2. Introduction to Topic and Research Question

2.1. Global Reach of MNEs and Human Rights Abuses

The internationalisation of corporate activities has been steadily growing in recent decades, particularly due to two trends in the global economy: First, growth in foreign direct investment by firms in subsidiaries or joint ventures abroad. Second, growth in international sourcing by firms from suppliers abroad. The importance of these two trends is illustrated by the following figures: On the first point, the foreign direct investment stock by multinational enterprises rose from $2 trillion in 1990 to $23 trillion in 2012 (UNCTAD, 2013), with employment by foreign subsidiaries increasing from 21,5 million to 71,7 million during the same period (ibid.). On the second point, 80 per cent of global trade is nowadays organised within so-called global value chains[3] (ibid.), in which jobs increased by 53 per cent between 1995 and 2013 (ILO, 2016b).

While the global expansion of firms through foreign direct investment and international sourcing is a general phenomenon, it is particularly true for German companies: Foreign direct investment by German firms in 2012 was almost nine times higher than in 1991 (see Figure 2), meaning heavy investment in foreign subsidiaries or joint ventures abroad. Furthermore, German companies are closely integrated into global value chains, often even as so-called lead firms[4], with Germany ranking third worldwide in both imports and exports (WTO, 2016). Hence, it does not come as a surprise that the number of global value chains-related jobs in Germany rose from 8,82 million in 1995 to 16,3 million in 2013, which means that 41,2 % of today's jobs in Germany are directly linked to global value chains (ILO, 2016e).

[3] The term 'global value chains' refers to "the cross-border organisation of the activities required to produce goods or services and bring them to consumers through inputs and various phases of development, production and delivery" (ILO, 2016, p.1). While other terms like 'global supply chains' or 'global production networks' also describe the above, albeit with slightly different perspectives, they all focus on the same basic issues of cross-border production and trade. It is for this reason that this dissertation will use these terms synonymously.

[4] A 'lead firm' refers to a company that "controls the global supply chain and sets the parameters with which other firms in the chain must comply, and is typically responsible for the final sale of the product" (ILO, 2016, p.5).

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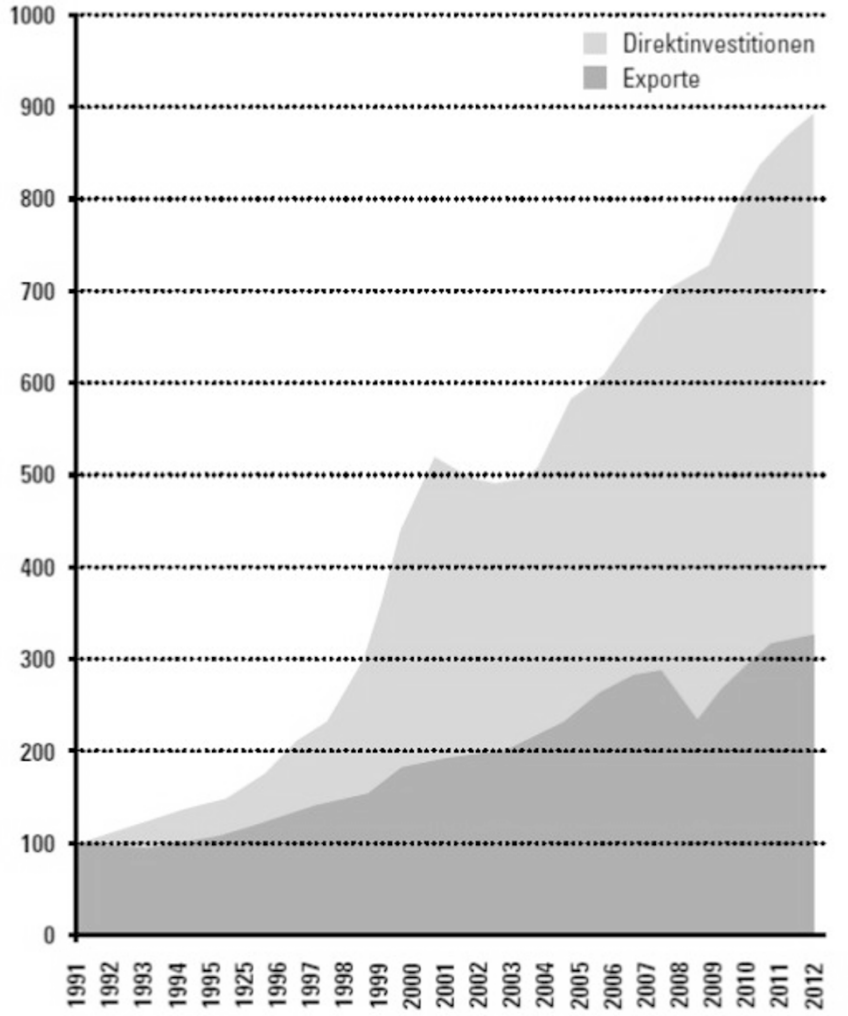
Figure 2: Evolution of FDI by German Firms



Indexed values: 1991 = 100
Source: van Baal & Schmitz, 2015, p. 8

As such, the global presence of multinational enterprises comes – on aggregate – with long list of advantages for all actors involved in the global economy, including those in the developing world: That is to say, foreign direct investment and international sourcing have led to economic growth and job creation in developing countries, allowing millions of workers to either find new employment or move from work in the informal to the formal economy. What is more, firms in the developing world have benefited from business with international buyers in the form of knowledge and technology transfer, providing them with opportunities to move into higher value-added activities (ILO, 2016b).

Having said that, the internationalisation of corporate activities also generated negative developments, as various scandals involving multinational enterprises have demonstrated over the past (ranging from environmental pollution over child labour to corruption and bribery). Of the long list of possible corporate wrongdoings in the environment, social and governance (ESG) areas, controversies involving human rights violations are the ones most frequently reported in the media according to RepRisk, a leading risks analytics firm screening the media for risk incidents related to companies (RepRisk, 2016). Emblematic cases in this respect are, amongst others:

- the gas leak of the Union Carbide pesticide plant in Bhopal, India, in 1984, killing at least 3.000 people and leaving 50.000 permanently disabled (Deva, 2016),
- the involvement of Shell in human rights violations against the Ogoni people in Nigeria throughout the early 1990s (Kemp & Vanclay, 2013),
- worldwide protests against Nike in the 1990s accusing the firm of using sweatshops in Asia to produce footwear and apparel (Ruggie, 2013),
- the decision by Yahoo to provide private data of dissidents to the Chinese government in 2004/2005 (Scherer & Palazzo, 2011),
- a series of suicides by workers at Apple's supplier Foxconn in early 2010s, which were, at least, partly related to abusive conditions at the workplace (Nolan, 2016a) or
- the collapse of the garment-factory Rana Plaza in Bangladesh in 2013 with more than 1.000 dead and 2500 injured workers (Nolan, 2016b).

Unfortunately, these cases are not some isolated incidents, but part of a broader issue as The Guardian reported on 9 September 2014: "Since 2008, there has been an unprecedented rise in human rights violations globally, up 70% according to [the 2014 Human Rights Risk Atlas by Maplecroft]. Workers' rights are seriously compromised and rural and indigenous communities are facing land grabs and forced displacement amid growing demand for low-cost labour and re-

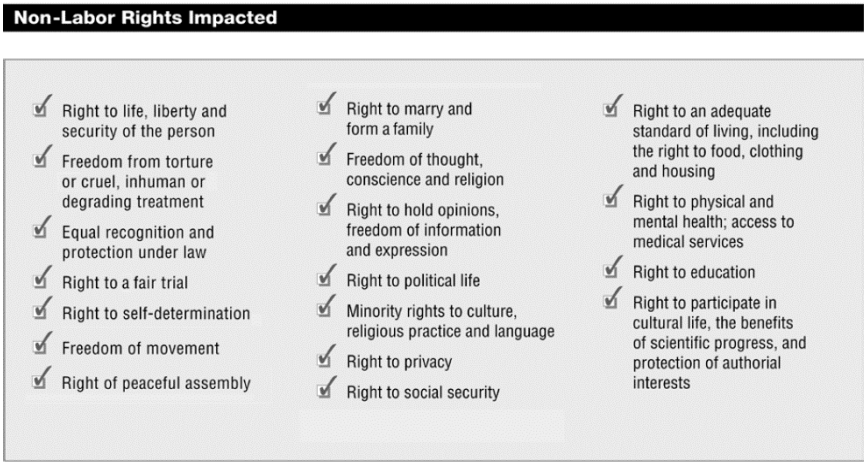
sources" (Guardian, 2014). Focusing on the German context only, the RepRisk database counts as many as 1.139 risk incidents (news) on alleged human rights abuses by only the 30 largest German firms listed in the DAX from 2007 until 2014 (RepRisk, 2016).

In other words, while the aforementioned benefits of economic globalisation are beyond doubt, the expanded geographic radius of firms has in certain aspects perpetuated already existing deficiencies in the developing world and, at times, even created new ones. To better understand the nature of human rights violations by firms, a report commissioned by the UN Human Rights Council in 2008 analysed 320 of such alleged corporate-related human rights cases and found that firms either violate labour-related rights (see Figure 3) or nonlabour-related rights (see Figure 4) (UNHRC, 2008):

Figure 3: List of Labour Rights

Source: UNHRC, 2008, p. 10

Figure 4: List of Non-Labour Rights



Source: UNHRC, 2008, p. 11

On labour-related human rights abuses, the ILO (2016b) recently specified rather bluntly – thus making it worthy of full quotation – that :

> "failures at all levels within global supply chains have contributed to decent work deficits for working conditions such as in the areas of occupational safety and health, wages, working time, and which impact on the employment relationship and the protections it can offer. Such failures have also contributed to the undermining of labour rights, particularly freedom of association and collective bargaining. Informality, non-standard forms of employment and the use of intermediaries are common. The presence of child labour and forced labour in some global supply chains is acute in the lower segments of the chain. Migrant workers and homeworkers are found in many global supply chains and may face various forms of discrimination and limited or no legal protection. In many sectors, women represent a large share of the workforce in global supply chains. They are disproportionately represented in low-wage jobs in the lower tiers of the supply chain and are too often subject to discrimination, sexual harassment and other forms of workplace violence" (ILO, 2016g, p. 2)

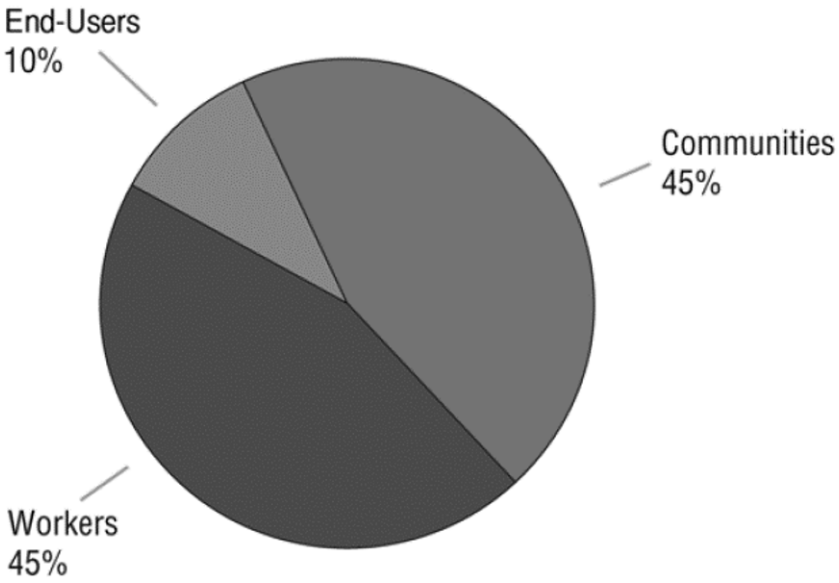
Such violations of labour rights often occur due to pressure from international buyers on producer prices and delivery times as well as fierce competition between suppliers for such international business opportunities, which together produce negative effects on working conditions. The situation is even aggravated once suppliers cannot cope with such pressure and competition and are obliged to subcontract work to sub-suppliers. These sub-suppliers often operate informally and thus outside the radar of international buyers, which, again, increases the risks of poor working conditions (ILO, 2016b).

As already mentioned, however, corporate human rights abuses are not restricted to labour-related rights violations. Put differently, multinational enterprises cannot only negatively impact on people working in or for them, but also on communities living in close proximity to the respective economic activity. Such nonlabour-related human rights abuses consist of, for instance, forced displacement of communities without prior consultation and/or adequate compensation, degradation of their sources of livelihood such as farmland or fishing sites, community exposure to pollutants and other toxins or, even, violations of classic civil rights such as equal protection under the law and the right to a fair trial due to corporate interference with judicial processes (Ruggie, 2013).

Having clarified the nature of corporate human rights violations, questions on frequency and distribution of such cases arise: The aforementioned UN Human Rights Council Report (UNHRC, 2008) provides some interesting descriptive statistics of corporate human rights violations on the basis of its sample of 320 cases: In quantitative terms, corporate-related violations of human rights:

- mostly affect workers or communities and this at an equal rate of 45 per cent. End-users, mostly people not given access to essential medicines, are also affected, albeit to a lesser extent with 10 per cent (see below).

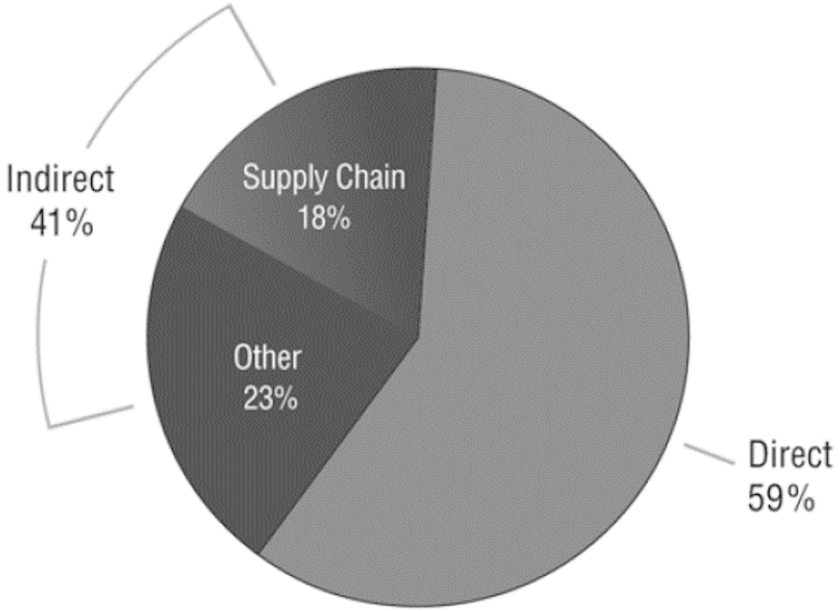
Figure 5: Persons Affected from Abuses



Source: UNHRC, 2008, p. 13

– mostly consist of a direct involvement of a firm with 59 per cent, e.g. through wrongdoings by corporate employees or agents. Other forms of company involvement are indirect, e.g. by contributing to or benefiting from abuses of third parties like suppliers (18 per cent) or other actors like state authorities or other individuals (23 per cent) (see below).

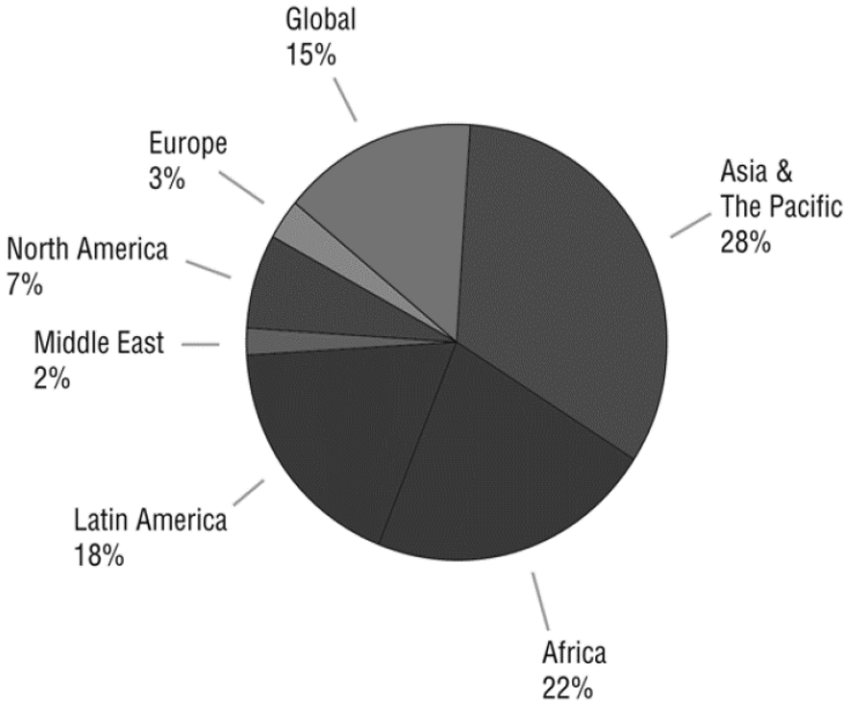
Figure 6: Forms of Company Involvement



Source: UNHRC, 2008, p. 14

- mostly occur in the Asia-Pacific region (28 per cent), Africa (22 per cent) and Latin America (18 per cent) and less so in the Middle East (2 per cent), Europe (3 per cent) or North America (7 per cent). In 15 per cent of the cases, allegations are global as a company action is said to violate human rights in more than one of the regions at the same time (see below).

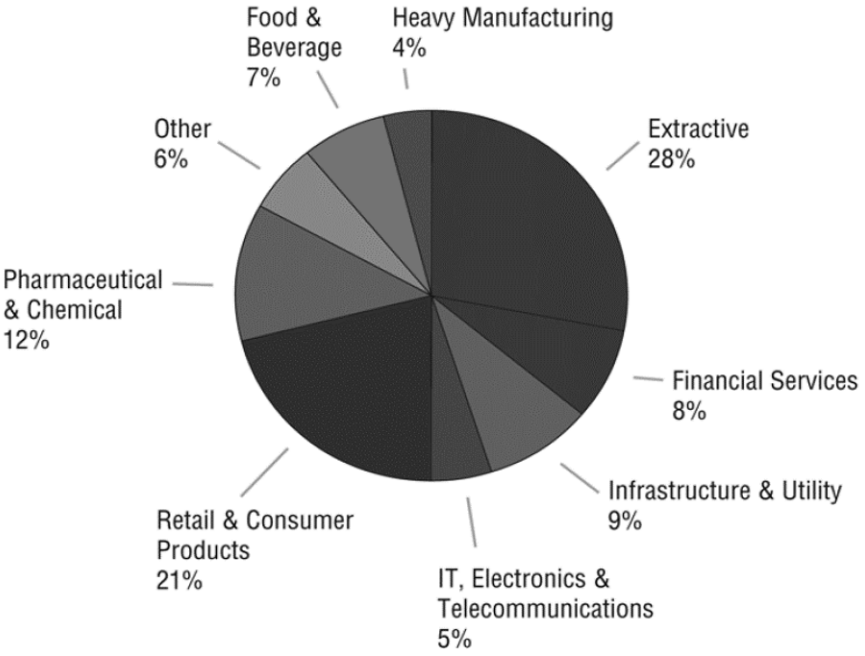
Figure 7: Regions of Alleged Incidents



Source: UNHRC, 2008, p. 8

– mostly occur in the extractive industries (28 per cent), retail and consumer products (21 per cent), pharmaceutical and chemical sectors (12 per cent). Having said that, human rights violations can and do happen in all possible sectors.

Figure 8: Allegations by Sector



Source: UNHRC, 2008, p. 7

To sum up, multinational enterprises, particularly German ones, have expanded globally at an increasing rate in recent decades due to foreign direct investment and international sourcing. While the global reach of firms has greatly contributed to economic growth, job creation and technology transfer, it has also contributed to an increase in corporate human rights violations. Such wrongdoings by firms from virtually all industries involve both labour- and nonlabour-related violations of human rights, affecting workers and communities alike and occurring predominantly in the developing world.

2.2. Global Governance Gaps and Multifaceted Governance Response

From a legal perspective, the question arises how it can be possible that corporate human rights violations as the ones elaborated on above can regularly occur

in today's world. Isn't it the duty of the state to protect people from human rights abuses committed by third parties like firms? And indeed: If you assume economies to be completely closed with business operating only within national borders, governments would (at least theoretically) be capable of protecting people from human rights abuses, provided that they pass and enforce appropriate laws. Even though economies were historically never completely closed, the classical interventionist nation-state of the post-war period was characterised by a considerable capacity to authoritatively enforce political decisions – typically through command-and control regulation. By the mid-1970s, however, processes of globalisation, above all the global reach of corporations, contributed to a significant decline in the capacity of the nation-state to govern society (Leibfried & Zürn, 2006; Mayntz, 1996, 1998; Scharpf, 1992) and, by extension, to hold multinational companies accountable for potential wrongdoings. To be more precise, with economic globalisation, companies can nowadays circumvent national regulation by locating and/or outsourcing business to other countries with de facto laxer regulation on, say, human rights protection. And as the figures on foreign direct investment and international sources above have shown: Multinational enterprises have greatly expanded their geographic radius in search of new customers, raw materials and cheaper labour. As a matter of fact, this often involved the relocation or outsourcing of business to countries lacking the willingness and/or capacity to pass, monitor and/or enforce appropriate legislation, which inevitably increases the risks of human rights violations.

In theory, two legal options present themselves to address this issue: First, international law levelling regulatory differences between states or, second, national law allowing for extraterritorial jurisdiction of national courts. Any of these two options could give legal force to the duties of firms in cases where states fail to protect human rights through adequate legal protection. In practice, however, the creation of a legally-binding international level playing field for the protection of human rights has so far not been achieved. Option 1 (i.e. international law) was tried, but did not garner enough political support, for instance in 2004, when a set of binding rules, i.e. the 'UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights' ('UN Draft Norms') were not approved by the UN Commission on Human Rights (Baumann-Pauly & Nolan, 2016; Ruggie, 2013). Option 2 (i.e. national law) was and is tried, but has experienced repeated setbacks due to state and business reluctance to the exercise of extraterritorial jurisdiction of national courts (Mena et al., 2010; Wettstein & Arnold, 2012).

The result is the current situation, in which economic integration at the global level is not matched by a corresponding regulatory integration creating so-called global governance gaps. Economically speaking, these governance gaps provide

internationally operating firms with opportunities to (intentionally or unintentionally) 'externalise social costs' through relocation and outsourcing, which has led to the aforementioned rise in corporate human rights abuses in recent years. Put differently, using the words of Prof. John Ruggie, the UN Secretary-General's Special Representative for Business and Human Rights, governance gaps "create the permissive environment within which blameworthy acts by corporations may occur without adequate sanctions or reparation" (UNHRC, 2010, p. 12).

With no legally-binding arrangement in place at the global level, a multifaceted governance regime has emerged involving *different actors* (state, business, civil society) at *various levels* (local, national, international) relying on *diverse governance modes* (hierarchy, market, network) to promote corporate respect for human rights. In other words, in light of limited progress on international law and continuing state failures in many regions, the governance regime for human rights has undergone a shift from one placing the legal duty to protect human rights on states only to one including non-state actors as duty-bearers alongside states (Fasterling & Demuijnck, 2013; Mena et al., 2010).

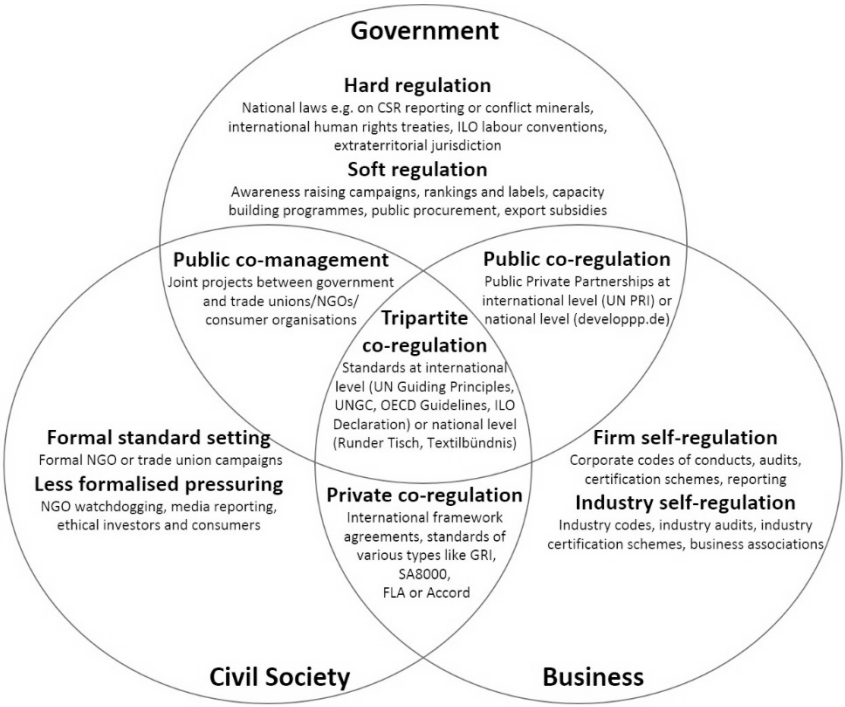
Yet, how does the current governance regime for human rights look like in practice? To disentangle this rather complex governance regime, we apply a typology of governance types developed by Steurer (2013) to the issue of business and human rights. The starting point of Steurer's typology is the question of 'who regulates', with government, business and civil society being the three main actors able to regulate policy issues. Hence, the first three governance types constitute: 1) *Regulation by government*, 2) *Self-regulation by business* and 3) *Regulation by civil society*. As these three actors do not only regulate individually, but at times also cooperate in different constellations with each other, four further governance types emerge: 4) *Public co-management* between government and civil society, 5) *Public co-regulation* between government and business, 6) *Private co-regulation* between civil society and business and 7) *Tripartite co-regulation* between government, business and civil society. While the question of which actor(s) regulate(s) is an important one, any governance type has a number of secondary characteristics such as "the underlying governance modes (hierarchies, markets, networks), the geographical scale of steering (local to global), the degree of formalisation (formal–informal) or the bindingness of rules (hard–soft)" (Steurer, 2013, p. 392). To keep the typology manageable, however, Steurer suggests not to integrate all of these secondary characteristics into the seven governance types elaborated on above, but only distinguish within one governance type if a given secondary characteristic is of utmost importance, e.g. distinguishing between hard or soft regulation by government (Steurer, 2013).

For illustrative purposes, we adapted a figure from Steurer (2013) to the issue of business and human rights (see Figure 9 below): By conceptualising the regulators (government, business and civil society) as three overlapping circles, the above-named three individual governance types (i.e. regulation by government, self-regulation by business, regulation by civil society) and four cooperative governance types (i.e. public co-management, public co-regulation, private co-regulation, tripartite co-regulation) emerge. For each of these seven governance types, we provide a number of concrete regulatory examples in the field of business and human rights[5] [6].

[5] In the case of national regulatory examples, the figure gives priority to German initiatives given that this dissertation focuses on German companies.

[6] One caveat in advance: While most of these business and human rights examples can be unambiguously grouped into one of the seven governance types, there are instances where actor constellation is not entirely clear-cut making the classification into one governance type only difficult.

Figure 9: Governance Types in the Field of Business and Human Rights



Source: Own illustration (inspired by Abbott & Snidal, 2009, p. 50 & Steurer, 2013, p. 398)

It would be beyond the scope of this section to discuss the seven governance types in relation to business and human rights in great detail. It makes sense, however, to briefly present the various governance types and elaborate on a few of their most salient business and human rights initiatives because the latter will be mentioned time and again throughout the dissertation.

Regulation by government can be 'hard' (e.g. national/international laws or extraterritorial jurisdiction by national courts) or 'soft' (e.g. informational tools like awareness raising or capacity building programmes or economic instruments like public procurement or export subsidies). While there are examples of hard regulation by government in relation to business and human rights (e.g. EU regulation on CSR reporting and on conflict minerals, ratified ILO core conventions, UK Modern Slavery Act, US Frank-Dodd Act), most government regulation still

tends to be soft in this field due to the limited progress on international law and the reluctance of governments to act unilaterally. S*elf-regulation by business* in the area of business and human rights is by now relatively widespread, at least, among larger firms. As a result, several multinational enterprises have developed firm-specific codes of conducts and conduct audits at their suppliers to manage ever more complex global value chains. Given the fact that human rights challenges are often similar within a given sector, firms increasingly pool resources in industry initiatives like the 'Together for Sustainability Initiative' (chemical industry) or the 'Global e-Sustainability Initiative' (information and communication technology industry) to, for instance, jointly conduct and assess supplier audits. *Regulation by civil society* can be formal, e.g. when NGOs are created for a special purpose (e.g. Clean Clothes Campaign in the textile sector) or trade unions launch a campaign against a particular company (e.g. the 'We Expect Better' campaign against Telekom). Mostly, however, civil society regulation is informal relying on constant NGO watchdogging, critical media reporting, ethical consumption or responsible investment. Such informal pressuring and/or incentivising of firms is facilitated by the internet, which allows for rapid information exchange worldwide. *Public co-management* between government and civil society also occurs in the area of business and human rights, for instance, within joint projects to integrate CSR-criteria in consumer labels (e.g. Stiftung Warentest) or raise CSR awareness among work council members (e.g. 'MIT Drei' project by the German Trade Union Confederation). Compared to other governance types, however, cooperation between government and civil society, without any involvement of business, occurs less often in the field of business and human rights. *Public co-regulation* between government and business, in contrast, has become so commonplace that it was given its own name with 'Public Private Partnerships'. Such partnerships are to be found at the international level (e.g. the UN Principles for Responsible Investment, where the UN and institutional investors seek to promote socially responsible investment) or at the national level (e.g. the 'developpp.de' initiative, where the German Economic Cooperation and Development Ministry supports private-sector engagement in areas of development work). *Private co-regulation* between civil society and business is equally widespread, but comes in different forms, ranging from international framework agreements between a global union federation and a multinational company committing the latter to apply common standards across operations globally (i.a. for human rights) to various sorts of CSR standards relying, amongst others, on different governance modes (e.g. Global Reporting Initiative [reporting-based] vs. SA 8000 [certification-based]) or having different sector foci (e.g. Fair-Labour Association [cross-sectoral] vs. Bangladesh Accord on Fire and Building Safety [garment industry]). *Tripartite co-regulation* involving governments,

business and civil society has become one of the most prevalent governance types to promote corporate respect for human rights. While there is a variety of national initiatives following this holistic multi-stakeholder approach (e.g. Runder Tisch Verhaltenskodizes or Bündnis für nachhaltige Textilien), the most famous CSR standards worldwide (mostly principle-based) are to be found at the international level: That is to say, the UN Guiding Principles on Business and Human Rights, UN Global Compact, the OECD Guidelines for Multinational Enterprises or ILO Tripartite Declaration on Multinational Enterprises and Social Policy.

Of the various initiatives elaborated on above, the UN Guiding Principles on Business and Human Rights deserve some further elaboration because this policy document has grown into "the authoritative global reference point for business and human rights" (Harrison, 2013, p. 107). The UN Guiding Principles were adopted in 2011 by the UN Human Rights Council after a long and extensive multi-stakeholder process led the Prof. John Ruggie, the UN Secretary-General's Special Representative for Business and Human Rights. In terms of content, the UN Guiding Principles are based on a three-pillar framework (i.e. 'protect, respect, remedy'): (1) *the state duty to protect* against human rights abuses by third parties, including business; (2) the *corporate responsibility to respect* human rights and (3) the need for more effective *access to remedy* for alleged victims of human rights abuses. The text of the UN Guiding Principles operationalises which steps are to be taken in the respective pillars, with the first and third pillars mostly addressing state duties and the second pillar corporate responsibilities. Given the dissertation's focus on corporate human rights management, our interest primarily lies in the second pillar, which spells out the steps firms are to take when performing a human rights due diligence: That is, UN Guiding Principles 16 to 22 stipulate that a systematic human rights management requires a) having a substantive human rights policy statement, b) assessing human rights risks and, in cases of risk exposure, conducting individual impact assessments, c) integrating the results of said risk/impact assessments into business operations, d) tracking the implementation of actions taken, e) providing for grievance mechanisms in case of human rights incidents occur nevertheless, f) reporting on their human rights management and g) regularly engaging with stakeholders to inform the steps above (United Nations, 2011). In terms of regulatory governance, the UN Guiding Principles are neither legally-binding on states nor on companies, but have nevertheless gained considerable influence on business conduct by combining "elements of the state-centred international law not only to national law and legal institutions, but also to the forces of the market which drives many of the non-state business governance initiatives" (Buhmann, 2014, p. 1). In other words, several of the business and human rights tools elaborated on above (irre-

spective of which governance type) have integrated the content of the UN Guiding Principles (above all the due diligence aspect) into their initiatives/standards etc. and, thereby, worked as a vehicle for the UN Guiding Principles.

In sum, as has become apparent, the emerging governance regime for human rights is indeed a multifaceted one involving *different actors* (state, business, civil society) at *various levels* (local, national, international) relying on *diverse governance modes* (hierarchy, market, network) to promote corporate respect for human rights. It developed as a functional response – albeit in a rather uncoordinated manner – to global governance gaps generated by processes of globalisation that inter-state cooperation was not able to close alone.

2.3. Research Question and its Relevance

Having introduced the newly emerging governance context, in which global business operates, the decisive question remains whether multinational enterprises, in light of these multifaceted pressures, now systematically manage human rights issues to identify, prevent and mitigate human rights-related risks of their operations. In other words, do internationally operating firms fulfil what the UN Guiding Principles, "the authoritative global reference point for business and human rights" (Harrison, 2013, p. 107), expect from them in terms of human rights management? That is, do they a) have a substantive human rights policy statement, b) assess their human rights risks and, in cases of risk exposure, conduct individual impact assessments, c) integrate the results of said risk/impact assessments into business operations, d) track the implementation of actions taken, e) provide for grievance mechanisms in case of human rights incidents occurring nevertheless, f) report on their human rights management and g) regularly engage with stakeholders to inform the steps above? Assuming that not all firms act alike on this matter, we can specify: Do multinational firms adopt these human rights due diligence steps and, if so, under which conditions?

The literature review in the next chapter will show that the business and human rights literature has not answered this question. Until recently, this research strand has almost exclusively dealt with legal or governance questions at the macro-level, leaving aside the concrete management of human rights issues at the firm-level. It is only since the adoption of the United Nations Guiding Principles in 2011, when a common understanding of a systematic human rights management was agreed upon, that scholars have begun to study the management of human rights issues at the firm-level. They did so, however, mostly from either a technical (i.e. how should firms set up human rights management practices?) or descriptive perspective (i.e. to what extent do firms already do so in practice?). The question under which conditions firms systematically engage

with human rights (or not) has so far not been addressed systematically by business and human rights scholars. At best, it has been assumed that the predictors of why firms adopt human rights management practices can simply be adopted from the broader literature on CSR. Here the academic debate is already further developed and found predictors for CSR-engagement at the institutional, organisational and individual level of analysis. While the literature on business and human rights can indeed learn from the more established CSR literature as to why firms systematically deal with human rights issues, scholars should do so cautiously. The reason is that both external pressures and internal motivations to engage vary between different CSR dimensions: That is to say, simply adopting the predictors for engagement from the CSR literature is misleading as firms might be under pressure and/or have incentives to engage with environmental matters, but not so with human rights or vice versa. In other words, while the both the literature on business and human rights as well as on CSR are helpful starting points, they have not answered the research question on predictors of a systematic human rights management in a satisfactory manner (Chapter 3 will provide a detailed literature review).

A sceptic might argue, however, that an investigation into this question is of limited added value because no human rights management in the world can ensure the non-occurrence of human rights abuses across a firm's global operations. While this might be true, we will nevertheless focus on human rights management. Why? This dissertation is interested in the so-called 'outcome dimension' of effectiveness, which Easton (1965) defines as 'behavioural changes of actors based on commitments' as opposed to the 'impact dimension', which he describes as 'the contribution to problem solving resulting from behavioural change'. Admittedly, 'impact' is the dimension of effectiveness which those negatively affected by corporate human rights abuses are mostly interested in. This is because knowing the 'impact' of, say, H&M's human rights management would allow for an evaluation of its capacity to improve, say, poor working conditions in the Bangladeshi garment industry. However, given the methodological dead-end in determining the causal 'impact' of a human rights management, focusing on the 'outcome dimension' of effectiveness is, first, more realistic from a methodological viewpoint and, second, still highly informative because knowing whether and to what extent a firm has implemented a systematic human rights management (e.g. H&M) is indicative of whether impact (e.g. decent working conditions in the Bangladeshi garment industry) can eventually be achieved.

As already mentioned, our focus will be on German multinational companies when investigating the conditions under which firms adopt a systematic human

rights management[7]. More precisely, we will focus on the largest 30 German companies listed in the German stock index DAX. Our practical interest for the German context aside, the theoretical reason for this delineation is that we follow a strategy of achieving a high level of comparability by limiting the analysis to German multinational enterprises while allowing variance on a number of conditions potentially explaining the existence of a systematic human rights management. Put simply, we want keep the country context constant, while acknowledging, however, that the national context can influence the degree of corporate engagement with CSR-issues (Jackson & Apostolakou, 2010; Matten & Moon, 2008). Yet, as the multifaceted governance regime above already indicated, the list of possible variables influencing corporate human rights management is exceedingly long, which is why reducing complexity to some extent, e.g. by keeping the country variable constant, is a well-established research strategy, particularly in new research areas like this one.

An empirical investigation into this research question is of utmost policy relevance to understand whether multinational firms respond to this multifaceted governance regime as hoped for and, thus, effectively manage their human rights impacts. Consider the following scenarios: If the analysis revealed a lack of human rights management across the board, a complete overhaul of the current governance regime for business and human rights ought to be contemplated. If the analysis revealed that a large proportion of firms only adopt symbolic human rights measures, while decoupling respect for human rights from actual core business practices, a new, possibly more stringent governance approach to the business and human rights ought to be adopted. If the analysis revealed a systematic human rights management at a significant subset of firms, but no engagement whatsoever at another one, a series of new, tailor-made governance tools for the latter subset of firms ought to be designed. If, in turn, the analysis revealed a systematic human rights management across the board, the current multifaceted governance regime would be effective, with the considerable resources spent on its development and maintenance being worthwhile. As these scenarios show, an empirical investigation into the conditions under which multinational enterprises systematically manage human rights issues is a highly relevant research endeavour from a public policy perspective. What is more, it is al-

[7] The terms ‘systematic human rights management’ and ‘human rights due diligence’ or the expressions ‘systematically managing human rights issues’ and ‘having a systematic approach to human rights’ are used interchangeably throughout this dissertation. Essentially, they all refer to what the UN Guiding Principles expect from companies to do at the organisational level to respect human rights (see human rights due diligence steps above). The concept of a ‘systematic human rights management’ will be operationalised in more detail in Chapter 6.

so a timely research project given the topicality of the human rights issue following the adoption of the UN Guiding Principles in 2011.

Hence, the research question to be investigated is: Under which conditions do German DAX companies systematically manage human rights issues?

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