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**Challenges in the Implementation of
Responsible Business Conduct**

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Summary and abstracts of the cumulative dissertation
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Overview

This cumulative dissertation aims to provide novel and holistic ideas on how companies can solve different challenges in the implementation of responsible business conduct (RBC). The dissertation entails three individual scientific papers:

Paper 1: Baier, C., Götttsche, M., Hellmann, A., and Schiemann, F. (2021), “Too good to be true: Influencing credibility perceptions with signaling reference explicitness and assurance depth”, published online in the *Journal of Business Ethics* (VHB-JQ3: B), doi: 10.1007/s10551-020-04719-7.

Paper 2: Baier, C., Beckmann, M., and Heidingsfelder, J. (2020), “Hidden allies for value chain responsibility? A system theory perspective on aligning sustainable supply chain management and trade compliance”, published in the *International Journal of Physical Distribution & Logistics Management* (VHB-JQ3: B), Vol. 50 No. 4, pp. 439-456, doi: 10.1108/IJPDLM-02-2019-0037.

Paper 3: Baier, C. (2020), “Strengere Sorgfaltspflichten für verantwortungsvolle Lieferketten?”, published in *DER BETRIEB* (VHB-JQ3: D), Vol. 35, pp. 1801-1805.

The three papers of this dissertation concentrate on specific facets of RBC and aim to find new insights and solutions for different challenges in the implementation of RBC. The first paper investigates *ethical sustainability reporting and assurance practices*. The second paper emphasizes that corporations are responsible to manage both the upstream and downstream sustainability impacts on the value chain and thus concentrates on the RBC aspect of *value chain responsibility*. The third paper focuses on the concept of *supply chain due diligence* to identify, prevent, mitigate, and account for adverse human rights and environmental impacts as an elementary part of RBC.

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*“Not everything that is faced can be changed;
but nothing can be changed until it is faced.”*

– James Baldwin (2017, p. 103)

I Motivation and aim

We are living in a world of “immense challenges to sustainable development” (United Nations General Assembly 2015, p. 5). The devastating consequences of climate change and global warming can be experienced all over the globe. Several tipping points have been or are dangerously close to being exceeded (Lenton et al. 2019). We are facing rising temperatures and sea levels, melting ice poles, and natural disasters such as droughts, forest fires, and other weather extremes. Developments like these not only fuel environmental degradation, they also increase the risk of conflict, economic disruption, and the erosion in livelihoods (United Nations 2020).

In addition to the climate crisis, the Covid-19 pandemic has aggravated already existing problems in the health, economic, and social sector while simultaneously revealing vulnerabilities of global value chains (OECD 2020; RBC 2020). Predictions by the International Monetary Fund (IMF 2020) indicate the world is facing the worst economic recession since the Great Depression, resulting in global growth projections of –4.9% in 2020. Nearly half of the global workforce is at risk of losing their livelihoods due to working-hour losses resulting in additional global unemployment of 400 million people in the second quarter of 2020 (ILO 2020a, 2020b).

The described climate, health, economic, and social crises do not represent independent challenges, but are closely related to each other (Baumüller 2020, p. 300). Therefore, in facing the crises, we have to seize the opportunity to adopt and implement coordinated sustainable solutions. The sustainable development goals (SDGs) provide a powerful framework for this purpose due to their integrated character and the many interlinkages between different goals (United Nations General Assembly 2015, p. 2). The 2030 Agenda for Sustainable Development aims for universal application and action in the areas of people, planet prosperity, peace, and partnership (United Nations General Assembly 2015, pp. 1–2). Achieving the 17 SDGs requires the contribution of all actors, including governments, civil society, and business.

The private sector takes an important role in the context of globalization and is a major catalyst for the fulfillment of the SDGs (OECD 2018a). Doing business can have both a positive and a

negative impact on sustainable development efforts. Diverse stakeholders, including NGOs, consumers, investors, and regulators, expect companies to address harmful social and ecological issues related to their business activities (Foerstl et al. 2010; Harms et al. 2013). Consequently, companies are increasingly urged to take responsibility for their own business operations and those of their value chain partners. This includes, in particular, respect for human and labor rights, the environment, and business ethics (RBA 2018, p. 2).

To achieve the SDGs, businesses need to integrate sustainability into their business models and corporate strategies (OECD 2018a). The expectations for responsible business conduct (RBC) have been described in different international frameworks, such as the United Nations Guiding Principles on Business and Human Rights (UNGPs; United Nations 2011), the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises (OECD Guidelines; OECD 2011) and the International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO Declaration; ILO 2017). The OECD Due Diligence Guidance for Responsible Business Conduct (OECD Due Diligence Guidance; OECD 2018b) creates a common understanding of RBC and describes concrete measures companies should take to implement due diligence for RBC (Shavin 2019, p. 140).

Although the need for RBC to contribute to sustainable development might be clear, companies are confronted with multiple challenges in the implementation of RBC. As RBC entails a variety of different topics and dimensions, a successful implementation requires a holistic approach which will affect multiple corporate functions, processes, and management levels (Baumgartner 2014; Schaltegger et al. 2014). In finding solutions to meet diverse stakeholder expectations, organizations oftentimes have to face conflicting interests, structural and organizational barriers, or the lack of skills, knowledge, and resources. However, the non-fulfillment of RBC expectations can result in adverse economic, legal, and reputational consequences for firms (Carter and Jennings 2004).

The central topic of this dissertation is the integration of RBC in corporate practice as this is a topic which requires support by academic research. The dissertation is motivated by the need to find solutions for the sustainability challenges of our time and aims to provide novel and holistic ideas on how companies can solve different challenges in the implementation of RBC.

II Outline of the cumulative dissertation

The three papers of this dissertation concentrate on specific facets of RBC, in particular in the areas of disclosure and supply chain management. In order to do so, each of the three individual papers investigates solutions for a particular challenge that arises in the implementation of the RBC aspects of *ethical sustainability reporting and assurance practices*, *value chain responsibility*, and *supply chain due diligence*. Figure 1 provides an overview of the RBC aspect discussed in each paper along with the challenge addressed in the implementation of RBC: Managerial capture and false signaling, internal barriers of cross-functional alignment, or increasing legal due diligence requirements.

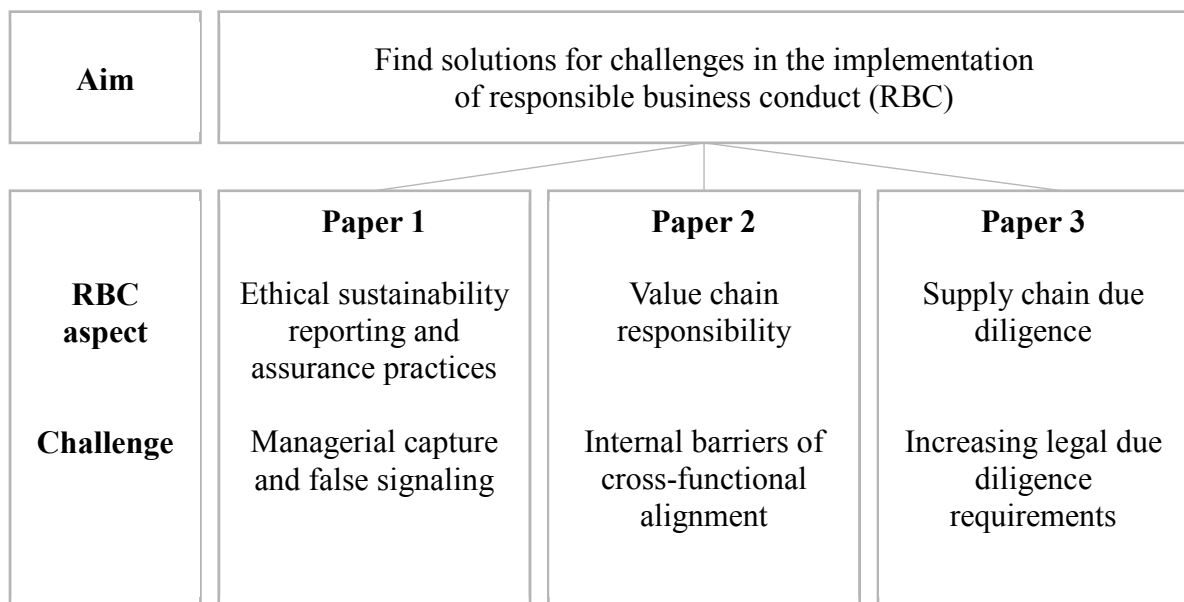


Figure 1. Research aim, RBC aspects and challenges addressed.

Taken together, the three papers contribute to the overall research question of this dissertation on how companies can solve different challenges in the implementation of RBC. Before introducing each of the three papers, Table 1 provides an outline in terms of RBC aspects addressed, research questions, objectives, methodologies, main related literature, and key findings.

Table 1. Outline of the cumulative dissertation.

Paper 1: Too good to be true: Influencing credibility perceptions with signaling reference explicitness and assurance depth					
<i>RBC aspect</i>	<i>Research question</i>	<i>Objective</i>	<i>Methodology</i>	<i>Main related literature</i>	<i>Key findings</i>
Ethical sustainability reporting and assurance practices	How do two strategic choices by management (reference explicitness and assurance depth) influence sustainability report readers' credibility perceptions?	Analyze the credibility perceptions of sustainability report readers for different levels of reference explicitness and assurance depth	Experimental, based on signaling theory	Connelly et al. (2011), Grtrk and Hahn (2016), Hummel et al. (2019)	Interaction effect of reference explicitness and assurance depth; Readers are not at risk of false signaling but might respond negatively to well-intentioned signals
Paper 2: Hidden allies for value chain responsibility? A system theory perspective on aligning sustainable supply chain management and trade compliance					
<i>RBC aspect</i>	<i>Research question</i>	<i>Objective</i>	<i>Methodology</i>	<i>Main related literature</i>	<i>Key findings</i>
Value chain responsibility	How can evolutionary system theory explain not only the coevolution of two distinct VCR functions (SSCM and TC) but also the potential and challenges for their future alignment?	Analyze the challenges and potential of the alignment of two corporate VCR functions	Conceptional, based on evolutionary system theory and organizational path dependency theory	Luhmann (2006), Sydow et al. (2009), Busse et al. (2017), Schneider et al. (2017), Cooren and Seidl (2020)	Development of a research agenda and testable propositions for the functional alignment of SSCM and TC
Paper 3: Strengere Sorgfaltspflichten fr verantwortungsvolle Lieferketten?					
<i>RBC aspect</i>	<i>Research question</i>	<i>Objective</i>	<i>Methodology</i>	<i>Main related literature</i>	<i>Key findings</i>
Supply chain due diligence	How can companies integrate increasing supply chain due diligence requirements into their business activities?	Analyze current regulatory due diligence initiatives and their impact on companies	Conceptional, based on a literature review	OECD (2018b), Smit et al. (2020)	Four central aspects in the implementation of due diligence requirements in corporate practice

Paper 1: Too good to be true: Influencing credibility perceptions with signaling reference explicitness and assurance depth

The first paper investigates ethical sustainability reporting and assurance practices. SDG target 12.6 encourages companies to “integrate sustainability information into their reporting cycle” (United Nations General Assembly 2015, p. 22). Disclosure is an instrument to provide useful, complete and clear information for stakeholders and is thus an important element of RBC (OECD 2018b, p. 12).

The OECD recommends an annual independent audit of the published sustainability information to improve transparency and provide an objective opinion (OECD 2011, pp. 28–29). Investors, consumers, and other stakeholders require transparent communication of sustainability activities to form opinions and make informed decisions. They oftentimes rely on sustainability assurance in evaluating the information in sustainability reports (Hodge et al. 2009).

In light of the stakeholder’s need for credible information, the paper entitled “Too good to be true: Influencing credibility perceptions with signaling reference explicitness and assurance depth” investigates how two strategic choices by management (reference explicitness and assurance depth) influence sustainability report readers’ credibility perceptions.

In most cases, the voluntary character of sustainability assurance offers considerable flexibility for firms, which leads to questions of unethical interferences by management regarding the choice of a limited set of sustainability topics to be assured and how to clearly communicate this choice. Firm and assurer jointly determine the intensity and scope of the performed assurance process (Hummel et al. 2019, p. 736). The paper refers to the choice of assured topics as assurance depth. Differences in assurance depth can manifest in the selected topics of a sustainability report, for example, whether a firm selects more or less material topics¹ to be assured. Furthermore, no uniform standard exists for clearly marking and referencing the topics which have actually been subject to assurance. Firms can choose to indicate the assured topics in a more or less explicit form, meaning whether the choice of the assured topics is indicated less clearly via text in the assurance report or more clearly via visual cues throughout the sustainability report. However, sustainability assurance needs to be conducted in accordance with ethical sustainability assurance practices and presented in a transparent and unambiguous form to foster reliability and comparability of reporting (OECD 2011, p. 29).

¹ A sustainability topic is material if (misstated) information about this topic has the potential to influence the decisions of intended users, such as investors and other stakeholders (Canning et al. 2019, p. 6).

The first paper examines the communication of assurance (Mock et al. 2007; Mock et al. 2013; Gürtürk and Hahn 2016) and variations in assurance depth (Hummel et al., 2019). Reference explicitness and assurance depth represent two strategic choices by management which can either contribute to disclosure clarity and credibility or, on the contrary, create the risk of confusion between assured and non-assured information. The paper investigates those choices as an example of managerial capture in sustainability assurance engagements (Hummel et al. 2019; Owen et al. 2000; Smith et al. 2011).

Based on signaling theory, and using an experimental $2 \times 2 + 1$ between-subjects design approach, the paper critically assesses sustainability assurance and investigates whether it truly signals credible information or instead provides room for false credibility signals (Connelly et al. 2011, p. 45). It thereby demonstrates that the two variables reference explicitness and assurance depth jointly influence the assurance signal and the perceived credibility of a sustainability report. The results show that readers are not at risk of false signaling but can make incorrect interpretations of the assurance signal and might respond negatively to well-intentioned signals. The main implications of the findings are that firms should refrain from increasing reference explicitness and should select only the most material topics.

The paper contributes to the literature on sustainability assurance and ethical assurance practices in several ways. First, it extends prior research on sustainability assurance (e.g., Hodge et al. 2009; Manetti and Becatti 2009; Perego and Kolk 2012; Fuhrmann et al. 2017; Maroun 2020) by specifically investigating the practice of assuring only selected topics of a sustainability report. Second, extant literature comprises few studies that explicitly consider the communication of assurance (Mock et al. 2007; Mock et al. 2013; Gürtürk and Hahn 2016). It is the first paper to examine different degrees of reference explicitness in the context of sustainability assurance. Third, the experiment demonstrates that reference explicitness and assurance depth interact with each other. The results of these strategic management choices are reflected in the unethical practice of false signaling. The paper adds to the literature on managerial capture (Owen et al. 2000; Smith et al. 2011; Hummel et al. 2019) by experimentally examining potential distortions of readers' credibility perceptions for variations of reference explicitness and assurance depth. Fourth, the paper contributes to studies investigating signaling theory in the context of sustainability assurance (e.g., Cheng et al. 2015; Zerbini 2017; Clarkson et al. 2019; Hummel et al. 2019) by analyzing variations in signal observability and signal fit (Connelly et al. 2011). The results provide new insights on the unethical practice of false signaling and provide an example of an incorrect signal interpretation by readers.

Paper 2: Hidden allies for value chain responsibility? A system theory perspective on aligning sustainable supply chain management and trade compliance

At the core of corporate activities, economic value creation can translate into harmful social and ecological effects affiliated with the firm's value chain (Foerstl et al. 2010; Harms et al. 2013). The SDGs mirror diverse societal expectations regarding sustainable development encountered by companies in their value chain environment. Using the term value chain responsibility (VCR), the second paper emphasizes that corporations are responsible to manage their sustainability impacts both up and down the value chain.

Companies are facing numerous supply chain sustainability risks (Busse et al. 2017) in light of an increasingly globalized economy and operations in complex multitier value networks. Major VCR issues oftentimes occur at the weakest link of the supply chain and can rapidly fire back to the focal firm. This can start at the raw material stage or with distant actors beyond the first tier. Not only does visibility decrease with increasing distance, VCR issues are often not visible in the end product (Busse et al. 2017). Therefore, many VCR risks stem from sustainability-related uncertainty and low supply chain visibility. In system theory language, aspects of corporate social responsibility thus increase external complexity (Schneider et al. 2017) in the business environment.

Within the firm, two corporate functions emerged which contribute to RBC and address different aspects of VCR. However, they are not necessarily aware of each other's activities and processes. While the function *sustainable supply chain management (SSCM)* "aims at integrating environmental and social issues in supply chain management [...]" (Harms et al. 2013, p. 207), the function *trade compliance (TC)* puts the focus on security-related issues, such as the control of import and export streams of dangerous goods (European Council 2009) and the protection of the company's value chain from unauthorized external intrusion (Closs and McGarrell 2004).

The second paper entitled "Hidden allies for value chain responsibility? A system theory perspective on aligning sustainable supply chain management and trade compliance" examines how evolutionary system theory can explain not only the co-evolution of two distinct VCR functions (SSCM and TC) but also the potential and challenges for their future alignment.

The paper follows a conceptual reasoning approach based on the theoretical foundations of evolutionary system theory (Luhmann 1995, 2006; Schneider et al. 2017; Valentinov and Thompson 2019; Cooren and Seidl 2020). Evolutionary system theory explains how SSCM and TC emerged as two distinct responses of the business system to specific stakeholder

requirements. However, previously separate stakeholder requirements have increasingly begun to overlap in the external environment of firms, thus creating a case for the internal alignment of SSCM and TC. The concept of organizational path dependency (Sydow et al. 2009; Vergne and Durand 2011) explains how organizational barriers, in the form of existing system structures, may constrain a functional alignment of SSCM and TC.

The article makes the following contributions to the scholarly community and to management practice. With regard to the academic debate, the article, first, introduces the concept of VCR as an encompassing framework to consolidate diverse expectations from different stakeholders of the business firm. A benefit of such a holistic approach is to highlight corporate contributions to sustainable development as a cross-functional challenge. Second, the article introduces evolutionary system theory as a powerful explanatory perspective in the field of VCR, SSCM, and TC. In doing so, it connects the increasing debate about system theory in general management (Cooren and Seidl, 2020) to the supply chain community. With regard to SSCM, a specific contribution lies in conceptualizing sustainability issues as system–environment interactions. Third, the system theory perspective sheds new light on the importance of organizational path dependency in supply chain management. More specifically, this article introduces nine testable propositions which invite scholars to further investigate the interplay of environment and system as well as the structural options for a functional alignment of SSCM and TC.

With regard to supply chain practice, this article encourages business practitioners to reconsider the internal organization of their corporate functions when addressing sustainability challenges that affect the company as a whole. The first contribution lies in pointing out TC as an often overlooked yet potentially relevant ally for the function of SSCM in achieving VCR. Second, the article encourages practitioners to combine the seemingly separate functions of SSCM and TC in an effective and efficient manner to fulfill increased supply chain due diligence requirements and thereby reduce VCR risks. The third implication is to highlight the role of shared communication structures and the potential of person-oriented cross-functional exchange. These are helpful in managing joint VCR issues and operationalizing functional alignment between SSCM and TC.

Paper 3: Strengere Sorgfaltspflichten für verantwortungsvolle Lieferketten?

The third paper focuses on the concept of supply chain due diligence to identify, prevent, mitigate, and account for adverse human rights and environmental impacts as an integral part of RBC (OECD 2011, 2018b; Smit et al. 2020).

Companies are thus far implementing supply chain due diligence into their business models on a voluntary basis. In Germany and Europe, there is a growing debate about whether companies should be subject to mandatory due diligence obligations. Against this background, the third article analyzes the EU Commission's legislative initiative for supply chain due diligence (Smit et al. 2020; RBC 2020; European Commission 2020). It also reviews the current status of the National Action Plan on Human Rights (Auswärtiges Amt 2017) and the German initiative for due diligence legislation (BMZ 2019; BMAS and BMZ 2020; BMZ and BMAS 2020).

To answer the question of how companies can integrate the increasing requirements for supply chain due diligence in their business activities, the third paper entitled “Stricter due diligence requirements for responsible supply chains?”² provides an overview of current supply chain due diligence initiatives on a European and German level. In a second step, it investigates how mandatory due diligence requirements affect corporate activities. By discussing four central aspects in the implementation of due diligence requirements in corporate practice, the article contributes to the debate on challenges and chances.

First, it is possible to speak of hybrid regulatory mechanisms in global supply chains due to the large number of country- and issue-specific legal requirements and voluntary standards (Rühmkorf 2018). New legal requirements, preferably on an EU level, should reduce complexity and create a level playing field for companies. The lack of concrete guidelines for action are a risk for companies, as they cannot evaluate to what extent they are subject to legal liability. Especially in the field of environmental due diligence, there is a lack of international reference frameworks that specify the appropriateness of such measures (Scherf et al. 2019, p. 99). Clarity on due diligence obligations should facilitate the achievement of a limitation of liability, decrease the costs of excessive control measures (Rühmkorf 2018, p. 426), and reduce competitive disadvantages (Schneider 2019, p. 1373). Second, it is advisable to integrate due diligence requirements in existing management systems (United Nations 2011, p. 21; OECD 2018b, p. 24; Scherf et al. 2019, p. 49). However, many companies still operate in structurally separated organizational silos (Forsten-Astikainen et al. 2017; Wicenec 2020, p. 107). Firms

² The third paper was written in German with the following original title: “Strengere Sorgfaltspflichten für verantwortungsvolle Lieferketten?”

should apply a more holistic approach (BaFin 2019) to exploit existing synergies and regard due diligence as an important part of corporate risk management. Third, with each additional stage in the value chain, it becomes more difficult to obtain the necessary information to evaluate adverse impacts and risks (Busse et al. 2017, p. 18; GRI and RMI 2019). However, transparency and traceability are essential for the implementation of responsible supply chain management. Companies can increase supply chain resilience by applying a proactive risk management and thereby improve corporate efficiency. Fourth, to achieve supply chain transparency, companies have to integrate stakeholders in the process of risk analysis. Ongoing cooperation with relevant interest groups is the basis for the development of adequate due diligence measures (OECD 2018b, p. 19). A successful integration of stakeholders through a constructive dialogue helps to fulfill stakeholder expectations and strengthen public perception, which can then create reputational and competitive advantages.

III Publication details

This cumulative dissertation entails three individual scientific papers, which have been published in a peer-reviewed scientific journal. All three papers meet the requirements of the Ingolstadt School of Management at the Catholic University of Eichstätt-Ingolstadt for a cumulative dissertation.

Paper 1: Too good to be true: Influencing credibility perceptions with signaling reference explicitness and assurance depth

- Authorship: Carolin Baier (Catholic University of Eichstätt-Ingolstadt), Max Götttsche (Catholic University of Eichstätt-Ingolstadt), Andreas Hellmann (Macquarie University) and Frank Schiemann (Universität Hamburg).

I am the lead author of this paper. The article was co-authored by Max Götttsche, Andreas Hellmann, and Frank Schiemann. In regular consultation with the research team, I developed the research design and experimental materials. Furthermore, I was responsible for the setup and distribution of the experiment via Qualtrics. While all authors participated in the data collection process, I performed the calculations in SPSS. I conducted a theory and literature review and wrote the first draft of the manuscript, which was then revised in close collaboration with the research team.

- Publication: The paper was published online on 01 February 2021 in the *Journal of Business Ethics* (VHB-JQ3: B), doi: 10.1007/s10551-020-04719-7.
- Conference presentations: After submission of the thesis, the paper was accepted and discussed at the 13th Annual Ivey/ARCS PhD Sustainability Academy. The virtual academy took place in November 2020 and was organized by the Ivey Business School (London, Canada) and the Alliance for Research on Corporate Sustainability (ARCS). The paper has also been accepted for presentation at the 2020 Annual Conference of the British Accounting & Finance Association (BAFA) and the 2020 Annual Conference of the European Accounting Association (EAA). As a consequence of the COVID-19 situation, both conferences have been postponed to 2021. Furthermore, earlier versions were presented at the following research seminars: VHB-ProDok seminar “Advanced Topics in Experimental Accounting Research” in Munich, 2019; PhD-Seminar “Experimental Research in Financial Accounting” by the Swiss Doctoral Program Network in Accounting Research at the University Bern, 2019; Experimental Research

in Management Accounting (EXRIMA) 2019 in Bayreuth; and Workshop International Accounting at the University of Eichstätt-Ingolstadt, 2018 and 2019.

Paper 2: Hidden allies for value chain responsibility? A system theory perspective on aligning sustainable supply chain management and trade compliance

- Authorship: Carolin Baier (Catholic University of Eichstätt-Ingolstadt) and Markus Beckmann and Jens Heidingsfelder (Friedrich-Alexander-Universität Erlangen-Nürnberg).

I am the lead author of this paper. The article was co-authored by Markus Beckmann and Jens Heidingsfelder. The idea for the article came from my side and was further developed by all authors in a joint research project. All authors equally participated in the writing and revision process of the manuscript.

- Publication: The paper was published in the *International Journal of Physical Distribution & Logistics Management* (VHB-JQ3: B), Vol. 50 No. 4, pp. 439-456, doi: 10.1108/IJPDLM-02-2019-0037.
- Conference presentations: I presented an earlier version of this paper at the International Working Seminar "Responsibility and Accountability of Supply Chains" at the University of Kassel, Germany, 2019 and at the 2019 Annual Conference of the Academy of International Business (AIB) in Copenhagen, Denmark. Jens Heidingsfelder presented the paper at the 2019 Annual Conference of the European Academy of Management (EURAM) in Lisbon, Portugal.

Paper 3: Strengere Sorgfaltspflichten für verantwortungsvolle Lieferketten?

- Authorship: Carolin Baier (Catholic University of Eichstätt-Ingolstadt).

I am the sole author of this paper.

- Publication: The current version of this paper is published in *DER BETRIEB* (VHB-JQ3: D), Vol. 35, pp. 1801-1805.
- Conference presentations: /

IV Conclusion

This cumulative dissertation is a collection of three papers on responsible business conduct (RBC) that provide new insights and solutions for different challenges in the implementation of the concept in corporate practice. With the help of different methodological approaches and theory perspectives, the three individual papers of this dissertation contribute to the literature on *ethical sustainability reporting and assurance practices*, *value chain responsibility*, and *supply chain due diligence*.

The first paper demonstrates that the selection of assurance topics and the format of their communication influence sustainability report readers' credibility perceptions. This research adds value for companies in terms of a better understanding of the way in which sustainability assurance should be signaled to stakeholders. The paper finds an interaction effect between the two strategic management choices reference explicitness and assurance depth. It shows that readers are not at risk of false signaling but might respond negatively to well-intentioned signals.

The second paper develops a research agenda and testable propositions for the functional alignment of sustainable supply chain management (SSCM) and trade compliance (TC). Through a discussion of the interplay of environment and system as well as the structural options for a functional alignment of SSCM and TC, the paper triggers further discussion on the potential and challenges of such an alignment. Furthermore, the paper provides new insights on the oftentimes overlooked function of TC and adds it to the wider discussion on SSCM and corporate VCR.

The third paper provides an overview of recent legislative supply chain due diligence initiatives on a European and German level. It also identifies four central aspects that are necessary for a successful implementation of due diligence requirements in corporate practice.

The necessity to work on sustainable business solutions is highlighted by the current crises and sustainability challenges (OECD 2020). The SDGs encourage investors, companies, and stakeholders across society to find solutions which lead to meaningful and measurable outcomes for the world's biggest challenges. The implementation of RBC is thus not only essential for the achievement of the SDGs (OECD, 2018a) but also helps to transform commitment into corporate actions (Adams 2020, p. 4).

For these reasons, the concept of RBC is gaining in importance. The integration of RBC and due diligence is currently being discussed in the revision process of the most frequently used sustainability reporting standard, the GRI Standards of the Global Reporting Initiative (GRI).

The GRI (2020) aims to incorporate the due diligence concept in its revised management approach.

Although an increasing number of governments and businesses now acknowledge the relevance of RBC, most sustainability issues will require persistence and effort to be solved. Many sustainability challenges can be characterized as wicked problems due to their multidimensional nature and their complex and oftentimes conflicting interrelationships (van Bueren et al. 2014). Sustainable development thus remains a long and stony path.

In conclusion, I would like to transfer the introductory quote³ to a sustainability context. Venkataraman (2019, p. ix), senior climate adviser in the Obama administration, opens her book with the words of James Baldwin. Baldwin, a looming figure in the civil rights movement, realized that it is important to face uncomfortable challenges, even though many of them cannot be solved single-handedly or quickly. This not only applies to social sustainability issues such as diversity and non-discrimination but can also be applied to current climate, health, and economic crises. Therefore, it is important to face uncomfortable sustainability issues and take responsibility because “nothing can be changed until it is faced” (Baldwin 2017, p. 103).

³ The quote can be found in the introduction of this dissertation (see p. 1).

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VI Abstracts paper 1-3

Too good to be true: Influencing credibility perceptions with signaling reference explicitness and assurance depth

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Abstract

We investigate how the selection of assurance topics and the format of their communication influence the credibility perception of sustainability report readers. This is important because misleading communication may discredit ethical sustainability assurance practices. Based on signaling theory and using an experimental approach, we are the first to examine false credibility signals in the context of sustainability assurance. We find that two variables related to sustainability assurance, reference explicitness and assurance depth, jointly influence the assurance signal and the perceived credibility of a sustainability report. Our findings indicate that readers are not at risk of false signaling but can make incorrect interpretations of the assurance signal and might respond negatively to well-intentioned signals. The main implications of our findings are that firms should refrain from increasing reference explicitness and should select only the most material topics. Taken together, our results provide new insights on the unethical practice of false signaling and provide an example of an incorrect signal interpretation by readers.

Keywords: Sustainability assurance, Perceived credibility, False signaling

Hidden allies for value chain responsibility? A system theory perspective on aligning sustainable supply chain management and trade compliance

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Abstract

Purpose – The paper investigates how the alignment of two corporate functions, sustainable supply chain management (SSCM) and trade compliance (TC) can help companies to take corporate value chain responsibility (VCR). In particular, the authors investigate how evolutionary system theory can explain the co-evolution of two distinct VCR functions (SSCM and TC) and the potential and challenges for their future alignment.

Design/methodology/approach – The authors introduce evolutionary system theory as a powerful explanatory perspective to the field of VCR, SSCM, and TC. By applying evolutionary system theory to the VCR debate, the authors analyze the potential for aligning both functions. They further analyze the inherent challenges of such an alignment by discussing the concept of organizational path dependencies.

Findings – The paper spells out a research agenda and formulates testable propositions for further investigating the interplay of environment and system as well as the structural options for a functional alignment of SSCM and TC.

Originality/value – The corporate function of TC has been widely overlooked by supply chain and sustainability scholars. This paper adds the function of TC to the wider discussion on SSCM and corporate VCR. Furthermore, the paper develops a research agenda for a pioneer topic and triggers discussion in academia and corporate practice.

Keywords – Sustainable supply chain management, Trade compliance, Value chain responsibility, Evolutionary system theory, Organizational path dependency theory

Paper type – Conceptual paper

Strengere Sorgfaltspflichten für verantwortungsvolle Lieferketten?

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DER BETRIEB,
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Abstract

In Deutschland und Europa wird verstärkt diskutiert, ob für Unternehmen strengere Sorgfaltspflichten in Bezug auf Menschenrechtsverletzungen sowie negative Umweltauswirkungen gelten sollten. Vor diesem Hintergrund befasst sich der vorliegende Beitrag mit der europäischen Gesetzgebungsinitiative für verantwortungsvolle Lieferketten, dem aktuellen Stand des Nationalen Aktionsplans Menschenrechte und der damit verknüpften deutschen Initiative zur Einführung eines Lieferkettengesetzes. Darüber hinaus betrachtet der Beitrag, welche Herausforderungen und Chancen durch eine Implementierung von Sorgfaltspflichten in die Unternehmenspraxis entstehen.