability approaches between businesses in Sweden and the Netherlands?**

To clarify the central research question, ‘aspects and indicators’ are referred to conditions, variables and institutional settings that influence the ways of working with CSR and social sustainability of Dutch and Swedish businesses. The aspects and indicators are specifically attributed as factors that impact the Swedish and Dutch businesses’ approaches to human rights implementation within their supply chains in developing countries. Although human rights are part of businesses’ corporate social responsibility, this term is broad and includes universal human rights, civil and political rights to social, cultural and economic rights (United Nations, n.d.). However, including all human rights for the comparative study can be confusing and too broad. Therefore, for the purpose of the research question, ‘human rights’ is focused on rights relevant to the Dutch and Swedish businesses’ supply chains in developing countries or (potential) human rights violations or risks in their supply chains. For example, these include risks or violations of workers’ or labour rights (including child labour), the right to social security and social protection, discrimination and health and safety at the workplace etc. (Office of the United Nations High Commissioner for Human Rights - OHCHR, n.d.).

‘CSR or corporate sustainability approaches’ as mentioned in the central research question is referred to specific measures or strategies Swedish and Dutch businesses implement and incorporate in their supply chain and business practices. These approaches are businesses’ responsibility to prevent and cope with negative human rights concerns that (can potentially) occur within their manufacturing sites or supply chains because it is a social issue caused or linked to companies that has impact on part of society (in this case people whose human rights are either violated or are at risk for being violated).

In order to answer the central research question, sub-research questions have been created to guide the research process:

1. How is CSR, meaning, businesses responsibility to identify and approach human rights violations and risks implemented in Dutch and Swedish businesses’ CSR or corporate sustainability policies and strategies?
2. **What are the main drivers and motivations for Dutch and Swedish businesses to incorporate CSR on human rights in their supply chain and CSR or corporate sustainability strategies?**

3. **To what extent can aspects such as (different or similar) corporate cultures and institutional environments affect the implementation processes of CSR on human rights in Dutch and Swedish businesses supply chains in developing countries?**

4. **What main challenges do Swedish and Dutch businesses experience when approaching CSR on human rights in the supply chains?**

1.4 The Societal and Scientific Relevance of the Study

Today it is generally accepted by many actors of society such as companies, civil society, organizations, NGOs, governments or think tanks that the social, environmental and economic responsibility of both firms, governments and organizations is an important criterion for achieving a more sustainable development and society. Yet, despite the presence of national and global laws, regulations, and norms there are still challenges that remain and barriers that are difficult to address in particular for multinational corporations. For example, operating transnationally across borders can result in challenges and obstacles due to the different contexts, societal and social structures, relational networks and global and local issues that firms are embedded in (Bondy & Starkey, 2012, p. 5). To address global and local sustainability and societal issues that are connected to the challenges that multinational corporations experience, for example human rights concerns in the supply chain, many businesses have engaged in CSR by going beyond legal and economic responsibilities. For example, for the past decades many firms have engaged in societal issues that are often outside their role and realm and in activities and responsibilities that were traditionally regarded as governmental activities: public health, poverty, social security, and human rights (Scherer & Palazzo, 2011).

Conducting a comparative study between Swedish and Dutch businesses that operate across national and regional boundaries (Bondy & Starkey, 2012, p. 5) and how they approach human rights concerns in the supply chain as part of their CSR or sustainability strategy is relevant for gaining an understanding of: 1) how different businesses across other countries approach common societal challenges in different contexts and environments, 2) the extent in which human rights concerns are integrated and implemented in business practices and their supply chains, and 3) the importance of organizational and societal change as the “traditional” role of the market, state and civil society is changing. By comparing Swedish and Dutch businesses, this can illustrate how diverse companies from separate countries operate internationally and respond to societal issues in different environments. By tracking common and differentiated factors, such as indicators, aspects or challenges from this study, the
findings can illustrate how and to what extent corporate actors, as major components of society can contribute to sustainability through CSR (Kooiman, 2008).

According to the Human Rights Watch (2017), “millions of children and adults around the world work in exploitative, abusive, and unsafe jobs supplying the global market”. Therefore, the study focuses on how businesses approach human rights concerns in their supply chains because it is an issue that affects various stakeholders of both firms and the society, directly and indirectly (Global Compact Network Germany, 2014). This is relevant for understanding the relationship that businesses have with their stakeholders and potentially affected or vulnerable groups in society. Researching how companies integrate and implement human rights approaches in their business can pin out potential ‘CSR gaps’ in the supply chain for Swedish and Dutch businesses. These gaps can indicate what potential measures (e.g. on stakeholder, policy or governance level) need to be taken by businesses and other relevant actors (e.g. researchers) in order to interfere or influence the supply chain.

In order to mitigate human rights concerns in the supply chain, fundamental societal and organizational change is needed. Organizations, companies and civil society have to work towards long –term goals and take responsibilities in preventive and proactive ways (German Advisory Council on Global Change, 2011) in order to reach a more sustainable society. By identifying and comparing more ‘pioneering’ or ‘front runner’ Swedish or Dutch businesses or certain aspects and measures that address human rights in the supply chain, the study can illustrate a certain level of organizational change (in relation to societal change). For example, by comparing external influences (collaboration between businesses, NGOs or governments, consumer or media awareness and pressure etc.) that Dutch and Swedish companies experience in relation to their organizational CSR or sustainability strategies (Vashchenko, 2017). This can contribute to an understanding of the challenges these companies experience that prevent them to move forward, transition and break traditional business practices. These challenges can further be assessed, presented as lessons learned and opportunities for organizational change in order to reach more sustainable business practices.

Conducting a comparative study between companies of Sweden and the Netherlands on human rights issues in the supply chain in developing countries from a CSR perspective is relevant due the relatively limited available comparative research studies on this topic. For example, in general there is research that focuses on CSR in Sweden or the Netherlands as separate studies and research studies on human rights (issues) in CSR or in the supply chain.

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However, there is a relative lack of studies that focuses on human rights issues in the supply chain between businesses specifically in Sweden and the Netherlands from a CSR and sustainability perspective. Therefore, this comparative study is relevant from a scientific or academic perspective because it can contribute to additional aspects on corporate human rights issues in the supply chain that are expressed on an individual level from business representatives. According to the researcher, it is important to gain aspects and insights on corporate human rights issues in the supply chain from a CSR and sustainability perspective from ‘the inside’ rather than solely relying on information for example from corporate websites or secondary sources.

This study also differs from other studies (see footnotes below) in a way that the aspects and insights provided from the Swedish and Dutch businesses can exemplify perspectives that would otherwise not have been featured or uncovered if the study was focused on a more broad or general CSR perspective or topic. For example, relatively many studies on CSR or human rights in the supply chain is focused on researching ‘groups’, such as Scandinavian or European businesses or countries, businesses in developed or developing countries, or regions or sectors rather than researching specific countries or businesses. Nevertheless, there are indeed research studies on CSR in Sweden and the Netherlands, however they do not focus on specifically human rights issues in the supply chains (for example: Itotenaan, H.O., Samy, M., & Bampton, R. (2014). A phenomenological study of CSR policy making and implementation in developed countries: The case of The Netherlands and Sweden. *Journal of Global Responsibility*, 5(1), pp. 138-159, [https://doi.org/10.1108/JGR-03-2014-0008](https://doi.org/10.1108/JGR-03-2014-0008)). Although this comparative research study may differ from others in terms of research topic or methodology, this study can contribute to new ways of understanding, studying, or promoting comparative CSR, just like other disciplines such as comparative politics or economics and so on.

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**Footnotes:**


Chapter 2: Theoretical Framework

This chapter serves as a theoretical foundation for the empirical research and analysis of the Master Thesis. The purpose of this chapter is to provide a theoretical overview and gain an understanding of the topic that will be researched. First, the terms ‘supply chain’ and ‘human rights’ will be described in order to understand further theoretical discussions about the interrelations of these terms. Second, the theoretical concepts ‘sustainable development’ and ‘corporate social responsibility’ will be defined and discussed and how they are interconnected in theory and practice according to the researcher. Third, a brief critical overview of the concept corporate social responsibility will illustrate its limitations in order to understand the debates that exist today about human rights issues in the supply chain, the main topic of this Master Thesis.

2.1 The Connection between the Supply Chain and Human Rights

This section defines ‘supply chain’ and ‘human rights’ in order to give a clear image about the research topic and how these terms are interconnected. Defining these terms is important for understanding what these terms mean in specific contexts and to unravel the main issues and debates they bring to society.

2.1.1 The Supply Chain

As mentioned in Chapter 1: Introduction (see p. 3), the term “supply chain” can be defined as “a set of three or more entities (organizations or individuals) directly involved in the upstream and downstream flows of products, services, finances, and/or information from a to a customer, (and return)” (Mentzer et al., 2001, p. 4. in Ellram & Cooper, 2014). The term ‘supply chain’ originate from the concept ‘supply chain management’ (SCM), a concept that was first introduced mainly by consultants in academic literature in the 1980s (Ellram & Cooper, 2014). There are different perspectives on SCM in academic literature, for example that: it is seen as a process (how supply chain activities are linked and integrated), a discipline (exploring whether SCM is a separate area of study), a philosophy (how a firm integrates supply chain implications), a governance structure (what boundaries exist between firms, the type of ownership and relations members of the supply chain should have) and a function (whether SCM is managerially oriented) (Ellram & Copper, 2014, p. 11). These different perspectives show that there are several areas to study and understand the concept of SCM in detail. However, for this Master Thesis, the perspectives on SCM will concretely focus on what SCM means in terminology and how this concept is connected to the sustainability challenges that arise in businesses supply chains.

In short, SCM is about “all aspects of delivering products and services to customers” (Chen & Paulraj, 2007, p.134). These aspects can be found in a typical supply chain that consists of an interconnected network of materials, information and services that processes links with the characteristics of supply, transformation and demand (Chen & Paulraj, 2007). This can be illustrated in Figure 1, a typical company’s supply chain (Chen & Paulraj, 2007).
that feature: logistics activities, the planning and control of the flow of materials, services and information internally within a company (internal supply chain - the transformation) and externally between companies (suppliers and customers - the supply and demand).

Generally, a supply chain is composed of all parties such as manufacturers, suppliers, transporters, warehouses, retailers, and sometimes the customers themselves that are “involved, directly or indirectly, in fulfilling a customer request” (Chopra & Meindl, 2007, p.3). Each entity or party have internal and external functions with a purpose to fulfill the customer request. These functions could be new product development, marketing, operations, distributions, finance, and customer service, and within each function several stages exist, for example: customers, retailers, wholesalers or distributors, manufacturers or raw material suppliers (Chopra & Meindl, 2007). These stages are illustrated in Figure 2 that indicate how a typical supply chain can look like and shows a complex network of how interconnected the supply chain stages can be (Chopra & Meindl, 2007). Many companies’ supply chain networks are complex because not all supply chains are necessarily located in one place but can be geographically, politically, and competitively distributed (Chopra & Meindl, 2007). For example, the political stability of a country and the competition of available raw material or labour can influence supplier or manufacturer location choices. This complexity has led to a wide interpretation of how a ‘typical’ supply chain looks like.
In addition, each customer and customer request is different and can vary in terms of needs and preferences. Therefore, some stages or functions are not necessarily part of the supply chain (Chopra & Meindl, 2007). This results in that some supply chains are smaller, larger and others global, where companies are connected to thousands of suppliers all over the world. A contributing factor to that supply chains have become more global and complex is globalization and the benefits of sourcing suppliers cheaper from countries outside a company’s home country (Chopra & Meindl, 2007). Another factor is that consumers and customers are increasingly demanding more products, variety, and improvements meanwhile product life cycles are becoming shorter, which results in that even more products are manufactured (Chopra & Meindl, 2007). This can lead to uncertainty and unpredictability in terms supply and demand, and how companies and their suppliers should coordinate and respond to globalization and the increasing complexity of global supply chains.

To minimize or avoid obstacles in the supply chain, research on SCM discusses aspects relevant to companies and their suppliers, for example communication, long-term relations, trust and commitment, and supplier certification (Chen & Paulraj, 2007). Communication is essential for a successful supplier relationship by exchanging and sharing information that can help find common solutions and challenges experienced by companies and their suppliers. Long-term relationships can increase the willingness to share risks and rewards when a relationship is maintained for a longer period of time, and can therefore enhance supplier performance in terms of competitiveness, quality and cost structure (Chen & Paulraj, 2007). Trust and commitment is encouraged by cooperation and partnerships, in which both the company and their suppliers act in accordance to the expectations set or committed by each partner. Relational trust has been proven to minimize transaction costs and reduce conflict (Zaheer et al., 1998 in Chen & Paulraj, 2007). Finally, the characteristics of supplier certification involves the examination of a supplier’s performance, such as supplier product...
quality, communication, manufacturing and production capabilities, also in terms of personnel and technology (Chen & Paulraj, 2007). These are just a few of the many aspects that are relevant for a successful supply chain. They are also important for understanding the relationship between companies and their suppliers, but also as a vital aspect of corporate sustainability challenges, to be able to identify issues and challenges that arise in companies’ supply chains, for example issues related to human rights.

2.1.2 Human Rights

It is commonly understood that human rights are: “fundamental rights to which a person is inherently entitled simply because she or he is a human being” (Van der Ploeg & Vanclay, 2017, p. 4073). According to the Office of the United Nations High Commissioner for Human Rights (OHCHR, 2012, p. 10-11), human rights are “universal legal guarantees protecting individuals and groups against actions and omissions that interfere with fundamental freedoms, entitlements and human dignity” and are characterized as universal (regardless of political, economic or cultural systems), inalienable (cannot be lost, surrendered or transferred), interrelated (improvement in realizing one human right is a function in realizing other human rights), interdependent (the enjoyment of one human right is dependent on the realization of the other human rights), and indivisible (all rights are equally important).

According to numerous international human rights laws, conventions, declarations, and resolutions; governments are obliged to promote, protect and fulfil human rights and the fundamental freedoms of all individuals and groups regardless of their nationality, sex, national or ethnic origin, religion, language or any other status (OHCHR, n.d.9). Some examples are the Charter of the United Nations, the Universal Declaration of Human Rights, the Convention on the Rights of the Child, the International Convention on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Protection of the Rights of All Migrant Workers and Members of Their Families, and the International Convention on the Elimination of All Forms of Racial Discrimination.

The Universal Declaration of Human Rights (UDHR), proclaimed by the United Nations General Assembly in 1948 10 is a comprehensive list of internationally recognized human rights to be universally protected for all peoples and nations (United Nations, n.d.). There are civil and political rights such as the right to: legal protection against abuse by states, equality before the law, protection against arbitrary arrest, freedom of religion, speech, assembly, and political participation (Donnelly in Baylis, Smith, & Owens, 2014). Economic, social and cultural rights are the right for individuals to access essential goods and services and equal social and cultural participation, such as: the right to food, housing, healthcare, education and social insurance (Donnelly in Baylis, Smith, & Owens, 2014).

It is also expected that businesses are obliged to follow international treaties and conventions related to the UDHR. Therefore, as part of international regimes\(^\text{11}\), laws, and norms it is commonly accepted that human rights are also respected by businesses. A prominent example that illustrate international efforts to protect human rights within the business enterprise is the UN Global Compact. It was announced in 1999 as “an agreement between the global business community and the UN to promote and honor human rights” (Bejou, 2016, p.82). The aim is to mobilize a global movement of companies and stakeholders to change and operate more sustainably with the mission to (UN Global Compact, n.d.):

1. **Do business responsibly by aligning their strategies and operations with Ten Principles on human rights, labour, environment and anti-corruption; and**

2. **Take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation.**

Another example that show human rights implementation in business is the ‘Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework’. It was approved in 2008 by the United Nations Human Rights Council to protect individuals and communities against corporate-related human rights harm (Business and Human Rights Resource Centre, n.d.). The guiding principles in this framework not only applies to businesses, but also all states, regardless of their size, sector, location, ownership, and structures (OHCHR, 2011). By implementing this framework, it shows a collective effort by governments, companies, NGOs, various forms of organizations, and academics to take additional steps to protect corporate related human rights abuses (OHCHR, 2011). The Guiding Principles are based on three pillars (OHCHR, 2011, p.1):

- **a) States’ existing obligations to respect, protect and fulfil human rights and fundamental freedoms;**
- **b) The role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and to respect human rights;**
- **c) The need for rights and obligations to be matched to appropriate and effective remedies when breached.**

Other examples of how human rights in business enterprises should be implemented, fulfilled or measured through tools or guidelines are: the Ethical Trading Initiative (focuses on labor rights), Amnesty International Human Rights (provides guidelines for corporations on numerous topics such as labor issues, discrimination, health and security), Social

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Accountability 8000 (a certification standard related to social practices and labor rights in the workplace), the Global Reporting Initiative (provides guidelines, standards and reporting on the impact of products and services on human rights) (Bejou, 2016), and the Children’s Rights and Business Principles (principles to guide companies in respecting children’s rights) (UNICEF, UN Global Compact & Save the Children, n.d.). There are also indicators, ratings and indices that have been developed to target corporations to meet their responsibility to respect human rights, such as the UN Sustainability Goals, the ISO 26000 (an international standard to assess social responsibilities), human rights due diligence (a risk management process), and the Dow Jones Sustainability Index. These examples illustrate that there are various guidelines, frameworks, and tools available developed by governments, institutions, organizations, NGOs, or companies etc. on how human rights should be implemented and assessed in practice by businesses.

It also shows that certain human rights issues may be more common than others in businesses’ activities. For example, for many companies a common human rights issue are labor rights abuse in their supply chains (United Nations Global Compact, 2010, p. 8, 22). However, it does not mean than some human rights are more important than others (they are indivisible), but that companies may primarily work with adverse human rights issues that are able to be or have been identified, are urgent or negatively impacted.

2.1.3 Human Rights Issues in the Supply Chain

In order for companies’ supply chains to maintain or achieve resilience and transparency, it is necessary that firms identify supply chain priorities (Kashmanian, 2017). This is important for companies’ risk management, traceability, third-party certification, and reporting on progress to help improve supply chain management (Kashmanian, 2017). By recognizing businesses’ negative social impacts and issues, and setting the right priorities to address them, it can help companies to better understand and influence their supply chains (Kashmanian, 2017). For example, by addressing human rights issues in businesses’ supply chains it can serve as an important influence in gaining an overview on what actions and responsibilities need to be taken by companies.

This is exemplified by many companies and multinational corporations (MNCs) in our contemporary global market that have inadequately addressed for the past decades the social impacts experienced by local communities; such as the mental and physical well-being of workers and their families, often as a result of unsafe working conditions, the use of child and forced labor, discrimination and other illegal actions (van der Ploeg & Vanclay, 2017). Many people that are negatively affected by businesses’ activities are vulnerable or disadvantaged, such as elderly or disabled people, children, women, migrant or informal workers, or minority groups (Global Compact Network Germany, 2014). In many developing countries, vulnerable or disadvantaged groups of people are at risk for vulnerable employment, meaning that they work in environments “characterized by inadequate earnings, low productivity and difficult conditions of work that undermine workers’ fundamental rights” (International Labor Organization, 2010). These human rights violations are a societal issue that have triggered the
need to further define the role and the responsibilities of companies to respect human rights in the supply chain. Through the publications of various frameworks and guidelines targeting private actors, many companies have developed human rights policies and commitments to respect human rights in the supply chain. This is seen in for example companies’ corporate (sustainability or corporate social responsibility) annual reports.

However, negative human rights impacts are still an issue in many company supply chains, in terms of protecting and respecting the rights of local communities and workers (van der Ploeg & Vanclay, 2017). Adverse impacts on human rights are impacts that occur when an action, such as a corporate activity removes or reduces the ability of an individual to enjoy his or her human rights (van der Ploeg & Vanclay, 2017, p.4074). Social impacts by companies can vary in terms of scope, scale, and the extent of remediation, for example, if companies have negative impacts on individuals, communities, groups or minorities (van der Ploeg & Vanclay, 2017). Social impacts can be divided in two categories: companies that cause ‘actual’ or ‘potential’ impact on human rights. An actual impact “has occurred or is occurring” and a potential impact “may occur in the future but has not yet occurred” (a risk) (UN, 2012 in van der Ploeg & Vanclay, 2017, p.4074). Table 2 illustrate examples of labor and human rights potentially impacted by companies (van der Ploeg & Vanclay, 2017).

![Table 2. Labour and human rights potentially impacted by companies. Source: van der Ploeg & Vanclay, 2017.](image)

According to the International Labour Organization (ILO), the Declaration on Fundamental Principles and Rights at Work (adopted in 1998) contains four core labour rights: freedom of association and the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour and the elimination of discrimination in employment (Mantouvalou, 2012). These labour rights have been identified in eight fundamental conventions (ILO, n.d.):

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1. Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)

2. Right to Organise and Collective Bargaining Convention, 1949 (No. 98)

3. Forced Labour Convention, 1930 (No. 29)

4. Abolition of Forced Labour Convention, 1957 (No. 105)

5. Minimum Age Convention, 1973 (No. 138)

6. Worst Forms of Child Labour Convention, 1999 (No. 182)

7. Equal Remuneration Convention, 1951 (No. 100)

8. Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

Labour rights can be defined as “entitlements that relate specifically to the role of being a worker” (Mantouvalou, 2012, p. 152). Labour rights are also human rights, because they can be found in some of the articles of the UDHR. For example, in the UDHR article 4: “no one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms” and article 23: “1) everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment; 2) everyone, without any discrimination, has the right to equal pay for equal work” (Mantouvalou, 2012). In media, topics on labour rights issues such as factory workplace conditions, seafood caught by slave labour, sourcing of conflict resources (such as minerals, palm oil, and wood), water security, and deforestation are just a few of the many human rights issues within global supply chains (Kashmanian, 2017). Many human rights abuses connected to the supply chain have been documented within the agriculture, the garment and footwear industry, in mining, construction, and other sectors (Human Rights Watch, 2016). For example, according to a study by Save the Children (2015) child labour can be identified in many supply chains of the garment industry (in Delhi, India); often in the non-factory and unorganized sector of the garment industry related to activities such as embroidery, embellishment, and in finishing tasks. The most vulnerable groups that are impacted the most by the supply chains are women workers, migrant workers, and children, who often do not have the opportunities to bring these issues forward themselves (Human Rights Watch, 2016).

A contributing factor to these issues is that many governments are not willing or unable to hold businesses accountable for their negative impacts on people (van der Ploeg & Vanclay, 2017). This is also connected to that supply chains have become longer, larger and more complex that expand across multiple countries (Kashmanian, 2017), involving numerous suppliers and subcontractors, and some which are part of the informal sector (Human Rights Watch, 2016). This makes it particularly difficult to identify (in terms of traceability and mapping) negative social impacts and human rights risks that (may potentially) occur at the
bottom of companies’ supply chains or in parts of the supply chains that involve the informal sector. Consequently, addressing and understanding social impacts such as human rights issues and risks in the supply chain is important for companies for various reasons. For example, to be considered a responsible and sustainable business it is important to be able to know what, how and who produces materials and goods, and provides services in the supply chain; whether they are responsibly or sustainably sourced and produced, and how resilient the supply chains are in case of disruptions or unpredictable events (Kashmanian, 2017). Through corporate efforts and responsibility, mitigating human rights issues in the supply chain is also an important contribution to a more sustainable development.

2.2 From Sustainability to Responsibility - a Corporate Perspective

This section will first critically examine the theoretical concept ‘sustainable development’ and discuss its operationalization by businesses through corporate implementation. Secondly, the theoretical concept ‘corporate social responsibility’ will be discussed and illustrate how businesses commit to social responsibilities in practice. These discussions are important for understanding how corporate sustainability is implemented in companies and how businesses commit to corporate social responsibility, as a response to sustainability issues.

2.2.1 Sustainable Development or Sustainability?

In our contemporary globalized world, intensified human activities such as farming, energy extraction, forestry, technological development, urbanization and settlement has led to a society with human flourishing and development (Asafu-Adjaye et al., 2015). However, in the short and long-term, our planet is currently threatened by anthropogenic climate change (or human-induced climate change) and increasing levels of atmospheric greenhouse gases. This is contributed by the rise of organizations, industrial activity, land-use change, pollution, overexploitation of natural resources, and economic globalization (Buckle et al., 2014). These activities do not only negatively affect the planet and its natural and physical environment, but (can) also influence human well-being and alter how we live and work, particularly fragile human populations (Buckle et al., 2014). For example, indigenous and local communities or rural populations who rely on natural resources (such as for livelihood) (Asafu-Adjaye et al., 2015) are affected when ecosystems are threatened or destroyed as a result of industrial activity, (extreme) weather or precipitation patterns change or when natural resources become scarcer (Buckle et al., 2014).

‘Sustainable development’ and ‘sustainability’ have become concepts to approach and cope with these examples of ecological, social, and economic challenges. Sustainable development is a term often adopted by governments and private sector organizations and can be defined as “development that meets the needs of current generations without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987, p. 23) (Robinson, 2004). It is argued that a sustainable development approach rather focuses on incremental changes, such as
technological development in order to conserve natural resources or areas for later human use and needs (Robinson, 2004). This approach is criticized by academic and NGO sources because the term sustainable development (based on the Brundtland Report, 1987) emphasizes and focuses on human needs rather than challenging continuous economic growth and incremental societal changes. From academic and NGOs perspectives, fundamental (and sometimes radical) change in behaviour and attitude, both at individual and societal level is required to address core issues related to human needs or purposes. For example: continuous economic growth and development, overconsumption, and overpopulation (Robinson, 2004). This has led to that many academics and NGOs prefer to use the term ‘sustainability’ and argue that the conception of sustainable development as exemplified in the Brundtland Report is a form of ‘weak sustainability’.

Other actors and sectors of society argue that an integrative approach of the concept sustainability that includes both the social, economic and ecological dimensions or pillars (social, economic and environmental sustainability) of sustainable development is needed across all sectors and fields (Robinson, 2004). These three dimensions of sustainability gained popularity in the 1990s based on John Elkington’s notion of the ‘triple bottom line’, the pursuit of economic prosperity, environmental quality and social equity (profit, planet and people) (Carroll, 2015). These different interpretations in academic and other types of literature have created dilemmas about what sustainability means in theory and in practice, particularly since “there is not a collective consensus of what sustainability means and of what constitutes sustainable development” (Ahi & Searcy, 2015, p. 2882). This has led to that various practitioners, policymakers, researchers, academics, governments, organizations, and companies take on different approaches to solve multi-dimensional and complex societal issues that concern businesses (the market), governments (state) and civil society.

This is reflected in companies’ own interpretations of sustainable development or sustainability. For example, many companies use the term ‘corporate sustainability’ to identify their role in society and approach the conceptualization of sustainable development. As previously mentioned in Chapter 1: Introduction section 1.1, corporate sustainability can be defined as “meeting the needs of a firm’s direct and indirect stakeholders without compromising its ability to meet the needs of future stakeholders” (Dyllick & Hockerts, 2002, p. 131). A firm’s direct and indirect stakeholders include governments, communities, customers, competitors, NGOs, the media, employees, shareholders, and others (Kaymak & Bektas, 2017).

As a result of the changing concepts of business, governments, and civil society, many businesses must respond and learn how to operate with blurring boundaries of various degrees of responsibilities that overlap between the state, business, and civil society (van Marrewijk, 2003). Therefore, companies play a key role in corporate sustainability because they recognize “that corporate growth and profitability are important, [but] it also requires the corporation to pursue societal goals, specifically those relating to sustainable development—environmental protection, social justice and equity, and economic development” (Wilson, 2003, p.1 in Hahn et al., 2015). This is (often) illustrated in businesses
corporate sustainability strategies, an indication of how companies implement goals and respond to societal concerns related to sustainable development.

2.2.2 Implementing Corporate Sustainability in Companies

For many companies, corporate sustainability has become an important and relevant approach and an attempt to operationalize sustainable development into a business context (Engert & Baumgartner, 2016). Corporate sustainability is a business approach designed to shape the economic, social, and environmental impacts of a company in such a way that it contributes to sustainable development by responding and meeting the needs of their stakeholders (Joshi & Li, 2016). To meet businesses’ stakeholder needs, many companies implement corporate sustainability strategies that are considered more economically, socially, or environmentally responsible on a voluntary basis. This is often done through strategic (and sometimes profit-driven) corporate responses to environmental or social issues that are caused or linked to businesses primary and secondary activities (Engert & Baumgartner, 2016).

Theoretical models have been developed that can aid companies to execute a formulated sustainability strategy in practice, for example in management or implementation processes as seen in Table 3, Examples in summary of theoretical models on the implementation of corporate sustainability strategies (Engert & Baumgartner, 2016). One of the latest models from 2013 (Sinas et al.), a theoretical model to integrate sustainability in the strategy implementation process, emphasizes the link between sustainability and corporate strategy (Engert & Baumgartner, 2016). The model suggests that the inclusion of leadership and stakeholder needs and expectations are highly important as major influencing components in the implementation processes and strategy (Engert & Baumgartner, 2016). Part of strategy implementation also includes policy making or change, sustainability reporting, or the inclusion of frameworks and guidelines (see Chapter 2: Theoretical Framework section 2.1.2) related to for example: The Global Reporting Initiative, the UN Global Compact, the Sustainable Development Goals, Dow Jones Sustainability Indices, or the World Business Council for Sustainable Development (Ahern, 2015) that is often communicated on company websites or within their sphere of activity.

<table>
<thead>
<tr>
<th>Examples in summary of theoretical models on the implementation of corporate sustainability strategies:</th>
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<td>Epstein and Roy (2001).</td>
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**Framework for translating a corporate sustainability strategy into action:**

1. Formulating the corporate sustainability strategy
2. Developing plans and programs
3. Designing appropriate structures and systems
4. Measuring sustainability actions
Table 3. Examples in summary of theoretical models on the implementation of corporate sustainability strategies. Own adaptation from Engert & Baumgartner, 2016.

However, even though implementing all dimensions of sustainability in companies are important, depending on the sector or industry, certain dimensions are more addressed or integrated than others. For example, for the chemical industry, furniture, or oil companies etc., it is common to focus on environmental sustainability because this relates to the conservation of nature and landscapes, safeguarding natural resources, and problems of pollution (Pawlowski, 2008). On the other hand, for banks or economic institutions etc., economic sustainability is often dominant in the agenda in regards to sustainable investments or grants, or implementing economic instruments such as taxes and fees for discharges of pollutants (Pawłowski, 2008). For retail or manufacturing companies and their suppliers, social sustainability is frequently prioritized because most of developing countries are still challenged with human rights issues, poverty and health problems that can be identified in their supply chains (Mani, Agrawal & Sharma, 2016).

In practice, executing and fully implementing sustainability through various strategies, industry-specific measurements, criteria, and assessments is also difficult, complex, and relatively new for companies (Ahern, 2015). It has become generally expected that sustainability should be integrated within every division of businesses: management, marketing, investing, accounting, strategy, operations while developing sustainable business models and practices (DesJardins, 2016). Therefore, for many companies, adaptation and organizational changes are necessary in order to build resilience against potential uncertainty and a rapid pace of change (such as globalization and technological developments) as a response to integrate sustainability in business (Buckle et al., 2014). Some examples of organizational changes imply reshaping value and supply chains, supply networks, production arrangements, and the current way of doing business and risk management (Buckle et al., 2014).
In reality, challenges often arise when it comes to implementation and transition processes. For example, implementing sustainability assessments are often considered a “fuzzy process” and are subject to many influences such as “ideology, values, norms, interests, power relations and institutional contexts” (Waas et al., 2014, p. 5514) that can conflict with those of organizations (businesses). Other challenges have to do with ‘how’ sustainability strategies should be implemented in order to successfully reshape, adapt or improve organizational structures, cultures, leadership, communication or employee skills and management to reach certain (corporate sustainability) objectives (Engert & Baumgartner, 2016). Part of implementation also come with a variation of company circumstances such as certain internal or external stakeholder demands, polices, market changes and internal structures and processes that can affect the implementation process or the integration of corporate sustainability into strategic management (Engert & Baumgartner, 2016). This can be problematic when certain challenges, circumstances, structures and cultures of society or the business organization become barriers for fully implementing sustainability in practice.

For example, in many developing countries social sustainability issues regarding human rights in the supply chain (Mani, Agrawal & Sharma, 2016) are difficult for companies to approach for various reasons –due to cultural, socio-economic, organizational, institutional, or political reasons or challenges.

Due to these many challenges that can arise when implementing sustainability in businesses, it is important to fully commit to the objectives stated in the sustainability strategy. This is necessary to approach specific societal or organizational issues linked to businesses’ activities. Therefore, commitment to sustainability requires responsible management throughout all business activities, as well as embedding and integrating sustainability in the corporate culture (Engert & Baumgartner, 2016). This type of commitment and responsible management can be explained through corporate social responsibility (CSR).

2.2.3 The Implications for Businesses Adopting Corporate Social Responsibility

It is argued in academic literature that corporate social responsibility (CSR) has been adopted by firms as an approach to address their social, environmental and economic impacts and contribute to sustainable development (Moon, 2007). A driving external factor to that firms integrate CSR in their business activities is a result of increasingly concerned stakeholders about the social and ecological aspects of production processes (Luhmann & Theuvsen, 2016). For example, many consumers and social advocates are concerned about the social implications of business operations and their partners as consumers demand more goods and services that are sourced sustainably or socially responsibly (Moon, 2007). This has also resulted in pressure and influence from media, NGOs and trade unions (Welford & Frost, 2006) that are increasingly demanding that companies are not negatively impacting human or labour rights. Many companies also experience internal driving factors, such as pressure from shareholders and investors that demand more CSR practices and assurance about how to handle potential risks and responsible management (Welford & Frost, 2006). In order to
fully commit to CSR, this concept must be interpreted and integrated in practice by companies in a way that it guides them to set clear goals and responsibilities (for example in a sustainability strategy), respond to various stakeholders, and contribute to sustainable development.

CSR can be interpreted in many ways by academics and practitioners because there are many debates about its meaning in theory and in practice. There is also no agreement about a common definition because the conception of CSR has changed over time. Historically, the origins of CSR are associated with corporate voluntarism and philanthropy, often when governments fail to act, which is considered good for business (and their reputation) (Ramaswary, 2015; van Marrewijk, 2002). Some scholars such as Howard Bowen (Bowen, 1953, in Joshi & Li, 2016), have defined social responsibilities as obligations by businessmen to pursue policies, decisions and actions that are desirable in terms of the objectives and values of society. Milton Friedman (Friedman, 1970, in Joshi & Li, 2016, p.2) argued on the contrary, that “corporations as legal persons do not have feelings and ethics” and that businesses social responsibility is to maximize profit and shareholder wealth. Archie Carroll developed a model illustrated in Figure 3, Carroll’s CSR Pyramid (Carroll, 1991, in Omran & Ramdhony, 2015) that refers to businesses’ social responsibility as the “economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time” (Carroll, 1979, p.40 in Omran & Ramdhony, 2015). The economic responsibilities of a firm are to produce goods and services demanded to make profit, the essence of a firm; the legal responsibilities are the expectations of legal compliance; the ethical responsibilities embody the norms, standards, values and expectations that stakeholders and society regard as fair; and the discretionary or philanthropic responsibilities are regarded as businesses’ voluntary or social activities to engage in society, communities and with their stakeholders, and is not required by law (Omran & Ramdhony, 2015; Carroll, 2015). However, Carroll’s CSR Pyramid can be misunderstood as a hierarchy of social responsibilities, where one responsibility is more important than the other (Omran & Ramdhony, 2015). This is not the case since these responsibilities are often overlapping and interconnected when businesses address their social impacts.
On the other hand, van Marrewijk (2002, p.101) suggests a hierarchal model illustrated in Figure 4, Relationship 3P, CS and CSR. The model presents CSR as an intermediate stage where companies try to balance the Triple Bottom Line (People, Planet and Profit), in order to achieve corporate sustainability (CS) as the ultimate goal (based on the definition by the World Commission on Environment and Development, 1987). By balancing the Triple Bottom Line, this model suggests that CSR can contribute to sustainable development. This can be done when companies conduct corporate activities such as community involvement, creating socially responsible products and processes, stakeholder assessments of company performance, widening corporate relations internally and externally, CSR investments and partnerships (Moon, 2007). Companies can also develop business models that provide products and services to the world’s poor, engage in philanthropic projects that can benefit communities in the short and long term (Newell & Frynas, 2007), or produce products that are certified or contain social and environmental features (such as through eco-labelling or fair trade) (Hickle, 2017). Based on these examples, CSR can contribute to sustainability because investing in local communities through infrastructure development can create safer living environments and improved well-being, new production methods can reduce environmental and social impacts, and public-private partnerships (Varadarajan, 2014) can help reach out to local stakeholders and represent their needs, and philanthropic projects on for example education can help reduce poverty.
It has also been stated by scholars that anything from environmental management, health and safety, human rights to community involvement or philanthropy has been considered under the CSR umbrella (Newell & Frynas, 2007). Other academic sources identify CSR as a “voluntary process of managing external expectations” (Athanasopoulou & Selsky, 2015 in Vashchenko, 2017, p.396). A definition that has been influential in contemporary CSR (and literature) was suggested by the European Commission (2011, p.6), that defines CSR as “the responsibility of enterprises for their impacts on society” by integrating “social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders”.

These examples show that the interpretations of CSR in theory and in practice have expanded from solely embracing corporate philanthropy, legal and economic responsibilities (complying with law) to a broader view on what encompasses CSR practices (Carroll, 2015). Going beyond legal and economic compliance in a corporate context means that firms act beyond the economic and legal responsibilities, obligations and expectations set by society (e.g. following taxation laws etc.) (Omran & Ramdhony, 2015).

For example, institutionalising other (social, ethical or environmental) responsibilities and sustainability initiatives into business thinking and practice, corporate culture, and policies (Carroll, 2015). These different theoretical interpretations of CSR suggest that this concept is socially constructed, normative, and highly contextual (Moon, 2007) based on societal issues and settings that are relevant for governments, businesses, NGOs, employees, consumers and other stakeholders at a certain point in time. It has also been suggested that CSR is an essentially contested concept (Moon, 2007) due to the broad variety of definitions formulated, not only by companies but also NGOs, governments, civil society actors, scholars, and consumers. For example, what is considered a business responsibility in one country may be perceived as a governmental, societal or individual responsibility in another country (Moon, 2007). Therefore, businesses’ social responsibilities can be perceived differently by
stakeholders due to the different values, expectations or relations stakeholders have with a company (Moon, 2007). This is shown when a state system fails, many companies have stepped in to provide or support public goods and services; or are asked to take responsibility for more social and environmental externalities (Scherer & Palazzo, 2010). Due to these different interpretations of what encompasses CSR, many companies show their commitments by producing their own definitions and visions of CSR practices that align with the company’s aims and strategies, as a response to the circumstances in which the company operates (van Marrewijk, 2002).

In practice, many companies commit to CSR by integrating and embedding socially responsible practices throughout their firm, across various countries that the firm operates within and across their global supply chains. Examples that illustrate how businesses integrate CSR practices to address their impacts and contribute to sustainability are companies that implement their own initiatives, approaches, policies. These can be multi-stakeholder initiatives (Ramasastry, 2015), stakeholder engagement, sustainability reporting (van Marrewijk, 2002), corporate disclosure, conducting human rights due diligence, self-regulation or voluntary action through soft law when state agencies are unable or unwilling to regulate (Scherer & Palazzo, 2011), corporate governance, or creating partnerships, collaborations, dialogue or trainings with other businesses, local authorities and communities, NGOs or other stakeholders.

To illustrate an example, the process of engaging external stakeholders in human rights due diligence can be done through the following steps: policy commitment (by consulting stakeholder representatives), assessing impacts (by conducting a risk assessment and consulting local stakeholders that are potentially affected), embedding and integrating (through stakeholders that advise and oversee the integration process), tracking and communication (by reaching out to potentially affected groups and creating dialogue to monitor performance indicators), and access to grievance mechanisms13 (by cooperating and monitoring operational-level grievance mechanisms for particularly vulnerable groups) (Global Compact Network Germany, 2014, p. 11).

Another example is private-private partnerships or private-public partnerships that are formed from multi-stakeholder initiatives (such as the Fair Labor Association and the Forest Stewardship Council), a new form of global governance with the potential to bridge multilateral norms and local action by bringing together diverse actors of civil society, government and business (Scherer & Palazzo, 2011, p.909). These partnerships or collaborative alliances can help maximizes available resources, capabilities and knowledge in order to create innovate solutions to social and environmental issues experienced by companies and their stakeholders (Schwesinger Berlie, 2010).

Another example for companies that operate abroad and are connected to (global) supply chains is a common CSR practice and business norm that involves the implementation

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13Grievance mechanism: “a formal, legal or non-legal (or ’judicial/non-judicial’) complaint process that can be used by individuals, workers, communities and/or civil society organisations that are being negatively affected by certain business activities and operations.” https://www.grievancemechanisms.org/intro/what
of their own corporate codes of conduct, a set of rules consisting of a company’s social norms, standards, practices and responsibilities. This is a practice that is often designed for workplaces in low wage locations to ensure that human and labour rights are not violated, regarding minimum wages, working hours, health and safety, child labour etc. (Welford & Frost, 2006). The aim is to ensure compliance with local law (Welford & Frost, 2006) throughout companies’ suppliers and their partners, and in factories (such as manufacturing plants). To make sure codes of conduct and other international standards (such as those by the ILO and the UN Conventions) are followed, inspection and auditing processes made my companies’ own audit and compliance teams and hired independent auditing and inspection companies (third party audits) are conducted (Welford & Frost, 2006).

When committing to CSR, it is not about doing ‘business as usual’, but doing business responsibly, embedding and communicating CSR throughout the entire business at all levels (Sontaite-Petkeviciene, 2015). Communicating about CSR activities is about presenting, explaining and proposing ideas to stakeholders in an appropriate way (Moravcikova, Stefani kova, & Rypakovaa, 2015). This can be done by communicating businesses’ CSR activities in a transparent manner, involving stakeholders and by creating cross-sector partnerships (Moravcikova, Stefani kova, & Rypakovaa, 2015). Internally, this can be done by integrating knowledge and informing employees on CSR in order to create stronger identification and commitment (Crane & Glozer, 2016). External stakeholders should also be informed and involved in CSR, for example by taking part in the construction and execution of a corporate sustainability strategy and other related projects (Crane & Glozer, 2016). If a company operates across various countries, it is important that a company’s stakeholders and other relevant groups from outside the home country are also included in representing their needs and expectations (Bondy & Starkey, 2014).

These kinds of interactions can help strengthening the relationship between the company and their stakeholders. This is relevant for CSR integration and communication because exchange in information, such as through dialogue within the business, between businesses and other parties is an important mechanism to generate increased knowledge and an understanding of each other’s perspective or lessons learned on CSR practices (Crane & Glozer, 2016). It is also common that firms communicate and inform investors, shareholders and the public, such as governments and other relevant organizations on their CSR performance and progress on social, environmental and economic impacts. For example, this can be done publically through voluntary or mandatory corporate communication media, press releases or corporate disclosure in firms’ annual (sustainability) reports (Crane & Glozer, 2016; Kaymak & Bektas, 2017). Mandatory disclosure is when information released is governed by regulatory agencies, and voluntary disclosure is when firms provide information

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14 Examples of codes of conduct:
https://www.unilever.com/Images/4394-cobp-code-policies-booklet-external-v13-may-8-17en_tcm244-409220_1_en.pdf
voluntarily that they believe are beneficial (Kaymak & Bektas, 2017). Corporate disclosure of social performance is one of the most established forms of CSR communication in practice, not only to present their impacts and progress in a transparent way, but also to maintain legitimacy and their corporate image and identity (Crane & Glozer, 2016).

These CSR practices frequently involve the inclusion of stakeholders, and this can be explained by the stakeholder theory. This theoretical approach is based on the normative perspective (Barkemeyer & Figge, 2014) that organizations should consider the demands, values, interests of all stakeholders (not only shareholders) that can affect or be affected by businesses (Omran & Ramdhony, 2015). This can be illustrated in Figure 5 Hub-and-spoke model of stakeholder relations, a model that shows the bilateral relationships that firms have with their various stakeholder groups (Barkemeyer & Figge, 2014). In practice, this includes considering the effects and impacts of companies’ actions on all parties, whether stakeholders are affected directly or indirectly by a firm’s operations (Wearing, 2005 in Omran & Ramdhony, 2015). This is important for organizational legitimacy, which can be defined as “a generalized perception of assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, p.574 in Barkemeyer & Figge, 2014). The companies that respond to the demands of stakeholders and maintain a relationship based on transparent communication and continuous interactions, will generally outperform businesses that ignore some of their stakeholders (Hatch & Cunliffe, 2006). Therefore, interacting and responding to stakeholders (also from the bottom up and not only top-down) is crucial to the survival and success of the firm because they contribute to the functions of business organization as investors, competitors, distributors, partners, employees, advertisement agencies, government regulators, the media and so forth (Hatch & Cunliffe, 2006). This theory is important for understanding the relationships and incentives businesses have with various actors of society for achieving certain goals and objectives.
2.3 A Brief Critical Overview of Corporate Social Responsibility

Companies committing to CSR by implementing practices that integrate social and environmental concerns, such as human rights issues in the supply chain and as a response to sustainability issues, is an important process in order to mitigate further socio-economic inequality and environmental consequences in society. However, there are limitations to CSR

Figure 5. Hub-and-spoke model of stakeholder relations.
which are important to keep in mind when it comes to understanding its theoretical meaning and implementing CSR practices and initiatives.

As an essentially contested concept (Matten & Moon, 2008) or a concept that can be “anything you want it to be”, it becomes problematic for practitioners of CSR to gain a clear view of what is and what is not CSR (Newell & Frynas, 2007, p.673). As quoted, “the term [CSR] is a brilliant one; it means something, but not always the same thing, to everybody” (Votaw, 1973, p. 11, in Barkemeyer & Figge, 2014). Therefore, due to the lack of clarity and ambiguity regarding its definitions, it can limit companies influence when distinguishing their role in CSR (Hickle, 2017). CSR often overlaps with corporate sustainability and other concepts, and there are different standpoints of what encompasses CSR by various scholars (Hickle, 2017). For example, some scholars argue that it is enough for companies to comply with basic or minimum legal and economic obligations, while others argue that CSR is about going beyond compliance and doing more than what is required by law, and whether it should be adopted on a voluntary or non-voluntary basis (Ramasstry, 2015; Wettstein, 2012). Other scholars argue that businesses are not only responsible for their own actions and activities, but also as contributors to public goods, a role that has traditionally been regarded as governments responsibility (Scherer & Palazzo, 2011). This is based on the notion of ‘political CSR’, an extended governance model where business firms contribute to global regulations and public goods (Scherer & Palazzo, 2011). Other scholars are opposed to this view and have argued that there must be a distinction between companies as private actors (the essence of a business and to gain profits) and as public or political actors (Scherer & Palazzo, 2011). To avoid debates about defining CSR, other scholars refer to CSR as an umbrella term for all debates that deal with “responsibilities of business and its role in society” (Wettstein, 2012, p. 745). The unclear meaning of the concept CSR and the different standpoints in academia show that the role and contributions of CSR is limited because CSR practices and initiatives only work for “some firms”, in “some places” in “tackling some issues, some of the time” (Newell & Frynas, 2007, p. 674). The reason is that CSR is adapted to the country, setting or context (social, economic, cultural, legal and political) (Habek & Wolniak, 2016) a company operates in because not all CSR practices cannot be universally applicable to all businesses, across all types of settings or all human rights or labour issues. Therefore, the level of influence businesses has on sustainability issues can vary and is context dependent.

In terms of implementing CSR practices, companies must also ensure that they make a positive impact and that the concerns (for example social or environmental) addressed by their stakeholders is actually fulfilled. Common tools for ensuring that companies comply with certain regulations and standards is through codes of conduct, audits, international guidelines and indicators, and CSR or sustainability reporting (which are themselves based on international reporting guidelines, such as the Global Reporting Initiative) (Fernandez-Feijoo, Romero & Ruiz, 2014). However, an issue is that some companies can be aware of (and some not) that suppliers are cheating and not following codes of conduct, despite multiple audits (Welford & Frost, 2006). Many companies and their suppliers also lack sufficient resources, capacity or trained personnel to inspect factories and other workplaces, which results in that
some audits are made too quickly or without thorough inspection (Welford & Frost, 2006). Another problem is that many companies are not able to have insight into further levels (or ‘tiers’) beyond the first or second down in their supply chain due to the vertical interactions between companies and their suppliers (Welford & Frost, 2006). This can lead to potential risks, such as that human or labour rights abuses go unnoticed at the bottom of supply chains, where many developing countries operate. As a result, these issues are still a continuous problem in global supply chains.

It is also argued that the incentives to implement CSR activities is seen as a means to maintain or gain a better corporate reputation, image and legitimacy (Welford & Frost, 2006). Communication of companies’ CSR practices for example through CSR or sustainability reporting or disclosure has been criticised because it is seen as a strategy to combat negative publicity, enhance their corporate reputation, and protect the organizational image (Crane & Glozer, 2016). As a result, this can be seen as an underlying instrumental or strategic CSR approach where “CSR activities represent unproductive ceremonial institutional practices” to increase firms competitive advantage, firm value, cost savings and revenue, and further managers’ personal agenda and reputation at the cost of investors (and other stakeholders) (Joshi & Li, 2016, p.2). In regards to the issues in identifying human rights abuse in supply chains and the instrumental view of CSR communication, these issues are not unknown or new, and illustrate that there are still gaps that exists with the current methods used for implementing and conducting CSR practices and initiatives.

When it comes to assessing companies’ performance in CSR, for example their progress in addressing human rights issues in the supply chain, they must report their results in a CSR, sustainability or annual report. A more in-depth understanding of CSR or sustainability reporting can be defined as the “the notification process of social and environmental impacts caused by company economic activity to certain interest groups and the company as a whole” (Moravcikova, Stefanikova, & Rypakova, 2015, p.333). Assessing CSR performance requires measurement that is based on certain indicators, standards and indices, for example from the UN Global Compact, Dow Jones Sustainability Index, SustainAbility’s list of the 100 best sustainability reports, Global 100, and FTSE4Good (Gjølberg, 2009)\(^\text{15}\). However, measuring CSR can pose challenges when companies and stakeholders in different countries have different requirements and expectations on the reporting process (Habek & Wolniak, 2016) and on what responsibilities and issues should be addressed and how. It is a challenge to measure companies’ social impacts when businesses operate transnationally in different institutional environments and have to respond to multiple stakeholders that each have different CSR-related values, norms and practices at various international, national or local levels (Barkemeyer & Figge, 2014).

Particularly, in regards to human rights concerns in supply chains, these are issues that are at risk of being unnoticed or ignored despite audits and inspections. They need to be identified, both actual and potential human rights impacts experienced by workers, employees and sub-employees inside project sites, for example in factories (van der Ploeg & Vanclay, 2017). Companies must also be aware of the differences in impacts, for example between female and male workers, or migrant and child workers, which can be difficult to measure due to the underlying cultural, gender and structural differences and hidden norms that may exist in businesses’ operating countries (van der Ploeg & Vanclay, 2017). These issues can be controversial and difficult to address by companies alone in politically, socially or economically vulnerable settings, in which further cooperation is needed with other actors. Therefore, it is criticized that CSR is limited because companies may not have the (human) resources, skills or expertise (Welford & Frost, 2006) that deal with these issues. Rather, businesses primary motives and main capabilities and knowledge lies in maximizing shareholder wealth (Joshi & Li, 2016) than in issues related to politics and development.

Although well-developed tools such as codes of conducts and audits, international standards, guidelines, regulations and legislation do exist, human rights issues in businesses’ supply chains in developing countries are complex in nature and still remain an issue. The limitations of CSR show that it requires fundamental change and cooperation between businesses, states, and civil society within the notion of CSR, sustainable development and global and corporate governance in order to mitigate the gaps and issues that exist in the global supply chains.
Chapter 3: Research Methodology

This chapter outlines the social research methods used to collect and analyse the data for the empirical research study. The chapter first discusses the research philosophy and the strategy to conduct the research. Thereafter the sampling process of Swedish and Dutch companies and organizations will be described, followed by the data collection and analysis process, and the operationalization of concepts that have been converted into measurable variables and indicators. Finally, the reliability and validity are discussed.

3.1 Research Philosophy

When conducting research, researchers must understand and have a philosophical assumption about the nature of the world (ontology) and how we research and understand it (epistemology) (Bickman & Rog, 2009, p.224). In social research, ontological considerations are assumptions about the nature of social phenomena influencing the research process (Bryman, 2016). For example, if social phenomena are beyond our influence, whether social entities should be considered objective entities, or whether they can be considered social constructions built upon the perceptions, reality, and actions of social actors (Bryman, 2016). Ontology concerns the ideas about the existence and relationships between people, society and the world in general (Eriksson & Kovalainen, 2016 p.14). The concept ‘objectivism’ is a position in ontology that assumes that social reality has an independent existence outside the researcher (Eriksson & Kovalainen, 2016). Therefore, social phenomena are beyond our reach or influence (Bryman, 2016). Constructivism challenges objectivism and is a position in ontology that “assumes that social actors produce social reality through social interaction”, and “can change their views and understandings of social reality through interaction” (Eriksson & Kovalainen, 2016, p. 15). The social realities are specific and constructed, and are shaped and dependent on the individuals or groups holding them (Punch, 2014). This implies that social phenomena can constantly change and that the researcher’s own understanding of the social world is a specific version of social reality and is not definite (Bryman, 2016).

There are also different assumptions and views on how research should be conducted (Bryman, 2016). For example, some researchers prefer a scientific approach using hypotheses while others prefer non-scientific models to approach a phenomenon (Bryman, 2016). These are known as epistemological considerations, they raise questions about research approaches and how the social world should be studied. Epistemology is the study of what is or should be acceptable knowledge in a discipline (Bryman, 2016) or the study of how we know things (Russel Bernard, 2013). Two opposing positions in epistemology is positivism and interpretivism. The concept ‘positivism’ is “an epistemological position that advocates the application of the methods of the natural sciences to the study of social reality and beyond” (Bryman, 2016, p. 24). Positivism can be understood as the approaches to how we question and experience the world to create and test theories to understand and express its actual nature (Payne & Payne, 2011). It is also essential that “only legitimate knowledge can be found from experience” (Eriksson & Kovalainen, 2016, p.19) and that knowledge is generated
“through value-free collection of empirical data” (David & Sutton, 2011, p. 76). The concept ‘interpretivism’, also known as humanism, contrasts with positivism and emphasizes that the subjects of research in social sciences – “people and their institutions, is fundamentally different from that of natural sciences” (Bryman, 2016, p.26; Russel Bernard, 2013). Interpretivism requires the researcher to adopt an interpretative stance and grasp the subjective meanings of social actions by interpreting other interpretations (of social actions or people, the subjects of the social research) (Bryman, 2016). This concept is rooted in the idea that the truth or knowledge is “not absolute but is decided by human judgment” through the use of our own feelings, values, and beliefs (Russel Bernard, 2013, p.21-22). In contrary to constructivism, interpretivism differs in that it concentrates on the meanings or impressions people bring to different situations that they use to understand the social world and that influence their behaviour, whereas constructivism focuses on how social realities are constructed from social interactions or surrounding influences (Punch, 2014).

In the Master Thesis, the philosophical standpoint of the researcher is positivist from an epistemological perspective, because the data collection and analysis process is based on an approach that is value-free and empirical. The social phenomenon (human rights issues in businesses’ supply chains) in this study will be researched from a positivist approach due to the methodological process applied by the researcher. For example, by using certain measurements (such as aspects and indicators) as a foundation for the comparative research study (see Chapter 3: Research Methodology section 3.5 Operationalization of the Theoretical Framework) (David & Sutton, 2011). These measurements serve as a comparative research design or a framework for the comparative research study in order to answer the research questions and execute a strategy to collect and analyse data (Punch, 2014).

However, despite the positivist approach of collecting and analyzing data, there is a risk that there are differences in understanding the social reality, and various views and interpretations of social phenomena by the subjects of research (Swedish or Dutch companies or organizations). This is a result of the ability of individuals to construct and make sense of the social reality from their own point of view that can influence their understandings and perceptions of social phenomena (Bryman, 2016). This also applies to researchers, as each researcher understands, perceives or experiences the world and social reality differently. To avoid these risks a positivist research approach is suited for this study because the collection and analysis of the empirical findings is neutral in order to objectively judge the empirical observations and data without bias or personal interference of the researcher’s own constructions and understandings of social phenomena (Bryman, 2016). Therefore, this research approach consists of the researcher to compare and analyse the different ways and constructed views the subjects of research understand the social phenomenon from a positivist standpoint.

According to the researcher the philosophical assumption about the findings (the empirical observations) themselves from an ontological perspective can be described as constructivist, because they are produced by the subjects of research as a result of the varying social interactions and different views on the social reality. For example, the reason that the
findings can be considered as constructivist is that the understandings and views of human rights issues in businesses’ supply chains as a social phenomenon can constantly change according to the social interactions experienced by the subjects of research (companies and organizations as social actors in society) (Bryman, 2016). This may vary in time and place, for example, what is considered a contemporary human rights issue has evolved and changed since many decades, to the point in history where the term ‘human right’ did not even exist. What is considered a human rights issue today was not considered an issue in the past, and therefore the concept ‘human rights’ is a term that has been socially constructed through time by social actors of society (organizations, businesses, NGOs, governments and other stakeholders). The assumptions, such as the views, understandings, and relations towards this social phenomenon can vary due to the different social realities shaped by different social interactions experienced or perceived by the subjects of research -and the researcher. However, despite these differences, there may be shared meanings that can be identified by the researcher as common factors or indicators in the findings (Eriksson & Kovalainen, 2016, p. 18). Although the researcher may have different views on the social phenomenon compared to the subjects of research, the methodological approach to analyse the empirical findings is positivist. In other words, the empirical data produced by the subjects of research can be founded on constructivism, but the empirical analysis of the data executed by the researcher in the Master Thesis is based on positivism.

3.2 Research Strategy

A research strategy is a general orientation to conduct social research (Bryman, 2016). A qualitative approach serves as the basis for conducting research because the aim of the data collection process is to analyse words, phrases and interpretations rather than quantifiable data that is used in a quantitative approach (Bryman, 2016). For example, during the data collection process the subjects of research will be exposed to sensitizing concepts such as CSR, sustainability, and human rights, (which are not definitive concepts) in order to capture different aspects about how these concepts are thought about or interpreted (Bryman, 2016). The words and phrases collected form certain aspects and indicators that are translated into corporate views, actions, and impacts regarding CSR and sustainability practices of the Dutch and Swedish companies that are then analysed by the researcher. The aim of using a qualitative approach is to capture the point of view of the participants or subjects of research rather than the point of view of the researcher. The research approach will also be inductive, meaning that the purpose and implications of the empirically gathered findings is to generate (new) theoretical results that can be linked to the theoretical framework that the research study is based upon (Bryman, 2016).

A research strategy also needs a research design to conduct social research. Research designs are various frameworks or methods to collect and analyse data, such as experiments, questionnaires, surveys, or interviews, and (comparative) case studies (Bryman, 2016). This Master Thesis uses a comparative research design through semi-structured interviews and a questionnaire to collect and analyse data. Semi-structured interviews are interviews that are
less structured, are aimed to gain the interviewee’s own perspectives, and can be flexible in the way that interviewee’s replies and the wording of the interview questions can vary in order when necessary (Bryman, 2016). Semi-structured interviews were chosen to gain insight information, (also personal) perceptions, and definitions of the interviewees (Punch, 2014). This type of interviews also enabled the researcher to more freely word or phrase the interview questions throughout the interview process when necessary. For example, asking the interview questions through a manner similar of a long discussion, yet asking questions in a way to receive answers and to avoid off-topic discussions. The use of semi-structured interviews also enabled the researcher to ask additional questions throughout the interviews.

A questionnaire or a self-completion questionnaire is one where respondents answer questions by completing the questionnaire themselves (Bryman, 2016). This was chosen because of the advantage that the questionnaire could be distributed by e-mail and be answered at any time from the respondents at different geographical places. It was also created to be able to collect data from respondents that was based on ‘opinions, ratings, rankings or scoring’ types of questions. For example, this was done by using vertical and horizontal closed-ended questions (see Appendix 3). Examples of horizontal and vertical closed-ended questions can be seen in Figure 6 (Questionnaire for Dutch and Swedish Companies in Appendix 3).

![Example of vertical and horizontal closed-ended questions](image.png)

**Figure 6.** Examples of horizontal and vertical closed-ended questions.

Source: Questionnaire for Dutch and Swedish Companies in Appendix 3.
3.3 Sampling

To execute the research strategy, the subjects of research had to be selected before ultimately collecting and analysing data. The subjects of research can be described as a selection of units, in this case Dutch and Swedish (based) companies and organizations in the Netherlands and Sweden (Bryman, 2016). These companies and organizations are a combination of multinational corporations and major national companies. The method used to select these companies and organizations to research was based on purposive sampling, a form of non-probability sampling (Bryman, 2016). However, it is important to note that purposive sampling cannot “produce a statistically representative sample” (Ritchie et al., 2013, p.112) because it is an approach where samples are not chosen on a random basis but is a strategic way to deliberately select units that reflect particular features or groups that are relevant to the research questions and the goals of research (Bryman, 2016). This sampling method was chosen because the subjects of research needed to be relevant to the research objective and acquire certain characteristics or criteria: they had to be Swedish and Dutch companies or organizations, or based in Sweden or the Netherlands, and they had to have supply chains in developing countries.

The purpose of the sampling method was that each selected company or organization would be interviewed and respond to a questionnaire. Many of the companies and organizations were selected together with the researcher and the consultancy Enact Sustainable Strategies, the hosting organization of this research study. Other companies and organizations were selected from online desk research, using the search engine www.google.com. In total 14 units (or companies and organizations) were selected, in which 8 represented Swedish (based) companies or organizations and 6 represented Dutch (based) companies or organizations. Ideally the number would be even, however selecting an equal number of units turned out to be more difficult than expected. The main reason was that the Dutch and Swedish companies or organizations had limited time and could or chose not partake in the research study, therefore restraining the sampling process in finding equal numbers of units to select.

3.4 Data Collection and Analysis

Throughout the research process, the empirical or qualitative raw data was collected in June and September 2017 (Ritchie et al., 2013). Collecting the data was conducted in these time periods due to the limited or specific times the companies and organizations could voluntarily participate in the semi-structured interviews and questionnaire. The participants were 14 employees of the sampled companies and organizations and had experience working with the topics human rights, CSR, sustainability, sustainable development, sustainable and responsible business, responsible sourcing, or other related areas. The participants were diverse in terms of levels of experience and job roles with these topics, which allowed the researcher to gain interpretations from different perspectives. The participants were contacted through e-mail, whose contact details were retrieved from the consultancy Enact Sustainable Strategies and from www.google.com.
The participants took part in 14 semi-structured interviews conducted in English that took place at the offices of the companies or organizations face-to-face or through Skype, an online tool providing video calls (see Appendix 1). With the consent of the participants, the interviews were audio taped. The interviews were scheduled for 30-45 minutes, however at times it took shorter or longer depending on how much time the participants had. The researcher also distributed the interview questions to the participants before the actual interview, for them to choose if they wanted to voluntarily participate or prepare before the interview. Those participants that did not choose to take part of the study declined because they did not have the time to participate. Some of the interviews that are used as quotations and references in the data analysis are also anonymous in the Master Thesis, upon the request of the participant.

The questionnaire was distributed in English for the companies and was sent by e-mail to the participants who could choose to voluntarily respond sometime before or after the interview, to allow them flexibility due to their limited time. The questionnaire was distributed as a link in the e-mail and was created through Qualtrics, a software for users to collect and analyse data online.

Through this data collection process, this resulted in primary data. To analyse this data, it first needs to be processed and managed to make it easier to access and interpret (Ritchie et al., 2013). This has been done by transcribing relevant parts of the interviews and processing results from the questionnaire through descriptive statistics and diagrams. Diagrams aid as a visual tool for displaying quantitative descriptions. To manage this primary data, it is necessary to label and organize parts of the interview transcripts and results derived from the descriptive statistics in the questionnaire “that seem to be of potential theoretical significance” (Bryman, 2016, p. 573). The analysis of the empirical data is done by the process of coding and a thematic analysis. Coding can be described as the features, issues, and themes in the empirical data that is classified into specific labels or codes (Eriksson & Kovalainen, 2016). The aim of this process is to reduce data into smaller segments or parts that are meaningful for the analysis (Hennink, Hutter & Bailey, 2011).

The codes are then interpreted and discussed through a thematic analysis approach. A thematic analysis is a qualitative approach to analyse data by identifying patterns, themes, and sub-themes, for example, by looking for topics that are frequently reoccurring or discussed differently or similarly by the interviewees (Bryman, 2016). The aim of this process is to gain familiarisation with the data by constructing a thematic framework based on the translation of codes to themes to sort and review data extracts (Ritchie et al., 2013). This method was chosen to identify and compare codes that could be translated into themes. Some of the themes are ‘governance and inspiration’, ‘culture and political barriers’, ‘corporate leadership’, and ‘limited influence and proactivity’. These themes are explained in Chapter 4: Empirical Findings and discussed in Chapter 5: Conclusions and Discussion to answer the research questions.
3.5 Operationalization of the Theoretical Framework

This section will describe the operationalization of the theoretical framework to make the social research testable and measurable. Operationalization refers to “the process of turning abstract theoretical concepts into observable and measurable entities” (David & Sutton, 2011, p. 217). This is done by defining one or several concepts that is used in the research and deciding which dimensions can be measured through the development of indicators (David & Sutton, 2011). This is necessary because the concepts and terms in the theoretical framework are too abstract and need to be converted into specific research procedures (operations) that eventually results in the empirical observations and findings (Walliman, 2011). The concepts and terms discussed in the theoretical framework were operationalized in the interview guide and questionnaire guide (see Appendix 2 and 3), based on the following research questions:

The main research question: **What are the most important aspects and indicators to integrate human rights impacts in the supply chain and to what extent can these measurements influence potential similarities and differences in CSR or corporate sustainability approaches between businesses in Sweden and the Netherlands?**

‘Aspects and indicators’ refer to certain conditions and approaches for companies and organizations to integrate human rights concerns in their supply chains. The conditions and approaches selected were: (personal) motivation, internal and external drivers, internal and external communication, national market competition, engagement of the state, implementation of (voluntary) guidelines, challenges, corporate identity, and organizational culture. These aspects and indicators were translated into interview questions and were chosen to be able to investigate their importance and influence in companies CSR or corporate sustainability approaches. For the interview, these indicators were translated into main questions and sub-questions.

‘Human rights impacts’ refer to companies (potential) negative impacts on their stakeholders in their supply chains, specifically human rights concerns that are relevant for businesses that have supply chains in developing countries, such as social and labour rights issues. These were impacts or risks regarding: child labour, forced labour, discrimination, fair compensation, fair salary and working hours, freedom of association and collective bargaining, right to property and health and safety.

‘CSR or corporate sustainability approaches’ refer to companies’ strategies to cope with (potential) human rights impacts and concerns as a business organization. For example, regarding how they communicate, implement (voluntary) guidelines, measures or projects, how they approach human rights as a risk or opportunity, and their initial steps to identify human rights concerns.

Sub-question 1: **How is CSR, meaning, business responsibility to identify and approach human rights violations and risks implemented in Dutch and Swedish businesses’ CSR or corporate sustainability policies and strategies?** To avoid certain confusion in this Master Thesis, ‘CSR’ will be based on the European Commission definition (2011, p.6): “the responsibility of enterprises for their impacts on society” by integrating “social, environmental,
ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders”. This definition was chosen because human rights concerns (violations and risks) are a negative impact on society. Comparing how Swedish and Dutch companies identify and approach human rights concerns through CSR or corporate sustainability policies and practices can indicate the extent of their collaboration or involvement with their stakeholders. This will be based on the interviewees’ views on for example the companies’ effectiveness in communication, implementation of international guidelines and standards, incorporation of human rights issues in the supply chain, and level of response to external stakeholders.

Sub-question 2: What are the main drivers and motivations for Dutch and Swedish businesses to incorporate CSR on human rights in their supply chain and CSR or corporate sustainability strategies? ‘Main drivers and motivations’ refers to internal and external drivers that pressure or influence the companies to incorporate human rights concerns in the supply chain. For example, if it is mainly motivated by risk management, employee engagement, media or consumer pressure, to maintain a competitive advantage or to be a leading role in sustainability. This can contribute to an understanding of companies’ incentives in CSR.

Sub-question 3: To what extent can aspects such as (different or similar) corporate cultures and institutional environments affect the implementation processes of CSR on human rights in Dutch and Swedish businesses supply chains in developing countries? ‘Corporate culture’ and ‘institutional environments’ refer to conditions that can influence the implementation process of CSR. For example, if a horizontal (hierarchical) or vertical organizational culture of the companies affects decision making processes or whether institutional settings, such as proactive governments, a competitive market, or societal norms and structures influence companies to implement CSR on specifically human rights.

Sub-question 4: What main challenges do Swedish and Dutch businesses experience when approaching CSR on human rights in the supply chains? ‘Challenges’ refer to identifying what companies find difficult for example when they adopt (voluntary) international standards or agreements, implement CSR practices; or challenges in terms of identifying human rights issues in their supply chains in socio-economic or political vulnerable settings or when national legislation is not sufficient to prevent that human rights at the bottom of supply chains are not violated. Challenges are interesting to examine in a way that it can reflect vulnerabilities or gaps of companies. For example, if Swedish or Dutch businesses find it difficult to address or mitigate their human rights issues in the supply chains in vulnerable socio-economic or political settings (in other words there are known human rights issues), yet still choose to operate in these vulnerable environments can be perceived as controversial or that they do no act sufficiently to approach their issues. Another hypothesis could be that companies in Sweden and the Netherlands do not perceive that they receive any or sufficient pressure from their governments to implement practices or policies, for example if many international or national standards and guidelines are voluntary.
3.6 Reliability and Validity

To evaluate the qualitative research in this study, the reliability and validity needs to be critically discussed. In qualitative research, external reliability refers to the extent which the study can be replicated and is repeatable (Bryman, 2016). However, this study cannot be replicated because social actions are regarded as more complex and dependable on specific settings (Payne & Payne, 2011). The reason (according to constructivists) is that there is no single reality to be captured due to the complexity of the social phenomenon being studied and the impact of context in the study (Ritchie et al., 2013). As a result, this study cannot be generalised or represented into a wider context, group, population or other sample units (Eriksson & Kovalainen, 2016; Gobo et al., 2007). For example, if other companies and organizations were sampled for this research study the results may differ due to their different social settings or organizational circumstances. The results can also differ even if the same sampled companies and organizations were researched again, because social settings and organizational circumstances can change throughout time. Other factors can influence the results that is outside the control of companies, especially for companies that operate abroad, unpredictable events in other countries is beyond companies influence. Therefore, varying results of the same study cannot be repeatable or replicated, for example in other studies.

Internal reliability refers to when there is more than one observer or member of the research team that agree about what they see and hear (Bryman, 2016). This was done by the hosting consultancy of this research and a supervisor of the researcher that gained insight in the progress of the research process. Multiple insight into the research process can help add authenticity, a criterion to assess the fairness of the study (Bryman). For example, by gaining insight from several sources such as the hosting consultancy and supervisor, it can provide guidance so that diverse viewpoints of the subjects of research are represented in the research study (Bryman, 2016), rather than that certain viewpoints are represented based on personal opinions or preferences.

Internal validity refers to “whether there is a correspondence between researchers’ observations and the theoretical ideas they develop” (Bryman, 2016, p. 384). This can be established through measurement, for example, the questions produced for the questionnaire and interview guides on an operational level (Walliman, 2015). By evaluating the researcher’s findings and observations derived from the interview and questionnaire, it is possible to find a correspondence if they reflect (new) theoretical ideas based on the theoretical framework.

External validity concerns the extent which the findings can be generalized beyond the specific research context and if they true (Bryman, 2016; Walliman, 2015). To assess whether the findings of this research study are true, the primary data from the interviews were audio recorded that can be reviewed at any time. However, for this study, it is important to note that the findings cannot be generalized because they are only based on the data provided by the selected subjects of research. The findings from the companies and organizations researched do not represent other companies or organizations in other sectors.
or industries. Therefore, this research study is context and time specific and the results cannot be representative, since the sample used was relatively small and cannot be applied to other large scale settings (Bryman, 2016). The findings of the study can perhaps draw some parallels and implications to a certain extent, however the aim is to gain a contextual understanding of how specifically selected Swedish and Dutch companies integrate particular human rights impacts in their supply chains in developing countries, based on certain aspects and indicators.
Chapter 4: Empirical Findings

This chapter presents the empirical findings according to the researcher’s perspective from the data analysis that is based on the collected primary data produced by the semi-structured interviews, interview notes, and the self-completion questionnaire.

4.1 The Semi-Structured Interviews of Companies

This section presents the results from the interview participants of Swedish and Dutch companies on their similarities and differences that is based on the measurements (aspects and indicators): (personal) motivation, internal and external drivers, internal and external communication, national market competition, engagement of the state, implementation of (voluntary) guidelines and standards, challenges, corporate identity, and organizational culture. Themes are also mentioned and explained as a guidance for discussing and answering the research questions later on in Chapter 5: Conclusions and Discussion.

4.1.1 (Personal) Motivation

<table>
<thead>
<tr>
<th>Themes</th>
<th>Impacts of companies</th>
<th>Sustainable business opportunities</th>
<th>Changed perceptions and expectations of companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutch Company C</td>
<td>“You (companies) can have such a big positive influence but also negative” (2017, Line 2)</td>
<td>“The actions of businesses can mean a lot for sustainability issues” (2017, Line 2)</td>
<td></td>
</tr>
<tr>
<td>Dutch Company D</td>
<td>“The impact on human is much bigger and direct” (2017, Line 1)</td>
<td>“I think there is some huge business opportunities to be gained as well” (2017, Line 1)</td>
<td>“The biggest responsibility lies in with corporations” (2017, Line 1)</td>
</tr>
<tr>
<td>Swedish Company B</td>
<td></td>
<td></td>
<td>The power to do a lot of things (2017)</td>
</tr>
<tr>
<td>Swedish Company D</td>
<td>The need to create a more equal situation on our planet to be sustainable over time (2017)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swedish Company E</td>
<td></td>
<td></td>
<td>“It’s necessary in business….and I think no one can do better than brands” (2017, Line 2)</td>
</tr>
<tr>
<td>Swedish Company F</td>
<td></td>
<td></td>
<td>“the same rights to life as we do” (2017, Line 2)</td>
</tr>
</tbody>
</table>

Table 4. (Personal) Motivation

The participants interviewed of both Swedish and Dutch companies showed a variety in (personal) motivation in regards to working with human rights and business as a sustainability or CSR professional and employee. Their responses were generally individual and diverse.
while some were not very explicit on their responses, and others were quite personal and referred to personal experiences living or working in developing countries as a motivation to work with business and human rights or sustainability.

The examples of the motivations shown in Table 4 indicate that the themes that were identified were ‘impacts of companies, sustainable business opportunities, and changed perceptions and expectations of companies’ as these motivations stood out compared to other motivations mentioned by other participants. The first theme was based on the participants views that companies have both positive and negative impacts or a degree of impact on individual human beings. This shows a level of realization that companies have a bigger impact, not just on systems (such as the market or globalization) on a macro level, but also on micro level, by impacting individuals. The second theme is based on the participants views that businesses can have a positive impact on sustainability by contributing to finding solutions to sustainability issues, but also in business performance. For example, it is claimed that “embedded sustainability efforts clearly result in a positive impact on business performance” (Whelan & Fink, 2016). Lastly the third theme is based on that the participants’ motivations show that today in our contemporary society, many (or some) people have a changed perception and expectation of businesses’ responsibilities and roles in society. For example, that businesses have the power (and resources) to do and change societal and sustainability issues. This is shown from recent years where companies have emerged as key actors in global governance and where their responsibilities have extended to also environmental and social responsibilities (Barkemeyer & Figge, 2014). This was noticeable and can be confirmed in the interviews because many of the participants mentioned their companies’ work in human rights and sustainability; and the importance to include environmental and social impacts in business strategies.

4.1.2 Internal Drivers

<table>
<thead>
<tr>
<th>Themes</th>
<th>Risk management</th>
<th>Company values</th>
<th>Corporate leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutch Company C</td>
<td>Risk management as the strongest driver</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dutch Company D</td>
<td>Reputation damage, preventive risk management</td>
<td>“Impacts on human beings...are different thing from impacts and risks to the company” (2017, Line 58)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>“We’re trying to eliminate and minimise risks all the time” (2017, Line 16)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dutch Company E</td>
<td>“It is a risk to work with suppliers that do not have human rights in order” (2017, Line 3)</td>
<td>“it’s part of our core values that we respect human rights within our own operations” (2017, Line 3)</td>
<td>“If you have a CEO who doesn’t believe in sustainability I think it’s just ideology” (2017, Line 39)</td>
</tr>
<tr>
<td>Dutch Company F</td>
<td>“Sustainability is part of our DNA” (2017, Line 34)</td>
<td></td>
<td>Backing from senior leadership (2017)</td>
</tr>
</tbody>
</table>
### Table 5. Internal Drivers

For both Swedish and Dutch companies, it was very clear that the theme ‘risk management’ was the main internal driver that pushed companies to work towards respecting human rights concerns in their supply chains. For example, ‘risk reducing, risk analysis, risk countries, risk management, risk based, risk producing, decrease risk’, were many of the risk-related words or terms that were frequently mentioned multiple times throughout the interviews. The risks were associated to multiple views on what a risk specifically entails as seen in Table 5. For example, risks were associated with preventing reputation damage and constantly minimising such risks (Dutch Company D, 2017), working with suppliers who do not have human rights in order (Dutch Company, E, 2017), following up risk analysis of supplier statuses on their code of conduct and customer requirements (Swedish Company G, 2017), minimise risks to protect the brand reputation, or if someone is reporting (perhaps negatively) about a company’s supply chain (Swedish Company C, 2017). Therefore, by

<table>
<thead>
<tr>
<th>Swedish Company B</th>
<th>“You have a moral responsibility” (2017, Line 5)</th>
<th>“it’s also important to want to do good and if you have a good CEO and a good management in the company who also believes in making the right thing…. that helps” (2017, Line 21)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swedish Company C</td>
<td>Risks as a driving force (2017)</td>
<td>“It’s our responsibility to ensure that we have sustainable supply chains” (2017, Line 2)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“It’s a core value that we are a responsible company” (2017, Line 24)</td>
</tr>
<tr>
<td>Swedish Company E</td>
<td>Ensuring workers in factories are safe and healthy (2017), gender perspective</td>
<td></td>
</tr>
<tr>
<td>Swedish Company F</td>
<td>“It’s mainly a lot of risk reducing” (2017, Line 4)</td>
<td>“You need to work with human rights because the people making the products need to have a good environment to produce the products in” (2017, Line 4)</td>
</tr>
<tr>
<td>Swedish Company G</td>
<td>Following up risks analysis, risks in high risk countries (2017)</td>
<td></td>
</tr>
</tbody>
</table>
reducing human rights risks, it has an impact on the company in that it reduces the (general) risks of the company.

The patterns that were noticeable was that the theme risk management was mentioned or talked about more frequently compared to the other themes identified company values or corporate leadership. The focus was frequently about the risks of the company and less about the risks for people as human individuals, which can be questionable and criticized. For example, that reputation damage or corporate image is an important risk factor for companies because it can influence how people perceive you positively or negatively as a company, as part of maintaining the brand value. This view about protecting the company brand was generally shared by both Dutch and Swedish companies, which is highly important of course, but can also be questionable.

Another theme and internal driver that was similar in the Dutch and Swedish companies was that sustainability or human rights was part of the company in terms of their ‘company values’. In Table 5 it shows that human rights are part of the companies’ core values, such as having responsibilities over the workers and people in their supply chain, for example by doing business in a sustainable manner and “cause 0 harm” (to people) (Dutch Company F, 2017, Line 34). The different interpretations by the participants illustrated in Table 5 shows that the companies’ impacts on human beings is an important aspect that is part of their company values. However, although the companies indicated that human rights are indeed part of their values it is also important that the companies demonstrate their values in practice through their strategies and operations.

In the interviews, it was also an interesting common factor that the importance of ‘corporate leadership’ such as influential employees on a higher level for example, a CEO or senior management as an internal driving force was not mentioned much for either Swedish or Dutch companies. It was mentioned as an important influence by only two Dutch companies and two Swedish companies. For example, that it is important to have the support or backing from senior leadership in sustainability or human rights (Dutch Company F, 2017), and that having an engaged CEO in sustainability can (positively) change the company (Dutch Company E, 2017) otherwise, as one of the participants stated, “if you have a CEO who doesn’t believe in sustainability I think it’s just ideology” (Dutch Company E, 2017, Line 39). It was stated by the Swedish multinational corporation (Swedish Company D, 2017) that they have a strategy of sustainability leadership (2017), which indicates that their corporate leadership are motivated to embed a sustainability perspective further into the company. These examples suggest that the theme corporate leadership, which should according to the participants encompass supportive and engaged senior management, is an important aspect because it can contribute to that sustainability is a more driving business area that is integrated into the business organization. However, this is not the only decisive factor to that sustainability is an important part of companies’ strategies, as other (internal or external) driving factors are also as essential. Although having a strong corporate leadership that are highly engaged in sustainability, including human rights, it is also important that top senior management also reach out and communicate their views and values beyond the head office.
to other company branches and locations (Brunton, Eweje & Taskin, 2015) in a way that it enables change throughout the whole organization. This change should encourage that other employees also share or associate with the values of the corporate leadership to avoid that values are ‘just accepted’ from a top-down approach (Brunton, Eweje & Taskin, 2015).

Within the theme company values, a differentiating internal driver that push companies towards respecting human rights in the supply chain was particularly emphasized and mentioned only by Swedish Company E. This company’s internal driver was that they wanted to do something for those that work in the factories where they place their orders, by making sure that they are “safe and healthy” (Swedish Company E, 2017, Line 4). This was done by reaching out to those factories through projects that was based on setting gender indicators into management systems. The goal was to reach out to their whole supply chain to measure the impacts of the factories on women and men, in relation to social sustainability (Swedish Company E, 2017). Although human rights’ concerns also include gender issues, this was an explicit example provided by Swedish Company E about how they incorporate a gender perspective in businesses’ supply chains.

4.1.3 External Drivers

<table>
<thead>
<tr>
<th>Themes</th>
<th>Legislation</th>
<th>A mixture of external drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutch Company C</td>
<td></td>
<td>Corporate ownership, NGOs (Dutch) and international media, consumers that are informed by civil society organizations through media (2017), not too much attention on human rights in Dutch media, mainly international media (2017)</td>
</tr>
<tr>
<td>Dutch Company D</td>
<td>The (UK) Modern Slavery Act, legislation, reputation (2017)</td>
<td>NGOs, an example: were pressured by an NGO once (2017)</td>
</tr>
<tr>
<td>Dutch Company E</td>
<td>UK Modern Slavery Act (2017)</td>
<td>“It’s a combination...demand from our customers” (2017, Line 17), NGOs, UN SDGs (2017)</td>
</tr>
<tr>
<td>Dutch Company F</td>
<td>Modern slavery (as a topic to report or communicate) required by UK law (2017)</td>
<td>Reputation, Dow Jones Sustainability Index rating, trying to be a sustainability leader in their industry, limited influence from NGOs especially local NGOs in their operating countries (2017)</td>
</tr>
<tr>
<td>Ikea Retailers B.V. Nederland</td>
<td></td>
<td>Reactions from society, NGOs (2017)</td>
</tr>
<tr>
<td>Swedish Company B</td>
<td></td>
<td>“It’s a mix of all” (2017, Line 21), corporate ownership, risk management, limited influence by NGOs (2017), “we get a lot of questions from our customer service centre” (2017, Line 9)</td>
</tr>
<tr>
<td>Swedish Company C</td>
<td></td>
<td>A mixture, for the consumers and the people who work in the supply chain (2017)</td>
</tr>
<tr>
<td>Swedish Company D</td>
<td></td>
<td>Investors, watchdog organizations, media, consumers not so much (2017)</td>
</tr>
<tr>
<td>Swedish Company E</td>
<td>EU directive (2017)</td>
<td>Swedish organizations, not so much consumers (customer service questions mostly about the environment) (2017)</td>
</tr>
</tbody>
</table>
Some of the external drivers in Table 6 overlapped with the internal drivers from the previous section 4.1.2. For example, for some Swedish and Dutch companies, ‘reputation and risk management’ were interpreted as both or either internal and external drivers. Besides these two drivers, for both Dutch and Swedish companies, the themes that could be identified were ‘legislation’, in combination with ‘a mixture of external drivers’. These two themes were the driving forces that stood out to incorporate human rights concerns in the supply chain. What was particularly noticeable about the theme legislation was the reoccurring remarks about the UK Modern Slavery Act, the EU directive, and generally addressing mandatory legislative requirements as examples of external drivers in the interviews. The UK Modern Slavery Act implemented in 2015 requires “certain businesses to disclose what activity they are undertaking to eliminate slavery and trafficking from their supply chains and their own business” (The National Archives, 2015). The EU directive (on non-financial reporting) “requires large companies to disclose certain information on the way they operate and manage social and environmental challenges” (European Commission, n.d.). Although the level of effectiveness of this legislation can be questioned (LeBaron & Rühmkorf, 2017), it was noticeable in the interviews that recent laws and requirements do drive companies to disclose (more) information about their supply chains and how they manage social and environmental concerns. It shows that companies are reactive towards legislative frameworks and laws and that it influences the way the Swedish and Dutch companies are doing business, in that they need to incorporate a human rights aspect.

The other theme identified was that ‘a mixture of different external drivers’ such as NGOs, media, and consumer awareness is another driving force for the Dutch and Swedish companies to incorporate human rights. For the majority of the Dutch and Swedish companies, it was mostly bigger NGOs and organizations (international) or Dutch and Swedish NGOs or organizations that had an influence on the companies. However, local NGOs in the companies’ operating, producer or supplier countries has limited influence or interaction. Media was another external driver in terms of exposure, reputation, and risk management, and as an instrument to reach out to consumers and increase consumer awareness about human rights in business. However, generally (social) media was not mentioned as much as NGOs because it was largely regarded as part of risk management and reputation (more as an internal driver). In terms of consumers or consumer awareness pressuring companies, for Dutch companies it was very limited. For Swedish companies it was a mixture, where

### Table 6. External Drivers

|------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|

|------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
approximately half of the companies regarded consumers as an external driver. In the interviews, what was particularly different compared to Dutch companies were the initiatives and engagement of Swedish consumers who reach out to the companies directly, for example to their customer service asking about how certain products are produced etc.

A similarity between one Swedish and one Dutch company was ‘corporate ownership’ as an external driver, where the company was pushed from their owner or parent company to incorporate human rights concerns in the supply chain.

### 4.1.4 Internal and External Communication

<table>
<thead>
<tr>
<th>Themes</th>
<th>Verbal and Interactive communication</th>
<th>Written communication</th>
<th>Other forms of communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutch Company C</td>
<td>Mainly dialogue, bi-lateral dialogue, negotiations and talk (2017)</td>
<td>Website, code of conduct, questionnaires (2017)</td>
<td>Through an external organization and system that communicates to their suppliers (2017)</td>
</tr>
<tr>
<td>Dutch Company E</td>
<td>Congresses and conferences, panel discussions (2017)</td>
<td>Reporting, position papers, currently in due diligence phase (2017)</td>
<td></td>
</tr>
<tr>
<td>Swedish Company B</td>
<td>Internal communication (2017)</td>
<td>Reporting, created films, internal employee communication with buying offices of operating/ supplier countries (2017)</td>
<td></td>
</tr>
<tr>
<td>Swedish Company C</td>
<td>Dialogue with stakeholders, meetings, online trainings with producers, setting up programs (2017)</td>
<td>Code of conduct most effective to send a signal to suppliers (2017)</td>
<td>Gaining information from suppliers, audits (2017)</td>
</tr>
<tr>
<td>Swedish Company D</td>
<td>Training suppliers, online training (2017)</td>
<td>Sustainability reporting, internet articles, newsletters to their employees what the company does in the supply chain, written communication with</td>
<td>Audits (2017)</td>
</tr>
<tr>
<td>Swedish Company E</td>
<td>Trainings for suppliers (2017)</td>
<td>Reporting, slavery act statements, projects and self-assessments internally (2017)</td>
<td>External audits, internal audits, “we want to get away from audits” (2017, Line 34), “the ultimate goal is for them (suppliers) to take care of their own CSR” (2017, Line 36)</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Swedish Company F</td>
<td>Supply chain trainings and education for own staff based on the code of conduct, “education is the key” (2017, Line 15), mainly dialogue, trainings with suppliers, workers in factories, dialogue with suppliers (2017)</td>
<td>Due diligence, reporting on sustainability and human rights issues, consumer dialogue (2017)</td>
<td>Local oversight through specific staff working with implementing the code of conduct to the suppliers and sub-suppliers, internal and social audits (2017)</td>
</tr>
<tr>
<td>Swedish Company G</td>
<td>Meet with suppliers and discuss, trainings, mainly dialogue through social audits team, online trainings for critical suppliers globally (2017)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 7. Internal and External Communication**

There were three themes that were identified in how companies communicate to their stakeholders about how they work with human rights in their supply chains: ‘verbal and interactive communication, written communication, and other forms of communication’. According to Table 7, for both Swedish and Dutch companies, mainly different forms of dialogue either through (round-table) meetings, discussions, (internal) trainings for employees or suppliers were the main methods of internal and external verbal communication. What can be observed is that verbal and interactive communication, such as dialogue is the main method of companies to interact and communicate with their stakeholders. This form of dialogue or ‘stakeholder dialogue’ is an important mechanism to maintain or build relations and convey messages between companies and stakeholders both bottom-up and top-down from a symbolic interactionism theoretical perspective (Steinberg, 2007). Through these interactions, it can create meaning and understanding about societal norms, rules and behaviour (how companies should behave in terms of human rights) (Steinberg, 2007).

A difference was that Dutch Company F (2017) was also active in conferences and congresses to discuss and exchange views on how to work with human rights from a business perspective. This shows quite an engagement and initiative in reaching out to other networks or platforms to communicate their work (not just their employees and suppliers) while learning from other societal actors.
For the theme written communication, the majority of both Dutch and Swedish companies mainly communicate their expectations, how they work with human rights, and their sustainability approaches and results through a code of conduct and (sustainability) reporting to reach external audiences or stakeholders. Additionally, a variety of other written communication methods were used, such as position papers, films, statements, articles and newsletters. Companies’ progress and results on their human rights work are based on processes such as due diligence, self or supplier assessments, and audits which are presented in companies’ (sustainability) reports, articles, statements and so on. Swedish Company E gave an interesting remark about audits, that they wish to “get away from audits” (2017, Line 34) so that suppliers can take care of their own CSR (Swedish Company E, 2017), and Swedish Company F (2017, Line 15) believed that the most effective way to communicate to their suppliers was through education as it “is the key”. This was a different view compared to the Dutch companies in that the Swedish companies were questioning traditional ways of communicating, interacting and approaching human rights issues in supply chains.

In general, Table 7 shows a variety of views on what companies think are the most effective method to communicate to their stakeholders about human rights issues in the supply chain. For example, that other forms of communication were through companies’ own initiatives and projects.

4.1.5 National Market Competition

<table>
<thead>
<tr>
<th>Themes</th>
<th>Governance and Inspiration</th>
<th>Other remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutch Company C</td>
<td>No market competition</td>
<td>More competition in animal welfare than human rights (2017)</td>
</tr>
<tr>
<td>Dutch Company D</td>
<td>Netherlands a culture of governance: voluntary agreements to solve or drive issues, “we’re doing a lot ourselves” (2017, Line 43), “we have the Polder Model” (2017, Line 41)</td>
<td>Sector specific (2017)</td>
</tr>
<tr>
<td>Dutch Company E</td>
<td>Not necessarily more pressure from others, “we put pressure on ourselves” (2017, Line23)</td>
<td></td>
</tr>
<tr>
<td>Dutch Company F</td>
<td>“It’s definitively being stimulated” (2017, Line18), sustainability can measure companies against each other, European law (2017)</td>
<td></td>
</tr>
<tr>
<td>Ikea Retailers B.V. Nederland</td>
<td></td>
<td>Cooperation rather than competition (2017)</td>
</tr>
<tr>
<td>Swedish Company B</td>
<td>Yes in general, “you meet other big companies and you hear”</td>
<td></td>
</tr>
<tr>
<td>Swedish Company C</td>
<td>Due to social media as a risk, young people especially they look for new jobs in companies or organizations that are responsible, people talk a lot about sustainability (2017)</td>
<td>Textile industry a driving force (2017)</td>
</tr>
<tr>
<td>Swedish Company D</td>
<td>No because they are a multinational company, inspiration when other companies go out with ambitious approaches (2017)</td>
<td></td>
</tr>
<tr>
<td>Swedish Company E</td>
<td>Smaller companies waiting for big companies to move forward, yes there is competition because people are working on these issues, however there’s a lack of capacity (2017)</td>
<td></td>
</tr>
<tr>
<td>Swedish Company F</td>
<td>“It’s not an area where you have competition between companies” (2017, Line 29).</td>
<td>Working together as companies (2017)</td>
</tr>
<tr>
<td>Swedish Company G</td>
<td>“I’m quite glad when my competitors is talking about human rights” (2017, Line 22)</td>
<td></td>
</tr>
</tbody>
</table>

**Table 8. National Market Competition**

In Table 8, the themes ‘governance and inspiration’, were identified across both Swedish and Dutch companies regardless of their view on national market competition or peer pressure amongst businesses in Sweden and the Netherlands to work towards respecting human rights in the supply chain. For both Dutch and Swedish companies, approximately half of the companies regarded that there was not a national market competition and the other half viewed there was a certain degree of national market competition.

Amongst the companies that did not view there was a national market competition, Dutch companies thought governance such as doing things themselves or putting pressure on themselves as the reason because of the culture in the Netherlands to do voluntary agreements to solve or drive issues (Dutch Company D, 2017). According to the Dutch ‘Polder Model’ such voluntary agreements are based on cooperation and consensus building (Schreuder, 2001). This sense of cooperation was also viewed and supported by Ikea Retailers B.V. Nederland (2017) and Swedish company F (2017) also emphasized working together as companies on human rights issues in the supply chain.
Both Swedish companies that viewed and did not view that there is a national market competition indicated that inspiration played a role when hearing other companies’ approaches to human rights issues in their supply chains (Swedish Company B, Swedish Company G & Swedish Company D, 2017).

Other views by the Dutch and Swedish companies were not very explicit or were varied and diverse. For example, Dutch Company F (2017) viewed that it was the fact that companies’ sustainability can be measured against each other that contributed to national market competition, that it was due to social media, that it depended on the sector or that other topics and industries were more competitive (animal welfare and textile industry for example). Another different reason was stated by Swedish Company C (2017), that particularly younger people seek to work with organizations or companies that are responsible.

4.1.6 Engagement of the State

<table>
<thead>
<tr>
<th>Themes</th>
<th>Limited Influence and Proactivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutch Company C</td>
<td>Yes in terms of influence to work with human rights, international CSR covenants or agreements together with the Dutch Ministry of Foreign Affairs, NGOs and Dutch retailers, “covenants being made” (2017, Line 50) for textile, energy and banking (2017)</td>
</tr>
<tr>
<td>Dutch Company D</td>
<td>Governance, voluntary agreements with the government and businesses, win-win, trying to fulfil national objectives, national energy agreement (2017)</td>
</tr>
<tr>
<td>Dutch Company E</td>
<td>“Not significantly” (2017, Line27), in terms of influencing the company to work with human rights</td>
</tr>
<tr>
<td>Dutch Company F</td>
<td>In terms of influence yes, through a national action plan, conferences, attempts to set agreements in every sector (2017)</td>
</tr>
<tr>
<td>Ikea Retailers B.V. Nederland</td>
<td>Influence depends, takes on higher standards (2017)</td>
</tr>
<tr>
<td>Swedish Company B</td>
<td>Influence in general with SDGs (2017)</td>
</tr>
<tr>
<td>Swedish Company C</td>
<td>“There are more requirements now than a few years ago but also in reporting” (2017, Line 38), supply chain is lacking behind</td>
</tr>
<tr>
<td>Swedish Company D</td>
<td>“Not so much... they don’t really influence us at all” (2017, Line 28), ambitious policies but no pressure, Influence in other areas, chemicals,</td>
</tr>
</tbody>
</table>
energy, limited on human rights (2017)

| Swedish Company E | Limited influence on the company, to a certain extent, action plan, legal requirements and recommendations (2017) | Promotes companies to work more on human rights issues, the Global Deal (http://www.theglobaldeal.com/) they launched (2017) |
| Swedish Company F | “They don’t have much influence” (2017, Line 35) | “Not really active” (2017, Line 37), cooperation with the Swedish Trade Federation, CSR ambassador in Sweden (2017) |
| Swedish Company G | No in terms of influence how companies work with human rights (2017) | Not at the forefront, but in setting baselines in terms of legal requirements, could be more proactive in certain areas (2017), an interest in that the Swedish government pushes the EU for more legislation: “our suppliers…. might not listen to us if there’s a Swedish legal requirement, but they for surely listen if there’s a European legal requirement, then it becomes really important for them” (2017, Line 28) |

Table 9. Engagement of the State

In regards to how Swedish and Dutch governments influence the companies interviewed in how they work with human rights in the supply chain, the theme identified was that the governments had ‘limited influence and proactivity’. The reason is that they were considered legally influential, however not necessarily proactively influential. For the majority of the Swedish companies, they viewed that the Swedish government had limited influence over their company and companies in general based in Sweden. The level of influence extended to setting policies and legal requirements; and that the companies worked quite independently themselves on human rights issues in the supply chain.

In terms of proactivity, the Swedish companies viewed that the Swedish government were promoting companies to work with human rights through legislation, cooperation, the SDGs, by having a CSR ambassador and the Global Deal, a Swedish initiative. The Global Deal is a global partnership with the aim to address the challenges in the global labour market and enabling people to benefit from globalisation (The Global Deal, n.d.). Some of the Swedish companies viewed that there are more requirements for (sustainability) reporting and that the Swedish government only have control of human rights in Sweden. In contrast, other companies viewed that the government has a big role to play (Swedish Company B, 2017), could be more proactive (Swedish Company G, 2017) and that the supply chain is lacking behind.

Generally, the Swedish companies’ views on the level of proactivity is that the Swedish government is mainly active legally, in setting policies and legislation. For example, that suppliers in other countries would listen more or do more about human rights if Sweden
pushed the EU for more legislation or action (Swedish Company G). This illustrates that individual companies view that they have limited influence on human rights issues in the supply chain, but if many countries, companies or industries come together they can have more proactive influence, rather than only setting policies and requirements.

Approximately half of the Dutch companies interviewed stated that there is a level of influence by the Dutch government in how they work with human rights in the supply chain. Similar to the Swedish companies who viewed there was a level of influence, the Dutch companies also viewed that they were influenced through legislation and governance, through voluntary agreements made for different sectors. However, in terms of pressure and proactivity of the Dutch government, some Dutch companies did not think companies in the Netherlands are pressured.

Generally, the Dutch and Swedish companies interviewed did not feel pressure or view that the Dutch and Swedish governments were proactive. In terms of influencing the companies it was mostly limited to legislation.

4.1.7 Implementation of (Voluntary) Guidelines and Standards

<table>
<thead>
<tr>
<th>Themes</th>
<th>Various Strategies</th>
<th>Size vs. Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutch Company C</td>
<td>It’s in the code of conduct, trying to do due diligence (2017)</td>
<td></td>
</tr>
<tr>
<td>Dutch Company D</td>
<td>Steered from a group perspective, not a separate steering model (2017)</td>
<td>“The bigger company, the more complex...the business in itself is more complex” (2017, Line 47), tools that have been developed to work with due diligence mainly for large companies, effort needed to adapt that for smaller companies, less leverage (2017)</td>
</tr>
<tr>
<td>Dutch Company E</td>
<td>Extensively Implemented (2017)</td>
<td>Smaller companies are able to have closer direct relationships with their suppliers, bigger companies, we have people only dedicated to sustainability, supplier relations and sustainable supply sourcing (2017)</td>
</tr>
<tr>
<td>Dutch Company F</td>
<td>Have frameworks, currently working on implementation, in the due diligence phase (2017, Line 48)</td>
<td></td>
</tr>
<tr>
<td>Ikea Retailers B.V. Nederland</td>
<td>Well implemented (2017)</td>
<td></td>
</tr>
<tr>
<td>Swedish Company B</td>
<td>There is a linkage (2017)</td>
<td>The bigger you are the more clear it becomes on what you need to work on because you operate in many different countries where laws and human rights are seen in different ways, despite having “official human rights” (2017, Line 35)</td>
</tr>
<tr>
<td>Swedish Company C</td>
<td>Working according to the BSCI (2017)</td>
<td></td>
</tr>
<tr>
<td>Swedish Company D</td>
<td>In the process, in the phase of human rights impact assessment (2017)</td>
<td></td>
</tr>
</tbody>
</table>
Table 10. Implementation of (Voluntary) Guidelines and Standards

Based on Table 10, there are two themes identified that illustrate how the Swedish and Dutch companies implement (voluntary) guidelines and standards, for example the UN Guiding Principles on Business and Human Rights; and whether they think that the size of a company makes it more difficult or easy to implement. The first theme shows that there are ‘various strategies’ the companies approach implementation. The second theme shows that there is a debate between whether it is about ‘the size or the resources’ of a company that makes it more difficult or easy to implement (voluntary) guidelines and standards.

For both the Dutch and Swedish companies, some were currently in the implementation process and phase while others have already implemented the UN Guiding Principles on Business and Human Rights. Based on the interviews, diverse and various strategies were used to implement: through codes of conduct, due diligence, frameworks, projects, self-assessments, reporting, and supply chain management systems, for example the BSCI. The BSCI stands for the Business Social Compliance Initiative, a leading supply chain management system “that supports companies to drive social compliance and improvements within the factories and farms in their global supply chains” (BSCI, n.d.). For the Swedish companies, the majority have implemented through assessments. For the Dutch companies, the majority stated they have implemented through due diligence, a risk management process, and frameworks.

In terms of the size of the company as a factor affecting the level of difficulty or ability to implement, what was noticeable in the Dutch and Swedish interviews was a debate between the size of the company and the resources of the company. For example, one Dutch company stated that the bigger the company, the more complex it is to implement, and meanwhile implementation tools have been developed for large companies but efforts are needed to adapt tools for smaller companies who often have less leverage (Dutch Company D, 2017).

A contrasting example is that Dutch company E (2017) stated that bigger companies have the resources or tools to implement, such as through hiring specific employees to work on human rights and supply chain sustainability. However, smaller companies have an ability to have closer and direct relationships with their suppliers compared to bigger companies.

For Swedish companies one example stated was that it’s not about the size of the company but the relationship with your factories and suppliers and that resources are limited for smaller companies. In contrast, Swedish company B (2017) stated that bigger companies can gain a clear image about what needs to be done (perhaps due to more resources to have
specific employees, management systems and processes etc.), while smaller companies have less resources to implement (Swedish Company F).

### 4.1.8 Challenges in Adopting (Voluntary) Guidelines and (International) Standards/Agreements

<table>
<thead>
<tr>
<th>Themes</th>
<th>The Amount of Guidelines, Cultural and Political Barriers, Transparency and Corruption, and Supply Chain Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Implementation Challenges</td>
</tr>
<tr>
<td><strong>Dutch Company C</strong></td>
<td>Having many different guidelines is a challenge instead of one set clear of guidelines (2017)</td>
</tr>
<tr>
<td><strong>Dutch Company D</strong></td>
<td>Culture and prioritizing risks is a challenge, limited resources, “a lot of people think that as we operate in western countries there is no such thing as violation of human rights. I think that’s the biggest misconception” (2017, Line 57), “companies tend to zoom in on what’s on the radar at the moment” (2017, Line 60)</td>
</tr>
<tr>
<td><strong>Dutch Company E</strong></td>
<td>Leverage, having full transparency, due to the amount of suppliers, “difficult to keep oversight over everything” (2017, Line 35)</td>
</tr>
<tr>
<td><strong>Dutch Company F</strong></td>
<td>“We have a very complex supply chain” (2017, Line 54)</td>
</tr>
<tr>
<td><strong>Ikea Retailers B.V. Nederland</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Swedish Company B</strong></td>
<td>Challenges with China, democracy, human rights</td>
</tr>
<tr>
<td><strong>Swedish Company C</strong></td>
<td>Importance of transparency, it’s part of the responsibility work, “if local legal system does not correspond to the code of conduct...or ILO” (2017, Line 46)</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Swedish Company D</strong></td>
<td>Supply chain structure and volume (the number of suppliers), company can’t see or follow the supply chain, other cultures where work-life is different (2017)</td>
</tr>
<tr>
<td><strong>Swedish Company E</strong></td>
<td>“Corruption it’s a big issue and transparency” (2017, Line 40), transparency is very important, “auditing doesn’t really improve anything...relationships with suppliers and transparency most important” (2017, Line 42)</td>
</tr>
<tr>
<td><strong>Swedish Company F</strong></td>
<td>“Culture and legislation within the countries that we produce that’s the biggest challenge” (2017, Line 49), culture is different, takes time for suppliers and producers to understand why the company is doing what they are doing (2017)</td>
</tr>
<tr>
<td><strong>Swedish Company G</strong></td>
<td>Risks in high risk countries, corruption, “they put a lot of effort and resources into building fake documents instead of trying to correct the problem” (2017, Line 38)</td>
</tr>
</tbody>
</table>

**Table 11.** Challenges in Adopting (Voluntary) Guidelines and (International) Standards/Agreements

There are numerous themes that could be identified in Table 11 across: the implementation challenges that companies experience when adopting (voluntary) guidelines
and (international) standards or agreements; the general challenges and issues when ensuring that such guidelines and so on are respected throughout the supply chain, and views on ideal future changes that would ease the implementation process. Many themes were identified such as issues that reoccurred among the companies interviewed. However, the main themes were: ‘the amount of guidelines, cultural and political barriers, transparency and corruption, and supply chain structure’.

For the majority of mainly Dutch companies, they stated that having to apply many guidelines, standards, and requirements (that are more or less similar) is a challenge rather than having one set of clear guidelines. According to the view of the Swedish company D (2017), this is also a challenge for the suppliers who need to adhere to multiple requirements that are demanded by customers (for example Swedish Company D and other companies).

For the majority of Swedish companies, cultural and political (including legislation) barriers is one of the biggest challenges during implementation and ensuring human rights are respected throughout the supply chain. For example, operating in countries (such as China) where democracy and human rights are highly limited is difficult when trainings with suppliers or factories about human rights are shut down by the authorities. Another example was if local legal systems do not correspond to the company requirements and where suppliers put time and effort in creating fake data and documents. Therefore, auditing was not considered the most effective method to ensure human rights are in order (Swedish Company G, 2017). Rather, good relationships with suppliers was considered more effective. In regards to cultural barriers, many Swedish companies stated that the culture of suppliers and supplier countries is different. This is a challenge because it takes time for the suppliers to understand (or they do not understand) why the Swedish companies implement or conduct trainings in human rights. It was also mentioned that in supplier countries there is a different mentality of work-and-life balance, and that makes it difficult for companies to change these cultural structures and norms.

The cultural and political (legislative) barriers also relate to the issues of corruption and limited transparency in the supply chain mentioned by the Swedish companies. This is related to the supply chain structure. For both the Swedish and Dutch companies, it was stated that because of the complex supply chain and the distance from the supply chain, it is a challenge to have local oversight and full transparency. Despite having audits, limited transparency can contribute to corruption in the supply chain. For both the Dutch and Swedish companies, future ideal changes suggested would be to have clearer and more aligned guidelines, stricter regulations and legislation, and a less complex supply chain.

4.1.9 Corporate Identity

<table>
<thead>
<tr>
<th>Themes</th>
<th>Company Core Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutch Company C</td>
<td>“I don’t know if it’s part of our corporate identity”  (2017, Line 65)</td>
</tr>
<tr>
<td>Dutch Company D</td>
<td>“I would say so…we have accountability” (2017, Line 66)</td>
</tr>
<tr>
<td>Dutch Company E</td>
<td>Massively important, sustainability a core value (2017)</td>
</tr>
</tbody>
</table>
Dutch Company F | It really is, part of core business, despite the challenge between making money and business and get everyone to understand the human rights aspect (2017)
---|---
Ikea Retailers B.V. Nederland | Crucial for Ikea, core values are always implemented at all levels (2017)
Swedish Company B | Integrated for sure (2017)
Swedish Company C | Part of core values (2017)
Swedish Company D | Yes, Swedish companies have been trying to be responsible businesses for a long time (2017)
Swedish Company E | “It’s a big part because we source and we produce in countries where they often are laws but they are not followed...we really have to do out due diligence assessments and be prepared on being aware of what is happening in the factories” (2017, Line 44)
Swedish Company F | Halfway integrated, for some departments it’s more important than others (2017)
Swedish Company G | Yes (2017)

Table 12. Corporate Identity

According to Table 12, the majority of both Swedish and Dutch companies with the exception of one Dutch and one Swedish company, stated that being a “responsible business” is part of their company’s identity. The one theme that could be identified was company core values because many of the companies interviewed associated being a responsible business with the company’s core values. This theme can also be seen as an internal driver (see Table 5, because many of the Dutch and Swedish companies motivated their company’s (core) values as a driver to integrate human rights in the supply chain (which is part of being a responsible business).

4.1.10 Organizational Culture

<table>
<thead>
<tr>
<th>Themes</th>
<th>Horizontal Organizational Culture, Covenants, Dialogue and Cooperate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutch Company C</td>
<td>Multi-stakeholder approach (polder model) (2017)</td>
</tr>
<tr>
<td>Dutch Company D</td>
<td>In Sweden a lot of dialogue, not covenants, round table discussions, “that’s also the Polder Model I think.... I think that also holds for Sweden” (2017, Line 69), rather than forcing legislation, have to comply, not in the Netherlands either, covenants typical Dutch (2017)</td>
</tr>
<tr>
<td>Dutch Company E</td>
<td>Not a typical Dutch approach, dependent on personalities involved, part of the company values (2017)</td>
</tr>
<tr>
<td>Dutch Company F</td>
<td>Open culture, horizontal, gives room for a lot of entrepreneurship (2017)</td>
</tr>
<tr>
<td>Ikea Retailers B.V. Nederland</td>
<td>More aware of water management, horizontal, democratic approach (2017)</td>
</tr>
<tr>
<td>Swedish Company B</td>
<td>Netherlands frontrunners in sustainability, especially the environmental side. “network...discuss things and work together I think that’s quite Swedish” (2017, Line 50), horizontal, whistle blower function, informal setting (2017)</td>
</tr>
<tr>
<td>Swedish Company C</td>
<td>Not a Swedish or Nordic approach (2017)</td>
</tr>
<tr>
<td>Swedish Company D</td>
<td>Swedish companies are less “comply or die, let’s partner together” (2017, Line 60), cooperation and mutual benefit (2017)</td>
</tr>
</tbody>
</table>
Table 13. Organizational Culture

For both Swedish and Dutch companies, they considered their organizational culture as horizontal in how they work with sustainability issues in general or with human rights specifically. For most of the Dutch companies, the majority considered that developing covenants (voluntary agreements) and the multi-stakeholder approach (Polder Model) as typical Dutch approaches with characteristics such as having an open culture and democratic approach, room for entrepreneurship and round-table discussions amongst various stakeholders. For most of the Swedish companies, they did not consider there is a “typical” Swedish or Nordic approach, but rather emphasised cooperation and dialogue. These characteristics were also similar to what some Dutch companies considered a “Dutch” way to approach things, for example in regards to round-table meetings and discussions.

Generally, the companies were not very explicit on their views and from seen in Table 13 the organizational culture is relatively similar to the characteristics described by the companies themselves (open culture, cooperation and so on). What stood out was that a Swedish company considered the Netherlands leading in sustainability in terms of environment and that having an informal whistle-blower function internally illustrates organizational characteristics that value an open atmosphere with room to question how things are done within the business organization.

4.2 The Semi-Structured Interviews of NGOs and the Public Sector
This section presents the results from the interview participants of a Swedish based NGO, a Dutch based NGO, and an employee from the Swedish public sector. Their results are based on their own views and their views on Swedish and Dutch companies’ (personal) motivation, internal and external drivers, internal and external communication, national market competition, engagement of the state, implementation of (voluntary) guidelines and standards, challenges, corporate identity, and organizational culture.

<table>
<thead>
<tr>
<th>Measurements</th>
<th>Axfoundation</th>
<th>Oxfam Novib</th>
<th>The Swedish Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Personal Motivation)</td>
<td>Always had engagement with social and societal issues, “if something really can make change it’s business” (2017, Line 1)</td>
<td>Bigger companies play an increasing role, positive role in economic growth, also on climate and environment (2017)</td>
<td>Risk management for companies and agenda 2030.</td>
</tr>
<tr>
<td>Themes</td>
<td>Businesses: An Increasing Role to Make Change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal and External Drivers</td>
<td>The aim is to bring sustainability into society through business, change through partnerships, new techniques</td>
<td>Differs for how they influence companies, through meetings, research, partnerships with the</td>
<td></td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>
and projects for transformative change, with local and international NGOs, grassroots organizations, “structural change takes time” (2017, Line 11). External driver for companies: social media and consumer pressure and awareness, voluntary guidelines, legislation, SDGs, UN Guiding Principles (2017)

| External drivers for companies: market for sustainability (sustainable supermarkets), investors (2017) | External drivers for companies: media, consumers, investors. NGOs very active, approach companies themselves (2017) |

| Change through Partnerships; Externally for Companies: risk management, media, consumers and investors | Themes |

| Traditional channels, social media, their website, the press, conferences, seminars, meetings. Best communication for companies through continuous dialogue with their suppliers, problem not all companies have the possibility to have local offices (2017) | Exposition of companies most effective, engagement with companies, bi-lateral engagement, rank companies against each other, establish communication between companies and communities with different stakeholders, local government (multi-stakeholder dialogue) (2017) |

| NGO Communication: social media, the press (expose companies), conferences, engage with companies, rank them. Company Communication: dialogue with suppliers, multi-stakeholder dialogue | Themes |

| At least in the Netherlands big leader in certified coffee and cocoa, “not everything is okay with certified” (2017, Line 32), but it gives an indication it’s not only financial considerations (2017) | Depends on the human rights, companies worried about child and forced labour, also due to scandals linked to the pressure from media and investors. Big companies are more aware (2017) |

| Not really pressure for companies, they are motivated and inspired through forums that bring companies together (2017) | Limited Competition, Inspiration and Awareness Between Companies |

| Swedish government not really active, Swedwatch NGO watch dog, companies value reports from NGOs that bring new research, insights and testimonies from workers, Swedish government promoting companies through reporting (2017) | Dutch Ministry of Foreign Affairs supporting key organizations around the world, making sector agreements (2017) |

| Engagement of the State | Themess |


| Limited Proactivity, Influence Through: reporting, policy, and sector agreements | Implementation of (Voluntary) Guidelines and Standards |

| The same for a couple of years, sometimes big companies like Unilever are not only profit making, there are a couple of well-known companies, banks and garment industry have made collective agreements (2017) | Big difference between MNCs and small-medium enterprises. Big companies that operate internationally on the market are aware, although they do not have 100% control. Smaller |
### Themes

**Bigger Companies More Aware: More Exposed and Bigger Impact**

| Challenges | When standards in the (supplier) country are lower than what international norms stipulate, problems with audits, change through education and trainings not only workers but also management, difficult to identify issues, you need to have grievance mechanism, transparency in supply chain (2017) | Higher level leadership in companies need to see a connection, or be engaged, Unilever CEO personally engaged, if a head of “CSR unit doesn’t have a good link into the CEO or the top level of the company...it will always be a second priority” (2017, Line 16), oil and gas sector lagging behind, pressure on garment industry. 1st challenge: companies understanding their responsibility, 2nd: to know what they don’t know, 3rd: socialising throughout the company, a responsibility for everyone. Companies working in countries that lack proper due diligence systems. (2017) | If you operate globally to follow through and implement. Identifying issues is easy, finding ways to address them is a bit more difficult. Legislation is an obstacle, freedom of speech (2017) |

### Corporate Identity

**New legislation on non-financial reporting forces companies to look into human rights issues, measure and report about them, being responsible comes with being an attractive employer (2017)**

**To be aware, to do business in a sustainable and responsible way (2017)**

### Organizational Culture

**Yes, social dialogue, the Global Deal, workers and managers should be able to have peaceful dialogue and negotiation, important to have a union, in Sweden a tradition of unions and cooperation (2017)**

**Polder model, multi-stakeholder dialogue, collective agreement (2017)**

**Employees are generally aware on the environmental aspect (2017)**

### Themes

**Audits, Transparency and Legislation in the Supply Chain, Engaged Corporate Leadership**

**Attractive Employers are Responsible**

### Table 14. NGO and Public Sector Views on Various Company Measurements

#### 4.2.1 NGO and Public Sector Views

By including the views of the selected NGOs and an employee from the Swedish government, it enabled a possibility to compare the companies’ views with a second-party external views on how these companies approach human rights issues in their supply chains in developing countries.
In regards to (personal motivation), it was also viewed by NGOs that businesses can make change, and have an increasing and positive role in making change for societal issues such as the climate and environment.

To push or influence companies to work with human rights, the NGOs meet with companies, provide recent research, and create partnerships that involve companies, NGOs and governments to create (structural) change and bring sustainability into society through business. According to the NGOs and the Swedish government, the external drivers of companies are risk management, media, consumer pressure and awareness, (voluntary) guidelines, legislation, a market for sustainable consumption, investors, NGOs.

To reach out to the companies and communicate on various topics, such as human rights in the supply chain; the NGOs use social media and set up conferences and seminars to bring companies and other relevant actors together. Another alternative and effective way to influence is by exposing companies and ranking them. According to the NGOs, the best communication is for companies to have continuous and established dialogue with their suppliers and stakeholders.

The views on national market competition for companies were not very explicit. Generally, the NGOs and Swedish government regarded that there is limited competition, and that companies are more inspired and aware of human rights issues.

The Swedish NGO viewed that the Swedish government had limited proactivity but that they do promote companies to address human rights through reporting. On the other hand, the Swedish government viewed that their influence does effect consumers, employees (of businesses and organizations), media and investors. The Dutch NGO viewed that the Dutch government supports organizations and make efforts in creating sector agreements. Generally, the NGOs and the Swedish government had a variety of views regarding how they influence companies. They also expressed that larger companies have become more aware because they operate internationally, are more exposed, and have a bigger impact. The main challenges that companies often experience when implementing (voluntary) guidelines and standards according to the NGOs and the Swedish government are that the standards (legislation) and norms can be lower in supplier countries and that there are problems with audits and transparency in the supply chain. The NGOs emphasized that training and education is important not only for (factory) workers but the higher management in the factories and the suppliers. Therefore, having a higher corporate leadership that is engaged is important, in order to prioritize and reflect CSR throughout all levels of the company operations.

The factors that influence companies to work towards being ‘responsible businesses’ as part of their corporate identity were the legislation on non-financial reporting (sustainability reporting) and that demands on being an attractive employer is also associated with being a sustainable and responsible business.

According to the NGOs, dialogue and cooperation were characteristics associated with Swedish organizational culture, and the Polder Model or the multi-stakeholder dialogue and
the creation of collective agreements were interpreted as typical Dutch organizational
approaches to work with topics such as human rights and business.

4.3 The Questionnaire for Companies
This section presents descriptive statistics and diagrams resulted from the questionnaire
completed by the Swedish and Dutch Companies interviewed. Some diagrams are not shown
in this section and can be viewed in Appendix 4: Figures from the Questionnaire as a reference
source.

4.3.1 Introduction
Many companies have a sustainability or CSR team or department that specialize in
(either) environmental and social concerns. From the questionnaire, most Dutch companies
(3) had 10-20 employees while most Swedish companies (5) had a smaller number of
employees, 1-10 employees working with human rights or sustainability (Figure A and B,
Appendix 4). It can be argued that the bigger the company, the more resources are available
to hire employees working with specifically human rights concerns in the business. Another
argument is that it depends on the priorities, the size of the company or the amount of impact
the company has (such as if they produce on a large scale in developing countries). Generally,
the Dutch companies had a larger number of employees working with sustainability and
human rights compared to the Swedish companies interviewed.

4.3.2 National Market Competition
Both the Swedish and Dutch companies interviewed considered their position in the
(Swedish or Dutch) market in terms of integrating human rights issues as mainly ‘mainstream’
(Figure C and D, Appendix 4). Interestingly, one Swedish and one Dutch company considered
themselves as ‘lagging behind’ in integrating human rights issues in the business. According
to the questionnaire, 67% of Dutch companies (Figure E, Appendix 4) thought there is a low
level of national market competition to integrate human rights issues in the supply chain
because they were detractors; meaning they rated a number between 0-6 from a scale to 0-
10\textsuperscript{16}. For the Swedish companies, 50% were detractors and passives (Figure F, Appendix 4),
meaning that half of the Swedish companies considered there is neither low or high and high
level of national market competition to integrate human rights issues in the supply chain.
Therefore, limited pressure and competition from a market perspective, may contribute to
companies not feeling the urge to be pioneering in human rights issues in the supply chain,
resulting in a ‘mainstream’ position.

\textsuperscript{16} Net Promoter Score System: From a scale of 1-10, ratings between 1- 6 are detractors, ratings between 7-8
are passives and ratings between 9-10 are promoters. \url{https://www.qualtrics.com/support/survey-platform/survey-module/editing-questions/question-types-guide/specialty-questions/net-promoter-score/}
4.3.3 Engagement of the State

Most Dutch companies, 80% thought the Dutch government were active in promoting companies to work with CSR and human rights (Figure G, Appendix 4). This correlates to the interviews in that they mentioned proactivity or influence in terms of legislation and creating voluntary agreements (covenants). For the Swedish companies, 50% rated not active and 50% active (Figure H, Appendix 4). This corresponds to Table 9, Engagement of the State, where approximately half of the companies interviewed considered the Swedish government was promoting companies to work with human rights in the supply chain.

4.3.4 Communication

Both Swedish and Dutch companies, 67% considered their methods of communication to their suppliers about human rights as ‘somewhat effective’, (Figure I and J, Appendix 4). According to the questionnaire (Figure K and L, Appendix 4), most of the Dutch (60%) and Swedish companies interviewed (67%), considered that human rights issues in the supply chain is ‘not integrated and applied’ or ‘integrated but not applied’ into their marketing and communication strategies. There is a correlation to this, that limited effective communication contributes to that human rights concerns in the supply chain is not well integrated and applied or integrated but not applied thoroughly in practice.

4.3.5 Employee Engagement

![Employee Engagement](image)

*Figure M. Level of employee engagement in Swedish and Dutch companies*
According to Figure M and Figure N, there is a correlation between employee engagement and employee influence. The same number of companies that thought there is ‘a lot’ and ‘a little’ of employee engagement or awareness of human rights in the company is the same as the number of companies that thought the level of employee influence in management or corporate leadership to include human rights issues in the core business or sustainability strategy is ‘a lot’ and ‘a little’. Compared to the Swedish companies interviewed, more Dutch companies thought they had little employee engagement and influence. This shows that the Swedish companies thought they had more employee engagement and influence.
4.3.6 Supplier Risks

Looking at Figure O, the location in which most of the Swedish and Dutch companies’ suppliers in developing countries are active in is primarily in Southeast and East Asia. The majority of the Dutch companies interviewed thought the level of transparency of their suppliers in regards to providing potential risks of human rights issues as ‘somewhat transparent/difficult to know’ (Figure P, Appendix 4). For the Swedish companies, some thought the level of transparency of the suppliers were also ‘not transparent’ or ‘somewhat transparent/difficult to know’, while other companies thought they were transparent to a certain degree (Figure Q, Appendix 4). Generally, more Dutch companies 80% (Figure P, Appendix 4) viewed they had a lower transparency of their suppliers, compared to the Swedish companies 67% (Figure Q, Appendix 4). These answers correlate with Figure O, because many countries in Southeast and East Asia and Southern Asia (such as ASEAN countries) according to Transparency International are ranked high in the corruption perceptions index 2017 (Transparency International, 2018). This is contributed by that the level of corruption is linked with the level of transparency and traceability of the supply chain (Kashmanian, 2017).

Figure O. Swedish and Dutch companies’ supplier countries
4.3.7 Challenges

Ranking from 1 – 8, which of the following is the most difficult for your company to cope with? (To identify and prevent):

- Child labour
- Forced labour
- Discrimination/Equal opportunities at the workplace (e.g. manufacturing site)
- Fair compensation
- Fair salary and working hours (according to law and industry standards)
- Freedom of association and collective bargaining
- Right to property (e.g. land)
- Health and safety

Y-axis: Ranking from 1-8, 1-being the most difficult, 8-being the least difficult.
X-axis: Number of company views.

Figure R. Human Rights and Labour Challenges Dutch Companies
According to Figure R, the most difficult challenges for the Dutch companies to cope with in terms of identifying and prevention is ‘discrimination/equal opportunities at the workplace (e.g., manufacturing sit...)’ and ‘fair salary and working hours’. ‘Health and safety’ and ‘right to property’ is considered the least difficult challenge. According to Figure S, it shows that that the most difficult challenges for the Swedish companies to cope with in terms of identifying and prevention is ‘freedom of association and collective bargaining’ and ‘fair salary and working hours’. The least difficult challenges were ‘health and safety’ and ‘child labour’.

The Dutch and Swedish companies have similar challenges in ‘fair salary and working hours’ and the least challenge in ‘health and safety’.

**Figure S. Human Rights and Labour Challenges Swedish Companies**

Y-axis: Ranking from 1–8, 1-being the most difficult, 8-being the least difficult.
X-axis: Number of company views
To address the challenges as mentioned in Figure R and S, certain actions and approaches can be adopted to mitigate human rights issues in the supply chain and ensure social compliance throughout companies’ supply chains. Looking at Figure T, for Dutch companies ‘renewal of code of conduct and/or detailed policy statement’, ‘create incentives’ and ‘trainings and education about the code of conduct for suppliers’ were considered the most effective approaches to ensure social compliance throughout the supply chain. The least affective approach was also considered ‘renewal of code of conduct and/or detailed policy statement’. This illustrates a debate between the efficiency of code of conducts in terms of implementing it in practice and strategy.

Looking at Figure U (below), for Swedish companies ‘create incentives’, ‘trainings and education about the code of conduct for suppliers’ and ‘local partnerships’ were considered the most effective approaches to ensure social compliance throughout the supply chain. The least effective approaches were considered ‘renewal of code of conduct and/or detailed policy statement’ and ‘punishment’.
For both Dutch and Swedish companies, the approaches that were considered most effective were creating incentives and trainings and education. However, in contrast to the Swedish companies that considered the least effective approach to be renewal of code of conduct, it was considered the most effective approach by Dutch companies.

4.3.9 Implementation of (Voluntary) Guidelines and Standards

In terms of implementing the UN Guiding Principles on Business and Human Rights in practice (not just in policy, code of conduct or strategy), the majority 67% of the Dutch companies interviewed rated their implementation as ‘not implemented well in practice’ or ‘somewhat implemented in practice’ (Figure V, Appendix 4). In contrast, 50% of the interviewed Swedish companies rated their implementation as implemented in practice (Figure W, Appendix 4). All of the Dutch companies were also detractors (100%) in viewing their current progress in 2017 as ‘a lot left to do’ or ‘some things are done, others are still open for action’ (Figure X, Appendix 4). For the Swedish companies, 67% were detractors and viewed their current progress in 2017 as ‘a lot left to do’ or ‘some things are done, others are still open for action’ and 33% viewed their current progress as ‘not much left to do’, which are higher numbers than the Dutch companies (Figure Y, Appendix 4).
This corresponds to Figure Z (below), on the effectiveness the Dutch and Swedish companies consider (voluntary) standards/agreements/legislation in practice to prevent and mitigate human rights violations in the supply chain in developing countries. What is seen is that both Dutch and Swedish companies view this effectiveness as mainly ‘moderately effective’. This provides an indication of a limited level of implementation in practice as the numbers presented in Figure V, Figure W, Figure X and Figure Y (Appendix 4).

![Effectiveness of (Voluntary) Standards/Agreements/Legislation In Practice](image)

**Figure Z.** Dutch and Swedish companies view on effectiveness of (voluntary) standards/agreements/legislation in practice

### 4.3.10 External Drivers: Companies’ Stakeholders

A common external driving force that influence firms to work with sustainability and human rights is external stakeholders. The majority (67%) of the Dutch companies interviewed consider they respond to their external stakeholders (Figure 4.1, Appendix 4). A majority of the Swedish companies thought they ‘somewhat’ respond and 33% thought that they ‘highly respond’ to their external stakeholders; compared to the Dutch companies where 17% thought they ‘highly respond’ to their external stakeholders (Figure 4.2 and 4.1, Appendix 4).

Based on the stakeholder theory, how companies include and respond to their stakeholders can also contribute to how the stakeholders perceive the companies, for example in terms of being a ‘responsible business’. For example, according to Figure 4.3 (below), most of the Dutch companies thought their stakeholders perceive their company as a responsible business ‘a great deal’. For the Swedish companies, most companies thought their stakeholders perceive their company as a responsible business ‘a lot’, but not ‘a great deal’.
For both the Dutch and Swedish companies, NGOs were the easiest stakeholders to respond to in regards to topics that relate to human rights issues in the supply chain in developing countries. For the Dutch companies the easiest stakeholders to respond to were mainly NGOs (Figure 4.4, Appendix 4) and for the Swedish companies, it was mainly NGOs and suppliers (Figure 4.5, Appendix 4).

Figure 4.3. Stakeholder perception of Dutch and Swedish companies

4.3.11 Motivation

In regards to the human rights and labour rights challenges, the issues that were ranked as the most prioritized or most frequent issue in the supply chain according to the Dutch companies were ‘health and safety’, ‘child labour’, and ‘fair compensation’ (Figure 4.6, Appendix 4). The least prioritized or frequent issue were ‘child labour’ and ‘freedom of association’. For the Swedish companies ‘discrimination/equal opportunities at the workplace’ was the most prioritized or where there were most issues within the supply chain. The least prioritized or frequent issue in their supply chains were ‘right to property’, ‘child labour’ and ‘freedom of association and collective bargaining’ (Figure 4.7, Appendix 4).

The similarities between Dutch and Swedish companies were in the least prioritized or frequent issues, whereas their most priorities or frequent issues highly differed and varied.

4.3.12 Organizational Culture

According to the questionnaire, more Dutch than Swedish companies thought their organizational culture ‘highly affects’ or affects decision making and influence to bring human rights issues in the supply chain as part of the core business agenda (Figure 4.8 and 4.9, Appendix 4). This is corresponding to Table 13. Organizational Culture, where more Dutch companies emphasized the Polder Model or multi-stakeholder initiative to how the companies in the Netherlands work with sustainability and human rights issues. In contrast, more Swedish companies thought their organizational culture does not affect decision making and influence (Figure 4.9, Appendix 4).
Chapter 5: Conclusions and Discussion

The aim of this Master Thesis is to gain an understanding of whether there are similarities, differences and challenges in defining and implementing practices to target human rights concerns or violations from a top-down approach in the supply chain management in developing countries of businesses in Sweden and the Netherlands. Therefore, this section summarizes and discusses main similarities, differences, and challenges that the selected Swedish and Dutch companies for this research study experience; in order to gain an insight in how they approach human rights issues in their supply chains from a CSR and sustainability perspective. Based on the empirical findings, this section also answers the research questions, and finally concludes some lessons learned, limitations and critical reflections from conducting this research study.

5.1 Summary of the Main Similarities, Differences, and Challenges

For the Dutch and Swedish companies selected for this research study, certain themes based on the empirical findings on the aspects and indicators varies in what extent these companies take charge and leadership in responding to CSR and sustainability issues, such as human rights concerns in the supply chains in developing countries. This is done by (critically) discussing the role of the aspects and indicators in how the Dutch and Swedish companies approach human rights in the supply chain in relation to the empirical findings.

5.1.1 Balancing Risk Management as the Strongest Internal and External Driver

The empirical findings indicate that the internal drivers are highly connected to the external drivers and vice versa, and therefore can be seen as symbiotic. For both Dutch and Swedish companies, (internal) risk management is associated with balancing the external risks of the company (and vice versa), such as reputation, influence from media and NGOs, and following and being up to date with relevant legislation. Risk management was identified as the strongest internal and external driver for both Swedish and Dutch companies interviewed. However, most of the risks were focused on the companies and less emphasis was made on the risks or social impacts (human rights concerns) that can affect vulnerable stakeholders (such as workers, individuals or local communities) at the bottom of the companies’ supply chains. For example, as a Dutch company mentioned (2017) although you work with human rights professionally, you do not want to put a (monetary) value on a life, but sometimes it is necessary in order to show the impact and the relevance of companies’ social impacts on individuals and human beings.

According to both companies and the NGOs interviewed, they also perceived that companies have a bigger role to play due to the changed expectations that businesses should and can contribute to a positive impact on society and societal issues. This can be strengthened by having strong and supportive corporate leadership and higher management that are fully engaged in human rights and sustainability, and reflecting those company values throughout the entire business organization.
Although generally all the companies and NGOs agree that the combination of NGOs, consumer awareness and media plays a significant role as a driving force, the empirical findings suggested that the consumers and NGOs in Sweden played a more significant role in influencing and setting demands on Swedish companies (compared to the Dutch companies). For example, a difference was that there were cases where consumers reached out themselves to companies to ask questions about the manufacturing of products. Another difference was the particular emphasis on addressing human rights issues in the supply chain from a gender perspective. Addressing gender issues in the supply chain are also an important part of responding to external stakeholders because in some contexts it can be part of the contributing causes of human rights issues (such as discrimination at the workplace or equal opportunities issues) experienced by for example factory workers in the supply chain.

5.1.2 Continuous Dialogue and Trainings with Suppliers

In regards to internal and external communication on how the companies work with human rights issues, it is evident according to both companies and NGOs that written and interactive communication methods is used by both Swedish and Dutch companies. For example, through codes of conduct, sustainability reporting, internal and external (social) audits, and dialogue and trainings with suppliers and relevant stakeholders.

According to the NGOs interviewed, continuous dialogue with suppliers and other local stakeholders (local governments) are the most effective methods of communication, and can help in building stronger relationships and trust between companies, suppliers and local communities affected by companies’ operations. Various forms of trainings and education for suppliers and factory workers were also an important and effective method, particularly for Swedish companies. However, a limitation is that not all companies are able to communicate (interactively) throughout their entire supply chains. For example, if companies do not have local offices or local insight in all the suppliers and sub-suppliers (due to the large volume of suppliers), are only able to do audits a few times a year and conduct written communication and limited interactive trainings and education. According to the empirical findings, limited efficient communication results in a limited integration of human rights in the supply chain. This is an issue that relates to the complexity of the supply chain structure and (to a certain extent) the globalization of supply chains; in which structural change and collective industry efforts might be needed in the (near) future.

In comparison to the Swedish companies, conferences and initiatives were also common communication methods for Dutch companies to expand their communication and reach a wider and more public audience. Most of the communication methods of the Swedish and Dutch companies’ human rights work in their supply chains were directed externally. However, even more internal communication, such as by increasing employee engagement for example on specific initiatives or projects, could help employees that also do not necessarily work with CSR or sustainability influence and relate to their company and corporate core values (on sustainability) (Crane & Glozer, 2016).
5.1.3 The Limits to National Market Competition and Engagement of the State

The Dutch and Swedish companies’ views on national market competition to work with sustainability and integrate human rights in the supply chain, and the engagement of the (Swedish and Dutch) state to influence these companies were limited. According to the empirical findings, there were no explicit views that strongly indicated that there is a competitive atmosphere amongst the companies and companies in general in the respective countries. The findings rather showed that it is the norm to work with and integrate sustainability and a human rights perspective in business practices (to not lag behind or score low on sustainability rankings) and cooperate on these issues rather than compete.

Generally, national market competition and the engagement of the state did not strongly affect how the companies work with human rights in the supply chain. It was also viewed by both Swedish and Dutch companies that their governments had limited influence and proactivity, because their sphere of influence and proactivity was mainly through governance, legislation and policy, and less in terms of putting pressure. For the Dutch companies the main influence from the Dutch government was through promoting companies to work with CSR and human rights through governance for example by creating covenants.

It was also expressed that the companies did not perceive much pressure from their governments and that they could be more active, because although there are demands on (sustainability) reporting, the supply chain is lagging behind. For example, supply chain sustainability has largely emphasized the environmental aspect compared to the corporate social impacts (Hutchins & Sutherland, 2008). Considering that businesses operate in a competitive market, perhaps more pressure, incentives and opportunities from the governments can speed up transitional and structural changes to better improve supply chain sustainability in relation to human rights.

5.1.4 Challenges of Human Rights Implementation in Practice

In practice, the Swedish and Dutch companies’ main implementation strategies of (international or voluntary) guidelines and standards related to human rights concerns in the supply chain were through codes of conduct, due diligence and self or supplier assessments, frameworks, supply chain management systems, various forms of audits, and (sustainability) reporting.

One of the main challenges expressed by the Swedish and Dutch companies was the complexity of the supply chain and the number of suppliers when approaching human rights in the supply chains. For example, that the supply chains have become transnational, are diverse in terms of where they operate geographically, and are large in size and in the number of suppliers, sometimes up to tens of thousands of suppliers for a company. This complexity can contribute to limited overview and insight throughout the whole supply chain bottom-up and top-down and lead to issues such as transparency and corruption risks, such as manipulation of data or documents. This can also contribute to limited influence and communication throughout the supply chain as mentioned previously in section 5.1.2.
Therefore, it is important to have enough leverage to address and influence issues that not only occur with direct suppliers, but also with key or risk sub-tier suppliers (beyond the 1st, 2nd or 3rd tiers or higher levels of the supply chain) (The UN Global Compact, 2010). To have enough leverage and influence, it helps to have supportive and engaged corporate leadership or higher management than can make the right priorities according to the companies and the NGOs interviewed.

Another significant challenge expressed by the Dutch and Swedish companies for ensuring human rights is respected throughout their supply chains were the cultural and political barriers in their supplier and production countries. For example, for Dutch and Swedish companies a major challenge was to cope with were ‘fair salary and working hours’, compared to the least challenge ‘health and safety’. As some of the companies interviewed mentioned, there is a different understanding of the work-life mentality and culture in supplier countries. The companies indicated that when they want to make changes or address human rights through trainings, education, audits and other tools, there is a lack of understanding, and other norms and cultures about (not) following international human rights norms and legislation by their suppliers and producers. According to the NGOs interviewed, frequent dialogue with suppliers and other local stakeholders is the best communication to mediate issues, misunderstandings and build good relationships to avoid increased conflict and reduced stakeholder (or supplier) cooperation (Whelan & Fink, 2016).

Although corporate leadership, dialogue, trainings and educations, creative incentives, renew codes of conduct, create partnerships are considered effective strategies to mitigate and reduce these challenges mentioned by both the companies and NGOs, these challenges take time, require structural and transitional change, and industry efforts by both private and public sector actors. Particularly since most of the suppliers of the companies interviewed are located in Southeast and East Asia, where the countries have already experienced issues of transparency and corruption risks and have other cultural norms, history, and structural political or economic contexts.

5.1.5 A Cooperative Organizational Culture

Generally, the organizational cultural characteristics of the Swedish and Dutch companies and NGOs were similar; for example, dialogue, cooperation and consensus, round-table meetings and a horizontal atmosphere were common characteristics and activities of both Swedish and Dutch companies. Although some of the companies perceived that their organizational culture was not ‘typically Dutch or Swedish’, certain company and NGO views confirm that there are particular organizational characteristics. For example, that the ‘Polder Model’ (multi-stakeholder initiative or approach) and forming covenants were organizational characteristics unique for Dutch companies. This was also an approach used by Swedish companies and can also be found not only in human rights approaches but also in environmental approaches and policies.

These organizational cultural characteristics such as having a horizontal culture is important because it enables all employees to have an opportunity to interact with higher
management or corporate leadership. This can lead to opportunities to influence decision-making that can potentially incorporate business that is more human rights and sustainability oriented.

The empirical findings showed that Dutch and Swedish companies do not work with human rights issues based on a typical “Dutch” or “Swedish” approach. Rather, their similar organizational cultures indicate there is a high potential for partnerships, collaborations on projects and initiatives etc. due to their cooperative and horizontal organizational characteristics.

5.1.6 Connections

A final observation is that corporate identity, corporate values, and internal drivers are connected, based on the empirical findings of the company interviews (see Diagram 1). For example, being a ‘responsible businesses’ was expressed by the majority of the Dutch and Swedish companies as part of their corporate identity and core values of the company. It was also expressed that integrating human rights issues into the business was part of the company core values, an internal driver. The empirical findings showed that the key components corporate identity and corporate values are major internal drivers (besides risk management) for companies to approach human rights issues in their supply chains in developing countries. Corporate identity is also a major component because it goes hand-in-hand with how much external stakeholders perceive or experience that the companies respond to their demands and expectations.

![Diagram 1. Connection between Corporate Identity and Internal Drivers](image)

5.2 Answering the Research Questions

This section answers the research questions, starting with the sub-research questions and finishing with the central research question.

1. How is CSR, meaning, businesses responsibility to identify and approach human rights violations and risks implemented in Dutch and Swedish businesses’ CSR or corporate sustainability policies and strategies?
Implementing CSR, specifically on human rights risks and concerns from a policy perspective but also in practice varied amongst the selected Dutch and Swedish companies. For example, at a policy level, instruments such as implementing the UN Guiding Principles on Business and Human Rights and other existing frameworks; codes of conduct, (corporate) governance and legislation were the main methods of implementation. In practice, various forms of audits and assessments, such as social audits, due diligence, impact, supplier or self-assessments were the main strategies used for the companies to implement human rights in their supply chains in developing countries. Other methods used by the companies were educating and training suppliers, and implementing projects and initiatives. The empirical findings from the research study illustrated that there are various ways to integrate a human rights aspect in businesses’ supply chains. Most of the approaches are conducted ‘top-down’ and are focused on the risks of the companies. Therefore, more ‘bottom-up’ initiatives that targets more vulnerable stakeholders of the supply chains in developing countries could be implemented or communicated more.

2. **What are the main drivers and motivations for Dutch and Swedish businesses to incorporate CSR on human rights in their supply chain and CSR or corporate sustainability strategies?**

The main drivers and motivations for Dutch and Swedish companies to incorporate a human rights aspect in their supply chain are risk management. The risks to the companies are the strongest driver due to the societal and stakeholder expectations that businesses have a big impact on society (positively and negatively) and should take more responsibility for their social impacts. Another main motivation is based on the companies’ core values and the stakeholders’ perception of the companies. For example, whether the companies live up to their corporate values to be ‘responsible businesses’, meaning, integrating human rights and sustainability in the supply chain, and including and responding to their stakeholders. The research study demonstrated that having CSR or corporate sustainability strategies are the standard norm, which includes human rights as part of the social aspect. Yet, the empirical findings indicate that the extent the human rights aspect is incorporated and integrated varies by company, due to the challenges they experience during implementation processes and the debate between the size and resources of companies.

3. **To what extent can aspects such as (different or similar) corporate cultures and institutional environments affect the implementation processes of CSR on human rights in Dutch and Swedish businesses’ supply chains in developing countries?**

The research study showed that the similar corporate organizational cultures of the Dutch and Swedish companies did not affect the implementation processes. Regarding institutional environments, the findings illustrated that varying cultural and political settings within the supply chain and where the suppliers operate (the suppliers’ countries) affected the level of
implementation processes of Dutch and Swedish companies. These institutional environments are associated with the challenges that the Dutch and Swedish companies experience when approaching human rights concerns in the supply chain (see the next research question).

4. **What main challenges do Swedish and Dutch businesses experience when approaching CSR on human rights in the supply chains?**

The main challenges the selected Swedish and Dutch businesses experience when approaching human rights issues in the supply chain were the complexity of their supply chain and cultural and political barriers in their suppliers’ countries. The research study showed that the volume of suppliers and the structure of the supply chain itself is a challenge because it is (almost) impossible to have full transparency, particularly on the lower levels of the supply chains. The companies also experienced difficulties in addressing and implementing human rights due to different or lack of understanding about human rights, other cultural and political institutional norms and structures in the companies’ supply chain and supplier countries. These challenging factors demonstrate that larger efforts are necessary to address these issues, such as by the cooperation of industry, government and civil society to tackle the root causes of human rights issues in globalized supply chains.

**What are the most important aspects and indicators to integrate human rights impacts in the supply chain and to what extent can these measurements influence potential similarities and differences in CSR or corporate sustainability approaches between businesses in Sweden and the Netherlands?**

The research study showed that the most important aspects and indicators or measurements to integrate human rights impacts in the Swedish and Dutch companies’ supply chains in developing countries were ‘internal and external drivers’, ‘external communication’, ‘implementation of (voluntary) guidelines and standards’ and ‘challenges’ in adopting these (voluntary) guidelines and standards. Internal and external drivers are important because they can influence which risks are prioritized for businesses. The findings showed that the risks are closely related to the company rather than individual human beings as vulnerable stakeholders, and therefore can have an influence on the priorities set by the companies regarding approaching human rights concerns in the supply chain. The findings also demonstrate that driving forces such as engaged corporate leadership on CEO-level or higher management level and company core values that emphasize a human rights aspect can strongly influence setting different priorities in the business agenda.

The level of external communication, such as the method and frequency of communication by the Dutch and Swedish companies indicated that it can influence how the companies address and mitigate human rights issues in the supply chain differently or similarly. As the companies use a variety of communication and implementation methods,
their approaches are tailored towards their stakeholders and suppliers, their level of resources, capabilities, and supplier contexts; such as target group or audience and supplier countries.

The implementation of (voluntary) guidelines and standards can influence different ways to approach CSR on human rights. The research study illustrated that the Swedish and Dutch companies’ implementation processes are influenced by the challenges they experience when adopting these (voluntary) guidelines and standards. The main challenges, such as the volume of suppliers and the complexity of the supply chain can limit the companies’ abilities to approach human rights risks that can potentially occur at the lower levels of the supply chain. The CSR gaps, such as the cultural and political challenges in the companies’ supplier countries can constrain certain implementation approaches and instruments, therefore resulting in a variety of ways to approach CSR on human rights concerns in the supply chain. These constraints can lead to that some instruments or approaches are more limited than others, contributing to inefficiency, if some companies are able to conduct for example, trainings and education while others are not. Based on the findings, the research study demonstrated that structural and institutional limitations in supplier countries highly affect the CSR and sustainability implementations of the Dutch and Swedish companies.

A final remark is that the research study provided valuable insights in that the findings showed that there are common CSR challenges experienced by the companies when implementing human rights approaches in the business agenda despite the size, industry, and country of the companies.

5.3 Lessons Learned, Limitations and Critical Reflections from the Master Thesis

The main lessons learned from this research study about how the Dutch and Swedish companies approach CSR and sustainability are that complex root causes of human rights concerns in the supply chain are necessary to address and require extensive efforts and cooperation by a variety of actors in society. As political and cultural challenges limit companies to implement and address human rights issues, perhaps addressing the importance of having local offices with employees or fieldworkers that are also specialized in the local culture, history, anthropology, business norms and so on can contribute to more efficient mediation and better relations between companies, their suppliers, and stakeholders. The closer the supply chain is to the source; the more overview businesses can get over what is happening within the supply chain.

Another main lesson learned is that structural change of the supply chain structure in regards to its size and number of suppliers and how contemporary industries are operating across borders, could require radical change and transformation at least on industry level together with governments since human rights issues in the supply chains in developing countries still remain after relatively many years. For example, although challenges such as ‘health and safety’ are more established within companies’ operations, other human rights challenges related to labour conditions still remain. With globalization, digitalization, and
challenges with traceability and transparency, new innovative measures and initiatives are necessary to mitigate risks of companies as well as of individual human beings.

A limitation about this Master Thesis is that this research study cannot be generalized, due to the limited research sample. A larger research sample could have provided more patterns and trends that could strengthen the themes identified in the findings, to compare the aspects and indicators of companies from more similar industries and sectors. However, the diversity of the industries represented by the selected Dutch and Swedish companies provided a range of insight, in regards to how they operate and the challenges experienced from a CSR and sustainability perspective. The findings also provided an indication that similar challenges or findings could be experienced by other companies as well, because they are similar to the discussions from the theoretical chapter and in other publications (see Global Compact Network Germany, 2014, p. 39). Almost all the participants in the research study were also anonymous due to administrative, practical, or personal reasons. This was respected by the researcher and did not affect the findings. Another reflection is that the theoretical and analytical framework used to identify, analyse, and discuss the findings was time-consuming but also very straightforward in the sense that there were many but also clear measurements (aspects and indicators) that were researched.

Given the conclusions and discussions of this research study, further research that can be explored is how these companies are specifically cooperating and collaborating with their stakeholders and other societal actors to tackle the main challenges that are commonly experienced by businesses that have supply chains in developing countries. For example, what kind of cooperation or collaboration is commonly used by these companies on a local level in supplier countries? Partnerships, education or knowledge exchange, specific projects, programs, or initiatives, and if so, with whom: local NGOs, local organisations and authorities, workers, or local communities. Other research questions related to the outcome is to what extent these types of cooperation and collaborations benefit the stakeholders at the bottom of the supply chains. This can perhaps give an indication of how much change, radical or incremental, is necessary for these structural, cultural issues and norms to change or improve.
References


Van der Ploeg, L. & Vanclay, F. A tool for improving the management of social and human rights risks at project sites: The Human Rights Sphere. *Journal of Cleaner Production*, 142, pp. 4072-4084.


Appendix 1: Conducting the Interview

This is a list of information regarding the dates of the interviews and how they were conducted. Many of the participants and companies and organizations chose to be anonymous as indicated below. When referencing to their opinions or quotes in the Master Thesis, the researcher referred to them as “employee”, “interviewee” or “participant” or by their (“made up”) company name. For example: “the employee from Swedish Company A, Line 2.”

<table>
<thead>
<tr>
<th>Comments</th>
<th>Speciality/Industry of Company or Organization</th>
<th>Date of Interview</th>
<th>Interview Face to Face or Skype</th>
<th>Reference in Master Thesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ngo</td>
<td>NGO</td>
<td>9 June 2017</td>
<td>Skype</td>
<td>Axfoundation</td>
</tr>
<tr>
<td>Anonymous</td>
<td>Retail</td>
<td>21 June 2017</td>
<td>Skype</td>
<td>Swedish “Company B”</td>
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<tr>
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<td>13 June 2017</td>
<td>Skype</td>
<td>Swedish “Company C”</td>
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<td>Home appliances manufacturing</td>
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<td>Skype</td>
<td>Swedish “Company D”</td>
</tr>
<tr>
<td>Anonymous</td>
<td>Retail - fashion</td>
<td>12 September 2017</td>
<td>Skype</td>
<td>Swedish “Company E”</td>
</tr>
<tr>
<td>Anonymous company</td>
<td>Retail - fashion, shoes</td>
<td>28 June 2017</td>
<td>Skype</td>
<td>Swedish “Company F”</td>
</tr>
<tr>
<td>Anonymous</td>
<td>Retail - textile</td>
<td>22 June 2017</td>
<td>Skype</td>
<td>Swedish “Company G”</td>
</tr>
<tr>
<td>No recording, Anonymous name</td>
<td>Public Sector</td>
<td>20 June 2017</td>
<td>Skype</td>
<td>The Swedish Government</td>
</tr>
<tr>
<td>Comments</td>
<td>Speciality/Industry of Company or Organization</td>
<td>Date of Interview</td>
<td>Interview Face to Face or Skype</td>
<td>Reference in Master Thesis</td>
</tr>
<tr>
<td>No recording available</td>
<td>Retail - furniture</td>
<td>20 June 2017</td>
<td>F2F</td>
<td>Ikea Retailers B.V. Nederland</td>
</tr>
<tr>
<td>Anonymous</td>
<td>Retail buyer - food industry</td>
<td>14 June 2017</td>
<td>F2F</td>
<td>Dutch “Company C”</td>
</tr>
<tr>
<td>Anonymous</td>
<td>Utility - electricity, gas &amp; heat</td>
<td>23 June 2017</td>
<td>2 Interviews, F2F</td>
<td>Dutch “Company D”</td>
</tr>
<tr>
<td>Anonymous</td>
<td>Chemical industry</td>
<td>23 June 2017</td>
<td>Skype</td>
<td>Dutch “Company E”</td>
</tr>
<tr>
<td>Anonymous company</td>
<td>Chemical industry</td>
<td>6 June 2017</td>
<td>F2F</td>
<td>Dutch “Company F”</td>
</tr>
</tbody>
</table>
Appendix 2: The Interview Guide

These are the interview questions that have been operationalized based on the research questions and the theoretical framework. They are divided into approaches and conditions that consist of several indicators and variables translated into the interview questions. However, note that the order of the questions below are not the order the questions were asked to the interviewees (for flexibility or due to limited time), and some (sub-) questions were not asked and had to be prioritized due to limited time.

**Approaches:**

1. **Internal and External Communication**
   1) Does your company communicate about how you work with human rights in your supply chain?
   2) If so: How does your company communicate internally and externally to your stakeholders about the importance of integrating human rights issues in your supply chain?
      a) What is the main method of communication to your suppliers?
      b) What has been the most up to date effective method to communicate your approach and progress on coping with human rights issues in the supply chain?

2. **Implementation of (Voluntary) Guidelines**
   1) To what extent do you think your company has implemented the UN Guiding Principles on Business & Human rights?
      a) Do you think that the bigger/smaller the size of a company makes it more/less difficult to implement e.g. UNGPBH, standards or human rights practices etc.? And why?

3. **Challenges in Adopting (Voluntary) Guidelines and International Standards/Agreements**
   1) What challenges and constraints does your company experience in adopting (voluntary) international/national standards and ensuring that they are respected throughout the whole supply chain?
   2) Are there any changes you would like to see happen (within your supply chain) in the upcoming 5 years?
      a) What are the most common issues specifically your company encounters that relate to human rights issues?

**Conditions:**

4. **Motivation**
   1) What is your personal motivation to work with the topic that concern business and human rights?

5. **National Market Competition**
   1) Do you consider that there is a market competitive atmosphere (or: peer pressure) amongst businesses in Sweden/The Netherlands to work towards respecting human rights in supply chains?
   2) What do you think has contributed most to that?
6. Engagement of the State
   1) Do you think that the Swedish/Dutch government has had certain influence on how your company works with human rights in supply chains? If so, how do you think they influence?
      a) To what extent do you consider that the Dutch/Swedish government promotes or activates companies to work on human rights issues in the supply chain?
      b) Do you think it has resulted in that more companies engage in CSR and human rights impacts?

7. Internal Drivers
   1) What are the internal drivers that push your company to work towards respecting human rights concerns in the supply chain?
   2) What do you think is the core internal driving force?
      a) By integrating human rights issues internally from within your company, which aspect do you think has most impact or influence? (e.g. on risk management, employee engagement etc.)

8. External Drivers
   1) What are the external drivers that push your company to incorporate human rights concerns in the supply chain?
      a) Is there a certain actor or driving force that stand out and has the most influence for incorporating human rights concerns in the supply chain in your company more than others? (e.g. media or consumer pressure etc.)
      b) How much influence do NGOs in general and local ones in supplier countries have on preventing and handling human rights concerns?

9. Organizational Culture
   1) Do you there is a typical Dutch approach to how companies are working with sustainability issues in general or human rights issues in specific? What is a typical “Dutch” approach? (multi-stakeholder approach?)
   2) Do you think there is a typical Swedish (or: Nordic) approach to how companies are working with sustainability issues in general or human rights issues in specific? What is a typical “Swedish approach”? (cooperative and consensus building?)
      a) Are there any specific characteristics that describe your org. culture?
      b) Do you think a hierarchical/horizontal org. culture makes it easier or more difficult to bring up human rights issues?

10. Corporate identity
    1) From your experience, to what extent do you think that being a “responsible business” is part of your company’s identity?
Appendix 3: The Questionnaire Guide

Below are the questions used in the questionnaire for the companies. As seen in the guide, the questions represent certain aspects and indicators. Note that drop-down menus, horizontal and vertical closed-ended questions that include ratings (that are translated to numerical measurements) and other graphics are not shown and are only visible by clicking the questionnaire links. Also, the numerical order of the questions does not represent the numerical order of the questions in the questionnaire, as this is only a guide. To gain the full overview of the questionnaire, click on the links below.

<table>
<thead>
<tr>
<th>Examples of Aspects and Indicators</th>
<th>Questions Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Link for Dutch Companies:</strong></td>
<td><a href="http://fmru.az1.qualtrics.com/jfe/form/SV_0OfaHkHBN4Cm2DH">http://fmru.az1.qualtrics.com/jfe/form/SV_0OfaHkHBN4Cm2DH</a></td>
</tr>
<tr>
<td><strong>Link for Swedish Companies:</strong></td>
<td><a href="http://fmru.az1.qualtrics.com/jfe/form/SV_etVmi77YS71XO85">http://fmru.az1.qualtrics.com/jfe/form/SV_etVmi77YS71XO85</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Introduction</th>
<th>1) What company do you represent?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2) Approximately how many employees at your company work with human rights concerns in the supply chain or related topics? (Drop-down menu)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>National market competition</th>
<th>1) In what position of the market do you consider your company in terms of integrating human rights issues?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Pioneer</td>
</tr>
<tr>
<td></td>
<td>• Mainstream</td>
</tr>
<tr>
<td></td>
<td>• Lagging behind</td>
</tr>
<tr>
<td></td>
<td>2) Rating from 1-10, how do you think the level of national market competition is to integrate human rights issues in the supply chain?</td>
</tr>
<tr>
<td></td>
<td>• Very low</td>
</tr>
<tr>
<td></td>
<td>• Neither low or high</td>
</tr>
<tr>
<td></td>
<td>• Very high</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Engagement of the state</th>
<th>3) Rating from 1-10, could you rate how active you think the Dutch/Swedish government is in promoting CSR in general and human rights in particular?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Not active</td>
</tr>
<tr>
<td></td>
<td>• Highly active</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Communication</th>
<th>1) Rating from 1-10, how effective do you consider your method of communication to your suppliers is about human rights issues?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Not effective at all</td>
</tr>
<tr>
<td></td>
<td>• Somewhat effective</td>
</tr>
<tr>
<td></td>
<td>• Very effective</td>
</tr>
</tbody>
</table>
2) Rating from 1-10, how do you think human rights issues in the supply chain is integrated and applied into your corporate marketing and communication strategies?
   - Not integrated and applied at all in strategy
   - Integrated but not applied
   - Very integrated and applied in strategy

Employee engagement

8) How much do you think your employees are engaged in or aware of human rights issues?
   - A great deal
   - A lot
   - A moderate amount
   - A little
   - None at all

9) How much do you think your employees can influence management/corporate leadership to include human rights issues in core business/sustainability strategies?
   - A great deal
   - A lot
   - A moderate amount
   - A little
   - None at all

External drivers

10) Rating from 1-10, how well do you think your company responds to external stakeholders?
    - Does not respond
    - Somewhat responds
    - Highly responds

11) Rating from 1-10, how much do you think your stakeholders perceive your company as a responsible business?
    - A great deal
    - A lot
    - A moderate amount
    - A little
    - None at all

12) Could you list which stakeholders are easier to respond to than others in regards to topics that relate to human rights issues in the supply chain in developing countries? (E.g. manufacturing workers, suppliers, NGO demands, local authorities, consumer awareness etc.)

Motivation

13) Could you rank from 1-5, the level of priority of the following human rights issues or where you see the most frequent issues within your supply chain? (1 being the least prioritized or least frequent issue, 5 being the most prioritized or most frequent issue)
- Child labour
- Forced labour
- Discrimination/Equal opportunities at the work place (e.g. manufacturing sites etc.)
- Fair compensation
- Fair salary and working hours (according to law and industry standards)
- Freedom of association and collective bargaining
- Right to property (e.g. land)
- Health and safety

<table>
<thead>
<tr>
<th>Implementation of (voluntary) guidelines</th>
<th>14) Rating from 1-10, how implemented in practice (not just in policy, code of conduct or strategy) do you think your company has adopted the UN Guiding Principles on Business &amp; Human Rights?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Not implemented well in practice</td>
</tr>
<tr>
<td></td>
<td>• Somewhat implemented in practice</td>
</tr>
<tr>
<td></td>
<td>• Highly implemented in practice</td>
</tr>
</tbody>
</table>

15) Where would you rate from 1-10, the current progress of your company?
- A lot left to do
- Some things are done, others are still open for action
- Not much left to do

16) How effective do you think (voluntary) standards/agreements/legislation is in practice in preventing or mitigating human rights violations in the supply chain in developing countries?
- Extremely effective
- Very effective
- Moderately effective
- Slightly effective
- Not effective at all

<table>
<thead>
<tr>
<th>Challenges</th>
<th>17) Could you rank from 1-8, which of the following is the most difficult for your company to cope with? (To identify and prevent): (1 being the most difficult, 8 being the least difficult)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Child labour</td>
</tr>
<tr>
<td></td>
<td>• Forced labour</td>
</tr>
<tr>
<td></td>
<td>• Discrimination/Equal opportunities at the work place (e.g. manufacturing sites etc.)</td>
</tr>
<tr>
<td></td>
<td>• Fair compensation</td>
</tr>
<tr>
<td></td>
<td>• Fair salary and working hours (according to law and industry standards)</td>
</tr>
<tr>
<td></td>
<td>• Freedom of association and collective bargaining</td>
</tr>
<tr>
<td></td>
<td>• Right to property (e.g. land)</td>
</tr>
<tr>
<td></td>
<td>• Health and safety</td>
</tr>
<tr>
<td></td>
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<td>---</td>
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</tr>
<tr>
<td><strong>18)</strong> Could you rank which of the following actions or approaches you think are most and least effective to ensure social compliance throughout the supply chain? (1 being the most effective, 8 being the least effective)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Punishment (e.g. end contract with suppliers)</td>
</tr>
<tr>
<td></td>
<td>- Renewal of code of conduct and/or detailed policy statement</td>
</tr>
<tr>
<td></td>
<td>- Create incentives (reward those who comply/show positive results)</td>
</tr>
<tr>
<td></td>
<td>- Trainings and education about the code of conduct for suppliers and principles relevant/adopted by the company</td>
</tr>
<tr>
<td></td>
<td>- Audit tools</td>
</tr>
<tr>
<td></td>
<td>- Local partnerships (e.g. with local NGOs)</td>
</tr>
<tr>
<td></td>
<td>- Local stakeholder dialogue</td>
</tr>
<tr>
<td></td>
<td>- Due diligence</td>
</tr>
<tr>
<td><strong>Supplier risks</strong></td>
<td><strong>19)</strong> Select which location most of your suppliers are active:</td>
</tr>
<tr>
<td></td>
<td>- Southeast and East Asia</td>
</tr>
<tr>
<td></td>
<td>- Southern Asia (India, Bangladesh etc.)</td>
</tr>
<tr>
<td></td>
<td>- Central or Western Asia (e.g. Middle east)</td>
</tr>
<tr>
<td></td>
<td>- Central America</td>
</tr>
<tr>
<td></td>
<td>- South America</td>
</tr>
<tr>
<td></td>
<td>- West Africa</td>
</tr>
<tr>
<td></td>
<td>- Northern Africa</td>
</tr>
<tr>
<td></td>
<td>- Middle and Eastern Africa</td>
</tr>
<tr>
<td></td>
<td>- Southern Africa</td>
</tr>
<tr>
<td><strong>20)</strong> Rate from 1-10, how transparent you think the information your suppliers provide on potential risks of human rights issues?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Not transparent</td>
</tr>
<tr>
<td></td>
<td>- Somewhat transparent/difficult to know</td>
</tr>
<tr>
<td></td>
<td>- Very transparent</td>
</tr>
<tr>
<td><strong>Organizational culture</strong></td>
<td><strong>21)</strong> Rating from 1-10, how do you think your organizational culture affects decision making and influence to bring human rights issues in the supply chain as part of the core business agenda?</td>
</tr>
<tr>
<td></td>
<td>- Org. culture does not affect decision making</td>
</tr>
<tr>
<td></td>
<td>- Org. culture highly affects decision making</td>
</tr>
</tbody>
</table>
Appendix 4: Figures from The Questionnaire

Reference Figures in Chapter 4: Empirical Findings

4.3.1 Introduction

Approximately how many employees at your company work with human rights concerns in the supply chain - or related topics?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1 - 10</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>10-20</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>20-30</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>40 +</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>5</td>
</tr>
</tbody>
</table>

**Figure A.** Dutch Companies, number of employees

Approximately how many employees at your company work with human rights concerns in the supply chain - or related topics?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
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<td>2</td>
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</tr>
<tr>
<td>3</td>
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<td>0</td>
</tr>
<tr>
<td>4</td>
<td>40 +</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>6</td>
</tr>
</tbody>
</table>

**Figure B.** Swedish Companies, number of employees
4.3.2 National Market Competition

**Figure C.** Dutch Companies, human rights position in the market

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pioneer</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Mainstream</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Lagging behind</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>5</strong></td>
</tr>
</tbody>
</table>

**Figure D.** Swedish Companies, human rights position in the market

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pioneer</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Mainstream</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Lagging behind</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>6</strong></td>
</tr>
</tbody>
</table>

**Figure E.** Dutch Companies, level of national market competition

Rating from 1-10, how do you think the level of national market competition is to integrate human rights issues in the supply chain?

- **67% Detractor**
- **33% Passive**

- **Detractor**
- **Passive**
- **Promoter**
4.3.3 Engagement of the State

**Figure F.** Swedish Companies, level of national market competition

**Figure G.** Dutch Companies, level of proactivity in promoting CSR and human rights

**Figure H.** Swedish Companies, level of proactivity in promoting CSR and human rights
4.3.4 Communication

**Figure I.** Dutch Companies, effectiveness of communication to suppliers

**Figure J.** Swedish Companies, effectiveness of communication to suppliers
4.3.6 Supplier Risks

Rate from 1-10, how transparent do you think the information your suppliers provide on potential risks of human rights issues?

Figure P. Level of transparency in Dutch companies’ suppliers

Figure K. Dutch Companies, integration of human rights issues into communication strategies

Figure L. Swedish Companies, integration of human rights issues into communication strategies
4.3.9 Implementation of (Voluntary) Guidelines

**Figure Q.** Level of transparency in Swedish companies’ suppliers

**Figure V.** Dutch Companies implementation
**Figure W.** Swedish Companies implementation

**Figure X.** Dutch companies current progress
4.3.10 External Drivers

**Figure Y.** Swedish companies current progress

**Figure 4.1** Dutch companies response to external stakeholders
Could you list which stakeholders are easier to respond to than others in regards to topics that relate to human rights issues in the supply chain in developing countries? (E.g. manufacturing workers, suppliers, NGO demands, local authorities, consumer awareness etc.)

**Figure 4.2** Swedish companies response to external stakeholders

<table>
<thead>
<tr>
<th>Rating from 1-10, how well do you think your company responds to external stakeholders?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detractor</td>
</tr>
<tr>
<td>50%</td>
</tr>
</tbody>
</table>

**Figure 4.4** Dutch companies responding to stakeholders

<table>
<thead>
<tr>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGO</td>
</tr>
<tr>
<td>NGOs, Governments, Suppliers</td>
</tr>
<tr>
<td>Consumer awareness, employer situation</td>
</tr>
<tr>
<td>consumers, NGOs</td>
</tr>
<tr>
<td>Internal stakeholders</td>
</tr>
</tbody>
</table>

**Figure 4.5** Swedish companies responding to stakeholders

<table>
<thead>
<tr>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers, local authorities, employees</td>
</tr>
<tr>
<td>Suppliers, Manufacturing workers, NGO</td>
</tr>
<tr>
<td>NGOs, investors, local authorities</td>
</tr>
<tr>
<td>Suppliers, NGO's</td>
</tr>
</tbody>
</table>
4.3.11 Motivation

**Figure 4.6** Level of priority or most frequent issues within the supply chain Dutch Companies

**Figure 4.7** Level of priority or most frequent issues within the supply chain Swedish Companies
4.3.12 Organizational Culture

Rating from 1-10, how do you think your organisational culture affects decision making and influence to bring human rights issues in the supply chain as part of the core business agenda?

![Diagram](image)

**Figure 4.8.** Influence of organizational culture of Dutch Companies

Rating from 1-10, how do you think your organisational culture affects decision making and influence to bring human rights issues in the supply chain as part of the core business agenda?

![Diagram](image)

**Figure 4.9.** Influence of organizational culture of Swedish Companies