

Deliberative Democracy and the Political Corporation

Critical Perspectives on Transparency and Regulation in the Context of
Business and Human Rights

Doctoral Dissertation

to obtain the academic degree of a

Doctor rerum politicarum (Dr. rer. pol.)

of the Faculty III – School of Economic Disciplines, University of Siegen

submitted by

Oliver Schneider, M.Sc.

First Supervisor: Prof. Dr. Andreas Dutzi

Second Supervisor: Prof. Dr. Volker Stein

Chair of Disputation Committee: Prof. Dr. Martin Thomsen

Date of Disputation: July, 9th 2026

Dean of the Faculty: Prof. Dr. Marc Hassenzahl

to Albert, Bela and Lisa

Acknowledgement

This dissertation was developed during my time as a research associate at the Chair of Management, Accounting, and Corporate Governance at the School of Economic Disciplines, University of Siegen. During the last five years, I experienced some of the most enlightening and inspiring, as well as the most challenging times of my life, both personally and intellectually. Accordingly, I want to take the opportunity to thank those people who accompanied my journey.

Foremost, I want to express my thanks and gratitude to Prof. Dr. Andreas Dutzi, my academic teacher and the first supervisor of my dissertation. His curiosity and his straightforward way of thinking inspired my everyday work as a scholar, just like the freedoms – both in terms of theoretical and methodological approaches – he granted me for my own work enabled the development of this dissertation in the way it unfolded, as well my personal intellectual journey from a libertarian to a far more critical thinker along the way. Second, I want to thank Prof. Dr. Volker Stein for serving as a second supervisor. Both his academic rigour and his kind and humble personality are an inspiration for present and coming generations of students and scholars. Further, I want to thank Prof. Dr. Martin Thomsen, not only for heading my disputation committee, but also for his friendly and empowering attitude and his challenging yet constructive feedbacks during many personal talks and doctoral colloquia. Last, but by far least, I want to thank Susanne Schwab. Without your emotional support and your ongoing dedication to unburden us junior researchers from administrative tasks, mine as well as so many other successful projects would not have been realised.

“A problem shared is a problem halved” – accordingly I want to thank my fellow PhD students from the Chair of Accounting and Corporate Governance and the Chair of Taxation here in Siegen. Our lively, often challenging, but always constructive discussions enlightened me at all times, and without the many personal discussions, conference visits, and colloquia, my work would not have developed the way it has. Among those, I especially want to mention my co-author Dr. Alexander Hasenau, as well as Dr. Michael Mies, Anne Seeh and Andreas Buhrandt. Further, I want to mention Dr. Sophia Schwoy, Dr. Gert Gilson, David Busemann, Ann-Kristin Meyer, Sarah Stachelscheid, Iryna Kurz, Guido Jilge, Mareike Hockmann and Christian Dornhoff. Last but not least, I want to thank Simon Gilles for his support as a research assistant.

My intent has always been to produce knowledge that is not only academically but also practically relevant. In order to allow transfer from academia to practice, I hence deem it extremely important that scholars maintain a ‘foot on the ground’ and engage in practical work.

Accordingly, I want to express my gratitude to WP/CPA Markus Schneider, partner at RSM Ebner Stolz, for enabling me to perform practical work aligned with my academic interest in a manner compatible with my many private and academic duties. Also, I want to thank the whole team at RSM Ebner Stolz in Siegen and Bonn for the opportunity to steadily learn and grow professionally, as well as their team-spirit, kindness, and simply for making assurance the dream-profession it became for me. Among others, I especially want to thank WP/StB Torsten Janßen, WP/StB Uwe Harr, WP/StB Burkhard Völkner, StB Andreas Hensel, StB Pawel Majewski, RA Dr. Pierre Glozbach, as well as the “administrative back-bone” of our office, Ms. Katja Müller and Ms. Claudia Sundrup – especially for tolerating me in the scattiest version of myself when things started to get messy along the way and between many conflicting priorities and deadlines.

Further, I want to express my gratitude for my friends and family, without whom this whole journey with all its emotional ups and downs would not have been possible. I want to thank my friends from the fan-scene of Sportfreunde Siegen – you all know what I owe to you after nearly one and a half decades we laughed and suffered together. Never had I become who I am today without you. Second, I want to thank my parents, Frank and Petra, my brother Lukas and my grandmother, Helga, as well as my broader family, especially Aunt Christa and Steffi, for their love and their unwavering support during my childhood and my early studies. We still live in a society that suppresses working-class children, and so I am extremely proud that I am one of only two percent of working-class children that manage to obtain a PhD in Germany. Of course, my work in a field strongly related to the rights of workers is in huge parts inspired by the hard work it took all of you to make my journey happen. I further want to thank my parents-in-law, Michael and Birgit, without whom balancing between my many professional duties, and my own small family would not have been possible during the last years.

This leads to the last – and by far the most important – people to whom I owe grate and thanks: my better half, Lisa, and our sons, Albert and Bela. Albert, who was born when I was a year and a half into my research project, and Bela, who was born while I was preparing for the defence, are the light of my everyday life and the end of my search for purpose. They continuously inspire me to strive towards leaving behind a world that is better than the one we witness today, a world where every child will be able to live a dignified life and where justice, not money or power, is the principle that structures society. Lisa, in turn, is not only among the most supportive and loving people I ever got to know, she is also among the smartest people I have ever met. Not only did she encourage me to start a PhD when I was anything but close to making the decision, but without her I would have never heard of Frankfurt School critical

theory, which inspired so much of the work I later developed. Of course, my academic journey would not have been possible without her, nor would I have been capable to navigate the intellectual and mental challenges I faced during the last years without her love and her continuous support. You have been the reason to go on, whenever the finishing line seemed to be out of reach. You kept me going, when I felt like my feet wouldn't move anymore. My personal success is our collective success. The entirety of this work is dedicated to you.

Siegen, July 2026

Oliver Schneider, M.Sc., CIA

Table of Contents

List of Figures.....	IV
List of Tables	V
List of Abbreviations	VI
A. Introduction	1
A.1 Background, Motivation, and Theoretical Framing	1
A.2 Summary of Research Papers: Research Questions and Approaches.....	5
A.2.1 Accounting and Accountability in Business and Human Rights: A Structured Literature Review and Research Synthesis.....	5
A.2.2 Communicative Validity as Microfoundation of Accountability: Corporate Disclosure on Civil Society Engagements in the Context of Human Rights	8
A.2.3 Challenges to Corporate Transparency on Human Rights: Interrelated Communicative Distortions	9
A.2.4 Democratic Legitimacy and Transnational Business Regulation: The Ideal of Deliberative Democracy in the Context of Mandatory Human Rights Due Diligence in Europe	11
A.3 References	13
B. Accounting and Accountability in Business and Human Rights: A Structured Literature Review and Research Synthesis.....	18
B.1 Introduction	19
B.2 Methodology	21
B.2.1 Literature search and sampling.....	21
B.2.2 Analytical Framework.....	22
B.3 Analysis and Gap Assessment: Structured Literature Review Outcomes	25
B.3.1 Research field.....	25
B.3.2 Research design.....	27
B.3.3 Research context	29
B.3.4 Research focus	30
B.4 The Role of Accounting in Business and Human Rights: Meta-Synthesis and Conceptual Framework.....	31
B.5 Future Directions for Accounting Research in Business and Human Rights	37
B.5.1 Procedural Engagement and Transparency in HRA	38
B.5.2 The Effectiveness of HRA in Changing Corporate Conduct.....	39
B.6 Conclusions and Final Remarks	41
B.7 References	43
B.8 Appendix	50
C. Communicative Validity as Microfoundation of Accountability: Corporate Disclosure on Civil Society Engagements in the Context of Human Rights.....	57

C.1	Introduction	58
C.2	Analytical Framework.....	60
C.2.1	Habermas’s Critical Social Theory and Deliberative Democracy.....	60
C.2.2	The Political Corporation and Accountability for Human Rights	61
C.2.3	Communicative Validity as Microfoundation of Corporate Accountability	64
C.3	Methodology	66
C.3.1	Sample.....	66
C.3.2	Data analysis	68
C.4	Distortions of Civil Society Engagement Disclosures	69
C.4.1	Comprehensibility	69
C.4.2	Legitimacy.....	71
C.4.3	Sincerity	76
C.4.4	Truth.....	79
C.5	Communicative Validity and Corporate Accountability – Challenges and Future Directions ...	81
C.6	References	85
D.	Challenges to Corporate Transparency on Human Rights: Interrelated Communicative Distortions.....	92
D.1	Introduction	93
D.2	Literature Review and Theoretical Framework.....	94
D.2.1	Empirical Investigations into Corporate Transparency on Human Rights	94
D.2.2	Deliberative Democracy and Communicative Action.....	97
D.3	Methodology: Adaption of Habermasian Critical Discourse Analysis	102
D.4	Analysis and Discussion	106
D.4.1	The Meaning and Purpose of Transparency	106
D.4.2	Challenges related to External Corporate Communication	108
D.5	Concluding Remarks and Implications.....	119
D.6	References	122
E.	Democratic Legitimacy and Transnational Business Regulation: The Ideal of Deliberative Democracy in the Context of Mandatory Human Rights Due Diligence in Europe.....	127
E.1	Introduction	128
E.2	Context: Towards Mandatory Human Rights Due Diligence in Europe	129
E.3	Habermas’ Model of Deliberative Democracy and the Legitimacy of Transnational Business Regulation	131
E.4	Methodology and Sampling.....	135
E.5	Suggested Changes to the Commission’s Proposal and their Representation in the CSDDD Evolution	137
E.5.1	Suggested Changes to the Commission’s Proposal.....	137
E.5.2	The Different Stages of the Directive’s Evolution and the Colonisation of the Political Deliberation	153
E.6	Conclusions, Implications, and Future Research Directions.....	157

E.7	References	160
E.8	Appendix	164
F.	Summary of Findings and Conclusion	167
F.1	Summary of Findings.....	167
F.2	Contribution, Implications, and Recommendations	176
F.3	Limitations.....	182
F.4	References	185
G.	References Dissertation.....	189

List of Figures

Figure A-1: The Business Firm in Habermas' Societal Model.....	3
Figure B-1 System of Purposes of HRA	32
Figure B-2 Conceptual Framework for HRA Research	34
Figure D-1 Reported Meaning of Transparency	106
Figure E-1 Inclusion of Suggestions in the Provisional Agreement	154
Figure E-2 Inclusion of Suggestions in the Final Directive	155
Figure E-3 Inclusion of Suggestions in the Omnibus Proposal	156
Figure F-1 Suggested Model of Interrelated Levels of Corporate Discourse	177

List of Tables

Table A-1 Summary of Research Papers	7
Table B-1 Analytical Framework.....	24
Table B-2 Top Journals By Contribution.....	26
Table B-3 Most Influential Papers (Total Citations).....	27
Table B-4 Most Influential Papers (Citations per Year)	27
Table B-5 Jurisdiction and Research Methods.....	28
Table B-6 Detailed Conceptual Framework and Sub-Categories	50
Table C-1 Sample by Supply Chain Affiliation	67
Table C-2 Analysed Material	68
Table C-3 Operationalisation of Habermas' Validity Claims.....	69
Table C-4 Civil Society Stakeholders by Sector Affiliation	72
Table C-5 Identified Interaction Clusters	73
Table C-6 Informative and Cooperative Stakeholder Relations	76
Table C-7 Relationship Dictionaries	77
Table C-8 Predominant Disclosure Type	78
Table D-1 Operationalisation of Habermas' Validity Claims	103
Table D-2 Interviewee Characteristics	105
Table D-3 Communicative Distortions and External Communication	109
Table E-1 Contributions per Stakeholder Group.....	136
Table E-2 Suggestions on Harmonisation	139
Table E-3 Suggestions on Stakeholder Engagement.....	140
Table E-4 Suggestions on Stakeholder Groups.....	142
Table E-5 Suggestions on International Instruments	143
Table E-6 Suggestions on Responsibility for Activities and Relationships	145
Table E-7 Suggestions on Sectoral Approach.....	149
Table E-8 Suggestions on Size Thresholds	150
Table E-9 Inclusion of Suggestions in the CSDDD Evolution	164

List of Abbreviations

AAAJ	Accounting, Auditing & Accountability Journal
ABDC	Australian Business Deans Council
ARI	Academia and Research Institution
BA	Business Association
BHR	Business and Human Rights
CA	Communicative Action
CDA	Critical Discourse Analysis
CO	Company
CPA	Critical Perspectives on Accounting
CPY	Citations per Year
CSDDD	Corporate Sustainability Due Diligence Directive
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
ESRS	European Sustainability Reporting Standards
EU	European Union
EUC	EU Citizen
GDP	Gross Domestic Product
HRA	Human Rights & Accounting
HRDD	Human Rights Due Diligence
KALPHA	Krippendorff's Alpha
nEUC	non-EU Citizen
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Cooperation and Development
PA	Public Authorities
PCSR	Political Corporate Social Responsibility
RQ	Research Question
SLR	Structured Literature Review
TCA	Theory of Communicative Action
TU	Trade-Union
UN	United Nations
UNGP	United Nations Guiding Principles on Business and Human Rights
VHB	Verband der Hochschullehrer für Betriebswirtschaft

A. Introduction

A.1 Background, Motivation, and Theoretical Framing

Traditional economic theorising assumed that economic actors, be it natural persons or corporations, operate within the borders of sovereign nation states, which are capable to steer behaviour by means of law, taxation, and economic policy (Smith, 2014). While free markets and competition, the foundations of industrial capitalism, were – and to a considerable extent still are – argued to result in increased wealth for the economy as a whole, as early as in the late 19th century it was however argued that, even within the context of sovereign nations and nothing comparable to contemporary globalisation, increases in productivity can be dialectically entangled with impoverishment of common people and the working class (Habermas, 1999; Marx, 1969). Both among political theorists (Habermas, 1998, 1999) and among economists (Sen, 1999), it is hence argued that, even though the market is necessary to orchestrate economic utilisation, wealth eventually has to be defined differently than solely in terms of macroeconomic productivity (Sen, 1999). Hence, it is argued that at societal level mechanisms are necessary to prevent a subordination of social structures, for example identities and cultural traditions, under imperatives of the monetarised global economy (Habermas, 1981a, 1981b).

Context, however, has changed since the late 19th century. With an ever-increasing pace the economy globalises, transcending not only national borders, but also reducing the capabilities of sovereign nation states to regulate businesses' behaviour, as business is free to choose where to locate its operations (Habermas, 1998). Thus, transnational business operates in 'governance gaps' resulting from the combination of deficiencies in global business regulation on the one, and the impact and scope of transnational business activity on the other hand (Ruggie, 2008; Sikka, 2011). While the capabilities of the nation state to hold companies to account declined, simultaneously transnational business firms establish themselves as extremely powerful and wealthy actors, many of which's revenues even exceeding the GDP of the majority of nation states (Oxfam, 2016). This dissertation is accordingly motivated by curiosity as to how the public may be enabled to exercise leverage over transnational business, even when the latter operates abroad and in less well-governed environments.

More specifically, this dissertation is dedicated to the issue of business and human rights. Given the weaknesses of transnational governance, companies are, on the one hand, accused to be complicit in a broad range of human rights abuses, for example with respect to rights of workers, indigenous people, or racial and gender-based discrimination (Ruggie, 2008). On the other hand, companies are identified as being capable to unfold as a force for the betterment of

situations on the ground for rights-holders, given their leverage over suppliers and local working conditions in their own facilities, as well as their ability to influence international regulatory initiatives (Scherer & Palazzo, 2007). Companies are hence no longer conceptualised as mere private actors subject to external policy and regulation, but as political actors that are embedded in society and capable to influence political and regulatory initiatives at local and global level (Scherer & Palazzo, 2007, 2011).

But why to focus on human rights? Historically, the idea of human rights is deeply encoded into the ethics of enlightenment and the liberal democratic order, especially in Western Europe (Habermas, 1992, 2010). However, it would be faulty to assume human rights a Western construct, let alone to assume human rights as a form of value-imperialism. Contrary, the idea of human dignity, arguably the moral underpinning of positive human rights, can evidently be found in nearly all cultures and traditions, transcending spatial and temporal horizons (Habermas, 2010; Sen, 2004, 2011). The culture-transcending nature of human rights is important, as the attempt to mobilise any public to hold transnational business to account depends directly on a common understanding of normative values. Shared values, according to Habermas, serve as counterfactual to empirical conduct (Habermas, 1981a, 1981b). Thus, if societal actors do not align with these values, it can be expected that peer members of society criticise these actors and demand change in conduct. In line with both Sen and Habermas, this dissertation follows the argument that positive human rights, representing a culture-transcending understanding of human dignity and human coexistence, are most promising in mobilising a sufficient global public not only capable, but certainly willing to critically engage with company practices.

While, especially given the spontaneity of solidarity in the digital era (Habermas, 2022), human rights might prove the most promising avenue to accelerate global responses to allegations of corporate misconduct, an inquiry into democratic oversight of business practice, however, first creates demand for a theory of the public itself. This dissertation follows the work of Jürgen Habermas and his conceptualisation of the political public. Specifically, this dissertation is grounded in the idea that the public is constituted of the members of a socio-historical community, connected by means of natural language, and seeking to govern themselves by means of public deliberation (Habermas, 1981a, 1981b, 1992). In Habermas' theorising, a relevant public is hence consisting of those that are both capable (Habermas, 1981a, 1981b, 1983) and willing (Habermas, 1992, 1999) to contribute to the further evolution of public governance, given their affectedness by the conduct in question. In the context of transnational business, this might entail as well critical civil society actors, like NGOs or ethical consumer organisations, just like investors, business enterprises, and rights-holders like indigenous people,

workers, women or children. The challenge, thus, is to analyse the mechanisms that seek to enable the public to govern business enterprises, by means of a communicative deliberation, just like the impact that business enterprises, in turn, enact within the institutionalised procedures of public governance (Gregg, 2021).

Figure A-1 below illustrates how the business firm is positioned in Habermas' complex societal model. Generally, businesses are situated between both components of his model, the so-called lifeworld, where social orders, personalities, and cultural values are reproduced by means of natural language (Habermas, 1981a, 1981b), and the system, a media-steered social construct, where not deliberation, but utility calculus is used to make decisions and evaluate alternative behaviours (Habermas, 1981b). That is, on the one hand, companies are entities within the administrative and economic systems, while on the other hand, through their relationship with employees, communities, and other stakeholders, they are entangled with the normative aspirations debated in the lifeworld.

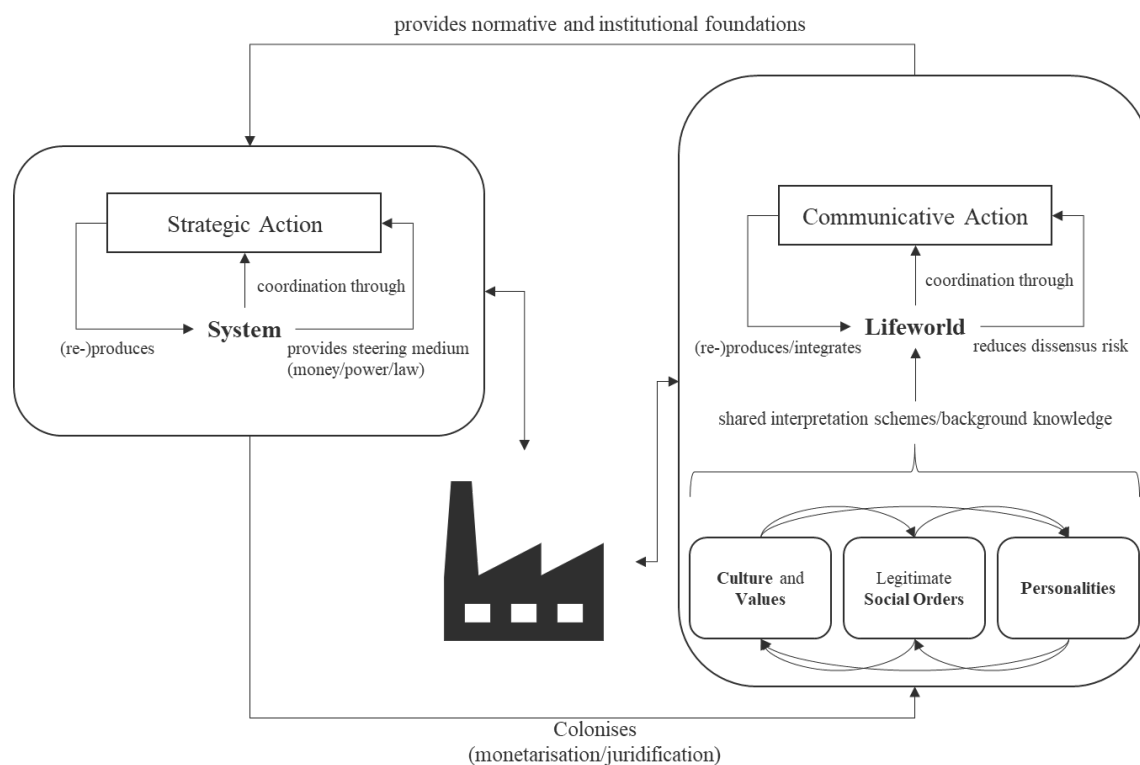


Figure A-1: The Business Firm in Habermas' Societal Model

Central to an analysis of the 'political corporation' in a Habermasian theoretical framework hence is the question how business enterprises interact with both societal structures, but especially with natural persons constituting lifeworld. Particularly important in this regard are

notions on corporate transparency (Mena & Palazzo, 2012; Scherer & Palazzo, 2011), as well as grassroots engagement with people affected by corporate behaviour (Rasche & Esser, 2006). Drawing on the idea that social orders are best legitimised by self-determination of people (Habermas, 1992, 1999), and focusing on the procedural conditions for legitimate decision making (Habermas, 1983; Rasche & Esser, 2006), companies are hence called to be transparent on their practices, while simultaneously engaging with their stakeholders in order to cooperate in the development of accountable business practice, in an attempt to enable the public to exert influence on company decision-making. The first three research papers of this dissertation are thus dedicated to corporate transparency and corporate engagement, seeking to shed light on the communicative practices of companies, and whether or not these may allow for rational public discourse on business activities in relation to human rights.

Another important component of Habermas' theorising is colonisation (Habermas, 1981a, 1981b, 2020). Colonisation, in Habermas conceptual model, refers to the evolutionary tendency that components of the lifeworld, originally reproduced through communicative interaction, get subordinated to imperatives of the systems, so the economy and the administration. Law, if discourse is colonised, is at risk to no longer represent the values and aspirations of a socio-historical community, but to only serve the predictability of economic utilisation (Habermas, 1999). The influence of business organisations on processes of public governance hence has to be evaluated carefully (Gregg, 2021; Mena & Palazzo, 2012), given that companies, as main organisations of the economic system, might exert undue influence on the design and content of initiatives whose primary purpose is to steer the economic sector towards greater alignment with civil society aspirations.

Following, the final part of this dissertation seeks to evaluate the influence companies and their associations exerted during the development of the EU's Corporate Sustainability Due Diligence Directive (CSDDD). Transparency-based interventions are accused to be insufficient in steering companies towards greater respect for human rights, for example as they typically do not involve sanctions for misconduct and have to rely on market reactions (Gold & Heikkurinen, 2018; Mares, 2018). Accordingly, several governments, including Germany (Dutzi et al., 2021), imposed behavioural duties on companies. The CSDDD represents the EU's attempt to provide for a level-playing field within the European Union (Dutzi et al., 2022). In the light of considerations on colonisation and given the development of the EU's sustainability framework, particularly the recent debate on 'Omnibus Simplifications', it remains questionable whether the behavioural components of the framework are still aligned with demands articulated by civil society. Thus, it is important to evaluate the extent to which the discourse on

behavioural duties is colonised, and whether such colonisation has an impact on the ability of behavioural approaches to counter deficiencies of transparency-based interventions.

Altogether, the dissertation is motivated by seeking to analyse the interplay of three components deemed relevant to a people-centric governance of international business: corporate engagement with civil society, corporate transparency, and democratic public governance. As each of these communicative practices is capable to both stabilise and transcend the discourse on business and human rights through each interaction (Habermas 1981a, 1981b), the studies in this dissertation focus on corporate interactions with their social environment. The overarching research question of this dissertation is thus

RQ0: How does corporate interaction with society shape the discourse on corporate accountability for human rights?

The next subchapter provides an overview of the four research papers, briefly outlining the research questions, employed methodological approaches, and sampling strategies. Table A-1 below illustrates several characteristics of the four research chapters (Schwoy, 2024).

A.2 Summary of Research Papers: Research Questions and Approaches

A.2.1 Accounting and Accountability in Business and Human Rights: A Structured Literature Review and Research Synthesis

The first research paper includes a structured literature review (SLR) of the accounting and accountability literature on human rights. As outlined in the previous section, transparency is key for accountability, given it enables public assessment of company practices. Particularly, corporate reports are central media through which companies seek to communicate with the public (Healy & Palepu, 2001; Wright, 1994; Yuthas et al., 2002). Further, the assessment and evaluation of information is central to the international frameworks underpinning contemporary debates on corporate respect for human rights (United Nations, 2011). So, corporate respect for human rights, just like corporate accountability itself, is deeply entwined with accounting. Namely, respecting human rights is depending on the ability of companies to ‘know’ and their willingness to ‘show’ the risks and impacts related to human rights connected to their activities (Li & McKernan, 2016; United Nations, 2011). As the aim of this dissertation is to deepen understanding on corporate accountability for human rights, it was hence a logical first step to analyse the academic discourse connecting accounting, accountability, and human rights.

The paper follows methodological considerations developed by Massaro et al. (2016), who provide a methodology for a structured literature review (SLR) specifically concerned with accounting research. Accounting for human rights is a considerably young and ‘niche’ research field (McPhail & Ferguson, 2016). Hence, it needs structuring, making a strong case for a SLR as a methodological approach (Dumay et al., 2016). This in mind, and given the intention to create an overview of the whole literature, rather than focusing on the relationship of specific variables as might be suitable in cases of more developed fields (Schwoy, 2024), the study opted to not reduce the scope of articles to quantitative studies, but to include qualitative and normative research as well. This decision was further reinforced given business and human rights originally stems from international law (Ratner, 2020; Wettstein, 2020), supporting the inclusion of literature streams that relate to human rights. accounting and accountability, but that normally would not necessarily be at attention of accounting scholars. The approach provided by Massaro et al. (2016) was hence considered especially fruitful, given their explicit acknowledgement of methodological openness in accounting and their specific attempt to provide a framework that allows to integrate both qualitative and quantitative findings (p. 768).

Structured literature reviews are a technique of critical management research (Massaro et al., 2016). Critical management research seeks to enable the researcher to generate insights, provide for a critique of existing discourse, and to allow for a transformative redefinition (Alvesson & Deetz, 2000). With respect to the analysis of existing research, the intention hence is to structure the field, to critique the findings, and to allow for the development of an enhanced research framework. Accordingly, following Massaro et al. (2016), the SLR delves into the three research questions explicated below:

RQ1-1: How has research on HRA developed over time?

RQ1-2: What is the focus of HRA research?

RQ1-3: What are the future directions for HRA research?

The structured literature review itself is based on a database-driven inquiry, utilising a keyword search using multiple search strings. The study covers contributions provided between 2001 and 2024. Publications were gathered using Emerald Insights, EconBiz, Sage, Springer, Web of Science, and Elsevier. In total, 50 contributions were identified as relevant.

Table A-1 Summary of Research Papers

Chapter Number	Title	Authors	Methodology and Sampling	Author's Contribution	History and Publication Status
B.	Accounting and Accountability in Business and Human Rights: A Structured Literature Review and Research Synthesis	Oliver Schneider; Andreas Dutzi	Structured literature review covering 50 research papers published between 2001 and 2024	Oliver Schneider: research concept, data aggregation, data analysis (coding), first draft, final draft, editing Andreas Dutzi: review, editing	Oral presentation at the 22nd EURAM Conference, 2022; logged as reject and data analysis (coding), first draft, final resubmit after two revise and resubmit at Accounting Perspectives (VHB: B)
C.	Communicative Validity as Micro-foundation of Accountability: Corporate Disclosure on Civil Society Engagements in the Context of Human Rights	Oliver Schneider; Mike Rogerson; Andreas Dutzi	Critical discourse analysis drawing on corporate communications of nineteen multinational enterprises covering the financial year 2020/2021	Oliver Schneider: research concept, data aggregation, data analysis (coding), first draft, final draft, editing Mike Rogerson: review, editing Andreas Dutzi: review, editing	Oral presentation at the 23rd EURAM conference, 2023, the 10th Annual Conference on Risk Governance, 2023, the 9th Italian Conference on Social and Environmental Accounting, 2024; currently logged as revise and resubmit at Accounting, Auditing, Accountability Journal (VHB: A)
D.	Challenges to Corporate Transparency on Human Rights: Interrelated Communicative Distortions	Oliver Schneider; Andreas Dutzi	Critical discourse analysis drawing on twenty interviews with a diverse panel of expert practitioners	Oliver Schneider: research concept, data aggregation, data analysis (coding), first draft, final draft, editing	Oral presentation at the 25th EURAM conference, 2025; currently under review at Critical Perspectives on Accounting (VHB: B)
E.	Democratic Legitimacy and Transnational Business Regulation: The Ideal of Deliberative Democracy in the Context of Mandatory Human Rights Due Diligence in Europe	Oliver Schneider; Andreas Dutzi	Critical discourse analysis drawing on 257 contributions to the public consultation on the European Corporate Sustainability Due Diligence Directive	Andreas Dutzi: review, editing Oliver Schneider: research concept, data aggregation, data analysis (coding), first draft, final draft, editing Andreas Dutzi: review, editing	Oral presentation at the 15th Spanish Conference on Social and Environmental Accounting, 2025; currently under review at Critical Perspectives on Accounting (VHB: B)

A.2.2 Communicative Validity as Microfoundation of Accountability: Corporate Disclosure on Civil Society Engagements in the Context of Human Rights

Habermas, in his discourse ethics, outlined several principles that constitute a legitimate decision, among those freedom of coercion and the ability of each affected individual to contribute to the discourse (Habermas, 1983; Rasche & Esser, 2006). Accordingly, central to a politically responsible corporation is avoidance of marginalisation in its initiatives (Roussey et al., 2022). International reference standards for operational and strategic due diligence, the process through which companies are called to demonstrate their respect for human rights, hence explicitly address the importance of an appropriate inclusion of affected people into sensemaking procedures and corporate governance (United Nations, 2011). Prior research, however, indicates that there is a broad variety with respect to the means companies employ to engage their stakeholders (Torelli et al., 2020), while in many instances appropriate engagement is entirely absent (Barone et al., 2013). With respect to business and human rights, it has been further criticised that powerful stakeholders are considered by corporate management, while often marginalised and vulnerable groups are not empowered to have their say on company initiatives (Gallhofer et al., 2011).

At the time the second paper was developed there was no mandatory provision for stakeholder engagement around the world. Hence, company officials faced high discretions, both with regards to whom they decide to engage with and in what manner. To evaluate the appropriateness of company-conduct, given the absent of any supervisory authority, civil society and market participants have to rely on the disclosures provided by companies in an attempt to voluntarily provide for transparency (Scherer & Palazzo, 2007, 2011). Simultaneously, prior research indicates that companies actively utilise language in order to create a specific imagery of their duties (McPhail & Adams, 2016). Hence, not only does public disclosure provide for a means to evaluate a single corporation, but it likewise, given the tendencies towards isomorphic behaviours across business organisations (Martínez-Ferrero & García-Sánchez, 2017), contributes to the shared understanding of what appropriate conduct, in this case engagement with stakeholders, actually means.

In Habermas' framework, whether or not the conclusions drawn from communications, and ultimately the societal decisions made, are rational strongly depends on the quality of the discourse (Habermas, 2022). If public corporate communications are understood as contributions to the discursive evolution of (non-coded) behavioural norms, they hence have to be aligned, as closely as possible, with the ideal of communicative action (Habermas, 1981a, 1981b; Yuthas et al., 2002). Communicative action, in turn, relies on the assumption that four

overarching principles (validity claims) are adhered to by discourse participants: comprehensibility, propositional truth, subjective sincerity, and normative legitimacy (Cukier et al., 2004; Cukier et al., 2009). While ‘ideal speech’, hence a situation where all actors fully align with the principles of communicative action, is empirically unlikely (Habermas, 1981a, 1981b), the principles of communicative validity nevertheless provide for a counterfactual, against which real-world discourse can be evaluated (Wright, 1994; Yuthas et al., 2002).

In order to assess the rationality of the contemporary discourse on appropriate engagement, especially with rights-holders and civil society organisations acting as their stewards, the second paper seeks to answer the following research question:

RQ2-1: How do companies pioneering in business and human rights depict their civil society interactions within the context of their human rights due diligence (HRDD)?

RQ2-2: How credible is this information for decision-making at societal level?

The paper employs a critical discourse analysis, developed by Cukier et al. (2004) in the context of information systems research. Their approach was chosen, since it provides a structured and replicable approach to utilise and operationalise Habermas’ validity claims to critically evaluate public communications, in their case media communication. Similar approaches have, however, been applied in accounting research (Inocencio & Favoreto, 2022; Wright, 1994; Yuthas et al., 2002), underlining its suitability for inquiries into corporate disclosure. The study thus aims to uncover how close corporate reporting on engagement with civil society actors is aligned with ideals of communicative action. It therefore draws on public statements by nineteen companies independently rated as pioneers in the business and human rights field, covering the financial year 2020/2021.

A.2.3 Challenges to Corporate Transparency on Human Rights: Interrelated Communicative Distortions

Corporate transparency on human rights has gathered increasing attention within the literature (Islam & McPhail, 2011), as well as in practice (Favotto & Kollman, 2021; Hubers & Thijssens, 2020). However, despite the number of companies disclosing on human rights and the extent of provided disclosures are increasing, average levels of disclosure remain low, according to prior research (Gallego-Alvarez, 2008; Rogerson, 2023; Rogerson et al., 2024). Further, even where disclosure is available, existing research points to several issues limiting the credibility of disclosures. For example, existing research points to omission of relevant

information (Rao & Bernaz, 2020) or utilisation of connotative language fostering a specific imagination of the respective company (McPhail & Adams, 2016).

While existing research mainly utilises institutional factors, like women on boards (Branco et al., 2022) or regulatory developments (Hubers & Thijssens, 2020), to explain why certain companies might be more transparent than others, none investigates inherent and internal reasons that might explain why companies are not more transparent, so whether they face substantial challenges that withhold them. Further, existing literature is fragmented by contexts, mostly qualitative and based on secondary data, and often focusing on listed companies given better data availability. Conclusions as to whether identified problems are structural or particularities in their specific context are hence difficult to draw. Additionally, despite the general importance of inclusive deliberations is repeatedly articulated in scholarly contributions in the field (Buhmann, 2018; Buhmann et al., 2019), practitioners' voices haven't yet been sufficiently incorporated into the discourse. From a validity perspective, arguably the academic discourse itself might hence be lacking adherence to the legitimacy principle (Cukier et al., 2004; Cukier et al., 2009; Habermas, 1981a).

The third research paper, accordingly, seeks to fill these gaps, on the one hand by allowing a diverse panel of experts to raise their voices on the state of corporate transparency on human rights. On the other hand, the paper is seeking to provide for a more generalisable opinion on the deficiencies of transparency practices given the seniority of the panel and their rich practical experiences in developing, using, and criticising company disclosures. Further, the study not only seeks to investigate whether there are any deficiencies, but (if any) to explain the reasons why transparency on human rights is not yet realised. Hence, the paper asks the following research question:

RQ3: How do practitioners working in the business and human rights field account for challenges to corporate transparency on human rights?

The paper again utilises a critical discourse analysis, based on Habermas' theory of validity claims (Cukier et al., 2004; Inocencio & Favoreto, 2022; Yuthas et al., 2002). Contrary to the original contributions applying the methodology and to the second research paper presented in this dissertation, the study does not directly analyse text, but rather seeks to structure the challenges brought forward according to the four principles of rational discourse. Hence, the study seeks to analyse whether there are observable communicative distortions, and whether these might be explained by distortions of communication at other levels than company disclosure.

The analysis itself is based on primary data gathered via semi-structured interviews. The panel of interviewees is highly diverse in terms of location, gender, age, and seniority, and covers five different stakeholder groups involved in either the production, the operational use, or the critical evaluation of corporate statements on human rights: investors, government agencies, companies, NGOs, and consultancies.

A.2.4 Democratic Legitimacy and Transnational Business Regulation: The Ideal of Deliberative Democracy in the Context of Mandatory Human Rights Due Diligence in Europe

Transparency-based intervention are accused to be insufficient to foster the change in corporate conduct needed to secure enjoyment of basic human rights for everyone (Gold & Heikurinen, 2018; Mares, 2018). In particular, transparency regulation is accused to be limited in its effect, as it does not fully reflect societal demands (Barone et al., 2013) and is insufficiently encouraging companies to implement proactive human rights strategies (Buhmann, 2018). Several governments, including Germany (Dutzi et al., 2021), hence developed mandatory behavioural provisions, seeking to transpose international soft-law frameworks like the UN Guiding Principles (United Nations, 2011) into national hard-law.

To counter the risk of a fragmented regulatory landscape within the European Union, the European Commission, in 2022, published a proposal for a Union-wide law, the so-called Corporate Sustainability Due Diligence Directive (CSDDD) (2022/0051 (COD), 2022). With respect to the development of law, it is however relevant to assure that legislative procedures are as free as possible from undue influence (Habermas, 1983, 1992). Particularly, with respect to regulation of transnational business with respect to human rights, it is argued that such legislative procedures should be designed carefully, in order to avoid corporate impact unduly undermining the purpose of the regulatory initiative (Gregg, 2021).

Whether or not a legislative act can be considered legitimate depends on the fairness and transparency of its deliberation (Mena & Palazzo, 2012), according to literatures on deliberative democracy and political CSR (Buhmann, 2017; Habermas, 2022). Whether the empirical deliberation on the European CSDDD renders the directive legitimate has, however, been questioned (Brunetti & Packroff, 2024). Particularly, journalists and parliamentarians accused co-regulators of having bended to powerful lobbying organisations. This accusation emerged as the final version of the directive diverged, in several key provisions, from both the draft issued by the commission and a provisional agreement reached between co-regulators in 2023 (Bueno et al., 2024).

Whether these accusations hold true, and whether the CSDDD in its current form is legitimate from a discourse theoretical perspective, has however not yet been systematically analysed. The fourth research paper thus asks:

RQ4: How legitimate are EU mandatory Human Rights Due Diligence provisions evaluated against the ideals of deliberative democracy?

The paper is based on a mixed approach utilising interpretative and quantitative elements of content analysis, again under the umbrella of a critical discourse analysis (Cukier et al., 2004; Cukier et al., 2009). The analysis is based on 280 contributions made by companies, business associations, NGOs, trade unions, academia, and other stakeholders to the public consultation on the Commission's draft directive. The paper investigates which groups suggested which particular changes to the proposal. It then proceeds by analysing which of these were finally incorporated or dismissed at which stage of the directive's discursive evolution. Hence, the study aims to allow for a critical assessment of both the directive in its present form and the underpinning procedures of the European Union as a regulator, while simultaneously allowing to critically comment on further amendments suggested by the Commission under the umbrella of the so-called 'Omnibus-Simplifications' in 2025.

A.3 References

- Alvesson, M., & Deetz, S. (2000). *Doing Critical Management Research*. SAGE Publications Inc.
- Barone, E., Ranamagar, N., & Solomon, J. F. (2013). A Habermasian model of stakeholder (non)engagement and corporate (ir)responsibility reporting. *Accounting Forum*, 37(3), 163–181. <https://doi.org/10.1016/j.accfor.2012.12.001>
- Branco, A. P. C., Bianchi, M. T., & Castelo Branco, M. (2022). Board demographic diversity and human rights reporting in Western Europe. *PSU Research Review*, 6(3), 158–174. <https://doi.org/10.1108/PRR-06-2020-0018>
- Brunetti, A., & Packroff, J. (2024, February 28). Political volte-face hits EU supply chain law amid unwavering Belgian ambition. *EURACTIV*. https://www.euractiv.com/section/economy-jobs/news/political-volte-face-hits-eu-supply-chain-law-amid-unwavering-belgian-ambition/?_ga=2.121839049.39553240.1736253815-2034997679.1736253812
- Bueno, N., Bernaz, N., Holly, G., & Martin-Ortega, O. (2024). The EU Directive on Corporate Sustainability Due Diligence (CSDDD): The Final Political Compromise. *Business and Human Rights Journal*, 9(2), 294–300. <https://doi.org/10.1017/bhj.2024.10>
- Buhmann, K. (2017). *Power, procedure, participation, and legitimacy in global sustainability norms: A theory of collaborative regulation*. Globalization. Routledge. <https://www.taylorfrancis.com/books/mono/10.4324/9781315525457/power-procedure-participation-legitimacy-global-sustainability-norms-karin-buhmann>
<https://doi.org/10.4324/9781315525457>
- Buhmann, K. (2018). Neglecting the Proactive Aspect of Human Rights Due Diligence? A Critical Appraisal of the EU's Non-Financial Reporting Directive as a Pillar One Avenue for Promoting Pillar Two Action. *Business and Human Rights Journal*, 3(1), 23–45. <https://doi.org/10.1017/bhj.2017.24>
- Buhmann, K., Jonsson, J., & Fisker, M. (2019). Do no harm and do more good too: connecting the SDGs with business and human rights and political CSR theory. *Corporate Governance: The International Journal of Business in Society*, 19(3), 389–403. <https://doi.org/10.1108/CG-01-2018-0030>
- Cukier, W., Bauer, R., & Middleton, C. (2004). Applying Habermas' Validity Claims as a Standard for Critical Discourse Analysis. In B. M. Kaplan (Ed.), *IFIP: Vol. 143. Information systems research: Relevant theory and informed practice ; IFIP TC8/WG 8.2 20th Year Retrospective: Relevant theory and informed practice - looking forward from*

- a 20-year perspective on IS research, July 15 - 17, 2004, Manchester, United Kingdom* (pp. 233–258). Kluwer Acad. Publ. https://doi.org/10.1007/1-4020-8095-6_14
- Cukier, W., Ngwenyama, O., Bauer, R., & Middleton, C. (2009). A critical analysis of media discourse on information technology: Preliminary results of a proposed method for critical discourse analysis. *Information Systems Journal*, 19(2), 175–196. <https://doi.org/10.1111/j.1365-2575.2008.00296.x>
- Dumay, J., Bernardi, C., Guthrie, J., & Demartini, P. (2016). Integrated reporting: A structured literature review. *Accounting Forum*, 40(3), 166–185.
- Dutzi, A., Hasenau, A., & Schneider, O. (2022). Verschärfte Anforderungen an die Sorgfaltspflichten in Liefer- und Wertschöpfungskette. *Der Konzern*, 372–381.
- Dutzi, A., Schneider, O., & Hasenau, A. (2021). Lieferkettenregulierung und Risk Governance – Implikationen für die betriebliche Praxis und Kritik. *Der Konzern*, 454–463.
- Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937, February 23, 2022.
- Favotto, A., & Kollman, K. (2021). When Rights Enter the CSR Field: British Firms' Engagement with Human Rights and the UN Guiding Principles. *Human Rights Review*, 1–20. <https://doi.org/10.1007/s12142-020-00614-w>
- Gallego-Alvarez, I. (2008). Analysis of social information as a measure of the ethical behavior of Spanish firms. *Management Decision*, 46(4), 580–599. <https://doi.org/10.1108/00251740810865076>
- Gallhofer, S., Haslam, J., & van der Walt, S. (2011). Accountability and transparency in relation to human rights: A critical perspective reflecting upon accounting, corporate responsibility and ways forward in the context of globalisation. *Critical Perspectives on Accounting*, 22(8), 765–780.
- Gold, S., & Heikkurinen, P. (2018). Transparency fallacy. *Accounting, Auditing & Accountability Journal*, 31(1), 318–337.
- Gregg, B. (2021). Beyond Due Diligence: The Human Rights Corporation. *Human Rights Review*, 22(1), 65–89. <https://doi.org/10.1007/s12142-020-00605-x>
- Habermas, J. (1981a). *Theorie des kommunikativen Handelns: Handlungsrationalität und gesellschaftliche Rationalisierung* (1st ed., Vol. 1). Suhrkamp.
- Habermas, J. (1981b). *Theorie des kommunikativen Handelns: Zur Kritik der funktionalistischen Vernunft* (1st ed., Vol. 2). Suhrkamp.
- Habermas, J. (1983). *Moralbewußtsein und kommunikatives Handeln*. Suhrkamp.

- Habermas, J. (1992). *Faktizität und Geltung: Beiträge zur Diskurstheorie des Rechts und des demokratischen Rechtsstaats* (2nd ed.). Suhrkamp.
- Habermas, J. (1998). *Die postnationale Konstellation*. Suhrkamp.
- Habermas, J. (1999). *Die Einbeziehung des Anderen: Studien zur politischen Theorie*. Suhrkamp Taschenbuch Wissenschaft. Suhrkamp.
- Habermas, J. (2010). Das Konzept der Menschenwürde und die realistische Utopie der Menschenrechte. *Deutsche Zeitschrift Für Philosophie*, 58(3), 343–357.
- Habermas, J. (2020). *Nachmetaphysisches Denken* (7th ed.). Suhrkamp.
- Habermas, J. (2022). *Ein neuer Strukturwandel der Öffentlichkeit und die deliberative Politik* (Erste Auflage, Originalausgabe). Suhrkamp. https://content-select.com/index.php?id=bib_view&ean=9783518774144
- Healy, P. M., & Palepu, K. G. (2001). Information asymmetry, corporate disclosure, and the capital markets: A review of the empirical disclosure literature. *Journal of Accounting & Economics*, 31(1-3), 405–440.
- Hubers, F., & Thijssens, T. (2020). Human rights reporting under increasing institutional pressure. *Maandblad Voor Accountancy En Bedrijfseconomie*, 94(7/8), 303–312. <https://doi.org/10.5117/mab.94.50425>
- Inocencio, E. R., & Favoreto, R. L. (2022). Communicative distortions in sustainability reports: an analysis based on habermasian thinking. *Cadernos EBAPE.BR*, 20(4), 543–556.
- Islam, M. A., & McPhail, K. (2011). Regulating for corporate human rights abuses: The emergence of corporate reporting on the ILO's human rights standards within the global garment manufacturing and retail industry. *Critical Perspectives on Accounting*, 22(8), 790–810.
- Li, Y., & McKernan, J. (2016). Human rights, accounting, and the dialectic of equality and inequality. *Accounting, Auditing & Accountability Journal*, 29(4), 568–593.
- Mares, R. (2018). Corporate transparency laws: A hollow victory? *Netherlands Quarterly of Human Rights*, 36(3), 189–213. <https://doi.org/10.1177/0924051918786623>
- Martínez-Ferrero, J., & García-Sánchez, I.-M. (2017). Coercive, normative and mimetic isomorphism as determinants of the voluntary assurance of sustainability reports. *International Business Review*, 26(1), 102–118. <https://doi.org/10.1016/j.ibusrev.2016.05.009>
- Marx, K. (1969). *Das Kapital* (Separatausgabe). Dietz.

- Massaro, M., Dumay, J., & Guthrie, J. (2016). On the shoulders of giants: undertaking a structured literature review in accounting. *Accounting, Auditing & Accountability Journal*, 29(5), 767–801.
- McPhail, K., & Adams, C. A. (2016). Corporate respect for human rights: meaning, scope, and the shifting order of discourse. *Accounting, Auditing & Accountability Journal*, 29(4), 650–678.
- McPhail, K., & Ferguson, J. (2016). The past, the present and the future of accounting for human rights. *Accounting, Auditing & Accountability Journal*, 29(4), 526–541.
- Mena, S., & Palazzo, G. (2012). Input and Output Legitimacy of Multi-Stakeholder Initiatives. *Business Ethics Quarterly*, 22(3), 527–556. <https://doi.org/10.5840/beq201222333>
- Oxfam. (2016). *The world's top 100 economies: 31 countries; 69 corporations – FP2P*. <https://oxfamapps.org/fp2p/the-worlds-top-100-economies-31-countries-69-corporations/>
- Rao, M., & Bernaz, N [N.] (2020). Corporate Responsibility for Human Rights in Assam Tea Plantations: A Business and Human Rights Approach. *SUSTAINABILITY*, 12(18). <https://doi.org/10.3390/su12187409>
- Rasche, A., & Esser, D. E. (2006). From Stakeholder Management to Stakeholder Accountability. *Journal of Business Ethics*, 65(3), 251–267.
- Ratner, S. R. (2020). Introduction to the Symposium on Soft and Hard Law on Business and Human Rights. *American Journal of International Law Unbound*, 114, 163–167. <https://doi.org/10.1017/aju.2020.35>
- Rogerson, M. (2023). Business and Human Rights in Russia: Emerging or Merging? *Business and Human Rights Journal*, 1–26. <https://doi.org/10.1017/bhj.2022.29>
- Rogerson, M., Scarpa, F., & Snelson-Powell, A. (2024). Accounting for human rights: Evidence of due diligence in EU-listed firms' reporting. *Critical Perspectives on Accounting*, 99, 1–19. <https://doi.org/10.1016/j.cpa.2024.102716>
- Roussey, C., Balas, N., & Palpacuer, F. (2022). Political CSR initiatives as levers of marginalisation: The disconnect between representatives and the so-called represented in the mining industry. *Critical Perspectives on International Business*, 18(1), 31–49. <https://doi.org/10.1108/cpoib-01-2018-0015>
- Ruggie, J. (2008). Protect, Respect and Remedy: A Framework for Business and Human Rights. *Innovations: Technology, Governance, Globalization*, 3(2), 189–212. <https://doi.org/10.1162/itgg.2008.3.2.189>

- Scherer, A. G., & Palazzo, G. (2007). Toward a Political Conception of Corporate Responsibility: Business and Society Seen from a Habermasian Perspective. *Academy of Management Review*, 32(4), 1096–1120.
- Scherer, A. G., & Palazzo, G. (2011). The New Political Role of Business in a Globalized World: A Review of a New Perspective on CSR and its Implications for the Firm, Governance, and Democracy. *Journal of Management Studies*, 48(4), 899–931. <https://doi.org/10.1111/j.1467-6486.2010.00950.x>
- Schwoy, S. M. (2024). *Discretionary powers in CSR, ESG and sustainability – a critical analysis of executives’ influences in shaping corporate CSR profiles*. <https://doi.org/10.25819/UBSI/10517>
- Sen, A. (1999). *Development as freedom*. Oxford University Press.
- Sen, A. (2004). Elements of a Theory of Human Rights. *Philosophy & Public Affairs*, 32(4), 315–356.
- Sen, A. (2011). *The idea of justice* (1. Harvard Univ. Press paperback ed.). Belknap Press of Harvard Univ. Press.
- Sikka, P. (2011). Accounting for human rights: The challenge of globalization and foreign investment agreements. *Critical Perspectives on Accounting*, 22(8), 811–827. <https://doi.org/10.1016/j.cpa.2011.03.004>
- Smith, A. (2014). *The wealth of nations. Shine classics*.
- Torelli, R., Balluchi, F., & Furlotti, K. (2020). The materiality assessment and stakeholder engagement: A content analysis of sustainability reports. *Corporate Social Responsibility and Environmental Management*, 27(2), 470–484. <https://doi.org/10.1002/csr.1813>
- United Nations. (2011). *Guiding principles on business and human rights*. United Nations.
- Wettstein, F. (2020). The History of ‘Business and Human Rights’ and its Relationship with Corporate Social Responsibility. In S. Deva & D. Birchall (Eds.), *Research handbooks in human rights series. Research handbook on human rights and business* (pp. 23–45). Edward Elgar Publishing Limited.
- Wright, M. (1994). Accounting, Truth and Communication: The Case of a Bank Failure. *Critical Perspectives on Accounting*, 5(4), 361–388.
- Yuthas, K., Rogers, R., & Dillard, J. F. (2002). Communicative Action and Corporate Annual Reports. *Journal of Business Ethics*, 41(1-2), 141–157.

B. Accounting and Accountability in Business and Human Rights: A Structured Literature Review and Research Synthesis

Oliver Schneider, M.Sc.*, Conceptual Design, Data Assessment and Analysis, Early Draft,
Final Draft, Editing

Prof. Dr. Andreas Dutzi*, Editing, Review

*Chair of Management, Accounting, and Corporate Governance, University of Siegen

An earlier version of this paper has been accepted for oral presentation at the 22nd European Academy of Management Annual Conference (2022) after a double-blind review. The current version has received two „revise & resubmit“ at Accounting Perspectives (VHB: B) and is currently logged as „reject & resubmit“ at the same journal to send it different reviewers and editors.

Abstract

We used a structured literature review to identify, illustrate, and interpret previous research on business and human rights and accounting. Following an extensive literature search covering over 2,000 articles, we identified 50 especially relevant articles, covering a period of 23 years. Drawing on the papers analysed, we provide for a more comprehensive understanding of the role of accounting in the nexus of business and human rights (HRA). We critically examine the role HRA could have to play in transforming the economy for a greater good and a more equitable future. We show how the scholarly debate, from various theoretical angles, is consensual on several conditions for HRA to unfold transformative potential, for example the necessity of broad information availability in discourses on accountability, which are called to be generated in a participatory manner, focusing on rights-holders as primary stakeholders. Further, we show that while the ideal of HRA is generally constituted, existing evidence shows practice falls behind in terms of implementation and trustworthiness of information. Hence, we last aggregate findings on factors that might increase adoption and quality of HRA as a concept itself, providing an aggregate framework to guide and inform future scholarly inquiries.

Concerning future research avenues and gaps in the literature, academic discourse lacks empirical investigations into the interplay of engagement, the key quality indicator for HRA, and existing disclosures thereon. We further encourage empirical research into whether HRA actually serves its main purpose, hence triggers stakeholder and market activism and ultimately results in increased human rights performance of corporations.

Keywords: Human Rights; Reporting; Disclosure; Accounting; Literature Review

B.1 Introduction

There is a long tradition of scholarship inquiring into the role of accounting in society, the purpose it serves, and its possible contributions to reinforcing abusive practices and realities. Accounting, in the mainstream, tends to be understood as a technical operation, neglecting its political and transformative character (Ordelheide, 2006). Built on the shareholder-primacy in contemporary global governance (Friedman, 1970), accounting practice hence developed as a means criticised for rather sustaining than challenging neoliberal capitalist hegemony and resulting global inequities (Alawattage & Wickramasinghe, 2008; Sikka, 2011). However, there is a continuous increase in research more critical of the role of accounting and accountability, both for the better and the worse of society. Surprisingly, explicit scholarly interest in the intersection of human rights and accounting (HRA) has been identified as comparably limited in the past (McPhail & Ferguson, 2016).

Building governance regimes around the assumption of shareholder primacy, resulted in unprecedented economic power of international corporations compared to sovereign states (Oxfam, 2016). Hence, in contemporary capitalism, corporations are capable to decide for the jurisdiction in which they operate – and to some extent exploit differences in regulatory landscapes – while states are increasingly incapable to hold them to account for moral deficiencies, e.g. related to human rights and the environment (Scherer & Palazzo, 2007). With regards to the increasing recognition of corporate complicity in human rights violations and abuses (Chetty, 2011), the UN tried to fill this governance gap (Ruggie, 2008) by developing a framework to address these new types of threats to human rights. First, the UN introduced a working group seeking to develop the means to hold corporations accountable for their conduct (Arnold, 2010). Later, UN established a reporting-based mechanism for corporations to express their approach to human rights (Global Compact, 2021a, 2021b). As the working group failed to reach a consensus on a global hard-law instrument, the UN developed and adopted a soft law instrument outlining corporate responsibilities with respect to human rights. These ‘Guiding Principles on Business and Human Rights’ (UNGP) outline the respective measures which corporations of all sizes and sectors should employ to reasonably ensure that their economic activities at least do not harm right-holders (Ruggie, 2008; United Nations, 2011).

The UNGP seek to lever two different means to increase corporate accountability: first, behavioural requirements, the so-called human rights due diligence (HRDD). HRDD is defined as analysing inherent risks of negative human rights impacts of corporations and their root causes, prevent or mitigate identified impacts, and the requirement to openly communicate

impacts and progress made, e.g. through formal reporting (Fasterling & Demuijnck, 2013). Considering the voluntary nature of the UNGP (Jägers, 2011), they depend on extra-legal mechanisms for enforcement, such as investor or consumer activism, which in turn rely on credible information. Formal reporting then ultimately serves the purpose to mobilise the public to hold corporations to account, indicating the second accountability mechanism of the UNGP.

Referring, generally, to accountability as the tripartite connection of systematic identification (accounting), internal and external verification (auditing), and internal and external communication (reporting) (Rasche & Esser, 2006), the UNGP can be interpreted as being heavily accounting-related. However, prior studies indicate the discussion on accounting for human rights (HRA) lacks common terms and that there is no saturation as to whether and how accounting might be utilised to serve the business and human rights (BHR) agenda (Pianezzi and Cinquini, 2016). Hence, our motivation is to investigate and synthesise a) the state of research on HRA, and b) utilise the insights provided by previous inquiries to develop a comprehensive research framework to inform future investigations.

Methodologically, we relied on a structured literature review (SLR). A SLR seeks to increase rigour in review processes by utilising a standardised search procedure and predefined criteria to select the papers reviewed. Hence, it is a procedure considered appropriate for assessing the contributions to a new research field, which needs structuring (Dumay et al., 2016). Traditional literature reviews (Denyer & Tranfield, 2006, p. 216) “have been criticised because the determination of which studies are to be included in the review and the appraisal of the study quality can be subjective” (p. 216). This problem of researchers’ bias in conventional literature reviews (e.g. narrative reviews) is explicitly targeted by executing a SLR due to its “replicable, scientific, and transparent process [...] as it minimises bias through exhaustive literature searches” (Tranfield et al., 2003, p. 209). Out of the wide range of SLR approaches, we decided to follow the guideline developed by Massaro et al. in 2016, since it delivers a methodology explicitly created for accounting research, and whose conceptual ideas have been successfully applied in a range of accounting-related SLRs (Bracci et al., 2019; Dumay, 2014; Dumay et al., 2016). According to Massaro et al. (2016), SLR is a methodology for critical management studies. It provides three essential types of information: insight, critique, and a transformative redefinition (Alvesson & Deetz, 2000). Besides presenting the discourse, and connecting and interpreting the research outcomes, transformative redefinition is understood to be the creation of competence (Alvesson & Deetz, 2000, p. 20): in this case, the competence to evaluate future research directions. Therefore, according to Massaro et al. (2016), the following three research questions are essential to ask and will be answered within this SLR:

RQ1: How has research on HRA developed over time?

RQ2: What is the focus of HRA research?

RQ3: What are the future directions for HRA research?

B.2 Methodology

B.2.1 Literature search and sampling

We conducted a database-driven literature search using the keywords 'Human Rights', 'Impact', 'Risk', and 'UN Guiding Principles' in various combinations with 'Report*', 'Account*', and 'Disclos*'. Iterations were repeated with both 'Risk' and 'Impact' as keywords, since human rights impacts are sometimes framed as human rights risks (Fasterling, 2017). We decided to limit our investigation to contributions explicitly mentioning human rights, even though we acknowledge that some aspects of human rights might be included in contributions in the wider field of social and environmental accounting. That is, rendering an issue explicitly through the lens of human rights provides a distinct normative framing, explicitly and purposefully positioning an inquiry in the debate on Business and Human Rights (BHR). Further, explicitly referring to human rights points to paradigmatic differences between broader CSR literature and literature on BHR. These differences include the normative weight of a rights-discourse compared to however justified stakes, a focus on enforcement, a preference for mandatory approaches, and the neglect of the mutual benefit imperative underpinning CSR as a construct (Wettstein, 2020).

The search iterations were repeated on six different databases: Emerald, EconBiz, Sage, Springer, Web of Science, and Elsevier, to cover the widest range of publications possible and to minimise the exclusion of insights through a narrow focus on a given set of journals or a single database. We refined the search to include only peer-reviewed journal articles (Massaro et al., 2016, p. 778). So, we only included articles that have undergone a double-blind review process, which is generally accepted as a valid quality signal for scholarly contributions (Bracci et al., 2019). Subsequently, duplicates were identified and removed using Citavi literature management, to ensure that our quantitative analysis was not biased by double entries.

We acknowledge the interdisciplinary nature of the Business and Human Rights (BHR) discourse, stemming from its roots in international law and its comparably high recognition in the fields of business ethics and business and society (Wettstein, 2020). Nevertheless, our purpose was to examine the role of accounting and disclosure in the field of business and human rights. Hence, to ensure the feasibility and consistency of our inquiry, we systematically

excluded some contributions, limiting the scope of our investigation to contributions actively utilising aspects of accounting, namely data assessment, public disclosure, and accounting-related aspects of corporate governance and regulation (Dumay et al., 2016). Therefore, the abstracts of the articles were analysed to identify those covering Human Rights Accounting (HRA), specifically studies directly engaged with the interpretation of accounting and accountability mentioned in the introduction (Massaro et al., 2015). Articles not related to accounting, managerial science, or connected disciplines (e.g. business law, corporate communications, or business policy) were excluded, including research focusing on medicine or journalism. This resulted in 69 articles as provisional sample. An additional search was performed based on the analysis of footnotes and references provisional sample, using the same keywords as for the initial search.

To ensure the quality of the articles included, we eliminated those published in low-ranking academic journals. We used the ABDC journal ranking to assess the journals' quality and excluded those ranking lower than 'B'. However, we made an exception for specialised human rights journals, which were included despite not meeting our formal quality criteria. Given the methodology of the used rankings, we are convinced that 'C' rating or non-inclusion of human rights-specific journals in a ranking developed by business scholars, can be attributed to the fact that these journals are generally less well-known within the business community. That is because of these journals' short history and the relative newness of the field of business and human rights. Hence, our decision ensured that contributions targeting our field of interest were not excluded based on the journal's age or formal affiliation to a non-business, yet field-dominant, research profession with regard to business and human rights. This led to the final sample of 50 contributions included in our review.

B.2.2 Analytical Framework

In order to code, cluster and compare the articles, as well as to create a rigorous review, SLRs utilise analytical frameworks. These frameworks are employed to ensure the criteria to analyse and compare the studies are predefined, and allow for greater replicability of the results. Hence, we utilised a framework based on the analytical framework developed by Massaro et al. (2016) and published reviews that either informed or were based on their methodology, where appropriate. The criteria of the framework we employed were previously used for example by Guthrie et al. (2012), Dumay (2014), Dumay et al. (2016), and Bracci et al. (2019). Table B-1 presents the different dimensions and units used for coding. The framework was used

mainly to guide the descriptive part of the analysis. Hence, every article was read and awarded the category most suitable for each dimension.

The framework's first dimension addresses research field questions. We analysed the journals in which the articles were published and tracked their citations, as citation metrics are considered to be an indicator of the cognitive content, quality, and impact of a scholarly contribution (Massaro et al., 2016). The second dimension of our analysis was dedicated to the applied research design. In line with Bracci et al.'s (2019) adoption of the Massaro framework, the research design dimension enabled us to generate information on the general methodological compatibility of empirical studies. For example, analysing the methodology and jurisdiction can provide insights into whether theoretical saturation is observable, in terms of universal insights. The third dimension covers the research context. By examining the studies' geographical settings and organisational focuses, we were able to point out contextual research gaps and evaluate theoretical links to the empirical setting. This also provided an opportunity to expand the HRA discourse on missing organisational or geographical settings.

Research focus represents the final dimension of our analysis. The aim of this assessment was to identify research streams, their connections, and overarching conceptual propositions. Hence, in a rather descriptive manner, we categorised the literature by how accounting or accounts related to or informed the study, namely external communication in form of reporting and other public disclosures, governance and regulation, and general contributions analysing multiple aspects of HRA. By employing a qualitative research synthesis, we then sought to develop a framework supporting future HRA research, which we consider the key contribution of our study, and which is presented in Section 4. Therefore, we utilised inductive content analysis to unveil the purpose(s) of accounting in the BHR context, and the respective requirements and challenges, contained in the scholarly contributions we analysed.

After defining the analytical framework, we needed to test its reliability as the final step. The reliability test seeks to assure the categories awarded for each paper are correctly applied by testing whether different people award the same category to the same unit. In particular, we relied on Krippendorff's alpha (KALPHA), a measure to calculate the degree of intercoder agreement. KALPHA generally "satisfies all the important criteria for a good measure of reliability" (Hayes & Krippendorff, 2007, p. 78), especially because it is not biased by the number of observers or observations (Bracci et al., 2019). To perform the analysis, five articles (likewise eg. Dumay et al., 2016) of our sample were analysed and coded by two independent coders. As Krippendorff (2004) suggests, it is only appropriate to rely on coding with a reliability above $\alpha = 0.800$ and to consider variables with reliabilities between $\alpha = 0.667$ and $\alpha =$

0.800 for drawing tentative conclusions (p. 241). The KALPHA score for the total coding, was 0.79, which is only slightly below the threshold of 0.80 recommended by Krippendorff. Since we are trying to structure the field and do not seek to provide a comprehensive theoretical model, the framework was deemed appropriate for our analysis.

Table B-1 Analytical Framework

Dimension	Subdimension	Criterion	No.
<u>Research field</u>		Year of publication	n/a
		Citations	n/a
		Journal	n/a
<u>Research design</u>	Methodology	Quantitative	9
		Qualitative	19
		Theoretical/Commentary	18
		Review/Editorial	4
	Jurisdiction	International	33
		National	13
		Local	4
	Geographical setting	USA/Canada	3
		Australasia	5
		UK	4
		Continental Europe	10
		Africa	4
		Other	0
		None	24
	Organisational focus/setting	SMEs	0
		Public sector/SOEs	1
		Not for profit	1
		MNEs	34
		Not specified	14
<u>Research focus</u>	Utilisation of accounting	External Reporting/Disclosure	28
		Governance, Policy, and Regulation	8
		General	14

B.3 Analysis and Gap Assessment: Structured Literature Review Outcomes

B.3.1 Research field

The initial step of our analysis involved assessing the characteristics of the research field to gauge the development of the field's relevance. Hence, we analysed the distribution of total contributions over time. Due to the relatively small number of relevant contributions, we opted not to analyse the contributions per year but, instead, examined the contributions within two distinct time periods: 2001-2011 and 2012-2024. This examination revealed that total contributions more than doubled after 2011, with 36 studies published in 2012 or later. Three factors seemingly explain this surge. First the UNGP were published in 2011, with most articles in the second period referring to them. Second, there were two special issues (CPA and AAAJ) on accounting and human rights after 2011, perhaps explaining the rise in contributions. Third, many national and supranational legislators begun to consider BHR after 2011, for example the Californian Transparency on Supply Chains Act (Mares, 2018) and the European NFRD (Buhmann, 2018; Humbert, 2019), which tended to trigger scholarly interest in HRA. However, the relatively late adoption of a human-rights-view in accounting raises questions about the dynamic between regulation (even if it is soft law) and academic research in the field of accounting. It seems research is rather driven by regulatory meta-discourses, rather than scholarly inquiries are actively contributing to the development of global governance mechanisms.

Furthermore, we examined the journals which published the most contributions during the timeframe of our sample (Bracci et al., 2019). As indicated in Table B-2, there were several journals with publications on HRA. Most of these contributions were published in *Critical Perspectives on Accounting*, *Accounting, Auditing & Accountability Journal*, *Journal of Business Ethics* and *Netherlands Quarterly of Human Rights*. Overall, contributions were published in 26 different journals. The primary focus of these journals was on accounting (8), management (4), law (7), corporate communication (1), CSR and business ethics (5), and corporate governance (1). Interdisciplinarity can be expected in the context of a newly forming field like HRA, as concepts and ideas emerging in different fields are incorporated and adapted to the new context. Furthermore, both accounting and human rights are complex social constructs that are examined from a multitude of perspectives, disciplines, and paradigms. Hence, research from various angles was likely to be expected if combining both phenomena.

Moreover, as a research program, BHR is normative (Scherer & Palazzo, 2007), hence it challenges business conduct, serving as an interpretation scheme that questions the purpose and objectives of business practices. This inherent criticality should be reflected in the examination

of accounts and reports, especially since traditional accounting practice rather sustains the deficiencies of the contemporary economy than enables transformation (e.g. Harrison, 2019; Gallhofer et al., 2011). The outlets currently dominating the field are notably active in promoting a more critical research paradigm, potentially explaining their higher share of total publications. However, the absence of publications in more mainstream outlets suggests that the broader accounting community has yet to incorporate human rights into their respective discourse, supporting the observation of accounting still remaining ‘on the sidelines’ of BHR (McPhail & Ferguson, 2016).

Table B-2 Top Journals By Contribution

Journal Title	Total publications
Critical Perspectives on Accounting	9
Accounting, Auditing & Accountability Journal	7
Netherlands Quarterly of Human Rights	6
Journal of Business Ethics	5
Accounting Forum	2
Australian Accounting Review	2
Business and Human Rights Journal	2
Corporate Communications	2
Corporate Governance: The International Journal of Business in Society	2

After analysing the most influential outlets, we analysed whether there are single contributions of outstanding importance for the field. The impact of the articles was evaluated using citation metrics as a proxy (Massaro et al., 2016). These metrics seek to proxy the impact of a single contribution on the constitution of a research field by examining the importance of a single contribution based on the citations it accumulated. Through citation analysis, thought-leaders within the literature are identifiable, and articles that should receive increased attention in the analysis can also be identified using this proxy. Citations were retrieved from Google Scholar, the leading source of citation analysis, which covers a wide range of publication types and measures citations in both peer-reviewed and non-peer-reviewed articles (Dumay, 2014). Including citations in non-peer-reviewed publications allows to assess the impact of an article beyond the academic community, for example in policy processes. Table B-3 lists the most important articles using total citations.

Table B-3 Most Influential Papers (Total Citations)

Author(s)	Year	Citations
Frankental, Peter	2001	839
Ruggie, John	2011	379
Kolk, Ans; Lenfant, François	2010	246
Islam, Muhammad Azizul; McPhail, Ken	2011	181
Sikka, Prem	2011	167
Gallhofer, Sonja et al	2011	116
Cooper, Christine et al.	2011	115
Hazelton, James	2013	102
Parsa, Sepideh et al.	2018	98
Buhmann, Karin et al.	2019	95

As this outcome is possibly biased because the “citations impact alone show that older articles can accumulate more citations” (Dumay et al., 2016, p. 170), a complementary CPY analysis (Table B-4) was performed. We calculated CPY as a proxy for the average citations per year from the date of publication until 2024. Notably, we did not identify any substantial effect of the articles’ age: the average year of publication is 2011 for total citations and 2013 for CPY.

Table B-4 Most Influential Papers (Citations per Year)

Author(s)	Year	Citations
Frankental, Peter	2001	38,14
Ruggie, John	2011	31,58
Buhmann, Karin et al.	2019	23,75
Parsa, Sepideh et al.	2018	19,6
Kolk, Ans; Lenfant, François	2010	18,92
Islam, Muhammad Azizul; McPhail, Ken	2011	15,08
Monteiro, Albertina Paula et al.	2021	15
Sikka, Prem	2011	13,92
Buhmann, Karin	2018	11,4
Hopper, Trevor	2019	10,25

B.3.2 Research design

Our analysis of research designs emphasises the importance of applied methodology and jurisdictional focus. As indicated in Table B-5, the majority of articles we investigated approached HRA from an international perspective. Among these, only 11 articles were empirical and, within this subset, only four employed quantitative methods. Articles grouped under the

international perspective predominantly addressed theoretical issues and questions. These include the significance of adopting an accounting approach that is inclusive of rights-holders, e.g. through direct engagement, while they underscore the imperative to prioritise the needs and interests of rights-holders, e.g. over short-term financial gains, given that human rights are inalienable and universal (Gallhofer et al., 2011; Hazelton, 2013; Pianezzi & Cinquini, 2016).

Table B-5 Jurisdiction and Research Methods

	Quantitative	Qualitative	Theoretical and Com- mentaries	Review	Total
International	4	8	17	4	33
National	5	7	1	0	13
Local	0	4	0	0	4
Total	9	19	18	4	50

Empirical research on HRA predominantly employs qualitative methodologies. This preference may stem from the inherent challenges in quantifying social information, especially when it pertains to human rights, as noted by some researchers (e.g. Gallego-Alvarez, 2008). Currently, most quantitative studies utilise self-developed indices (Hamann et al., 2009; Hubers & Thijssens, 2020; Islam et al., 2017). Although these indices often draw upon international standards, like the Global Reporting Initiative (GRI) or the United Nations Guiding Principles on Business and Human Rights (UNGP), their use significantly complicates the comparison and aggregation of findings. Moreover, the methodological validity of these approaches is debatable, primarily because they tend to focus merely on the presence or absence of information. Further, each study adopts a slightly different criterion for selecting disclosures for analysis, yet there is a common trend towards prioritising narrative disclosures regarding processes and procedures.

Despite being claimed otherwise by the authors of some contributions (e.g. Gallego-Alvarez, 2008; Hamann et al., 2008), we do not see many good arguments for equating disclosure and performance. Rather, given the evidence for dispersions between commitments, disclosure practice, and publicly known risks outlined by several contributions (e.g. Kolk and Lenfant, 2010; Sikka, 2011), we are convinced it is necessary to evaluate disclosure and practice, as well as implementation and performance, as two distinct levels of analysis. Hence, this means that in the current academic debate neither actual performance of corporations is being adequately

addressed, nor is there methodological saturation regarding how to differentiate more or less mature approaches to HRA.

B.3.3 Research context

In examining the research context, we explored the geographical and organisational focus of HRA studies to uncover where HRA is being researched and to identify potential areas for future exploration (Bracci et al., 2019). Due to the high proportion of conceptual and review papers, (Neglia, 2016; Nissen, 2019; Planitzer, 2016), around 50% of total contributions lacked any specific geographical setting. Of these, four were empirical studies (e.g. McPhail & Adams, 2016; Morhardt, 2009).

The geographical scope of the studies that did specify a location is predominantly concentrated on continental Europe, with Australasia, the UK, and Africa also being significant focuses. The US has the least representation. A reason for the comparably higher share of empirical investigations in Western regions might be that the organisational focus predominantly lies in studying MNEs. This focus is justified due to MNEs substantial economic and political influence and their role in delivering essential services, traditionally provided by states, without being systematically held accountable (Gallhofer et al., 2011). However, the focus on Western companies might prove problematic, as e.g. Rogerson (2023) states that ambiguities in findings in the CSR literature on Russia compared to other contexts might be partly explained by utilisation of variables developed within the focus on Western organisations (p. 8).

Contributions not specifically investigating a distinct organisation type often discuss practices from a broad perspective (e.g. Frankental, 2011; Gray & Gray, 2011) or provide theoretical insights applicable across various organisational forms (e.g. Methven O'Brien & Dhanarajan, 2016). Remarkably, only one study (Whelan & Muthuri, 2015) focused on the public sector, particularly state-owned enterprises, which is surprising given the UNGP's emphasis on policy coherence and the integration of due diligence into public entities and state-controlled corporations. Similarly, only one investigation targeted a not-for-profit organisation (McPhail et al., 2016). Considering the pivotal role of standard-setting NFPs and the watchdog function of NGOs in guiding private corporations, while being accountable themselves (Frankental, 2001; Gallhofer et al., 2011; Sikka, 2011), it becomes imperative for future HRA research to delve into the Human Rights accountability of NGOs and other civil society organisations. Such investigations would enhance the academic community's role as a guardian over these watchdogs, contributing to a more robust system of checks and balances for the global realisation of human rights.

B.3.4 Research focus

The primary focus among the studies we analysed was on external communications, being it formal reports (e.g. Rogerson, 2023; Coulmont et al., 2017), or other forms of public communications, like responses submitted to the Business and Human Rights Resource Centre on specific allegations (Maher et al., 2021). Generally, we identified two dominating, sometimes interrelated, strands of literature in the context of external communications. The first strand is focused on what motivates (or perhaps: forces) corporations to disclose publicly on Human Rights. Examples include the creation of societal expectations, e.g. through international human rights instruments (Islam and McPhail, 2011), or through media coverage (Islam et al., 2017), just like the effect of mandatory regulation on disclosure practices, both behavioural (Rogerson et al., 2024) and transparency-oriented (Hubers & Thijssens, 2019) regulation.

The second strand is concerned with the content of such accounts, for example how disclosures are contributing to shaping the meanings of the BHR duties (McPhail & Adams, 2016), or serving to create legitimacy for the systems and procedures companies employ to underscore their respect for Human Rights (Harrison, 2019). It is, as we will elaborate further in Section 4, necessary to understand what might support broader adoption of disclosure. Likewise, it is necessary to examine critically whether these are a mere legitimising strategy, or actually result in transparency and accountability. However, given the lack of a common definition of what constitutes appropriate disclosure, and prevailing scepticism towards the transformative role of corporate accounts within respect to human rights per se (Sikka, 2011), the literature is yet missing investigations that actually assess the explicit effects of external reporting, e.g. concerning changes in corporate conduct and ultimately the realisation of human rights.

Investigations from a general lens combine various aspects of accounting without awarding substantial weight to any specific aspect of the tripartite accountability definition we referred to in the introduction. Common to all contributions in this category is the insight that HRA is in a rather preliminary stage, as well in theory as in practice (e.g. Chetty, 2011; Frankental, 2011). Conventional accounting theorising and practices (e.g. Pianezzi & Cinquini, 2016; Gallhofer et al., 2011) are criticised for the conceptual focus on capital interest undermining its transformative potential. Concerns include a commodification of human rights through economic calculus, as well as a focus of companies on their most business-influential stakeholders. However, it is acknowledged that, if applied properly, HRA might actually serve society. That is, HRA is able to provide information necessary for the public to exercise its democratic rights, and ultimately hold corporations to account (Li & McKernan, 2016; McPhail & Ferguson,

2016). In order to serve this purpose, however, certain conditions have to be met, which will be discussed on an aggregate level in Section 4.

As several studies in the External Reporting/Disclosure context implied (e.g. Whelan & Muthuri, 2015; Rogerson, 2023; Cahaya & Hervina, 2019), ‘Governance, Policy, and Regulation’, entailing hard and soft laws, and corporate as well as public governance mechanisms, play a major role both in motivating companies to engage in HRA and in laying down its conceptual foundations. The eight studies in this category awarded attention to how the constitution of the firm in itself might dialectically be a leverage for increased transparency and depend on HRA as a tool to articulate these commitments (Gregg, 2021), as well as to whether existing regulatory regimes are appropriate tools to increase corporate respect for human rights, and how these eventually have to be further developed (e.g. Neglia, 2016; Buhmann, 2018).

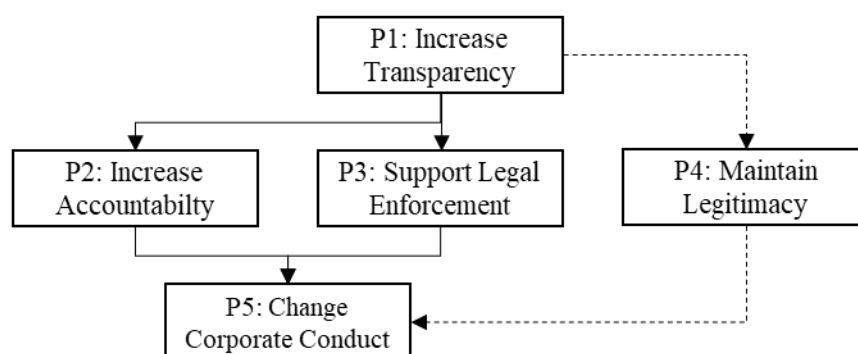
In this regard, mandatory regimes are generally favoured, as voluntarism might lead to persisting discretions for company officials, e.g. regarding the content of reports generated. While transparency regulation might be a lever to harden soft laws like the UNGP (Mares, 2018), such an attempt would require a range of conditions, examples including assurance obligations or duties imposed directly on directors of companies. Within the next section, we will provide an aggregate view illustrating these conditions, along with other drivers of HRA. This is merged into a system of purposes of HRA, respective conceptual and procedural requirements, and existing challenges.

B.4 The Role of Accounting in Business and Human Rights: Meta-Synthesis and Conceptual Framework

Our analysis revealed five overarching and connected purposes of HRA, which we systematise in Figure B-1. The basic purpose of HRA, according to our sample, is to increase transparency (P1). Transparency thereby has an internal and an external perspective. On the one hand, transparency requires assessing the social realities, in which the organisation is embedded (Pianezzi & Cinquini, 2016). This shall allow for understanding of both, the issues a company faces (Frankental, 2011) and the expectations existing towards it in society (Buhmann, 2018). Hence, HRA makes the outer world transparent to the company, which is foundational for any further actions.

On the other hand, HRA seeks to make the company transparent to the outer world. It is therefore seen as a means to allow for public discourse on the appropriateness of corporate conduct (Li & McKernan, 2016; Planitzer, 2016) and on broader issues of political interest, like

water information or states' tax revenues (Hazelton, 2013; Nissen, 2019). Further, it provides the company with a means to signal its own accomplishments and achievements (Gregg, 2021).



Relevant Articles

P1: Buhmann, 2018; Buhmann et al., 2019; Favotto & Kollmann, 2021; Frankental, 2001; Frankental, 2011; Gallego-Alvarez, 2008; Gregg, 2021; Hazelton, 2013; Humbert, 2019; Lauwo & Otusanya, 2014; Li & McKernan, 2016; Mares, 2018; McPhail & Ferguson, 2016; Neglia, 2016; Parsa et al., 2018; Pianezzi & Cinquini, 2016; Planitzer, 2016

P2: Buhmann, 2018; Buhmann et al., 2019; Chetty, 2011; Elayan et al., 2021; Favotto & Kollmann, 2021; Gallhofer et al., 2011; Gray & Gray, 2011; Gregg, 2021; Humbert, 2019; Lauwo & Otusanya, 2014; Li et al., 2022; McPhail & McKernan, 2011; Methven O'Brien & Dhanarajan, 2016; Parsa et al., 2018; Pianezzi & Cinquini, 2016; Rao & Bernaz, 2020; Rogerson et al., 2024; Ruggie, 2011; Sikka, 2011

P3: Gallhofer et al., 2011; Mares et al., 2018; Neglia, 2016

P4: Buhmann et al., 2019; Coulmont et al., 2017; Elayan et al., 2021; Favotto & Kollmann, 2021; Gallego-Alvarez, 2008; Gregg, 2021; Harrison, 2019; Islam et al., 2017; Lauwo & Otusanya, 2014; Maher et al., 2021; McPhail & Adams, 2016; McPhail & McKernan, 2011; Monteiro et al., 2021; O'Kelly, 2019; Parsa et al., 2018; Rogerson, 2023; Rogerson et al., 2024; Ruggie, 2011

P5: Buhmann, 2018; Chetty, 2011; Favotto & Kollmann, 2021; Morhardt, 2009; Neglia, 2016

Figure B-1 System of Purposes of HRA

P1, though apparently being a primary concern, is a rather instrumental purpose. However, being transparent is not a sufficient end in itself. Rather, if a company decides or society forces it to be transparent, this is for other reasons. These second order purposes were identified as to increase accountability (P2), support legal enforcement (P3), and maintain legitimacy (P4). Regarding P3, HRA could directly be employed to gather information supporting the enforcement of (yet to develop) mandatory HRDD requirements (Gallhofer et al., 2011), while it could likewise serve as a means to transpose soft law instruments into hard law by referring to them in the body of disclosure regulation (Neglia, 2016; Mares, 2018). P2 refers to the ability of HRA to support accountable organisations and the ability of society to hold them to account for

misconduct. While the former understanding is more positive, aiming to stimulate organisational learning and intrinsic motivation to *be accountable* (Rogerson et al. 2024; Buhmann et al., 2019; Chetty, 2011, Ruggie, 2011), the latter views corporations more critical, focusing on the necessary societal ability to *hold them to account* (e.g. Li et al., 2022; Humbert, 2019; Gray & Gray, 2011). Both aspirations share, that it is up to the company to disclose proactively, leaving it to the court of public opinion to decide whether its conduct is appropriate.

P2 and P3 were further identified as ultimately seeking to change corporate conduct (P5), either by supporting legal sanctions (P3), utilising intrinsic capabilities of companies or posing reputational threats on them ultimately resulting in market sanctions (P2). While this connection is clear for P2 and P3, for P4 it is less clear. Comparable to P2, P4 implies that companies react to societal expectations (Favotto & Kollmann, 2021). However, P2 relies on companies proactively anticipating societal demands, in an attempt to actually ‘gain legitimacy’ (Planitzer, 2016, p. 49), e.g. by actively seeking to minimise negative human rights impacts (Buhmann et al., 2019). Contrary, P4 is rather driven by the intent to preserve the status quo. Maintaining legitimacy hence implies that corporations do not disclose proactively and honestly, but either remain silent until some sort of reaction is no longer avoidable (Gallego-Alvarez, 2008) or creating an illusion of transparency that does not reflect actual practices (Parsa et al., 2018). Attempts to legitimise corporate conduct might then result in impression management, ultimately serving companies more than society (Harrison, 2019). Hence, corporations engaging in HRA motivated by P4 *might change their conduct*, while this is not necessarily given.

Reflecting the motivation of our investigation, we aggregated information in our sample on the conditions that have to be met in order to allow HRA to meet its purposes, and drivers that might empirically explain its implementation. In particular, we were concerned with P1, P2, P3, and P5, as they simultaneously show the pathway through which accounting might actually contribute positively to human rights. Given the conceptual risk of P4 leading to HRA as impression management or a simple PR exercise (Frankental, 2001; Gallhofer et al., 2011, Sikka, 2011), we further elaborate on challenges to an appropriate HRA system. Our analysis, summarised in Figure B-2, is therefore structured around drivers, requirements, and challenges, which we found to be situated at either conceptual, societal-systemic-institutional, organisational, procedural, or individual level. Specific components of each category displayed in Figure B-1, along with the respective references, are provided in the appendix.

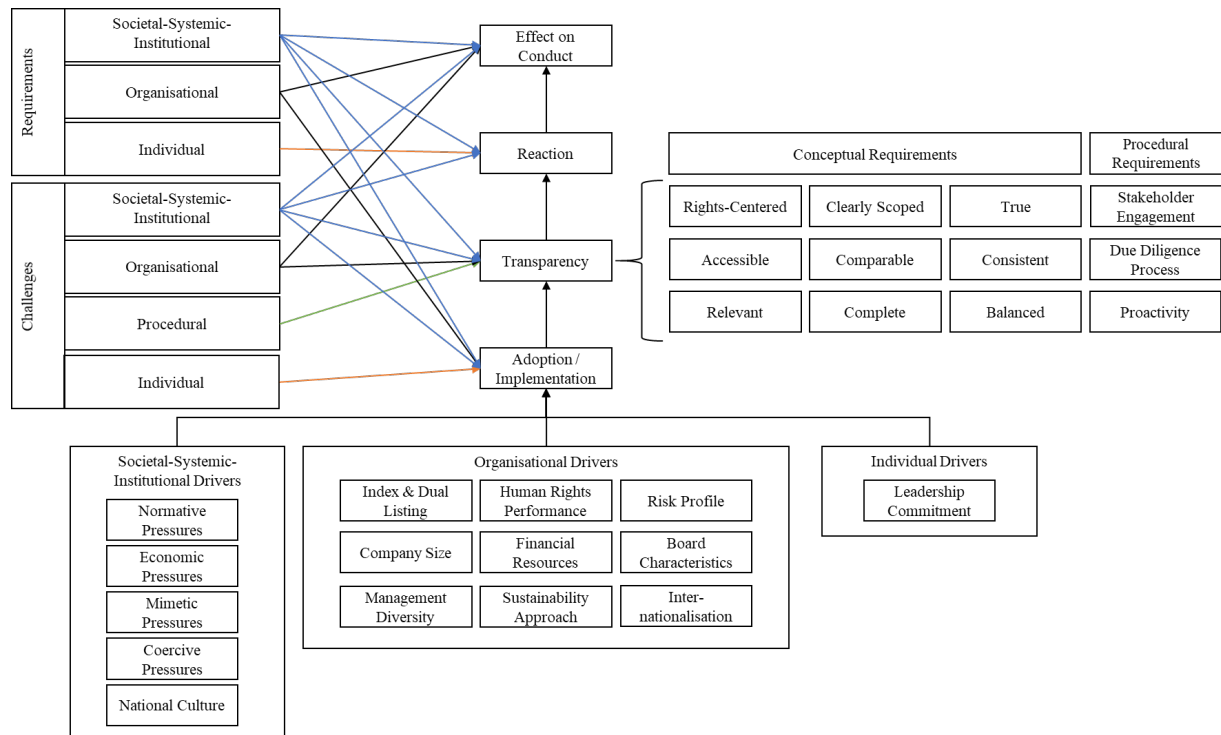


Figure B-2 Conceptual Framework for HRA Research

Necessary condition for HRA to unfold any effect is that it is practiced. Factors possibly influencing implementation were analysed as drivers. Most prominent among analysed contributions are normative pressures (e.g. Gallhofer et al., 2011; Rogerson, 2023). As Frankental (2001) puts it, „businesses are operating in an increasingly critical world, where their actions are under constant scrutiny by the media and by NGOs. Silence, inaction and denial are likely to be viewed as complicity.” Normative pressures hence reflect expectations in civil society corporations have to adjust to, e.g. by means of disclosing on how they manage these issues.

Further relevance is awarded to coercive pressures, reflecting the impact of powerful institutions on corporate conduct (Hubers & Thijssens, 2020). Coercive pressures were identified to be created through various means, summarised mainly as hard laws and soft laws. Frequently mentioned means, which can likely be expected to create coercive pressures in the realm of soft laws, were the UNGP (e.g. Hopper, 2019; Mares, 2018), GRI standards (e.g. Frankental, 2011; Humbert, 2019; McPhail & Adams, 2016), and international human rights instruments, which are not imposing direct obligations on companies (e.g. Islam & McPhail, 2011). All these mechanisms are expected to generate pressures to adopt on corporations, as the institutions issuing them have profound legitimacy and not complying to their norms would likely result in forms of negative social reactions.

Such social reactions are seen as especially relevant for driving changes in corporate conduct, if they result in economic pressures. Economic pressures are theorised to unfold in terms of reputation risks (Branco et al., 2022), or other market reactions, e.g. on stock markets (Elayan et al., 2021). Lastly, economic pressures can unfold directly through shareholder activism, leveraging the ownership-system of contemporary globalised capitalism in favour of human rights (e.g. Gregg, 2021; McPhail & Ferguson, 2016).

Interestingly, both a market-based approach (e.g. Planitzer, 2016) and a state-based approach (e.g. Cooper et al., 2011) are criticised as eventually being insufficient to secure basic human rights for affected people on their own. That is, while the capacities of civil society to hold corporations to account might be overestimated (Elayan et al., 2021), states might actually be unwilling (Rogerson, 2023; Whelan & Muthuri, 2015), or incapable (Sikka, 2011; Lauwo & Otusanya, 2014) to enforce human rights standards. Hence, there is a call for a smart-mix of mechanisms (Buhmann, 2018; Mares, 2018), combining sufficient behavioural regulation with market-based accountability mechanisms.

For regulation to be sufficient, most important is to overcome persisting neoliberal narratives, awarding primacy to shareholder and investor protection (e.g. Parsa et al., 2018; Gallhofer et al., 2011). To reach this goal, regulation is required to make disclosure mandatory (e.g. Hazelton, 2013; Islam & Jain, 2013), while simultaneously entailing appropriate assurance requirements to create immediate pressures on corporations (e.g. Coulmont et al., 2017; Frankental, 2001). While mandated reporting might unfold immediate pressures, as corporations might e.g. be motivated to obtain attestation as a listing condition, of course it is a leverage for further market- and societal pressures.

Assurance might provide stakeholders with confidence regarding disclosed information. However, having information that is inherently anticipated as true (e.g. Coulmont et al., 2017; Gallego-Alvarez, 2008) is a necessary, but not a sufficient condition. Rather, among the requirements outlined in Figure B-2, it is especially important for the contained information to be relevant (e.g. Buhmann et al., 2019; Methven O'Brien & Dhanarajan, 2016). Information is considered relevant if it is material (e.g. Gray & Gray, 2011; Parsa et al., 2018), especially from an impact perspective (e.g. Coulmont et al., 2017; Favotto & Kollmann, 2021; Neglia, 2016). Further, in order to allow for external assessment, information provided has to be beyond merely stating commitments (Kolk & Lenfant, 2010; Rogerson, 2023). While being committed is the baseline for further action, it is rather important for stakeholders to obtain information on explicit measures taken by corporations (e.g. Cooper et al., 2011; Islam & McPhail, 2011), as well as future targets (e.g. Neglia, 2016). While the focus generally is on impacts, companies

are further called to provide relevant financial information (e.g. Nissen, 2019; Gallhofer et al., 2011). Financial information itself has to be embedded and integrated into other narrative and quantitative information, as for example “provision of expenditure alone can be misleading as low outlays can reflect either a system operating well and not in need of major improvement or a firm in which systems are poor but safety is not a priority” (Cooper et al., 2011, p. 755).

Abiding to conceptual and procedural (especially engagement with stakeholders to obtain information (e.g. Buhmann, 2018; McPhail & McKernan, 2011; Pianezzi & Cinquini, 2016)) requirements would conceptually result in meaningful transparency. Still, there are challenges to overcome. Given the absent of sufficient regulation at the time of writing, the most pressing challenges are allocated at the organisational and individual levels: Fuelled by failure to reduce managerial discretions at legislative level (e.g. Humbert, 2019; Mares, 2018), it is up to organisational leaders to embed a culture of accountability.

While leadership commitment is seen as driving implementation (Hamann et al., 2009), it still requires leaders to actually be committed as individuals. However, leaders of companies are themselves subjects whose thinking and acting is shaped by a systemic and institutional environment rendering their primary responsibility as to serve shareholders. Further, even those committed to sustainability may have other priorities, e.g. environmental issues (Favotto & Kollmann, 2021), leading to less attention awarded to human rights, and a resulting lack of substantial information for societal stakeholders.

At organisational level, lack of commitment by leaders, or priorities other than human rights, might result in a compliance approach (Gregg, 2021; Buhmann, 2018). Such an approach is argued to not be likely to produce substantial changes, as reporting is then rather seen as a bureaucratic burden than an opportunity to learn and adapt. Further, and even more pressing, there is risk of low-quality reports actually undermining the whole idea of HRA. To exemplify, there is empirical evidence for corporations not reacting on allegations and ignoring existing systemic issues (e.g. Maher et al., 2021; Cahaya & Hervina, 2019; Rogerson, 2023). Hence, as the conditions of sufficient regulation are not yet met, it is difficult to expect HRA serving a transformation rather than being a legitimising activity ultimately serving corporate interest (e.g. Harrison, 2019; O’Kelly, 2019).

The conceptual framework we developed allows for a multiplicity of assessments, serving the further evolution of the field e.g. by structuring interdependencies of different levels of analysis, defining what constitutes high quality HRA both in terms of information and process, and by outlining general challenges and pathways eventually suitable to overcome them. In the next section, we will elaborate two pathways for future research we deem especially interesting.

Namely, we encourage deeper engagement with the intersection of stakeholder engagement, the procedural requirement most mentioned in existing inquiries, and public disclosure thereon, as well as whether HRA does ultimately unfold the transformative potential it hypothetically carries.

B.5 Future Directions for Accounting Research in Business and Human Rights

Accounting, whether more ‘traditional’ (like sustainability reporting) or ‘alternative’ (like counter-accounts (Sikka, 2011; Gallhofer et al., 2011)) has a role to play with regards to BHR. That is, information is necessary for any form of social action. However, “despite the centrality of accountability and assurance to many of the major developments, accounting scholarship remains on the sidelines” (McPhail & Ferguson, 2016, p. 530). For example, even though being considered a main requirement for both legislative and market interventions, the discourse on assurance is lacking detail and saturation. This might be because we have not yet reached saturation regarding how to account for human rights, making assurance even more difficult to comment on. Hence, we hope our conceptual requirements for accounts will serve as a lever for deeper engagement with assurance issues.

Overall, the field still has some 'blind spots' in research designs. In particular, there are not many studies that look at HRA from the 'bottom up', i.e. starting from critical contexts and then seeking to shed light on the bigger picture (like e.g. Sikka, 2011; Rao & Bernaz, 2020). Nor is there a single contribution that looks at SMEs. Coupled with the sheer lack of quantitative empirical research, we still know very little about what *actually* drives companies to engage in HRA. Simultaneously, existing evidence casts serious doubts regarding whether the conceptual requirements we outlined are adhered to in practice.

The field is currently driven (mainly) by scholars engaged in a more critical discourse on accounting, as evidenced by the journals that publish the most papers on HRA. This may be due to the following: As a field emerging from BHR, HRA is intrinsically critical (McPhail & McKernan, 2011). Like most of the studies stated, it sets the stage for accounting to be motivated by a rationale that is, at least in some aspects, counterfactual to the 'financial rationality' imposed by conventional accounting. Therefore, HRA needs to be seen in a long tradition of critical accounting research, leading to similar conceptions of the relationship between accounting and accountability as proposed, for example, by Dillard and Vinnari (2019). However, given the unacceptability of gross human rights violations by business, we encourage a more diverse, and perhaps practice-oriented, community to engage with the nexus of accounting and human

rights. This is especially needed, as many of the issues we described might be elaborated in other contexts outside ‘critical accounting’, providing suitable, practice-oriented pathways to enrich the debate. In the following paragraphs, we will reflect on some key findings and their implications for the future development of the field. We will focus on: a) the intersection of HRA as an interactional process and transparency; and b) the urgent need to assess the effectiveness of HRA in contributing to human rights through changes in corporate conduct.

B.5.1 Procedural Engagement and Transparency in HRA

Irrespective of the focus of the individual studies, many of them have highlighted the need to pay much more attention to stakeholders and rights-holders during the process than is the case in ‘conventional’ accounting. As Parsa et al. (2018) stated: “the recognition of, and engagement with, legitimate stakeholders is an essential step towards meaningful social reporting” (p. 49). It is argued that such engagement not only serves the interests of stakeholders, but also of the company, as it makes the content of public communication more legitimate (Harrison, 2019; Sikka, 2011). Nevertheless, there are some conceptual problems embedded in such an approach. First, companies (or legislators, or other authorities) have to decide with whom to engage. Parsa et al. (2018) stated that stakeholders need to be legitimate. Such legitimacy, drawing on Habermas’ (1983) discourse ethics, is seen as primarily stemming from being affected by corporate action, not vice versa (Rasche & Esser, 2006).

In practice, stakeholder approaches are often limited to those stakeholders important to the corporation (Gallhofer et al., 2011, p. 773). Often, stakeholder engagement is framed through the needs of shareholders (McPhail & Farrah Maimunah, 2012, p. 258), rather than being a means for honestly “assessing contextual human rights issues and stakeholder needs” (Buhmann et al., 2019, p. 395). This is consistent with findings in the broader literature on stakeholder engagement, which emphasises that engagement is not necessarily progressive. Indeed, “businesses engage with external stakeholders but do not allow them to have a vote or a voice within the initiative when it comes to actual decision-making” (Graz et al., 2020, p. 309), with huge variations regarding the actual form and scope of engagement (Stocker et al., 2020).

Thus, future research needs to carefully conceptualise how such interactions should be operationalised. We suggest considering possibilities for critical investigations, for example rooting in Habermas’ (1981a, 1981b, 1983) theorising. First, there is a strong need to understand whether the means of increasing stakeholder participation in the process of HRA (i.e. from assessment to disclosure to assurance) are actually in line with democratic values and ideals of

rational discourses, or if engagement is merely a legitimising technique with limited impact on material corporate accounts.

Second, we encourage scholarship that deepens the theoretical and empirical links between engaging with stake- and right-holders as part of HRA procedural requirements and how it is itself disclosed as a means of interest for the actors on whose activism the success of HRA might depend (e.g. consumers, investors, CSOs). In particular, we deem it necessary to uncover whether the extent and quality of information regarding such engagement is sophisticating, given the importance awarded to it both within the literature and by regulation. In this context, we deem it necessary to critically examine whether the images that corporations construe of themselves, in terms of such engagements, are aligned with their actual practices. However, we strongly encourage a balance between theoretical sophistication and pragmatic feasibility. When it comes to promoting real-world change, future developments should be mindful of maintaining the pragmatism necessary to theorise what is actually possible in day-to-day business operations, while avoiding too much idealism around unfeasible theoretical ideas (Noland & Phillips, 2010).

B.5.2 The Effectiveness of HRA in Changing Corporate Conduct

As our conceptual framework indicates, HRA ultimately is about creating specific effects. Studies outside the field are quite critical about the role of HRA. Gold and Heikkurinen (2018) go as far as stating that it is a fallacy to expect fundamental changes throughout global value chains stemming from transparency. Further, it is likely that pressures generated on corporations generate unintended outcomes, as exemplified by Mares (2018) showing companies did not engage in due diligence efforts but simply re-structured their supply chains to avoid critical regions.

Measuring the effect of HRA requires methodological debate on how to measure e.g. human rights performance. Some scholars argue that disclosure itself is a good indicator of performance (Gallego-Alvarez, 2008; Hamann et al., 2009). As our investigation highlighted, there are serious doubts to this assumption. In fact, even if corporations might have an incentive to signal their conduct in voluntary environments, there is an inevitable risk of impression management and free-riding, as long as form and content of reports are not standardised (Coulmont et al., 2017). When it comes to mandatory disclosure (which the regulatory landscape is rapidly moving towards, at least in the EU), it is even more critical to question whether we can take disclosure as a measure of performance. While a lack of common indicators poses a challenge to companies (Frankental, 2001; Favotto & Kollmann, 2021), this likewise holds true for

academic inquiries. Hence, we encourage deeper engagement with how to assess, measure, benchmark, and compare performance of corporations.

At present, 'firms' main stakeholder communications' (Coulmont et al., 2017, p. 302) are through formal reporting. It is proposed that HRA, in terms of formal reports, creates the possibility of public discourse (Lauwo & Otusanya, 2014, p. 104). Furthermore, it is argued that transparency, especially transparency legislation, is important to increase the leverage of stakeholders (Mares, 2018, p. 212). However, such public discourse requires action, not only from companies in providing disclosure as a first step, but also from 'others' in responding to such disclosures. Thus, it remains questionable whether HRA actually stimulates stakeholders to overcome their 'passivity' (Mares, 2018, p. 204) and actually exert their influence on corporations, for example through investor or consumer activism.

Future research should, therefore, analyse the extent to which HRA actually plays a role in influencing the decision-making of third parties, whether it be investors (Elayan et al., 2021), NGOs and CSOs (when analysing HRDD efforts), or peer corporations, throughout executing their own due diligence approaches. Understanding why (or why not) disclosure (regulation) stimulates stakeholder responses, will be imperative for development of theory and for justifying developments in regulatory regimes. We hope our framework will contribute to this discussion by adding requirements and challenges that might explain the success or failure of disclosure regimes to assist future empirical investigations.

In this regard, future research should, in particular, investigate whether form, content or scope suit societal audiences' demands (Pianezzi & Cinquini, 2016). In particular, we recommend to consistently implement the requirement for greater inclusion of rights-holders and stakeholders, as developed in the literature for corporate practice, in scientific practice. Since the effect of HRA is significantly determined by whether the information provided is relevant to those who are supposed to influence companies towards improved human rights practices, it is indispensable to develop and check explicit requirements through direct engagement with these groups. In addition, scholarly inquiries should consider whether regulatory and standardising efforts are aligned with stakeholder interests and whether stakeholders are suitably involved in the co-creation of BHR regulation.

Altogether, we strongly encourage wide-ranging scholarly engagement of both a quantitative and qualitative nature, to understand whether, how, and why HRA actually stipulates changes in behaviour. Such engagement should, additionally, investigate a broad spectrum of both national and international contexts, given the absence of comparative analyses between different approaches to HRA and their respective success to govern corporate conduct.

B.6 Conclusions and Final Remarks

This review provides insights into the ongoing and emerging debate on HRA. We showed that HRA is still a very niche field but that it deserves more attention in the future, in line with both regulatory developments and the, still devastating, reality of human rights in times of ongoing polycrisis. We have outlined the research designs used, the research context and the foci within the field. However, there are many open questions that require more in-depth analysis. Some possible avenues were outlined in the previous section.

Regarding RQ 1, we were able to show that interest in HRA, and the utilisation of accounts in BHR, is continuously rising, while, however, there are various theoretical and conceptual backgrounds employed in its analysis, and conceptual and methodological heterogeneity makes the findings hard to aggregate, synthesise, and generalise. In order to overcome the issue of differing conceptual backgrounds, we decided to interpret the findings inductively, mirroring the SLR's nature as being a critical research technique aiming to transform the state of knowledge.

With respect to RQ 2 we believe there are four major findings summing up our investigation: 1) both internal and external factors are relevant to move corporations towards implementing HRA. However, contrary to theoretical contributions, empirical investigations showed that it is the overall political and institutional environment that increases disclosure rather than specific disclosure rules. Disclosure regulation, still, might be levered in terms of standardising form and content, increasing the trustworthiness of the accounts provided, and limiting corporate opportunities to neglect their responsibilities. 2) Overall, there is tendency towards a consensus regarding the principles of HRA, so transparently communicating negative impacts, the measures taken and their respective success, and strong emphasis on engaging rights- and stakeholder in the process. Still, empirical practice falls short of fully aligning with these principles. 3) HRA has the potential to contribute to a transformation. However, this requires scrutiny of other actors, for example NGOs, investors, or consumers, as HRA in itself is only capable to provide information, on which human agents have to act.

Lastly, regarding RQ 3, we propose two different avenues for future research. On the one hand, it seems necessary to investigate more deeply how accounting, as a collective process between the corporation and outsiders, might be organised. On the other hand, perhaps most importantly, it needs to be assessed whether HRA actually matters, i.e. does HRA stipulate the changes it is meant to? Does it provide substantial data for investors, consumers, and others in order to hold corporations to account? And do contemporary regulatory developments deliver, in terms of mobilising HRA as a mechanism to foster change within organisations?

Although the SLR followed a clearly described pathway and is, therefore, rigorous, replicable and valid, there remain some limitations. First, even a guided analysis leaves room for interpretation. Identifying the key findings of a study is a rather individual process and may, therefore, lead to slightly different results. Second, the process of literature selection and quality control may lead to a technical exclusion of voices. This limitation is difficult to overcome, as this paper aims to provide an overview of the highest quality contributions, but still leaves open the possibility of formulating questions that may already be answered in some of these excluded works. In summary, this paper contributes to the HRA literature by structuring the information that has been explored so far and by bringing the different research directions into a narrower order of discourse, while simultaneously providing for a framework that might assist in understanding HRA both as a phenomenon and a mechanism.

B.7 References

- Alawattage, C., & Wickramasinghe, D. (2008). Appearance of accounting in a political hegemony. *Critical Perspectives on Accounting*, 19(3), 293–339.
- Alvesson, M., & Deetz, S. (2000). *Doing Critical Management Research*. SAGE Publications Inc.
- Arnold, D. G. (2010). Transnational Corporations and the Duty to Respect Basic Human Rights. *Business Ethics Quarterly*, 20(3), 371–399.
- Bracci, E., Papi, L., Bigoni, M., Deidda Gagliardo, E., & Bruns, H.-J. (2019). Public value and public sector accounting research: a structured literature review. *Journal of Public Budgeting, Accounting & Financial Management*, 31(1), 103–136. <https://doi.org/10.1108/JPBAFM-07-2018-0077>
- Branco, A. P. C., Bianchi, M. T., & Castelo Branco, M. (2022). Board demographic diversity and human rights reporting in Western Europe. *PSU Research Review*, 6(3), 158–174. <https://doi.org/10.1108/PRR-06-2020-0018>
- Buhmann, K. (2018). Neglecting the Proactive Aspect of Human Rights Due Diligence? A Critical Appraisal of the EU's Non-Financial Reporting Directive as a Pillar One Avenue for Promoting Pillar Two Action. *Business and Human Rights Journal*, 3(1), 23–45. <https://doi.org/10.1017/bhj.2017.24>
- Buhmann, K., Jonsson, J., & Fisker, M. (2019). Do no harm and do more good too: connecting the SDGs with business and human rights and political CSR theory. *Corporate Governance: The International Journal of Business in Society*, 19(3), 389–403. <https://doi.org/10.1108/CG-01-2018-0030>
- Cahaya, F. R., & Hervina, R. (2019). Do human rights issues matter? An empirical analysis of Indonesian companies' reporting. *Social Responsibility Journal*, 15(2), 226–243.
- Chetty, K. R. (2011). From responsibility to accountability—Social accounting, human rights and Scotland. *Critical Perspectives on Accounting*, 22(8), 759–761.
- Cooper, C., Coulson, A., & Taylor, P. (2011). Accounting for human rights: Doxic health and safety practices – The accounting lesson from ICL. *Critical Perspectives on Accounting*, 22(8), 738–758.
- Coulmont, M., Berthelot, S., & Paul, M.-A. (2017). The Global Compact and its concrete effects. *Journal of Global Responsibility*, 8(2), 300–311. <https://doi.org/10.1108/JGR-02-2017-0011>

- Denyer, D., & Tranfield, D. (2006). Using qualitative research synthesis to build an actionable knowledge base. *Management Decision*, 44(2), 213–227.
- Dillard, J., & Vinnari, E. (2019). Critical dialogical accountability: From accounting-based accountability to accountability-based accounting. *Critical Perspectives on Accounting*, 62, 16–38. <https://doi.org/10.1016/j.cpa.2018.10.003>
- Dumay, J. (2014). 15 years of the Journal of Intellectual Capital and counting. *Journal of Intellectual Capital*, 15(1), 2–37.
- Dumay, J., Bernardi, C., Guthrie, J., & Demartini, P. (2016). Integrated reporting: A structured literature review. *Accounting Forum*, 40(3), 166–185.
- Elayan, F. A., Brown, K., Li, J., & Chen, Y. (2021). The Market Response to Mandatory Conflict Mineral Disclosures. *Journal of Business Ethics*, 169(1), 13–42.
- Fasterling, B. (2017). Human Rights Due Diligence as Risk Management: Social Risk Versus Human Rights Risk. *Business and Human Rights Journal*, 2(2), 225–247. <https://doi.org/10.1017/bhj.2016.26>
- Fasterling, B., & Demuijnck, G. (2013). Human Rights in the Void? Due Diligence in the UN Guiding Principles on Business and Human Rights. *Journal of Business Ethics*, 116(4), 799–814.
- Favotto, A., & Kollman, K. (2021). When Rights Enter the CSR Field: British Firms' Engagement with Human Rights and the UN Guiding Principles. *Human Rights Review*, 1–20. <https://doi.org/10.1007/s12142-020-00614-w>
- Frankental, P. (2001). Corporate social responsibility – a PR invention? *Corporate Communications: An International Journal*, 6(1), 18–23. <https://doi.org/10.1108/13563280110381170>
- Frankental, P. (2011). No accounting for human rights. *Critical Perspectives on Accounting*, 22(8), 762–764.
- Friedman, M. (1970, September 13). A Friedman doctrine-- The Social Responsibility of Business Is to Increase Its Profits. *The New York Times*. <https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html>
- Gallego-Alvarez, I. (2008). Analysis of social information as a measure of the ethical behavior of Spanish firms. *Management Decision*, 46(4), 580–599. <https://doi.org/10.1108/00251740810865076>
- Gallhofer, S., Haslam, J., & van der Walt, S. (2011). Accountability and transparency in relation to human rights: A critical perspective reflecting upon accounting, corporate

- responsibility and ways forward in the context of globalisation. *Critical Perspectives on Accounting*, 22(8), 765–780.
- Global Compact. (2021a, October 26). *Our Governance* | UN Global Compact. <https://www.unglobalcompact.org/about/governance>
- Global Compact. (2021b, October 26). *The Ten Principles* | UN Global Compact. <https://www.unglobalcompact.org/what-is-gc/mission/principles>
- Gold, S., & Heikkurinen, P. (2018). Transparency fallacy. *Accounting, Auditing & Accountability Journal*, 31(1), 318–337.
- Gray, R., & Gray, S. (2011). Accountability and human rights: A tentative exploration and a commentary. *Critical Perspectives on Accounting*, 22(8), 781–789.
- Graz, J.-C., Helmerich, N., & Prébandier, C. (2020). Hybrid Production Regimes and Labor Agency in Transnational Private Governance. *Journal of Business Ethics*, 162(2), 307–321. <https://doi.org/10.1007/s10551-019-04172-1>
- Gregg, B. (2021). Beyond Due Diligence: The Human Rights Corporation. *Human Rights Review*, 22(1), 65–89. <https://doi.org/10.1007/s12142-020-00605-x>
- Guthrie, J., Ricceri, F., & Dumay, J. (2012). Reflections and projections: A decade of Intellectual Capital Accounting Research. *The British Accounting Review*, 44(2), 68–82.
- Habermas, J. (1981a). *Theorie des kommunikativen Handelns: Handlungsrationalität und gesellschaftliche Rationalisierung* (1st ed., Vol. 1). Suhrkamp.
- Habermas, J. (1981b). *Theorie des kommunikativen Handelns: Zur Kritik der funktionalistischen Vernunft* (1st ed., Vol. 2). Suhrkamp.
- Habermas, J. (1983). *Moralbewußtsein und kommunikatives Handeln*. Suhrkamp.
- Hamann, R., Sinha, P., Kapfudzaruwa, F., & Schild, C. (2009). Business and Human Rights in South Africa: An Analysis of Antecedents of Human Rights Due Diligence. *Journal of Business Ethics*, 87(S2), 453–473.
- Harrison, V. (2019). Legitimizing private legal systems through CSR communication: a Walmart case study. *Corporate Communications: An International Journal*, 24(3), 439–455. <https://doi.org/10.1108/CCIJ-12-2018-0124>
- Hayes, A. F., & Krippendorff, K. (2007). Answering the Call for a Standard Reliability Measure for Coding Data. *Communication Methods and Measures*, 1(1), 77–89.
- Hazelton, J. (2013). Accounting as a human right: the case of water information. *Accounting, Auditing & Accountability Journal*, 26(2), 267–311.
- Hopper, T. (2019). Stop accounting myopia: – think globally: a polemic. *Journal of Accounting & Organizational Change*, 15(1), 87–99. <https://doi.org/10.1108/JAOC-12-2017-0115>

- Hubers, F., & Thijssens, T. (2020). Human rights reporting under increasing institutional pressure. *Maandblad Voor Accountancy En Bedrijfseconomie*, 94(7/8), 303–312. <https://doi.org/10.5117/mab.94.50425>
- Humbert, F. (2019). Sustainability Reporting: A Critical Assessment of the E.U. Csr Directive and Its German Implementation from a Human Rights Perspective. *Schmalenbach Business Review*, 71(2), 279–285.
- Islam, M. A., Haque, S., & Roberts, R. (2017). Human Rights Performance Disclosure by Companies with Operations in High Risk Countries: Evidence from the Australian Minerals Sector. *AUSTRALIAN ACCOUNTING REVIEW*, 27(1), 34–51. <https://doi.org/10.1111/auar.12108>
- Islam, M. A., & Jain, A. (2013). Workplace Human Rights Reporting: A Study of Australian Garment and Retail Companies. *AUSTRALIAN ACCOUNTING REVIEW*, 23(2), 102–116. <https://doi.org/10.1111/auar.12009>
- Islam, M. A., & McPhail, K. (2011). Regulating for corporate human rights abuses: The emergence of corporate reporting on the ILO's human rights standards within the global garment manufacturing and retail industry. *Critical Perspectives on Accounting*, 22(8), 790–810.
- Jägers, N. (2011). UN Guiding Principles on Business and Human Rights: Making Headway towards Real Corporate Accountability? *Netherlands Quarterly of Human Rights*, 29(2), 159–163.
- Kolk, A., & Lenfant, F. (2010). Mnc Reporting on CSR and Conflict in Central Africa. *Journal of Business Ethics*, 93(S2), 241–255.
- Krippendorff, K. (2004). *Content analysis: An introduction to its methodology* (2nd ed.). Sage.
- Lauwo, S., & Otusanya, O. J. (2014). Corporate accountability and human rights disclosures: A case study of Barrick Gold Mine in Tanzania. *Accounting Forum*, 38(2), 91–108. <https://doi.org/10.1016/j.accfor.2013.06.002>
- Li, Y., & McKernan, J. (2016). Human rights, accounting, and the dialectic of equality and inequality. *Accounting, Auditing & Accountability Journal*, 29(4), 568–593.
- Li, Y., McKernan, J., & Chen, M. (2022). Turning around accountability. *Accounting, Auditing & Accountability Journal*, 35(1), 48–60. <https://doi.org/10.1108/AAAJ-08-2020-4889>
- Maher, R., Neumann, M., & Slot Lykke, M. (2021). Extracting Legitimacy: An Analysis of Corporate Responses to Accusations of Human Rights Abuses. *Journal of Business Ethics*, 1–20.

- Mares, R. (2018). Corporate transparency laws: A hollow victory? *Netherlands Quarterly of Human Rights*, 36(3), 189–213. <https://doi.org/10.1177/0924051918786623>
- Massaro, M., Dumay, J., & Garlatti, A. (2015). Public sector knowledge management: a structured literature review. *Journal of Knowledge Management*, 19(3), 530–558.
- Massaro, M., Dumay, J., & Guthrie, J. (2016). On the shoulders of giants: undertaking a structured literature review in accounting. *Accounting, Auditing & Accountability Journal*, 29(5), 767–801.
- McPhail, K., & Adams, C. A. (2016). Corporate respect for human rights: meaning, scope, and the shifting order of discourse. *Accounting, Auditing & Accountability Journal*, 29(4), 650–678.
- McPhail, K., & Farrah Maimunah, T. (2012). Regulating for rights and sustainability: biofuel in Malaysia. *Sustainability Accounting, Management and Policy Journal*, 3(2), 252–261.
- McPhail, K., & Ferguson, J. (2016). The past, the present and the future of accounting for human rights. *Accounting, Auditing & Accountability Journal*, 29(4), 526–541.
- McPhail, K., Macdonald, K., & Ferguson, J. (2016). Should the international accounting standards board have responsibility for human rights? *Accounting, Auditing & Accountability Journal*, 29(4), 594–616.
- McPhail, K., & McKernan, J. (2011). Accounting for human rights: An overview and introduction. *Critical Perspectives on Accounting*, 22(8), 733–737.
- Methven O'Brien, C., & Dhanarajan, S. (2016). The corporate responsibility to respect human rights: a status review. *Accounting, Auditing & Accountability Journal*, 29(4), 542–567.
- Monteiro, A. P., García-Sánchez, I.-M., & Aibar-Guzmán, B. (2021). Labour Practice, Decent Work and Human Rights Performance and Reporting: The Impact of Women Managers. *Journal of Business Ethics*, 1–20. <https://doi.org/10.1007/s10551-021-04913-1>
- Morhardt, J. E. (2009). General Disregard for Details of GRI Human Rights Reporting by Large Corporations. *Global Business Review*, 10(2), 141–158.
- Neglia, M. (2016). The UNGPs — Five Years on: From Consensus to Divergence in Public Regulation on Business and Human Rights. *Netherlands Quarterly of Human Rights*, 34(4), 289–317. <https://doi.org/10.1177/016934411603400403>
- Nissen, A. (2019). The European Union as a Manager of Global ‘Business and Human Rights’ Regulation: Country-by-Country Reporting Rules. *UCL Journal of Law & Jurisprudence*, 8(2), 141–163. <https://doi.org/10.14324/111.2052-1871.120>

- Noland, J., & Phillips, R. (2010). Stakeholder Engagement, Discourse Ethics and Strategic Management. *International Journal of Management Reviews*, 12(1), 39–49. <https://doi.org/10.1111/j.1468-2370.2009.00279.x>
- O’Kelly, C. (2019). Human Rights and the Grammar of Corporate Social Responsibility. *Social & Legal Studies*, 28(5), 625–649. <https://doi.org/10.1177/0964663918819400>
- Ordelheide, D. (2006). The Politics of Accounting: A Framework. In C. Leuz, D. Pfaff, & A. G. Hopwood (Eds.), *The economics and politics of accounting: International perspectives on research trends, policy, and practice* (pp. 269–284). Oxford Univ. Press.
- Oxfam. (2016). *The world’s top 100 economies: 31 countries; 69 corporations – FP2P*. <https://oxfamapps.org/fp2p/the-worlds-top-100-economies-31-countries-69-corporations/>
- Parsa, S., Roper, I., Muller-Camen, M., & Szigetvari, E. (2018). Have labour practices and human rights disclosures enhanced corporate accountability? The case of the GRI framework. *Accounting Forum*, 42(1), 47–64. <https://doi.org/10.1016/j.accfor.2018.01.001>
- Pianezzi, D., & Cinquini, L. (2016). Assessing the validity of accounting for human rights. *Qualitative Research in Accounting & Management*, 13(3), 370–391.
- Planitzer, J. (2016). Trafficking in Human Beings for the Purpose of Labour Exploitation: Can Obligatory Reporting by Corporations Prevent Trafficking? *Netherlands Quarterly of Human Rights*, 34(4), 318–339. <https://doi.org/10.1177/016934411603400404>
- Rao, M., & Bernaz, N. (2020). Corporate Responsibility for Human Rights in Assam Tea Plantations: A Business and Human Rights Approach. *SUSTAINABILITY*, 12(18). <https://doi.org/10.3390/su12187409>
- Rasche, A., & Esser, D. E. (2006). From Stakeholder Management to Stakeholder Accountability. *Journal of Business Ethics*, 65(3), 251–267.
- Rogerson, M. (2023). Business and Human Rights in Russia: Emerging or Merging? *Business and Human Rights Journal*, 1–26. <https://doi.org/10.1017/bhj.2022.29>
- Rogerson, M., Scarpa, F., & Snelson-Powell, A. (2024). Accounting for human rights: Evidence of due diligence in EU-listed firms’ reporting. *Critical Perspectives on Accounting*, 99, 1–19.
- Ruggie, J. (2008). Protect, Respect and Remedy: A Framework for Business and Human Rights. *Innovations: Technology, Governance, Globalization*, 3(2), 189–212.
- Ruggie, J. (2011). Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and other Business Enterprises: Guiding Principles on Business and Human Rights: Implementing the United Nations

- 'Protect, Respect and Remedy' Framework. *Netherlands Quarterly of Human Rights*, 29(2), 224–253. <https://doi.org/10.1177/016934411102900206>
- Scherer, A. G., & Palazzo, G. (2007). Toward a Political Conception of Corporate Responsibility: Business and Society Seen from a Habermasian Perspective. *Academy of Management Review*, 32(4), 1096–1120.
- Sikka, P. (2011). Accounting for human rights: The challenge of globalization and foreign investment agreements. *Critical Perspectives on Accounting*, 22(8), 811–827. <https://doi.org/10.1016/j.cpa.2011.03.004>
- Stocker, F., Arruda, M. P., Mascena, K. M. C., & Boaventura, J. M. G. (2020). Stakeholder engagement in sustainability reporting: A classification model. *Corporate Social Responsibility and Environmental Management*, 27(5), 2071–2080. <https://doi.org/10.1002/csr.1947>
- Stohl, M., & Stohl, C. (2010). Human rights and corporate social responsibility. *Sustainability Accounting, Management and Policy Journal*, 1(1), 51–65.
- Tranfield, D., Denyer, D., & Smart, P. (2003). Towards a Methodology for Developing Evidence-Informed Management Knowledge by Means of Systematic Review. *British Journal of Management*, 14(3), 207–222.
- United Nations. (2011). *Guiding principles on business and human rights*. United Nations.
- Wettstein, F. (2020). The History of 'Business and Human Rights' and its Relationship with Corporate Social Responsibility. In S. Deva & D. Birchall (Eds.), *Research handbooks in human rights series. Research handbook on human rights and business* (pp. 23–45). Edward Elgar Publishing Limited.
- Whelan, G., & Muthuri, J. (2015). Chinese State-Owned Enterprises and Human Rights: The Importance of National and Intra-Organizational Pressures. *Business & Society*, 56(5), 738–781.

B.8 Appendix

Table B-6 Detailed Conceptual Framework and Sub-Categories

Index	Category	Number of Publications	Publications
1.	Conceptual		
1.1.	Requirements		
1.1.1.	Rights-Centered	5	Buhmann (2018); Buhmann et al. (2019); Chetty (2011); Gregg (2021); Islam & Jain (2013)
1.1.1.1	Definition Human Rights	6	Gallhofer et al. (2011); Gregg (2021); Hazelton (2013); Li & McKernan (2016); Planitzer (2016); Rogerson (2023)
1.1.2.	Balanced	2	Maher et al. (2021); Methven O'Brien & Dhanarajan (2016)
1.1.3.	Consistent	2	Mares (2018); Neglia (2016)
1.1.4.	Accessibility	8	Cooper et al. (2011); Coulmont et al. (2017); Gregg (2021); Hazelton (2013); Methven O'Brien & Dhanarajan (2016); Morhardt (2009); Pianezzi & Cinquini (2016); Planitzer (2016)
1.1.5.	Clearly Defined Scope	9	Buhmann (2018); Favotto & Kollman (2021); Frankental (2001); Gallego-Alvarez (2008) ; Gregg (2021); Hopper (2019); Humbert (2019); Planitzer (2016); Rogerson (2023)
1.1.6.	Comparable	3	Coulmont et al. (2017); Mares (2018); Rogerson (2023)
1.1.6.1	Content	4	Mares (2018); Morhardt (2009); Neglia (2016); Planitzer (2016)
1.1.6.2	Structure	3	Coulmont et al. (2017); Mares (2018); Planitzer (2016)
1.1.6.3	Format	2	Coulmont et al. (2017); Elayan et al. (2021)
1.1.7.	Complete	7	Cooper et al. (2011); Favotto & Kollman (2021); Frankental (2001); Lauwo & Otusanya (2014); McPhail & Adams (2016); Methven O'Brien & Dhanarajan (2016); Pianezzi & Cinquini (2016)
1.1.8.	Relevant	4	Buhmann et al. (2019); Mares (2018); Methven O'Brien & Dhanarajan (2016); Ruggie (2011)
1.1.8.1	Materiality	4	Frankental (2011); Gray & Gray (2011); Methven O'Brien & Dhanarajan (2016); Parsa et al. (2018)
1.1.8.2	Targets	2	Favotto & Kollman (2021); Neglia (2016)
1.1.8.3	Commitments	10	Coulmont et al. (2017); Frankental (2001); Hamann et al. (2009); Kolk & Lenfant (2010); Lauwo & Otusanya (2014); Mares (2018); Methven O'Brien & Dhanarajan (2016); Morhardt (2009); Neglia (2016); Rogerson (2023)
1.1.8.4	Financial Information	4	Cooper et al. (2011); Elayan et al. (2021); Gallhofer et al. (2011); Nissen (2019)

1.1.8.5	Impacts	15	Buhmann (2018); Buhmann et al. (2019); Cahaya & Hervina (2019); Chetty (2011); Coulmont et al. (2017); Elayan et al. (2021); Favotto & Kollman (2021); Frankental (2001); Frankental (2011); Gallhofer et al. (2011); Kolk & Lenfant (2010); Lauwo & Otusanya (2014); Methven O'Brien & Dhanarajan (2016); Neglia (2016); Ruggie (2011)
1.1.8.6	Measures	14	Buhmann (2018); Cahaya & Hervina (2019); Chetty (2011); Cooper et al. (2011); Coulmont et al. (2017); Favotto & Kollman (2021); Islam & McPhail (2011); Kolk & Lenfant (2010); Lauwo & Otusanya (2014); Methven O'Brien & Dhanarajan (2016); Morhardt (2009); Neglia (2016); Rogerson (2023); Ruggie (2011)
1.1.9.	True	3	Coulmont et al. (2017); Gallego-Alvarez (2008) ; Mares (2018)
1.2.	Challenges		
1.2.1.	Issues Common to Business	2	Favotto & Kollman (2021); Hamann et al. (2009)
1.2.2.	Western Ideology of Human Rights	4	Favotto & Kollman (2021); Gallhofer et al. (2011); Gregg (2021); Li & McKernan (2016)
2.	Societal-Systemic-Institutional		
2.1.	Requirements		
2.1.1.	Stakeholder Responsiveness	13	Buhmann (2018); Coulmont et al. (2017); Elayan et al. (2021); Favotto & Kollman (2021); Frankental (2001); Gallhofer et al. (2011); Harrison (2019); Humbert (2019); Lauwo & Otusanya (2014); Mares (2018); Neglia (2016); Planitzer (2016); Rogerson (2023)
2.1.1.1	Centralised Database of Reports	1	Mares (2018)
2.1.1.2	Appropriate Reporting Means	1	Hazelton (2013)
2.1.2.	Appropriate Enforcement and Sanctions	10	Coulmont et al. (2017); Favotto & Kollman (2021); Frankental (2001); Gallhofer et al. (2011); Islam & Jain (2013); Lauwo & Otusanya (2014); Mares (2018); Neglia (2016); Parsa et al. (2018); Planitzer (2016)
2.1.2.1	Focus on Content and Quality of Reports	1	Buhmann (2018)
2.1.3.	Powerful Institutions	7	Buhmann (2018); Gallhofer et al. (2011); Gray & Gray (2011); Lauwo & Otusanya (2014); McPhail et al. (2016); Parsa et al. (2018); Sikka (2011)
2.1.4.	Sufficient Regulation		

2.1.4.1	Top Management Signature	2	Mares (2018); Neglia (2016)
2.1.4.2	Restriction of Corporate Influence on Policy Processes	1	Gregg (2021)
2.1.4.3	Assurance of Contents	12	Buhmann (2018); Coulmont et al. (2017); Elayan et al. (2021); Frankental (2001); Frankental (2011); Gallhofer et al. (2011); Humbert (2019); McPhail & Ferguson (2016); Methven O'Brien & Dhanarajan (2016); Parsa et al. (2018); Rao & Bernaz (2020); Ruggie (2011)
2.1.4.4	Regulatory Smart-Mix	2	Buhmann (2018); Mares (2018)
2.1.4.5	Regulation of Director Duties	2	Frankental (2011); Gregg (2021)
2.1.4.6	Mandatory Disclosure	9	Frankental (2011); Gallhofer et al. (2011); Hazelton (2013); Humbert (2019); Islam & Jain (2013); Methven O'Brien & Dhanarajan (2016); Neglia (2016); Parsa et al. (2018); Planitzer (2016)
2.1.4.7	Barriers to Adoption of Voluntary Initiatives	1	Coulmont et al. (2017)
2.1.4.8	Stakeholder Information Rights	1	Pianezzi & Cinquini (2016)
2.2.	Challenges		
2.2.1.	Insufficient Enforcement Mechanisms		
2.2.1.1	Over-Reliance on Civil Society Activities	2	Elayan et al. (2021); Planitzer (2016)
2.2.1.2	Over-Reliance on Government Oversight	1	Cooper et al. (2011)
2.2.1.3	Lack of Enforcement	3	Favotto & Kollman (2021); Gallhofer et al. (2011); Gregg (2021)
2.2.2.	Insufficient Regulation	2	Hubers & Thijssens (2020); Sikka (2011)
2.2.2.1	Unclear Requirements	1	Favotto & Kollman (2021)
2.2.2.2	Lack of Requirements for Investors	1	Gregg (2021)
2.2.2.3	Lack of Liability for Subsidiary Activities	2	Favotto & Kollman (2021); Frankental (2011)

2.2.2.4	Managerial Discretions	8	Favotto & Kollman (2021); Humbert (2019); Mares (2018); Methven O'Brien & Dhanarajan (2016); Pianezzi & Cinquini (2016); Rao & Bernaz (2020); Rogerson (2023); Sikka (2011)
2.2.2.5	Trade Secrecy	1	Sikka (2011)
2.2.2.6	Politics of Standard Setting	5	Favotto & Kollman (2021); Gallhofer et al. (2011); Gregg (2021); Lauwo & Otusanya (2014); McPhail et al. (2016)
2.2.2.7	Narrow Scope of Affected Companies	2	Humbert (2019); Methven O'Brien & Dhanarajan (2016)
2.2.2.8	Lack of Procedural Requirements	1	Favotto & Kollman (2021)
2.2.2.9	Limited Jurisdiction	3	Gallhofer et al. (2011); Gregg (2021); Lauwo & Otusanya (2014)
2.2.2.10	Free-riding	2	Coulmont et al. (2017); Mares (2018)
2.2.3.	Neoliberal Narratives		
2.2.3.1	Focus on Business-Relevant Stakeholders	9	Cahaya & Hervina (2019); Favotto & Kollman (2021); Frankental (2001); Frankental (2011); Gallhofer et al. (2011); Gregg (2021); Lauwo & Otusanya (2014); Parsa et al. (2018); Sikka (2011)
2.2.3.2	State Exclusion in Voluntary CSR	1	Lauwo & Otusanya (2014)
2.2.3.3	Economic Calculus	11	Buhmann et al. (2019); Elayan et al. (2021); Favotto & Kollman (2021); Frankental (2001); Gallhofer et al. (2011); Gregg (2021); Humbert (2019); Lauwo & Otusanya (2014); McPhail et al. (2016); Pianezzi & Cinquini (2016); Sikka (2011)
2.2.3.4	Governance Gaps	1	Lauwo & Otusanya (2014)
2.2.4.	Political Unwillingness and Incapacity	7	Gray & Gray (2011); Gregg (2021); Islam & Jain (2013); Lauwo & Otusanya (2014); Rogerson (2023); Sikka (2011); Whelan & Muthuri (2015)
2.2.5.	Unintended Effects	3	Mares (2018); Nissen (2019); Planitzer (2016)
2.2.6.	Institutional Conflict	2	Rogerson (2023); Whelan & Muthuri (2015)
2.3.	Drivers		
2.3.1.	Normative Pressures	20	Buhmann (2018); Buhmann et al. (2019); Chetty (2011); Elayan et al. (2021); Favotto & Kollman (2021); Frankental (2001); Gallhofer et al. (2011); Hubers & Thijssens (2020); Humbert (2019); Islam et al. (2017); Islam & Jain (2013); Kolk & Lenfant (2010); Lauwo & Otusanya (2014); Li et al. (2022); Maher et al. (2021); Mares (2018); Neglia (2016); Rao & Bernaz (2020); Rogerson (2023); Sikka (2011)

2.3.2.	Mimetic Pressures	11	Buhmann et al. (2019); Cahaya & Hervina (2019); Chetty (2011); Coulmont et al. (2017); Favotto & Kollman (2021); Hamann et al. (2009); Hubers & Thijssens (2020); Islam & McPhail (2011); Kolk & Lenfant (2010); Monteiro et al. (2021); Morhardt (2009)
2.3.3.	Economic Pressures	1	Cahaya & Hervina (2019)
2.3.3.1	Shareholder Activism	4	Buhmann (2018); Elayan et al. (2021); Gregg (2021); McPhail & Ferguson (2016)
2.3.3.2	Reputation Risks	4	Branco et al. (2022); Buhmann (2018); Coulmont et al. (2017); Elayan et al. (2021)
2.3.3.3	Economic Sanctions	2	Buhmann (2018); Elayan et al. (2021)
2.3.4.	National Culture	3	Branco et al. (2022); Islam & McPhail (2011); Kolk & Lenfant (2010)
2.3.5.	Coercive Pressures	3	Buhmann et al. (2019); Favotto & Kollman (2021); Hubers & Thijssens (2020)
2.3.5.1.	Soft Laws	4	Buhmann (2018); Favotto & Kollman (2021); Islam & Jain (2013); McPhail & Farrah Maimunah (2012)
2.3.5.1.1	UN PRI	1	Rogerson (2023)
2.3.5.1.2	RAFI Initiative	1	McPhail & Ferguson (2016)
2.3.5.1.3	Global Compact	6	Favotto & Kollman (2021); Gray & Gray (2011); Hamann et al. (2009); Methven O'Brien & Dhanarajan (2016); Rogerson (2023); Whelan & Muthuri (2015)
2.3.5.1.4	Human Rights Instruments	7	Favotto & Kollman (2021); Frankental (2001); Gallego-Alvarez (2008); Gray & Gray (2011); Gregg (2021); Hopper (2019); Islam & McPhail (2011)
2.3.5.1.5	NAPs	1	Favotto & Kollman (2021)
2.3.5.1.6	OECD Guidelines	3	Gray & Gray (2011); Mares (2018); Neglia (2016)
2.3.5.1.7	Procedural Requirements	4	Buhmann (2018); Cahaya & Hervina (2019); Chetty (2011); Favotto & Kollman (2021)
2.3.5.1.8	Reporting Requirements	2	Coulmont et al. (2017); Favotto & Kollman (2021)
2.3.5.1.9	Reporting Standards	3	Cahaya & Hervina (2019); Chetty (2011); Coulmont et al. (2017)
2.3.5.1.9.1	GRI	8	Frankental (2011); Gallego-Alvarez (2008); Gallhofer et al. (2011); Gray & Gray (2011); McPhail & Farrah Maimunah (2012); Methven O'Brien & Dhanarajan (2016); Morhardt (2009); Parsa et al. (2018)
2.3.5.1.10	UNGP	11	Favotto & Kollman (2021); Frankental (2011); Gray & Gray (2011); Hopper (2019); Humbert (2019); Maher et al. (2021); Mares (2018); McPhail & Adams (2016); McPhail & Farrah Maimunah (2012); McPhail & McKernan (2011); Neglia (2016)

2.3.5.2.	Hard Laws	3	McPhail & Ferguson (2016); Neglia (2016); Rogerson et al. (2024)
2.3.5.2.1	General Social Responsibilities	3	Coulmont et al. (2017); Elayan et al. (2021); Planitzer (2016)
2.3.5.2.2	National and International Accounting Standard Boards	1	Gallego-Alvarez (2008)
2.3.5.2.3	Reporting Requirements	6	Branco et al. (2022); Buhmann (2018); Favotto & Kollman (2021); Hubers & Thijssens (2020); Planitzer (2016); Rogerson (2023)
3.	Organisational		
3.1.	Requirements		
3.1.1.	Embedded in Corporate Objectives	1	Gregg (2021)
3.1.2.	Intrinsic Motivation	2	Gregg (2021); Morhardt (2009)
3.1.3.	Corporate Culture	1	Gregg (2021)
3.2.	Challenges		
3.2.1.	Reporting Quality	16	Buhmann (2018); Buhmann et al. (2019); Cahaya & Hervina (2019); Favotto & Kollman (2021); Frankental (2001); Gallhofer et al. (2011); Harrison (2019); Kolk & Lenfant (2010); Lauwo & Otusanya (2014); Li & McKernan (2016); Maher et al. (2021); O'Kelly (2019); Parsa et al. (2018); Rogerson (2023); Rogerson et al. (2024); Sikka (2011)
3.2.2.	Compliance Approach	2	Buhmann (2018); Gregg (2021)
3.3.	Drivers		
3.3.1.	Stock Index Listing	2	Hamann et al. (2009); Rogerson (2023)
3.3.2.	Sustainability Performance	2	Coulmont et al. (2017); Monteiro et al. (2021)
3.3.3.	Risk Profile	3	Elayan et al. (2021); Islam et al. (2017); Kolk & Lenfant (2010)
3.3.4.	Company Size	4	Branco et al. (2022); Cahaya & Hervina (2019); Hamann et al. (2009); Kolk & Lenfant (2010)
3.3.5.	Available Financial Resources	1	Cahaya & Hervina (2019)
3.3.6.	BoD Characteristics		
3.3.6.1	Board Size	1	Cahaya & Hervina (2019)
3.3.6.2	Stakeholder Boardmemberships	2	Lauwo & Otusanya (2014); Parsa et al. (2018)
3.3.6.3	Board Diversity	2	Branco et al. (2022); Monteiro et al. (2021)

3.3.7.	Management Diversity	1	Monteiro et al. (2021)
3.3.8.	Sustainability Framing	1	Rogerson (2023)
3.3.9.	Internationalisation	1	Rogerson (2023)
4.	Procedural		
4.1.	Requirements		
4.1.1.	Proactivity	1	Buhmann (2018); Rogerson et al. (2024)
4.1.2.	Due Diligence Process	4	Buhmann (2018); Buhmann et al. (2019); Frankental (2011); Humbert (2019)
4.1.3.	Stakeholder Engagement	11	Buhmann (2018); Buhmann et al. (2019); Cooper et al. (2011); Frankental (2011); Gallhofer et al. (2011); Gregg (2021); McPhail & McKernan (2011); Methven O'Brien & Dhanarajan (2016); Parsa et al. (2018); Pianezzi & Cinquini (2016); Ruggie (2011)
4.2.	Challenges		
4.2.1.	Expert Capture	1	Li & McKernan (2016)
4.2.2.	Prioritisation of Issues	4	Favotto & Kollman (2021); Gallhofer et al. (2011); Gray & Gray (2011); McPhail & Farrah Maimunah (2012)
4.2.3.	Lack of Common Indicators	7	Favotto & Kollman (2021); Frankental (2001); Frankental (2011); Gallego-Alvarez (2008) ; Hopper (2019); Humbert (2019); Methven O'Brien & Dhanarajan (2016)
4.2.4.	Quantifiability	2	Gallego-Alvarez (2008); Gray & Gray (2011)
4.2.5.	Difficulty to Obtain Information	2	Elayan et al. (2021); Morhardt (2009)
5.	Individual		
5.1.	Requirements		
5.1.1.	Accountants Aware of Public Interest	3	Hopper (2019); Lauwo & Otusanya (2014); McPhail & Ferguson (2016)
5.2.	Challenges		
5.2.1.	Manager's Priorities	1	Favotto & Kollman (2021)
5.3.	Drivers		
5.3.1.	Leadership Commitment	1	Hamann et al. (2009)

C. Communicative Validity as Microfoundation of Accountability: Corporate Disclosure on Civil Society Engagements in the Context of Human Rights

Oliver Schneider, M.Sc.*, Conceptual Design, Data Assessment and Analysis, Early Draft,
Final Draft, Editing

Dr. Mike Rogerson**, Conceptual Review, Editing

Prof. Dr. Andreas Dutzi*, Editing

*Chair of Management, Accounting, and Corporate Governance, University of Siegen

**Assistant Professor in Operations Management, University of Sussex

Earlier versions of the paper have been accepted for oral presentation at the 23rd European Academy of Management Annual Conference (2023), the 10th Annual Conference on Risk Governance (2023), and the 9th Italian Conference on Social and Environmental Accounting Research (2024) after double-blind reviews. This version is under review for publication in Accounting, Auditing & Accountability Journal (VHB: A)

Abstract

This study seeks to shed light on how companies, by means of public communications, shape public understanding of a key component of their responsibility to respect – involvement of civil society stakeholders, especially rights-holders and their stewards, into their processes.

The authors utilise a critical discourse analysis drawing on Habermas theory of validity. The study applies theoretical principles to which company communications have to adhere, if the purpose of communicating is to support the discursive evolution and public evaluation of practice: truth, sincerity, legitimacy, and comprehensibility. To that end we analyse public communications by companies which have been independently assessed as pioneers in the area of human rights.

Generally, companies in our sample provide numerous examples of engagement with civil society, seeking to legitimise their practices by inclusivity and involvement. Nevertheless, analysis reveals several shortcomings of disclosure practice. First, communications entail non-standardised language reducing comparability, and are difficult to access, given the volume of information. It entails endemic use of connotative language that might be employed purposefully to influence audiences' perceptions. Further, we identify limitations of independent assurance, as well as indications of omitted relevant information.

In employing Habermas, we contribute to detailed understanding of the truth, sincerity, legitimacy, and comprehensibility of corporate communications on human rights.

Keywords: human rights; stakeholder engagement; accountability; disclosure; communicative validity

C.1 Introduction

Globalisation solely following market imperatives dialectically intertwines increases in productivity with increases in impoverishment (Habermas, 1999), ultimately putting at risk the utopia of human rights (Habermas, 2010). Increased corporate power and intensified economic globalisation (Habermas, 1998, 1999), as well as persisting governance gaps between developed and less developed countries (Ruggie, 2008; Sikka, 2011) therefore necessitate considerations on the accountability of multinational business firms, especially in light of contemporary debates on the content of mandatory human rights due diligence provisions. This is further reinforced by the changing role transnational entities play in a globalised economy (Scherer & Palazzo, 2007). Traditionally seen as private actors subject to regulation provided by civil society and enforced by nation states, in a globalised economy, corporations increasingly step in where state-based governance fails (Scherer & Palazzo, 2007, 2011). Hence, companies are increasingly under pressure to prove not only accountability towards their shareholders and other capital providers, as suggested by traditional economic theories (Friedman, 1970), but to legitimise their new role as accountable citizens towards local communities and society at large (Scherer & Palazzo, 2011; Scherer et al., 2016). To achieve this ideal, corporate accountability is argued to be strongly depending on the degree to which their organisational characteristics and behaviour streamline, enable, and support public deliberation and collaborative decision making (Scherer & Palazzo, 2007, 2011). Academic discourse to date outlines the requirement for companies to engage proactively with their stakeholders (Mena & Palazzo, 2012; Rasche & Esser, 2006; Scherer & Palazzo, 2007, 2011). Firms are simultaneously required to provide procedural transparency allowing for independent evaluation of company conduct by interested stakeholders (Frankental, 2001; Scherer & Palazzo, 2007).

Corporate accountability requires conceptual considerations like asking who shall be accountable to whom and for what (McPhail et al., 2016) just like appropriate systemic and procedural structures (Frankental, 2001; Rasche & Esser, 2006). Analysis here is mainly focused on the prerequisites of accountability, as well as societal and systemic mechanisms that force organisations and individuals to adapt their behaviour in a socially desirable manner (Elayan et al., 2021; Parsa et al., 2018). Besides macro- and meso-level considerations (Kroll & Edinger-Schons, 2024), accountability can be analysed at the micro-level, for example in the sense of an attitude or processes (Buhmann, 2018). Microfoundational thinking seeks to uncover the hidden mechanisms allowing for functioning of meso- and macro-level mechanisms. With respect to transparency, arguably a prerequisite for accountability at macro-level (Scherer &

Palazzo, 2007, 2011), few attempts have been made to analyse the communicative microfoundations needed to enable collective learning and discursive evolution of practice (Reynolds & Yuthas, 2008; Wright, 1994; Yuthas et al., 2002). Certainly, none of these studies investigated disclosure on engagement practices, let alone in the context of human rights.

In the context of social sustainability the interplay between micro-level (e.g., individual attitudes and perceptions, organisational processes) and macro-level (e.g., reporting and market reactions) accountability mechanisms is of particular interest. Due to lack of commonly applied quantitative indicators and general hardships in obtaining and measuring risk and outcomes related to social issues, market participants, as well as intermediaries such as NGOs, are compelled to assess the appropriateness of corporate behaviours based on qualitative communications (Humbert, 2019; Kolk & Lenfant, 2010). In this regard, the appropriate integration of stakeholders, and especially rights-holders, is a primary concern and hence an important proxy regarding the social performance of a company (OECD, 2018; United Nations, 2011). Here, directly including rights-holders is especially relevant, as to avoid an unintended marginalisation of vulnerable groups (Roussey et al., 2022). However, given the absence of mandatory disclosure provisions and behavioural norms, corporations face discretions and discursive power (Buhmann, 2017). Disclosure therefore shapes the public understanding of appropriate engagement free from regulated obligation (McPhail & Adams, 2016). Further, many human rights violations (e.g., discrimination, experiences of racism, sexual harassment) are only accessible from the internal perspective of individuals. Hence, the credibility of reporting is intrinsically dependent on the quality of the underlying procedures for stakeholder inclusion (Buhmann et al., 2019; Frankental, 2011). To our knowledge, scholars have yet to address this connection in the context of business and human rights. Therefore, the aim of our investigation is to examine:

How do corporate pioneers in business and human rights depict their civil society stakeholder interactions within the context of their human rights due diligence (HRDD)?

In doing so, we ask secondarily, How credible is this information for decision-making at societal level?

For this purpose, we conducted a critical discourse analysis drawing on Habermas' theory of communicative action (Cukier et al., 2004; Cukier et al., 2009; Habermas, 1981a, 1981b). Our sample consists of disclosures by 19 companies classified as pioneers in the field of BHR by an independent NGO (World Benchmarking Alliance, 2021). Our investigation shows that

while companies pay considerable attention to the portrayal of their interactions with civil society, the manner of presentation, the lack of comparability and the excessive use of connotative language, combined with limited verifiability, cast serious doubts regarding the discursive quality of available reports and the rationality of conclusions drawn thereon. However, we acknowledge that reporting might likewise result in isomorphic behaviour (Martínez-Ferrero & García-Sánchez, 2017). Hence, reporting habits identified as ‘impression management’, while limiting the credibility and usability of single reports as data sources, might still support discursive evolution of civil society engagement across industries by fostering a specific way to speak – and ultimately think – about engagement. Finally, we briefly comment on how existing problems could be mediated, for example by future regulatory initiatives.

C.2 Analytical Framework

C.2.1 Habermas’s Critical Social Theory and Deliberative Democracy

Building on Durkheim, Habermas theorises that a "war of all against all," merely tamed by institutionalised legal norms, does not provide a sufficient explanation for the constitution of modern societies (Habermas, 1981b, p. 177). Rather, beyond the egocentric utility calculus of individuals, as for example assumed for homo economicus, solidarity among actors is necessary, accompanied by a consent on the procedures underpinning public governance (Habermas, 1999, 2022). In an increasingly globalised society, where the capabilities of nation states shrink (Habermas, 1998), such solidarity is most promisingly going to be achieved by reference to the concept of human dignity, mirrored in positive human rights (Habermas, 2010).

Solidarity among members of a sociohistorical community is argued to derive from the shared horizon of a so-called "lifeworld". The lifeworld itself is in a dialectical relationship with its components, i.e. individual personalities, recognised social orders, and a shared cultural tradition. As much as the former is constituted by and stabilising the latter, the latter allow the development of taken for granted assumptions and beliefs (Habermas, 2020, p. 98). According to Habermas, this reproduction occurs through communicative action (Habermas, 1981b, p. 217).

Communicative action consists of speech acts, entailing so-called validity claims. Thus, an utterance can be sincere (related to the speaker's subjective intention and action), true (related to the objective external world), or legitimate (related to the recognised social norms) (Cukier et al., 2004; Cukier et al., 2009; Habermas, 1983; Wright, 1994; Yuthas et al., 2002). Whether a particular validity claim is accepted can be judged a priori by the interpretation schemes of a

shared lifeworld (Habermas, 2020, p. 96). These validity claims can be understood as micro-foundations for every attempt of interpersonal communication. That is, without implicitly assuming sincerity, reference to legitimate norms, and truth, coordination based on linguistic interaction would not be feasible. Whether a discourse can be evaluated as rational, ultimately depends on how close speech acts align with the idealisation of validity (Cukier et al., 2004; Cukier et al., 2009).

Habermas' earlier work (Habermas, 1981a, 1981b) was considerably critical of market-based economies, as articulated in his theory of 'colonisation'. Here, Habermas sees the cause of the paradoxes of modernity (e.g., cultural impoverishment, psychopathologies, depersonalisation of social relationships, exploitation) in a reversal of the relationship between so-called systems (economy and administration) and lifeworld (Baxter, 1987). For instance, while the economic system should relieve society from material reproduction, its media-steered mechanisms increasingly encroach into the lifeworld (Habermas, 1981b, p. 545). Examples include the general depersonalisation of work in terms of an accounting-driven commodification (Alawattage & Wickramasinghe, 2008), or the transformation of education to vocational training as dominant paradigm (Habermas, 1981b, p. 545).

A core question against this backdrop is how to reconcile the guarantee of minimum standards of human coexistence with the benefits of relieving the lifeworld from the challenges of material reproduction (Gregg, 2021). Habermas' himself provided for a more appeasing notion of the economic sector in his later work, laying the foundation for academic developments regarding global governance transnational business firms (Habermas, 1992, 1998, 1999). His work on deliberative democracy, the idea that political decisions are best justified by sound discursive procedures, echoed broadly in the business literature (Scherer & Palazzo, 2007, 2011; Scherer et al., 2016; Whelan, 2012). Subsequently, we provide a brief overview of the political conception of the firm, and how this relates to corporate accountability for human rights.

C.2.2 The Political Corporation and Accountability for Human Rights

A relatively recent development in considerations of the responsibilities of corporations – political CSR (PCSR) (Whelan, 2012) - speaks to the relevance of additional stakeholders. Moving away from the premise that only those groups directly involved in the company's revenue process are relevant for achieving the company's goals, Freeman first developed the idea that companies must engage in an exchange process with all groups that are either influenced by the company or are capable to influence its activities (Freeman, 1984). Freeman justifies this

with increasingly turbulent environments, deeming the anticipation of these changes impossible without a holistic consideration of company-specific interest groups (Jonker & Foster, 2002).

However, stakeholder theory does not represent a sufficient paradigm shift in itself (Scherer & Palazzo, 2007). Rather, it deals with how companies should act strategically, continuously within the imperatives of their systemic context, to secure their sustained social license to operate (Lawrence, 2002). Critically applying Habermas' thinking, considering various stakeholder groups represents a system-sustaining exchange process with the lifeworld (Habermas, 1981b). Even though carrying the possibility to challenge the primacy of profit over social norms, it is left to the companies to decide with which stakeholders they interact and why. This leads to problematic observations of corporations preferring engagement with more powerful stakeholders, hence those having an impact on their financial performance, hollowing the transformative potential of the stakeholder approach (Gallhofer et al., 2011).

The political view of the corporation, in turn, emerged in light of the insight that firms increasingly fulfil tasks prior attributed to nation states (Scherer & Palazzo, 2007, 2011; Scherer et al., 2016). Critical of the instrumental nature of CSR, PCSR hence seeks to embed companies in deliberative procedures that balance business and civil society interests (Scherer & Palazzo, 2007, 2011), with regards to the development of initiatives seeking to close governance gaps (Mena & Palazzo, 2012) and the sound involvement of stakeholders into corporate governance processes (Gilbert & Rasche, 2007; Gregg, 2021; Rasche & Esser, 2006; Whelan, 2012). Research on PCSR hence investigates and theorises involvement of companies in procedures of norm-setting at macro level (Mena & Palazzo, 2012), provisions for stakeholder engagement at micro level (Barone et al., 2013; Rasche & Esser, 2006), and organisational procedures and structures at meso-level (Kroll & Edinger-Schons, 2024). The aim is to develop a paradigm that integrates firms in global governance, while simultaneously striving for democratic corporate governance and profound democratic oversight over company practices.

Central to deliberative democracy, and to work on PCSR, are notions of inclusion and transparency (Buhmann, 2017; Scherer & Palazzo, 2007, 2011). Both procedures of political negotiation and corporate governance are hence evaluated against the degree to which they allow for a procedurally fair, balanced, and holistic consideration of diverse stakeholder voices (Mena & Palazzo, 2012; Scherer & Palazzo, 2007), just like whether the modalities of decision-making align with democratic ideals (Gregg, 2021; Whelan, 2012). Corporations are called to be transparent, both with regards to their stakeholders in engagement procedures, and with regards to the broader public. Ultimately, political corporations hence participate in, and support, the

discursive evolution of knowledge by engaging with and providing information to the public (Buhmann, 2018; Buhmann et al., 2019).

For companies it might prove challenging to evaluate with whom they should reasonably interact, given the broad range of possibly affected stakeholders. Rasche and Esser (2006) utilise the principles of discourse ethics (Habermas, 1983) in an attempt to delineate the scope of relevant stakeholders. In the sense of a negative delineation, claims by individuals affected by the company that clearly contravene principles of human coexistence should remain unconsidered. They exemplify this by referring to the case of a drug dealer whose illegal business would suffer from the introduction of comprehensive drug screening for employees (Rasche & Esser, 2006).

Given the variety of ‘interpretation schemes’ (Broadbent et al., 2001) that exist according to the diversity of local cultures, norms and traditions globally, principles that might be perceived as universal and conditional for human coexistence might diverge. This problem can be overcome by utilising international human rights as basis for the evaluation of stakeholders’ legitimacy (van de Ven, 2005). While some accuse human rights of being a Western construct, comparative analysis between different intellectual traditions reveals their underpinning ideals transcend not only spatial, but also temporal horizons (Sen, 2011). Accordingly, Habermas views the moral content of positive human rights, the dignity of the human being, as most promising source for global solidarity, especially in the new media age (Habermas, 1999, 2010, 2022). Corporate accountability for, and transparency on human rights, from a theoretical lens, might prove the most promising avenue to establish a global threshold for responsible business conduct.

Accordingly, corporate responsibility for human rights has received considerable attention within academic literature (Frankental, 2001; Ruggie, 2008; Sikka, 2011), as well as at political level. Voluntary international frameworks such as the OECD Guidelines (OECD, 2018) and the UN Guiding Principles (UNGPs) (United Nations, 2011), clarify that companies face the duty to “respect” human rights, which shall be demonstrated through ‘due diligence’. Such due diligence comprises four steps: assessing impacts; addressing issues; monitoring effectiveness; and public communication, accompanied by provisions for engagement with affected people (Methven O'Brien & Dhanarajan, 2016). Viewed against the conceptual suggestions of PCSR, human rights due diligence can be seen as an attempt to foster the deliberative embeddedness of companies into their host communities.

Corporate accountability for human rights then requires acknowledgement of responsibility by corporate actors, as well as systemic mechanisms to hold them to account (Frankental, 2001).

Accountability further requires clarification as to whom companies owe their responsibility (McPhail et al., 2016).

Marginalised groups or individuals often lack the capacity to hold corporations to account, e.g. due to being less relevant from financial perspectives (Gallhofer et al., 2011). Traditional accountability mechanisms, building on the interplay of markets and transparency, are deemed insufficient (Gold & Heikkurinen, 2018). Aligned with PCSR, the UNGPs hence call for direct engagements with these groups. Rights-holder engagement is considered key in enhancing the credibility of due diligence efforts by securing the quality and appropriateness of information on which decisions and external communications are based (Carasco et al., 2010; Parsa et al., 2018; Sikka, 2011). Simultaneously these engagements allow for direct, democratic oversight of corporate activities, especially by those traditionally less powerful in conventional systems of accountability (Cooper et al., 2011; Lauwo & Otusanya, 2014).

Altogether, a political conception of the firm and resulting considerations regarding corporate accountability for human rights necessitate engagement, especially to empower those normally marginalised (Banerjee, 2018). Further, accountability in a deliberative democratic understanding requires transparency (Scherer & Palazzo, 2007), allowing for external assessment and evaluation, collective learning and evolution of practice (Buhmann, 2018). To connect the dots, we will elaborate subsequently on the connection between Habermas' theory of validity claims and its connection to corporate disclosure in the light of a political conception of the firm.

C.2.3 Communicative Validity as Microfoundation of Corporate Accountability

Transparency, even though not sufficient, is necessary for corporate accountability (Frankental, 2001; Gold & Heikkurinen, 2018; Mares, 2018). While transparency provisions might not be enough to foster organisational change (Buhmann, 2018), without transparency information asymmetries between companies and stakeholders persist (Healy & Palepu, 2001), effectively ruling out possible democratic oversight. Hence, we argue, disclosure on engagement is sensible in the context of human rights. Further, the UNGPs do not clarify how exactly engagement should be enacted (Jägers, 2011). In the absence of mandatory engagement provisions, managers are granted broad discretion regarding how to engage. By means of their disclosures, managers are capable of contributing to the discursive evolution of societally shared understandings of appropriate engagement with rights-holders and civil society organisations (McPhail & Adams, 2016).

In order to secure the rationality of the discursive evolution of practice, transparency has to be evaluated against normative conditions of rational deliberation. A promising pathway therefore is provided by recourse to Habermas' earlier work on communicative validity (Habermas, 1981a, 1981b). Even though 'ideal speech' and hence communicative action are unreasonable in empirical deliberation (Noland & Phillips, 2010), utilising validity as a counterfactual allows us to uncover deficiencies of empirical discourse.

As we noted, every communication, including disclosure in corporate reports (Reynolds & Yuthas, 2008; Wright, 1994; Yuthas et al., 2002), is based on the implicit assumption that the contained statements align with three foundational validity claims: sincerity, legitimacy, and truth (Cukier et al., 2004; Cukier et al., 2009). Additionally, communicative validity requires comprehensibility (Cukier et al., 2004). We argue that these validity claims can be reasonably applied as the communicative microfoundations for corporate transparency, and consequently for corporate accountability. That is, the more empirical communication diverges from these principles, the less rational decisions based thereon are (Habermas, 1981a, 1981b). If accountability depends on transparency, aiming to allow for a fair and inclusive deliberation, divergence from the notion of 'ideal speech' ultimately results in decrease of corporate accountability by undermining the capacity to derive reasonable conclusions from disclosed information.

Comprehensibility requires that participants to the discourse understand each other. With respect to corporate reports, comprehensibility can be achieved by "using common terminology and focusing the discussion on concrete matters" (Yuthas et al., 2002, p. 150). Further, comprehensibility can be distorted by accessibility (Yuthas et al., 2002), particularly the amount of information to be assessed (Cukier et al., 2009).

Legitimacy implies that both the form and content of the communication is aligned with existing standards (Cukier et al., 2004, p. 241). Therefore, "[t]he legitimacy principle requires that parties engage in discourse of a type and in a manner appropriate for the context within which it occurs. [...] Using languages or styles of communication that are inappropriate for the context draws attention away from the discussion and can engender unproductive emotional responses from participants" (Yuthas et al., 2002, p. 153). Further, legitimacy of discourse is strongly connected to representation (Cukier et al., 2009). Hence, legitimacy requires that different stakeholders are considered on a fair and equitable basis.

The sincerity principle is connected to intention. Accordingly, "adhering to this principle requires that rhetors do more than simply present correct information, but that they be authentic in their representations so that other participants can develop an understanding of their views." (Yuthas et al., 2002, p. 151). Insincere communication hence proves the greatest challenge to

transparency and accountability. Using communication not for deliberation, but as a means for manipulation (Habermas, 1981a, 2020), undermines the purpose of corporate disclosure, leading to false conclusions and a distorted evaluation of company practice.

Last, validity can be criticized by means of truth. Truth, generally, is concerned with the factual correctness of statements made, requiring verifiability (Yuthas et al., 2002, p. 150). Further, truth can be distorted by means of omission (Yuthas et al., 2002, p. 151). In order to allow for a discursive evolution of practice and a critical public deliberation on corporate conduct, it is of utmost importance that the communication entails all relevant information and presents them correct.

In the following section, we will illustrate how we operationalised the analysis. Drawing on prior investigations, we develop a framework for a Habermasian Critical Discourse analysis seeking to uncover distortions in corporate-created discourses on NGO, CSO, and rights-holder engagement practices.

C.3 Methodology

We employ a critical discourse analysis (CDA) based on Habermas' validity claims (Cukier et al., 2004; Cukier et al., 2009). Critically analysing disclosure through the lens of Habermas' theorising portrays empirical communication as an ontological object (Inocencio & Favoreto, 2022; Reynolds & Yuthas, 2008; Yuthas et al., 2002). Hence, CDA is not only concerned with the content of empirical communication but considers how the text is construed and presented. In particular, we wanted to uncover whether and how mechanisms to engage with civil society actors and rights-holders are presented in public disclosure provided by companies pioneering human rights due diligence. We chose to focus our analysis on companies independently assessed as leaders in the field (World Benchmarking Alliance, 2021), as we expect their disclosures to promote isomorphic behaviour among peers and across sectors (Martínez-Ferrero & García-Sánchez, 2017). Hence, the quality of discourses provided by these companies is important for the evolution of accountability practices generally. Given the exploratory nature of our inquiry, we decided to focus our analysis on the most recent data available at the time of initial analysis (FY 2020/2021).

C.3.1 Sample

As engagement is central to human rights due diligence irrespective of sector affiliation (OECD, 2018; United Nations, 2011), we opted for a cross-sectoral sample. The contextual

similarity is their status as multinational enterprises (MNEs). All corporations in our sample are further independently rated as high performing with regards to their public HRDD communications (World Benchmarking Alliance, 2021). Last, no company in our sample is subject to substantial reporting requirements beyond the obligation to draft a report.

Our analysis is not intended as a counter-account of disclosed measures against the responsibilities imposed by the UNGPs or other theoretical developments (for example, Scherer & Palazzo, 2007; Scherer et al., 2016). Rather, given we analyse the corporate reality of disclosure, and not necessarily corporate practice, our intent is to analyse how these measures are disclosed and justified. We are therefore strongly convinced that CDA at least proves fruitful in order to justify doubts regarding alignment of disclosure with practice. Table C-1 provides descriptive information on the corporations assessed.

Table C-1 Sample by Supply Chain Affiliation

Supply Chain Affiliation	WBA Reporting Score (of 26)	Number of Employees (rounded to 1,000)
<i>Agricultural (Averages)</i>	20.6	153,000
Pepsi Co.	22	309,000
Heineken	21.5	82,000
Nestlé	20.5	276,000
Marks & Spencer	20.5	70,000
Diageo	18.5	28,000
<i>Apparel (Averages)</i>	19.2	77,600
Adidas	23	61,000
Fast Retailing	19.5	56,000
Gap Inc.	18.5	97,000
Inditex	17.5	165,000
<i>Extractives (Averages)</i>	20.25	47,625
Eni	25	32,000
BP	21.5	66,000
AngloAmerican	20	62,000
Freeport-McMoran	20	25,000
BHP	19.5	34,000
Glencore	19	81,000
Newmont	19	14,000
Lafarge Holcim	18	67,000
<i>Information and Communication Technology (Averages)</i>	20.25	75,500
Ericsson	22	100,000
HP	18.5	51,000

C.3.2 Data analysis

We based our analysis on publicly available corporate documents (Christ et al., 2019): annual (integrated) reports, sustainability reports, standalone human rights reports and policies, and website information. We acknowledge critics of the use of disclosure as a source for research inquiries. Prior studies in the field of financial accounting, criticised the credibility of information provided, for example due to managerial discretions and selective disclosures, the intentional provision of unnecessary disclosures to hide truly relevant information, opportunistic disclosures and compliance approaches (Healy & Palepu, 2001). These limitations of the corporate reality of disclosure might be considered a limitation for conclusions about performance and action. However, our intention is not to draw conclusions on practice, but to operationalise theoretical considerations underpinning communicative quality as a microfoundation for accountability, and assessing the corporate reality of disclosure in itself.

First, we downloaded the relevant documents, identified by analysis of GRI reporting indices, as a preliminary step. We searched, based on the individual corporation's GRI G4 index, for text passages covering information regarding stakeholder engagements or human rights (McPhail & Adams, 2016). Analysis of the GRI indices led to the overall analysed material presented in Table C-2.

Table C-2 Analysed Material

Characteristic	Number
Number of Coded Text Passages	> 2.450
Number of Codes Awarded	> 14.000
Number of Formal Reports	26
Formal Report Pages	> 3.200
Number of Web Pages	83
Equivalent A4 PDF Pages	> 230
Total Number of Pages	> 3.430

The critical discourse analysis was then guided by an empirical test for the statements' validity, inspired by Cukier et al. (2009). Going through the text of the marked passages, we inductively coded for the explicit measures disclosed, with whom companies stated to interact, and how the interaction was specifically disclosed by means of wording and linguistic choices. Further, we analysed whether the stated information was independently verified. Table C-3 summarises how Habermas validity claims were specifically operationalised.

In the following section, we elaborate on the outcomes of our assessment. Based on the four dimensions of communicative validity, we discuss whether corporate disclosure aligns with the

ideal of communicative action, or whether we find evidence for communicative distortions. Subsequently, we discuss the implications of our findings.

Table C-3 Operationalisation of Habermas' Validity Claims

Validity claim	Criteria for ideal communication	Empirical test:
Comprehensibility	What is said is audible (or legible) and intelligible.	...linguistic errors? ... amount and accessibility of information? ...use of a common language?
Truth	The propositional content of what is said (or written) is factual or true.	... verifiability of statements? ...evidence for independent verification? ...omissions?
Sincerity	The speaker is honest/sincere in what she says (or writes).	...connotative language? ...hyperboles? ...metaphors?
Legitimacy	What the speaker says (and hence does) is right or appropriate in the light of existing norms or values	... reference to laws, standards, and other norms? ...representation of civil society and rights-holders? ...reference to experts?

Based on Cukier et al. (2009); adapted according to the elaboration on validity claims presented in Section 2.

C.4 Distortions of Civil Society Engagement Disclosures

C.4.1 Comprehensibility

To stimulate public discourse, it is essential that public communications use language that is comprehensible to their audiences (Habermas, 1981a, 1981b). We did not find evidence for severe semantical or syntactical errors. Nevertheless, comprehensibility is distorted.

First, distortions result from amount of text we had to analyse (Cukier et al., 2009). Although we only assessed 19 companies, analysis was a substantial effort, given the sheer number of pages we had to read (Table C-2). On average, text entailing disclosure on engagement activities amounted to 170 A4 text pages, even though we limited our inquiry to pages stated as relevant in the GRI indices. Hence, in line with prior investigations (Li & McKernan, 2016; Mares, 2018), our evidence reinforces doubts regarding the broader discursive effect of

company disclosures on evolution of practice, especially with respect to civil society engagement. However, limitations to comprehensibility stemming from the amount of text could be mediated by comparability, hence a ‘common-language’ enabling automated textual analysis.

Hence, our analysis focused on whether companies employed a ‘common-language’. A common language, necessary for comparability, was expected, especially since all companies used the same ‘interpretation scheme’ (Broadbent et al., 2001) in form of the GRI standards to prepare their reporting. In total, however, we identified over 140 wordings for engagement activities reported in public media, accompanied by over 48 phrases indicating an interaction with civil society stakeholders when there was no specific engagement activity disclosed. Even though using the same framework, disclosure does not entail common language regarding civil society interactions. Our analysis thus suggests limitations to the comprehensibility of the discourse (Cukier et al., 2004; Cukier et al., 2009), particularly as different wordings with comparable meanings decrease comparability, increase overall complexity, and further limit the ability to support IT-enabled analysis.

Many companies disclosed the name of organisations or groups of people (for example indigenous tribes) they interacted with. For example, Adidas disclosed interaction with Fair Labour Association, which itself is an NGO (adidas (2020) annual report, p. 115). Being more explicit about the stakeholders involved enhances verifiability (Mares, 2018), thereby supporting the truth claim, and ultimately increases the perceived legitimacy of public accounts (Harrison, 2019). However, it makes comparison between companies, for example using IT-enabled solutions, even more difficult, as difficulty grows in identifying patterns in engagement with civil society stakeholders without reading the whole body of text and interpreting what stakeholder group a specifically named organisation, entity, or people is best assigned. While there typically is a huge amount of text, the variety in wordings potentially indicating relevant passages let us question whether disclosure on civil society engagement is actually aligned with the very foundations of communicative interaction (Yuthas et al., 2002). In particular, we question whether communication that is that heterogeneous is actually useful for audiences to inform their respective decision-making, in line with prior research (Coulmont et al., 2017).

The last issue we identified is the combined use of websites and formal reports. Every corporation in our sample referenced to their websites either directly within their GRI index or through reference within their formal reporting media (BHP (2020) Modern Slavery Statement, p. 12). While this might be a lever to reduce content of formal reports, as procedures that do not change between years may be disclosed online, on the other hand it reduces the longitudinal comparability of information, which is considered a requirement for accounts working as

steering mechanisms (Coulmont et al., 2017; Elayan et al., 2021). In particular, during analysis we became aware many hyperlinks contained in reports were no longer working, as for example contained URLs were no longer valid, or information contained had been updated. Hence, gathering complete and comparable longitudinal data on a single corporation that heavily relies on web disclosures, seems to be nearly impossible, as long as data is not continuously scraped, or time-consuming workarounds are employed.¹

Altogether, assessment of comprehensibility reveals some major shortcomings of corporate reporting on civil society engagements. First, information is spread along a multiplicity of documents and media, reducing accessibility of the data. Second, given limitations resulting from use of non-standardised language, it is hard to imagine a critical public being mobilised by the content disclosed, especially if the aim of public disclosure is to increase comparison between different entities. However, we note that some of the deficiencies seemingly stem from attempts to align communication with other validity principles. While we discuss these dimensions in detail below, we note our evidence indicates trade-offs between different validity claims when applied to corporate disclosure.

C.4.2 Legitimacy

Legitimacy is concerned with whether “[w]hat the speaker says (and hence does) is right or appropriate” (Cukier et al., 2004, p. 241). Within the legitimacy principle the relationship between engagement as a practice, and disclosure as a communicative act, unfolds most prominently: while comprehensibility, sincerity, and truth are concerned with what is presented and how, legitimacy directly depends on engagement. That is, legitimacy of discourse refers to the inclusiveness of deliberation on matters of concern (Habermas, 1983; Rasche & Esser, 2006). With regards to a public discourse created through corporate disclosure, it is thus important to appropriately consider affected stakeholders in the procedures underpinning the report. Accordingly, meaningful engagement practices are broadly cited as condition for credible disclosure on human rights (Buhmann, 2018; Frankental, 2011; Gregg, 2021).

In Table C-4, we show with whom companies in our sample disclosed they had interacted, sorted by supply chain affiliation and clustered by whether the group represents rights-holders,

¹ We used WaybackMachine Internet Archive, accessed on <https://web.archive.org/> to access the websites at a point as near as possible towards the publication of formal reports. However, this process was considerably time-consuming, compared to having all relevant information contained in one document.

in the sense of directly affected natural persons (UNESCWA, 2025), or stewards², in the sense of organisations acting on behalf or for the respective population (Davis et al., 1997). Rights-holders mentioned in corporate reports include indigenous people, employees, suppliers' employees, consumers, communities, and children. Civil society organisations acting as stewards of these groups were identified as NGOs and labour unions.

Table C-4 Civil Society Stakeholders by Sector Affiliation

Referenced Civil Society Stakeholders	Companies' Sector Affiliation			
	Agriculture (n=5)	Apparel (n=4)	Extrac- tives (n=8)	ICT (n=2)
<i>Rights-Holders</i>				
Indigenous People	2	0	8	0
Employees (including Contractors)	5	4	8	2
Suppliers' Employees	3	4	4	1
Women	1	1	3	0
Consumers	4	2	1	1
Communities	4	3	8	0
Children	1	0	1	0
<i>Stewards</i>				
Labour Unions	4	3	8	0
NGOs	5	4	8	2

It seems that companies pioneering the business and human rights field generally acknowledge the value of engagement with civil society. Evidence likewise suggests that some civil society stakeholders are, according to the number of companies disclosing interaction, awarded more attention than others. For example, all companies disclosed interaction with NGOs. NGOs are important actors in deliberative will-formation, as they bundle and amplify the interest of broader populations (Mena & Palazzo, 2012). Still, reliance on stewards entails the possibility of marginalisation (Roussey et al., 2022). It is thus important that companies engage directly with affected people. Here, our evidence suggests sectoral differences. For example, indigenous people were not recognised by any apparel company in our sample, while each extractives company disclosed such engagements. Thus, our evidence suggests that companies focused their efforts on stakeholders that are more closely related to their own activities, while paying less attention to rights-holders further up or down their value chains.

² Drawing from managerial stewardship theory, stating company managers can be understood as 'stewards' in favour of shareholder interests, following Davis et al. (1997). We accordingly view civil society organisations, in particular NGOs and trade unions, as stewards that 'bundle, transmit, and amplify' the interest of diverse civil society groups and publicly advocate for their respective interest, in line with Mena and Palazzo (2012).

As extant studies indicate, companies disclose a variety of strategies to interact with stakeholders (Galeotti et al., 2023; García-Sánchez et al., 2022). In order to be legitimate, companies are called to engage in fair and transparent procedures, that allow stakeholders to participate in decision-making (Scherer & Palazzo, 2007, 2011; Whelan, 2012). Hence, we assessed in which ways companies disclosed to interact with civil society. We put particular emphasis on whether disclosure indicated ‘cooperation’, hence collective decision-making, or whether the relationship is ‘informative’, implying exchange of information.

For civil society interactions, we identified 14 clusters of interactions, to which we attributed 98 identified activities. Table C-5 discloses the clusters, along with some examples for attributed activities. Due to space constraints, we only display the most frequently used activities.

Table C-5 Identified Interaction Clusters

Activity Cluster	Example activities	No. of companies
Campaigns	Campaigns	7
Complaint Mechanisms	Grievance Mechanisms, Hotlines/Helplines	14
Dedicated Staff	Engagement Officers, Teams	13
Trainings	Training, Teaching	18
Formal Media	Governance Instruments (Policies, Codes), Reports	15
Formal Investigations	Certifications, Assurance, Audits	9
Events	Conferences, Conventions	13
Marketing Activities	Advertising, Packaging, Labelling	2
Direct Engagements	Negotiations, Meetings, Interviews, Conversations, Discussions	19
Institutionalised Engagements	Committees, Working Groups, Councils	19
Data Analysis	Surveys, Benchmarks, Research	19
Informal Media	Newsletter, Posters, Signages	11
Medical Examinations	Health Screenings, Serological Tests	8
Digital Solutions	Reporting Tools, Online Platforms, Mobile Phone Applications, Videos, Webinars	19

‘Campaigns’, ‘Data Analysis’, ‘Digital Solutions’, ‘Formal Media’, ‘Complaints Mechanisms’, ‘Informal Media’, ‘Marketing Activities’, ‘Medical Examinations’, and ‘Trainings’ were identified as indicating informative relationships. Activities grouped in these clusters either implied efforts to acquire information from stakeholders, or to distribute information back to them. Efforts disclosed lacked cooperation and collective decision making. For example:

“In 2020, we shared the results and Group-wide actions from the global employee engagement survey undertaken in 2019 with all colleagues and the Board. Almost 39,000 employees answered questions in the survey.” (AngloAmerican (2020) Sustainability Reports, p. 91)

AngloAmerican’s statement indicates their effort, in this case a survey among their employees, was utilised to analyse perceptions of their workforce, for example on safety and diversity according to the report. The relationship implied here is informative, as data are gathered, utilised by management to draw conclusions, and later reported back to the audience. While the relationship is bi-directional, employees here do not have the ability to directly contribute to conclusions drawn and decisions based thereon.

In turn, ‘Institutionalised Engagements’, as a cluster, indicate a cooperative relationship. Including specific engagement mechanisms like committees or (work) councils, institutionalised engagements imply cooperation by providing a structure in which corporate officials and civil society jointly work on issues. As an example, Eni reported a land acquisition in Angola:

“Eni has developed a Land Management Action Plan and involved the Government of Angola, local authorities and Sonangol, in line with the requirements of Angolan law, Eni procedures and international standards. The process is managed by an ad hoc committee, made up of members of the Municipality of Soyo, traditional authorities and Eni, and has led to the registration of 389 persons (Project Affected Persons “PAPs”) who use assets and land where the GTP will be built, and has defined compensation for the loss of livelihood resources due to the acquisition of the rights for land use.” (Eni (2020) A Just Transition, p. 89)

Eni’s statement shows that the purpose of institutionalised engagements is to establish a governance structure for collaborative decision making. Without prejudice to potential deficiencies of such bodies (Banerjee, 2018; Mena & Palazzo, 2012; Roussey et al., 2022),

disclosure of interaction through institutionalised bodies can be interpreted as an attempt to enhance legitimacy by providing evidence for collaboration.

The remaining clusters, ‘Events’, ‘Direct Engagements’, ‘Formal Investigations’, and ‘Dedicated Staff’ were neither predominantly ‘informative’ nor ‘cooperative’ according to the specific activities disclosed. Especially direct engagements, representing every activity that included direct interaction, implied both relationships. Examples include informative activities such as interviews with workers (Gap Inc. (2021) Wages and Benefits, p. 1), or direct negotiations between the company and its stakeholders, implying a more cooperative relationship, allowing civil society some governance of business activities. For example:

“A number of our assets have formal agreements in place with Indigenous groups including Indigenous Land Use Agreements in Australia and Impact Benefit Agreements (IBA) in Canada. Our Raglan Mine in Nunavik, Quebec, negotiated the first IBA in Canada in 1995.” (Glencore (2020) Sustainability Report, p. 64)

In order to assess patterns in disclosed activities regarding relationships with civil society, in Table C-6 we provide, for each supply chain affiliation, the number of companies that disclosed information on an interaction implying either an informative or a cooperative relationship. As Table C-6 indicates, corporate attempts to enhance legitimacy of their reporting and actions by reference to civil society have to be evaluated differently compared to Table C-4, when considering the nature of the underlying relationships.

While employees are involved in decision-making procedures by companies in each sector, and indigenous people are at least engaged with in a collaborative manner by nearly all extractives companies in our sample, for other civil society stakeholders, inclusion in governance processes is more heterogeneous. Local communities, for example, while referenced by nearly all companies with exception of the ICT sector, are collaborated with by all extractives, less than half of agriculture, and less than a quarter of apparel companies. Disclosure on NGOs, in turn, implied collaboration by all apparel companies, while less than half agriculture companies disclosed the same. Since legitimacy depends on inclusivity of procedures and collective decision making (Buhmann, 2017; Maher & Buhmann, 2019; Mena & Palazzo, 2012), evidence casts doubt regarding the legitimacy principle (Cukier et al., 2004). Our analysis suggests that even pioneering companies tend to marginalise certain groups (Roussey et al., 2022), particularly those that are less closely related to their own operations, and less impactful with regards to the operational continuation and public reputation of the company. However, almost every

company sought to illustrate activities with a broad range of civil society stakeholders, with the extractives sector leading the field, and the ICT sector providing least references to civil society.

Table C-6 Informative and Cooperative Stakeholder Relations

Referenced Civil Society Stakeholders	Companies' Sector Affiliation							
	Agriculture (n=5)		Apparel (n=4)		Extractives (n=8)		ICT (n=2)	
	Inf.	Coop.	Inf.	Coop.	Inf.	Coop.	Inf.	Coop.
<i>Rights-Holders</i>								
Indigenous People	0	0	0	0	4	7	0	0
Employees (including Contractors)	5	5	4	4	8	8	2	2
Suppliers' Employees	3	0	4	3	4	0	1	0
Women	1	0	1	1	2	1	0	0
Consumers	4	0	2	0	1	0	1	0
Communities	2	2	1	1	8	8	0	0
Children	1	0	0	0	0	0	0	0
<i>Stewards</i>								
Labour Unions	1	1	2	2	1	1	0	0
NGOs	4	2	4	4	6	5	2	1

C.4.3 Sincerity

Sincerity refers to the intention of the speaker, i.e. whether there is a hidden agenda implying 'strategic action' (Habermas, 1981a, 1981b). Strategic differs from communicative action with regards to whether the speaker is truly seeking deliberation, or the aim is to manipulate audiences (Habermas, 1981b, 2020). Corporate communication serving accountability is strongly linked to sincerity, in order to avoid manipulation (Yuthas et al., 2002, p. 151). It is perhaps most difficult to assess. In prior projects, sincerity has been analysed by the rhetorical choices made. Connotative language, hyperbole, or metaphors, might indicate distortions of the sincerity principle (Cukier et al., 2004; Cukier et al., 2009).

As briefly stated in Section C.4.1., we identified text passages that contain reference to a stakeholder group but no specific activity. Comparison between Table C-4 and Table C-6 further reveals that some companies did not disclose a single specific activity. For example, two agricultural companies disclosed interaction with indigenous people, but not a single specific measure. Likewise, three apparel companies disclosed community interaction, but only one company disclosing at least one specific informative and collaborative activity. This already indicates a disparity between commitments and substantial evidence.

To further analyse the sincerity principle, we thus coded text segments entailing reference to civil society stakeholders with regards to the applied language. We became aware of various passages indicating a relationship with stakeholders, but without specifying how exactly this interaction was performed. For example:

“We do this [manage adverse impacts on cultural heritage] across our operations, working with custodians of the land on which we operate, to ensure that we demonstrate respect of their cultural heritage.” (AngloAmerican (2020) Sustainability Reports, p. 70)

Table C-7 Relationship Dictionaries

Dictionary Indicating Collaborative Relationship			
Actively involved	Consult	Involve	Review with
Collaborate	Cooperation	Join forces	Support
Collective Action	Created with	Jointly	Together with
Collective Efforts	Developed with	Participation	Work closely
Conjunction	Engage regularly	Partner	Work together
Consensus	Help	Project with	Work with

Dictionary Indicating Informative Relationship			
Collect information	Feedback	Integrate considerations	Reply
Communicate	Gain insights	Learn from	Share findings
Consider views	Gain perspectives	Listen	Share information
Dialogue	Identify	Provide information	Sponsor
Expect	Inform	Recommend	Understand
Express	Input	Refer to	Updates

Specific wording, if assumed to be used consciously, always carries a specific meaning (Habermas, 1981b). “Working with” someone, in this case local communities inhabiting land nearby the company’s operations, indicates a collaborative relationship. Still, it remains up to the reader’s imagination what exactly is meant, as further specification is missing. We hence analysed wordings to ascertain whether their meaning rather indicates informative or collaborative relationship. Table C-7 shows the wordings we identified.

Based on these lists, we proceeded to analyse whether the number of text segments containing specific activities exceeded the number of text segments without a specific activity disclosed, for each stakeholder and each type of relationship. In cases where the number of unspecified segments exceeded specified segments, the factor was 1.5 up to 10.6. We then summed the number of companies where the coefficient exceeded one and added the number of companies where only unspecified disclosures were made. This sum was divided by the number of companies disclosing on the respective relationship. Table C-8 provides the quotas.

Table C-8 Predominant Disclosure Type

Civil Society Stakeholder	Relationship	Predominantly Unspecified Disclosures	Predominantly Specified Disclosures
Children	Collaborative	100,00%	0,00%
Communities	Collaborative	53,33%	46,67%
Consumers	Collaborative	100,00%	0,00%
Employees (including Contractors)	Collaborative	0,00%	100,00%
Indigenous People	Collaborative	50,00%	50,00%
Labour Unions	Collaborative	23,08%	76,92%
NGOs	Collaborative	82,35%	17,65%
Suppliers' Employees	Collaborative	25,00%	75,00%
Women	Collaborative	33,33%	66,67%
Children	Informative	0,00%	100,00%
Communities	Informative	8,33%	91,67%
Consumers	Informative	0,00%	100,00%
Employees (including Contractors)	Informative	0,00%	100,00%
Indigenous People	Informative	20,00%	80,00%
Labour Unions	Informative	55,56%	44,44%
NGOs	Informative	5,56%	94,44%
Suppliers' Employees	Informative	0,00%	100,00%
Women	Informative	25,00%	75,00%

Our analysis thus suggests limited adherence to the sincerity principle. When considering quantitative proxies, a picture emerges that suggests companies actively utilise language implying higher efforts than actually evidenced by their substantial disclosures (Rogerson et al., 2024). This is further reinforced when considering the quota of companies relying mostly or solely on unspecified disclosures is significantly higher in the context of collaboration, as collaboration is the primary means to justify the course of corporate action (Rasche & Esser, 2006).

C.4.4 Truth

The truth principle is concerned with factual correctness, hence whether the statement is corresponding with the objective world (Habermas, 1981a, 1981b; Inocencio & Favoreto, 2022). Truth “requires that all arguments presented in a discussion be factually correct and verifiable” (Yuthas et al., 2002, p. 150). Truth is not only a matter of factual correctness, but likewise of completeness (Yuthas et al., 2002), as omissions likewise result in irrational behaviour (Reynolds & Yuthas, 2008). Whether a statement adheres to the truth principle can hence be analysed based on the extent to which the information provided allows for independent verification, and whether relevant information is omitted. Table C-8 accordingly points to possible distortions of truth, given the lack of specific disclosures on interactions in several instances, that impedes independent verification.

Our assessment further revealed both positive and negative aspects with respect to the truth principle. A strategy broadly applied was disclosure of specific stakeholders’ names and local contexts. For example:

“Following the signing of the Agreement between Inditex and UNI, the American trade union United Food and Commercial Workers International Union (UFCW), affiliated with UNI, showed its interest in reaching a specific agreement with the Company, to encompass the terms of the aforementioned 2009 Agreement for its stores in the United States. In response to this demand, an agreement was signed in 2015 with UNI, UFCW, Inditex and Zara USA, which began as a pilot project for the Zara store at 42nd Street in New York.” (Inditex (2020) Statement on non-financial information, p. 47)

Inditex’s statement is exemplary for a broad range of disclosures. Through contextual information, an interested audience is enabled to critically investigate the truthfulness of the statements. For the Inditex statement cited, for example by contacting the respective trade unions to assure whether disclosure is aligned with their experiences. We thus evaluate disclosure of names and local context as an attempt to increase the verifiability of information, hence adherence to the truth principle (Cukier et al., 2004; Cukier et al., 2009).

However, not every reader of a public report is capable of verifying each statement. An important mechanism in the context of corporate disclosure intended to enhance adherence to the truth principle is independent assurance (Frankental, 2001; Mares, 2018; Wright, 1994). With respect to human rights, assurance has been evaluated critically, as mandatory assurance

is either completely absent (Frankental, 2001) or only covering whether or not a report is provided, but not whether presented information is factually true (Mares, 2018).

Evidence suggests that most companies sought to increase the credibility of their disclosures by engaging independent assurers. 16 companies opted for limited assurance over their disclosures, while three did not provide evidence for independent assurance. Notably, not a single company provided evidence for reasonable assurance of their statements.

The option for limited assurance already indicates a shortcoming. That is, limited assurance does not indicate that disclosures are free of material misstatements. For example, the independent auditor's statement included in Adidas' statement on non-financial information reads as follows:

“[W]e have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the combined non-financial statement of the Company for the period from January 1 to December 31, 2020 has not been prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289b to 289e HGB.” (adidas (2020) annual report, p. 304)

Besides the limited level of assurance, voluntarily obtained independent assurance is further qualified by the scope of the audit engagements. Contrary to audits of financial statements, which generally include the whole reporting, for sustainability reporting it is up to the engagement client and the auditor to agree on a scope for the engagement. In our sample, only Adidas and Nestlé provided for assurance of the entire report. Nestlé's auditors, Bureau Veritas, for example stated that “assurance was provided over all data and text included in the Report and included an evaluation of the Report's alignment to GRI Standards and the RE100 criteria” (Nestlé (2020) Creating Shared Value and Sustainability Report, p. 57). While still subject to limitations regarding the level of assurance, nevertheless disclosure on engagement activities is included into the scope, hence increasing the reliability of the reported information.

Of the remaining 14 companies, nine did explicitly include qualitative information on their stakeholder engagement activities. For example, the independent auditor's statement to Marks & Spencer's reporting stated:

“We saw evidence of M&S engagement and partnerships with external stakeholders for the Selected Performance Information we reviewed.” (Marks & Spencer (2020) Plan A Report, p. 19)

Finally, five companies only obtained assurance for selected quantitative information. Users of their reports are hence provided with no assurance regarding engagement activities. Whether or not the information disclosed on engagement with rights-holders and civil society organisations actually reflects reality is therefore not verified individually, limiting systematic reliance on the truth principle.

Another limitation to the truth principle stemming from the assurance engagements’ scoping is the coverage of reporting media. Mostly, assurance only covers the files to which the independent auditors’ opinion is attached, mainly the standalone or integrated sustainability report. As we noted in Section 4.1. all companies spread information on engagement activities over multiple sources, covering not only annual reports, but likewise policy documents or website information. Only one company in our sample explicitly included website information into their assurance engagement.

Altogether, our evidence leads us to question reliance on companies’ adherence to the truth principle with respect to information provided on companies’ stakeholder engagement. That is, in light of prior research indicating omissions in companies’ reporting on human rights (Rao & Bernaz, 2020), and given the huge amount of information disclosed, it is of utmost importance that companies provide for independent assurance of the completeness and accuracy of information. The absence of independent verification increases the risk of limited rationality of decisions based on companies’ disclosure, undermining the purpose to support discursive evolution of practices.

C.5 Communicative Validity and Corporate Accountability – Challenges and Future Directions

The objective of our inquiry was to answer the questions: *How do corporate pioneers in business and human rights depict their civil society stakeholder interactions within the context of their human rights due diligence (HRDD)?* and, *How credible is this information for decision-making at societal level?* Our study provides a conceptual framework that entwines communicative microfoundations with macro-level discourse, providing an empirically justified

critique of disclosure practice, and signalling the necessity to critically engage with contemporary regulatory efforts.

Drawing on communicative action and deliberative democracy (Habermas, 1981a, 1981b, 1992, 1999), we developed an understanding of corporate disclosure as communicative practice having to adhere to four principles in order to serve the purpose of enabling evaluation and evolution of company practices. Based on public communication provided by nineteen companies rated as employing mature practices with respect to human rights, we investigated whether these companies adhered to the principles ‘comprehensibility’, ‘legitimacy’, ‘sincerity’, and ‘truth’. Our first contribution, is to revive communicative validity as a condition for corporate accountability, especially in the context of human rights (Inocencio & Favoreto, 2022; Wright, 1994; Yuthas et al., 2002).

Our second contribution is empirical assessment of those companies leading the human rights field. While we found evidence for a broad spectrum of engagement activities with various civil society stakeholders, with respect to each principle, evidence indicates distortions of company communications. Comprehensibility was found to be distorted by the volume of information and the heterogeneity of the language employed. Legitimacy is distorted by the discretions regarding the forms and intensity of engagements taking place, risking to marginalise affected people (Gallhofer et al., 2011; Roussey et al., 2022). Truth was found distorted by omission, given the absence of specific information on engagement activities in several instances (Rao & Bernaz, 2020), and by missing assurance (Frankental, 2001). Most important, our evidence suggests distortions in the sincerity dimension, given the endemic use of connotative language, often accompanied by missing substantial disclosures (Rogerson et al., 2024). Generally, evidence suggests shortcomings of company disclosure as a lever for corporate accountability in the context of engagement with civil society actors. However, our inquiry likewise suggests possible pathways for policy and practice by reinforcing alignment with principles of communicative validity.

Non-adherence to the principles of communicative action generally implies a reduction in rationality (Habermas, 1981a, 1981b). However, we note that the discourse created by pioneering companies might still be beneficial for civil society stakeholders. That is, by means of their reporting, companies contribute to societal understanding of appropriate conduct (McPhail & Adams, 2016). Given tendencies to isomorphic behaviour among corporate actors (Martínez-Ferrero & García-Sánchez, 2017), for example distortion of sincerity due to connotative language might reduce the reliability of disclosure of a single company, while simultaneously establishing a social norm of engagement as cooperation. Still, we see risk that the word spreads,

leading to glossy and lengthy public reports, while simultaneously substantial action gets obscured. Even though distorted communication *might* contribute to better practice from a systemic perspective, it is nevertheless important to foster reliable and credible communications. Applying microfoundational thinking, it is hence important to assure that companies are either intrinsically motivated, given the risk to be exposed using strategic communication tactics (Harrison, 2019; Maher et al., 2021), or externally encouraged and mandated to provide communication that is closely aligned with validity principles.

Last, our study contributes to the understanding of corporate disclosure by suggesting that the validity principles might be in conflict to one another. That is, adherence to the truth principle requires complete information, which might explain the heterogeneous language and huge volume of disclosures we criticised. Legitimacy, in turn, requires a collaborative attitude and procedural inclusion, which might incentivise companies to utilise stylistic choices that undermine the sincerity principle. That validity claims might actually be in conflict to one another is a fact broadly ignored by earlier studies employing a comparable analytical approach (Cukier et al., 2004; Cukier et al., 2009; Inocencio & Favoreto, 2022; Reynolds & Yuthas, 2008; Wright, 1994; Yuthas et al., 2002). A major challenge to the further evolution of practice is hence to carefully balance between the narrative content, linguistic design, accessibility, and accuracy of information provided to target audiences.

Our study is intrinsically connected to contemporary debates on company regulation, both from a behavioural and a transparency perspective. Prior regulatory initiatives have already been accused of failing with respect to encouraging increased corporate engagement (Buhmann, 2018; Humbert, 2019; Mares, 2018). Our study incorporated only such companies that provided information on civil society engagement in regulatory settings that did not prescribe the use of certain standards or mandate certain levels of assurance (NFRD, Modern Slavery Acts UK/Australia). Given identified distortions, our study contributes to contemporary political discourse, especially given the strong link between behavioural engagement provisions on the one, and transparency-related disclosure provisions and materiality on the other hand, by highlighting deficiencies in voluntary reporting regimes and hence the necessity for substantial disclosure and assurance provisions. We thus encourage additional research that critically examines contemporary regulatory initiatives and their possible effect on communicative validity.

Given the exploratory nature of our inquiry and the limited number of companies we analysed, it would be inappropriate to draw conclusions on average companies' disclosure practices, constituting a limitation of our inquiry. However, given we analysed specifically those companies that are already identified as employing more mature practices, we expect that our

findings will resonate with practices of most companies disclosing in (partly) voluntary settings. We encourage further quantitative analysis that explicitly addresses the communicative validity of civil society engagement disclosures in order to verify whether shortcomings of disclosure are systemic. Further, we encourage research investigating the reasons for communicative distortions, given our evidence already suggests conflicts between the different principles. Last, we strongly encourage critical research that more deeply engages with the coherency between actual practice and reality construed by company disclosure, especially incorporating practitioner and stakeholder perspectives.

C.6 References

- Alawattage, C., & Wickramasinghe, D. (2008). Appearance of accounting in a political hegemony. *Critical Perspectives on Accounting*, 19(3), 293–339.
- Banerjee, S. B. (2018). Transnational power and translocal governance: The politics of corporate responsibility. *Human Relations*, 71(6), 796–821. <https://doi.org/10.1177/0018726717726586>
- Barone, E., Ranamagar, N., & Solomon, J. F. (2013). A Habermasian model of stakeholder (non)engagement and corporate (ir)responsibility reporting. *ACCOUNTING FORUM*, 37(3), 163–181. <https://doi.org/10.1016/j.accfor.2012.12.001>
- Baxter, H. (1987). System and Life-World in Habermas’s “Theory of Communicative Action”. *Theory and Society*, 16(1), 39–86.
- Broadbent, J., Jacobs, K., & Laughlin, R. (2001). Organisational resistance strategies to unwanted accounting and finance changes. *Accounting, Auditing & Accountability Journal*, 14(5), 565–586. <https://doi.org/10.1108/EUM00000000006263>
- Buhmann, K. (2017). *Power, procedure, participation, and legitimacy in global sustainability norms: A theory of collaborative regulation*. Globalization. Routledge. <https://www.taylorfrancis.com/books/mono/10.4324/9781315525457/power-procedure-participation-legitimacy-global-sustainability-norms-karin-buhmann> <https://doi.org/10.4324/9781315525457>
- Buhmann, K. (2018). Neglecting the Proactive Aspect of Human Rights Due Diligence? A Critical Appraisal of the EU’s Non-Financial Reporting Directive as a Pillar One Avenue for Promoting Pillar Two Action. *Business and Human Rights Journal*, 3(1), 23–45. <https://doi.org/10.1017/bhj.2017.24>
- Buhmann, K., Jonsson, J., & Fisker, M. (2019). Do no harm and do more good too: connecting the SDGs with business and human rights and political CSR theory. *Corporate Governance: The International Journal of Business in Society*, 19(3), 389–403. <https://doi.org/10.1108/CG-01-2018-0030>
- Carasco, E. F., Singh, J. B., McDonald, G., & Svensson, G. (2010). Towards holding transnational corporations responsible for human rights. *European Business Review*, 22(4), 432–445. <https://doi.org/10.1108/09555341011056195>
- Christ, K. L., Rao, K. K., & Burritt, R. L. (2019). Accounting for modern slavery: an analysis of Australian listed company disclosures. *Accounting, Auditing & Accountability Journal*, 32(3), 836–865. <https://doi.org/10.1108/AAAJ-11-2017-3242>

- Cooper, C., Coulson, A., & Taylor, P. (2011). Accounting for human rights: Doxie health and safety practices – The accounting lesson from ICL. *Critical Perspectives on Accounting*, 22(8), 738–758.
- Coulmont, M., Berthelot, S., & Paul, M.-A. (2017). The Global Compact and its concrete effects. *Journal of Global Responsibility*, 8(2), 300–311. <https://doi.org/10.1108/JGR-02-2017-0011>
- Cukier, W., Bauer, R., & Middleton, C. (2004). Applying Habermas' Validity Claims as a Standard for Critical Discourse Analysis. In B. M. Kaplan (Ed.), *IFIP: Vol. 143. Information systems research: Relevant theory and informed practice ; IFIP TC8/WG 8.2 20th Year Retrospective: Relevant theory and informed practice - looking forward from a 20-year perspective on IS research, July 15 - 17, 2004, Manchester, United Kingdom* (pp. 233–258). Kluwer Acad. Publ. https://doi.org/10.1007/1-4020-8095-6_14
- Cukier, W., Ngwenyama, O., Bauer, R., & Middleton, C. (2009). A critical analysis of media discourse on information technology: Preliminary results of a proposed method for critical discourse analysis. *Information Systems Journal*, 19(2), 175–196. <https://doi.org/10.1111/j.1365-2575.2008.00296.x>
- Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a Stewardship Theory of Management. *The Academy of Management Review*, 22(1), 20. <https://doi.org/10.2307/259223>
- Elayan, F. A., Brown, K., Li, J., & Chen, Y. (2021). The Market Response to Mandatory Conflict Mineral Disclosures. *Journal of Business Ethics*, 169(1), 13–42.
- Frankental, P. (2001). Corporate social responsibility – a PR invention? *Corporate Communications: An International Journal*, 6(1), 18–23. <https://doi.org/10.1108/13563280110381170>
- Frankental, P. (2011). No accounting for human rights. *Critical Perspectives on Accounting*, 22(8), 762–764.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.
- Friedman, M. (1970, September 13). A Friedman doctrine-- The Social Responsibility of Business Is to Increase Its Profits. *The New York Times*. <https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html>
- Galeotti, R. M., Camilleri, M. A., Roberto, F., & Sepe, F. (2023). Stakeholder engagement disclosures in sustainability reports: Evidence from Italian food companies. *Business*

- Ethics, the Environment & Responsibility*, Article beer.12642, 1–20.
<https://doi.org/10.1111/beer.12642>
- Gallhofer, S., Haslam, J., & van der Walt, S. (2011). Accountability and transparency in relation to human rights: A critical perspective reflecting upon accounting, corporate responsibility and ways forward in the context of globalisation. *Critical Perspectives on Accounting*, 22(8), 765–780.
- García-Sánchez, I.-M., Aibar-Guzmán, C., Serrano-Valdecillos, C., & Aibar-Guzmán, B. (2022). Analysis of the Dialogue with Stakeholders by the IBEX 35 Companies. *Sustainability*, 14(3), 1913. <https://doi.org/10.3390/su14031913>
- Gilbert, D., & Rasche, A. (2007). Discourse Ethics and Social Accountability: The Ethics of SA 8000. *Business Ethics Quarterly*, 17(2), 187–216.
<https://doi.org/10.5840/beq200717230>
- Gold, S., & Heikkurinen, P. (2018). Transparency fallacy. *Accounting, Auditing & Accountability Journal*, 31(1), 318–337.
- Gregg, B. (2021). Beyond Due Diligence: The Human Rights Corporation. *Human Rights Review*, 22(1), 65–89. <https://doi.org/10.1007/s12142-020-00605-x>
- Habermas, J. (1981a). *Theorie des kommunikativen Handelns: Handlungsrationalität und gesellschaftliche Rationalisierung* (1st ed., Vol. 1). Suhrkamp.
- Habermas, J. (1981b). *Theorie des kommunikativen Handelns: Zur Kritik der funktionalistischen Vernunft* (1st ed., Vol. 2). Suhrkamp.
- Habermas, J. (1983). *Moralbewußtsein und kommunikatives Handeln*. Suhrkamp.
- Habermas, J. (1992). *Faktizität und Geltung: Beiträge zur Diskurstheorie des Rechts und des demokratischen Rechtsstaats* (2nd ed.). Suhrkamp.
- Habermas, J. (1998). *Die postnationale Konstellation*. Suhrkamp.
- Habermas, J. (1999). *Die Einbeziehung des Anderen: Studien zur politischen Theorie*. Suhrkamp Taschenbuch Wissenschaft: Vol. 1444. Suhrkamp.
- Habermas, J. (2010). Das Konzept der Menschenwürde und die realistische Utopie der Menschenrechte. *Deutsche Zeitschrift Für Philosophie*, 58(3), 343–357.
- Habermas, J. (2020). *Nachmetaphysisches Denken* (7th ed.). Suhrkamp.
- Habermas, J. (2022). *Ein neuer Strukturwandel der Öffentlichkeit und die deliberative Politik* (Erste Auflage, Originalausgabe). Suhrkamp. https://content-select.com/index.php?id=bib_view&ean=9783518774144

- Harrison, V. (2019). Legitimizing private legal systems through CSR communication: a Walmart case study. *Corporate Communications: An International Journal*, 24(3), 439–455. <https://doi.org/10.1108/CCIJ-12-2018-0124>
- Healy, P. M., & Palepu, K. G. (2001). Information asymmetry, corporate disclosure, and the capital markets: A review of the empirical disclosure literature. *Journal of Accounting & Economics*, 31(1-3), 405–440.
- Humbert, F. (2019). Sustainability Reporting: A Critical Assessment of the E.U. Csr Directive and Its German Implementation from a Human Rights Perspective. *Schmalenbach Business Review*, 71(2), 279–285.
- Inocencio, E. R., & Favoreto, R. L. (2022). Communicative distortions in sustainability reports: an analysis based on habermasian thinking. *Cadernos EBAPE.BR*, 20(4), 543–556.
- Jonker, J., & Foster, D. (2002). Stakeholder excellence? Framing the evolution and complexity of a stakeholder perspective of the firm. *Corporate Social Responsibility and Environmental Management*, 9(4), 187–195. <https://doi.org/10.1002/csr.23>
- Kolk, A., & Lenfant, F. (2010). Mnc Reporting on CSR and Conflict in Central Africa. *Journal of Business Ethics*, 93(S2), 241–255.
- Kroll, C. M., & Edinger-Schons, L. M. (2024). Corporate power and democracy: A business ethical reflection and research agenda. *Business Ethics, the Environment & Responsibility*, 33(3), 349–362. <https://doi.org/10.1111/beer.12608>
- Lauwo, S., & Otusanya, O. J. (2014). Corporate accountability and human rights disclosures: A case study of Barrick Gold Mine in Tanzania. *ACCOUNTING FORUM*, 38(2), 91–108. <https://doi.org/10.1016/j.accfor.2013.06.002>
- Lawrence, A. t. (2002). The Drivers of Stakeholder Engagement: Reflections on the Case of Royal Dutch/Shell. *The Journal of Corporate Citizenship*, 6, 71–85.
- Li, Y., & McKernan, J. (2016). Human rights, accounting, and the dialectic of equality and inequality. *Accounting, Auditing & Accountability Journal*, 29(4), 568–593.
- Maher, R., & Buhmann, K. (2019). Meaningful stakeholder engagement: Bottom-up initiatives within global governance frameworks. *Geoforum*, 107, 231–234. <https://doi.org/10.1016/j.geoforum.2019.06.013>
- Maher, R., Neumann, M., & Slot Lykke, M. (2021). Extracting Legitimacy: An Analysis of Corporate Responses to Accusations of Human Rights Abuses. *Journal of Business Ethics*, 1–20.

- Mares, R. (2018). Corporate transparency laws: A hollow victory? *Netherlands Quarterly of Human Rights*, 36(3), 189–213. <https://doi.org/10.1177/0924051918786623>
- Martínez-Ferrero, J., & García-Sánchez, I.-M. (2017). Coercive, normative and mimetic isomorphism as determinants of the voluntary assurance of sustainability reports. *International Business Review*, 26(1), 102–118. <https://doi.org/10.1016/j.ibusrev.2016.05.009>
- McPhail, K., & Adams, C. A. (2016). Corporate respect for human rights: meaning, scope, and the shifting order of discourse. *Accounting, Auditing & Accountability Journal*, 29(4), 650–678.
- McPhail, K., Macdonald, K., & Ferguson, J. (2016). Should the international accounting standards board have responsibility for human rights? *Accounting, Auditing & Accountability Journal*, 29(4), 594–616. <https://doi.org/10.1108/AAAJ-03-2016-2442>
- Mena, S., & Palazzo, G. (2012). Input and Output Legitimacy of Multi-Stakeholder Initiatives. *Business Ethics Quarterly*, 22(3), 527–556. <https://doi.org/10.5840/beq201222333>
- Methven O'Brien, C., & Dhanarajan, S. (2016). The corporate responsibility to respect human rights: a status review. *Accounting, Auditing & Accountability Journal*, 29(4), 542–567.
- Noland, J., & Phillips, R. (2010). Stakeholder Engagement, Discourse Ethics and Strategic Management. *International Journal of Management Reviews*, 12(1), 39–49. <https://doi.org/10.1111/j.1468-2370.2009.00279.x>
- OECD. (2018). *Due Diligence Guidance for Responsible Business Conduct*.
- Parsa, S., Roper, I., Muller-Camen, M., & Szigetvari, E. (2018). Have labour practices and human rights disclosures enhanced corporate accountability? The case of the GRI framework. *ACCOUNTING FORUM*, 42(1), 47–64. <https://doi.org/10.1016/j.acfor.2018.01.001>
- Rao, M., & Bernaz, N. (2020). Corporate Responsibility for Human Rights in Assam Tea Plantations: A Business and Human Rights Approach. *Sustainability*, 12(18). <https://doi.org/10.3390/su12187409>
- Rasche, A., & Esser, D. (2006). From Stakeholder Management to Stakeholder Accountability. *Journal of Business Ethics*, 65(3), 251–267. <https://doi.org/10.1007/s10551-005-5355-y>
- Reynolds, M., & Yuthas, K. (2008). Moral Discourse and Corporate Social Responsibility Reporting. *Journal of Business Ethics*, 78(1-2), 47–64. <https://doi.org/10.1007/s10551-006-9316-x>

- Rogerson, M., Scarpa, F., & Snelson-Powell, A. (2024). Accounting for human rights: Evidence of due diligence in EU-listed firms' reporting. *Critical Perspectives on Accounting*, 99, 1–19. <https://doi.org/10.1016/j.cpa.2024.102716>
- Roussey, C., Balas, N., & Palpacuer, F. (2022). Political CSR initiatives as levers of marginalisation: The disconnect between representatives and the so-called represented in the mining industry. *Critical Perspectives on International Business*, 18(1), 31–49. <https://doi.org/10.1108/cpoib-01-2018-0015>
- Ruggie, J. (2008). Protect, Respect and Remedy: A Framework for Business and Human Rights. *Innovations: Technology, Governance, Globalization*, 3(2), 189–212. <https://doi.org/10.1162/itgg.2008.3.2.189>
- Scherer, A. G., & Palazzo, G. (2007). Toward a Political Conception of Corporate Responsibility: Business and Society Seen from a Habermasian Perspective. *Academy of Management Review*, 32(4), 1096–1120.
- Scherer, A. G., & Palazzo, G. (2011). The New Political Role of Business in a Globalized World: A Review of a New Perspective on CSR and its Implications for the Firm, Governance, and Democracy. *Journal of Management Studies*, 48(4), 899–931. <https://doi.org/10.1111/j.1467-6486.2010.00950.x>
- Scherer, A. G., Rasche, A., Palazzo, G., & Spicer, A. (2016). Managing for Political Corporate Social Responsibility: New Challenges and Directions for PCSR 2.0. *Journal of Management Studies*, 53(3), 273–298. <https://doi.org/10.1111/joms.12203>
- Sen, A. (2011). *The idea of justice* (1. Harvard Univ. Press paperback ed.). Belknap Press of Harvard Univ. Press.
- Sikka, P. (2011). Accounting for human rights: The challenge of globalization and foreign investment agreements. *Critical Perspectives on Accounting*, 22(8), 811–827. <https://doi.org/10.1016/j.cpa.2011.03.004>
- UNESCWA. (2025, April 3). *Rights Holders*. <https://www.unescwa.org/sd-glossary/rights-holders>
- United Nations. (2011). *Guiding principles on business and human rights*. United Nations.
- van de Ven, B. (2005). Human rights as a normative basis for stakeholder legitimacy. *Corporate Governance*, 5(2), 48–59. <https://doi.org/10.1108/14720700510562659>
- Whelan, G. (2012). The Political Perspective of Corporate Social Responsibility: A Critical Research Agenda. *Business Ethics Quarterly*, 22(4), 709–737. <https://doi.org/10.5840/beq201222445>

- World Benchmarking Alliance. (2021). *Corporate Human Rights Benchmark*.
<https://www.worldbenchmarkingalliance.org/publication/chrbrankings/type/ungp/>
- Wright, M. (1994). Accounting, Truth and Communication: The Case of a Bank Failure. *Critical Perspectives on Accounting*, 5(4), 361–388.
- Yuthas, K., Rogers, R., & Dillard, J. F. (2002). Communicative Action and Corporate Annual Reports. *Journal of Business Ethics*, 41(1-2), 141–157.

D. Challenges to Corporate Transparency on Human Rights: Interrelated Communicative Distortions

Oliver Schneider, M.Sc.*, Conceptual Design, Data Assessment and Analysis, Early Draft,
Final Draft, Editing

Prof. Dr. Andreas Dutzi*, Editing, Review

*Chair of Management, Accounting, and Corporate Governance, University of Siegen

This version of the paper has been accepted for oral presentation at the 25th European Academy of Management Annual Conference (2025) after a double-blind review.

Abstract

This study explores challenges to corporate transparency on human rights as reported by expert practitioners. Drawing on Jürgen Habermas's theory of communicative action and deliberative democracy, the study examines distortions in external corporate communications across dimensions of truth, comprehensibility, sincerity, and legitimacy.

Existing empirical evidence consistently points to limited and often superficial disclosures, undermining public trust and the potential for collective learning. To investigate these gaps, this study conducted 20 semi-structured interviews with practitioners from diverse sectors, including NGOs, corporations, government agencies, and consultancies.

The findings reveal pervasive communicative distortions. Challenges in the truth dimension include omissions of negative impacts and incomplete information, eroding the credibility of corporate disclosures. Issues of comprehensibility arise from the overwhelming volume of information provided, which inhibits stakeholder engagement. In the legitimacy dimension, gaps in regulation and enforcement, coupled with fears of reputational damage, drive selective disclosure practices. Finally, sincerity is often compromised by corporate self-interest, as transparency is employed more as a tool for image management than genuine accountability.

This study contributes to the literature by shifting the focus from what drives corporate disclosure to why transparency remains constrained. It identifies structural problems, including insufficient regulation, economic pressures, and public unawareness, alongside individual managerial decisions, as key barriers. The findings highlight the need for systemic reforms and improved discursive practices to foster accountability and public trust.

By framing corporate transparency as a dialogical process within a deliberative democracy, this study underscores the critical role of communication in aligning corporate practices with societal expectations. The implications extend to policymakers, corporate leaders, and civil society actors, emphasizing the importance of robust regulatory frameworks and a critical approach to corporate communications to enhance human rights transparency.

Keywords: Deliberative Democracy; Human Rights; Corporate Transparency; Habermas; Communicative Action

D.1 Introduction

In a world increasingly connected by economic globalisation, the transparency of corporate activities, particularly regarding human rights, has emerged as a critical yet underexamined facet of corporate accountability. Amid widespread governance gaps in global markets, the ability of companies to communicate their impacts credibly and comprehensively has far-reaching implications for public trust, regulatory frameworks, and ethical business practices. Yet, challenges to achieving transparency – ranging from systemic barriers to organisational incentives and individual capabilities – remain significant and insufficiently explored. This study seeks to examine these challenges, guided by the question: “How do practitioners working in the business and human rights field account for challenges to corporate transparency on human rights?”

Corporate transparency in this realm has been a topic of growing interest within social and environmental accounting literature (Islam & McPhail, 2011). An assessment of existing empirical research reveals fragmented approaches, varied methodologies, and contested outcomes. While some critical investigations focus on transparency as a mechanism for corporate legitimisation (Harrison, 2019) or critique deficiencies in existing disclosures (Rao & Bernaz, 2020), other studies emphasise factors influencing disclosure levels, such as institutional environments or corporate leadership (Hamann et al., 2009; Monteiro et al., 2021). A recurring observation across these strands is the limited comprehensiveness and credibility of corporate disclosures on human rights impacts, despite increasing attention to the issue (Gallego-Alvarez, 2008; Rogerson et al., 2024).

This study contributes to the discourse by integrating Jürgen Habermas’s theories on communicative action and deliberative democracy (Habermas, 1981a, 1992, 1999) into the analysis. Using his validity claims as a theoretical lens, the research identifies and examines communicative distortions – barriers to truth, comprehensibility, sincerity, and legitimacy – in corporate external communications. These theoretical insights are complemented by empirical evidence from 20 semi-structured interviews with practitioners from diverse sectors, offering a nuanced understanding of the systemic, organisational, and individual challenges to transparency.

The structure of the paper is as follows: The literature review situates the study within the broader discourse on corporate transparency and introduces Habermas’s framework as the theoretical foundation. The methodology section elaborates on the critical discourse analysis adapted for this inquiry, focusing on the experiences of practitioners. The findings section identifies key communicative distortions in corporate external communications, highlighting structural and agency-related challenges. The discussion links these findings to prior research,

exploring their implications for corporate transparency and deliberative practices. Finally, the conclusion offers insights into policy and practical interventions, underscoring the necessity of systemic and organisational reforms to foster meaningful transparency in the corporate sector.

By reframing transparency as a dialogical process embedded within a global deliberative democracy, this study not only critiques the current state of corporate disclosure but also opens avenues for reimagining corporate accountability in the light of human rights.

D.2 Literature Review and Theoretical Framework

D.2.1 Empirical Investigations into Corporate Transparency on Human Rights

Corporate transparency on human rights is a niche field, developed under the umbrella of social and environmental accounting research (Islam & McPhail, 2011). A systematic review conducted for a related project revealed only 27 publications empirically investigated corporate transparency on human rights, published between 2008 and 2024.

The existing academic discourse is highly fragmented. First, in terms of epistemology. On the one hand, there is a body of more critical, interpretative investigations (Cooper et al., 2011; Harrison, 2019; McPhail & Adams, 2016; Rao & Bernaz, 2020; Sikka, 2011). Research in this strand, for example, focuses on how existing accounting practices and regulations undermine the realisation of human rights (Sikka, 2011) and how transparency is used by companies as a measure to legitimise corporate conduct (Harrison, 2019). Corporate transparency, mainly in the form of formal reporting, is identified as a lever for companies to construe meaning of ambiguous normative requirements (McPhail & Adams, 2016), as it is criticised for lacking necessary information on publicly known issues (Rao & Bernaz, 2020). These studies are driven by a normative interest (Scherer & Palazzo, 2007, 2011). Hence, research interest here lies in uncovering the extent to which practice is aligned with normative considerations, for example the inclusion of stakeholders and fair and complete representation of corporate conduct.

Other contributions utilised deductive qualitative, quantitative and/or mixed methods, following a rather instrumental epistemology (Scherer & Palazzo, 2007, 2011). These studies are concerned with investigating the reasons why some companies tend to be more transparent on human rights practice than others (Branco et al., 2022; Hamann et al., 2009; Monteiro et al., 2021; Rogerson, 2023). Factors driving corporate transparency— again mainly understood and investigated in terms of formal disclosure – include internal factors like the representation of women on boards (Branco et al., 2022) and top management positions (Monteiro et al., 2021), commitment by corporate leaders (Hamann et al., 2009), as well as various factors representing

the institutional environment of companies, like home-state political agenda (Hamann et al., 2009; Rogerson, 2023; Whelan & Muthuri, 2015) and the work of intergovernmental organisations (Islam & McPhail, 2011) or existence of operations in high risk countries (Islam et al., 2017; Kolk & Lenfant, 2010).

Second, differences in measurement make it further difficult to aggregate and generalise outcomes of existing contributions. For example, within the more instrumental research stream, disclosure was measured differently in different papers, reaching from word counts (Hubers & Thijssens, 2020) to self-developed indices based on various international human rights instruments (Islam & Jain, 2013; Rogerson et al., 2024) to use of the GRI human rights indicators (Cahaya & Hervina, 2019). Last, existing contributions vary by context, covering US (Elayan et al., 2021; Harrison, 2019), European (Monteiro et al., 2021; Rogerson et al., 2024), Australasian (Islam et al., 2017; Islam & Jain, 2013), UK (Cooper et al., 2011; Rao & Bernaz, 2020) and African (Hamann et al., 2009; Kolk & Lenfant, 2010) companies. Further, a few papers utilised global or comparative samples (McPhail & Adams, 2016; Morhardt, 2009) without focusing on a single jurisdiction.

While this fragmentation makes it considerably difficult to derive clear conclusions about the state of corporate transparency on human rights, there are nevertheless some trends reflected in the overall literature deserving more attention. First, all studies employing a longitudinal perspective and tracing the extent of disclosure claim an increase in corporate disclosure on human rights (Favotto & Kollman, 2021; Hubers & Thijssens, 2020; Islam & McPhail, 2011). Hence, being transparent about impacts on human rights arguably is increasingly perceived as important by corporate managers. We attribute this development to the agency of corporate managers, as substantial mandatory reporting requirements on human rights were absent in the context of each empirical study.

Third, even though the trend seems to support increasing consideration of human rights by corporate managers, the majority of studies discloses that on average transparency on human rights is rather limited. In her comparison of disclosure practices between different sectors, Gallego-Alvarez (2008) shows that several labour and human rights issues, such as lost day incidences or a commitment to indigenous rights, were completely absent in their disclosures. Likewise, Hamann et al. (2009), using a reporting score from 0 to 3 indicating the comprehensiveness of reporting, disclose average reporting scores of 0.29 for information on community impact and 0.58 for supply chain related information. Similar outcomes were reported by more recent studies, highlighting that especially substantial disclosures, hence such disclosures

providing sufficient evidence for existing commitments to human rights, are still rather the exception than the normal of corporate practice (Rogerson, 2023; Rogerson et al., 2024).

Last, existing contributions cast serious doubts regarding the credibility of corporate disclosure. While absent of disclosure, hence a supposed lack of transparency, might hypothetically be traced back to absence of issues, there is some evidence for companies remaining silent on issues they should know, and which are evidently associated to them. Rao and Bernaz (2020) investigated whether major UK-based companies recognised existing human rights issues related to tea production in the Indian Assam-region. Even though a connection to these issues is evident for each of the assessed companies, their engagement with the issue was reported as rather limited. If referenced at all, companies tended to present their efforts superficially, or utilised disclosure as a means to present themselves as a positive force rather than being connected to and profiting from human rights violations. Similarly, Maher et al. (2021) found that companies, even if directly confronted with allegations of misconduct, employed various strategies to avoid acknowledgement of responsibility, reaching from evasion of the issue to self-promotion and construction of themselves as an enlightening factor (similar: McPhail & Adams, 2016). Last, even if companies voluntarily adhere to reporting standards requiring disclosure on human rights, this might not necessarily be an indicator of compliance (Morhardt, 2009). For example, as Parsa et al. (2018) report in their investigation of Forbes 250 companies, up to 74 % of companies assessed (depending on GRI indicator analysed) claimed to disclose about labour and human rights, but were identified as disclosing less information than required. Hence, companies seemingly fail in living up to their own commitments – if not knowingly mislead their audiences – when it comes to transparency on human rights.

However, presence or absence, as well as quality relative to reporting standards or other legal instruments, of disclosure or other means of communication is neither intrinsically good or bad. Rather, it has to be argued why there is need for transparency, in order to make a judgement about whether or not empirical practice has to be changed. Hence, as empirical, especially positive, investigations do not allow for ethical judgements *per se* (Scherer & Palazzo, 2007), there is need for a theoretical framework integrating human rights, corporate conduct, and the importance of transparency and communication. Further, there is not only need to analyse whether communication is present or absent, but there is need to further explain why companies fall short with respect to the – yet to justify – normative requirement to be transparent on human rights. In this regard, empirical investigations yet lack inclusion of human agents' perspectives. Within the next subsection, we will therefore provide a brief introduction into Jürgen

Habermas' conception of deliberative democracy, its reception in the literature on political CSR, and its connection to his seminal work on communicative action.

D.2.2 Deliberative Democracy and Communicative Action

Jürgen Habermas provided substantial contributions towards the understanding of the evolution and constitution of modern society. His early work (Habermas, 1981a, 1981b) was driven by the interest to illustrate the constitution of modern society, and the 'colonising' impact of economic and administrative systems' imperatives on the communicative (re)production of life-world (e.g. financialization, juridification), representing the totality of identities, cultures, and values (Scherer & Palazzo, 2007). Anticipating critique towards the assumptions underpinning 'ideal speech' (including absence of cohesion and power asymmetries, inclusivity of actors) as a condition for rational discourses (Noland & Phillips, 2010), Habermas' later work put greater emphasis on pragmatic democratic procedures, the mechanisms of public will-formation in democratic societies, the interrelation of human rights and popular sovereignty, and the challenges of a nation-state based system of governance in the light of economic globalisation (Habermas, 1992, 1998, 1999, 2022; Scherer & Palazzo, 2007).

In a system of democratic nation states, it is the government's responsibility to create and uphold spaces for public deliberation, like the free press, which allow public will to form (Habermas, 2022). People and government are then in a reciprocal relationship, where the governed reward or sanction the governing parties through their voting, while simultaneously the governed participate in the public deliberation of issues of concern, for example through participation in written or oral debates (Habermas, 1992, 1999). While his early work constituted the aim of consensus among discourse participants, the later Habermas clarified that, while still philosophically valid, within empirical pluralist societies, not consensus on the matter, but consensus on the legitimacy of democratic procedures – an 'ordered disagreement' – is maintaining the stability of society (Habermas, 2022). The legitimacy of social norms and laws, especially the acceptance of such norms that do not reflect an individual's personal opinion, is then a priori derived from the legislative procedures, and posteriori evaluated by the efficacy of a norm to resolve the issue in question (Mena & Palazzo, 2012).

However, at least since the late 20th century, the system of sovereign, highly autonomous nation states increasingly eroded – and thereby its ability to mediate the negative externalities of economic activities (Habermas, 1998). That is, while the economy expanded globally, political arenas failed to do so. Given the fact that nation states' jurisdiction is limited to their territory, this resulted in 'Governance Gaps' allowing companies, especially Western

multinationals, to exploit weak labour and human rights protection abroad (Ruggie, 2008). Economic globalisation hence dialectically intertwined increases in productivity with increases in impoverishment (Habermas, 1999). Further, the ongoing integration of the global economy increases interdependencies between different national economies. Social unrest, political instability, terrorism and other distortions of production processes in countries abroad are thereby directly connected to the economic stability in home countries, ultimately resulting in an ‘involuntary global risk community’ (Habermas, 1999).

Habermas, in this context, critically comments on the reduction of the law to a mechanism solely serving to maintain private autonomy and securing the functioning of economic utilisation (Habermas, 1999). In the light of neoliberal globalisation, norms are ultimately reduced to increasing the predictability of decentralised systemic procedures. Being legitimised only by the extent to which the norm is efficient and functional, it becomes irrelevant whether a norm in question is set by administrative officials or transnational corporations, or whether it is set by autonomous citizens in legitimate democratic procedures (Habermas, 1999). What Habermas, despite not knowing about later academic and practical developments framed as ‘corporate citizenship’, ‘CSR’, or ‘Business and Human Rights’, anticipated, is the capability of transnational business firms to create and enforce global rules.

Simultaneously, Habermas acknowledges the possibilities of a new, global political public, enabled by digital media and global communication networks (Habermas, 1999, 2022). By enabling global discourses on issues in real time, such a global public is intended as a mechanism to reconcile interculturally acknowledged minimum requirements for a dignified life – which he identifies to be reflected in transnational and universal human rights³ (Habermas, 2010) – with the necessity of a self-sustaining economy and legitimate democratic institutions (Habermas, 1999). While the early Habermas was predominantly critical of the self-controlled market economy, the later hence tends to accept its necessity and instrumental efficiency, while striving for a set of institutions and procedures preventing the subordination of existential elements of the human condition under imperatives of a globalised economy.

³ Contrary to cultural-relativist critiques of human rights, Habermas argues each major culture and religion entails a concept of human dignity, which in many cases are similar and comparable. Human rights, contrary to human dignity, are not moral by structure, but positive legal instruments transposing these moral considerations into enforceable claims. The argument human rights are far from being Western constructs, and ideals today framed as „enlightened“ are historically far from being solely of European origin is likewise supported by Amartya Sen, *The Idea of Justice*, Harvard University Press, 2009. It is hence appropriate to assume that positive human rights instruments, supported and adopted by the majority of states around the globe, provide the most promising avenue to transcend normatively fragmented national and global societies towards a global political public.

Habermas own work concentrates on the justification of a multi-level system of supranational, transnational, and national institutions (Whelan, 2012) to maintain the capabilities of civil society to participate in its own governance, and of human rights policies as a lever to mediate the negative side-effects of economic globalisation (Habermas, 1998, 1999). A deliberative understanding of global society, however, likewise has consequences for the conception of the business firm (Gregg, 2021; Scherer & Palazzo, 2007, 2011).

Abandoning the idea that companies are solely private, hence apolitical, actors reacting to rules developed in the legal system surrounding them, Scherer & Palazzo (2007, 2011) in their seminal work on 'Political CSR' conceptualised the business firm as being capable to influence (national and global) construction of social orders. Hence, as the business firm is not only capable, but also empirically involved in the production of global and national voluntary and mandatory standards (Mena & Palazzo, 2012), it faces the duty to act in a responsible manner, ultimately adhering to the responsibilities applied to human citizens.

The political conception of the business firm on the one hand requires adaption of institutions to prevent unsound impact of powerful corporate actors on standard setting and enforcement (Mena & Palazzo, 2012). On the other hand, business firms are called to employ democratic governance mechanisms, as they are themselves social constructs, consisting of human agents and requiring direct procedural legitimation (Gregg, 2021; Whelan, 2012). Furthermore, just like deliberative democracy requires transparency of procedures and accountability of leaders for their decisions (Habermas, 1992, 1999), companies are called to communicate on their commitments publicly, to be transparent about their conduct, and to ultimately prove accountability in cases of misconduct (Scherer & Palazzo, 2007, 2011). Thereby, companies shall allow for and contribute to public deliberation, both in terms of actively contributing to normative debates and in terms of enabling a critical public assessment of their own conduct and commitments.

Hence, in a globalised world critically analysed through the lens of deliberative democracy, human rights and corporate transparency have a pivotal, if not constitutional role. It is through discourses on human rights we can best hope to develop towards a global critical public and a minimum of solidarity across borders (Habermas, 2010). Simultaneously, it is possible to evaluate practices and their relation to human rights only, if institutions and actors are transparent (Mena & Palazzo, 2012; Scherer & Palazzo, 2007, 2011). However, it remains open to explain what transparency means, and how attempts to be transparent can be evaluated critically.

Transparency, especially in the corporate setting, is performed through the use of natural language, as evidenced by many studies analysing corporate transparency on human rights

(Gallego-Alvarez, 2008; Hubers & Thijssens, 2020; McPhail & Adams, 2016; O’Kelly, 2019). It therefore enables linguistically mediated interactions: the act of being transparent, and the respective reaction by audiences. Hence, assessing transparency allows to reconsider and reconcile elements of Habermas’ earlier theorising, namely theory of validity claims embedded in his seminal theory of communicative action (TCA) (Habermas, 1981a, 1981b, 1983, 2020), with the more appealing conception of transnational business in Habermas’ later work. That is, the idea of a deliberatively constituted society ultimately traces back to the analysis of the process of deliberation, the verbal exchange between (human and organisational) actors.

TCA embraces the importance of natural language for the constitution and evolution of human societies (Habermas, 1981a, 1981b). Habermas justifies the importance of language with the fact that it is the only medium allowing human beings to both reproduce and transcend social orders (Habermas, 1981a, 1981b). It is, he argues, through natural language human actors keep traditions alive, establish social norms, and coordinate their activities with peers, and ultimately produce the solidarity among members necessary for modernity to unfold.

The reproduction of lifeworld, consisting of culture, accepted social orders and identities (Habermas, 1981b, pp. 204–205), is performed discursively through communicative action (CA). CA consists of ‘speech acts’, through which two agents try to reach a shared understanding about an issue (Habermas, 2020, p. 63). This attempt to reach a ‘shared understanding’ ultimately explains the relationship between communicative action and the lifeworld within which it is performed: while lifeworld is only existing because of CA, CA requires lifeworld to reduce the possibility of dissent (Habermas, 2020, p. 65).

Besides the notion of comprehensibility, each speech act, according to Habermas, entails exactly three so-called validity claims based on which it can be criticised: normative legitimacy of the speech act; objective truth; and individual sincerity (Habermas, 2020, p. 73). With each of these claims, an actor refers to a respective sphere of the lifeworld, hence what is accepted to be objectively true, what is commonly considered as right behaviour, and whether he or she as the respective individual is likely to be considered a trustworthy member of society (Habermas, 1983, p. 68). The condition for a communicative act being accepted by the recipient is whether both actors share a similar socialisation, and hence unconsciously refer to the same ‘interpretation schemes’ regarding the evaluation of a claim’s validity (Habermas, 1981b, p. 191).

On the other hand, lifeworld is continuously transcended every time there is a disagreement between two actors and the interpretation schemes are themselves contested. In this case, lifeworld itself becomes problematised. By discursive re-evaluation, taken-for-granted

assumptions, meanings, norms, and behaviours can be challenged and, according to the outcome of the discourse, maintained or replaced. Ultimately, discourses hence result in an evolution of knowledge in terms of epistemology, ethics, and emotional conditions (Habermas, 1981a, pp. 447–448). Under conditions of ‘ideal speech’ – among others freeness of cohesion and inclusive representation of all affected parties (Habermas, 1983) – it is only the ‘forceless force of the better argument’ leading to the creation of societal consent, representing perfectly rational outcomes (Scherer & Palazzo, 2011).

In modern societies, Habermas further argues, natural language is increasingly replaced by so-called ‘media’. These media allow to replace the burdensome coordination of activities between different actors through time-consuming discourses by instrumental (self-regarding) behaviour justified not by argument, but by reference to the respective medium (money in economic and power in administrative systems) (Habermas, 1981b). These media create a strong dialectic: while, on the one hand, without media-based, self-controlled systems modernity in its complexity would overburden CA, the imperatives of the systems increasingly ‘colonise’ lifeworld. Colonisation, he argues, then results in ‘pathologies’ distorting the reproduction and evolution of lifeworld (Habermas, 1981b): the ‘forceless force of the better argument’ is replaced by ideologies and calculation, ultimately risking the social-integrative capabilities of language. An example for such a pathology is the subordination of discourses on labour and human rights under the imperatives of profit maximisation and free trade (Sikka, 2011).

There is critique regarding idealised conditions and conception of CA (Noland & Phillips, 2010). In fact, it is obviously unlikely that empirical actors communicate without any individual interest, and that factual limitations to the propositions of ‘ideal speech’ are absent (Scherer & Palazzo, 2007, 2011). However, Habermas likewise argues that a theoretically justified vocabulary is necessary to allow for the evaluation of empirical speech acts and discourses (Habermas, 1981a, pp. 444–445). In fact, Habermas goes so far as to claim that without the counterfactual idealisations, which transcend the reality of empirical lifeworld and are necessary for the formulation of TCA, learning processes – and thus social evolution – would not be possible (Habermas, 1992, pp. 15–16). Hence, while Habermas dedicated substantial amounts of his work to criticise how systems might undermine the reproduction of lifeworld, his work likewise provides substantial ontological and epistemological, as well as methodological aspects towards the justification and design of an analysis of empirical discourse. In the subsequent section we will elaborate on how TCA influenced our methodological approach.

D.3 Methodology: Adaption of Habermasian Critical Discourse Analysis

Habermas himself called for application of his theories to empirical analyses (Cukier et al., 2009). The approach we follow was inspired by a methodology developed in the context of Information Systems research, which, as similar approaches in accounting research based on Habermas' theories illustrate (Barone et al., 2013; Reynolds & Yuthas, 2008; Yuthas et al., 2002), can be adapted to any project interested in communicative interactions. According to Cukier et al., "the strategy for empirically applying his [Habermas] conceptual framework is embedded in the theory itself, namely identifying deviations from the universal standard for communication by contesting the underlying validity claims and exposing the resulting communication distortions" (2009, p. 178). First presented by Cukier et al. in 2004, the approach seeks to uncover distortions in empirical communications, and hence limitations of public rationality, by analysis of a body of publicly available communications, in their case media articles, academic contributions, and public communications of a university (Cukier et al., 2004; Cukier et al., 2009).

Cukier et al. (2009) sought to uncover distortions in empirical discourses by analysing speech. While the analysis of public speech, like textual corporate communications, is widely applied in research on corporate transparency on human rights (Harrison, 2019; McPhail & Adams, 2016; O'Kelly, 2019), we took a different approach. First, we are strongly convinced the academic discourse on corporate transparency on human rights is in itself distorted in the dimension of legitimacy. That is, legitimacy of public discourse requires consideration of as many affected stakeholders' voices as possible (Cukier et al., 2004; Cukier et al., 2009). However, scholarly debate yet lacks direct representation of human agents' voices. Second, life-world, contrary to systems, is only accessible for its members (Habermas, 1981b, p. 226). As intentions and feelings, cultural meanings, and experiences are only accessible by asking natural people, we decided to directly engage practitioners in the business and human rights field on their experiences with communicative interaction in the context of corporate human rights due diligence.

Table D-1 Operationalisation of Habermas' Validity Claims

Validity claim	Criteria for ideal communication	Empirical test:
		Does the reported challenge relate to...
Comprehensibility	What is said is audible (or legible) and intelligible.	...linguistic errors? ...the amount of information? ...the ability of actors to understand each other?
Truth	The propositional content of what is said (or written) is factual or true.	...different understandings of what has to be considered 'true'? ...the completeness of presented facts? ...the correct representation of objective facts?
Sincerity	The speaker is honest/sincere in what she says (or writes).	...congruency between the written or oral statements and later actions? ...the intention of actors?
Legitimacy	What the speaker says (and hence does) is right or appropriate in the light of existing norms or values	...the inclusivity of procedures? ... laws, standards, and other norms? ...ideological assumptions? ...experts?

Based on Cukier et al. (2009); adapted towards an indirect assessment of communicative distortions

So, we performed semi-structured interviews, a methodology that has prior been applied to critically assess communicative interaction between companies and stakeholders (Barone et al., 2013). More explicitly, we asked interviewees to report and explain challenges related to transparency on human rights they witnessed in their day-to-day work routine, and their respective causes. Analysis hence focused to uncover whether the challenges interviewees reported could be traced back or linked to communicative distortions, rather than analysing communicative utterances in themselves. Table D-1 provides an overview on how Habermas' validity claims were operationalised. The guiding questions were inspired by Cukier et al. (2009), but adapted towards an analysis where reported challenges are interpreted, rather than communicative utterances are directly observed.

Interviewees represent five different peer groups we considered important in the context of business and human rights, particularly in terms of transparency. First, we interviewed people affiliated with investors, as investors are considered primary audiences of corporate reporting (Yuthas et al., 2002). Moreover, we interviewed representatives from NGOs, government agencies, private companies, and consultancies. These groups were considered important, as they are key actors involved in public deliberation in modern societies, particularly with respect to corporate conduct and accountability (Mena & Palazzo, 2012; Scherer & Palazzo, 2007, 2011). Further, these groups represent people involved both in the production and in the analysis of public corporate communications.

A list of possible interviewees was created based on a) an assessment of stakeholders cited in the reports of companies pioneering the business and human rights field (for consultancies, NGOs, investor organisations); b) a LinkedIn search based on the term “human rights officer” (for private companies and investors); c) direct contact of the relevant offices (for government agencies). Further information on the final sample of 20 interviewees is provided in Table D-2. Given the recent developments around sustainability reporting and behavioural regulation in Europe, we focused on European interviewees. Further, while human rights are a social construct (Habermas, 2010), we expect a comparable understanding and tradition of human rights between European actors, given their shared intellectual and cultural history, and comparable regulatory debates. Further, we primarily aimed to acquire voices from France, Germany, and the UK, given these countries had BHR regulation in place as of June 2023, when first interviews were conducted. Altogether, during the process people currently located in six different EU and non-EU countries were interviewed.

Participants were interviewed, for approximately one hour each, between June and December 2023. While participants were as well asked to define what they understand as transparency, interview questions were primarily focused on three different steps of the HRDD process we deemed particularly relevant in a discourse on corporate transparency: risk/impact analysis, implementation, and external communication. These procedures were chosen since they perfectly mirror the dialectic of ‘knowing and showing’ (Li & McKernan, 2016) necessary for corporate transparency, hence reflecting Habermas’ notion that anyone communicating (e.g. a company reporting to the public) has to be capable to provide reason for the claims made (Habermas, 1981a). Further, internal procedures are not only a primary concern in later public communications according to various standards, but they are vital for the efficacy of HRDD (United Nations, 2011). We hence deemed it necessary to empirically investigate – to our knowledge for the very first time – the experiences of people responsible for or involved in

implementing HRDD. However, due to space constraints, evidence disclosed in this paper mainly focuses on external corporate communications.

Table D-2 Interviewee Characteristics

Peer Group and Number	Location	Gender	Years of Experience in the Field
Investors 1 (Association)	Spain	Male	12
Investors 2	France	Female	3
Gov. Agency 1	Germany	Male	10
Gov. Agency 2	Germany	Male	2
Company 1	UK	Male	15
Company 2	Germany	Female	7
Company 3	Germany	Female	2
Company 4	Germany	Female	4
NGO 1	Netherlands	Female	5
NGO 2	Belgium	Male	2
NGO 3	Germany	Male	12
NGO 4	Germany	Female	2
Consultant 1 (Data Provider/Lawyer)	UK	Male	18
Consultant 2	UK	Male	30 +
Consultant 3	Germany	Female	18
Consultant 4 (Auditor)	Germany	Female	2
Consultant 5 (Lawyer)	Germany	Male	24
Consultant 6	Germany	Male	10
Consultant 7 (Lawyer)	Germany	Male	4
Consultant 8	Germany	Female	8

Considering the call for multiple methodological approaches in applying Habermas' framework (Cukier et al., 2004; Cukier et al., 2009), we combined hermeneutical analysis of the interview material regarding reported challenges and their connection to communicative acts with quantitative elements of content analysis. Explicitly, we followed the subsequent procedure:

1. The transcribed interviews were analysed to identify the challenges reported.
2. We analysed what meaning of transparency the respective challenge implicitly or explicitly related to.
3. Hermeneutical analysis was used, guided by the questions presented in Table D-1, to connect the reported challenges to Habermas' validity claims.
4. Elements of content analysis were then applied to account for the frequency of similar statements, primarily in an attempt to analyse whether reported challenges seem to be structural or only present in the respective interviewee's lifeworld.

In the following section, we present the outcomes of our analysis. Based on the challenges reported, and mirrored against the findings of prior studies, we show that there is considerable evidence for structural problems in the context of corporate transparency on human rights. Further, these challenges have different direct implications and causes, but most of them are inter-related. Additionally, we find not all challenges are objectively reasonable, as sometimes actors anticipate reactions of audiences that, according to our data, do not reflect what can be reasonably expected.

D.4 Analysis and Discussion

D.4.1 The Meaning and Purpose of Transparency

In order to assess what a challenge to transparency means, we deemed it necessary to investigate what is understood as transparency by the respective interviewees. Meaning is discursively construed among the members of a specific lifeworld (Habermas, 1981a). The comparison of different meanings of corporate transparency allowed to assess whether interviewees generally spoke 'the same language'. Hence, the assessment allowed to evaluate whether interviewees' comments on challenges are comparable.

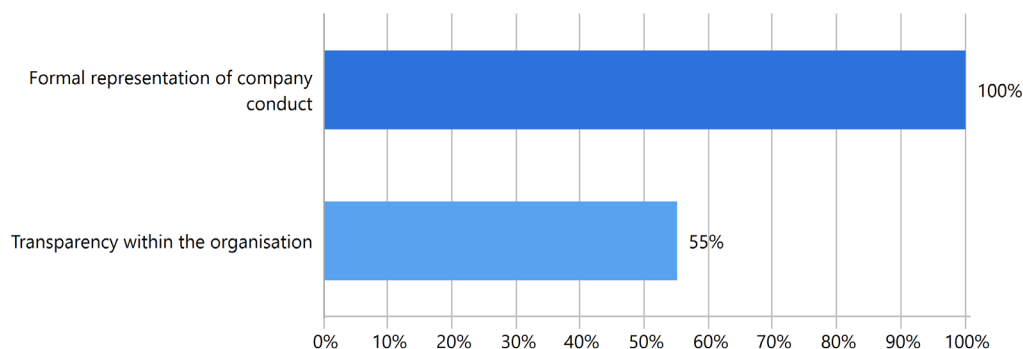


Figure D-1 Reported Meaning of Transparency

Figure D-1 illustrates aspects of transparency interviewees reported. All interviewees referred to transparency as the formal representation of company conduct. As reflected by the understanding of transparency in prior research investigating transparency in relation to human rights, the common discourse is hence a discourse on corporate reporting (Gold & Heikkurinen, 2018; Mares, 2018). However, it would be overly simplistic to reduce a discourse on transparency on formal reporting. Rather, as an NGO representative put it:

“It is extremely important for companies to communicate transparently regarding how they are attempting to address the issue, primarily to foster a collective learning process. This is not only about minimising risks for themselves but also about being perceived as credible actors. As mentioned, I find it particularly important to openly discuss situations where something has not gone as planned and how such challenges were handled. For us, it is crucial in our work with companies to emphasise that no company can promise to be 100 per cent free of human rights violations. This means that transparency begins with communicating their duty of effort both externally and internally.” (NGO 4)

Hence, a discourse on corporate transparency should – even though it is the major issue of concern – not be limited towards corporate reporting. Rather, corporate reporting is seemingly depending on prior conditions. As evidenced by the statement above, a preliminary step is communicating within the organisation, hence raising awareness among employees about the responsibilities at hand (United Nations, 2011). However, there is likewise the necessity to make the outer world transparent towards the company, especially since human rights due diligence to a considerable extent covers business relationships, like buyer-supplier relations (United Nations, 2011). As a consultant working in the data field put it:

“A lot of companies simply do not know, and in many cases are unwilling to find out, what's really going on at tier two, three, four of their supply chain. They might know what's going on at tier one, but a surprising number don't. That's your first issue, is quality of data, because as with any reporting: garbage in, garbage out.” (Consultant 1)

Altogether, transparency can then be understood as a process involving making sense of the outside lifeworld and systems of a company, communicating within and, if necessary, transforming the inner lifeworld of a company, and ultimately communicating back towards outside

stakeholders. All these steps include communicative interactions, and hence can be subject to communicative distortions. As we will argue in the subsequent sections, this results in an inter-related set of (possible) communicative distortions undermining the purpose of corporate transparency.

In order to validate the theoretical assumptions regarding the purpose of transparency in deliberative democracies (Scherer & Palazzo, 2007, 2011), we further screened the transcripts for explicit or implicit statements regarding what could be achieved by transparency. The most frequent notion made is the support of company evaluation, being it investor decisions, assessments by NGOs, or analyses performed by peer companies (stated by all NGO and investor representants, seven consultants and three corporate officials). Hence, the primary purpose of corporate transparency is to enable critique through linguistically mediated interaction (Habermas, 1981b), strongly supporting the suitability of our analytical approach.

Another purpose of transparency (in an idealised conception) reported by several interviewees is the aspect of collective learning. Corporate transparency hence shall provide a lever for internal improvements, as well as for society-wide discursive evolution of concepts and practices (Buhmann, 2018). As one interviewee exemplarily stated:

“[...]we learn much more from failure than from success. And if you look at all of the laws that have been passed in the last few years, the whole idea is that we learn from each other and the state of the art improves because we all understand, you know, that didn't work, so let's try that. That didn't work, let's try that.” (Consultant 1)

However, in order to allow for company evaluations, and in order to support collective learning, corporate transparency, as we theorised, has to follow the rules of rational discourse. In the subsequent sections, we will provide an assessment of communicative distortions relating to corporate transparency in the sense of external communications.

D.4.2 Challenges related to External Corporate Communication

“Comprehensibility claims assert that the speaker can be understood. Truth claims assert that what the speaker says is true. Sincerity claims assert that the speaker is sincere in representing his/her motives, and legitimacy claims assert that the speaker is justified in making the utterance” (Yuthas et al., 2002, p. 144). Regarding transparency understood as external communication (primarily in terms of formal reporting), we obtained evidence for distortions in each of these dimensions. Table D-3 summarises these challenges.

Table D-3 Communicative Distortions and External Communication

Validity Claim	Reported Challenge	Number of Interviewees
Comprehensibility	Volume of provided information	9
	Mass of requested information	6
Legitimacy	Anticipated negative reception of communication	16
	Credibility of intermediaries	12
	Limited engagement with stakeholders	12
	Insufficient standards and regulation	9
	Economic interest to maintain secrecy	9
	Ressource intensity	6
	Inappropriate means to reach stakeholders	2
	Knowledge on expected disclosures	1
Sincerity	Intention of communicating companies	17
Truth	Missing or incomplete information	19

D.4.2.1 Comprehensibility

‘Comprehensibility’ generally refers to the semantical and syntactical correctness of utterances, aiming to secure that understanding is generally possible (Cukier et al., 2004). However, comprehensibility can be likewise obscured by the use of technical language (Cukier et al., 2009), or jargon not common to the public (Yuthas et al., 2002). Aside the linguistic correctness and rhetorical choices made, comprehensibility can be further distorted by the amount of information an actor has to hear (or read) (Cukier et al., 2009).

With regards to corporate transparency, nearly half of interviewees reported public communication is difficult to assess, mainly attributed to the volume of information:

“[N]obody's going to read it or understand it. The longer and longer the reports and disclosures, even corporate analysts won't go through it.” (Consultant 2)

Comprehensibility is distorted here, as the sheer mass of information disclosed in reports that would have to be assessed undermines public dialogue. The problem of too many, perhaps redundant, information however does not only apply to formal reporting:

“Anyone operating a grievance hotline asks their suppliers to put up a poster with their hotline number. This often leaves suppliers with 50 posters they are supposed to display somewhere. When you consider the actual impact, the question arises: how many of the

supplier's employees actually know which poster they should use to make a call?" (Consultant 8)

For direct communication between companies and their stakeholders, it is likewise stated that, while on the one hand formal reports and other communicative media seem to overburden audiences with the amount of information presented, on the other hand communication between companies and their audiences is distorted by the volume of information that is requested by some stakeholders:

"The second challenge is that many companies are now sending out numerous self-disclosure forms, leaving others overwhelmed with completing them. Let me give you an example: a very large company here in Germany, which is one of our clients, sent us a form consisting of 84 pages to fill out regarding due diligence. You can imagine the situation for smaller companies that lack the capacity to handle such requests. It's truly overwhelming." (Corporate 4)

Hence, our evidence suggests that from a corporate standpoint it is of vital importance to carefully consider what information is communicated, to whom, and in what way. Interestingly, there seems to be a dialectical relationship between formal communications, like annual reports, and more informal, direct communications. Like one interviewee explained, it is the purpose of formal reporting to reduce the necessity of direct communications:

"If, as a company, I am subject to the reporting obligations under the German Supply Chain Due Diligence Act, then, as a buyer, I would not need to conduct a comprehensive risk assessment myself. This is because I could assume that the state is already monitoring whether the company fulfils its obligations, which would save a significant amount of mutual auditing and back-and-forth communication. However, I would say the trend is moving in the opposite direction." (NGO 4)

So, if there is a legitimate intermediary verifying the information, formal reporting could reduce the problem of 'overwhelming' requests by peer companies or other institutions. However, the broader the possible audiences of formal reports, the longer and more detailed we can expect them to get – a 'disclosure-dilemma' resulting in a decreasing usability of the reports

for each individual in isolation, and increasing the demand for more individual and targeted communications.

An ideal system of corporate transparency serving the purpose to enhance practice discursively, and avoiding to develop towards a mere bureaucratic exercise, therefore has to assure that the amount (and the means) of communication are appropriate, and that information is easily accessible for target audiences. Otherwise, it can reasonably be expected that companies' stakeholders remain passive (Mares, 2018) and that an evolution of practice through communication will be obscured. In this regard, we deem it especially important to enhance the capabilities of audiences to digitally assess and compare reports, as this would reduce the time needed to extract relevant information and hence mediate the negative effect of the reports' increasing length and granularity.

D.4.2.2 Truth

In analysing adherence to principles of communicative action, “[t]he truth principle requires that all arguments presented in a discussion be factually correct and verifiable.” (Yuthas et al., 2002, p. 150). Additionally, “evaluating whether critical content is or is not truthful can also be a matter of omission. Firms that withhold facts are considered untruthful, as are those that misrepresent them” (Yuthas et al., 2002, p. 151). In the context of corporate reporting, we assume the factual truth, and the completeness of information as the central issue of concern, which, as we will show in subsequent subsections, can be influenced by several other challenges.

Among our interview-partners, there is stunning consensus on deficiencies of contemporary corporate transparency in the dimension of truth. While none of the interviewees reported that information available publicly is factually untrue, 19 out of 20 witnessed situations of omissions in their practice.

Transparency, according to the evidence we obtained, requires acknowledgement of negative impacts on human rights:

“Real transparency, of course, comes from acknowledging the negative impacts – being honest about them as well.” (NGO 2)

However, interviewees broadly accounted for deficiencies in corporate practice relative to this ideal:

“Making things public on their own is, of course, something companies find difficult.” (Consultant 6)

“I would say that companies are currently still finding this very challenging.” (NGO 4)

“I have to say, I was very surprised by ANONYMISED’s approach because it went significantly beyond – far beyond – what has been seen in the market so far and also beyond what we write or would write.” (Consultant 7)

As reported, there is private communication, especially between companies and their peers, on critical issues. But, “as soon as it enters the public stage, where, for example, investors, NGOs, or others start looking into it, the conversation changes” (Corporate 2). Companies are hence accused to omit information in their public communications, with serious implications for discursive quality of a deliberation on corporate practice.

First, witnessing company practice falling behind the ideal of complete representation, has serious effects on the perception of corporate disclosure. One NGO representative stated:

“In my view, it’s merely an inadequate representation – a distorted image of reality. No company is going to deliberately portray itself in a negative light.” (NGO 3)

Stakeholders witnessing omissions in corporate disclosure hence get disincentivised to rely on information presented by the same or other companies. While being a distortion in the dimension of truth, this then has likewise implications for the legitimacy of later communications and the perceived sincerity of corporate actors.

Second, even if stakeholders do not withdraw from using corporate reports, distortions in the dimension of truth pose threat on both the ability to hold companies to account and the possibility of collective learning. That is, corporate communication, especially for less visible companies, is often the only source of public information. Exemplary, regarding omissions related to supply chain specifications, one interviewee stated:

“You can set up the most sophisticated online platforms in 27 languages for anonymous complaints, but what’s the point if the suppliers – or the workers at the second or third-tier suppliers – don’t even know where the product ends up? NGOs, for example, then also have no opportunities to warn companies or take similar actions.” (NGO 3)

But omission does not only pose threat on public deliberation. As our evidence suggests, omission is likewise a threat to companies⁴, as it is actively assessed by audiences in cases there is public information on an issue at hand. If a company fails to report complete information on its impacts, it hence risks to be exposed – with negative implications for its evaluation:

“If you take the opioid situation, for us, it’s an indication — like for a company such as ANONYMISED — to have a human rights policy and plenty of policies on product safety by design, etc. Yet, there is not a single page on the opioid crisis on their website. This omission suggests they do not want to disclose information on this topic, despite being at the centre and heart of the crisis. So, the lack of information itself is something we take into account as well, of course.” (Investors 2)

Put together, the claims made by interviewees in our sample resonate with the empirical evidence on corporate communication on human rights we discussed in Section D.2. There seems to be a widespread issue regarding the completeness of communications, the representation of corporate activities and supply relationships, and especially disclosure on negative impacts. These omissions, as shown, have serious implications, as they undermine the legitimacy of corporate communication as a practice, reduce the quality of public deliberation, and, if exposed, do likewise decrease the perception of companies as trustworthy and sincere actors in the globalised economy.

D.4.2.3 Legitimacy

Legitimacy requires that “[w]hat the speaker says (and hence does) is right or appropriate in the light of existing norms or values” (Cukier et al., 2004, p. 241). Further, “[t]he legitimacy principle requires that parties engage in discourse of a type and in a manner appropriate for the context within which it occurs” (Yuthas et al., 2002, p. 153). Challenges implying communicative distortions in the dimension of legitimacy hence are either connected to diverging ideological and normative standpoints of discourse participants, questioned (legal) norms and standards, or result from contested appropriateness of the communication itself. Last, legitimacy is derived from inclusiveness. Hence, if there are barriers to contributing to the discourse, or it is

⁴ In this regard, it is important to acknowledge that companies simultaneously always rely on information provided by business partners for their own due diligence. Structural distortions in communications hence always represent a distortion of their own due diligence activities, leading to a multiplier effect throughout global supply networks.

contested who is considered an expert, this might indicate distortions in the legitimacy dimension (Cukier et al., 2004; Cukier et al., 2009).

With regards to our evidence, challenges resulting in or from distortions in legitimacy can be traced back to each of the elements of legitimacy described above. The first cluster of challenges relates to distortions resulting from divergencies between the normative assumptions of corporate managers and their stakeholders. As one NGO representative stated:

“Sometimes it's also just that companies didn't realize that the stakeholder would expect them to disclose this publicly. And that's when we do sometimes see that they are assessed once and then they realize: ‘OK, apparently we should have been disclosing this, we just have this thing on the shelf.’” (NGO 1)

Hence, one reason for limitations of disclosure is that companies (or their officials, respectively) are simply unaware of existing societal expectations. Their disclosure decision is hence distorted by divergence between what officials constitute appropriate, and what would reasonably be expected by external stakeholders. In this regard, our evidence indicates the practice of corporate accountability for human rights is only to a limited extent reflecting the demands existing in the lifeworld (Barone et al., 2013).

This can be traced back to the regulatory system surrounding corporate reporting on human rights: In (at least partially) functioning democracies, law represents the institutionalisation of societal expectations (Habermas, 1992, 2022). However, the regulatory system regarding corporate transparency on human rights is in itself contested by nine of twenty interviewees. At the time the interviews were conducted, there was no binding framework for reporting on human rights in the European Union. A central challenge, hence, was identified as company discretions with regards to voluntary reporting frameworks:

“I think that's much of a danger with the existing frameworks, GRI mostly, in, yeah, in that it's leaving it to the companies to disclose or not.” (NGO 2)

The perceived insufficiency of the regulatory system, and its suggested misalignment with lifeworld expectations, indicates that companies that do disclose might still engage in communication perceived as inappropriate. Further, the inadequacy of the regulatory system, mainly the discretions of managers as to whether they will engage in public communication or not, legitimise non-disclosure. Hence, company managers can reasonably consider their own action – or

in this case: omission – a perfectly legitimate praxis. A central issue of concern hence is to question why the regulatory landscape seemingly falls short in sufficiently transposing societal expectations. To certain extent, this might be explained by insufficient provisions for, and generally unsatisfactory practice of stakeholder engagement, as claimed by twelve interviewees. Notably, a lack of stakeholder engagement itself may be considered a limitation of legitimacy of existing reports, given the lack of inclusiveness of procedures leading to the external communications (Cukier et al., 2004; Cukier et al., 2009)

Another central critique towards the existing regulatory system is levelled against limitations of enforcement (Mena & Palazzo, 2012). Relating to problems regarding companies that are not intrinsically motivated to push for greater transparency on human rights, it is stated that:

“[T]here's still some who say: ‘Oh, I can't be bothered. If we're in the bottom decile, so be it’, you know. [...] So, that's where regulation is important for those other groups of companies.” (Consultant 2)

While the European Union in the meantime developed an updated mandatory reporting regime, including comprehensive reporting standards, the issue of missing penalties remains vital. That is, in reporting regimes the main lever of enforcement, aside of market responses, is attestation. However, legitimising communication through attestation requires the auditor is considered an expert by target audiences (Yuthas et al., 2002). The legitimacy of auditors as experts in the realm of business and human rights is, however, seriously questioned:

“In summary, no one on the auditing team had any knowledge of business and human rights. The company — I'm the external consultant on this topic for them, which is why I was also involved — had me draft CMS descriptions and handle all sorts of tasks. Then, whenever the auditors⁵ saw phrases like ‘according to defined criteria’, they would ask the same question: ‘What are the criteria? Can we see them?’ That was pretty much the only question they could consistently come up with. In the end, the company representative remarked, ‘I think they should have paid us for this process, because they gained far more from it than we did.’” (Consultant 3)

⁵ Auditors here were a large accounting firm.

Companies communicating on human rights hence face the serious challenge that neither existing frameworks and regulation, nor the experts they would typically rely on, serve as a sufficient guarantor for alignment of their actions with normative expectations. This is echoed in the challenge most widely (16 of 20 interviewees) reported in the context of legitimacy: a fear of negative reception of disclosure.

“This is also due to the fact that reporting is increasingly tied to ratings by investors and others. This means that transparent reporting must also consistently ‘perform’ to ensure good results in the ratings. This raises the question, in my view, of what transparency actually entails. Transparency about the positives? While the negative aspects are somewhat kept out of the public eye.” (Corporate 2)

Companies are reportedly insecure regarding the extent to which their actions and communications thereon will be evaluated as appropriate. Simultaneously there seems to be a public misconception of ‘performance’, to the extent that honest acknowledgement of risk becomes “stigmatised” (NGO 1).

“When a company publicly admits, for example, that a human rights violation has occurred, the immediate reaction is, ‘Oh, that’s a bad company.’ But there’s no consideration of the broader context. Numerous studies on topics like modern slavery show that, in reality, there’s hardly any company that isn’t connected to modern slavery in some form.” (Corporate 2)

In the context of business and human rights companies are thus, at least according to many perceptions and experiences documented in our interviews, incentivised to withdraw from principles of communicative action. Interestingly, it is likewise reported these perceptions do not necessarily hold true:

“As a company, I believe you can be fairly confident that if you genuinely reflect on these issues, are honest with yourself about whether something is practically effective or not, and follow through with proper documentation, no authority or NGO is likely to claim, “That’s completely off the mark.” (NGO 3)

Even though the agenda of several NGOs might not be correctly anticipated by corporate actors, their connected fears however materialise in real behavioural consequences. The extent to which the fear of companies regarding negative reception of complete communications is reasonable, as well as the extent to which recent regulatory developments will be suitable to fix the systemic problems described, remain open for further investigation, that would by far exceed the purpose of this article.

The second cluster of challenges implying distortions of legitimacy relates to ideological colonisation (Habermas, 1981a, 1981b).

“Speaking from personal experience, it is incredibly frustrating, exhausting, and time-consuming to compile such a report.” (Consultant 3)

“It is a significant effort for companies. It costs money, and they have to allocate resources. This is not something that comes for free, and that needs to be acknowledged.”

(Consultant 6)

The main indicator of colonisation, exemplified in the statements above, is the regress on monetary cost and resources as a justification for lack of transparency. Obviously, companies nowadays operate in a reality that forces them to consider cost and resources in all of their decisions. However, it is an indicator of severe distortion, if public discourse gets obscured due to economic calculus. This is the case, as public deliberation is intended as a corrective for economic imperatives. Limiting the abilities of this corrective due to just these imperatives in our opinion is a clear logical contradiction that requires substantial reforms, both with respect to the importance attributed to human rights and the legitimacy of the associated costs by corporate managers, and the requirements levelled towards companies in terms of expected disclosures, tracing back to the dialectic of formal reports comprehensiveness and individual communications described above.

Further, within the ideological distortions, we found evidence for challenges resulting from business interests to maintain secrecy. These challenges further illustrate that, as it is considered an economic advantage, certain degrees of non-transparency are considered acceptable by company officials:

“There are also many other areas, such as trade secrets, which pose a significant challenge. For example, in the case of trading companies, their supplier list often represents a substantial portion of their capital.” (Gov. Agency 2)

“In many cases, there is, of course, a business interest in not being overly transparent from various perspectives. There are people in the supply chain whose sole function is essentially that of intermediaries, relying on the fact that they know one party and the other. They essentially channel goods through and hope that the two parties never realise the other exists – because if they do, the intermediary will be bypassed and out of the equation.”

(Consultant 5)

Put together, challenges in the legitimacy dimension point to various issues at the systemic/political economy level (Cukier et al., 2004). That is, there are various issues relating to the transfer and institutionalisation of societal expectations towards companies, just like problems related to the very structure of our economic system that – at least as long as we are discussing voluntary reporting or mandatory reporting with high discretions – pose significant threat to the ability of corporate communication to serve as a lever for collective learning and public deliberation. Distortions in the legitimacy dimension hence give reason to the existence of distortion in the truth dimension, while they typically originate outside the company and have to be tackled by broader systemic and socio-political activities.

D.4.2.4 Sincerity

While distortions of legitimacy explain socio-political and systemic challenges that result in deficiencies of corporate transparency, there is likewise the possibility of intrinsic factors resulting in distortions of corporate communications. In applying Habermas’ validity claims, such intrinsic factors are understood as ‘sincerity’, where “sincerity refers to the degree to which participants in the discussion accurately represent their perceptions, interests, and objectives. [...] Different from factual correctness, adhering to this principle requires that rhetors do more than simply present correct information, but that they be authentic in their representations so that other participants can develop an understanding of their views” (Yuthas et al., 2002, p. 151). Hence, “sincerity requires congruity between what is said and what is meant or the intention underlying and the intention expressed in the speech act. There is no hidden agenda in a sincere speech act” (Cukier et al., 2004, p. 246).

With regards to our sample, 17 of 20 interviewees contested the intention of companies with respect to their communications on human rights. As a corporate representative stated:

“I would also wish for a more honest kind of transparency, where it’s possible to admit when something hasn’t worked. I feel like we’re not there yet. There’s always a focus on

making progress and reporting on that progress. But there's not much reporting on instances where something was attempted with good intentions but ultimately didn't work out." (Corporate 2)

Companies hence focus on their positive achievements, while being silent on their negative impacts and failures in their efforts to address issues, if recognised. These omissions, generally a distortion of truth in the first place, can be traced back to distortions in the sincerity dimension. That is "companies present their reports for the public in a slightly more flattering way than reality" (Corporate 4). They are called to do this on purpose, with the explicit aim to bolster the public perception of their activities:

"I think a sustainability report or a human rights report is not just a way to fulfill a reporting burden, but it's also very much sort of an image building opportunity for a company."
(NGO 1)

Similarly, asked whether he sees impression management as an issue, another NGO representative stated: "that's what I would try to do as a company, right?" (NGO 2). Our evidence hence suggests that – while there are serious structural problems limiting corporate transparency on human rights – there are problems associated with the intentions of corporate managers, which arguably can be traced back to the discretions they face with respect to existing reporting frameworks, and the lack of substantial assurance provisions. While challenges in the legitimacy dimension encourage companies to withdraw from communication, challenges related to sincerity result in loss of credibility of existing and especially future communications, of both the single communicating company and of corporate disclosure more generally.

D.5 Concluding Remarks and Implications

We started our investigation with asking "how do practitioners working in the business and human rights field account for challenges to corporate transparency on human rights?". Guided by Habermas' model of deliberative democracy (Habermas, 1992, 1999, 2022), we justified the necessity of corporate transparency on human rights with the demand for public, democratic oversight of company activities in the light of a decrease of state capabilities to monitor business activities in a globalised economy (Habermas, 2022; Scherer & Palazzo, 2007, 2011). We then developed an approach based on Habermas' theory of validity claims (Habermas, 1981a,

1981b) by adapting its application in prior research (Cukier et al., 2004; Cukier et al., 2009; Yuthas et al., 2002). We intended to evaluate whether corporate transparency is likely to serve public deliberation and discursive evolution of practice, and what reasons might be causing deficiencies, if any.

As our evidence suggests, corporate external communications, either in terms of formal reporting or other means, are distorted in every dimension of validity Habermas suggests. In line with prior empirical research on corporate transparency on human rights (Hamann et al., 2009; Islam et al., 2017; Rogerson, 2023; Rogerson et al., 2024), and despite the varying locations and sectoral affiliations, interviewees consensually reported deficiencies in the completeness and general availability of corporate communications.

Additionally, the intention of companies was questioned. Our evidence supports prior arguments made in the literature stating that corporate communication is rather serving company interests as a strategic activity, than actually representing sincere communicative efforts (Harrison, 2019; Maher et al., 2021). Further, we found evidence supporting the idea that companies actively use their communications to construe an imagination of reality that supports their own understanding of their duties and appropriate conduct (McPhail & Adams, 2016). Our study hence contributes to the literature, as the consensual claims made by interviewees indicate that some of the issues pointed out in different, locally limited investigations, seem to be structural and hence deserve global and widespread academic and political attention.

Despite verifying existing research on corporate transparency on human rights, our study contributes to the scholarly discourse by shifting the perspective. Instead of asking what drives companies to disclose on their impacts, policies, and measures in an instrumental way (Branco et al., 2022; Hamann et al., 2009; Monteiro et al., 2021), in the light of the remaining deficiencies reported both by academia and our interviewees regarding the very existence and completeness of communications, we took the opposite approach and asked what withholds companies from being more transparent. In this regard, we found evidence for deep structural problems. In particular, it is the relationship between economic considerations in terms of trade secrecy and brand management, insufficient regulation with too high managerial discretions, and an uninitiated public that is not yet capable to sufficiently react to a discourse on human rights in the corporate context, that seemingly explains why companies omit information on human rights in their communications. However, despite external, systemic conditions encouraging company officials to obscure public discourse, our evidence likewise outlines the importance of the individual as a decision-maker, by pointing out that often omissions can be traced back to the intention and cognitive biases of reporting companies' managers. This insight

is important, as it outlines the necessity to consider corporate managers as morally capable individuals, that do not, as positivist research often implies, only react to external factors.

From a policy perspective, our research contributes by highlighting the discursive deficiencies of corporate transparency. As the quality of public deliberation depends on the discursive quality of contributors' utterances (Habermas, 2022), the deficiencies of corporate communication imply short-comings of any form of public deliberation taking corporate communications into account. From NGO rankings, over investor ratings and academic inquiries, to broader political deliberations, our evidence encourages a certain degree of criticality regarding the utterances made by corporate communicators and the conclusions made thereon. For example, our evidence casts serious doubts regarding the assumption of a congruency between disclosure and performance made by several prior investigations (e.g. Gallego-Alvarez, 2008; Hamann et al., 2009).

As the European Union in the meantime developed certain legal instruments including both transparency and behavioural elements (Buhmann & Feld, 2024), our study further contributes by providing a theoretical and methodological approach to systematically assess these instruments. First, our evidence encourages research regarding the extent to which new regulation might or might not improve the communicative distortions we exposed. Our theoretical and methodological considerations further provide a strong toolkit to investigate the reasons for possible shortcomings within these new instruments by analysing the quality of the discourse leading to their adoption. We strongly encourage these approaches as future research directions.

Even though corporate transparency is construed as consisting of more aspects by interviewees, we focused on external communication here. This marks one limitation of our approach, as, due to space constraints, we were not able to provide a holistic picture considering the companies' internal dynamics and how these relate to external communicative practice. This might encourage future investigations to refine and extend the analysis of challenges to corporate transparency on human rights. Further, as with every qualitative inquiry, our study is limited by the number of participants we interviewed, as well as with the selection of interviewees, and possible distortions in the interpretation of findings. While we acknowledge these limitations, given the broad consensus among interviewees on central issues, the seniority of several of our interview partners, and the alignment of many of their statements with existing academic inquiries, and the rule-based approach to interpretation, we are convinced of the credibility of our findings and interpretation. However, future research is needed to broaden the foundation of issues we raise in this rather exploratory setting.

D.6 References

- Barone, E., Ranamagar, N., & Solomon, J. F. (2013). A Habermasian model of stakeholder (non)engagement and corporate (ir)responsibility reporting. *ACCOUNTING FORUM*, 37(3), 163–181. <https://doi.org/10.1016/j.accfor.2012.12.001>
- Branco, A. P. C., Bianchi, M. T., & Castelo Branco, M. (2022). Board demographic diversity and human rights reporting in Western Europe. *PSU Research Review*, 6(3), 158–174. <https://doi.org/10.1108/PRR-06-2020-0018>
- Buhmann, K. (2018). Neglecting the Proactive Aspect of Human Rights Due Diligence? A Critical Appraisal of the EU's Non-Financial Reporting Directive as a Pillar One Avenue for Promoting Pillar Two Action. *Business and Human Rights Journal*, 3(1), 23–45. <https://doi.org/10.1017/bhj.2017.24>
- Buhmann, K., & Feld, L. (2024). Shifting boundaries: a transnational legal perspective on the EU Corporate Sustainability Due Diligence Directive. *Transnational Legal Theory*, 15(3), 370–396. <https://doi.org/10.1080/20414005.2024.2426961>
- Cahaya, F. R., & Hervina, R. (2019). Do human rights issues matter? An empirical analysis of Indonesian companies' reporting. *Social Responsibility Journal*, 15(2), 226–243.
- Cooper, C., Coulson, A., & Taylor, P. (2011). Accounting for human rights: Doxic health and safety practices – The accounting lesson from ICL. *Critical Perspectives on Accounting*, 22(8), 738–758.
- Cukier, W., Bauer, R., & Middleton, C. (2004). Applying Habermas' Validity Claims as a Standard for Critical Discourse Analysis. In B. M. Kaplan (Ed.), *IFIP: Vol. 143. Information systems research: Relevant theory and informed practice ; IFIP TC8/WG 8.2 20th Year Retrospective: Relevant theory and informed practice - looking forward from a 20-year perspective on IS research, July 15 - 17, 2004, Manchester, United Kingdom* (pp. 233–258). Kluwer Acad. Publ. https://doi.org/10.1007/1-4020-8095-6_14
- Cukier, W., Ngwenyama, O., Bauer, R., & Middleton, C. (2009). A critical analysis of media discourse on information technology: Preliminary results of a proposed method for critical discourse analysis. *Information Systems Journal*, 19(2), 175–196. <https://doi.org/10.1111/j.1365-2575.2008.00296.x>
- Elayan, F. A., Brown, K., Li, J., & Chen, Y. (2021). The Market Response to Mandatory Conflict Mineral Disclosures. *Journal of Business Ethics*, 169(1), 13–42.
- Favotto, A., & Kollman, K. (2021). When Rights Enter the CSR Field: British Firms' Engagement with Human Rights and the UN Guiding Principles. *Human Rights Review*, 1–20. <https://doi.org/10.1007/s12142-020-00614-w>

- Gallego-Alvarez, I. (2008). Analysis of social information as a measure of the ethical behavior of Spanish firms. *Management Decision*, 46(4), 580–599. <https://doi.org/10.1108/00251740810865076>
- Gold, S., & Heikkurinen, P. (2018). Transparency fallacy. *Accounting, Auditing & Accountability Journal*, 31(1), 318–337.
- Gregg, B. (2021). Beyond Due Diligence: The Human Rights Corporation. *Human Rights Review*, 22(1), 65–89. <https://doi.org/10.1007/s12142-020-00605-x>
- Habermas, J. (1981a). *Theorie des kommunikativen Handelns: Handlungsrationalität und gesellschaftliche Rationalisierung* (1st ed., Vol. 1). Suhrkamp.
- Habermas, J. (1981b). *Theorie des kommunikativen Handelns: Zur Kritik der funktionalistischen Vernunft* (1st ed., Vol. 2). Suhrkamp.
- Habermas, J. (1983). *Moralbewußtsein und kommunikatives Handeln*. Suhrkamp.
- Habermas, J. (1992). *Faktizität und Geltung: Beiträge zur Diskurstheorie des Rechts und des demokratischen Rechtsstaats* (2nd ed.). Suhrkamp.
- Habermas, J. (1998). *Die postnationale Konstellation*. Suhrkamp.
- Habermas, J. (1999). *Die Einbeziehung des Anderen: Studien zur politischen Theorie*. Suhrkamp Taschenbuch Wissenschaft: Vol. 1444. Suhrkamp.
- Habermas, J. (2010). Das Konzept der Menschenwürde und die realistische Utopie der Menschenrechte. *Deutsche Zeitschrift Für Philosophie*, 58(3), 343–357.
- Habermas, J. (2020). *Nachmetaphysisches Denken* (7th ed.). Suhrkamp.
- Habermas, J. (2022). *Ein neuer Strukturwandel der Öffentlichkeit und die deliberative Politik* (Erste Auflage, Originalausgabe). Suhrkamp. https://content-select.com/index.php?id=bib_view&ean=9783518774144
- Hamann, R., Sinha, P., Kapfudzaruwa, F., & Schild, C. (2009). Business and Human Rights in South Africa: An Analysis of Antecedents of Human Rights Due Diligence. *Journal of Business Ethics*, 87(S2), 453–473.
- Harrison, V. (2019). Legitimizing private legal systems through CSR communication: a Walmart case study. *Corporate Communications: An International Journal*, 24(3), 439–455. <https://doi.org/10.1108/CCIJ-12-2018-0124>
- Hubers, F., & Thijssens, T. (2020). Human rights reporting under increasing institutional pressure. *Maandblad Voor Accountancy En Bedrijfseconomie*, 94(7/8), 303–312. <https://doi.org/10.5117/mab.94.50425>
- Islam, M. A., Haque, S., & Roberts, R. (2017). Human Rights Performance Disclosure by Companies with Operations in High Risk Countries: Evidence from the Australian

- Minerals Sector. *AUSTRALIAN ACCOUNTING REVIEW*, 27(1), 34–51. <https://doi.org/10.1111/auar.12108>
- Islam, M. A., & Jain, A. (2013). Workplace Human Rights Reporting: A Study of Australian Garment and Retail Companies. *AUSTRALIAN ACCOUNTING REVIEW*, 23(2), 102–116. <https://doi.org/10.1111/auar.12009>
- Islam, M. A., & McPhail, K. (2011). Regulating for corporate human rights abuses: The emergence of corporate reporting on the ILO's human rights standards within the global garment manufacturing and retail industry. *Critical Perspectives on Accounting*, 22(8), 790–810.
- Kolk, A., & Lenfant, F. (2010). Mnc Reporting on CSR and Conflict in Central Africa. *Journal of Business Ethics*, 93(S2), 241–255.
- Li, Y., & McKernan, J. (2016). Human rights, accounting, and the dialectic of equality and inequality. *Accounting, Auditing & Accountability Journal*, 29(4), 568–593.
- Maher, R., Neumann, M., & Slot Lykke, M. (2021). Extracting Legitimacy: An Analysis of Corporate Responses to Accusations of Human Rights Abuses. *Journal of Business Ethics*, 1–20.
- Mares, R. (2018). Corporate transparency laws: A hollow victory? *Netherlands Quarterly of Human Rights*, 36(3), 189–213. <https://doi.org/10.1177/0924051918786623>
- McPhail, K., & Adams, C. A. (2016). Corporate respect for human rights: meaning, scope, and the shifting order of discourse. *Accounting, Auditing & Accountability Journal*, 29(4), 650–678.
- Mena, S., & Palazzo, G. (2012). Input and Output Legitimacy of Multi-Stakeholder Initiatives. *Business Ethics Quarterly*, 22(3), 527–556. <https://doi.org/10.5840/beq201222333>
- Monteiro, A. P., García-Sánchez, I.-M., & Aibar-Guzmán, B. (2021). Labour Practice, Decent Work and Human Rights Performance and Reporting: The Impact of Women Managers. *Journal of Business Ethics*, 1–20. <https://doi.org/10.1007/s10551-021-04913-1>
- Morhardt, J. E. (2009). General Disregard for Details of GRI Human Rights Reporting by Large Corporations. *Global Business Review*, 10(2), 141–158.
- Noland, J., & Phillips, R. (2010). Stakeholder Engagement, Discourse Ethics and Strategic Management. *International Journal of Management Reviews*, 12(1), 39–49. <https://doi.org/10.1111/j.1468-2370.2009.00279.x>
- O'Kelly, C. (2019). Human Rights and the Grammar of Corporate Social Responsibility. *Social & Legal Studies*, 28(5), 625–649. <https://doi.org/10.1177/0964663918819400>

- Parsa, S., Roper, I., Muller-Camen, M., & Szigetvari, E. (2018). Have labour practices and human rights disclosures enhanced corporate accountability? The case of the GRI framework. *ACCOUNTING FORUM*, 42(1), 47–64. <https://doi.org/10.1016/j.acfor.2018.01.001>
- Rao, M., & Bernaz, N. (2020). Corporate Responsibility for Human Rights in Assam Tea Plantations: A Business and Human Rights Approach. *SUSTAINABILITY*, 12(18). <https://doi.org/10.3390/su12187409>
- Reynolds, M., & Yuthas, K. (2008). Moral Discourse and Corporate Social Responsibility Reporting. *Journal of Business Ethics*, 78(1-2), 47–64. <https://doi.org/10.1007/s10551-006-9316-x>
- Rogerson, M. (2023). Business and Human Rights in Russia: Emerging or Merging? *Business and Human Rights Journal*, 1–26. <https://doi.org/10.1017/bhj.2022.29>
- Rogerson, M., Scarpa, F., & Snelson-Powell, A. (2024). Accounting for human rights: Evidence of due diligence in EU-listed firms' reporting. *Critical Perspectives on Accounting*, 99, 1–19. <https://doi.org/10.1016/j.cpa.2024.102716>
- Ruggie, J. (2008). Protect, Respect and Remedy: A Framework for Business and Human Rights. *Innovations: Technology, Governance, Globalization*, 3(2), 189–212. <https://doi.org/10.1162/itgg.2008.3.2.189>
- Scherer, A. G., & Palazzo, G. (2007). Toward a Political Conception of Corporate Responsibility: Business and Society Seen from a Habermasian Perspective. *Academy of Management Review*, 32(4), 1096–1120.
- Scherer, A. G., & Palazzo, G. (2011). The New Political Role of Business in a Globalized World: A Review of a New Perspective on CSR and its Implications for the Firm, Governance, and Democracy. *Journal of Management Studies*, 48(4), 899–931. <https://doi.org/10.1111/j.1467-6486.2010.00950.x>
- Sikka, P. (2011). Accounting for human rights: The challenge of globalization and foreign investment agreements. *Critical Perspectives on Accounting*, 22(8), 811–827. <https://doi.org/10.1016/j.cpa.2011.03.004>
- United Nations. (2011). *Guiding principles on business and human rights*. United Nations.
- Whelan, G. (2012). The Political Perspective of Corporate Social Responsibility: A Critical Research Agenda. *Business Ethics Quarterly*, 22(4), 709–737. <https://doi.org/10.5840/beq201222445>

- Whelan, G., & Muthuri, J. (2015). Chinese State-Owned Enterprises and Human Rights: The Importance of National and Intra-Organizational Pressures. *Business & Society*, 56(5), 738–781.
- Yuthas, K., Rogers, R., & Dillard, J. F. (2002). Communicative Action and Corporate Annual Reports. *Journal of Business Ethics*, 41(1-2), 141–157.

E. Democratic Legitimacy and Transnational Business Regulation: The Ideal of Deliberative Democracy in the Context of Mandatory Human Rights Due Diligence in Europe

Oliver Schneider, M.Sc.*, Conceptual Design, Data Assessment and Analysis, Early Draft,
Final Draft, Editing

Prof. Dr. Andreas Dutzi*, Editing, Review

*Chair of Management, Accounting, and Corporate Governance, University of Siegen

This version of the paper has been accepted for oral presentation at the 15th Spanish Conference on Social and Environmental Accounting Research (2025) after a double-blind review.

Abstract

Few political initiatives triggered as many controversies as the development of mandatory human rights due diligence provisions in Europe. Given the Corporate Sustainability Due Diligence Directive (CSDDD) has been reduced significantly in terms of its scope after completion of the trialogue negotiations, this study attempts to assess the legitimacy of the Directive from the perspective of deliberative democracy.

Drawing on Jürgen Habermas' extensive theorising on deliberative democracy, and its adoption in political sciences and political CSR, we develop a framework seeking to evaluate the democratic legitimacy of the CSDDD empirically. Therefore, we analysed the contributions made during the public consultation on the CSDDD, and mirrored the suggested changes to the Commission's proposal against the three evolutionary steps of the CSDDD: the provisional agreement developed in the trialogue negotiations, the CSDDD final text, and the recently proposed 'Omnibus' amendments.

Our evidence suggests that formal political procedures within the EU resulted in a considerably legitimate compromise, which seemingly was undermined by non-transparent and undue influence outside the normal political process. This, in turn, points to a decrease in legitimacy of the CSDDD as a norm, a trend that risks to be continued if the omnibus amendments are applied as suggested. Further, our evidence suggests that input legitimacy and output legitimacy of a norm are causally intertwined, while simultaneously provoking considerations regarding the consequences for the EU's overall credibility as a regulator, if the current pathway of aligning regulation with corporate interest is further reinforced.

Keywords: Deliberative Democracy; Human Rights; Corporate Accountability; Habermas; Communicative Action; CSDDD

E.1 Introduction

The European Union (EU) has long grappled with the challenge of ensuring corporate accountability for human rights and environmental harm, particularly in the context of global supply chains. The governance gaps between home states of multinational corporations and the often less regulated host states have historically allowed businesses to operate in legal grey areas, with limited obligations to uphold human rights standards (Ruggie, 2008; Sikka, 2011). In response to such deficiencies, the EU embarked on the development of a regulatory framework to introduce mandatory Human Rights Due Diligence (mHRDD) obligations, culminating in the Corporate Sustainability Due Diligence Directive (CSDDD) (European Commission, 2025).

The legislative process surrounding the CSDDD has been marked by intense deliberations, involving governmental, corporate, and civil society actors. Initially framed as an ambitious initiative under the European Green Deal, the proposed directive sought to harmonise corporate due diligence obligations across member states and align them with international human rights standards, such as the UN Guiding Principles on Business and Human Rights (United Nations, 2011). However, the final text of the directive diverged significantly from its initial design, particularly from the provisional agreement reached within the trialogue negotiations between the European Commission, the European Parliament, and the Council of the European Union (; European Council, 2023; Bueno et al., 2024). These changes, including reductions in the personal and material scope of the directive, have prompted concerns regarding the legitimacy of the legislative process and the influence exerted by corporate lobbying (Brunetti & Packroff, 2024). Hence, our research asks: “How legitimate are EU mandatory Human Rights Due Diligence provisions evaluated against the ideals of deliberative democracy?”

Accordingly, this study critically assesses the democratic legitimacy of the CSDDD by applying Jürgen Habermas' theory of deliberative democracy and discourse ethics. Habermas argues that legitimate laws must emerge from inclusive, transparent, and rational deliberations in which all affected stakeholders have a fair opportunity to contribute (Habermas, 1992; Scherer & Palazzo, 2007, 2011). By analysing the public consultation process and stakeholder submissions, this research examines the extent to which the final text of the directive reflects the input of various societal actors. Particular attention is given to whether civil society concerns regarding corporate accountability and stakeholder engagement were adequately integrated into the final provisions or whether the directive was predominantly shaped by economic interests, potentially resulting in a form of ‘colonisation’ of democratic procedures (Habermas, 1981b; Cukier et al., 2004, 2009).

By juxtaposing the proposed and final versions of the directive with stakeholder submissions, this study contributes to the broader discourse on the role of deliberative democracy in transnational business regulation. The findings aim to provide insights into the procedural fairness and effectiveness of EU legislative processes, shedding light on the evolving landscape of corporate accountability in Europe. Furthermore, this research offers critical reflections on the implications of the CSDDD for the trust in European institutions and the future trajectory of mandatory human rights due diligence legislation.

E.2 Context: Towards Mandatory Human Rights Due Diligence in Europe

In contemporary globalised economy, corporations face tremendous discretions regarding the choice of legal systems in which they operate, ultimately stemming from ‘governance gaps’ between their home states and the host countries in which they operate (Ruggie, 2008). Given the governance of international trade favoured (and certainly still favours) capital interest over the ability of host states to govern transnational business activities in their jurisdiction (Sikka, 2011), companies were, and notably still are, capable to exploit weak labour and human rights protection in the areas in which they operated. As a reaction, the UN adopted a framework clarifying normative responsibilities of business organisations (United Nations, 2011): companies, regardless their size or business model, are called to demonstrate respect for human rights through an appropriate due diligence procedure, and shall engage in remedial efforts if they are associated with instances of misconduct relative to internationally recognised human rights instruments.

Given the voluntary nature of the UN framework, and the UN’s inability to enforce its requirements, as part of the European Green Deal initiative in 2020 the European Commission announced its plans to develop a mandatory Human Rights Due Diligence (mHRDD) regulation (European Commission, 2025). Following a first feedback period between July 30th, 2020 and October 8th, 2020 and a first public consultation between October 26th, 2020 and February 8th, 2021 (European Commission, 2025), the European Commission published a ‘Proposal for a Directive on Corporate Sustainability Due Diligence’ (CSDDD) on February 23rd, 2022 (2022/0051 (COD), 2022).

The publication of the CSDDD proposal was accompanied by a second public consultation, where over 280 different governmental, non-governmental, and civil organisations, companies, associations, and individuals commented on the drafted regulation (European Commission, 2025). However, within the EUs institutional framework, any regulation proposed by the

Commission has to be approved by as well the European Council as the European Parliament. As the Parliament's and the Council's position diverged (Bueno et al., 2024), Parliament, Council and Commission entered into so-called 'trialogue negotiations'. Ultimately, as of December 14th, 2023, a provisional agreement between Council and Parliament was announced (European Council, 2023). Main element, among others, was agreement on a personal scope covering companies with both more than 500 employees and a worldwide turnover of €150 million, temporary exclusion of the financial sector, inclusion of civil liability for misconduct, and clarification on the monetary penalties for misconduct (European Council, 2023). The full provisional agreement that should have been adopted by the council was then published on February 2nd, 2024 (CSDDD Provisional Agreement, 2024).

Even though the adoption of an agreement negotiated in the triilogue normally is considered a formality as the council was itself involved in the procedure, several member states, including Germany and France, suddenly declared to withdraw their consent, shortly before the re-elections of the European Parliament. Given adoption required a qualified majority consisting of 55 % of member states and 65 % of population (European Council, 2024), this led to Belgium, the then presidency of the Council, postponing the decision for further negotiation. Ultimately, on March 15th, a compromise text was adopted by the Council, which, however entailed serious deviations from the original text. For example, the personal scope was reduced to companies and groups with more than 1,000 employees and a net turnover of €450 million (WPK, 2024).

Given the content of the directive was changed after completion of the formal democratic procedures raises serious questions regarding the legitimacy of the final directive. Laura Wolters, the member of the European Parliament in charge of the negotiation, went as far as accusing, especially German and French, officials of disrespect towards the parliament as a democratic institution in favour of business-lobbyists' aspirations (Brunetti & Packroff, 2024). Her critique entails the implicit recognition of legitimacy being derived from sound democratic procedures and institutions (Habermas, 1992; Schmidt, 2013), which is endangered by corporate lobbying activities. However, it yet remains unexamined whether the directive in its final form (2024/1760 EU – CSDDD) actually passes or fails the test of democratic legitimacy.

In order to provide for a framework to assess the democratic legitimacy of the CSDDD as a socially developed norm, in the subsequent section, we will briefly discuss Jürgen Habermas' conception of deliberative democracy, and elements of his earlier work on discourse ethics and communicative action. Drawing on this framework, we will develop our critical assessment of the procedural legitimacy of the CSDDD, aiming to investigate who had most influence on the

directive's final text, and to ultimately support a critique of the recently proposed further amendments in the light of the so-called 'Omnibus Simplifications' (COM(2025) 81 final, 2025).

E.3 Habermas' Model of Deliberative Democracy and the Legitimacy of Transnational Business Regulation

Jürgen Habermas' work theoretically addresses the very foundations of modern society. For our inquiry, his theoretical framework was considered suitable, as he specifically addresses the relevance of human rights in a globalised world (Habermas, 1992, 1998, 1999, 2010), the deficiencies of nation-based political governance vis-à-vis an increasingly globalised economy (Habermas, 1998), and processes of public deliberation (Habermas, 1992, 2022). Accordingly, Habermas' work was prior used by a broad range of scholars interested in governance of global business, theorising and empirically applying a range of concepts, for example regarding involvement of stakeholders in managerial decision making (Barone et al., 2013; Rasche & Esser, 2006), development of soft law in multi stakeholder initiatives (Mena & Palazzo, 2012), collaborative regulatory efforts (Buhmann, 2017), and political responsibilities of corporate actors (Goodman & Mäkinen, 2023; Scherer & Palazzo, 2007, 2011; Scherer et al., 2016).

Based on the assumption that interaction mediated by language is central for human socialisation (Habermas, 1981a, 1981b), Habermas, in his foundational work, developed a conception of modern society consisting of so-called systems (administration and economy) and lifeworld (culture, identities, norms). Systems represent self-controlled social structures in which action is not coordinated by language, but steered by media like power and money, primarily developed to unburden the lifeworld from overly lengthy processes of interpersonal communication with respect to economic and administrative coordination. Without the self-controlling, and self-sustaining nature of societal systems, Habermas argues, modern societies in their full complexity were not possible (Habermas, 1981b).

While systems have their legitimation and purpose, especially with regards to steering an increasingly decentralised and globalised economy (Habermas, 1981b, 1992, 1998), they are simultaneously accused to 'colonise' lifeworld, hence the discursive reproduction and evolution of traditions, values, norms, and identities (Habermas, 1981b). Colonisation refers to the empirical observation that elements of social life, for example family roles, individual identities, or behavioural norms, are increasingly influenced by and tied to systems' steering media. Hence, through colonisation systems are called to distort the linguistically performed

reproduction and evolution of lifeworld's components (Habermas, 1981b). Concerning the legal system, such colonisation materialises in a decoupling of coded norms from lifeworld moral values and aspirations (Barone et al., 2013; Gregg, 2021). Law is then reduced to a measure securing the functioning of economic utilisation and the predictability of decisions, less than representing democratic self-governance of autonomous citizens as sovereign of democratic societies (Habermas, 1999).

Hence, particularly relevant to Habermas' theorising is analysis of the (re)production of the code of law, as coded law, besides traditional norms, reflects the threshold against which behaviour in everyday situations is evaluated, and as law is the primary steering mechanism civil society can utilise to limit the influence of systems on lifeworld's reproduction. Central to Habermas thinking is that law is not justified by any natural instances, but created socially by means of discourse (Habermas, 1981a, 1981b, 1983, 1992). Hence, given the power and capacity of, for example, corporate actors to influence regulatory initiatives (Buhmann, 2017; Kroll & Edinger-Schons, 2024; Mena & Palazzo, 2012) there is still risk of a colonising influence of systems' actors on the development of societal norms (Banerjee, 2018; Gregg, 2021). With regards to our inquiry, it is hence central to investigate whether corporate actors exerted a colonising influence on the development of the CSDDD as a form of coded law, unduly manipulating the discourse in favour of their own interest and overriding societal aspirations as well as deliberative procedures (Banerjee, 2018).

Further relevant in the light of our inquiry is Habermas' differentiation between legality and legitimacy (Habermas, 1992). Whereas the legality of an action can be justified with reference to positive law, justification of law requires legitimacy. An action can hence be legal, but illegitimate given deficiencies in the light of the underlying law's legitimacy. While Habermas' differentiation of legality and legitimacy derived from his analysis of national socialist Germany, it is likewise relevant with respect to business conduct and human rights. That is, in light of the shrinking capability (and perhaps: willingness) of nation states to govern transnational business (Habermas, 1998; Ruggie, 2008; Sikka, 2011), human rights abuses and violations connected to corporate transnational activities are perfectly legal in many instances. The efforts to change the regulatory landscape in favour of a positive legal construct like human rights (Habermas, 2010), however, provide evidence for a discursive evolution of global society's normative understanding of the role of transnational businesses, which ultimately resulted in a revaluation of coded law that, at best, should mirror values reproduced and transcended in societal lifeworld (Barone et al., 2013; Habermas, 1981b). In order to justify the legitimacy of a newly developed (legal) norm, both a priori and a posteriori, Habermas put tremendous efforts

in theorising a model of ‘deliberative democracy’, outlining conditions for the legitimate development of social norms. These concepts have been broadly utilised in evaluating the political role of companies and their inclusion in and impact on political deliberations (Banerjee, 2018; Habermas, 1992, 1999; Mena & Palazzo, 2012; Scherer & Palazzo, 2007, 2011; Scherer et al., 2016).

According to studies in political sciences and political philosophy (Buhmann, 2017; Mena & Palazzo, 2012; Scherer & Palazzo, 2007; Schmidt, 2013), in a deliberative democracy setting, contrary to neoliberal assumptions, legitimacy is understood as stemming both from the procedural ‘input’ leading to a norm, as well as from the ‘output’ a norm is capable to deliver. In the context of global business (soft-) regulation, output legitimacy, alternatively framed as efficiency, is theorised as stemming from ‘coverage’, as well as ‘enforcement’ (Mena & Palazzo, 2012). Whether a norm is legitimate in the output dimension hence strongly depends on the number of companies abiding to the norm, and the ability of the norm-setter to hold companies to account. Thus, output legitimacy considers whether the respective norm is effective in steering corporate conduct.

Both with respect to nation-states and supra-national institutions like the EU (Habermas, 1992, 2022; Schmidt, 2013), and with respect to institutions of global governance (Mena & Palazzo, 2012) input legitimacy, in turn, is derived from the procedures of norm-setting (Habermas, 1983, 1992). Building on Habermas’ work, Mena & Palazzo (2012) identified inclusion, procedural fairness, consensual orientation, and transparency as relevant factors determining democratic input legitimacy, similarly approached for example by Buhmann (2017). While Mena & Palazzo’s analysis refers to MSIs, we argue that these factors likewise apply to the regulation of transnational business conduct at level of the EU. That is, just like MSIs, the EU lacks direct democratic legitimation, performed through elections, aiming to hold decision-makers to account (Habermas, 1999, 2022; Schmidt, 2013). Accordingly, as the procedure of political will-formation cannot be justified by decisions of the electorate, input legitimacy must be secured by and evaluated against the degree to which stakeholders have been involved, power differences have been mediated, and a culture of cooperation is maintained, and whether the processes and structures are transparent, allowing for an independent assessment of the deliberations leading to the regulation (Mena & Palazzo, 2012). Reflecting Habermas’ work, input legitimacy is hence strongly connected to the principles of ‘ideal speech’: among others, the perspectives of all affected parties must be heard and considered, and the discussion should be free from coercion and threats – meaning that a participant's sincere contribution should not be penalised, and the participant should only be persuaded to adopt a different view through logical

argumentation rather than through any form of pressure (Habermas, 1981a, 1981b, 1983; Scherer & Palazzo, 2007).

Habermas' earlier work, and approaches in other research fields based thereon, have been criticised for being overly idealistic, in that 'ideal speech', the condition he identifies for a discourse to be evaluated as 'rational', is nearly impossible to be realised in empirical discourses, especially in political decision-making under time-constraints (Noland & Phillips, 2010; Scherer & Palazzo, 2007, 2011). However, ideal speech is not intended as a blueprint, but a counterfactual to existing communication (Barone et al., 2013; Cukier et al., 2004; Cukier et al., 2009). That is, we have to implicitly acknowledge the conditions of ideal speech and communicative action for a hypothetically possible consensus, as otherwise any attempt to coordinate between human agents would a priori be damned to fail (Habermas, 1981a). However, clarifying his prior assumptions in the light of existing critiques, Habermas acknowledges that in real-world societies, where decisions have to be made with time-constraints, it is more important to reach and maintain agreement on the legitimacy of the democratic procedures underpinning political decision-making than on the matter itself (Habermas, 1992, 2022; Scherer & Palazzo, 2007, 2011). Still, societal actors' consent to these procedures, and ultimately their trust in respective democratic institutions, is only maintained, if citizens and other civil society actors witness their assertions reflected in political decisions (Habermas, 2022). Hence, there is a theoretical link between the representation of assertions made in deliberation on emerging regulation in the final political decision, and the overall legitimacy of not only the norm, but the institutions of the standard-setter themselves.

Habermas theoretical framework certainly inspires various considerations relative to our research objective. As we have illustrated in Section 2., the CSDDD is the outcome of a lengthy, nearly 4 year-long procedure involving deliberation among a variety of actors. Accordingly, Habermas' framework allows to critically assess the legitimacy of the CSDDD along its discursive evolution, namely the Commission's proposal (2022/0051 (COD), 2022), the provisional agreement of December 2023 (CSDDD Provisional Agreement, 2024), the final Directive's text (2024/1760 EU – CSDDD), and the amendments suggested by the omnibus proposal (COM(2025) 81 final, 2025). The legitimacy of the directive from an input perspective, and its possible effect on the legitimacy and credibility of European democratic institutions, is hence directly linked to the inclusivity, fairness, and transparency of the procedure, and the extent to which utterances made by both civil society and corporate actors within the procedure are reflected in the CSDDD text.

E.4 Methodology and Sampling

Whether the formal political procedure, materialised in the different text versions of the CSDDD, is legitimate can be evaluated in two dimensions: first, by the procedure leading to the text, second by its efficacy regarding the issues it seeks to govern (Mena & Palazzo, 2012). Given the explicit effect of the directive is, as the principles have not yet been applied by any company, impossible to measure, we here focus on the link between the ‘coverage’ dimension of output legitimacy and the procedural elements of input legitimacy. As stated in Section 2, the ‘coverage’ of the directive in terms of its personal scope was significantly reduced when comparing the provisional agreement and the final text, indicating a loss in output legitimacy. With respect to human rights due diligence, however, coverage does likewise imply assessment of the covered rights to be protected, as well as the activities and business relationships companies have to evaluate. Whether there is a comparable loss in coverage in these regards, has not yet been systematically analysed. Further, in order to assess the ‘input’ legitimacy of the directive drawing on our elaborations in Section 3, it is necessary to investigate the extent to which assertions made by different actors have been incorporated into the regulatory framework.

Our analysis is based on the contributions made to the deliberation on the CSDDD during the public consultation on the Commission’s proposal (European Commission, 2025). These contributions were considered an appropriate data source, as the ‘have your say’ mechanism of the European Commission is generally open to everyone, providing for ‘transparency’ of the deliberation, and allowing to assess ‘inclusion’ within the entire procedure. Further, as contributors have to post their (organisation’s) names and their affiliation to one of certain stakeholder groups, analysing the contributions allows to mirror the utterances made during public deliberation against the provisions entailed in the provisional agreement, the final directive’s text, and the amendments suggested by the omnibus proposal. Thereby, it is possible to analyse whose utterances had primary influence on the respective texts. This, in turn, allows to critically assess the legitimacy of the deliberation itself, as legitimacy is primarily depending on the fair representation of discourse participants (Cukier et al., 2004; Cukier et al., 2009), while simultaneously allowing to assess the degree to which the discourse on the regulation has been ‘colonised’ by certain societal actors (Habermas, 1981b).

Our dataset hence initially consisted of the 288 contributions made to the public consultation on the Commission’s proposal (European Commission, 2025). Four contributions were excluded, as the contributors posted the same contribution multiple times. Four additional contributions were excluded, as they did not contain any utterances, due to being moderated as not

complying with the Commission’s rules for publishing feedback and suggestions. Ultimately, 23 additional contributions were excluded as they were published in languages not common to the authors (Spanish, French). The final sample consisting of 257 contributions in German and English, attributed to nine different stakeholder groups as provided by the contributors themselves, is presented in Table E-1. While public authorities represent the administrative system, EU and non-EU-citizens, Trade Unions, Others, Academia and Research Institutions, and especially NGOs (Habermas, 1992; Scherer & Palazzo, 2011), represent civil society, and companies and business associations represent corporate actors affiliated with the economic system.

Table E-1 Contributions per Stakeholder Group

Stakeholder Group		Number of Contributions
Administrative Actors	Public Authorities (PAs)	2
	Non-EU Citizens (nEUCs)	1
Civil Society Actors	Trade Unions (TUs)	5
	Non-Governmental Organisations (NGOs)	68
	EU Citizens (EUCs)	5
	Academia and Research Institutions (ARIs)	4
	Others	28
Corporate Actors	Companies (COs)	55
	Business Associations (BAs)	89
Total		257

Given application of Habermas’ concepts allows to both qualitative and quantitative approaches (Cukier et al., 2004; Cukier et al., 2009), we combined interpretative analysis of the contributions with elements of quantitative content analysis to support our assessment. In light of the main changes introduced by the final directive as compared to the draft agreement (Bueno et al., 2024; WPK, 2024), and driven by the ‘coverage’ dimension of output legitimacy, we initially focused our assessment on the material and personal scope of the directive. We deemed this particularly relevant topics, as the effect of any change to the detailed due diligence provisions is primarily mediated by who has to apply the rules (personal scope), which rights are particularly protected, and which activities and business relationships are covered by the provisions (material scope). In a first step, we accordingly coded the contributions by asking:

- a) Does the text segment contain a suggested change to the proposed regulation?
- b) What is the explicit change suggested?

During our analysis, we became aware that two additional topics were of considerable relevance for civil society actors and economic actors, respectively. Namely, a considerable amount of civil society actors claimed necessity for more explicit consideration of stakeholder engagement provisions (to some extent reflecting the coverage of relationships we argued for above), while a multiplicity of economic actors stressed the importance of provisions relating to harmonisation within the EU regulatory framework. Both topics were hence additionally included into our final assessment.

After completing the coding of the contributions to the public consultation, we utilised the emerging code system to deductively code the provisional agreement, the final directive, and the omnibus proposal. Thereby, we sought to identify which suggested changes were ultimately incorporated into the text at which stage of its discursive evolution. Finally, these procedures enabled us to show which changes were suggested by how many and which (group of) contributors, ultimately allowing us to provide an assessment of whose interest is primarily represented by the regulation and its suggested amendments.

In the subsequent section, we will illustrate the key findings along the four major topics elaborated on above. Our analysis seeks to uncover whether the CSDDD provides a fair and balanced representation of opinions in line with deliberative democracy as an ideal (Habermas, 2022), or whether the directive is a distorted communication lacking legitimacy (Cukier et al., 2004; Cukier et al., 2009). Subsequently, we conclude with implications of our findings regarding the trust in European democratic institutions (Habermas, 2022) and the further development of mHRDD in Europe.

E.5 Suggested Changes to the Commission’s Proposal and their Representation in the CSDDD Evolution

E.5.1 Suggested Changes to the Commission’s Proposal

E.5.1.1 Harmonisation

A stated objective of the Commission’s proposal is to “avoid fragmentation of due diligence requirements in the single market and create legal certainty for businesses and stakeholders as regards expected behaviour and liability” (2022/0051 (COD), 2022). In light of emerging national regulatory initiatives within the EU (e.g. in Germany, France, Norway, the Netherlands,

among others), the Commission hence sought to create a ‘level playing field’ that ultimately reduces bureaucratic burden by harmonising requirements among member states. However, the CSDDD comes in form of a directive, which has to be transposed by member states, generally allowing for different interpretation of certain aspects, as witnessed in case of prior regulations like the NFRD (Moggi et al., 2023). With respect to the stated objective, several contributors stressed the necessity to improve the harmonisation of requirements. For example, Bitkom e.V. claimed:

“Despite the intent of harmonization, the European Commission has suggested a directive. It is therefore of utmost importance, that the European Commission work with the Parliament and Council to ensure that the directive results in full harmonization. The best human rights outcomes result when companies have clear, attainable requirements and guidance under the law.” (Bitkom e.V., p. 6)

Further, the CSDDD comes as one of certain initiatives of the European Green Deal, accompanying for example the Corporate Sustainability Reporting Directive. In order to reduce administrative burden, the necessity to further improve alignment between the CSRD and the CSDDD was repeatedly suggested. As an example, the China Chamber of Commerce to the EU stated:

“Article 11 of the Proposal requires companies to communicate their due diligence compliance through reporting or by publishing on their website an annual statement. Such reporting requirement is feasible and not burdensome for the companies. At the same time, we argue that it shall avoid creating parallel, differentiated or even contradictory reporting contents and standards.

To this end, we remind that the Commission has already tabled a CSRD Proposal in parallel, and there also exist sector specific reporting or disclosure requirements, as well as established practices. Companies should not be asked to make multiple reporting for the same objective, which creates unnecessary administrative burden and costs.” (China Chamber of Commerce to the EU, p. 10)

As above statements suggest, critique of contributors is stemming from the ‘output’ dimension of democratic legitimacy, as likewise the economic burden, hence efficiency, but also the expected outcome for rights-holders is utilised to justify the amendment of the directive. Table

E-2 illustrates the extent to which further improvement of harmonisation was requested by which stakeholder group. As our evidence indicates, increased harmonisation was primarily suggested by corporate actors, even though civil society actors likewise, while to a more limited extent, criticised the low level of harmonisation.

Table E-2 Suggestions on Harmonisation

Suggestion	TUs	Others	NGOs	BAs	COs
Increase Harmoni- sation with CSRD	0	0	0	31	9
Increase Harmoni- sation between Member States	1	5	3	46	21

E.5.1.2 Stakeholder Engagement

Stakeholder engagement describes the interaction of companies with interest groups affected by their activities (Barone et al., 2013; Noland & Phillips, 2010; Rasche & Esser, 2006). Stakeholder engagement is critical for human rights due diligence, as it is considered the only possible pathway to align corporate activities with community expectations (Barone et al., 2013) and to allow for first-hand information on the actual impact of corporate conduct. Its non-inclusion into prior EU regulatory instruments has been criticised broadly (Buhmann, 2018; Buhmann et al., 2019). In particular, research stressed the limited efficacy in reporting rules that simply require companies to disclose how they engage, but which do not entail specific provisions as how such engagement should be performed (Barone et al., 2013; Buhmann, 2018). Even though the Commission justified its proposal by stating the aim to “promote the implementation of international standards on responsible business conduct such as the UN Guiding Principles on Business and Human Rights” (2022/0051 (COD), 2022), and engagement and consultation with stakeholders is an explicit provision under the Guiding Principles (United Nations, 2011), the proposal did only indicate the necessity to engage with stakeholders to a very limited extent and only where deemed ‘relevant’ by the company, and did not contain specific requirements as to how such engagement should be performed. Accordingly, as presented in Table E-3, various actors suggested changes to the proposal with respect to the regulation of stakeholder engagement.

Table E-3 Suggestions on Stakeholder Engagement

Suggestion	PAs	TUs	Others	NGOs	ARIs	BAs	COs
Mandatory engagement in the whole process	2	4	12	40	1	6	5
Definition of meaningful engagement	0	0	0	11	0	1	0

As our evidence suggests, even though some business associations and companies did claim likewise, more explicit (and generally more restrictive) regulation of stakeholder engagement was primarily requested by civil society actors. In total, 80 % of trade unions and nearly 60 % of NGOs pledged for a more holistic approach to stakeholder engagement, particularly by demanding mandatory provisions for engagement throughout all steps of the HRDD procedure, in line with the UNGPs (United Nations, 2011). For example, French Commission Nationale Consultative des Droits de l’Homme (CNCDH) stated:

“The proposal for a Directive contains several references to stakeholder consultation. However, these references are insufficient. The CNCDH recommends that consultations should not be left to the discretion of the company, but should be an integral part of all stages of due diligence. The inclusion of a specific provision on stakeholder consultation, in particular with affected individuals and communities, trade unions, workers’ representatives and human rights defenders, as proposed by the European Parliament, would emphasise their key role in the due diligence process. The CNCDH recommends that the Directive, in line with the UN Guiding Principles, should provide for mandatory consultations at the different stages of project design, implementation and monitoring, and at different levels of the value chain. Stakeholder involvement is essential from the stage of identifying risks and potential impacts and cannot be solely discretionary (CNCDH, pp. 7-8)”

Again, and repeatedly throughout our sample, critique here is levelled both from a legitimacy and an efficacy perspective. In the legitimacy dimension (Cukier et al., 2004), the proposal is criticised for failing to align with international standards. Simultaneously, efficacy is questioned, by outlining the centrality of engagement for any meaningful further procedures. However, regulation for stakeholder engagement is not limited to the mere fact that engagement

has to take place. As prior research suggests, it is important to clarify with whom companies have to engage and in what way (Rasche & Esser, 2006), in particular to avoid companies reducing the scope of their engagement activities to such stakeholders deemed relevant from a financial perspective (Gallhofer et al., 2011). Hence, several contributors, mainly NGOs, called co-legislators to be more explicit about the criteria that shall be applied when planning and executing engagement with stakeholders. Further, several contributors suggested amendments of the proposal regarding the stakeholders with whom companies have to interact, as presented in Table E-4.

Without prejudice to the strategic objectives contributors might pursue with regards to the positions they claimed (Habermas, 2022), for example the fact that trade unions advocated for greater union involvement, which might or might not be driven by the intent to leverage their own power position, our evidence suggests that, again, civil society pledged for a more holistic and explicit provision of stakeholders to be recognised. Companies and business associations, in turn, called for a reconsideration of definitions more generally in order to increase legal certainty, some openly driven by the intent to reduce the scope of stakeholders to be recognised. For example, Confederation of Finnish Industries claimed:

“The key concepts in the directive are quite open to interpretation and many of them are too broad. In practice, for example, the definition of “stakeholder” is far too broad and vague and the ability of companies to control and operate at the level of the entire value chain with this concept of ‘stakeholder’ is practically impossible.” (Confederation of Finnish Industries, p. 2)

Overall, we note that more explicit, and considerably stricter, provisions for stakeholder engagement were primarily claimed by civil society actors and organisations. In line with international standards (United Nations, 2011), and mirroring academic research (Barone et al., 2013; Buhmann, 2018; Rasche & Esser, 2006; Scherer & Palazzo, 2007, 2011), contributors argued for a ‘meaningful’ approach to stakeholder engagement, considering a broad range of (potentially) affected stakeholders and expert organisations, with a special emphasis on marginalised groups like women, indigenous people or children. The corporate sector, in turn, was driven by legal certainty, and the strategic objective to reduce the scope of stakeholders considered relevant, while striving to maintain the discretion to reduce engagements to instances deemed relevant by the respective company in-scope of the directive.

Table E-4 Suggestions on Stakeholder Groups

Suggestion	TUs	nEUCs	Others	NGOs	ARIs	BAs	COs
Clarify definition	0	1	0	3	0	7	5
Affected people	0	0	0	4	0	3	2
All concerned with human rights	0	0	0	4	0	0	0
<i>Explicitly re-quested groups:</i>	0	0	0	0	0	0	0
Shareholders	0	0	0	0	0	1	0
Customers	0	0	0	1	0	0	0
Communities	0	0	0	5	0	1	0
Workers	0	0	0	6	0	0	0
Human Rights Defenders	0	0	1	12	0	0	0
Marginalised groups	0	0	3	7	0	1	0
Children	0	0	1	1	0	0	0
Indigenous people	0	0	0	13	0	0	0
Ethnic minorities	0	0	0	1	0	0	0
Women	0	0	0	7	0	0	0
Smallholders	0	0	0	3	0	0	0
CSO/NGOs	1	0	0	9	0	1	0
Unions	4	0	2	14	0	0	1

E.5.1.3 Material Scope

Under the umbrella of material scope, we analysed suggestions both regarding rights protected by the directive and provisions regarding the business activities and relationships in-scope companies are called to assess (Bueno et al., 2024). John Ruggie, in his work preceding the UNGPs, explicitly stressed that companies can – and arguably do – exert an impact on virtually all human rights (Ruggie, 2008). Accordingly, the UNGP do not limit business responsibilities to certain rights or international instruments, nor do they explicitly in- or exclude certain activities or business relationships (United Nations, 2011). However, the Commission’s proposal included both, a specific reference to certain international human rights instruments, as well as limitations regarding covered business relationships to such identified as ‘established’ in the up- and downstream value chain (2022/0051 (COD), 2022). We begin our analysis with the scope of included international human rights instruments. Due to space constraints, we

limit our representation in Table E-5 to whether suggestions regarding the covered international human rights instruments generally aimed at extending or reducing the scope of the directive.

Table E-5 Suggestions on International Instruments

Suggestion	TUs	Others	NGOs	ARIs	BAs	COs
Reduction of covered human rights instruments	0	1	1	1	15	12
Extension of covered human rights instruments	2	6	33	2	0	0

One contributor per group for ARIs, NGOs, and Others, argued for reduction of the international instruments covered by the directive: These contributors, namely the German Bar Association, the Director’s Institute Finland and the Nordic and Baltic Company Law Scholars, argued against the approach to base the provisions on international instruments generally. For example, the contribution by Nordic and Baltic Company Law Scholars reads as follows:

“If obligations are going to be transplanted from the very different world of international law into the realm of national law with all the serious implications of liability for companies and individual directors that entails, it is crucial that these obligations are specified and made exact, which is not by far accomplished in the present Annex. Each obligation must be explicitly stated and accompanied by examples that would clearly spell out what is prohibited.” (Nordic and Baltic Company Law Scholars, p. 16)

Hence, those civil society actors arguing for a reduced scope of international instruments did not, per se, question the rights protected and resulting provisions for corporate accountability, but criticised the approach followed by the directive in referencing international instruments that were written to establish responsibilities of states, not companies. Their main argument, accordingly, is that mandatory rules for companies need to be more explicit to safeguard legal certainty (Habermas, 1999). This line of argumentation, accompanied by the additional bureaucratic efforts expected if companies have to interpret these instruments on their own, was repeatedly followed by corporate actors that suggested a reduction of international instruments. For example, the Federation of German Industries (BDI) stated:

“[T]he human rights due diligence obligations refer to further conventions on human rights and fundamental freedoms. This increases the legal uncertainty of the application of international standards or local law for the implementation of due diligence in the value chain. The high level of complexity will pose major challenges for businesses: the directive entails enormous bureaucratic processes; the implementation process will require considerable effort and additional capacity. Moreover, all international norms in the Annex are government-to-government standards. The absence of applicable material norms is an existential concern, as legal certainty for companies, supervisory authorities and judges depends on it.” (BDI, p. 18)

An extension of international human rights instruments covered by the directive was, in turn, solely requested by contributors associated with civil society. Critique by civil society contributors repeatedly stressed the risk that an exhaustive list, as presented in Annex II to the Commission’s proposal, could result in a selective approach to HRDD. For example, Amnesty International stated:

“The proposal refers an Annex, which covers an incomplete list of human rights violations, and a catch-all clause but fails to refer to a number of key additional standards. A non-limitative list of human rights instruments would be more efficient.” (Amnesty International, p. 1)

Further, while contributors associated with the economic sector argued for a reduction of covered instruments more generally, while often maintaining a critical stance on whether the approach to base corporate duties on international instruments is legitimate per se, civil society actors tended to request explicit inclusion of several human rights instruments. Most prominent, among others, were requests to explicitly include all International Labour Organisation’s (ILO) core conventions, the Declaration on Human Rights Defenders, an explicit recognition of living income, and reference to the Migrant Workers Convention. Clearly outlining the agonial character of public deliberation (Habermas, 1992, 2022), our evidence suggests strong disparity between the aspirations of civil society and the corporate sector regarding the covered international human rights instruments, with civil society positioning itself as more demanding regarding the instruments to be included.

Table E-6 Suggestions on Responsibility for Activities and Relationships

Suggestion	PAs	TUs	Others	NGOs	EUCs	ARIs	BAs	COs
Clarify coverage of subsidiaries' value chains	0	0	0	0	0	0	2	0
Allow for risk-based prioritisation	2	0	17	31	0	3	31	7
Clarify definition of established business relationship	0	0	0	1	0	0	20	16
<i>Extension of value chain responsibilities</i>								
Apply not only to established business relationships	2	3	19	51	0	2	20	16
<i>Limitation of value chain responsibilities</i>								
Exclude recycling activities	0	0	0	0	0	0	2	2
Differentiation of duties regarding direct and indirect business partners	0	0	1	0	0	0	23	12
Reduce mandatory assessment to direct suppliers	0	0	1	0	0	0	26	7
Reduce scope to upstream supply chain	0	0	2	1	1	0	41	14
Narrow scope of covered business relationships according to explicit activities	0	0	0	0	0	0	2	0
Include white-lists	0	0	0	0	0	0	10	0
Exclude end-use of products	0	0	0	0	0	0	6	1
Only first tier downstream customers	0	0	0	0	0	0	1	0
Limit information to be requested from SMEs	0	0	0	0	0	0	1	0
Clarification of value chain of financial undertakings	0	0	0	17	0	1	20	10

However, the material scope of the directive is not only depending on the specific rights impacts on which companies have to assess and act upon, but to a considerable extent on the business relationships and activities that in-scope companies need to consider. The UNGP, as most authoritative international standard, outline the responsibility of companies to assess their own activities and those of their subsidiaries, as well as all their direct and indirect relationships, with intensity of following actions depending on whether a company has caused, contributed to, or is merely linked to a specific instance by means of a business relationship (United

Nations, 2011). While the Commission's proposal introduced responsibilities regarding entities own operations, their subsidiaries, and business relationship along their entire value chain, the latter were simultaneously limited to such relationships considered as 'established' (2022/0051 (COD), 2022). This divergence from international standards the Commission arguably intended to transpose into binding regulation triggered various reactions from both civil society and corporate actors. Suggestions regarding the scope of business relationships are disclosed in Table E-6.

Notably, within the context of business activities and relationships there is a considerable consensus between both contributors from civil society and corporate actors regarding the necessity to clarify the proposal's provisions with regards to the so-called "risk-based approach". According to various contributors, the proposal's text failed to make explicit that, in line with UNGP 17 and 24 (United Nations, 2011), it is necessary to allow in-scope companies to prioritise efforts based on the severity of impacts, and to focus on those value chains in which negative impacts are most likely to occur given contextual factors like geography, sector, or product specifications. For example, Frank Bold noted:

"The directive should turn back to UN and OECD standards, adopt a risk-based approach, and prioritise impacts on the basis of their severity and likelihood, not the duration or intensity of their business relationships." (Frank Bold, p. 1)

Similarly, Investor AB, a business association, stated:

"The risk-based approach in the UN Guiding Principles, the OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct where companies may focus their efforts on the relationships and parts of their sustainability due diligence where it is most needed and valuable should be a guiding principle instead of, as in the Proposal, imposing duties regarding the entire value chain of the company." (Investor AB, p. 2)

Interestingly, both civil society actors and corporate actors refer to the UNGP and OECD guidelines as point of reference for their critique and to legitimise the claim that more explicit provisions regarding prioritisation are needed. However, both statements illustrate that the intention behind requesting provisions for prioritisation differ. Nearly no civil society organisation suggested to reduce value chain responsibilities, but a vast majority called to extend

responsibilities beyond ‘established’ business relationships. Trade union TCO, as an example, points out:

“[W]e see significant risks with the proposal that due diligence obligations should only be required where there are ‘established business relationships. Many risks of violations will go undetected. In addition, this opens up for interpretations of what is meant by established business relationships. There is a clear risk of applying shortterm temporary agreements and less serious players designing their value chains to avoid ‘established business relationships’” (TCO, p. 3)

As above statement suggests, reducing the scope of business relationships to such identified as ‘established’ carries the risk to point efforts in the wrong direction, and even creates incentives that counter the purpose of HRDD, namely to build long-lasting, sustainable supplier relations, and to avoid risk stemming from temporary relationships. While, among those that voiced concerns, there is considerable consensus among civil society actors regarding the necessity to extend covered business relationships, the picture is far less homogenous for the corporate sector. On the one hand, many corporate actors simply asked to clarify the definition of established business relationships, while simultaneously calling for a more risk-based approach, and a limitation of covered business relationships, most prominently by reducing obligations to the upstream supply chain, with some even requesting to reduce obligations to first-tier suppliers. On the other hand, several associations and individual companies agreed with the argumentation of civil society actors that a reduction to established business relationships is insufficient in the light both of international reference standards and the purpose of the directive.

Altogether, even though there is potential for consensus with respect to prioritisation in the context of covered activities and business relationships, the dominant intentions diverge between civil society and the corporate sector. The majority of corporate actors commenting on these issues seeks to reduce the activities and relationships covered, to a considerable extent by prioritising additionally to reducing the formal scope, while civil society, and few corporate actors, are – according to their statements and assuming sincerity – motivated by increasing the efficacy of the directive and to streamline action to where it is most necessary.

E.5.1.4 Personal Scope

The legitimacy of a norm intended to increase corporate accountability is strongly connected to ‘coverage’ (Mena & Palazzo, 2012), hence the number of entities covered. The UNGP

are clear in stating that a (proportionate) responsibility to respect human rights applies to every business, regardless of size, sector, or location (Ruggie, 2008; United Nations, 2011). The Commission's proposal, however, employed an approach reducing the personal scope based on a combination of both size-thresholds and sectoral affiliation. Contributors, accordingly, commented heavily on the personal scope of the directive, particularly on the extraterritorial effect on non-EU companies, responsibilities of company groups, the sectoral approach followed by the proposal, and the size thresholds themselves.

A concern raised frequently (and solely) in corporate actors' contributions stresses whether duties stemming from the directive should continue to follow an entity-by-entity approach. All corporate actors commenting on this issue (11 COs/20 BAs) noted that, for resource reasons and pragmatic efficiency, it would be desirable to apply duties at group level. For example, BMW Group stated:

“We strongly support setting the due diligence obligations at group level to minimize the administrative and cost burden for groups falling under the scope of Directive. Large multinational groups usually set up their compliance, risk and due diligence functions at group level with group-wide responsibility. Subsidiaries usually do not have their own due diligence processes. Requiring subsidiaries to set up own due diligence processes and systems would lead to unnecessary costs and creates overlaps between different entities of the same group. Additionally, setting the due diligence obligations at entity level would imply that a group with several subsidiaries in the EU operating in other Member States would have to follow the decisions of several different supervisory authorities. Such an arrangement would be practically difficult to handle but also very cumbersome.”

BMW's statement is exemplary for the discourse on group-level duties. Interestingly, and fully in line with the UNGP (United Nations, 2011), no corporate actor substantially questioned the inclusion of subsidiaries' activities into the scope of the directive. Rather, contributions were driven by intent to realise economies of scale, while further increasing interoperability with reporting obligations, which have likewise to be applied at consolidated level. Nevertheless, for purpose of later analysis, we need to note that applying duties at group level is a simplification solely requested by the corporate sector.

Table E-7 Suggestions on Sectoral Approach

Suggestion	TUs	Others	NGOs	ARIs	BAs	COs
Exclude financial sector	0	0	1	1	7	2
Exclude risk sector approach	0	0	0	0	4	2
<i>Reduce scope of high-risk/impact sectors</i>	0	0	0	0	0	2
Exclude agriculture	0	0	0	0	2	0
Exclude food	0	0	0	0	2	0
Exclude forestry	0	0	0	0	2	0
Be more specific about at-risk activities	0	0	0	0	8	0
Exclude textile sector	0	0	0	0	1	0
Exclude mining sector	0	0	0	0	0	1
<i>Extend scope of high-risk/impact sectors</i>	0	2	9	0	0	0
Align with OECD Guidance	1	0	0	0	0	0
Chemicals	0	1	0	0	0	0
Construction and infrastructure	0	0	5	0	0	0
Defence	0	1	0	0	0	0
Energy	0	2	6	0	0	0
Export credit agencies	0	0	1	0	0	0
Operations in conflict areas	0	0	3	0	0	0
Financial sector	0	11	23	0	1	4
Food and beverages	0	1	0	0	0	0
Hospitality	0	0	1	0	0	0
ICT	0	2	7	0	0	0
Public accounting and auditing	0	0	5	0	0	0
Security	0	1	1	0	0	0
Shipping	0	0	4	0	0	0
Transport and logistics	0	0	6	0	0	0

The sectoral approach, while clearly running counter to the UNGP (Ruggie, 2008; United Nations, 2011), provoked more controversial suggestions from a broader range of contributors. Explicit suggestions are documented in Table E-7. As our evidence shows, again there is considerable discrepancy between the positions claimed by those contributors associated with the corporate sector when compared with civil society actors. While civil society actors that commented on the sectoral approach called to extend the scope of risk sectors, hence due to the lower size thresholds suggested for high-risk sectors (2022/0051 (COD), 2022) broaden coverage of the directive, corporate sector contributors predominantly called for a narrower scope of risk sectors, either suggesting to exclude certain sectors, or by asking to be more specific about

the activities understood as ‘at-risk’ in order to avoid prejudgement of whole sectors. Notably, a considerable number of civil society contributors, and even some actors from the corporate sector actively called to include the financial sector as a risk-sector. Some corporate actors, however, even suggested to delete the whole risk-sector approach from the proposal.

While not in line with the UNGP (United Nations, 2011) and not reflecting the risk-sectors identified by the OECD (OECD, 2018), the primary intent of the sectoral approach was to increase the coverage of the directive in contexts where increased risk had to be expected. Whether such an approach is necessary, in turn, depends on the personal scope of the directive per se. Table E-8 discloses the distribution of contributors according to suggestions regarding the size thresholds.

Table E-8 Suggestions on Size Thresholds

Suggestion	PAs	TUs	Others	NGOs	EUCs	ARIs	BAs	COs
<i>Higher size threshold</i>								
Increase threshold to 5000 employees	0	0	0	0	0	0	0	1
Increase threshold to 1000 employees	0	0	0	0	0	0	11	2
<i>Lower size threshold</i>								
	2	3	20	45	2	2	18	24

Our evidence shows that an increase in covered entities is among the most frequently requested changes to the proposal. Contributing civil society actors, as well as the majority of contributing corporate actors called for lower size thresholds. Most prominently, and reflecting the considerable consent regarding the risk-based approach disclosed in Table E-6, was the suggestion to include all companies, with exemption of micro enterprises, in a proportionate manner. For example, the Irish Coalition for Business and Human Rights stated:

“It is essential that the Directive is revised in line with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, which apply to all companies, on a basis proportional to the size of the business and the risk of the activities. Requirements should be proportionate and commensurate to the likelihood and severity of actual or potential impacts as well as the specific context and circumstances, taking account of the sector, the size and length of the value chain, capacity and leverage over suppliers.” (Irish Coalition for Business and Human Rights, p. 6)”

The argument brought forward in above statement refers to alignment with international reference standards. Critique is hence concerned with the legitimacy of the proposal in the light of internationally accepted state-of-the-art (Cukier et al., 2004). Comparable arguments were made by corporate actors. For example, IKEA of Sweden stated:

“This scope falls short of United Nations (UN) and Organisation for Economic Co-operation and Development’s (OECD) standards. Since impact on people and planet can occur both up and downstream, regardless of size, sector or ownership structure, it is important for due diligence process requirements to cover the entire value chain, including Small and Medium-sized Enterprises (SMEs).

An inclusive scope will help promote a level playing field and ensure all actors are responsible and accountable while supporting sustainable investment. At the same time, requirements should be proportionate to the size and the nature of the business, notably with regards to SMEs.

We recommend expanding the scope of the proposal to include SMEs as well.” (IKEA of Sweden, p. 6)

While making comparable arguments like brought forward in civil society statements, IKEA here makes an important point explicit. That is, whether severe human rights impacts (may) occur, is not sufficiently related to size thresholds like turnover or employee size. Some companies, although being SMEs, may exert exceptional influence, e.g. due to the nature of their business operations. Comparably, the Saami Council stated:

“On traditional Sámi land, the directive will not apply to, for instance, mining companies operating in the early phase of the exploration cycle as they often are too small to be covered by the directive. That is a weakness of the directive as mineral exploitation, including prospecting, mapping, and geochemical sampling can negatively impact human rights, including Indigenous Peoples and the environment.” (Saami Council, p. 4)

Irrespective of these arguments, some corporate sector contributors, mainly business associations, argued for an increased size threshold. The main argument brought forward here was that provisions of the proposal might overburden SMEs economically. For example, BAVC stated:

“Instead of including mid-sized companies in the scope of the directive and overburdening them with requirements they can hardly fulfil, the scope should be narrowed down to companies with more than 1,000 employees.” (Bundesarbeitgeberverband Chemie (BAVC), p. 3)

The most frequently suggested change to the proposal by those wanting to increase size thresholds was to increase employee threshold to 1,000 employees, the threshold of the German due diligence provisions. BDA, a German association, even called to increase the threshold to 5,000 employees in line with the French *loi de vigilance*.

Last, and providing strong support for the strategic objectives participants to public deliberation are called to pursue (Habermas, 1992, 2022), the corporate sector positioned itself in favour of an extension of the directive’s coverage with respect to the extraterritorial reach of the norm. While heavily criticising many provisions of the proposal, near to all corporate actors commenting on extraterritoriality called for more non-European companies to be covered, driven by the intent to create a level-playing field on the European market between EU and non-EU companies. For example, CEI-Bois, the association of European woodwork industries, wrote:

“In order to guarantee a level playing field, all non-EU companies operating in the EU market shall be in the scope of the proposed legislation. The obligation and enforcement of the due diligence legislation should apply to companies, both EU and non-EU companies, in the same way.” (CEI-Bois, p. 4)

Altogether, we note that the majority of contributors, along with provisions of proportionality and referencing international standards, both from civil society and corporate sector requested a broader personal scope, i.e. lower size thresholds. Whether or not a risk-sector approach is necessary is more controversial, but ultimately has to be evaluated based on the size thresholds applied to non-risk companies. While not in focus of civil society actors, we note that at least corporate contributors made a case for increased coverage of non-EU companies.

Drawing on our evidence regarding suggested changes to the Commission’s proposal, in the following section we will evaluate critically the representation of these suggestions in the different stages of the Directive’s evolution. We will elaborate on the extent to which the directive in its current form is representing the outcome of a legitimate democratic procedure, or whether it merely represents the particular interest of a group of or single contributors to the

discourse. Ultimately, we will draw conclusions regarding the implications of our findings for the legitimacy of European due diligence provisions according to the degree of colonisation we identify.

E.5.2 The Different Stages of the Directive's Evolution and the Colonisation of the Political Deliberation

The diverging positions on several issues underline the agonal character of public deliberations, in line with Habermas' (1992, 2022) theorising. In this regard, it is especially relevant to uphold the transparency of political procedures, as well as to consider all voices on a fair and equal basis. Further, in order to maintain trust in democratic procedures, it is of utmost importance for political audiences to witness their claims, at least to some extent, incorporated into existing regulation (Habermas, 2022). Hence, in the following paragraphs, we will analyse the extent to which suggested amendments to the proposal were incorporated into the directive at different stages of its discursive evolution, and discuss (potential) consequences of our insights for both the democratic legitimacy of the CSDDD and the trust in European institutions generally.

To support our analysis, we developed a Table based on Tables E-2 to E-8 disclosed in the previous section. Within this table, we analysed whether a specific suggestion was primarily made by corporate actors, civil society, or whether both groups equally requested the change to the Commission's proposal. If, for a single suggestion, more than 20 % of contributors suggesting the change were attributed to both civil society and the corporate sector, we coded the suggestion as being driven by both groups. If one group accounted for 80 % or more of contributors claiming the specific change, it was attributed to the respective group. Further, we coded whether the respective change ultimately was represented in the provisional agreement, the CSDDD, and the Omnibus proposal, respectively. The Table is provided in Annex I to this article.

Figure E-1 shows how suggestions were distributed between the different groups for the provisional agreement (CSDDD Provisional Agreement, 2024). Of the 67 different suggestions and amendments to the directive we identified, 22 were incorporated into the provisional agreement. As Figure E-1 shows, civil society requested more changes than the corporate sector, but slightly more suggestions made by corporate actors were recognised. Notably, our evidence indicates that suggestions having the potential for consensus, i.e. those that were suggested to a considerable share by both civil society and corporate actors, witnessed a higher probability

of being incorporated. The provisional agreement hence seemingly provides for consensus orientation (Mena & Palazzo, 2012).

Not only from a quantitative perspective, but also from a qualitative perspective the provisional agreement, to our evaluation, provides a considerable compromise, without one-sidedly preferring a single stakeholder group's aspiration. For example, the provisional agreement included a new article on stakeholder engagement, while simultaneously increasing the degree of harmonisation intended. Further, it reinforced the risk-based approach by including a standalone article on prioritisation and differentiating duties between direct and indirect business partners, while simultaneously deleting the provision that business relationships have to count as "established" in order to be in scope. The provisional agreement still entails some curiosities, predominantly the maintained high employee and turnover thresholds despite them being requested by both civil society and corporate actors both on an absolute and relative base, which cannot reasonably be explained based on the contributions made to the public deliberation. However, according to our overall assessment, the provisional agreement is seemingly legitimate, given the overall transparency of its deliberation as an outcome of institutionalised procedures, and the balanced recognition of key suggestions made by each stakeholder group (Habermas, 1992, 1999, 2022; Mena & Palazzo, 2012).

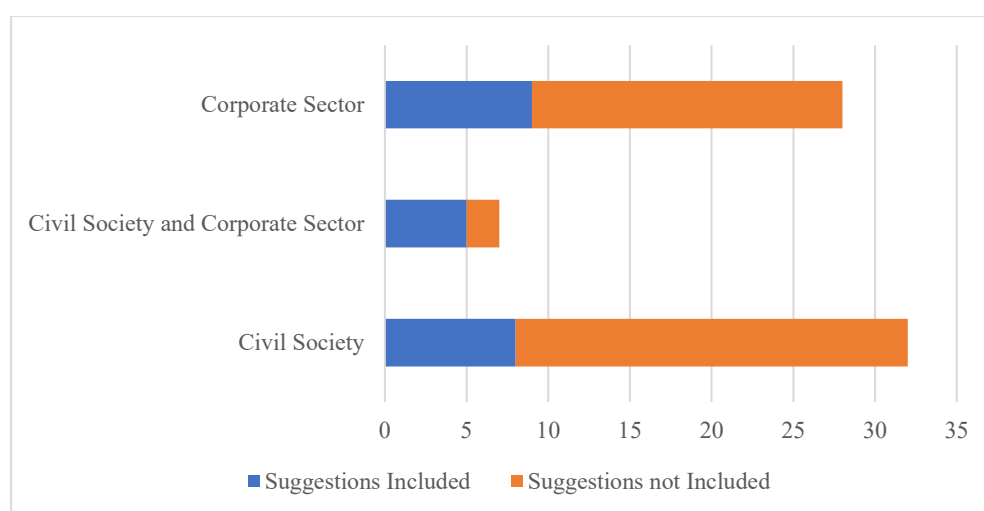


Figure E-1 Inclusion of Suggestions in the Provisional Agreement

While the provisional agreement represents the outcome of formally legitimised democratic procedures, hence its content ultimately reflecting the 'ordered dissent' (Mena & Palazzo, 2012) to be expected in agonal pluralist political societies (Habermas, 1999, 2022), and, according to our evidence, provides a balanced representation of different stakeholder views, the

overall assessment changes when considering the CSDDD final text (2024/1760 EU – CSDDD). As described in Section 2, amendments to the provisional agreement’s text took place after the official trialogue negotiations, accompanied by non-transparent backdoor negotiations between the state representatives involved in the coreper-meetings. While this already indicates a weakness in terms of input legitimacy (Mena & Palazzo, 2012; Schmidt, 2013), the loss in democratic legitimacy is further reinforced when assessing the impact of the two main stakeholder groups on directive’s text.

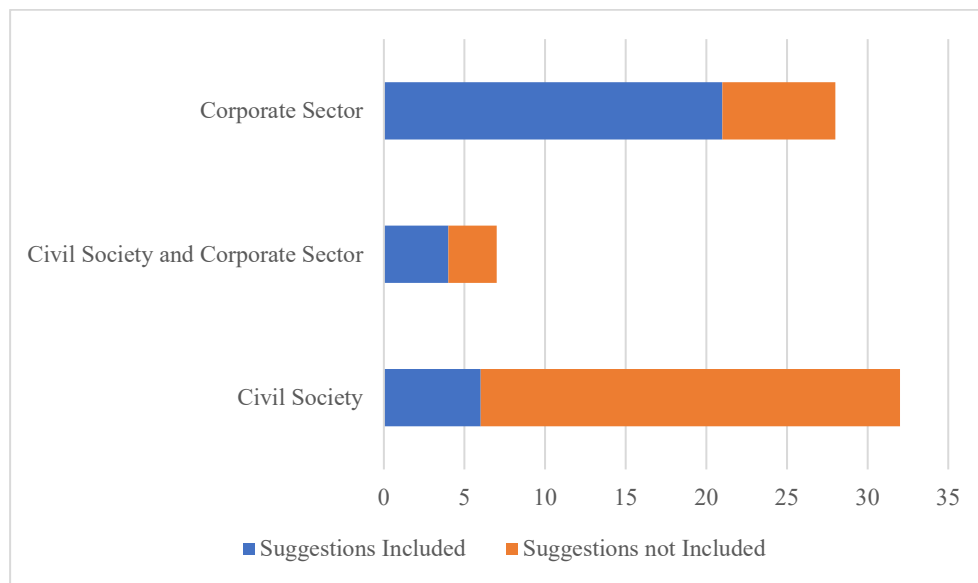


Figure E-2 Inclusion of Suggestions in the Final Directive

As Figure E-2 shows, within the CSDDD final text the share of suggestions made primarily by corporate actors finally included in the directive increased to 75 %, while the share of (potentially) consensual suggestions dropped just like the share of suggestions primarily made by civil society. While some of the corporate-made suggestions are of rather declaratory nature, for example the clarification that subsidiaries’ value chains are likewise in scope of the directive, the majority of changes imply gross changes to the overall structure of the directive in favour of corporate interest. Notably, the scope of covered business relationships was de facto reduced to the upstream supply chain, while the sectoral approach was completely deleted, the scope of non-EU companies falling into the scope of the directive was reduced, and the size thresholds were increased, despite the opposite being demanded by the majority of contributors.

These developments cast serious doubts regarding the legitimacy of the final directive, as not only the text is one-sidedly favouring corporate-sector’ aspirations (Banerjee, 2018; Gregg, 2021; Mena & Palazzo, 2012), but likewise certain changes compared to the provisional

agreement were only suggested by a minority of overall contributions even within the corporate sector. For example, a broader scoped directive with lower size thresholds was suggested by 42 contributors affiliated with the corporate sector, while only 14 called for higher thresholds. Comparable, 29 contributors from the corporate sector called for more non-EU companies in scope, while only two called to reduce the scope of non-EU companies covered. Even though it is out of scope of this article to assess the power dynamics that took place behind closed doors during the negotiation on the CSDDD final text, our evidence at least triggers suspicion regarding the extent to which influential lobbying organisations, predominantly German industry associations, unduly influenced the policy process in favour of their particular interests (Banerjee, 2018).

Regarding the proposed changes under the umbrella of the Omnibus simplifications (COM(2025) 81 final, 2025), the legitimacy of the directive is further at risk. As Figure E-3 shows, suggestions made by corporate actors and ultimately incorporated to the directive further increased, while the incorporated suggestions made by civil society further decreased.

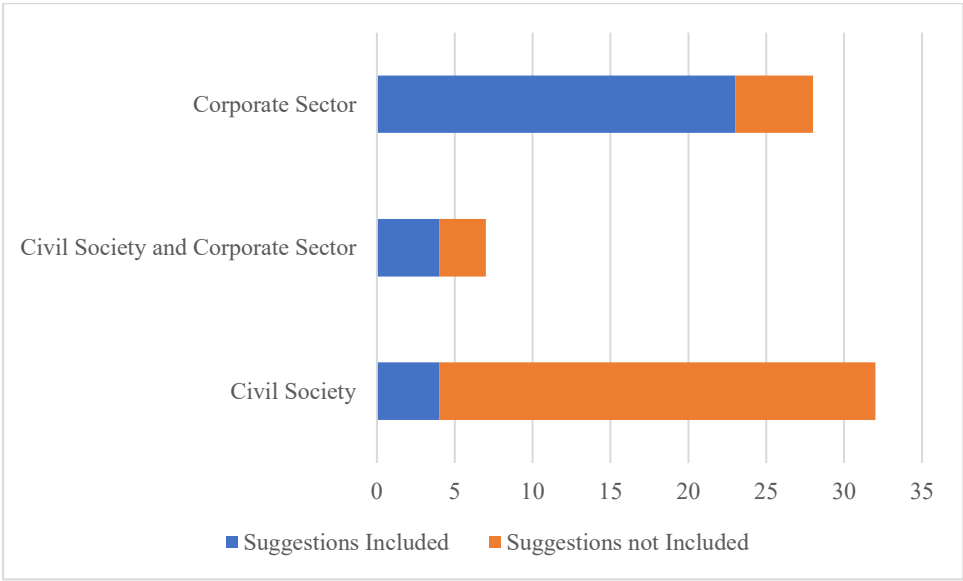


Figure E-3 Inclusion of Suggestions in the Omnibus Proposal

While the CSDDD final text already lost legitimacy compared to the provisional agreement, the amendments suggested by the omnibus proposal carry the potential to effectively worsen the situation. In particular, the omnibus proposal strives to reduce information that has to be assessed from SME business partners, which might be reasonable in order to avoid shifting responsibilities down the supply chain and to overburdening SME suppliers. However, given omnibus simultaneously exempts SMEs from reporting obligations (COM(2025) 81 final,

2025). it effectively reduces societies ability to monitor and exert influence on SMEs to an absolute minimum, while making it the sole responsibility of larger companies to assess their respective business partners, which would otherwise have been both under control of supervisory authorities and statutory auditors. Further, omnibus suggests to reduce the obligation to assess indirect business partners to instances where there is ‘plausible information’ on actual or potential misconduct. Given uncertainties regarding the interpretation of this term, it is yet perfectly reasonable that obligations will be reduced to direct suppliers, effectively undermining the risk-based approach so many contributors asked for. Last, omnibus reduces the scope of engagement activities by deleting several provisions for mandatory engagement, and by limiting the scope of stakeholders to ‘relevant’ ones. In this regard, reference to NGOs and Civil Society Organisations is suggested to be removed completely from the definitions in Article 3.

Altogether, we note that the development of the CSDDD started off quite well in terms of input legitimacy. As a result of the official negotiations, EU co-legislators provided for a considerably balanced directive, following a transparent and institutionalised procedure. The compromise entailed in the provisional agreement provides evidence for the general functioning of EU political procedures in terms of producing balanced regulation that reflects the interest of a broad range of extra-parliamentarian political actors, being it companies or NGOs, among others. However, European mandatory human rights due diligence lost considerably in terms of input legitimacy throughout its discursive evolution, strongly indicating a ‘colonised’ political discourse preferring corporate interest (Banerjee, 2018). In the following section, we provide a brief analysis of the political implications of our findings, accompanied by suggestions for future research.

E.6 Conclusions, Implications, and Future Research Directions

We started our investigation by asking “How legitimate are EU mandatory Human Rights Due Diligence provisions evaluated against the ideals of deliberative democracy?”. Based on theoretical work developed by Jürgen Habermas (Habermas, 1981b, 1992, 1999, 2022) and its adoption in political science (Schmidt, 2013) and political CSR (Banerjee, 2018; Buhmann, 2017; Goodman & Mäkinen, 2023; Mena & Palazzo, 2012; Scherer & Palazzo, 2007, 2011; Scherer et al., 2016), we developed an analytical framework intended to evaluate the legitimacy of the directive, predominantly from an ‘input’ perspective. Namely, we analysed whether the different evolutionary stages of the directive as a body of text were one-sidedly influenced by a certain stakeholder group, which would indicate colonisation of the public deliberation by

systemic interest. Such a colonisation, in turn, has theoretical consequences not only for the regulatory text in question, but likewise for the institutions of political deliberation.

On the one hand, our evidence reveals that formally institutionalised political deliberation at EU level led to a considerably fair and balanced text, suggesting legitimacy from an input perspective (Mena & Palazzo, 2012; Schmidt, 2013). While the provisional agreement by far incorporated all suggestions made by each group of contributors, which would be technically impossible given the diverging positions on certain issues, we are convinced the formal political procedures provided a compromise worth the name, including and balancing the key aspirations of all stakeholder groups. What has to be critically noted, however, is that affected people mostly (with exception of the Saami Council) haven't voiced their concerns directly, but were represented primarily by NGOs claiming to act in their interest. Without prejudice to the intention of NGOs and other civil society organisations and their importance in modern political societies (Mena & Palazzo, 2012; Scherer & Palazzo, 2007, 2011), lack of direct participation of affected people's organisation at least carries the risk to marginalise their voices (Roussey et al., 2022).

On the other hand, the later evolution of the directive towards its finally published text, however, suggests undue and non-transparent influence by a considerable small number of business organisations and associations, and one-sided representation of corporate interest. This decrease in 'input' (Gregg, 2021; Mena & Palazzo, 2012) legitimacy is accompanied by a decrease in 'output' legitimacy, namely in terms of the coverage (Mena & Palazzo, 2012) of the directive due to the increased size thresholds and the reduction of protected rights and covered activities and relationships. While our single-case observation necessitates further investigation into other political procedures targeting corporate accountability, our evidence at least suggests a causal relationship between the discursive quality of a public deliberation, and the rationality of outcomes, in line with Habermas' early predictions (Habermas, 1981a, 1981b, 1983). However, our evidence likewise suggests that the deliberation on mHRDD in Europe is to a considerable extent 'colonised' by imperatives brought forward by a small number of powerful corporate actors

As one example among many discussed in this paper, the reduction of international instruments covered by the directive illustrates colonisation by corporate actors. Notably, from a Habermasian perspective, a law intended to protect civil society actors from corporate abuse should be primarily driven by values articulated by civil society (Barone et al., 2013). However, the reduction in protected rights, arguably driven by the intent to increase legal certainty, mainly reflects corporate actors' contributions. In this regard, normative values articulated by civil

society organisations (Scherer & Palazzo, 2011) seemingly were sacrificed for an increase in predictability (Habermas, 1999). If the material scope of the directive does not reflect normative values of civil society as sovereign, this arguably has significant negative consequences for the democratic legitimacy of the CSDDD.

This loss in democratic legitimacy further might have consequences for the trust in deliberative spaces the European Union as a supranational organisation provides. In increasingly transnational societies, it is up to supranational organisations to provide for 'arenas' of public deliberation (Habermas, 1992, 1998, 1999). Trust in these institutions, however, is only maintained if civil society witnesses its interest to be duly incorporated into regulations developed within these institutions (Habermas, 2022). Continuing to sacrifice the outcomes of a due formal deliberative procedure for increasingly corporate-aligned provisions, as would be the consequence of omnibus being adopted in its current form, ultimately risks to substantially undermine the willingness of civil society actors to contribute to future political initiatives, while simultaneously risking the trust in the European Union as a legitimate legislator. We hence call on European co-legislators to carefully evaluate the possible consequences of further watering-down due diligence provisions for the credibility of European political institutions.

Future research, hence, should assess the perceptions of civil society actors regarding the evolution of the CSDDD. Whether the possible negative consequences to the credibility of European political institutions materialise, will be subject to further empirical assessments. Additionally, we encourage research analysing why the last-minute changes to the directive outside the normal political procedures were possible. Habermas' theoretical framework, especially his work on validity claims (Cukier et al., 2004; Cukier et al., 2009; Habermas, 1981a) might prove fruitful in this regard, particularly when analysing the political debate, for example in mass-media (Habermas, 2022), that accompanied the formal deliberation on the CSDDD. In particular, we encourage research analysing media discourses in those countries that withdraw their consent, in order to analyse whether undue media communication might have incentivised political actors to override EU institutionalised procedures.

E.7 References

- Banerjee, S. B. (2018). Transnational power and translocal governance: The politics of corporate responsibility. *Human Relations*, 71(6), 796–821. <https://doi.org/10.1177/0018726717726586>
- Barone, E., Ranamagar, N., & Solomon, J. F. (2013). A Habermasian model of stakeholder (non)engagement and corporate (ir)responsibility reporting. *ACCOUNTING FORUM*, 37(3), 163–181. <https://doi.org/10.1016/j.accfor.2012.12.001>
- Brunetti, A., & Packroff, J. (2024, February 28). Political volte-face hits EU supply chain law amid unwavering Belgian ambition. *EURACTIV*. https://www.euractiv.com/section/economy-jobs/news/political-volte-face-hits-eu-supply-chain-law-amid-unwavering-belgian-ambition/?_ga=2.121839049.39553240.1736253815-2034997679.1736253812
- Bueno, N., Bernaz, N., Holly, G., & Martin-Ortega, O. (2024). The EU Directive on Corporate Sustainability Due Diligence (CSDDD): The Final Political Compromise. *Business and Human Rights Journal*, 9(2), 294–300. <https://doi.org/10.1017/bhj.2024.10>
- Buhmann, K. (2017). *Power, procedure, participation, and legitimacy in global sustainability norms: A theory of collaborative regulation*. Globalization. Routledge. <https://www.taylorfrancis.com/books/mono/10.4324/9781315525457/power-procedure-participation-legitimacy-global-sustainability-norms-karin-buhmann>
<https://doi.org/10.4324/9781315525457>
- Buhmann, K. (2018). Neglecting the Proactive Aspect of Human Rights Due Diligence? A Critical Appraisal of the EU’s Non-Financial Reporting Directive as a Pillar One Avenue for Promoting Pillar Two Action. *Business and Human Rights Journal*, 3(1), 23–45. <https://doi.org/10.1017/bhj.2017.24>
- Buhmann, K., Jonsson, J., & Fisker, M. (2019). Do no harm and do more good too: connecting the SDGs with business and human rights and political CSR theory. *Corporate Governance: The International Journal of Business in Society*, 19(3), 389–403. <https://doi.org/10.1108/CG-01-2018-0030>
- Cukier, W., Bauer, R., & Middleton, C. (2004). Applying Habermas’ Validity Claims as a Standard for Critical Discourse Analysis. In B. M. Kaplan (Ed.), *IFIP: Vol. 143. Information systems research: Relevant theory and informed practice ; IFIP TC8/WG 8.2 20th Year Retrospective: Relevant theory and informed practice - looking forward from a 20-year perspective on IS research, July 15 - 17, 2004, Manchester, United Kingdom* (pp. 233–258). Kluwer Acad. Publ. https://doi.org/10.1007/1-4020-8095-6_14

- Cukier, W., Ngwenyama, O., Bauer, R., & Middleton, C. (2009). A critical analysis of media discourse on information technology: Preliminary results of a proposed method for critical discourse analysis. *Information Systems Journal*, 19(2), 175–196. <https://doi.org/10.1111/j.1365-2575.2008.00296.x>
- Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937, February 23, 2022.
- European Commission. (2025, January 7). *Sustainable corporate governance*. https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12548-Sustainable-corporate-governance_en
- Omnibus Proposal, COM(2025) 81 final, February 26, 2025.
- European Council. (2023, December 14). *Corporate sustainability due diligence: Council and Parliament strike deal to protect environment and human rights*. <https://www.consilium.europa.eu/en/press/press-releases/2023/12/14/corporate-sustainability-due-diligence-council-and-parliament-strike-deal-to-protect-environment-and-human-rights/>
- European Council. (2024, January 11). *Voting system*. <https://www.consilium.europa.eu/en/council-eu/voting-system/>
- CSDDD Provisional Agreement, February 2, 2024.
- Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859.
- Gallhofer, S., Haslam, J., & van der Walt, S. (2011). Accountability and transparency in relation to human rights: A critical perspective reflecting upon accounting, corporate responsibility and ways forward in the context of globalisation. *Critical Perspectives on Accounting*, 22(8), 765–780.
- Goodman, J., & Mäkinen, J. (2023). Democracy in Political Corporate Social Responsibility: A Dynamic, Multilevel Account. *Business & Society*, 62(2), 250–284. <https://doi.org/10.1177/00076503211068421>
- Gregg, B. (2021). Beyond Due Diligence: The Human Rights Corporation. *Human Rights Review*, 22(1), 65–89. <https://doi.org/10.1007/s12142-020-00605-x>
- Habermas, J. (1981a). *Theorie des kommunikativen Handelns: Handlungsrationalität und gesellschaftliche Rationalisierung* (1st ed., Vol. 1). Suhrkamp.
- Habermas, J. (1981b). *Theorie des kommunikativen Handelns: Zur Kritik der funktionalistischen Vernunft* (1st ed., Vol. 2). Suhrkamp.
- Habermas, J. (1983). *Moralbewußtsein und kommunikatives Handeln*. Suhrkamp.

- Habermas, J. (1992). *Faktizität und Geltung: Beiträge zur Diskurstheorie des Rechts und des demokratischen Rechtsstaats* (2nd ed.). Suhrkamp.
- Habermas, J. (1998). *Die postnationale Konstellation*. Suhrkamp.
- Habermas, J. (1999). *Die Einbeziehung des Anderen: Studien zur politischen Theorie*. Suhrkamp Taschenbuch Wissenschaft: Vol. 1444. Suhrkamp.
- Habermas, J. (2010). Das Konzept der Menschenwürde und die realistische Utopie der Menschenrechte. *Deutsche Zeitschrift Für Philosophie*, 58(3), 343–357.
- Habermas, J. (2022). *Ein neuer Strukturwandel der Öffentlichkeit und die deliberative Politik* (Erste Auflage, Originalausgabe). Suhrkamp. https://content-select.com/index.php?id=bib_view&ean=9783518774144
- Kroll, C. M., & Edinger-Schons, L. M. (2024). Corporate power and democracy: A business ethical reflection and research agenda. *Business Ethics, the Environment & Responsibility*, 33(3), 349–362. <https://doi.org/10.1111/beer.12608>
- Mena, S., & Palazzo, G. (2012). Input and Output Legitimacy of Multi-Stakeholder Initiatives. *Business Ethics Quarterly*, 22(3), 527–556. <https://doi.org/10.5840/beq201222333>
- Moggi, S., Lehman, G., & Pagani, A. (2023). The juridification of social accounting and the transposition process of the non-financial reporting directive 2014/95/EU. *Meditari Accountancy Research*, 31(7), 185–211. <https://doi.org/10.1108/MEDAR-01-2023-1897>
- Noland, J., & Phillips, R. (2010). Stakeholder Engagement, Discourse Ethics and Strategic Management. *International Journal of Management Reviews*, 12(1), 39–49. <https://doi.org/10.1111/j.1468-2370.2009.00279.x>
- OECD. (2018, March 13). *Sectors - Organisation for Economic Co-operation and Development*. <https://mneguidelines.oecd.org/sectors/>
- Rasche, A., & Esser, D. E. (2006). From Stakeholder Management to Stakeholder Accountability. *Journal of Business Ethics*, 65(3), 251–267.
- Roussey, C., Balas, N., & Palpacuer, F. (2022). Political CSR initiatives as levers of marginalisation: The disconnect between representatives and the so-called represented in the mining industry. *Critical Perspectives on International Business*, 18(1), 31–49. <https://doi.org/10.1108/cpoib-01-2018-0015>
- Ruggie, J. (2008). Protect, Respect and Remedy: A Framework for Business and Human Rights. *Innovations: Technology, Governance, Globalization*, 3(2), 189–212. <https://doi.org/10.1162/itgg.2008.3.2.189>

- Scherer, A. G., & Palazzo, G. (2007). Toward a Political Conception of Corporate Responsibility: Business and Society Seen from a Habermasian Perspective. *Academy of Management Review*, 32(4), 1096–1120.
- Scherer, A. G., & Palazzo, G. (2011). The New Political Role of Business in a Globalized World: A Review of a New Perspective on CSR and its Implications for the Firm, Governance, and Democracy. *Journal of Management Studies*, 48(4), 899–931. <https://doi.org/10.1111/j.1467-6486.2010.00950.x>
- Scherer, A. G., Rasche, A., Palazzo, G., & Spicer, A. (2016). Managing for Political Corporate Social Responsibility: New Challenges and Directions for PCSR 2.0. *Journal of Management Studies*, 53(3), 273–298. <https://doi.org/10.1111/joms.12203>
- Schmidt, V. A. (2013). Democracy and Legitimacy in the European Union Revisited: Input, Output and ‘Throughput’. *Political Studies*, 61(1), 2–22. <https://doi.org/10.1111/j.1467-9248.2012.00962.x>
- Sikka, P. (2011). Accounting for human rights: The challenge of globalization and foreign investment agreements. *Critical Perspectives on Accounting*, 22(8), 811–827. <https://doi.org/10.1016/j.cpa.2011.03.004>
- United Nations. (2011). *Guiding principles on business and human rights*. United Nations.
- WPK. (2024, March 19). *European Union: Compromise on the European Supply Chain Directive CSDDD*. <https://www.wpk.de/eng/news/all/2024/sv/european-union-compromise-on-the-european-supply-chain-directive-csddd/>

E.8 Appendix

Table E-9 Inclusion of Suggestions in the CSDDD Evolution

	Suggestion	Suggestion mainly made by				CSDDD	Omnibus Proposal
		Civil Society	Civil Society and Corporate Sector	Corporate Sector	Prov. Agreement		
Harmonisation	Increase Harmonisation with CSRD			X	1	1	1
	Increase Harmonisation between Member States			X	1	1	1
Stakeholder Engagement	Mandatory engagement in the whole process	X			1	1	0
	Definition of meaningful engagement	X			1	1	1
	Clarify definition		X		1	1	1
	Affected people		X		1	1	1
Stakeholder Groups	All concerned with human rights	X			0	0	0
	<i>Explicitly requested groups:</i>						
	Shareholders			X	0	0	0
	Customers	X			1	0	0
	Communities	X			1	1	1
	Workers	X			1	1	1
	Human Rights Defenders	X			0	0	0
	Marginalised groups	X			0	0	0
	Children	X			0	0	0
	Indigenous people	X			0	0	0
	Ethnic minorities	X			0	0	0
	Women	X			0	0	0
	Smallholders	X			0	0	0
	CSO/NGOs	X			1	1	0
	Unions	X			1	1	1
International Instruments	Reduction of covered human rights instruments			X	1	1	1
	Extension of covered human rights instruments	X			0	0	0

		Suggestion mainly made by						
Suggestion		Civil Society	Civil Society and Corporate Sector	Corporate Sector	Prov. Agreement	CSDDD	Omnibus Proposal	
Scope of Responsibilities for Business Activities and Relationships	Clarify coverage of subsidiaries' value chains			X	0	1	1	
	Allow for risk-based prioritisation		X		1	1	1	
	Clarify definition of established business relationship			X	0	0	0	
	<i>Extension of value chain responsibilities</i>							
	Apply not only to established business relationships		X		1	1	1	
	<i>Limitation of value chain responsibilities</i>							
	Exclude recycling activities			X	0	1	1	
	Differentiation of duties regarding direct and indirect business partners			X	1	1	1	
	Reduce mandatory assessment to direct suppliers			X	0	0	1	
	Reduce scope to upstream supply chain			X	0	1	1	
	Narrow scope of covered business relationships according to explicit activities			X	1	1	1	
	Include white-lists			X	0	0	0	
	Exclude end-use of products			X	1	1	1	
	Only first tier downstream customers			X	0	0	0	
	Limit information to be requested from SMEs			X	0	0	1	
	Clarification of value chain of financial undertakings		X		0	0	0	
	Size threshold	<i>Higher size threshold</i>						
		Increase threshold to 5000 employees			X	0	0	0
		Increase threshold to 1000 employees			X	0	1	1
<i>Lower size threshold</i>			X		0	0	0	
Origin	Apply to less non-EU companies			X	0	1	1	
	Apply to more non-EU companies		X		1	0	0	
Groups	Allow to apply duties at group level			X	1	1	1	

Suggestion mainly made by						
Suggestion	Civil			Prov. Agree- ment	CSDDD	Omnibus Proposal
	Civil Society	Society and Corporate Sector	Corporate Sector			
Exclude financial sector			X	1	1	1
Exclude risk sector ap- proach			X	0	1	1
<i>Reduce scope of high- risk/impact sectors</i>			X	0	1	1
Exclude agriculture			X	0	1	1
Exclude food			X	0	1	1
Exclude forestry			X	0	1	1
Be more specific about at- risk activities			X	1	1	1
Exclude textile sector			X	0	1	1
Exclude mining sector			X	0	1	1
<i>Extend scope of high- risk/impact sectors</i>	X			0	0	0
Align with OECD Guid- ance	X			0	0	0
Chemicals	X			0	0	0
Construction and infra- structure	X			0	0	0
Defence	X			0	0	0
Energy	X			0	0	0
Export credit agencies	X			0	0	0
Operations in conflict areas	X			0	0	0
Financial sector	X			0	0	0
Food and beverages	X			1	0	0
Hospitality	X			0	0	0
ICT	X			0	0	0
Public accounting and au- diting	X			0	0	0
Security	X			0	0	0
Shipping	X			0	0	0
Transport and logistics	X			0	0	0

F. Summary of Findings and Conclusion

F.1 Summary of Findings

This dissertation aimed to investigate how companies, through their interaction with society, contribute to the development of accountability for human rights. Therefore, the dissertation sought to investigate three different discursive arenas: engagement with civil society, disclosure through formal accounts, and procedures of public governance at supranational level. The dissertation was developed through four independent research papers, each representing a stand-alone inquiry. All studies are connected through similar conceptual and methodological assumptions, mainly inspired by critical management studies drawing on Habermas' conceptions of communicative action and deliberative democracy (Habermas, 1981a, 1981b, 1999). The studies' overarching thematic connection is the normative context of corporate accountability for human rights. The most important findings of these investigations are summarised in the following paragraphs.

As argued in Chapter A., corporate accountability is strongly depending on transparency (McPhail & Adams, 2016; Mena & Palazzo, 2012), viewing business firms not only as private actors, but as political actors capable to influence public governance and to provide services formerly attributed to nation states (Scherer & Palazzo, 2007, 2011), which necessitates public ability to monitor corporate conduct and challenge companies in cases of perceived misbehaviour. Corporate transparency, however, likewise enables companies to influence discourses, by publicly communicating and justifying their own understanding of accountable and responsible business conduct (McPhail & Adams, 2016). Accordingly, irresponsible communicative practices – driven by strategic intentions – risk to reinforce the colonisation of normative discourse through systemic imperatives, and ultimately to reinforce the power of technocratic elites (Habermas, 2013).

An important societal mechanism to critically evaluate existing discursive practices is academic research (Habermas, 1981a, 1981b). Simultaneously, a critical evaluation of academic discourse itself is necessary, given science might be subject to ideological fallacies (Habermas, 1968). The first research paper, Chapter B. of this dissertation, therefore sought to critically analyse the state of the academic discourse on human rights in the field of accounting. The focus on accounting was chosen, since accounting as a discipline is concerned with data collection and assessment, auditing and assurance, and reporting, and thus strongly related to the foundations of corporate accountability (Rasche & Esser, 2006), which, in connection with

human rights, is the umbrella concern of this entire dissertation. Accordingly, drawing on Massaro et al. (2016), the first research paper provides a structured literature review.

The inquiry revealed that, even though human rights due diligence as a practice is strongly connected to many aspects of accounting (including risk analysis, auditing, and reporting), accounting scholarship largely remains on the sidelines of academic discourse on business and human rights (McPhail & Ferguson, 2016). Even though contributions more than doubled after 2011, in total only 50 relevant contributions were identified. These cover the timeframe from 2001 to 2024. Additionally, most articles were featured in outlets establishing a more critical discourse, like AAAJ or CPA. Thus, assessment of the research field's characteristics revealed that human rights are far from being mainstreamed in academic accounting discourse.

Given the niche status of accounting research on human rights, academic discourse has not yet reached saturation. This is further reinforced by analysis of the research design. Of 50 contributions, 18 are entirely theoretical or commentaries, while four are reviews or editorials. Of the 28 empirical investigations, 19 employ qualitative methods, while nine utilise quantitative approaches. Given empirical studies refer to five different geographical clusters (North America, Australasia, UK, Continental Europe, Africa) and nearly half of the contributions do not refer to any specific geography, mainly because they are not empirical in nature, it is hence way too early to assume any form of common wisdom regarding the relationship of accounting and human rights.

A critical assessment of those studies that did refer to specific geographic contexts might lead to the assumption that the whole discourse on accounting and human rights is colonised by Western thinking and ethical assumptions, given the focus mainly is on practices employed by European, North American, and Australian companies. However, even though the responsibility to respect generally applies to all business firms, everywhere, a central concern of the business and human rights agenda is governance of multinational enterprises (Ruggie, 2011). Hence, the focus on countries where these companies are headquartered might be justified, given those especially powerful – and mostly Western – companies are those whose practice is most urgently needed to change given the missing capabilities of nation states to hold them to account systematically (Gallhofer et al., 2011; Sikka, 2011). This argument is further reinforced given most studies focused on sustainability reporting and external disclosure, a practice that arguably is awarded more importance in more developed countries and generally more frequently employed by larger entities.

Even though the methodological approaches, research foci, and geographical contexts indicate a fragmented discourse, analysis of existing scholarly contributions supported the further

development of this dissertation. Through qualitative analysis of the research papers, the SLR allowed to identify different purposes that— explicitly or implicitly stated in the respective papers – supported the general conceptual and methodological approach of this dissertation. In line with provided initial considerations, the primary reason to account for human rights is seen as increasing transparency (Frankental, 2011; Gallego-Alvarez, 2008; Li & McKernan, 2016). Transparency, as argued in Chapter A, is however not an end in itself. Rather, transparency is intended as a reference for bidirectional communicative practice, that shall lead to increased corporate accountability (Elayan et al., 2021; Rogerson et al., 2024) or support legal enforcement (Gallhofer et al., 2011), ultimately aiming to change corporate conduct towards greater respect for human rights. From a corporate perspective, transparency might be further incorporated as a measure to create and maintain organisational legitimacy (Coulmont et al., 2017; Rogerson, 2023). This, however, has been evaluated critically by the authors of analysed papers, as attempts to communicate strategically might actually colonise accounting and transparency, and revert its effect from a practice supporting discursive evolution to a practice sustaining contemporary corporate conduct.

Additionally, the SLR provides a research framework (Figure B-2) stemming from existing contributions and inspiring a multitude of future inquiries. Particularly, the first research paper provides for a behavioural structure that shows different factors on individual, procedural, organisational and societal level, along with conceptual requirements for appropriate accounting for human rights, that, according to existing studies, might explain adoption of human rights approaches, transparency thereon, respective reactions, and ultimately effects on corporate conduct. Along with the – scarce but existing – empirical contributions that predominantly accuse practice to fall behind normative ideals, this framework inspired key assumptions of the following studies. Namely, and in line with the assumptions of theory of communicative action, transparency has to be aligned with several normative requirements in order to streamline rational reactions, and ultimately result in societally intended changes to corporate conduct.

The second research paper seeks to integrate transparency and stakeholder engagement. Both are argued to be vital in a discourse on corporate accountability (Rasche & Esser, 2006). In the context of human rights, the connection of both is especially relevant. That is, on the one hand companies shall be transparent about their impacts, with the sufficiency of their assessments being argued to be strongly depending stakeholder involvement (Buhmann, 2018; Methven O'Brien & Dhanarajan, 2016). On the other hand, engagement with affected parties is central to remedial efforts (Schormair & Gerlach, 2020), and hence to how companies counter the negative impacts they identified. Engagement, especially with affected people, therefore

represents a measure to increase transparency at micro-level, while being both a condition for sufficient external communications, as well as a primary component in evaluating company responses to existing risks at societal level of discourse. Hence, by means of their reports, companies are capable to influence the public perception in their home communities regarding appropriate engagement with affected people abroad, while simultaneously stakeholders have to rely on companies' engagement disclosures to evaluate the maturity of their respective approaches to human rights.

The investigation, designed as a critical discourse analysis (Cukier et al., 2004; Cukier et al., 2009; Inocencio & Favoreto, 2022), thus analyses the reporting on civil society engagement activities by companies independently benchmarked (World Benchmarking Alliance, 2021) as pioneering business and human rights. The study, however, did not only seek to investigate how those companies disclosed to interact with their stakeholders, but to critically examine shortcomings with respect to the communicative microfoundations of rational discourse (Habermas, 1981a, 1981b, 1983).

The study analyses disclosures provided by nineteen companies along the principles comprehensibility, legitimacy, sincerity, and truth (Cukier et al., 2004; Cukier et al., 2009). These principles represent the theoretically well-justified validity claims a speaker (or writer) can raise with each communicative utterance (Habermas, 1981a, 1981b). Communicative validity and the related conception of ideal speech are no blueprints, but theoretical counterfactuals. While it would be highly uncommon to assume ideal communication empirically, departure from the principles suggests a decline in rationality of public deliberation. Accordingly, utilising the validity principles methodologically perfectly supported the intended aim to critically investigate possible shortcomings of macro-level accountability mechanisms relying on transparency based on analysis of single entity disclosures.

The analysis revealed positive and negative aspects regarding each principle. In the comprehensibility dimension, the study found that disclosure on civil society engagements generally was free from syntactical or semantical errors, doing a favour to the usability of disclosure for decision-making. Nevertheless, the study shows evidence for distortions of comprehensibility. Relevant information, despite the use of content indices by all companies in our sample, was on average spread over 170 pages, and different reporting media such like formal reports, websites, and policy documents. Further, comprehensibility was distorted by heterogenous language, given we identified over 140 different explicitly disclosed engagement activities, and more than 48 phrases that indicated interaction when no explicit measure was disclosed in the text segment. Additionally, many companies disclosed names of groups, organisations, or

individuals with whom they engaged, but not necessarily to which broader stakeholder groups these have to be assigned. While being explicit about the measures employed and the groups, organisations, and individuals engaged eventually does a favour to legitimacy and truth principles (Harrison, 2019), it decreases comparability and limits IT-driven analysis of reports, hence increasing the effort necessary to assess information and ultimately reducing decision-usefulness of the disclosures provided (Coulmont et al., 2017).

Legitimacy of communication is called to be depending on the inclusiveness of the discourse (Cukier et al., 2004). Disclosure on engagement activities with civil society stakeholders is hence not only an information in itself, it likewise increases the legitimacy of other information entailed in the report (Harrison, 2019). While the study found that companies in our sample generally disclosed engagement activities with a range of different civil society actors, evidence likewise indicated shortcomings with respect to legitimacy. That is, on the one hand companies focused their efforts on stakeholders closely related to their own activities or with higher discursive power (for example NGOs), while stakeholders farther down the value chains of the respective companies were often marginalised. Further, the variety of measures disclosed indicated that engagement did not necessarily enable civil society stakeholders to contribute to decision-making at company level, let alone to provide for co-management opportunities. Put together, efforts hence focused on more powerful stakeholders with greater abilities to influence the financial performance and reputation of the company, while simultaneously marginalising those often most severely affected by corporate activity.

The sincerity principle seeks to govern actors' intentions. Analysing whether or not someone providing a communication is sincere, is of utmost importance regarding the rationality of collective decisions, given it aims to expose manipulative behaviour (Yuthas et al., 2002). Sincerity was, however, found to be distorted in the disclosures analysed. First, the study provides evidence for endemic use of connotative language. Many disclosures are implying a collaborative attitude that signals greater commitment than engagement activities aiming solely at an exchange of information. Further, we found that for several stakeholders the majority of companies disclosed either predominantly or entirely text where engagement is indicated by use of connotative language, but without providing sufficient evidence for the nature of the relationship. This was observed especially in case of collaborative relationships, but to a lesser extent with respect to informative relationships. Hence, our evidence suggests that companies purposefully employ certain language aligned with ideals of collaboration and cooperation, in order to construe a specific image of their relationships.

With regards to the truth principle, shortcomings of discursive quality were further reinforced. Truth is generally concerned with the factual correctness of what is said (or written) (Habermas, 1981a, 1981b). With respect to public communication, truth is hence depending on verifiability and evidence provided (Reynolds & Yuthas, 2008; Yuthas et al., 2002). While the study found evidence for attempts to align disclosure with the truth principle, predominantly by disclosing names and regional contexts that generally allow for independent verification of content and by provision of independent assurers' statements, the study nevertheless found evidence for distortions. First, truth is evidently distorted in cases where explicit information on the nature of engagement activities is completely absent. Second, it would be overly optimistic to expect every single reader of company disclosure to individually verify each statement contained. This necessitates professional external assurance justifying public trust in provided disclosures. However, assurance, where undergone, was always limited assurance. Only eleven companies got their qualitative information, including on engagement activities, assured. Further, assurance, with exception of one company, was limited to the reports to which the statement was attached. Given most companies provided a multiplicity of media, several disclosures, if not the majority of information, remains unassured, thus at least provoking increased caution when relying on disclosure to evaluate companies' engagement activities.

The third research paper was intended to validate the findings of the second research paper, as well as the findings from the SLR, in a European context. The exploratory setting of the second paper pointed to deficiencies of disclosure practices. Likewise, most empirical papers analysed in the SLR pointed to similar deficiencies. For example, prior research pointed to missing, although publicly known, negative impacts in corporate reports (Rao & Bernaz, 2020). Further, average levels of disclosure, even though assessed in different settings and using different proxies, are called to be low (Gallego-Alvarez, 2008; Hamann et al., 2009; Hubers & Thijssens, 2020; Rogerson, 2023; Rogerson et al., 2024). Whether the insights provided by the second research paper and prior research are generalisable, however, depends on whether the issues identified are structural, or influenced by methodological approaches, sampling, or contextual settings. For the European context, the third research paper hence sought to shed light on whether identified deficiencies are structural, and what might be the reason for existing deficiencies through the viewpoints of experts practically engaged in the business and human rights field.

To gather insights into the experiences of expert practitioners, the study utilised semi-structured interviews, a technique prior applied to investigate communicative relationships between companies and business firms (Barone et al., 2013). The study integrates findings from a

gender-diverse panels of experts, representing five different stakeholder groups involved in the production and use of corporate accounts on human rights, based in six different European countries. Questions were concerned with the understanding and purpose assigned to corporate transparency by the interviewees, and the challenges related to corporate transparency interviewees either witnessed or observed during their practical engagement. Analysis was again inspired by Cukier et al. (2004) and Cukier et al. (2009), but adapted towards an analysis of reported communicative distortions, not immediate analysis of discourse in form of text. Particularly, the study sought to hermeneutically attribute the challenges reported by the interviewees to the validity claims provided by theory of communicative action (Habermas, 1981a, 1981b).

Functioning discourse requires that participants attribute the same meaning to the same terms (Habermas, 1981a). Analysis of the interviewees' responses revealed that, in line with most research papers analysed, a discourse on transparency is primarily a discourse on, mostly formal, representation of company behaviour to society. However, more than half of the interviewees stressed that transparency is also a matter within the organisation, including communication between management and operational departments, to enable organisational change processes. Given the most frequently reported meaning of transparency was external reporting, the study focused on challenges reported thereon, in order to increase the comparability of statements.

The study identifies challenges related to external corporate communications connected to each validity claim. First, the study validated distortions directly stemming from companies' communications. For example, truth was argued to be distorted by means of missing and incomplete information by close to all interviewees. More than 75 % of interviewees reported distortions of external communications in the sincerity dimension, given companies utilise their communications as a brand-management tool. Further, as likewise argued in the second research paper, interviewees repeatedly stated that discourse enabled through public disclosure is distorted with respect to comprehensibility, given the volume of information that interested stakeholders need to analyse.

Second, the study points to communicative distortions that are not resulting from corporate communication itself, but that explain deficiencies of disclosure practice. For example, distortions in comprehensibility are argued to result from the amount of information that is requested from companies, making it difficult to prioritise and accordingly leading to lengthy reports in an attempt to please all stakeholders' information demands. Further, the study points to several distortions at societal and organisational level in the legitimacy dimension explaining

disclosure deficiencies. For example, most interviewees stated that deficiencies in disclosure practices might stem from anticipated negative reactions by audiences to sincere communication, lacking credibility of intermediaries like auditors, (perceived) insufficient regulation and conflicting imperatives within the monetised market economy.

Hence, the third study sheds light on the interconnectedness and dialectical relationship between the different validity claims, as well as different levels of corporate discourse. Distortions in one validity principle of discourse at any of the societal levels, from policy over organisations to individual communications, inevitably lead to distortions of communication as well at other societal levels as with respect to other principles. Simultaneously, attempts to increase alignment with one principle might lead to distortions in other principles, as for example more granular and complete communications adhering to the truth principle might lead to decreased adherence to the comprehensibility principle given communications inevitably increase in length and complexity.

Identified deficiencies in corporate public communications lead to the assumption that effective steering of companies towards more responsible conduct based on (voluntary) transparency alone is unlikely to occur. Besides market-based steering based on disclosure, societies main lever to steer the economy towards greater alignment with normative ideals is the rule of law (Habermas, 1981b), especially behavioural regulation. From the perspective of political CSR, it is argued that companies are capable to actively shape regulatory environments, and even step into the role of nation states in cases of weak public governance (Scherer & Palazzo, 2007, 2011). However, involvement of companies in procedures of norm-setting risks to reinforce the colonisation of law, being it hard or soft law in nature, with economic imperatives (Gregg, 2021; Mena & Palazzo, 2012). Whether, in the light of deficiencies identified with respect to communicative practice in the context of corporate transparency, society will be successful in steering companies towards greater respect for human rights, is hence depending on whether public discourse on behavioural regulation is colonised by economic imperatives.

Theory of communicative action further argues the rationality of a discourse is strongly depending on the discursive quality of the deliberation (Habermas, 1981a, 1981b). While on the one hand linked to alignment to the validity principles, on the other hand discursive quality is depending on the structures in which the deliberation is embedded, with perfectly rational outcomes being expected in fair and balanced discussions at arms-length (Habermas, 1983). Accepting that ‘ideal speech’ is not possible to be achieved in empirical discourse, the main task of the state, or similar agencies like the European Union, is to provide for discursive spaces that are, as much as possible, free from cohesion and power imbalances, and thereby allow for

a fair recognition of all affected parties' aspirations (Habermas, 1999, 2022). The normative legitimacy and expected rationality of a regulation hence depends on the fairness of the procedures underpinning its deliberation.

The fourth research paper thus sought to investigate the discursive legitimacy (Buhmann, 2017; Schmidt, 2013) of the European Union's Corporate Sustainability Due Diligence Directive (CSDDD), a behavioural regulation seeking to provide unified responsibilities for human rights for entities operating in the European Union. The study was based on analysis of contributions to the public consultation on the Commission's proposal of 2022. In total 257 contributions provided by nine different stakeholder groups representing administrative, civil society, and economic actors in German and English language were analysed. Analysis focused on whether these contained suggestions regarding changes to the proposal. The study then mirrored the suggested changes against the textual materialisation of different stages of the subsequent deliberation on the CSDDD: the provisional agreement between council and parliament of December 2023, the Directive's final text of 2025, and the changes to the directive proposed under the so-called Omnibus-initiative in 2025.

The assessment points to various changes to the directive suggested by the contributors. The most prominently featured changes included greater harmonisation between member states and other regulatory initiatives, provisions for stakeholder engagement and recognition of certain stakeholder groups, changes to the material scope of the directive, and changes to the personal scope of the directive. The study further shows that, in principle, changes that would point to more strict regulation were suggested by civil society, while changes implying a less stringent regime were primarily suggested by economic actors. However, analysis likewise showed that among economic actors, companies and their associations, there were many arguing for similar changes as civil society, while weakening of several provisions was by far not argued for by the majority of economic actors that had their say.

The second part of the fourth study analysed whether changes were or were not incorporated into the three evolutionary steps of the CSDDD. For each suggestion made, it was analysed whether it was primarily suggested by economic or civil society actors. Then, the study analysed whether or not the change was incorporated to each of the three texts. Analysis shows that the provisional agreement was considerably balanced. While most changes were not included, it shows that changes suggested primarily by the corporate sector and such proposed by civil society had a similar proximity to be incorporated. Further, proximity to be included was highest for suggestions made by both civil society and the corporate sector, supporting the ideal of consensus-orientation (Mena & Palazzo, 2012).

This observation changes when considering the directive's final text. Here, the number of changes adopted that were primarily suggested by corporate actors doubled, while the number of changes adopted that have been suggested by civil society declined. This trend is further reinforced when analysing the Omnibus proposal, leading to a further increase of adopted corporate suggestions coupled with a further decrease of civil society suggestions adopted. Hence, given the private negotiations accompanying the changes from the provisional agreement to the final directive's text, the procedural deficiencies (for example the lack of transparency and inclusivity) of the negotiation arguably led to limited legitimacy of the CSDDD in its current form, that would be further weakened if the Omnibus changes are applied. This is further reinforced given that several of the suggestions later incorporated weren't even proposed by the majority of firms or associations. Rather, the study supports the hypothesis that a small number of powerful associations, especially from Germany, unduly influenced the later development of the directive, thereby likely undermining the legitimacy of the European Union as a regulatory body in itself.

Altogether, the findings of this dissertation point towards a possible business and human rights crisis in Europe. The effectiveness of market-based steering relying on company disclosure has to be questioned, given deficiencies in the communicative validity of publicly available communications, even those issued by companies with mature approaches to human rights. Behavioural regulation seeking to counter these deficiencies, for example by strengthening stakeholder engagement (Barone et al., 2013) and providing for explicit company duties (Buhmann, 2018), however has been watered-down by undue corporate influence, and is further at risk if European regulators actually adopt proposed future amendments of CSDDD. This dissertation hence points to several important issues that enrich theory, political debates, and company practice, and which require future scholarly attention. The following subsection summarises the contributions of this dissertation and their implications.

F.2 Contribution, Implications, and Recommendations

This dissertation provides contributions to several literatures, with implications for theory, policy, and practice. Generally, this dissertation provides a contribution to the accounting literature and the literature on business and human rights. More specifically, this dissertation enriches the academic debate by holistically assessing three spheres of corporate accountability, namely corporate sustainability reporting, stakeholder engagement, and behavioural transnational business regulation, through a normative framing that explicitly enables to address the

intersection of these topics and to draw conclusions on the broader socio-political implications of empirical observations.

This dissertation predominantly is built on theory of communicative action and theory of deliberative democracy (Habermas, 1981a, 1981b, 1999), reflecting central concepts of political CSR (Scherer & Palazzo, 2007, 2011). In this regard, the evidence obtained throughout the four distinct projects contributes to the literature by clearly supporting the political view of the corporation, through providing evidence for corporate interaction with the lifeworld in which it is embedded. This interaction is performed through local-level engagement, organisational-level reporting, and participation in societal-level political deliberations. Additionally, this dissertation adopts an innovative way to evaluate the quality of corporate communications by rendering it a form of social discourse (Cukier et al., 2004; Cukier et al., 2009; Inocencio & Favoreto, 2022). Further, this dissertation enriches the understanding of politically embedded – and politically active – businesses by providing evidence that different societal levels of public deliberation cannot be assessed in isolation, but rather have to be evaluated as an interconnected discursive ecosystem. In this ecosystem, discursive practices at one level have direct implications for other-level discourse. This leads to the observation that deficiencies and distortions at one level of discourse can be traced back to deficiencies and distortions at other levels. Simultaneously the outcomes of other discourse levels may serve as a corrective for existing deficiencies at one level. Figure F-1 illustrates the interrelated discourse model this dissertation suggests. This model, arguably, can be applied to a range of controversial topics in social and environmental accounting and accountability, not only to human rights.

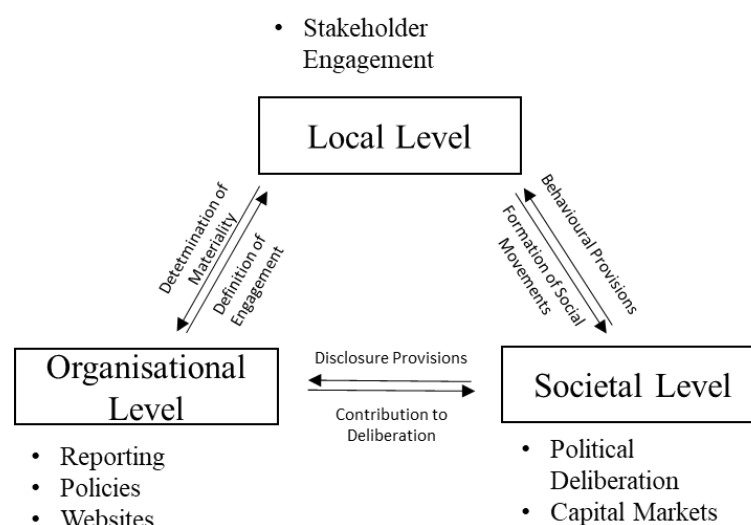


Figure F-1 Suggested Model of Interrelated Levels of Corporate Discourse

Exemplary, in weak governance areas with low educational levels, corporate engagement with affected people is vital for rights-holders to even know about their rights, possible information sources, avenues for cooperation, and – in the worst case – access to remedy. Local governance and political struggles, for now, hence strongly depend on the goodwill of company officials and their communicative behaviour. Meaningful, cooperative engagement, in turn, lends legitimacy to reporting by decolonising discourses on materiality, which, in turn, lends credibility to the way in which companies depict their stand on appropriate behaviour publicly. Public reporting forms the basis for several third-party assessments and evaluation, including by NGO benchmarks and academic research, just like by industry peers and investors. Hence, the existence and quality of corporate communication has direct effect on both, the ability of civil society to normatively criticise companies, as well as the functioning and rationality of intended market-based steering of company conduct. These civil society assessments and market reactions, then, feed into political deliberations at the institutional level of national parliaments and comparable institutions. Political deliberations, finally, are societies main lever to impose behavioural duties on companies, for example with an effect on the perceived appropriate design of engagement activities at local levels.

This model, hence, perfectly illustrates how business, if willing, can prevent regulation by sufficient voluntary action accompanied by high quality communications at local and organisational level. Likewise, this model underlines the critical, cascading effect of communicative practice falling behind the ideals conceptualised in this dissertation. Whenever any communicative practice is distorted, we have to expect dysfunctional deliberations, and ultimately irrational decisions or even outright manipulation. Through the interrelatedness outlined, even unsound practices in a community abroad might result in irrational decisions at political level in nation states or supranational institutions in home markets. In turn, distortions in political deliberations, for example in the EU, have to be acknowledged for the possible far-reaching effects on the life of people in other parts of the world.

Thus, as the studies in this dissertation indicate, from local-level engagement with affected people home and abroad, over formal disclosure towards analysts, benchmarks, or civil society organisations, to the procedures of (supra-)national agencies, corporations are capable to heavily influence normative discourse about corporate respect for human rights. As contained studies imply, however, we currently witness distortions of discourse with respect to all societal levels, and with respect to each form of communication analysed. Hence, discourse on these different levels – and given deficiencies in the behavioural regulatory system which might be attributed to corporate influence – currently rather reinforce than mediate corporate power.

Thus, appropriate societal or market-based steering cannot yet be expected, and companies still operate under full discretion with respect to both their practices and their public interactions. This leads to the following implications and recommendations, affecting academia, practice, and policy alike:

- 1) Political CSR is a counterfactual to the traditional, neoclassical view of the business firm (Scherer & Palazzo, 2007). However, in his famous New York Times article, positioned as a critique to the then emerging debate on corporate social responsibilities, Milton Friedman rose an important issue that is yet often overlooked in the debate on corporate respect for human rights. That is, companies are artificial legal constructs, with a legal personality, but to no extent able to actually ‘act’ (Friedman, 1970). Rather, companies act through natural persons’ agency. It is hence of utmost importance for further development of the field to increase knowledge on the interplay of individuals with the organisational and institutional contexts in which they are embedded. This might as well serve to deepen knowledge on the drivers of individuals’ complicity in corporate human rights abuses, as enable development of empirically grounded measures to counter these circumstances. Assuming the colonising effect of economic (monetary) imperatives on individuals’ acting in corporate contexts, and given the seminal role of education in shaping public beliefs and values (Habermas, 1981a, 1981b), this dissertation hence provokes future considerations regarding the role of managers’ socialisation and management education in reinforcing neoliberal ideology and hence in provoking corporate scandals and distorted communicative practices. This might lead to insights on educational interventions to equip future generations of business leaders, auditors, and asset managers with the necessary sense of responsibility as stewards for the most vulnerable populations on earth, to transform the power of markets into a force for increased livelihood for everyone, everywhere.
- 2) The foundation of a deliberative understanding of socio-political phenomena is communication. In line with prior research (Hubers & Thijssens, 2020; Rogerson, 2023), the studies in this dissertation, however, point to the fact that a central issue of concern is the broad absence of any corporate communications. Given companies seemingly do not engage in sufficient communicative practices voluntarily, this dissertation hence makes a strong case for mandatory disclosure provisions. However, this dissertation likewise points to inherent limitations of corporate reporting, for

example the tendency of companies to issue overly complex reports that decrease accessibility. Future developments, hence, should focus on what information actually is necessary and sufficient to stipulate rational discourse. Arguably, the European Union in the meantime made some progress in this regard with provision of so-called minimum disclosure requirements (ESRS, 2023). Academic research thereon, however, is not available to this point. Recent developments, particularly in the context of the Omnibus proposal (COM(2025) 81 final, 2025), however revive the debate on necessary and sufficient information, particularly with respect to SMEs as report providers and as part of larger companies' value chains. A scientifically informed further development of disclosure provisions is considered important, given the cascading effect of distorted communicative practices both on broader societal deliberation and people's experienced realities. Another attempt to reduce the content to be provided in reports is materiality. Yet, neither the EU framework, nor voluntary standards like the GRI, mandate the way in which materiality has to be assessed. Future inquiries hence should provide a critical stance on how materiality is construed and enhance knowledge on how it should be assessed, for example by rendering it a form of normative discourse. Last, formal reporting might be an insufficient measure to interact with all stakeholders. The complexity of formal reports might hence be significantly reduced if accompanied by targeted communications to certain groups of stakeholders and rights-holders, depending on the issues at hand and their scale. Future inquiries, accordingly, are necessary to deepen knowledge on such alternative approaches to corporate communication. Altogether, future research is needed to overcome the disclosure-dilemma. Under the dogma 'as much information as needed, as few information as possible', future research is called to develop a theory of change, that scientifically supports the debate on what information is needed where and when in order to provide for the most significant behavioural adaptations.

- 3) This dissertation makes a strong case for the importance of stakeholder engagement, particularly with marginalised and vulnerable groups who contemporarily pay the bill for the standard of living in Western societies and the developed world. Not only is stakeholder engagement critical for materiality assessments to enhance the communicative legitimacy of formal reports, but it is likewise the foundation of behavioural approaches to transnational business regulation. While the theoretical framework employed provides a promising reference to further develop such engagement

activities (Rasche & Esser, 2006), future work is necessary to deepen knowledge on how to best operationalise such activities in an efficient, empowering, and transformative manner. Particularly, this dissertation leads to the recommendation to increase awareness on and knowledge about the context-depending, cultural-sensitive nature of engagement activities, in order to truly empower rights-holders in transnational corporate governance, but with emphasis for the systemic boundaries set for companies in contemporary global economy.

- 4) The studies entailed in this dissertation point to the interrelatedness not only of different levels of discourse, but also of different regulatory approaches. In the context of business and human rights, these can be broadly categorised into behavioural approach and transparency approach. The transparency approach seeks to govern companies through market responses and public scrutiny, utilising disclosure provisions (Mares, 2018). The behavioural approach, in turn, seeks to impose explicit behavioural duties on companies, governed by civil liability and public supervision (Bueno et al., 2024). However, it would be an analytical fallacy to render both approaches as substitutes, as currently observed in EU politics. On the one hand, transparency provisions necessitate behavioural provisions, for example regarding the way in which reality should be measured, or how certain assessments (particularly materiality) have to be performed, in order to assure the credibility of disclosed information. On the other hand, the behavioural approach is itself strongly depending on transparency, given, as this dissertation has shown, reporting is often the only available information source to feed into due diligence activities of peer companies or investors. A future smart policy mix, hence, should withdraw from the current attempt to reduce the coverage of disclosure and behavioural provisions simultaneously, but should consider the minimum threshold of provisions necessary for a functioning governance system that enables both, supervision by public authorities and market-based steering by peers, consumers, and the capital market. Hence, this dissertation recommends to view behavioural and transparency regulation as complementary, and encourages future inquiries in order to develop a scientifically-grounded regulatory ‘smart mix’ that integrates transparency and behavioural duties in an efficient manner, feasible for companies, and – most important – with an actual effect on rights-holders’ livelihood.
- 5) Finally, this dissertation points to the importance of resilient democratic institutions and procedures. The colonisation of the political discourse on the CSDDD, and the

divergence from the principles of sound democratic deliberation, have led to a regulation that not only lost in legitimacy, but arguably represents a weaker and less-pragmatic approach than the initial compromise. Given the upsurge of populism and the loss in trust in democratic institutions we witness contemporarily, it is hence important to prove that the rule of law is not created by powerful elites in the backrooms of political capitals, but that civil society aspirations are reasonably incorporated into political negotiations and decisions. On the one hand, this necessitates greater awareness among company officials and trade associations regarding the potential damage lobbying activities might cause to the perceived legitimacy of and trust in existing democratic institutions. On the other hand, the evidence provided in this dissertation points to a representation gap, given often the most severe changes to the CSDDD were suggested by a very small number of economic actors. Future research, hence, should critically examine the extent to which trade associations actually represent the opinions of their members, while simultaneously striving to develop measures that lead to better-balanced decision-making and decolonised public discourse (Gregg, 2021; Mena & Palazzo, 2012).

Altogether, this dissertation has highlighted the need for open-minded, critical engagement with company practices, while simultaneously acknowledging that, in principle, business has the potential to be an empowering actor, rather than necessarily being a means of suppression and domination (Scherer & Palazzo, 2007, 2011). This project highlights the need for open-ended discussions and the utilisation of collective wisdom, in order to strive for a future where human suffering for the sake of short-term profit is no longer considered acceptable. Hopefully, this dissertation will be recognised as a humble contribution to this discourse.

F.3 Limitations

This dissertation addresses several issues connected to corporate communication and transnational business regulation. Empirical investigations, however, are based on assumptions which in turn lead to limitations (Mies, 2024). The following paragraphs hence briefly outline limitations of all four studies stemming from data selection and research design.

Chapter B. employed a structured literature review to gather insight into the academic discourse on accounting, accountability, and human rights. While a structured literature review generally aims to circumvent shortcomings of narrative or selective reviews, for example self-confirmation bias, the employed approach nevertheless has some limitations. First, the papers

selected for review were identified using search-strings composed of different key words. Inherently, this leads to exclusion of potentially relevant material, given keywords that might indicate issues relevant in the context of human rights might not be entailed, or relevant existing studies did not utilise the keywords employed. Second, initial search results were filtered by analysis of the articles' abstracts. While this contributes to the manageability of the dataset, it cannot be guaranteed that all relevant insights were gathered, as abstracts always are an incomplete representation of an article's content. Third, the sample was reduced through a quality-cut based on the ABDC journal ranking, leading to technical exclusion of articles. Last, the structured literature review, even though guided by a pre-defined analytical framework, involves qualitative and interpretative assessment by the researcher. Combined with the mostly qualitative nature of the analysed studies, this might lead to differences in key insights derived from the analysed material.

Chapter C. analysed corporate reports, policy documents, and website disclosure by nineteen multinational enterprises. The study points to several shortcomings of disclosure practices. However, generated insights might be biased by the selection of companies and the small number of entities analysed. Even though the practice of companies being more mature with respect to human rights might be indicative for the broader economy, derived conclusions, even though mirroring the findings of other studies in the field, must be curated as the exploratory findings they represent. Further, analysis was based on manual coding and explicit theoretical assumptions underpinning the evaluation of the disclosures. On the one hand, even diligent human work is unlikely free from errors or mistakes, on the other hand different analytical lenses might lead to diverging interpretations, an issue of which readers of the study must be aware. Future analysis is hence required in order to verify that average disclosure practices are aligned with, or worse than, the findings Chapter C. indicates.

Chapter D. employed an adaption of critical discourse analysis drawing on twenty semi-structured interviews. The study sought to verify the structural nature of deficiencies in disclosure practices uncovered in Chapter C., while simultaneously seeking to unveil reasons for communicative distortions, if any. The study, first, is limited as it focuses on interviewees from Western European countries. Even though the expert practitioners, at least partly, are experienced in roles that transcend national boundaries, their perspectives nevertheless are limited to their respective lifeworld. Second, the study only captures insights from twenty human agents, hence possibly perceptions among other populations might diverge. Further, the analysis might be biased by the interpretative design, and potential biases stemming from researchers' involvement in the interview process. To counter these limitations, future inquiries assessing the

perceptions of larger populations, perhaps using standardised questionnaires covering the main topics of this qualitative inquiry, as well as complementary geographical settings are required.

Last, Chapter E. analysed contributions to the consultation on the Commission's draft on the EU CSDDD. First, for pragmatic reasons and space constraints, the analysis was limited to provisions of the directive related to operational duties, and especially regarding human rights. Even though it is not likely to be expected, the conclusions drawn might be different if other aspects, like climate transition plans, civil liability, or director duties, would have been taken into account. Second, while the analysis included all contributions to the consultation, the legislative process represents a single case. Conclusions drawn, for example on the impact of the economic sector on EU legislation, hence have to be verified by analysing other provisions in the field of corporate sustainability and corporate governance. Third, the assessment is based on the number of contributors and final recognition in the directive. The frequency of a proposal, however, must not necessarily be an indicator of its quality. Even though the used theoretical framework implies that repeated claims by different and diverse actors are expected to be justified, it is still possible that the better argument has been brought forward by a minority. While not expected based on the analysed material, such an assessment of the explicit argumentation and its respective deficiencies nevertheless has to be formally performed and documented, to support the arguments made in this study. Last, suggestions made by civil society actors and economic actors likewise only represent the opinion of the respective contributor or organisation. Whether these are actually aligned with the majority of civil society or the majority of businesses on behalf of which they are filed, has yet to be analysed. This, however, has consequences for the normative interpretation of the findings. Last, the study did not consider other discursive arenas relevant in the context of public deliberation, like public media accounts. Hence, future inquiries must assess the remaining provisions of the CSDDD, compare the findings of this study with assessments of other legislative procedures under the umbrella of the EU Green Deal, especially the CSRD, and other international initiatives, deeply analyse explicit arguments brought forward and their discursive quality, and engage critically with the broader public perception of company duties aside of civil society organisations, NGOs, and associations.

F.4 References

- Barone, E., Ranamagar, N., & Solomon, J. F. (2013). A Habermasian model of stakeholder (non)engagement and corporate (ir)responsibility reporting. *ACCOUNTING FORUM*, 37(3), 163–181. <https://doi.org/10.1016/j.accfor.2012.12.001>
- Bueno, N., Bernaz, N., Holly, G., & Martin-Ortega, O. (2024). The EU Directive on Corporate Sustainability Due Diligence (CSDDD): The Final Political Compromise. *Business and Human Rights Journal*, 9(2), 294–300. <https://doi.org/10.1017/bhj.2024.10>
- Buhmann, K. (2017). *Power, procedure, participation, and legitimacy in global sustainability norms: A theory of collaborative regulation*. Globalization. Routledge. <https://www.taylorfrancis.com/books/mono/10.4324/9781315525457/power-procedure-participation-legitimacy-global-sustainability-norms-karin-buhmann>
<https://doi.org/10.4324/9781315525457>
- Buhmann, K. (2018). Neglecting the Proactive Aspect of Human Rights Due Diligence? A Critical Appraisal of the EU's Non-Financial Reporting Directive as a Pillar One Avenue for Promoting Pillar Two Action. *Business and Human Rights Journal*, 3(1), 23–45. <https://doi.org/10.1017/bhj.2017.24>
- Coulmont, M., Berthelot, S., & Paul, M.-A. (2017). The Global Compact and its concrete effects. *Journal of Global Responsibility*, 8(2), 300–311. <https://doi.org/10.1108/JGR-02-2017-0011>
- Cukier, W., Bauer, R., & Middleton, C. (2004). Applying Habermas' Validity Claims as a Standard for Critical Discourse Analysis. In B. M. Kaplan (Ed.), *IFIP: Vol. 143. Information systems research: Relevant theory and informed practice ; IFIP TC8/WG 8.2 20th Year Retrospective: Relevant theory and informed practice - looking forward from a 20-year perspective on IS research, July 15 - 17, 2004, Manchester, United Kingdom* (pp. 233–258). Kluwer Acad. Publ. https://doi.org/10.1007/1-4020-8095-6_14
- Cukier, W., Ngwenyama, O., Bauer, R., & Middleton, C. (2009). A critical analysis of media discourse on information technology: Preliminary results of a proposed method for critical discourse analysis. *Information Systems Journal*, 19(2), 175–196. <https://doi.org/10.1111/j.1365-2575.2008.00296.x>
- Elayan, F. A., Brown, K., Li, J., & Chen, Y. (2021). The Market Response to Mandatory Conflict Mineral Disclosures. *Journal of Business Ethics*, 169(1), 13–42.
- Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards, 2023.

- Omnibus Proposal, COM(2025) 81 final, February 26, 2025.
- Frankental, P. (2011). No accounting for human rights. *Critical Perspectives on Accounting*, 22(8), 762–764.
- Friedman, M. (1970, September 13). A Friedman doctrine - - The Social Responsibility of Business Is to Increase Its Profits. *The New York Times*. <https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html>
- Gallego-Alvarez, I. (2008). Analysis of social information as a measure of the ethical behavior of Spanish firms. *Management Decision*, 46(4), 580–599. <https://doi.org/10.1108/00251740810865076>
- Gallhofer, S., Haslam, J., & van der Walt, S. (2011). Accountability and transparency in relation to human rights: A critical perspective reflecting upon accounting, corporate responsibility and ways forward in the context of globalisation. *Critical Perspectives on Accounting*, 22(8), 765–780.
- Gregg, B. (2021). Beyond Due Diligence: The Human Rights Corporation. *Human Rights Review*, 22(1), 65–89. <https://doi.org/10.1007/s12142-020-00605-x>
- Habermas, J. (1968). *Technik und Wissenschaft als "Ideologie"* (1. Auflage). Edition Suhrkamp: Vol. 287. Suhrkamp Verlag.
- Habermas, J. (1981a). *Theorie des kommunikativen Handelns: Handlungsrationalität und gesellschaftliche Rationalisierung* (1st ed., Vol. 1). Suhrkamp.
- Habermas, J. (1981b). *Theorie des kommunikativen Handelns: Zur Kritik der funktionalistischen Vernunft* (1st ed., Vol. 2). Suhrkamp.
- Habermas, J. (1983). *Moralbewußtsein und kommunikatives Handeln*. Suhrkamp.
- Habermas, J. (1999). *Die Einbeziehung des Anderen: Studien zur politischen Theorie*. Suhrkamp Taschenbuch Wissenschaft. Suhrkamp.
- Habermas, J. (2013). *Im Sog der Technokratie* (Orig.-Ausg., 1. Aufl.). Edition Suhrkamp: Vol. 2671. Suhrkamp.
- Habermas, J. (2022). *Ein neuer Strukturwandel der Öffentlichkeit und die deliberative Politik* (Erste Auflage, Originalausgabe). Suhrkamp. https://content-select.com/index.php?id=bib_view&ean=9783518774144
- Hamann, R., Sinha, P., Kapfudzaruwa, F., & Schild, C. (2009). Business and Human Rights in South Africa: An Analysis of Antecedents of Human Rights Due Diligence. *Journal of Business Ethics*, 87(S2), 453–473.

- Harrison, V. (2019). Legitimizing private legal systems through CSR communication: a Walmart case study. *Corporate Communications: An International Journal*, 24(3), 439–455. <https://doi.org/10.1108/CCIJ-12-2018-0124>
- Hubers, F., & Thijssens, T. (2020). Human rights reporting under increasing institutional pressure. *Maandblad Voor Accountancy En Bedrijfseconomie*, 94(7/8), 303–312. <https://doi.org/10.5117/mab.94.50425>
- Inocencio, E. R., & Favoreto, R. L. (2022). Communicative distortions in sustainability reports: an analysis based on habermasian thinking. *Cadernos EBAPE.BR*, 20(4), 543–556.
- Li, Y., & McKernan, J. (2016). Human rights, accounting, and the dialectic of equality and inequality. *Accounting, Auditing & Accountability Journal*, 29(4), 568–593.
- Mares, R. (2018). Corporate transparency laws: A hollow victory? *Netherlands Quarterly of Human Rights*, 36(3), 189–213. <https://doi.org/10.1177/0924051918786623>
- Massaro, M., Dumay, J., & Guthrie, J. (2016). On the shoulders of giants: undertaking a structured literature review in accounting. *Accounting, Auditing & Accountability Journal*, 29(5), 767–801.
- McPhail, K., & Adams, C. A. (2016). Corporate respect for human rights: meaning, scope, and the shifting order of discourse. *Accounting, Auditing & Accountability Journal*, 29(4), 650–678.
- McPhail, K., & Ferguson, J. (2016). The past, the present and the future of accounting for human rights. *Accounting, Auditing & Accountability Journal*, 29(4), 526–541.
- Mena, S., & Palazzo, G. (2012). Input and Output Legitimacy of Multi-Stakeholder Initiatives. *Business Ethics Quarterly*, 22(3), 527–556. <https://doi.org/10.5840/beq201222333>
- Methven O'Brien, C., & Dhanarajan, S. (2016). The corporate responsibility to respect human rights: a status review. *Accounting, Auditing & Accountability Journal*, 29(4), 542–567.
- Mies, M. (2024). *Essays on risk disclosure and banking regulation: empirical studies on climate risk, IFRS 9 and financial stability*. <https://doi.org/10.25819/UBSI/10518>
- Rao, M., & Bernaz, N [N.] (2020). Corporate Responsibility for Human Rights in Assam Tea Plantations: A Business and Human Rights Approach. *SUSTAINABILITY*, 12(18). <https://doi.org/10.3390/su12187409>
- Rasche, A., & Esser, D. E. (2006). From Stakeholder Management to Stakeholder Accountability. *Journal of Business Ethics*, 65(3), 251–267.
- Reynolds, M., & Yuthas, K. (2008). Moral Discourse and Corporate Social Responsibility Reporting. *Journal of Business Ethics*, 78(1-2), 47–64. <https://doi.org/10.1007/s10551-006-9316-x>

- Rogerson, M. (2023). Business and Human Rights in Russia: Emerging or Merging? *Business and Human Rights Journal*, 1–26. <https://doi.org/10.1017/bhj.2022.29>
- Rogerson, M., Scarpa, F., & Snelson-Powell, A. (2024). Accounting for human rights: Evidence of due diligence in EU-listed firms' reporting. *Critical Perspectives on Accounting*, 99, 1–19. <https://doi.org/10.1016/j.cpa.2024.102716>
- Ruggie, J. (2011). Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and other Business Enterprises: Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework. *Netherlands Quarterly of Human Rights*, 29(2), 224–253. <https://doi.org/10.1177/016934411102900206>
- Scherer, A. G., & Palazzo, G. (2007). Toward a Political Conception of Corporate Responsibility: Business and Society Seen from a Habermasian Perspective. *Academy of Management Review*, 32(4), 1096–1120.
- Scherer, A. G., & Palazzo, G. (2011). The New Political Role of Business in a Globalized World: A Review of a New Perspective on CSR and its Implications for the Firm, Governance, and Democracy. *Journal of Management Studies*, 48(4), 899–931. <https://doi.org/10.1111/j.1467-6486.2010.00950.x>
- Schmidt, V. A. (2013). Democracy and Legitimacy in the European Union Revisited: Input, Output and 'Throughput'. *Political Studies*, 61(1), 2–22. <https://doi.org/10.1111/j.1467-9248.2012.00962.x>
- Schormair, M. J. L., & Gerlach, L. M. (2020). Corporate Remediation of Human Rights Violations: A Restorative Justice Framework. *Journal of Business Ethics*, 167(3), 475–493. <https://doi.org/10.1007/s10551-019-04147-2>
- Sikka, P. (2011). Accounting for human rights: The challenge of globalization and foreign investment agreements. *Critical Perspectives on Accounting*, 22(8), 811–827. <https://doi.org/10.1016/j.cpa.2011.03.004>
- World Benchmarking Alliance. (2021). *Corporate Human Rights Benchmark*. <https://www.worldbenchmarkingalliance.org/publication/chrb/rankings/type/ungp/>
- Yuthas, K., Rogers, R., & Dillard, J. F. (2002). Communicative Action and Corporate Annual Reports. *Journal of Business Ethics*, 41(1-2), 141–157.

G. References Dissertation

- Alawattage, C., & Wickramasinghe, D. (2008). Appearance of accounting in a political hegemony. *Critical Perspectives on Accounting*, 19(3), 293–339.
- Alvesson, M., & Deetz, S. (2000). *Doing Critical Management Research*. SAGE Publications Inc.
- Banerjee, S. B. (2018). Transnational power and translocal governance: The politics of corporate responsibility. *Human Relations*, 71(6), 796–821. <https://doi.org/10.1177/0018726717726586>
- Barone, E., Ranamagar, N., & Solomon, J. F. (2013). A Habermasian model of stakeholder (non)engagement and corporate (ir)responsibility reporting. *ACCOUNTING FORUM*, 37(3), 163–181. <https://doi.org/10.1016/j.accfor.2012.12.001>
- Baxter, H. (1987). System and Life-World in Habermas's "Theory of Communicative Action". *Theory and Society*, 16(1), 39–86.
- Bracci, E., Papi, L., Bigoni, M., Deidda Gagliardo, E., & Bruns, H.-J. (2019). Public value and public sector accounting research: a structured literature review. *Journal of Public Budgeting, Accounting & Financial Management*, 31(1), 103–136. <https://doi.org/10.1108/JPBAFM-07-2018-0077>
- Branco, A. P. C., Bianchi, M. T., & Castelo Branco, M. (2022). Board demographic diversity and human rights reporting in Western Europe. *PSU Research Review*, 6(3), 158–174. <https://doi.org/10.1108/PRR-06-2020-0018>
- Broadbent, J., Jacobs, K., & Laughlin, R. (2001). Organisational resistance strategies to unwanted accounting and finance changes. *Accounting, Auditing & Accountability Journal*, 14(5), 565–586. <https://doi.org/10.1108/EUM00000000006263>
- Brunetti, A., & Packroff, J. (2024, February 28). Political volte-face hits EU supply chain law amid unwavering Belgian ambition. *EURACTIV*. https://www.euractiv.com/section/economy-jobs/news/political-volte-face-hits-eu-supply-chain-law-amid-unwavering-belgian-ambition/?_ga=2.121839049.39553240.1736253815-2034997679.1736253812
- Bueno, N., Bernaz, N., Holly, G., & Martin-Ortega, O. (2024). The EU Directive on Corporate Sustainability Due Diligence (CSDDD): The Final Political Compromise. *Business and Human Rights Journal*, 9(2), 294–300. <https://doi.org/10.1017/bhj.2024.10>
- Buhmann, K. (2017). *Power, procedure, participation, and legitimacy in global sustainability norms: A theory of collaborative regulation*. Globalization. Routledge. <https://www.taylorfrancis.com/books/mono/10.4324/9781315525457/power->

- Buhmann, K. (2018). Neglecting the Proactive Aspect of Human Rights Due Diligence? A Critical Appraisal of the EU's Non-Financial Reporting Directive as a Pillar One Avenue for Promoting Pillar Two Action. *Business and Human Rights Journal*, 3(1), 23–45. <https://doi.org/10.1017/bhj.2017.24>
- Buhmann, K., & Feld, L. (2024). Shifting boundaries: a transnational legal perspective on the EU Corporate Sustainability Due Diligence Directive. *Transnational Legal Theory*, 15(3), 370–396. <https://doi.org/10.1080/20414005.2024.2426961>
- Buhmann, K., Jonsson, J., & Fisker, M. (2019). Do no harm and do more good too: connecting the SDGs with business and human rights and political CSR theory. *Corporate Governance: The International Journal of Business in Society*, 19(3), 389–403. <https://doi.org/10.1108/CG-01-2018-0030>
- Cahaya, F. R., & Hervina, R. (2019). Do human rights issues matter? An empirical analysis of Indonesian companies' reporting. *Social Responsibility Journal*, 15(2), 226–243.
- Carasco, E. F., Singh, J. B., McDonald, G., & Svensson, G. (2010). Towards holding transnational corporations responsible for human rights. *European Business Review*, 22(4), 432–445. <https://doi.org/10.1108/09555341011056195>
- Chetty, K. R. (2011). From responsibility to accountability—Social accounting, human rights and Scotland. *Critical Perspectives on Accounting*, 22(8), 759–761.
- Christ, K. L., Rao, K. K., & Burritt, R. L. (2019). Accounting for modern slavery: an analysis of Australian listed company disclosures. *Accounting, Auditing & Accountability Journal*, 32(3), 836–865. <https://doi.org/10.1108/AAAJ-11-2017-3242>
- Cooper, C., Coulson, A., & Taylor, P. (2011). Accounting for human rights: Doxic health and safety practices – The accounting lesson from ICL. *Critical Perspectives on Accounting*, 22(8), 738–758.
- Coulmont, M., Berthelot, S., & Paul, M.-A. (2017). The Global Compact and its concrete effects. *Journal of Global Responsibility*, 8(2), 300–311. <https://doi.org/10.1108/JGR-02-2017-0011>
- Cukier, W., Bauer, R., & Middleton, C. (2004). Applying Habermas' Validity Claims as a Standard for Critical Discourse Analysis. In B. M. Kaplan (Ed.), *IFIP: Vol. 143. Information systems research: Relevant theory and informed practice ; IFIP TC8/WG 8.2 20th Year Retrospective: Relevant theory and informed practice - looking forward from*

- a 20-year perspective on IS research, July 15 - 17, 2004, Manchester, United Kingdom* (pp. 233–258). Kluwer Acad. Publ. https://doi.org/10.1007/1-4020-8095-6_14
- Cukier, W., Ngwenyama, O., Bauer, R., & Middleton, C. (2009). A critical analysis of media discourse on information technology: Preliminary results of a proposed method for critical discourse analysis. *Information Systems Journal*, 19(2), 175–196. <https://doi.org/10.1111/j.1365-2575.2008.00296.x>
- Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a Stewardship Theory of Management. *The Academy of Management Review*, 22(1), 20. <https://doi.org/10.2307/259223>
- Denyer, D., & Tranfield, D. (2006). Using qualitative research synthesis to build an actionable knowledge base. *Management Decision*, 44(2), 213–227.
- Deva, S., & Birchall, D. (Eds.). (2020). *Research handbooks in human rights series. Research handbook on human rights and business*. Edward Elgar Publishing Limited. <https://ebookcentral.proquest.com/lib/kxp/detail.action?docID=6263896>
- Dumay, J. (2014). 15 years of the Journal of Intellectual Capital and counting. *Journal of Intellectual Capital*, 15(1), 2–37.
- Dumay, J., Bernardi, C., Guthrie, J., & Demartini, P. (2016). Integrated reporting: A structured literature review. *ACCOUNTING FORUM*, 40(3), 166–185.
- Dutzi, A., Hasenau, A., & Schneider, O. (2022). Verschärfte Anforderungen an die Sorgfaltspflichten in Liefer- und Wertschöpfungskette. *Der Konzern*, 372–381.
- Dutzi, A., Schneider, O., & Hasenau, A. (2021). Lieferkettenregulierung und Risk Governance – Implikationen für die betriebliche Praxis und Kritik. *Der Konzern*, 454–463.
- Elayan, F. A., Brown, K., Li, J., & Chen, Y. (2021). The Market Response to Mandatory Conflict Mineral Disclosures. *Journal of Business Ethics*, 169(1), 13–42.
- European Commission. (2025, January 7). *Sustainable corporate governance*. https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12548-Sustainable-corporate-governance_en
- Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards, 2023.
- Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937, February 23, 2022.
- Omnibus Proposal, COM(2025) 81 final, February 26, 2025.

- European Council. (2024, January 11). *Voting system*. <https://www.consilium.europa.eu/en/council-eu/voting-system/>
- European Council. (2023, December 14). *Corporate sustainability due diligence: Council and Parliament strike deal to protect environment and human rights*. <https://www.consilium.europa.eu/en/press/press-releases/2023/12/14/corporate-sustainability-due-diligence-council-and-parliament-strike-deal-to-protect-environment-and-human-rights/>
- CSDDD Provisional Agreement, February 2, 2024.
- Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859.
- Favotto, A., & Kollman, K. (2021). When Rights Enter the CSR Field: British Firms' Engagement with Human Rights and the UN Guiding Principles. *Human Rights Review*, 1–20. <https://doi.org/10.1007/s12142-020-00614-w>
- Frankental, P. (2001). Corporate social responsibility – a PR invention? *Corporate Communications: An International Journal*, 6(1), 18–23. <https://doi.org/10.1108/13563280110381170>
- Frankental, P. (2011). No accounting for human rights. *Critical Perspectives on Accounting*, 22(8), 762–764.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.
- Friedman, M. (1970, September 13). A Friedman doctrine-- The Social Responsibility of Business Is to Increase Its Profits. *The New York Times*. <https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html>
- Galeotti, R. M., Camilleri, M. A., Roberto, F., & Sepe, F. (2023). Stakeholder engagement disclosures in sustainability reports: Evidence from Italian food companies. *Business Ethics, the Environment & Responsibility*, Article beer.12642, 1–20. <https://doi.org/10.1111/beer.12642>
- Gallego-Alvarez, I. (2008). Analysis of social information as a measure of the ethical behavior of Spanish firms. *Management Decision*, 46(4), 580–599. <https://doi.org/10.1108/00251740810865076>
- Gallhofer, S., Haslam, J., & van der Walt, S. (2011). Accountability and transparency in relation to human rights: A critical perspective reflecting upon accounting, corporate responsibility and ways forward in the context of globalisation. *Critical Perspectives on Accounting*, 22(8), 765–780.

- García-Sánchez, I.-M., Aibar-Guzmán, C., Serrano-Valdecillos, C., & Aibar-Guzmán, B. (2022). Analysis of the Dialogue with Stakeholders by the IBEX 35 Companies. *SUSTAINABILITY*, 14(3), 1913. <https://doi.org/10.3390/su14031913>
- Gilbert, D., & Rasche, A. (2007). Discourse Ethics and Social Accountability: The Ethics of SA 8000. *Business Ethics Quarterly*, 17(2), 187–216. <https://doi.org/10.5840/beq200717230>
- Global Compact. (2021, October 26). *Our Governance | UN Global Compact*. <https://www.unglobalcompact.org/about/governance>
- Global Compact. (2021, October 26). *The Ten Principles | UN Global Compact*. <https://www.unglobalcompact.org/what-is-gc/mission/principles>
- Gold, S., & Heikkurinen, P. (2018). Transparency fallacy. *Accounting, Auditing & Accountability Journal*, 31(1), 318–337.
- Goodman, J., & Mäkinen, J. (2023). Democracy in Political Corporate Social Responsibility: A Dynamic, Multilevel Account. *Business & Society*, 62(2), 250–284. <https://doi.org/10.1177/00076503211068421>
- Gray, R., & Gray, S. (2011). Accountability and human rights: A tentative exploration and a commentary. *Critical Perspectives on Accounting*, 22(8), 781–789.
- Gregg, B. (2021). Beyond Due Diligence: The Human Rights Corporation. *Human Rights Review*, 22(1), 65–89. <https://doi.org/10.1007/s12142-020-00605-x>
- Guthrie, J., Ricceri, F., & Dumay, J. (2012). Reflections and projections: A decade of Intellectual Capital Accounting Research. *The British Accounting Review*, 44(2), 68–82.
- Habermas, J. (1968). *Technik und Wissenschaft als "Ideologie"* (1. Auflage). Edition Suhrkamp: Vol. 287. Suhrkamp Verlag.
- Habermas, J. (1981a). *Theorie des kommunikativen Handelns: Handlungsrationalität und gesellschaftliche Rationalisierung* (1st ed., Vol. 1). Suhrkamp.
- Habermas, J. (1981b). *Theorie des kommunikativen Handelns: Zur Kritik der funktionalistischen Vernunft* (1st ed., Vol. 2). Suhrkamp.
- Habermas, J. (1983). *Moralbewußtsein und kommunikatives Handeln*. Suhrkamp.
- Habermas, J. (1992). *Faktizität und Geltung: Beiträge zur Diskurstheorie des Rechts und des demokratischen Rechtsstaats* (2nd ed.). Suhrkamp.
- Habermas, J. (1998). *Die postnationale Konstellation*. Suhrkamp.
- Habermas, J. (1999). *Die Einbeziehung des Anderen: Studien zur politischen Theorie*. Suhrkamp Taschenbuch Wissenschaft. Suhrkamp.

- Habermas, J. (2010). Das Konzept der Menschenwürde und die realistische Utopie der Menschenrechte. *Deutsche Zeitschrift Für Philosophie*, 58(3), 343–357.
- Habermas, J. (2013). *Im Sog der Technokratie* (Orig.-Ausg., 1. Aufl.). Edition Suhrkamp: Vol. 2671. Suhrkamp.
- Habermas, J. (2020). *Nachmetaphysisches Denken* (7th ed.). Suhrkamp.
- Habermas, J. (2022). *Ein neuer Strukturwandel der Öffentlichkeit und die deliberative Politik* (Erste Auflage, Originalausgabe). Suhrkamp. https://content-select.com/index.php?id=bib_view&ean=9783518774144
- Hamann, R., Sinha, P., Kapfudzaruwa, F., & Schild, C. (2009). Business and Human Rights in South Africa: An Analysis of Antecedents of Human Rights Due Diligence. *Journal of Business Ethics*, 87(S2), 453–473.
- Harrison, V. (2019). Legitimizing private legal systems through CSR communication: a Walmart case study. *Corporate Communications: An International Journal*, 24(3), 439–455. <https://doi.org/10.1108/CCIJ-12-2018-0124>
- Hayes, A. F., & Krippendorff, K. (2007). Answering the Call for a Standard Reliability Measure for Coding Data. *Communication Methods and Measures*, 1(1), 77–89.
- Hazelton, J. (2013). Accounting as a human right: the case of water information. *Accounting, Auditing & Accountability Journal*, 26(2), 267–311.
- Healy, P. M., & Palepu, K. G. (2001). Information asymmetry, corporate disclosure, and the capital markets: A review of the empirical disclosure literature. *Journal of Accounting & Economics*, 31(1-3), 405–440.
- Hopper, T. (2019). Stop accounting myopia: – think globally: a polemic. *Journal of Accounting & Organizational Change*, 15(1), 87–99. <https://doi.org/10.1108/JAOC-12-2017-0115>
- Hubers, F., & Thijssens, T. (2020). Human rights reporting under increasing institutional pressure. *Maandblad Voor Accountancy En Bedrijfseconomie*, 94(7/8), 303–312. <https://doi.org/10.5117/mab.94.50425>
- Humbert, F. (2019). Sustainability Reporting: A Critical Assessment of the E.U. Csr Directive and Its German Implementation from a Human Rights Perspective. *Schmalenbach Business Review*, 71(2), 279–285.
- Inocencio, E. R., & Favoreto, R. L. (2022). Communicative distortions in sustainability reports: an analysis based on habermasian thinking. *Cadernos EBAPE.BR*, 20(4), 543–556.
- Islam, M. A., Haque, S., & Roberts, R. (2017). Human Rights Performance Disclosure by Companies with Operations in High Risk Countries: Evidence from the Australian

- Minerals Sector. *AUSTRALIAN ACCOUNTING REVIEW*, 27(1), 34–51. <https://doi.org/10.1111/auar.12108>
- Islam, M. A., & Jain, A. (2013). Workplace Human Rights Reporting: A Study of Australian Garment and Retail Companies. *AUSTRALIAN ACCOUNTING REVIEW*, 23(2), 102–116. <https://doi.org/10.1111/auar.12009>
- Islam, M. A., & McPhail, K. (2011). Regulating for corporate human rights abuses: The emergence of corporate reporting on the ILO's human rights standards within the global garment manufacturing and retail industry. *Critical Perspectives on Accounting*, 22(8), 790–810.
- Jägers, N. (2011). UN Guiding Principles on Business and Human Rights: Making Headway towards Real Corporate Accountability? *Netherlands Quarterly of Human Rights*, 29(2), 159–163.
- Jonker, J., & Foster, D. (2002). Stakeholder excellence? Framing the evolution and complexity of a stakeholder perspective of the firm. *Corporate Social Responsibility and Environmental Management*, 9(4), 187–195. <https://doi.org/10.1002/csr.23>
- Kaplan, B. M. (Ed.). (2004). *IFIP: Vol. 143. Information systems research: Relevant theory and informed practice ; IFIP TC8/WG 8.2 20th Year Retrospective: Relevant theory and informed practice - looking forward from a 20-year perspective on IS research, July 15 - 17, 2004, Manchester, United Kingdom*. Kluwer Acad. Publ.
- Kolk, A., & Lenfant, F. (2010). Mnc Reporting on CSR and Conflict in Central Africa. *Journal of Business Ethics*, 93(S2), 241–255.
- Krippendorff, K. (2004). *Content analysis: An introduction to its methodology* (2nd ed.). Sage.
- Kroll, C. M., & Edinger-Schons, L. M. (2024). Corporate power and democracy: A business ethical reflection and research agenda. *Business Ethics, the Environment & Responsibility*, 33(3), 349–362. <https://doi.org/10.1111/beer.12608>
- Lauwo, S., & Otusanya, O. J. (2014). Corporate accountability and human rights disclosures: A case study of Barrick Gold Mine in Tanzania. *ACCOUNTING FORUM*, 38(2), 91–108. <https://doi.org/10.1016/j.accfor.2013.06.002>
- Lawrence, A. t. (2002). The Drivers of Stakeholder Engagement: Reflections on the Case of Royal Dutch/Shell. *The Journal of Corporate Citizenship*, 6, 71–85.
- Li, Y., & McKernan, J. (2016). Human rights, accounting, and the dialectic of equality and inequality. *Accounting, Auditing & Accountability Journal*, 29(4), 568–593.
- Li, Y., McKernan, J., & Chen, M. (2022). Turning around accountability. *Accounting, Auditing & Accountability Journal*, 35(1), 48–60. <https://doi.org/10.1108/AAAJ-08-2020-4889>

- Maher, R., & Buhmann, K. (2019). Meaningful stakeholder engagement: Bottom-up initiatives within global governance frameworks. *Geoforum*, 107, 231–234. <https://doi.org/10.1016/j.geoforum.2019.06.013>
- Maher, R., Neumann, M., & Slot Lykke, M. (2021). Extracting Legitimacy: An Analysis of Corporate Responses to Accusations of Human Rights Abuses. *Journal of Business Ethics*, 1–20.
- Mares, R. (2018). Corporate transparency laws: A hollow victory? *Netherlands Quarterly of Human Rights*, 36(3), 189–213. <https://doi.org/10.1177/0924051918786623>
- Martínez-Ferrero, J., & García-Sánchez, I.-M. (2017). Coercive, normative and mimetic isomorphism as determinants of the voluntary assurance of sustainability reports. *International Business Review*, 26(1), 102–118. <https://doi.org/10.1016/j.ibusrev.2016.05.009>
- Marx, K. (1969). *Das Kapital* (Separatausgabe). Dietz.
- Massaro, M., Dumay, J., & Garlatti, A. (2015). Public sector knowledge management: a structured literature review. *Journal of Knowledge Management*, 19(3), 530–558.
- Massaro, M., Dumay, J., & Guthrie, J. (2016). On the shoulders of giants: undertaking a structured literature review in accounting. *Accounting, Auditing & Accountability Journal*, 29(5), 767–801.
- McPhail, K., & Adams, C. A. (2016). Corporate respect for human rights: meaning, scope, and the shifting order of discourse. *Accounting, Auditing & Accountability Journal*, 29(4), 650–678.
- McPhail, K., & Farrah Maimunah, T. (2012). Regulating for rights and sustainability: biofuel in Malaysia. *Sustainability Accounting, Management and Policy Journal*, 3(2), 252–261.
- McPhail, K., & Ferguson, J. (2016). The past, the present and the future of accounting for human rights. *Accounting, Auditing & Accountability Journal*, 29(4), 526–541.
- McPhail, K., Macdonald, K., & Ferguson, J. (2016). Should the international accounting standards board have responsibility for human rights? *Accounting, Auditing & Accountability Journal*, 29(4), 594–616. <https://doi.org/10.1108/AAAJ-03-2016-2442>
- McPhail, K., & McKernan, J. (2011). Accounting for human rights: An overview and introduction. *Critical Perspectives on Accounting*, 22(8), 733–737.
- Mena, S., & Palazzo, G. (2012). Input and Output Legitimacy of Multi-Stakeholder Initiatives. *Business Ethics Quarterly*, 22(3), 527–556. <https://doi.org/10.5840/beq201222333>
- Methven O'Brien, C., & Dhanarajan, S. (2016). The corporate responsibility to respect human rights: a status review. *Accounting, Auditing & Accountability Journal*, 29(4), 542–567.

- Mies, M. (2024). *Essays on risk disclosure and banking regulation: empirical studies on climate risk, IFRS 9 and financial stability*. <https://doi.org/10.25819/UBSI/10518>
- Moggi, S., Lehman, G., & Pagani, A. (2023). The juridification of social accounting and the transposition process of the non-financial reporting directive 2014/95/EU. *Meditari Accountancy Research*, 31(7), 185–211. <https://doi.org/10.1108/MEDAR-01-2023-1897>
- Monteiro, A. P., García-Sánchez, I.-M., & Aibar-Guzmán, B. (2021). Labour Practice, Decent Work and Human Rights Performance and Reporting: The Impact of Women Managers. *Journal of Business Ethics*, 1–20. <https://doi.org/10.1007/s10551-021-04913-1>
- Morhardt, J. E. (2009). General Disregard for Details of GRI Human Rights Reporting by Large Corporations. *Global Business Review*, 10(2), 141–158.
- Neglia, M. (2016). The UNGPs — Five Years on: From Consensus to Divergence in Public Regulation on Business and Human Rights. *Netherlands Quarterly of Human Rights*, 34(4), 289–317. <https://doi.org/10.1177/016934411603400403>
- Nissen, A. (2019). The European Union as a Manager of Global 'Business and Human Rights' Regulation: Country-by-Country Reporting Rules. *UCL Journal of Law & Jurisprudence*, 8(2), 141–163. <https://doi.org/10.14324/111.2052-1871.120>
- Noland, J., & Phillips, R. (2010). Stakeholder Engagement, Discourse Ethics and Strategic Management. *International Journal of Management Reviews*, 12(1), 39–49. <https://doi.org/10.1111/j.1468-2370.2009.00279.x>
- O’Kelly, C. (2019). Human Rights and the Grammar of Corporate Social Responsibility. *Social & Legal Studies*, 28(5), 625–649. <https://doi.org/10.1177/0964663918819400>
- OECD. (2018, March 13). *Sectors - Organisation for Economic Co-operation and Development*. <https://mneguidelines.oecd.org/sectors/>
- OECD. (2018). *Due Diligence Guidance for Responsible Business Conduct*.
- Oxfam. (2016). *The world’s top 100 economies: 31 countries; 69 corporations – FP2P*. <https://oxfamapps.org/fp2p/the-worlds-top-100-economies-31-countries-69-corporations/>
- Parsa, S., Roper, I., Muller-Camen, M., & Szigetvari, E. (2018). Have labour practices and human rights disclosures enhanced corporate accountability? The case of the GRI framework. *ACCOUNTING FORUM*, 42(1), 47–64. <https://doi.org/10.1016/j.acfor.2018.01.001>
- Pianezzi, D., & Cinquini, L. (2016). Assessing the validity of accounting for human rights. *Qualitative Research in Accounting & Management*, 13(3), 370–391.

- Planitzer, J. (2016). Trafficking in Human Beings for the Purpose of Labour Exploitation: Can Obligatory Reporting by Corporations Prevent Trafficking? *Netherlands Quarterly of Human Rights*, 34(4), 318–339. <https://doi.org/10.1177/016934411603400404>
- Rao, M., & Bernaz, N [N.] (2020). Corporate Responsibility for Human Rights in Assam Tea Plantations: A Business and Human Rights Approach. *SUSTAINABILITY*, 12(18). <https://doi.org/10.3390/su12187409>
- Rasche, A., & Esser, D. (2006). From Stakeholder Management to Stakeholder Accountability. *Journal of Business Ethics*, 65(3), 251–267. <https://doi.org/10.1007/s10551-005-5355-y>
- Ratner, S. R. (2020). Introduction to the Symposium on Soft and Hard Law on Business and Human Rights. *American Journal of International Law Unbound*, 114, 163–167. <https://doi.org/10.1017/aju.2020.35>
- Reynolds, M., & Yuthas, K. (2008). Moral Discourse and Corporate Social Responsibility Reporting. *Journal of Business Ethics*, 78(1-2), 47–64. <https://doi.org/10.1007/s10551-006-9316-x>
- Rogerson, M. (2023). Business and Human Rights in Russia: Emerging or Merging? *Business and Human Rights Journal*, 1–26. <https://doi.org/10.1017/bhj.2022.29>
- Rogerson, M., Scarpa, F., & Snelson-Powell, A. (2024). Accounting for human rights: Evidence of due diligence in EU-listed firms' reporting. *Critical Perspectives on Accounting*, 99, 1–19. <https://doi.org/10.1016/j.cpa.2024.102716>
- Roussey, C., Balas, N., & Palpacuer, F. (2022). Political CSR initiatives as levers of marginalisation: The disconnect between representatives and the so-called represented in the mining industry. *Critical Perspectives on International Business*, 18(1), 31–49. <https://doi.org/10.1108/cpoib-01-2018-0015>
- Ruggie, J. (2008). Protect, Respect and Remedy: A Framework for Business and Human Rights. *Innovations: Technology, Governance, Globalization*, 3(2), 189–212. <https://doi.org/10.1162/itgg.2008.3.2.189>
- Ruggie, J. (2011). Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and other Business Enterprises: Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework. *Netherlands Quarterly of Human Rights*, 29(2), 224–253. <https://doi.org/10.1177/016934411102900206>

- Scherer, A. G., & Palazzo, G. (2007). Toward a Political Conception of Corporate Responsibility: Business and Society Seen from a Habermasian Perspective. *Academy of Management Review*, 32(4), 1096–1120.
- Scherer, A. G., & Palazzo, G. (2011). The New Political Role of Business in a Globalized World: A Review of a New Perspective on CSR and its Implications for the Firm, Governance, and Democracy. *Journal of Management Studies*, 48(4), 899–931. <https://doi.org/10.1111/j.1467-6486.2010.00950.x>
- Scherer, A. G., Rasche, A., Palazzo, G., & Spicer, A. (2016). Managing for Political Corporate Social Responsibility: New Challenges and Directions for PCSR 2.0. *Journal of Management Studies*, 53(3), 273–298. <https://doi.org/10.1111/joms.12203>
- Schmidt, V. A. (2013). Democracy and Legitimacy in the European Union Revisited: Input, Output and ‘Throughput’. *Political Studies*, 61(1), 2–22. <https://doi.org/10.1111/j.1467-9248.2012.00962.x>
- Schormair, M. J. L., & Gerlach, L. M. (2020). Corporate Remediation of Human Rights Violations: A Restorative Justice Framework. *Journal of Business Ethics*, 167(3), 475–493. <https://doi.org/10.1007/s10551-019-04147-2>
- Schwoy, S. M. (2024). *Discretionary powers in CSR, ESG and sustainability – a critical analysis of executives’ influences in shaping corporate CSR profiles*. <https://doi.org/10.25819/UBSI/10517>
- Sen, A. (1999). *Development as freedom*. Oxford University Press.
- Sen, A. (2004). Elements of a Theory of Human Rights. *Philosophy & Public Affairs*, 32(4), 315–356.
- Sen, A. (2011). *The idea of justice* (1. Harvard Univ. Press paperback ed.). Belknap Press of Harvard Univ. Press.
- Sikka, P. (2011). Accounting for human rights: The challenge of globalization and foreign investment agreements. *Critical Perspectives on Accounting*, 22(8), 811–827. <https://doi.org/10.1016/j.cpa.2011.03.004>
- Smith, A. (2014). *The wealth of nations*. Shine classics.
- Stohl, M., & Stohl, C. (2010). Human rights and corporate social responsibility. *Sustainability Accounting, Management and Policy Journal*, 1(1), 51–65.
- Torelli, R., Balluchi, F., & Furlotti, K. (2020). The materiality assessment and stakeholder engagement: A content analysis of sustainability reports. *Corporate Social Responsibility and Environmental Management*, 27(2), 470–484. <https://doi.org/10.1002/csr.1813>

- Tranfield, D., Denyer, D., & Smart, P. (2003). Towards a Methodology for Developing Evidence-Informed Management Knowledge by Means of Systematic Review. *British Journal of Management*, 14(3), 207–222.
- UNESCWA. (2025, April 3). *Rights Holders*. <https://www.unescwa.org/sd-glossary/rights-holders>
- United Nations. (2011). *Guiding principles on business and human rights*. United Nations.
- van de Ven, B. (2005). Human rights as a normative basis for stakeholder legitimacy. *Corporate Governance*, 5(2), 48–59. <https://doi.org/10.1108/14720700510562659>
- Wettstein, F. (2020). The History of 'Business and Human Rights' and its Relationship with Corporate Social Responsibility. In S. Deva & D. Birchall (Eds.), *Research handbooks in human rights series. Research handbook on human rights and business* (pp. 23–45). Edward Elgar Publishing Limited.
- Whelan, G. (2012). The Political Perspective of Corporate Social Responsibility: A Critical Research Agenda. *Business Ethics Quarterly*, 22(4), 709–737. <https://doi.org/10.5840/beq201222445>
- Whelan, G., & Muthuri, J. (2015). Chinese State-Owned Enterprises and Human Rights: The Importance of National and Intra-Organizational Pressures. *Business & Society*, 56(5), 738–781.
- World Benchmarking Alliance. (2021). *Corporate Human Rights Benchmark*. <https://www.worldbenchmarkingalliance.org/publication/chrb/rankings/type/ungp/>
- WPK. (2024, March 19). *European Union: Compromise on the European Supply Chain Directive CSDDD*. <https://www.wpk.de/eng/news/all/2024/sv/european-union-compromise-on-the-european-supply-chain-directive-csddd/>
- Wright, M. (1994). Accounting, Truth and Communication: The Case of a Bank Failure. *Critical Perspectives on Accounting*, 5(4), 361–388.
- Yuthas, K., Rogers, R., & Dillard, J. F. (2002). Communicative Action and Corporate Annual Reports. *Journal of Business Ethics*, 41(1-2), 141–157.