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Making Sense of Human Rights in Business

A Qualitative Case Study on the Practical and Paradoxical Challenges of Implementing Human Rights Due Diligence following the Norwegian Transparency Act

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Abstract

Corporations are increasingly assuming a pivotal role in the global governance of human rights. This responsibility is underscored by Norway's recently implemented Transparency Act (TA), which mandates Human Rights Due Diligence (HRDD) assessments. These assessments require companies to address actual and potential human rights violations in their operations and supply chains, posing a paradoxical challenge of balancing human rights responsibilities with economic objectives. This thesis explores how managers in a Norwegian company make sense of and manage these obligations, focusing on the influence of the external environment and the Chief Sustainability Officer's (CSO) sensegiving efforts. Utilizing a qualitative, single-case study with semi-structured interviews, the research is framed within Hahn et al.'s (2015) paradoxical sensemaking theory, contrasting the business case and paradoxical cognitive frames in managerial decision-making.

Our research reveals that legislative ambiguities and supply chain dynamics impede managers' sensemaking processes. These challenges lead to a diminished focus on- and resource allocation to HRDD, which subsequently constrains the CSO's influence on organizational sensemaking. While the CSO's paradoxical strategies provide managers with a comprehensive perspective on HRDD, they also create internal tensions due to a "resonance gap". Conversely, strategies that frame HRDD within a business context have effectively fostered organizational acceptance of these routines. Our analysis suggests that a synergistic response that combines paradoxical approaches with pragmatic strategies is paramount to implementing HRDD routines that genuinely address human rights issues.

Keywords – Human Rights Due Diligence, Transparency Act, Paradoxical Sensemaking, Management Controls

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1. Introduction

1.1 Background and Motivation

In recent years, there has been a significant convergence of the business and human rights spheres, primarily driven by socio-legal developments aimed at addressing and rectifying instances of corporate human rights violations. The practice of conducting Human Rights Due Diligence (HRDD) is a process through which enterprises identify, prevent, and mitigate adverse impacts in their operations and across their supply chains. HRDD is anchored in the internationally recognized soft law framework, the UN Guiding Principles on Business and Human Rights (UNGPs). A shift towards mandatory HRDD is increasingly integrated into various national legislatures, signaling a commitment from certain states to enforce corporate accountability for human rights. This legislative integration underscores the transition from voluntary guidelines to enforceable mandates, holding corporations legally responsible for human rights impacts in their global operations.

Scholars in the field of Business and Human Rights (BHR) emphasize the inherent tensions resulting from the intersection of these two domains, noting that the fundamental principles underlying human rights agendas often conflict with traditional business models and structures (Muchlinski, 2012; Ruggie et al., 2021). Although addressing human rights issues may pose commercial risks for businesses, Muchlinski (2012) argues that it might be inadequate to view these risks solely through the lens of corporate profitability. Furthermore, he argues that a conventional business case perspective could reduce HRDD to a superficial compliance exercise, undermining its ambition to safeguard the human rights of stakeholders, also referred to as rightsholders. This ambition is explicit in the UNGPs, which seeks to shift the paradigm from shareholder primacy towards a more inclusive approach that prioritizes rightsholders. Consequently, HRDD emerges as a transformative concept, challenging prevailing corporate governance norms and advocating for the establishment of multi-fiduciary obligations that extend beyond traditional shareholder interests (Ruggie et al., 2021).

Considering the highlighted tensions at the juncture of BHR, this master thesis aims to delve into how corporate decision-makers interpret and operationalize their new human rights obligations. This inquiry is particularly pertinent in the context of Norway's recently implemented Transparency Act (TA) of July 2022, which directs approximately 9000 corporations to undertake mandatory HRDD assessments (Forbrukertilsynet, 2023). By

exploring the sensemaking processes of decision-makers in a medium-large Norwegian company, this study seeks to understand the practical implications of the legislative shifts affecting corporate governance, especially in aligning traditional business practices with the evolving paradigms of human rights accountability.

While this research is integrated with a consideration of the current regulatory developments, our thesis seeks to investigate managerial perspectives on how managers in a company make sense of and manage HRDD routines. We anchor our research in the seminal framework on Management Control Systems by Malmi and Brown (2008) through which we will view The Company's[1] operationalization of HRDD. The successful implementation of HRDD extends beyond the responsibilities of a single manager or organizational unit (Hess, 2021). It necessitates establishing permeating and consistent understandings within an organization, and installing an environment that can respond to potential and actual human rights violations (Hess, 2021). To internalize and act on the strategic change that HRDD represents thus induce meaning construction, or sensemaking processes among managers (Gioia & Chittipeddi, 1991; Weick, 1993). Central to the process of sensemaking is information gathering, also called the scanning process (Maitlis, 2005; Thomas et al., 1993). As changes in the external environment are what have induced the establishment of HRDD routines for many firms, our analysis seeks to investigate how these dynamics impact managerial sensemaking. After preliminary conversations with the company that partnered with us for the research, we found that the Chief Sustainability Officer (CSO) has been pivotal in shaping and driving The Company's response to HRDD. The CSO has thus been critical in implementing and dispersing knowledge on HRDD. Influencing the meaning construction of others, the CSO assumes the role of a sensegiver (Gioia & Chittipeddi, 1991). We therefore aim to analyze how these two aspects, the external environment and the CSO's sensegiving efforts, impact the sensemaking of managers, and subsequently, their effect on The Company's HRDD routines.

Paramount to our theoretical lens is the concept of paradoxical sensemaking as proposed by Hahn et al. (2015). Lewis (2000, p. 760) defines paradoxes as "contradictory yet interrelated elements – elements that seem logical in isolation, but absurd and irrational when appearing simultaneously". Hahn et al. (2015) apply this concept to corporate sustainability, presenting

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[1] We use the pseudonym "The Company" as a reference of the research object throughout the paper, to ensure the anonymity. This is further detailed in Chapter 3.3.4.

it as inherently paradoxical due to the necessity of firms to simultaneously address interconnected economic, social, and environmental objectives. This concurrent pursuit of diverse, yet interlinked outcomes carries the risk of unforeseen consequences, as strategies that benefit one aspect may inadvertently impair another (Newton, 2002, as cited in Hahn et al., 2015). The framing of the TA introduces such paradoxical challenges for corporations. The TA asserts that companies subject to the law must conduct HRDD assessments throughout their supply chains, extending beyond their first-tier relationships (Krajewski et al., 2021). The UNGPs emphasize that human rights risk assessments should be based on the severity and likelihood of adverse impacts, and not a complete analysis of their supply chains as such (UN Guiding Principles Reporting Framework, n.d.). Despite this guidance to narrow the scope of risk assessments, human rights risk assessments still present considerable difficulties for companies with intricate supply chain structures. Challenges such as limited transparency and complex power dynamics within these chains hinder effective assessments (OECD, 2019). Consequently, undertaking such comprehensive evaluations necessitates a substantial time and resource commitment, which might not be feasible for firms operating with narrow profit margins. This illustrates potential paradoxes managers must navigate while pursuing compliance with the TA and economic success simultaneously.

1.2 Research Questions

Given the academic discourse on HRDD and with the intention to shed light on the managerial perspectives of HRDD implementation under Norway's newly enacted TA, our thesis seeks to answer the main question:

How does a Norwegian enterprise navigate the practical and paradoxical challenges of implementing Human Rights Due Diligence routines as mandated under the Transparency Act?

To explore this overarching question, we delve into specific aspects that contribute to understanding the enterprise's approach to HRDD. These facets include examining the development and perception of HRDD routines, the influence of external factors, and the role of the CSO in effecting internal sensegiving. The supporting research questions, therefore, aim to dissect these components in detail.

1. *What routines has The Company developed for HRDD compliance under the TA, and what are managers' perceptions of the key drivers and challenges encountered during the implementation?*

2. *How do external factors and the CSO's sensegiving efforts influence the managers' sensemaking?*

3. *What is the subsequent impact on the organization's internal sensemaking environment for work with HRDD routines?*

By addressing these questions, this thesis aims to shed light on the multifaceted and complex process of integrating HRDD practices in a corporate setting, particularly in the context of emerging regulatory landscapes and evolving corporate human rights obligations.

1.3 Methodology

To answer our research questions, we employ a qualitative research design based on the abductive research approach. We conduct an exploratory case study using semi-structured interviews as our means of data collection. The research object is a Norwegian medium-large enterprise, that recently initiated the process of HRDD implementation to comply with the TA. The current body of qualitative empirical research on HRDD notably focuses on its implementation in a cross-sectional study of companies (Hofmann et al., 2018; McCorquodale et al., 2017; McVey et al., 2023; Smit et al., 2020). This thesis therefore seeks to explore a single-case study to allow for an in-depth and detailed analysis.

The empirical findings of the study are presented in two separate sections, drawing on methodological guidance by Corley and Gioia (2004). Our first research question is answered in a first-order analysis through the emic perspectives of interviewees. The second and third research questions are answered using theories of sensemaking and Management Control Systems (Carlile, 2004; Dutton et al., 2001; Hahn et al., 2015; Malmi & Brown, 2008) in a second-order analysis.

1.4 Relevance

The interconnectedness between human rights and sustainability is increasingly recognized as pivotal in fostering a more holistic foundation for sustainable societies (UN, 2019). Moreover, the Danish Institute for Human Rights, along with Shift and Oxfam, collectively argue that

one of the most significant contributions businesses can make to the Sustainable Development Goals (SDGs) involves eliminating adverse impacts and human rights abuses throughout their operations (Deva et al., 2019). Bebbington and Thomson (2013) suggest that emphasizing human rights can bridge the existing literature gap in sustainability accounting, which often prioritizes ecological aspects. This exploration thus contributes to the development of a more comprehensive approach to corporate sustainability.

Contemporary literature in the field of BHR is predominately viewed from the lens of legal scholarship, with a notable focus on the inner workings of the UNGPs and their limitations (Deva et al., 2019). As such, extant research on HRDD hones in on judicial developments (Bueno & Bright, 2020; Friedman, 2021; Harrison, 2013; Krajewski et al., 2021), and subsequently what constitutes effective management responses to HRDD (Hess, 2021; McCorquodale & Nolan, 2021). While research within the field of management accounting and human rights has gained momentum over the years, McPhail and Ferguson (2016) assess that the field is still in its infancy. Specifically, there is an increased demand for comprehensive insights into the practical management of HRDD to ensure that developments in regulation not only support companies but also effectively address their impacts on human rights (McCorquodale & Nolan, 2021). Furthermore, Obara (2017) asserts that little is known about how human rights are understood in corporate settings. These insights inform the focus of our thesis, which analyzes how managers make sense of and manage HRDD in practice. By doing so, this research aims to offer theoretical and pragmatic insights for both policymakers and business practitioners.

1.5 Structure

This paper is structured in the following manner. In Chapter 2, we present a literature review of the relevant domain- and method theory employed to address our research questions. Chapter 3 outlines the methodological choices, offering insight into the study's design rationale. Moving forward, Chapter 4 presents the empirical findings, with the initial section dedicated to answering the first research question, while the subsequent sections cover additional empirical findings that contribute to answering the remaining research questions. The analysis and discussion of the second and third research questions are found in Chapter 5, followed by our concluding remarks in Chapter 6. References and appendices are provided in Chapters 7 and 8.

2. Literature review

2.1 Domain theory

Domain theory, as defined by Lukka and Vinnari (2014), provides "a particular set of knowledge on a substantive topic area situated in a field or domain". In the context of this thesis, the foundation outlined in *2.1.1 Shifting Paradigms in Business* helps to understand the developments as they pertain to supranational discourse on human rights and sustainable development, and its implications within domestic legal frameworks. As businesses are facing a growing array of sustainability-related directives, there is a notable shift towards an extended responsibility for corporate entities (Eccles et al., 2014). This shift is characterized by the expectations for businesses to integrate sustainable practices and human rights considerations into their operational strategies. Hence, challenges and prerequisites for a comprehensive implementation of HRDD is a topic described in contemporary research outlined in *2.1.2 Human Rights Due Diligence in Practice*.

2.1.1 Shifting Paradigms in Business

Human Rights

Human rights are the fundamental principles underpinning the legal foundation for HRDD. In the aftermath of the atrocious events of World War II, the international community united to establish a global framework that would ensure the realization of human rights (Morsink, 1999). The Universal Declaration of Human Rights (UDHR) was adopted by the United Nations (UN) General Assembly in 1948 and would serve as a common standard for all nations (UN, n.d.-a). In essence, the UDHR expressly states that "All human beings are born free and equal in dignity and rights (…) Everyone has the right to life, liberty, and security of person (…) All are equal before the law." (UN, 1948, pp. 2-3). In a move to strengthen international efforts for human rights, the 1993 Vienna Declaration and Programme of Action further crystalized what had previously only been implicit in the UDHR, the assertion that "All human rights are universal, indivisible and interdependent and interrelated" (World Conference on Human Rights, 1993, p. 3).

In Norway, human rights were constitutionalized in 2014 to underscore that human rights and their inherent values are fundamental to its rule of law (Norwegian National Human Rights Institution, 2018). Chapter E in the Norwegian constitution was then dedicated to human

rights, with a general provision in Article 92 stating how human rights must be respected and protected by government authorities, specifying its connection with and commitment to ratified UN treaties (Lovdata, 2014).

Sustainable Development

Human rights are fundamentally interwoven into the discourse on sustainable development, and the two are seen to be connected in a mutually reinforcing manner (The Danish Institute for Human Rights, 2018). The seminal work of the Brundtland Commission's *Our Common Future*, outlines how "Humanity has the ability to make development sustainable – to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987, p. 16). In 2015, the 2030 Agenda for Sustainable Development synthesized concurrent developments, creating 17 SDGs (UN, n.d.-b). Supported by all UN member states, the SDGs, accompanied by 169 sub-targets, provide a roadmap to ensure peace and environmental prosperity for both present and future generations. Rockström and Sukhdev (2016) highlight the interconnectivity of the Earth's ecosystem, society, and economy, demonstrating the integrated nature of the SDGs in Figure 1. While the SDGs were influenced by, and include tacit references to human rights principles, the goals were not established to expand upon human rights law (Winkler & Williams, 2017). Nevertheless, the promotion of human rights and human development were paramount constituents in drafting the SDGs (Fukuda-Parr et al., 2014).
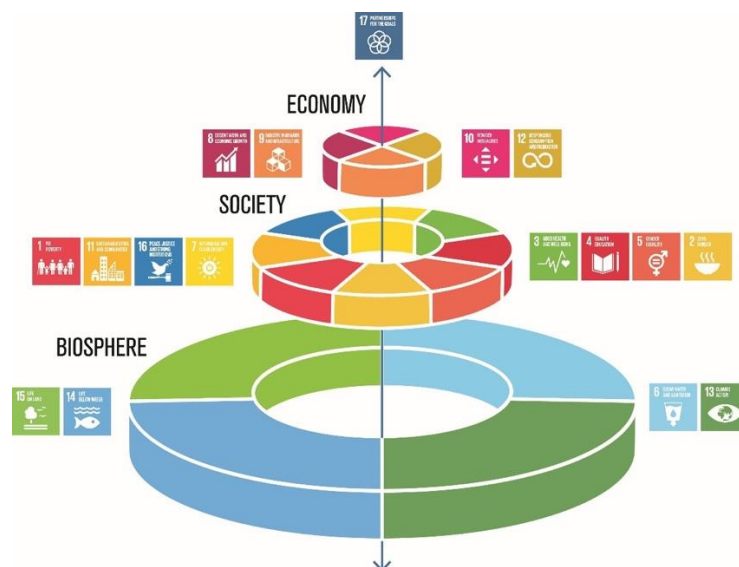

Figure 1 - The interconnectedness of the SDGs (Rockström & Sukhdev, 2016)

Corporate Human Rights Issues

Various research angles have been adopted to study adverse impacts on business operations, encompassing areas like Corporate Social Responsibility, modern slavery, and social sustainability. At their foundation, these domains converge on the human aspects of sustainability, highlighting critical concerns such as child labor, freedom from slavery and ensuring safe working conditions (Anisul Huq et al., 2014). One of the most challenging aspects of managing human rights risks arises as companies' responsibilities traverse beyond their immediate ownership and control (Gimenez & Tachizawa, 2012). Critical issues such as forced labor, child labor, human trafficking, and workplace health and safety concerns represent some of the most severe adverse impacts within supply chains (Anisul Huq et al., 2014). Furthermore, the complexity and lack of transparency in global supply chains often impede a comprehensive understanding and management of these human rights challenges (OECD, 2019).

According to the International Labour Organization (ILO) Forced Labour Convention, 1930 (No. 29), forced labour is defined as "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily" (ILO, 1930). In recent years, the prevalence of modern slavery has escalated. The ILO (2022) estimates that, as of today, 17 million individuals are subjected to privately-imposed forced labour, while an additional 4 million people endure state-imposed forced labour[2]. Child labour constitutes any form of work that deprives children of their childhood, potential, and dignity, and that is detrimental to their physical and mental well-being (ILO, 1973). Although exact data on the prevalence of other employment issues in supply chains are limited, the ILO (2017) identifies the most pressing concerns as wage levels, freedom of association, employment discrimination, workplace harassment, and occupational safety and health. The COVID-19 pandemic added further strain on workers in global supply chains. Income disruptions escalated the problem of debt bondage, leading to progressively deteriorating working conditions (ILO, 2022).

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[2] These figures contribute to the alarming global total of 50 million people experiencing conditions of modern slavery on any given day. Among these specific groups, although not directly influenced by traditional business practices, are people subject to forced marriages (22 million) and commercial sexual exploitation (6 million).

The Norwegian Transparency Act

In order to address the grave issues pertaining to human rights violations in global supply chains, the Norwegian Transparency Act (TA) was enacted in July 2022. Its purpose is to "promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services and ensure the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions" (Lovdata, 2021). Furthermore, the law serves to anchor a corporate duty to conduct Human Rights Due Diligence (HRDD) assessments in accordance with the OECD Guidelines for Multinational Enterprises, which are described in the following sub-chapter. It additionally serves as a comprehensive extension of Section 3-3 (c) of the Accounting Act, where the social responsibilities of large enterprises are stated (Lovdata, 2023). The Act directs larger companies covered by the Accounting Act, Sections 1-5, to comply. Furthermore, companies that satisfy at least two of the three following conditions must also adhere: 1) sales revenues exceeding NOK 70 million, 2) a balance sheet total surpassing NOK 35 million, or 3) having more than 50 full-time employees. The Norwegian Consumer Authority (Forbrukertilsynet) are responsible for providing guidance to enterprises on compliance, in addition to being the responsible body for control and enforcement of the legislation (Lovdata, 2021).

A fundamental provision in the TA is its reinforcement of the public's right to information. This is achieved by mandating companies to publish an annual report on their HRDD efforts. Additionally, any individual can request detailed information on how a company addresses both actual and potential adverse impacts. The provision covers not only general information but also specific information about specific products and services.

The Emergence of Human Rights Due Diligence

In an effort to address the "governance gaps created by globalization", that is, the discrepancy between the extent and consequences of economic activity to that of societies' ability to manage these adverse impacts (Ruggie, 2008, p. 189), proposed the conceptual policy framework that the TA is based on. The framework explicitly places responsibility on corporations to respect human rights, as those responsibilities had previously been governed through the liability of states (Ruggie, 2008). The framework proposed by Ruggie was unanimously endorsed by the UN Human Rights Council in 2011 under the UNGPs (OHCHR, n.d.).

In 2011, the OECD (2023) synthesized the UNGPs with the UN's Protect, Respect and Remedy Framework for Business and Human Rights and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. These Guidelines provide a framework for an enterprise's HRDD process. As illustrated in Figure 2, the OECD Guidelines for Multinational Enterprises encompasses six stages. The initial stage involves integrating responsible business practices into company policies and management structures. This is followed by a thorough impact analysis, aimed at identifying and assessing potential and actual adverse impacts within operations, supply chains and business relationships. The third step requires companies to address these impacts appropriately, which may involve stopping certain practices, preventing potential harms, or mitigating existing issues in collaboration with others. Subsequently, businesses are expected to monitor and report on these efforts, ensuring transparency with both internal and external stakeholders. The final stage emphasizes the importance of implementing effective remediation measures in cases where negative impacts have been identified. However, while the process is framed as a sequential process, successful implementation necessitates iterative and continuous work (McCorquodale & Nolan, 2021).

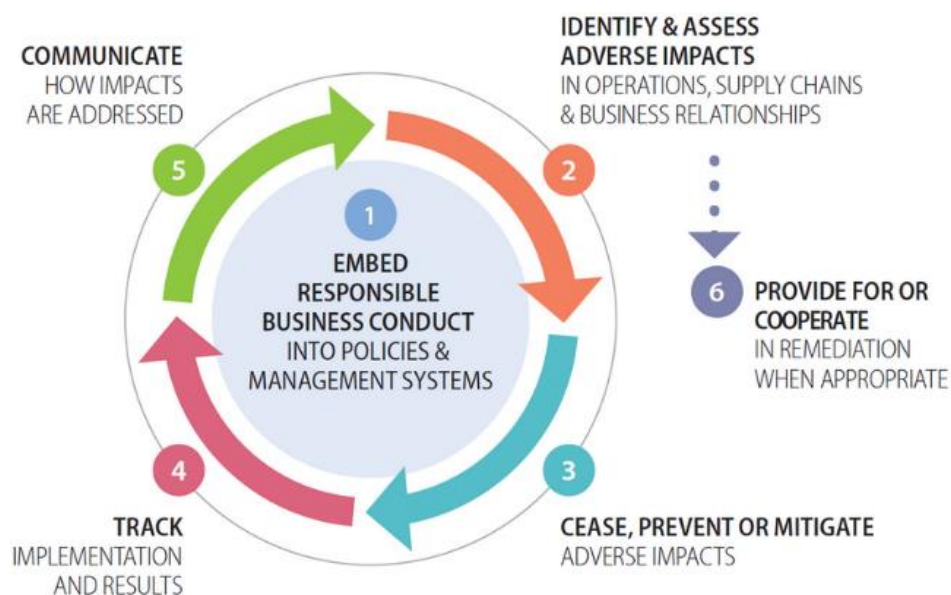*Figure 2 - OECD Guidelines for Responsible Business Conduct*

Along with the global recognition of soft law on HRDD, as seen in the UNGPs, country-specific mandatory legislation has also been introduced. Examples in addition to the Norwegian TA include the California Transparency in Supply Chains Act (2010), the UK Modern Slavery Act (2015), the French Corporate Duty of Vigilance Law (2017), the

Australian Modern Slavery Act (2018) and the German Supply Chain Due Diligence Legislation (2023) (Australian Government, 2018; Christ et al., 2019; Federal Ministry of Labour and Social Affairs, 2023). Additionally, to be recognized as sustainable under the EU Taxonomy, enterprises must satisfy four key conditions, one of which is adhering to "minimum safeguards" (European Commission, n.d. -b). According to the EU Taxonomy, Article 18, these minimum safeguards require alignment with the OECD Guidelines, the UNGPs, as well as key UN human rights conventions, such as the UDHR, and the ILO Fundamental Principles and Rights at Work (The European Parliament, 2020). Furthermore, the European Commission introduced in February 2022 a proposal for a Corporate Sustainability Due Diligence Directive (CSDDD). The directive instructs companies to embed human rights considerations within corporate governance, mandating businesses to address the impacts of both their operations and their supply chains (European Commission, 2022), thus expanding and reemphasizing the minimum safeguards as described in the EU Taxonomy. The directive is anticipated to be effective in spring 2024 (PwC, 2023).

While the various legislative frameworks overlap in some respects, they differ in scope and depth concerning which entities in the supply chain are included. Under the German legislation, companies are mandated to conduct risk assessments within their own business operations and for their direct suppliers (Krajewski et al., 2021). Similarly, the French law holds companies liable for damages where it "exercised control" over or had an "established commercial relationship" with the entity directly responsible for the harm. These examples represent a narrower concept of business relationships than what is described in the UNGPs and the OECD Guidelines (Bueno & Bright, 2020). The Danish Institute for Human Rights (2021) highlight that while there are pros and cons to the different approaches to the scope of mandatory HRDD law, there remains a risk that companies might impede their considerations of adverse impacts where formal requirements are delimited to a certain tier. Echoing the aforementioned, the UNGPs and the OECD Guidelines emphasize business' responsibilities for entities beyond the first tier in its supply chain and for those with which the company has indirect business relationships, as this is where risks of abuses may be higher (OHCHR, 2014; The Danish Institute for Human Rights, 2021). In contrast, The Norwegian TA provides legal commentary indicating that supply chains and business partners are to be interpreted in accordance with the definitions in the OECD Guidelines (Krajewski et al., 2021).

2.1.2 Human Rights Due Diligence in Practice

While socio-legal developments have led to the establishment of both soft and hard laws concerning corporate social responsibilities in relation to their direct and indirect business activities, implementing the necessary processes and policies continues to pose significant challenges in practice. As HRDD increasingly becomes mandatory across various jurisdictions, the risks of non-compliance emerge as a material corporate governance issue (Ruggie et al., 2021). Despite this, there remains significant ambiguity regarding the effectiveness of HRDD in preventing and remediating corporate human rights harms (McCorquodale & Nolan, 2021).

Management of Human Rights Due Diligence

In current discourse, there remains a debate as to how to effectively implement HRDD within organizations. This debate centers on whether HRDD should integrate into existing processes and procedures or whether specific human rights methodologies should be developed to address negative impacts. Graetz and Franks (2013) contend that integrating HRDD into social risk management systems can benefit stakeholders by leveraging the already familiar risk language among decision-makers. Yet, McCorquodale et al. (2017) caution that a dedicated human rights focus is more effective in identifying adverse impacts than generic, non-specific HRDD. Therefore, while it is advantageous to incorporate HRDD into existing systems, McCorquodale et al. (2017) argue that companies should ensure they adopt it with a specific human rights lens. Furthermore, Muchlinski (2012) warned that HRDD requirements potentially become mere "tick-box" exercises for public relations rather than integral to corporate decision-making. This is an echoed sentiment from both practitioners and human rights researchers (Smit et al., 2020). For instance, Hess (2021) describes how some companies offload responsibility to suppliers by enforcing codes of conduct but without adjusting price and delivery expectations. Collectively, these discussions underscore the first step in the OECD Guidelines, the imperative to embed human rights considerations into all business management systems and decision-making processes.

Effective HRDD processes are found to be interlinked with a company's corporate culture. Hess (2021) for instance, argues that without the alignment of goals across an organization's culture, HRDD cannot transition from a management tool to becoming meaningfully operational. This is further emphasized by Sarfaty (2015) who argues that companies need to invest in their internal culture to facilitate organizational learning on responsible supply chain

management. Moreover, McCorquodale et al. (2017) find that for HRDD to be adequate, staff at all managerial levels should be trained on human rights identification. In addition, internal management support was cited as an enabler of raising internal awareness and commitment to programs (Hofmann et al., 2018).

Furthermore, contemporary research finds that implementing HRDD in complex supply chains presents additional challenges for firms. In an exploratory study of multi-tier supply chains, Hofmann et al. (2018) find that key enablers of HRDD include external tools and support systems that foster standardized information exchange between firms. However, one of the most challenging aspects of managing adverse impacts in supply chains arises as companies' responsibilities traverse beyond their immediate ownership and control (Gimenez & Tachizawa, 2012), as is required by the Norwegian TA. On this, McCorquodale and Nolan (2021) find that many companies struggle to find their footing as to "how far is far enough" concerning the depth at which they should investigate their supply chains. This is closely related to the challenges in finding information on third parties, where information could even be withheld, or country-specific risks (McCorquodale & Nolan, 2021). Thus, another dimension of effective implementation of HRDD includes the management of, and possibilities to leverage power and trust in, the supply chain environment (Hofmann et al., 2018).

Efficacy of Corporate Human Rights Due Diligence

Beyond compliance, the efficacy and integrity of reporting mechanisms have come under scrutiny. Hess (2019) critiques various disclosure-based regulations, such as social auditing and non-financial reporting, suggesting they have not contributed to improving companies' human rights performance. One major drawback lies in the current human rights metrics used in non-financial reports. These metrics often lack validity, predominantly because they prioritize easily collected data, over more substantive evidence (Hess, 2019). Moreover, these issues lead to issues of selective, and in turn, incomparable disclosure, as well as impression management. The latter is found to both undermine the credibility of reports and impede the establishment of processes geared toward genuine organizational change (Hess, 2019).

Hofmann et al. (2018) argue that the ambiguous nature of regulations, combined with limited opportunities for guidance, presents a significant barrier to HRDD implementation. This is echoed in a study by Smit et al. (2020), which undertook a comparative analysis of business perspectives on mandatory HRDD. They discovered widespread dissatisfaction among

business stakeholders with the current legal frameworks governing HRDD, citing a lack of certainty and clarity. Furthermore, they suggest that refining upcoming regulations to establish a level playing field and setting non-negotiable standards can empower collective action to tackle systemic issues beyond the reach of individual companies. Additionally, the static supplier relationships and the complexity of supply chains convolute their HRDD work, offering them limited leverage in their human rights-based efforts.

On the other hand, the Modern Slavery and Human Rights Policy and Evidence Centre (2022) assess that the expected advantages in the long run of mandatory HRDD include levelling the playing field, enhancing legal certainty, and strengthening leverage with third-party business parties. Yet, they note that the tangible effectiveness of mandatory HRDD remains largely unproven, as many of the related hard laws are still in their early stages of implementation.

2.2 Method theory

Returning to Lukka and Vinnari's (2014) definitions, method theory is described as a "meta-level conceptual system for studying the substantive issue(s) of the domain theory at hand". Consequently, to qualitatively explore managers' understanding and implementation of HRDD, our approach incorporates theories on organizational change, Management Control Systems, and paradoxical sensemaking. The study seeks to incorporate the most relevant aspects of Management Control Systems so as to have a structured manner to describe the organizational processes and policies related to HRDD implementation. Then, paradoxical sensemaking will be utilized as a conceptual lens to view how the managers in The Company make sense and manage HRDD routines.

2.2.1 Management Control Systems

Management Control Systems provides a structural framework to assess how HRDD processes are integrated into the organization. As outlined by Malmi and Brown (2008), MCS encompass a range of tools and strategies employed by managers to ensure alignment between employees' actions and decisions with the overarching organizational goals and structures. The system consists of cultural-, cybernetic-, and administrative controls, in addition to planning and reward and compensation mechanisms.

Expanding on their framework, Crutzen et al. (2017) describe Sustainability Management Controls (SMC) as the tools and systems managers utilize to align employee behaviors and decisions with the sustainability goals of the organization. However, Crutzen et al. (2017) caution that solely relying on formal controls without the backing of informal ones can pose challenges, especially in areas resistant to quantifiable measurement or rigid formal oversight. This underscores the significance of a balanced approach, utilizing both cultural and formal management controls for effective sustainability management. By the same token, Ruggie et al. (2021) argue that the efficacy of a company's HRDD processes hinges on their governance structures, leadership, and ingrained culture. This realization steers our focus towards an in-depth exploration of the research object's cultural and administrative controls.

Administrative controls include a company's organizational- and governance structure, and its policies and procedures (Malmi & Brown, 2008). The organizational structure of a company can be seen as a control to the extent that managers have the option to change it. It describes organizational units' functional specializations, which in turn reduce the variability of behavior and increase predictability (Malmi & Brown, 2008). A firm's governance structure encompasses its formal lines of authority and accountability. It is informed by the composition of the board at the top level, its management and project teams. Furthermore, to ensure the coordination of activities both vertically and horizontally, Malmi and Brown (2008) describe how governance structures also manifest as systems to facilitate information sharing and dialogue across functions and organizational units. Lastly, they contend that the company's policies and procedures delineate the formal approaches that guide processes and behaviors within the firm.

Cultural controls are used to regulate behavior (Malmi & Brown, 2008). Among these controls are value controls, which are seen as the set of organizational definitions that senior managers communicate formally and reinforce systematically to provide basic values, purpose and direction for the organization (Malmi & Brown, 2008). Mission, vision, and purpose statements are then imposed to steer the values and direction in which organizational members are to adopt. Furthermore, symbol-based controls are created to pose visible expressions to develop a particular type of culture, such as an open office to promote communication and collaboration.

In a discussion of personnel controls, Malmi and Brown (2008) argue that training can be included in administrative controls, as organizational members are required to have knowledge

of procedures and policies. They further contend that training can be included under cultural controls, as the chosen content of the training can form a way of controlling the organizational culture. We thus include knowledge management as a subset of both administrative- and cultural controls as it informs a key part of the sensegiving processes described under *2.2.2 Paradoxical sensemaking*.

2.2.2 Paradoxical sensemaking

Sensemaking

The sensemaking process involves meaning construction and reconstruction by organizational members as they seek to understand the nature of a strategic change (Gioia & Chittipeddi, 1991). It is seen as the focal point where meanings materialize, and in turn informs and restricts identities and action (Weick et al., 2005). Weick et al. (2005) contend that explicit efforts at sensemaking often take place when there are discrepancies between the actual and expected state of the world, or when there are no clear ways to engage with it. Sensemaking is furthermore integral to dynamic and turbulent contexts whereby there is a need to create permeating and consistent intraorganizational understandings that enable collective action (Weick, 1993). The social process sensemaking entails is represented by organizational members' interpretation of their environment and the subsequent interaction with others (Maitlis, 2005). The TA, with its mandate for HRDD, exemplifies a dynamic and turbulent context for Norwegian firms, presenting changes in organizational approaches to corporate human rights risk assessments. Given the unique nature of individual firms and the absence of a one-size-fits-all method for HRDD implementation, this necessitates sensemaking to embed HRDD into management systems.

Thomas et al. (1993) divide the sensemaking process into scanning, interpretation, and responding. Scanning comprises internal and external information gathering by organizational members. External scanning regards the search in the organizations' environment for events or issues relevant to them, while internal scanning involves intraorganizational search to identify key aspects that could affect future performance (Daft & Weick, 1984). The information retained in the scanning phase is then interpreted by placing it in pre-existing structures for understanding and action (Thomas et al., 1993). Incoming information is, on an individual level, then ascribed meaningful labels. On an organizational level, top management is the main regulator of which strategic issues are prioritized and the manner in which they are labelled. Two main salient strategic issue labels emerge from Thomas et al. (1993) research

on strategic sensemaking: positive/gain – negative/loss, whether an issue could affect the organization positively or generate revenue, or opposite, and controllable – uncontrollable, whether an event is considered manageable or not. The label ascribed to a certain event is found to affect decision-making by individuals, signaling that the development of adaptive cognitive frameworks is paramount for strategic action and change (Gioia & Chittipeddi, 1991). Effective organizational action is then dependent on the scanning- and interpretation processes taking place and represented by any meaningful changes in ongoing organizational practices (Thomas et al., 1993).

Paradoxical Sensemaking

Responding to tensions organizational members face in their corporate sustainability efforts, Hahn et al. (2015) expand upon the sensemaking process to incorporate such strategic paradoxes. They introduce a set of cognitive frames that serve as selective filters, whereby certain pieces of information are utilized for the strategizing process while others are excluded. These frames enable managers to ascribe meaning to ambiguous signals that in turn guide their strategic responses (Weick, 1995, as cited in Hahn et al., 2015). The two frames, the business case frame and the paradoxical frame, are formed from contrasting views of the relationship between the economic, environmental and social dimensions of sustainability. Managers with a business case frame are inclined to focus on environmental and social aspects that align with economic goals, prompting an interpretation of sustainability issues as either positive or negative for their business. Such managers then tend to "pursue narrow, but workable responses along existing routines and solutions", referred to as a pragmatic stance (Hahn et al., 2015, p. 19). Managers with a paradoxical frame will on the other hand promote more ambivalent interpretations of sustainability issues, as they demonstrate an awareness of multiple and conflicting environmental, social, and economic aspects. A prudent stance is then often adopted by managers with the propensity to a paradoxical frame, whereby more comprehensive responses are considered. However, due to their "higher awareness of risk and tensions", paradoxical sensemakers tend to be slow and cautious in their decision-making process (Hahn et al., 2015, p. 19).

The respective frames exhibited by managers impact how they scan, interpret and act on paradoxical sustainability issues. A key feature of scanning regards the depth and breadth of the information retrieved. Hahn et al. (2015) find that managers with a business case frame tend to consider a narrow, but focused search of information on sustainability issues, and

assess its relation to the company's economic objectives. Opposite, managers with a paradoxical frame are inclined to search for information more broadly, at the expense of a lower degree of detail. Furthermore, an increase in time allotted to sustainability issues is found to foster a more detailed information search for those holding a paradoxical frame. On the other hand, the breadth of scanning will not expand as managers are limited by their cognitive capacities to process and store detailed information on a wide array of sustainability issues (Kiesler & Sproull, 1982, as cited in Hahn et al., 2015).

Hahn et al. (2015) further stipulate how managers' frames impact their perceived sense of control over, and the manner in which they assess the valence of, sustainability issues. For those with an inclination towards a business case frame, such issues tend to be seen as highly controllable. The high sense of control stems from their narrow and focused process of scanning for information, as they seek to uncover cause-and-effect relationships as they relate to financial performance (Hahn et al., 2015). Managers with a paradoxical frame are more likely to perceive a moderate sense of control due to a higher awareness of the inherent tensions between environmental, social and economic aspects of sustainability Lastly, should decision makers with a paradoxical frame be depleted of time and resources, they are seen to incur a lower sense of control, while managers with a business case frame will not be impacted (Hahn et al., 2015).

The binary nature of the business- and paradoxical frame are however not indicative of how individuals make sense of sustainability issues in real life. They represent the endpoints of a continuum, and managers' actual frames will thus lie on this spectrum and resemble the ideal types to various degrees. Furthermore, Hahn et al. (2015) find that both frames are inherently confined to their predispositions, and hence rarely push for radical change. They argue that greater cognitive diversity can form a higher degree of understanding in managers' paradoxical sensemaking processes.

Sensegiving

Sensegiving involves influencing the meaning construction of others toward what they see as a preferred redefinition of organizational reality (Gioia & Chittipeddi, 1991). Integral to sensegiving processes for managers are issue-selling and knowledge management (Meidell & Kaarbøe, 2017). In preliminary conversations with the CSO, they described utilizing issue-selling and knowledge management strategies for impacting the sensemaking of managers both horizontally and vertically in the organization.

Issue-selling involves affecting other organizational members' attention and understanding of events, trends and developments that have an impact on organizational performance (Dutton et al., 2001). Dutton et al. (2001) describe how issue sellers are found to utilize various interactive moves to influence top-level decision makers' attention. Firstly, packaging moves regard how issues are presented and how the issue is connected with other issues or business goals. Second, the tactics used to involve others to various degrees, whether inside the organization at different hierarchical levels, or other players outside the organization, are called involvement moves. Lastly, process moves describe the procedural methodologies of the issue seller, that is, the use of formal organizational processes and written communication, persistence and preparation, and the timing of the involvement moves. Dutton et al. (2001) find that the success of an issue seller is contingent on their relational, normative, and strategic contextual knowledge, which in turn allows them to employ a variety of appropriate issue-selling moves.

The second framework included for the sensegiver's work to influence managers' sensemaking is knowledge management. Knowledge management, which as mentioned is both connected with administrative and cultural controls, relates to the process in which information is transferred, translated, or transformed, depending on the complexity of the organizational boundary transcended (Carlile, 2004). Carlile (2004) describes how the level of complexity is connected to the relative differences in the degree and methods of knowledge accumulation- and interdependence between organizational units, and the novelty of the issue sought to be communicated. Here, Carlile describes novelty as the "participatory and relational nature" of the dialogue processes organizational members should undertake in order to share and evaluate information in situations with scant common understandings. Furthermore, as novelty increases, it necessitates increased endeavor in the sharing and assessment processes (Carlile, 2004).

Thus, where a common language for processing the issue is mutually established between interdependent organizational units, the primary focus of knowledge management is to transfer knowledge between the units. However, when heightened novelty incurs differences in interpretation of the issue at hand, or makes intraorganizational dependencies ambiguous, there is a need to translate information. This involves recognizing the divergent interpretations between the domains that generate said differences, and sensegivers will in turn emphasize processes to create shared meanings (Dougherty, 1992, as cited in Carlile, 2004). Lastly, in an event where novelty results in discord amongst actors, a political boundary arises. As the

knowledge generated in one unit induces negative consequences for another, the differences generate costs to the organizational members involved as they must acquire new knowledge. In this scenario, the common knowledge and the units' domain-specific knowledge of an issue need to be transformed to effectively share and assess knowledge at the boundary, presenting an additional organizational cost (Carlile, 2004). These aggregated costs consequently impede the willingness of certain actors to make such changes. Carlile (2004) argues that the sensegiver must then learn about the consequences for the negatively impacted actors, and present both current and more novel forms of knowledge in a transformed, domain-appropriate manner. This requires considerable political and practical efforts to create common intraorganizational interests (Carlile, 2004).

Connected with implementing HRDD in a corporate setting, the sensegiver is facing a so-called "resonance dilemma" in making decisions related to issue-selling and knowledge management (McVey et al., 2023). As the sensegiver employs strategies of a business case framed nature to make human rights legislation more palatable and understandable to managers, they might alter its form and content (McVey et al., 2023). An example of this might be to link adverse human rights impacts to an economic cost, illustrating the "business case" for human rights described by Bağlayan (2018, as cited in McVey et al., 2023). However, this approach carries a risk of shifting the focus of a firm's HRDD practices. Instead of concentrating on external risks to rightsholders, it might turn inwards, emphasizing risks to the firm itself. While not problematic in itself, as aligning human rights with economic interests can foster initial acceptance and integration within firms, this shift could potentially diminish the transformative potential of these practices (McVey et al., 2023). On the other hand, while more paradoxically inclined frames in HRDD implementation can render more radical outcomes, they are less likely to be accepted by the corporation. Thus, for HRDD to be endorsed in corporate contexts, they must resonate with existing norms (McVey et al., 2023).

As a result of this discussion, the following theoretical framework emerges as seen in Figure 3. Sensemaking on HRDD are ongoing processes for managers both at an individual level and in tandem with the CSO's sensegiving work. Sensegiving has occurred for some managers prior to the enactment of the TA, as certain divisions have seen demands for responsible operations from their business partners. In addition, the signaling of the TA induced awareness and consideration of corporate human rights issues to various degrees in managers. Furthermore, managers receive cues from their external environment that in turn shape their

sensemaking processes. While sensegiving processes are transpiring on individual levels, the CSO is also seeking to affect their processes through their knowledge management and issue-selling strategies. It is important to note that the CSO's efforts in issue-selling are directed not only to top-level group management but also to top-level division managers, as acceptance at both levels is crucial for implementation within their respective divisions. Eventually, as the managers collectively decide which processes and procedures should be in place for HRDD, paradoxical and prudent responses emerge, forming the organizational response to the TA.
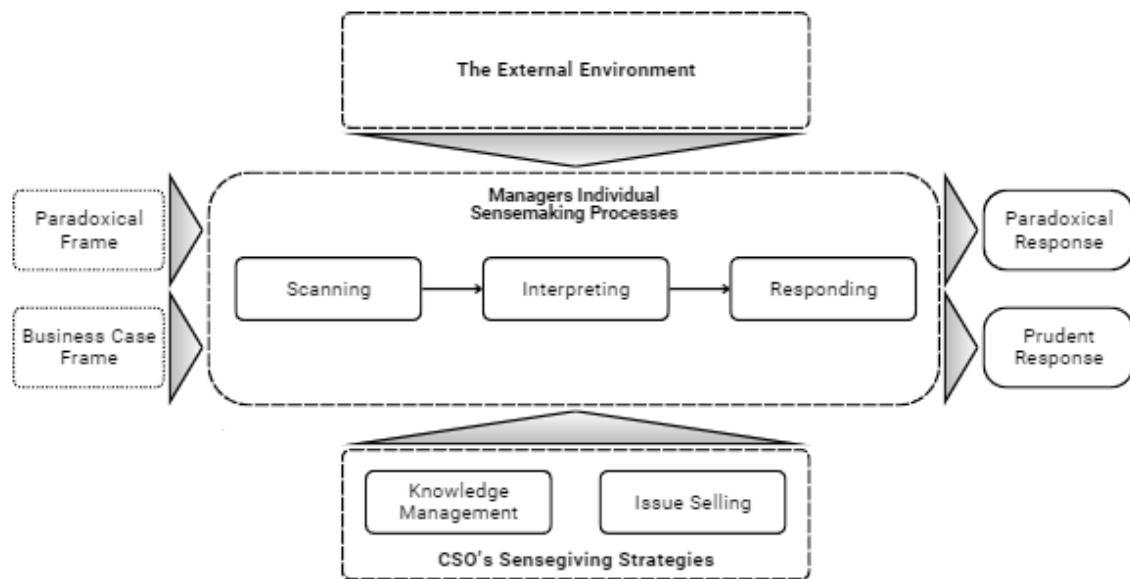

Figure 3 - Paradoxical Sensemaking of HRDD

3. Research Methodology

The purpose of this chapter is to present our methodological choices for answering the study's main research question: *"How does a Norwegian enterprise navigate the practical and paradoxical challenges of implementing Human Rights Due Diligence routines as mandated under the Transparency Act?"* The chapter is divided into seven subchapters, starting with a presentation of the research philosophy. Following this we explain the research design choices before moving on to the methods for data collection and data analysis. In the closing chapters, we evaluate the quality of the chosen research methodology and discuss the study's ethical considerations.

3.1 Research Philosophy

The various assumptions that form the basis of a research philosophy can be distinguished between through the lens of the objectivism-subjectivism continuum (Saunders et al., 2019). Objectivism asserts that reality exists independently of human perceptions and beliefs, while subjectivism contends that our understanding of reality is shaped by individual perceptions and actions of people (Saunders et al., 2019). In this study, we adopt the pragmatic research philosophy, which seeks to reconcile objectivist and subjectivist views (Lukka & Modell, 2010). Saunders et al. (2019, p. 151) argue that this is done by not considering ideas, concepts, theories, and research findings abstractly, but rather in the context of their roles as "instruments of thought and action, and in terms of their practical consequences in specific contexts".

As we set out to study how a firm implements HRDD processes in practice, the philosophy of pragmatism lends itself well to the assumptions that underpin our research. Lukka and Modell (2010, p. 466) argue that knowledge and theories only receive their meanings when applied "by people in their everyday life contexts", which underscores that the value of knowledge is determined by its practical application. Epistemologically, this points to knowledge being validated by its usefulness, not just its abstract truth. Ontologically, this description of pragmatism acknowledges multiple 'realities' based on individuals' experiences. This notion of pragmatism is especially relevant for our organizational study, as it supports the use of deep, contextual insights—or emic understandings—gained from stakeholders (Lukka & Modell, 2010). Through interviews, we will capture these emic perspectives, allowing us to bridge

theory with the nuanced, practical experiences of those involved with HRDD, thereby contributing to the body of knowledge in this domain.

Saunders et al. (2019) argue that a practical implication of the pragmatic research philosophy is that the research question becomes the strongest determinant for the research design and strategy. The authors highlight the pragmatist's openness to employing a diverse set of methods within one study, provided they contribute to the collection of "well-founded, reliable and relevant data" for advancing the research (Kelemen and Rumens, 2008, as cited in Saunders et al., 2019). Such a perspective grants researchers the freedom to select the research methods and strategies that best serve their specific research purpose. We will outline these methodological choices, which are tailored to our research questions, in the upcoming subchapters, beginning with the discussion of our research approach.

3.2 Research Approach

The choice of research approach significantly shapes the research design (Rashid et al., 2019), making it important to describe the approach we employ to analyze the gathered data. In our research, we employ the abductive approach, which effectively combines elements of both induction and deduction[3] by repeatedly moving back and forth between theory and data (Ackroyd, 2004; Tsoukas, 1989, as cited in Lukka & Modell, 2010). In actual research practice, abduction is a continuous process in which researchers remain open to alternative explanations and dismiss those seen as less plausible, whilst navigating between empirical data and theory (Lukka & Modell, 2010). As argued by Saunders et al. (2019), this approach enables the creation of theoretically grounded explanations for novel, and often surprising, empirical findings.

Lukka and Modell (2010, p. 467) emphasize the gravitation towards abduction for pragmatist researchers, with the former noting that "an important means of developing explanations in line with this pragmatist position is the process of abduction". Saunders et al. (2019) further highlight abduction's utility for researching a topic that is well-researched in one context but

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[3] The three common types of approaches are inductive, deductive, and abductive (Saunders et al., 2019). Inductive reasoning is concerned with building theory though observation of data in the empirical world, with generalization from the specific to the general (Rashid et al., 2019). The deductive approach on the other hand, is concerned with theory falsification or verification, whereby data is collected to evaluate hypotheses related to an existing theory (Saunders et al., 2019).

less so in another, which enables refining existing theories. This harmonizes with our chosen research field of HRDD. While ample research has addressed managerial responses to ecological concerns, there is a notable gap in examining social sustainability (Bebbington & Thomson, 2013). Furthermore, while interdisciplinary research on HRDD is growing, the UNGPs have been largely studied through a juridical lens (Deva et al., 2019). Finally, management focused research on mandatory HRDD in other legislatures such as Australia and the UK is increasing (Christ et al., 2019; Hofmann et al., 2018), but the recent introduction of the TA has introduced an emerging field for academic study specific to the Norwegian context.

In practice, we began our research by reviewing the prevailing literature on BHR, synthesizing insights from scholars and business professionals about HRDD implementation. This literature review enabled us to discern potential patterns in HRDD practices, guiding our interview design. During the collection of interview data, alternative explanations for answering our overarching research question materialized, necessitating us to revisit relevant theories for understanding the subject matter. As the data gathering took place at different stages of the research period, this process of oscillating between theory and data affirmed our adherence to the abductive approach.

3.3 Research Design

3.3.1 Methodological Choice

We have determined qualitative research as the suitable methodological choice for answering our research questions. This methodology enables the researcher to obtain in-depth and detailed information about the phenomena being studied, deriving meaning from words and images rather than numbers (Johannessen et al., 2020; Saunders et al., 2019). The choice of qualitative research methodology thus supports our examination of how firms implement HRDD in practice, as it allows us to derive novel insights from this relatively unexplored phenomenon. This harmonizes with the view of scholars such as Johannessen et al. (2020), deeming qualitative research as particularly useful for examining phenomena that are less explored in extant research. Considering that qualitative methodology centers on exploring "participants' meanings and the relationship between them" (Saunders et al., 2019, p. 179), we interview managers in key roles related to HRDD to understand the practical and paradoxical challenges in its implementation.

3.3.2 Purpose of the Study

Consistent with our intent of examining a firm's HRDD implementation, our research project has been designed to fulfil an exploratory purpose (Yin, 2014). Saunders et al. (2019) assert that exploratory research serves as a valuable method for posing open-ended questions and uncovering insights about a topic of interest. This approach offers the advantage of flexibility and adaptability, contingent upon the researcher's willingness to embrace changing directions as new data and insights emerge. Reflecting this flexibility, exploratory studies are characterized as typically beginning with a broad scope which becomes more focused as the research progresses (Saunders et al., 2019). In this master thesis, our initial broad interest in corporate human rights considerations led us through a comprehensive theory and literature review. As we alternated between the literature review and data collection, our focus was refined, concentrating on managers' sensemaking and implementation of HRDD routines.

3.3.3 Research Strategy

The research strategy is the researchers' specific plan for how to answer the research question (Saunders et al., 2019). For this project, we adopted the case study research design. As outlined in the preceding chapters, our methodological choices are inherently interrelated, and driven by the nature of our research questions. This also holds true for our choice of research design; qualitative studies frequently employ the case study methodology, and it is a common design for exploratory studies (Saunders et al., 2019). Case studies are characterized as "an in-depth inquiry into a topic or phenomenon within its real-life setting" (Yin 2018, cited in Saunders et al., 2019, p. 196). This emphasizes the importance of understanding the context of the phenomena being studied (Yin, 2014). Studying how managers make sense of and manage HRDD goes beyond merely examining the process itself; due to its novel nature, it likely intersects with, and potentially alters, a firm's pre-existing resources, processes, and routines. Given this intricacy, discerning the boundaries between HRDD and its broader organizational context becomes a nuanced task. Dubois and Gadde, 2002, as cited in, Saunders et al. (2019), make the argument that phenomena with such indistinct boundaries are best understood through in-depth case studies. This research strategy allows us as researchers to examine the complex contemporary phenomena of HRDD in-depth, conceivably leading to the development of theory and rich empirical descriptions (Saunders et al., 2019).

An important aspect of designing a case study is to identify the nature of the case and establish its boundaries for units of analysis (Saunders et al., 2019). Yin (2014) makes a primary distinction between single- and multi-case studies, where the former centers around one specific case as opposed to the study of multiple distinct cases in the latter. We purposefully chose the single-case design for our study to explore the largely unexamined domain of HRDD implementation. Moreover, as much of the extant research on HRDD implementation has been multi-case studies (Hofmann et al., 2018; McCorquodale et al., 2017; McVey et al., 2023; Smit et al., 2020), our choice of conducting a single-case study can allow for a more in-depth analysis of a company in the Norwegian context. The latter is of particular interest as we wish to investigate managers' sensemaking on HRDD and the internal processes by which HRDD is implemented. In line with Saunders et al. (2019), the purposive selection of a single case is furthermore appropriate for the study of such novel phenomena.

3.3.4 Research Object

The chosen research object for the study is a Norwegian enterprise covered by the newly introduced TA. Due to competitive and business-specific considerations, the research object will be referred to as "The Company" to maintain anonymity. The Company is structured as a group and is composed of six autonomous divisional companies operating in various industries with complex and large supply chains. Under the TA, compliance is assessed based on the collective sales revenue, balance sheet total, and the number of employees of both the group and its divisions. Together, The Company surpass the law's thresholds, making the entire entity subject to compliance. When referencing The Company hereafter, we refer to the group in its entirety, unless specified otherwise. To ensure the confidentiality of The Company, we will abstain from delving deeper into its specific business segments.

We selected The Company as our research object using purposive sampling, a method focusing on the theoretical and analytical relevance of cases (Johannessen et al., 2020). The Company's recent efforts to adapt and introduce HRDD processes in response to the TA mirror the efforts of many Norwegian businesses (Halsaa, 2023). In the face of the complexities introduced by this new legislation, numerous firms are actively enhancing their HRDD practices (Smit et al., 2020). This positions The Company as a 'typical case' in HRDD implementation, which, according to Johannessen et al. (2020), can contribute to valuable insights for future research in this domain.

Furthermore, recent research by Raa and Rongve (2022) indicates that mid-sized companies, like The Company within the Norwegian context, face more challenges than larger enterprises in embedding HRDD into their Management Control Systems. This situates The Company as a particularly relevant subject for study.

Another compelling factor in our choice of The Company as our research subject was the straightforward access we obtained. The Company readily agreed to participate and allowed us to explore the intricacies of HRDD implementation within their organization. Additionally, their group structure proved advantageous, providing us with unique access to directors representing diverse industries. This access provided a multifaceted perspective on HRDD implementation challenges and strategies while streamlining the process of obtaining the necessary access and permissions for our research.

Our contact with The Company was facilitated by a representative from an NGO affiliated with a corporate human rights-related initiative to which The Company belongs. The representative relayed that The Company was in the initial stages of HRDD implementation, actively striving to meet the requirements of the TA. Recognizing that their situation epitomized the kind of HRDD scenario we were looking to explore, we requested the representative's assistance in establishing a connection. They graciously agreed and introduced us to The Company's Chief Sustainability Officer[4] (CSO). Following a detailed discussion of our study's scope and objectives, the CSO obtained the necessary endorsement from The Company's leadership of participation in our research.

3.4 Data Collection

For our case study, we supplement our primary data, derived from semi-structured interviews, with secondary data sourced from an analysis of both internal and public documents relating to the research object. Drawing on a combination of primary and secondary data, we enrich our understanding of the subject matter, strengthening the ability to address our research

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[4] This is not the exact title of the individual in question. Their area of responsibility overlaps with those of a CSO, but for the purpose of this paper we use the generic title of CSO to limit the possibility of the research object and the individual being recognized.

question. The following subchapters detail our collection process for primary and secondary data.

3.4.1 Primary Data

The choice of method for data collection depends on the research questions and the purpose of the study, as highlighted by Saunders et al. (2019). Given the novelty of mandatory HRDD requirements and limited literature on its implementation in Norway, our purpose has been to explore managers' understanding and implementation of HRDD routines. As Yin (2014, p. 110) asserts that interviews are "one of the most important sources of case study evidence", we primarily use this method to collect data on both explanations and personal views. Johannessen et al. (2020) further harmonize the purpose of our study with that of the qualitative interview; describing it as understanding or describing a phenomenon through rich and detailed descriptions of the informants' perceptions, experiences, and reflections.

For our exploratory study, we opted for semi-structured interviews, as recommended by Johannessen et al. (2020), which strike a balance between structured questions and the flexibility to explore unexpected insights. This approach resembles a "guided conversation" (Yin, 2014), allowing interviewees to freely express themselves. Saunders et al. (2019) suggest that this method can elicit deeper reflections and insights not previously expressed by interviewees, complementing the exploratory nature of our study.

Preparation

In preparing for the semi-structured interviews, we examined the research object's available resources, including annual reports and organizational charts, to understand its context and interviewees' roles. We also reviewed relevant domain and method theories to enhance our understanding of the research topic. This preparation allowed us to gauge the relevance of responses and probe interviewees for further details on specific perspectives when necessary.

To maintain interview consistency, we crafted interview guides aligned with our research questions (Saunders et al., 2019). We designed two guides: one for the CSO, integral to facilitating for implementation and sensegiving of HRDD, and another for the managers, emphasizing their sensemaking processes (see Appendix 1). These guides served as flexible outlines, and not rigid questionnaires, as advocated by Johannessen et al. (2020). Each guide included primary topics and overarching questions, supplemented with specific questions to address details that the interviewee might not cover organically (Johannessen et al., 2020).

The interview guides began with introductory questions to build trust and followed a 'broad to specific' thematic structure, encouraging interviewees to freely share insights. We ensured clarity by providing definitions for any jargon to facilitate mutual understanding.

To enhance the research project's credibility and allow interviewees to prepare and reflect on discussion topics, we provided them with a summary of the themes in advance. Additionally, we shared our information letter and consent form to ensure interviewees were well-informed about their rights as research participants and the handling of their data (see Appendix 2).

Sampling of Interviewees

We conducted nine interviews from October to November 2023, each lasting approximately 35 to 50 minutes, with the CSO's session being longer. In line with the qualitative research approach outlined by Johannessen et al. (2020), our sample size was smaller but focused on gaining deeper insights, as opposed to quantitative research which aims for broader statistical representations. Consistent with this methodology, we adopted non-probability purposive sampling of interviewees, which involves subjective judgment in the selection of informants based on their relevance to the research topic (Saunders et al., 2019).

The Company's CSO, as our main point of contact, assisted in identifying and scheduling sessions with other key personnel integral to HRDD processes. This enabled us to employ purposive sampling effectively, selecting interviewees whose roles and responsibilities offered valuable perspectives on our research questions. We interviewed candidates from The Company's top management, due to their central role in the HRDD implementation process. Additionally, we interviewed division managers and division sustainability managers, identified by the CSO as having unique insights into the operationalization of HRDD measures at various management levels. An overview of the interviews is presented in Table 1, with additional information stated in Appendix 3.

Table 1 - Overview of Interview Candidates[5]

ORDER OF INTERVIEWS	CODE	AREA OF RESPONSIBILITY	ORGANIZATIONAL LEVEL
#1	CSO	Chief of Sustainability and Supply Chain	Group
#2	CIO	Chief of Investments	Group
#3	CEO	Chief Executive Officer	Group
#4	CFO	Chief Financial Officer	Group
#5	SM1	Sustainability Manager	Division 1
#6	DD2	Divisional Director	Division 2
#7	DD3	Divisional Director	Division 3
#8	SM4	Sustainability Manager	Division 4
#9	SM2	Sustainability Manager	Division 2

Conducting the Interviews

Of the nine interviews conducted, we held five in person at The Company's premises and four digitally via Zoom. All sessions were recorded to ensure the accuracy and completeness of the information, also enabling us to engage in dialogue without the distraction of notetaking. Interviewees were informed about and consented to the recording by signing the study's consent form. To encourage open and candid responses, all interviewees and their answers have been anonymized, ensuring – to the best of our ability – that they could speak without fear of identification. In subsequent chapters, interviewees are thus referenced using specific codes, as detailed in Table 1. The recordings were transcribed promptly after each interview, laying the groundwork for the data analysis phase.

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[5] In the coding system for interviewees, the numbers correspond to the division number indicated in the column "Organizational Level". The sequence in which the divisions are listed reflects the chronological order of the interviews conducted.

3.4.2 Secondary Data

Supplementary to the primary data collected through interviews, we examined various secondary sources to enhance our understanding of The Company and its HRDD processes. These included publicly available annual and sustainability reports, as well as internal presentations and materials about HRDD routines shared by interviewees. These documents not only informed our interview preparations but also served to corroborate and expand upon the insights provided by our interviewees, enriching our comprehension of The Company's structure and routines and enhancing the reliability of our conclusions through triangulation techniques (Saunders et al., 2019). See Appendix 4 for a list of the secondary data analyzed.

3.5 Data Analysis

For analyzing the interview data, we conducted a Thematic Analysis, which involves coding the data to identify persistent themes or patterns that occur across the data set, to aid in the further analysis (Saunders et al., 2019). It is described as both a flexible and systematic approach to analyzing qualitative data, in the sense that it is not tied to any particular research philosophy, and it "provides an orderly and logical way to analyze qualitative data" (Saunders et al., 2019, p. 651). Thematic Analysis generally follows a four-step process, where the researcher must (1) familiarize themselves with the data, (2) code the data, (3) look for themes and recognize relationships within the data, before finally (4) refining themes and testing alternative propositions (Saunders et al., 2019).

To familiarize ourselves with the data, we read through all the transcribed audio recordings of the interviews, while taking notes on any noteworthy observations. This step took place over several weeks, concurrent with the interview process, allowing us to revisit transcriptions to enhance our familiarity with its content.

In the coding step of data analysis, specific segments of the transcript are labeled with codes that encapsulate their essence. These codes, typically short words or phrases, help to sort and group related pieces of data, allowing for a clearer analysis of similar information (Johannessen et al., 2020). The way in which the researcher develops the codes will wary based on the chosen research methodology. In abductive research, the selected theories typically help to generate a preliminary set of codes, and the research questions guide the selection of data for coding (Saunders et al., 2019). We formed a set of codes based on our

chosen method theory of sensegiving and paradoxical sensemaking (Carlile, 2004; Dutton et al., 2001; Hahn et al., 2015), to highlight the occurrence (or non-occurrence) of these phenomena in the interview data (Saunders et al., 2019). We also formed codes based on the Malmi & Brown framework of Management Control Systems (Malmi & Brown, 2008), specifically for administrative and cultural controls, as these are recognized by Ruggie et al. (2021) as integral to implementing HRDD routines. Upon establishing these theoretical codes, we grouped the interview data accordingly, considering both the content's alignment with the established codes and their relevance. Furthermore, we remained open to instances where the data did not conform to these initial codes, which required us to formulate new, data-driven codes – referred to as 'in vivo' codes – reflective of the verbatim language employed by the interviewees, thereby ensuring that emergent themes pertinent to the analysis were adequately represented (Saunders et al., 2019).

Following the coding of data, the next step was consolidating the codes into meaningful themes. By scrutinizing how the codes might fit together to further our analysis, we identified patterns and relationships, incorporating these codes into a short list of themes that resonated with our research questions (Saunders et al., 2019). The thematization of the data was fundamental in streamlining the analysis and enhancing our understanding of the findings. As the analysis evolved, we refined some themes to embody the deeper insights yielded by re-reading and reorganizing the data.

While the interviews were conducted in Norwegian, the quotes presented in the empirical findings have been translated. During the translation process, our primary focus was on maintaining the essence and intent of the original statements, ensuring that the content was preserved without the introduction of any interpretive meanings. The Thematic Analysis was conducted using the transcripts in Norwegian.

Drawing on the methodological guidance by Corley and Gioia (2004), we have divided the findings from the data analysis into two sections. The first section, Chapter 4.1, contains the first-order analysis, where we present the data as close to the interviewees' words as possible. We have arranged the information thematically to correspond with the research questions, but we do not provide our own interpretations at this stage. In this way, the quotes are allowed to stand on their own to ensure clarity of the interviewees' perspectives. In the second section, Chapter 5, we progress to the second-order analysis. Here, we present the broader themes from the Thematic Analysis and apply relevant theories to interpret them. This part of the analysis

involves interpretation, as we also compare our data with existing research to provide context and depth to our findings.

3.6 Evaluation of Chosen Methodology

The pursuit of validity in traditional research paradigms has centered on attaining precise and accurate representations of the world, as noted by Lukka and Modell (2010). In the realm of social sciences, however, the traditional measures of validity have encountered considerable scrutiny, particularly within qualitative research, leading to what some have referred to as a 'crisis of validity' (e.g. Gergen & Gergen, 2000; Lather, 1993, as cited in Lukka & Modell, 2010). As highlighted by Saunders et al. (2019, p. 216), the conventional criteria for evaluating methodological quality are rooted in positivistic assumptions, rendering them, as the researchers argue, "technically inappropriate in relation to qualitative research based on interpretive assumptions". Considering these evolving perspectives, we turn to alternative evaluative criteria proposed by Lukka and Modell (2010), such as 'authenticity' and 'plausibility'; focusing on the accurate portrayal of participant experiences and the logical integrity of research conclusions

3.6.1 Authenticity and Plausibility

Golden-Biddle and Locke (1993) align authenticity with the capacity to present a narrative of field experiences that convincingly communicates the researcher's genuine interaction with the study field. This requires the preservation of emic qualities within the research accounts, thereby embracing the richness of participants' experiences to faithfully render their perspectives. In tandem with authenticity, Lukka and Modell (2010) address the concept of plausibility, as it pertains to the soundness and credibility of the explanations formulated and the degree to which these are deemed sensible and likely by an informed audience. They suggest that the robustness of plausibility is bolstered by abductive reasoning, which entails the iterative synthesis of empirical findings with well-substantiated theories to advance "thick" explanations (Lukka & Modell, 2010).

To persuade the reader of the authenticity of our empirical findings in the field, we have presented a comprehensive and emic account of interviewees' experiences with sensemaking of HRDD policies and regulations. Aiming for clarity and methodological rigor in the presentation of findings, we consciously chose not to integrate the emic accounts of

interviewees with our theoretically informed etic interpretations of the findings. Instead, following the approach recommended by Corley and Gioia (2004), these two accounts are separated into first-order and second-order analyses. The first-order analysis, as presented in Chapter 4, seeks to represent the emic perspectives in a way that remains faithful to the interviewees' own voices, while deliberately avoiding the addition of our own interpretations. To further enhance authenticity, we incorporated a diverse selection of quotes from a variety of interviewees, encompassing multiple viewpoints to accurately represent the range of experiences, even when they were not aligned.

Lukka and Modell (2010) highlight the interrelatedness of authenticity with plausibility. The described measures we have taken to enhance authenticity allow for the development of rich, "thick" explanations. In turn, this enables readers to evaluate the plausibility of the etic interpretations and theoretical development presented in the second-order analysis in Chapter 5. Similar to Covaleski & Dirsmith (1986, as cited in Lukka & Modell, 2010) our research adopts an abductive approach, oscillating between empirical discoveries and existing theoretical frameworks, culminating in explanations that are both comprehensive and contextually nuanced. Golden-Biddle and Locke (1993) emphasize that the plausibility of research is linked to its resonance with the reader, predicated on creating a balance between novelty and familiarity. The research should bridge the gap between the reader's existing knowledge and the new insights offered by the study (Golden-Biddle & Locke, 1993). Our focus on the relatively uncharted terrain of sensemaking in HRDD implementation establishes this critical distance, while also providing the necessary bridges through detailed emic descriptions and the subsequent, theory-informed etic discussion.

3.7 Ethical Considerations

Upholding high ethical standards is a critical aspect of responsible research conduct (Yin, 2014), and researchers must be vigilant as ethical concerns may arise at any stage of the research process (Saunders et al., 2019). In the following paragraphs, we will outline the measures taken to address ethical concerns throughout our research project.

Obtaining formal approval from the Norwegian Centre for Research Data (NSD, currently known as Sikt) is a requirement for all research projects that process personal information (NHH, n.d.). As our research project would collect some personal information relating to the interviewees, we submitted the required Notification Form and a Data Management Plan prior

to starting the data collection process. NSD promptly granted our project approval, confirming that our research plan would protect the privacy of interviewees in line with current legislation.

Upholding the ethical principle of protecting human research participants, as underlined by Yin (2014), we secured informed consent from all interviewees. This ensured that participants were made aware of their rights and the implications of the research before engaging, as recommended by Saunders et al. (2019). To this end, our email outreach to potential interviewees included an outline of our research aims and methods, accompanied by an NSD-compliant consent form (see Appendix 2). This form clearly defined the study's objectives, assured the voluntary basis of participation, detailed the procedures involved, and explained the management and use of any recorded data. All interviewees returned signed consent forms confirming their agreement to participate.

At the start of each interview, we also took care to repeat the consent form's details and obtain express permission to record audio. Afterwards, interview transcripts were sent to interviewees, offering them the chance to verify the accuracy of their statements, thereby ensuring the rigor and transparency of the data (Saunders et al., 2019). In an effort to mitigate research bias and maintain objectivity, as suggested by Yin (2014), we ensured the inclusion of diverse viewpoints and refrained from excluding any conflicting evidence.

Ensuring data confidentiality and participant anonymity is a crucial ethical consideration, as emphasized by (Saunders et al., 2019).To maintain anonymity, we have assigned codes to both the research object and interviewees. Although our research does not necessitate the disclosure of identifying information, we have selectively incorporated interviewees' titles or relevant areas of responsibility when pertinent to enriching our analysis and understanding of perceptions on and implementation of HRDD across organizational tiers. Recognizing the potential identification risks associated with these details, we have addressed these concerns through transparent communication and informed consent.

4. Empirical Findings

This chapter presents the first-order analysis of the empirical findings of the study. In Chapter 4.1 we will answer research question 1: "*What routines has The Company developed for HRDD compliance under the TA, and what are managers' perceptions of the key drivers and challenges encountered during the implementation?"* Chapter 4.2 is dedicated to presenting the empirical evidence that relates to our second research question, forming the foundation for the discussion in Chapter 5.

4.1 Human Rights Due Diligence Routines & Managers' Perceptions of Drivers and Challenges

4.1.1 Processes and Policies

Developing Routines

The Company initiated its work on preparing for HRDD under the TA in January 2022. At this time, the CEO approached the CSO asking, "The Transparency Act and due diligence assessments, how do we approach that?". The CSO describes knowing of the TA and the OECD Guidelines for HRDD at this point, partially thanks to a Business and Human Rights course they[6] had completed, but the CEO's question prompted the CSO to action. Some years earlier, following a new Group strategy, the CSO had been designated the responsibility for sustainability issues, widening their areas of responsibility. Up until that point, their main strategic responsibility had been the purchasing process. The task of preparing for compliance with the TA was thus seen as falling under the CSO's responsibility, and they described the starting point of the work in this manner:

> So, I asked to initiate a project, and ran a project with the sustainability managers in each division, and me. The mandate and aim of that project was to anchor a "rig" for the strategy we needed to deal with the Transparency Act and due diligence assessments.

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[6] Out of confidentiality considerations, no gender-specific pronouns are used in reference to the interviewees. We instead use the gender-neutral pronoun "they".

The result of the preparatory project was an HRDD strategy, a set of routines, and guiding documents for ensuring that The Company would be compliant with the TA's requirements. The results were presented by the CSO to the Group Board of Directors in June of 2022, whereby the new routines were approved to apply to all divisional companies. Ahead of the TA's enactment in July 2022, The Company thus had board approval of how they would approach the requirements of the TA and its HRDD assessments.

A key element of the adopted strategy involved mandating the management groups of divisional companies to conduct annual HRDD workshops. The goal was to use intra-divisional discussions as a practical method to collect as much relevant information as possible, aiding in the thorough assessment of potential risk factors in the respective supply chains. Additionally, the CSO framed these workshops as a step towards embedding the HRDD mindset and routines within the divisional companies' management teams. However, after the first annual workshops, the CSO expressed reservations about whether they had taken on their intended format:

> … some management groups did it [workshops], but it was constantly pushed back in time, so it also took place later than I had thought. And then there are some management groups that only did it partially, with the sustainability manager and one or two other managers that, along with me, looked at risks and the supplier list.

Reflecting on how, in some instances, the execution of HRDD workshops strayed from the intended collaborative format, the CSO worried this shortcut might reduce the due diligence's thoroughness and effectiveness:

> Particularly the discussion within management groups is where I think we missed, compared to what I wanted to achieve … you could say it [HRDD] is anchored in the management team, but I believe we have not had enough discussion, and that the quality of the due diligence assessments, therefore, perhaps is not as good as it should be.

The CEO expressed more content with the process of implementing HRDD routines for the organization, describing that the CSO had "created a framework and anchored it in our [Group] management team". This framework was rolled out across divisional companies, ensuring that each board was equipped with the necessary procedures and documents to take ownership of

the HRDD process. Regarding the governance of HRDD, the responsibility of oversight was deliberately placed with the Board of the individual companies, and not on the Group level, to "shift responsibility down to those who are closest to the situation." The Group CIO echoed the sentiment of how the CSO has worked to implement a company policy for adhering to the TA:

> [the CSO] created the overall frameworks, governing documents, and expectations for our divisions. And the CSO has put this on the agenda of our boards and our owners. And then the responsibility for actual implementation and [risk] identification has been shifted down to the divisions.

In the following sub-chapter, we will outline the specific routines The Company has prepared for ensuring oversight and compliance with the TA.

Human Rights Due Diligence Routines and Supporting Documents

The operational routines for adherence to the TA encompass ensuring supplier compliance and collaboration on HRDD, conducting HRDD assessments throughout the supply chain, and having a systematic approach to handling information requests. The main supporting documents for these routines are the Supplier Code of Conduct, the Ethical Guidelines, and the Sustainability Policy.

The first routine seeks to ensure openness and cooperation on compliance among suppliers. It requires divisional companies to familiarize their suppliers with the Group's expectations of ethical conduct and social responsibility, including demands for human rights and decent working conditions – both within the suppliers' own operations and throughout their supply chains. The Company's Supplier Code of Conduct outlines these expectations, and in practice, the routine is fulfilled by obtaining supplier signatures on the documents.

The responsibility for overseeing this routine lies with the divisional sustainability managers. They are tasked with ensuring that a substantial number of the divisional company's suppliers are committed to transparency, pledging to openly share information on how they uphold ethics and sustainability. Each divisional company is mandated to establish targets (KPIs) for the proportion of suppliers signing the Code of Conduct and must actively monitor and evaluate the achievement of these targets. Additionally, they are required to annually review measures to secure signatures from a larger number of suppliers. The routine explicitly outlines that divisional companies must obtain signatures from suppliers involved in specific

processes, including a) tender competitions, b) new agreements with suppliers and partners, c) all project purchases or investments, and d) for individual orders exceeding a specified value threshold, if the supplier has not already signed the Code of Conduct.

The Supplier Code of Conduct outlines The Company's "essential guidelines for its suppliers and business partners with respect to ensuring ethical, socially responsible and environmentally friendly operations."[7] It contains a set of important principles for compliance, many of which directly pertain to adhering to the TA. These principles relate to guaranteeing decent working conditions and upholding human rights, including fair compensation, freedom of association and the right to collective bargaining, and the condemnation of forced or child labor, among others. The principles are grounded in international labor standards and reference the principles of the UN Global Compact and the core labor conventions of the ILO.

The second routine is for ensuring insight into the divisional companies' supply chains. The responsibility for overseeing this lies with the divisional directors, who are entrusted with ensuring that regular assessments of the supplier portfolio are conducted. The objective is to identify areas of high risk for human rights violations and indecent working conditions, as well as significant points of influence within the supply chain. This input contributes to the annual due diligence assessments, as mandated by the TA. The routine specifies that these discussions and assessments of human rights risk should involve The Company's management team, ensuring the collective input of various managers in the process. However, in practice, some interviewees describe that a significant portion of the assessment responsibilities is shouldered by individual managers, as illustrated by SM4:

> It is mainly me and our division's financial manager, who have worked on the supplier assessments, i.e. looked at our suppliers and reviewed them in relation to both country- and industry risk. We have looked at the various industries and selected a few focus industries, (…) that we want to focus on right now. Then we made our assessments and brought it into the management group (…) where we received valuable input, which we included before making the final due diligence assessment and writing a report.

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[7] Quote from the Supplier Code of Conduct.

An assessment procedure is outlined in the routine documents in several steps, intended to be conducted at least annually as a recurring process. It emphasizes that the risk assessment considers the severity and likelihood of the risk occurring, the possibility of rectifying harm, and The Company's connection to the risk. In prioritizing action points, the routine recommends optimizing the use of company resources by concentrating on the areas that can have the most substantial impact. An illustrative example is provided, such as when The Company – either alone or together with a partner – is a substantial customer.

Step one of the assessment routine is conducting an overall risk assessment. The Company uses a supply chain due diligence tool from a software company, which we will refer to as Software1. Data on all divisional companies' suppliers and procurement expenditure is listed there and provides an initial risk-screening of suppliers based on industry-, geography- and social risk factors derived from indices and due diligence history. During the overall risk assessment, managers shall consider whether any categories of suppliers have a higher risk in terms of human rights and indecent working conditions, and if any particular suppliers in such a category should be scrutinized for further investigation. Adopting the use of Software1 was described by interviewees as an investment in a better overview of the HRDD process, as expressed by the CIO:

> We have invested significantly in management tools so that we could actually follow up on this, through Software1. You can conduct risk assessments continuously, (...) It's something that involves bearing a cost, essentially to set ourselves up to be able to do it.

Step two of the HRDD routine involves the distribution of self-reporting forms to select suppliers. Using these forms, the routine requires each divisional company to conduct a more comprehensive assessment of a minimum number of selected suppliers at least annually. This process is facilitated through the services of a secondary software company, which we will refer to as Software2. Software2 is a supplier-mapping software designed for compliance with the TA. The routine gives guidance on selecting suppliers to receive the self-reporting forms. It advises the inclusion of all strategic suppliers, those with substantial annual purchase expenditures, suppliers with identified risks from public sources or as identified through Software1, and suppliers flagged through warnings or information requests from third parties. The insights gathered from the responses and the preceding risk assessment are then utilized to determine whether additional measures are necessary to mitigate risks or prevent violations.

When we interviewed SM1, their division had recently distributed their first set of self-reporting forms. During our discussion, they elaborated on their considerations regarding the selection of suppliers:

> Right now, there aren't that many suppliers who get the Software2 survey, maybe [redacted number of] suppliers. We will look at their responses, especially from those who are in the risk group (…) If we get the feeling that some were just ticking boxes in order to get through the survey, then I feel that those who have the largest turnover, or from whom we buy the most services, are the ones we should have a chat with.

In both initial steps outlined in the risk assessment routine, a need for understanding the factors contributing to high human rights risks may arise. The routine documents highlight several relevant questions to guide the evaluation process, such as: 'What types of raw materials are required for the purchased goods, and are there components with elevated risks, such as conflict minerals?', 'Are the goods produced in regions associated with higher risks, impacting decent working conditions?', and 'Are the goods manufactured through labor-intensive production, which is correlated with higher human rights risks?'. Additionally, the routine documents instruct assessors to consider industry-specific risks, exemplified by the prevalence of forced and child labor in the textile industry in certain regions.

The final phase of the supply chain risk assessment involves the implementation and supervision of follow-up measures for suppliers identified with increased human rights risk. These flagged suppliers are added to the action list and monitored using Software2. Assessors are guided to evaluate risks by utilizing both publicly available information and internal knowledge about the suppliers. In some instances, it may be pertinent to request information on how the supplier addresses the identified risks and, if necessary, conduct a comprehensive investigation, possibly in collaboration with local organizations or representatives. The routine underscores the importance of engaging in dialogue with the supplier, and that when doing so, assessors should refer to the Supplier Code of Conduct. The routine documents maintain that immediate termination of collaboration may not be the correct response when risks or human rights violations are uncovered. Instead, The Company should implement measures to address potential breaches, improve the situation, and mitigate risks.

The TA establishes a right for third parties to request information from entities subject to the law, regarding how they "address actual and potential impacts" on human rights and working conditions within their supply chains (Lovdata, 2021). The Company's third HRDD routine is therefore designed to manage information requests, as well as any third-party notifications of potential adverse conditions related to sustainability. On the Group's website, there is a contact form for inquiries concerning the TA. External parties can request information on HRDD compliance, or report suspicion of human rights violations in The Company's supply chain. The requests are received by the divisional sustainability managers, who assign a suitable case handler depending on the nature of the report. They must create a separate case file for each information request and follow The Company's established guidelines for follow-up and documentation of such requests. While the TA has been in effect for more than a year, the CSO noted that The Company has not yet received a significant number of information requests.

As a supporting document for The Company's routines for HRDD, the Ethical Guidelines contain fundamental ethical principles to govern and guide the behavior of all employees and other individuals associated with the organization. Regarding human rights, they emphasize The Company's commitment to complying with applicable laws and regulations, including internationally recognized conventions, across its operations, supply chain, and in dealings with business partners. The Company's Sustainability Policy reiterates this sentiment, emphasizing the importance of regular due diligence assessments in accordance with the TA to define and prioritize major risk areas and to implement measures and follow up on them.

4.1.2 Managers' Perceived Drivers and Challenges for Human Rights Due Diligence Work

During the interview process, the managers expressed their perceptions of the drivers and challenges related to their new HRDD routines. They were related to both their internal and the external environment. In the following paragraphs, we will account for the most prevalent perceptions of drivers and challenges, as stated by interviewees.

Perceived Drivers

A common driver of the HRDD work, held up by almost all interviewees, was the efforts of the CSO. They received widespread credit for developing the routines, in addition to praise for their efforts in disseminating and implementing them within the organization, as

highlighted by the CIO: "[the CSO] has had presentations and strategy discussions with us, where they have covered sustainability. It has been very important." Others emphasized the CSO's role of propelling change, exemplified by DD2 stating, "[the CSO] has been good at pushing us in terms of taking the necessary steps." The divisional sustainability managers stressed how knowledgeable the CSO was in the HRDD domain, with SM2 saying, "It's good to have [the CSO] to rely on, and they are both skilled professionally and knowledgeable."

The CSO, for their part, spoke of the importance of partnering with divisional sustainability managers in the preparatory project:

> It provided important anchoring [of the routines], and I needed support to avoid
> dealing with it all on my own, (…) and we engaged in meaningful discussions
> about what could work for [The Company].

Also held up by interviewees as an important driver of The Company's HRDD work, was the advocacy for human rights causes. In the spring of 2022, The Company signed on to a human rights initiative for businesses, initiated by a respected NGO[8] in the human rights domain. The public commitment was seen by many interviewees as propelling the progress of their HRDD work. The CIO stressed the symbolic impact of the signature, stating:

> It shows that we care about this. You would be putting your reputation at risk
> if you do not follow through on the commitments of the initiative. I really
> support that.

Signatories to the initiative are invited to seminars and workshops addressing human rights and the TA. The CSO underscored the significance of these events in enhancing personal knowledge and competency in the field of HRDD. They also lauded the positive network effects of sharing best practices and building on other signatories' knowledge. While it is mainly the CSO who have participated in these sessions, they have extended invitations to divisional sustainability managers, encouraging them to attend sessions that specifically align with their industries:

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[8] This is the same NGO as introduced us to The Company.

(…) for example, for the event I am attending tomorrow about China, I am bringing [SM4] along, because the topic is very relevant for their division since so much of their production takes place in China.

The adoption of the two digital tools for supplier control was also highlighted by interviewees, with SM4 describing Software1 and Software2 as "very good systems", enabling them to follow up on the HRDD requirements of the TA. In elaborating on why, they stated, "I think that Software1 and Software2 contribute a lot to giving us more overview of where we stand, how our suppliers respond, and ideally, they could give us an indication of what the next steps should be." The usefulness of the Software2 tool is echoed by SM2:

> When it comes to the self-reporting form in Software2, I want to mention that it is a very useful tool. It is up to date, and suppliers can follow up on its requirements. In my role, I must ensure adherence to a multitude of rules and regulations, for instance relating to [Bank], [Industry Regulator], and [Specific Norwegian law]. It becomes overwhelming, so it is nice to have a tool that helps us with this part of the assessment.

While the requirements for supplier due diligence under the TA are relatively new, one of The Company's divisions has a longer history of utilizing Software2 to ensure supplier compliance, as well as having obtained multiple ISO[9] certifications. This division manages a portfolio that includes major customers, such as governmental bodies and multinational enterprises, which necessitates adherence to stricter supply chain due diligence requirements, also in the realm of human rights. Even before the TA came into effect, the divisional company sought Supplier Code of Conduct signatures to meet these requirements. The division's sustainability manager, SM2, notes encountering some resistance in the pre-TA compliance era, but that the enactment of the TA added legitimacy to their requests for Code of Conduct signatures from suppliers:

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[9] ISO refers to the International Organization for Standardization, the developer of international standards such as ISO 9001 for Quality Management and ISO 14001 for Environmental Management. While not directly related to HRDD, some interviewees mentioned these certifications when discussing formal sustainability measures or their division's efforts to formalize corporate responsibility, indicating their influence on sustainability approaches and routines.

> [Divison2] has actually used Software2 since 2019. When the Transparency
> Act came into force, I noticed that Norwegian suppliers began to respond much
> more quickly to our forms. They are much quicker to sign the Code of Conduct
> and ethical guidelines.

Another sustainability manager highlighted the potential impact of conscientious suppliers on driving the HRDD efforts of their counterparts. In SM1's division, a supplier was being considered for a significant contract, prompting a request for their HRDD assessments due to the human rights risks associated with the sourced component's country of origin. The supplier, in response, detailed their proactive steps, such as engaging a researcher to investigate factory working conditions, seeking documentation of routines, and conducting on-site inspections. Reflecting on this supplier's dedicated efforts, SM1 stated:

> It demonstrates what type of investigations some firms are capable of
> undertaking. So, we can be critical of other suppliers bidding for our contracts.
> Because we do have power; we can choose to exclude a supplier that can
> deliver but fails to provide the necessary documentation.

There was a sentiment among interviewees that the corporate values and mission statement were important drivers in aligning the organization's commitment with the objectives of the TA. The TA requires heightened transparency in the supply chain, emphasizing responsibility in sourcing components and honesty in addressing social impacts on human rights. Aligning with this demand, The Company's corporate values emphasizing honesty and responsibility were perceived as guiding the HRDD work. Reflecting on how these values are translated into daily operations, DD3 expressed:

> At all times, we aim to act honestly and responsibly, satisfying all requirements
> and regulations. We will not take shortcuts, and we will not do things we cannot
> stand for, so there is a connection there. Therefore, we must also take the
> Transparency Act and due diligence assessments seriously.

There was a consensus that The Company's values should be reflected in all operations, and thus also permeate the way in which they approach complying with the TA. SM4 expressed that:

> Honestly, it's very easy to reflect on [the values] in relation to the Transparency Act; you submit correct information and lay your cards on the table. And that we are responsible as well; that we actually fulfill the social responsibility we have.

Furthermore, The CEO anchored the long-term orientation of sustainability with The Company's mission statement: "We have a mission to create value through generations. So, by definition, we need to be long-term oriented in what we do (…) we are simply obligated to follow through on this and use suppliers who are good long-term partners."

Perceived Challenges

Several interviewees highlighted that the novelty of the TA and comprehending its requirements posed a challenge in overseeing the HRDD work, as exemplified by the CEO: "What is actually expected from us, according to the TA? When are we in breach of the law because we should have caught on to things?". This was echoed by SM4, who stated:

> The Transparency Act is still quite new, so I don't feel that I have a full overview yet. (...) You must constantly strive to make better due diligence assessments and capture larger parts of the scope. So, I think there are probably many who are a bit apprehensive about the work with the Transparency Act. Now I'm mostly speaking for myself, but many are a bit apprehensive, and they don't feel they have a good enough grasp of the law yet.

Time and resource constraints were also mentioned as practical challenges for TA compliance. For most sustainability managers, overseeing HRDD is just one small part of their responsibilities, as illustrated by SM1: "I have a thousand different tasks to do, and I have to juggle this [HRDD] in between". DD3 expressed the same sentiment, stating that:

> We are a small organization, (…) and I do not have an employee I can assign to dedicate half of their time to sustainability, the Transparency Act, or human rights due diligence assessments.

Building knowledge on HRDD was emphasized by SM1 as an area where time constraints pose challenges: "There are a lot [of seminars] taking place that you should have attended to enhance your own competency in the domain. But for my part, there's no time for that". The resource-intensive nature of HRDD assessments was underscored by some interviewees, who

expressed concern that dedicating resources to this work might impact profit margins, as exemplified by DD2:

> Especially in the [division-specific] industry, it is quite challenging because you have thin profit margins. I often wish we had more dedicated resources, but in the end, it [HRDD] has to be done by someone who does a bit of everything, so to speak.

A common reflection among interviewees centered on how far down the supply they should conduct HRDD assessments. With just under 3000 first-tier suppliers, the sheer responsibility of overseeing their supply chains appeared formidable to interviewees, not to mention the challenge of assessing the downstream supply chains associated with these suppliers. The CEO spoke to this:

> We are dependent on [the suppliers] having addressed this [HRDD], right? If they have ignored this, we could quickly find ourselves owing an explanation. But at the same time, we don't have the resources to start investigating their subcontractors in detail.

The CEO reflected on foreign suppliers being the most strenuous to assess, while not being too concerned about Norwegian ones: "as soon as you go abroad, it becomes much more demanding. There's much less information." The challenge of scrutinizing downstream suppliers was also echoed by DD3:

> It's a bit far-fetched that we should approach a supplier like [Company name], I mean, a huge American supplier, a serious company, massive (...) They have production all over the place; they are huge. How are we going to check on their subcontractors? It's completely impossible, forget about it.

This statement touches upon a sentiment expressed by many interviewees: the skewed power dynamics between supplier and customer and the lack of transparency in suppliers' supply chains. SM4 spoke to this, stating: "I think that is a challenge across organizations in Norway; how we can influence bigger players than ourselves." Referencing their large American supplier, DD3 reflected on the power dynamics:

> For me to get them to sign the Code of Conduct, to confirm that they do not engage in child labor and that type of thing, that means nothing. I mean, I can't verify it, and I can't exert any pressure on them. It is simply just a paperwork exercise.

DD3 describes having suppliers sign Codes of Conduct as a paperwork- or "tick-box" exercise. They further describe that this skepticism stems from the belief that if you cannot trust your suppliers and their self-scrutiny, then HRDD assessments become an impossible task. DD3 thus advocated that the primary focus of supply chain due diligence should be directed towards addressing impactful issues that are within one's sphere of influence:

> So, I'm thinking that we need to be practical; what really matters, you know? What can we directly influence? How can we progress in the right direction here, instead of just creating something that looks good on glossy paper?

Considering the intricacies of compliance processes, SM4 pointed out that impending reporting deadlines and the constraints of time and resources might unintentionally turn HRDD into a mere tick-box exercise. This concern, however, extends beyond the TA:

> And it's not just limited to the Transparency Act; it applies to much of what we do. As the deadline approaches, there's an intensification of efforts. Perhaps a better approach would be to spread the workload more evenly throughout the year. I believe this could also help lift our gaze and provide more continuity. Because the due diligence assessment we conducted earlier this year was somewhat, in quotes, a "last-minute effort."

Another challenge was grounded in the reluctance to compromise trusted supplier relations, by implying they might have human rights issues in their supply chain. Many divisional companies have longstanding relationships with their suppliers, and might resent both the idea of scrutinizing them and the implied mistrust in their own assessment abilities. Summarizing this perspective, the CIO commented:

There's something about having a lot of different generations in a company. Many know the companies inside and out. They don't see the value or reason for why they should conduct such a due diligence assessment. So, there has been a lot of "Yes, but we know this person" or "We've been dealing with this company for 10 years." And you have to get used to the idea of questioning or assessing the risk even with someone you've traded with for a long time, which is difficult. (...) So, evaluating whether someone is involved in human rights violations and the like sounds quite unpleasant.

4.1.3 Concluding Remarks

The Company has proactively established comprehensive routines for HRDD in line with the TA. These routines, ratified by the Board before the enactment of the TA, are tripartite: ensuring supplier compliance through The Company's Supplier Code of Conduct, assessing supply chain risks, and managing third-party notification on potential human rights issues. Specifically, the first routine necessitates suppliers' adherence to ethical and environmentally conscious practices by signing the Code of Conduct. The second focuses on gaining insights into potential human rights violations and indecent working conditions within supply chains, through regular assessments. The third addresses the handling of information inquiries and alerts regarding adverse human rights impacts.

The interviews with company managers revealed a range of perceived drivers and challenges in the implementation of this HRDD work. The CSO's role in developing and ingraining these routines was universally acknowledged as a critical driving force. Many highlighted the significance of committing to the human rights initiative, which not only affirmed The Company's dedication to HRDD practices but also provided valuable training through seminars and workshops. The adopted tools for supplier control were mentioned as practical, administrative drivers, while The Company's corporate values and mission statement were cited as instrumental cultural controls in fostering a thorough understanding and integration of HRDD principles.

Conversely, managers identified several implementation challenges. Some referenced the novelty of the TA posing a learning curve, necessitating further knowledge and expertise. Time and resource limitations were frequently mentioned, with concerns that such constraints might lead to cosmetic compliance efforts. There were also uncertainties on how to approach

due diligence assessments beyond the first-tier suppliers, due to perceived imbalances in supplier relationships. Lastly, some managers expressed caution in probing supply chains too intrusively to avoid jeopardizing existing supplier partnerships.

4.2 Notions of Sensegiving and Paradoxical Sensemaking

In this section of Chapter 4, we will present the remaining empirical findings crucial for addressing research question 2. While the emic accounts of interviewees in the preceding section are relevant to answering this research question, the upcoming portion will specifically focus on amplifying the interviewee reflections concerning the sensegiving of HRDD and providing further perspectives of the interviewees' sensemaking regarding the new TA routines and sustainability concerns in general.

4.2.1 The CSO's Sensegiving Strategies

Issue-selling

Reflecting on the early discussions of TA compliance, the CSO indicated that bundling compliance routines with other agendas was not necessary to secure the commitment of Group management since the initiative originated from the CEO. Having already made the board aware of sustainability matters through previous presentations, The CSO found it easier to get approval for initiating the preparatory project. They described using the TA as a "lever" to push for sustainability practices that they felt were necessary and right, helping to shape new guidelines aligned with The Company's values. They noted how they sensed a strong commitment to compliance from both top and divisional management. However, in retrospect, the CSO believed that The Company had been too narrow in their approach, doing only the minimum required. They pondered whether linking TA compliance with potential benefits, such as increased profits or market growth, could have led to a greater emphasis on the quality of their HRDD assessments.

Both internal and external parties were involved in the issue-selling process of developing TA routines. The CSO, as previously noted, assembled sustainability managers from different divisions to support and contribute to the preparatory project. This was described as a move to secure widespread backing but also leverage the collective expertise of The Company's sustainability practitioners. Additionally, the CSO consulted legal experts to review the Supplier Code of Conduct, providing a layer of quality assurance that resonated well with the

Group management, and – as stated by the CSO: "it was reassuring to have someone with that legal expertise supporting the work."

The CSO followed formal procedures to garner approval from both Group and divisional management for the new TA routines. They showcased the preparatory project's milestones at Group board meetings and secured board approval of the new HRDD routines before the TA's enactment in 2022. Explaining the integration of these routines within The Company, the CEO stated:

> The approach has been two-pronged. We have been very explicit in directing the issue through the boardrooms. Initially, the policy was ratified by the Board of the [Group company], and from there, it was passed on to the administrative team. Subsequently, we reached a consensus that the mandate should be imposed on each respective divisional board.

The CEO emphasized the significance of formal resolutions in guiding the HRDD process, noting that such decisions not only shape the procedure but also bolster its legitimacy. They also argued that this formalization process helps to root the HRDD responsibilities within the divisions, ensuring they are integrated into their governance structures.

Knowledge Management

Following board approval, the newly crafted HRDD routines were made accessible via The Company's intranet, ensuring all relevant staff could reference them. Divisional sustainability managers, although participating in the development process, were further supported by the CSO through targeted seminars that delved into the intricacies of the TA. As part of a broader effort to elevate sustainability managers' HRDD knowledge, the CSO invited them to participate in external meetings with a consultancy firm, due diligence legal experts, as well as seminars arranged by the previously mentioned human rights NGO.

While there was agreement on The Company's HRDD approach, the CSO acknowledged that the implementation of these routines turned out to be more challenging than anticipated. They stated, "I don't think everyone fully grasped the effort required, despite our efforts to simplify the process." Despite encountering some resistance, the CSO continued to encourage the divisions to do more. For the second reporting cycle, the CSO emphasized to divisional management the importance of engaging selected suppliers in dialogue when distributing self-reporting forms. The CSO framed this approach not only as an effort to improve assessment

quality and align with the TA's intent, but also as reducing the division's workload for next year's report preparation and enhancing overall effectiveness.

One division hesitated to fully implement HRDD routines, especially in sending self-reporting forms to suppliers. Despite the CSO's efforts to explain their importance, the divisional manager viewed the commitment in terms of time and resources as excessive and wanted to maintain good supplier relations. They reached a compromise: the division would handle its supply chain assessment with limited adherence to HRDD routines. The CSO likened this to a beta-testing phase, evaluating over time whether full integration or independent responsibility of HRDD would be more appropriate.

In their interview, the CSO reflected critically on their efforts to permeate knowledge of HRDD throughout The Company. They considered the possibility that in their eagerness to streamline HRDD procedures, they may have inadvertently shielded the leadership from the realities of the workload. The CSO acknowledged:

> In a sense – and this is a self-criticism – I've made it too easy for the managers, with the attitude of "we're in control, we have the systems in place, and we'll just do this and that.

This oversimplification, the CSO speculated, may have left managers with a superficial grasp of the tasks involved, potentially underestimating the depth of their involvement. They also considered whether a more proactive approach, like involving management in additional HRDD discussions or promoting training participation, could enhance the expertise of management at both the Group and divisional levels. However, the CSO acknowledged that managers might disagree with this perspective, despite the CSO's efforts to communicate this need in meetings and interviews.

Some interviewees highlighted the need for external knowledge management to explain the TA's requirements when seeking signatures on the Code of Conduct, especially from international suppliers less familiar with Norwegian HRDD legislation. SM2 emphasized the importance of establishing a personal connection with foreign suppliers and providing a brief introduction to the TA. DD2 echoed this sentiment, stressing the need to frame HRDD measures as a requirement for everyone, in compliance with Norwegian law.

4.2.2 Interviewee Perspectives of Paradoxical Sensemaking

Human Rights Due Diligence in Relation to Economic Cbjectives

Reflecting on HRDD compliance, many interviewees considered its effects on economic objectives. DD3 emphasized the importance of finding a middle ground between adopting sustainability practices and maintaining The Company's financial health: "We have many things to consider – not least profitability. And what we primarily want to ensure is our employees' jobs during these challenging times of rising interest rates, inflation, and market volatility." Echoing this sentiment, the Group CFO highlighted the need for fiscal prudence alongside ethical business practices, stating:

> When you're in corporate management, your goal is to generate returns; that's essentially your job. (...) The green transition has to be profitable; you can't pursue it purely out of ideology.

The way responsible business practices are presented, the CIO believed, can also influence decision-maker's willingness to forego some profit for the sake of human rights:

> Are you choosing a supplier from China just because it's 10% cheaper, without considering whether children are being forced to crawl under machines to clean up after hours? These are real issues that should be taken seriously. And I feel that if you frame it like that, it makes people think 'Yes, my God, then I'll just take a hit on my profit margin by half a percent to avoid such practices'. But if the argument is 'Oh no, we have to do this to meet our reporting requirements', then you'll likely just get a bunch of eye rolls from your audience.

Several interviewees underscored that sustainability was of importance to their operations. However, perspectives varied on The Company's potential impact on sustainability issues and the strategies for addressing them in a business context. There was a unanimous view against partnering with negligent suppliers, exemplified by DD3's firm stance:

> We are determined to ensure that The Company isn't found to be contracting a firm that we pay a standard rate to, only to discover that it's engaging in social dumping down the line. That's something we simply cannot tolerate.

SM1 stated, with reference to a supplier who diligently presented evidence of HRDD assessments: "If it costs 200,000 [NOK] more to buy from this supplier, but we at least know that human rights are safeguarded, it's quite possible that we would prioritize it." On the other hand, as posited by the CSO, sustainability and profit do not necessarily need to be in conflict:

> What is incredibly nice, is that case by case now, we can choose the most sustainable supplier who is also the best on other parameters. It's not like we're choosing a more expensive supplier just because they are more sustainable. Very often, the best supplier is also profitable or cost-effective. It's the good suppliers who excel at everything.

Emphasized by many interviewees was The Company's long-term oriented perspective of value creation, a principle enshrined in their mission statement. DD2 argued that "you'll encounter many situations where you might be tempted to make a quick profit, but if it isn't done with honesty and responsibility, then it shouldn't be done at all." Echoing this sentiment, SM1 stated:

> I often say that it is playing the long game with both our finances and our reputation which might yield returns down the line. It's tricky to quantify this [social sustainability] precisely against immediate profits. But it certainly builds our brand in the market. Being active and visible in our initiatives helps to enhance our standing and potentially attracts more interest than if we didn't.

Perceptions of Sanctions and Reputational Loss for Non-Compliance

The CIO voiced concerns over the lack of substantial penalties for competitors who refrain from conducting HRDD assessments. They argued that as governmental bodies have yet to issue sanctions for non-compliance, there is "no sense of urgency" as there are "no real repercussions". To address this, they advocate for enhanced scrutiny of HRDD compliance and suggest that auditors could play a key role in enforcing standards, ensuring that companies are financially motivated to uphold ethical practices:

> What I find challenging is whether one should document everything to comply with the Transparency Act. Or if it could be covered through the audit, meaning that the auditor should have an extended mandate to assess compliance. So, I feel perhaps in terms of compliance, to get a stamp of approval or a stamp that you are on the right track, that is what I miss.

Drawing from their personal insights, the CEO spoke about the typical reactions to new business regulations, highlighting the tendency for initial discussions to focus on the potential for severe penalties for non-compliance, which often prove to be overstated:

> I'm not suggesting it's fearmongering—it's actually quite clever because it grabs people's attention. But in my experience, it's rare for the repercussions to be as serious as predicted.

Considering what might drive companies towards rigorous compliance with the TA, the CIO cited Swedbank's significant penalty of 4 billion SEK for breaches of the EU's Anti-Money Laundering Directive. While this incident prompted a rapid increase in compliance staffing and costs for banks, a move that the CIO attributed largely to the introduction of personal liability on management, the CIO observed:

> You can see that fines have indeed started to materialize. The anti-money laundering directive is a very good example of legislation that doesn't get implemented until 'shit hits the fan'.

However, the CIO contended that replicating this level of enforcement with the TA would be challenging under the Ministry of Children and Families' oversight, where the jurisdiction of the TA is placed. This ministry's scope, they argued, only touches on a portion of the 'S' in the ESG spectrum. To effectively engage the business sector across the full ESG range, oversight should be positioned with an authority that the sector itself looks to for standards: "I would have placed responsibility under the Ministry of Trade, Industries and Fishery. The reason for this is because they are accustomed to enforcing requirements on boards".

Stakeholder Pressure and Perceptions of Sustainability and Human Rights Due Diligence

Discussing sustainability beyond HRDD, the CFO acknowledged the role of banks in putting sustainability on the agenda. Banks request updates from The Company on its sustainability initiatives, because of its relevance to credit evaluations. To this end, the CFO mentioned The Company's efforts to obtain BREEAM Environmental Certification for their property portfolio, a strategy endorsed by banks, offering lower interest rates as an incentive. The CFO also emphasized the importance of aligning with forthcoming sustainable finance regulations. They posited that proactive sustainability measures could simplify future financing, stressing the long-term implications over short-term benefits:

"If not, you might not secure a loan at all, which is a far greater concern than a minor interest discount at present. That is not what it is about in the long term.

The interviewees describe differing degrees of stakeholder pressure for HRDD measures from the respective divisions' customers. Division2, serving customers like government entities and listed multinationals, has been proactive in adopting supply chain due diligence and quality systems in response to these customers' heightened sustainability demands. On the other hand, Division3's customers, as characterized by the CSO, engage primarily with B2C markets and the division consequently encounters less insistence on such measures.

Division2's commitment to HRDD and other compliance efforts is partly in response to the sustainability requirements of government tender competitions. However, DD2 expressed frustration over losing bids due to governmental bodies ultimately favoring cost-effectiveness over sustainability in their decision-making:

I have a heartfelt plea: that those who purchase our services, including the public sector entities, enhance their support in integrating sustainability criteria, thereby ensuring better care for those of us dedicated to this work.

Competing Sustainability Regulations

A common concern among interviewees was of the increasing complexity of sustainability reporting and regulations, with some referring to it as a "sustainability jungle". Navigating this landscape of reporting requirements was seen as a challenge by some interviewees, with the CFO describing it as making it increasingly difficult to run a business:

You essentially need a setup for everything, which is costly, right. That's often the paradox; you must do it well enough, but you can't just hire people to handle everything either, so you have to find the right level for it.

Similarly, the CEO acknowledged the TA as "yet another set of regulations I need to comply with," adding to an already extensive checklist. Nuancing this statement, they clarified:

It's not like we had no [laws and regulations] to tend to before, because we always have a lot of things to deal with at any given time. What's important to me is how new legislation will affect us.

Considering the extensive range of sustainability reporting regulations, the CFO questioned if the additional non-financial reporting obligations were becoming overly burdensome:

> When new regulations accumulate, it can become a bit too much. And that's what I'm wondering if we are heading towards. (...) When you look at all the directives coming out of the EU, well... it ends up being so many, especially if you have to report on everything other than financial matters.

The Interconnectedness of ESG

Managers expressed various views on ESG tensions arising from discussions about the TA and HRDD. For instance, DD3, while acknowledging the importance of meeting the TA's mandates, voiced concerns about the practicality of aiming for 'best in class' HRDD compliance, saying:

> We [division3] are 100% focused on the daily operations and on generating profit from what we do, and this kind of falls a bit to the side... It doesn't really become the main focus or interest.

They acknowledged the broader benefits of contributing to societal and environmental well-being; however, emphasizing that such initiatives must be in line with The Company's value proposition.

DD3 illustrates the tension that emerges between aligning environmental and social governance with profit-driven goals. While the CFO outlined how The Company had innovated along the axis of environmental sustainability, social innovation posing a profitable business case had proved more challenging. Building on their reasoning in the preceding paragraph, DD3 stated:

> What we can do is keep an eye on the market and see which opportunities exist. And the day we see that it can also have commercial value, we can be ready to address it. But it benefits no one if we tackle it today and then go bankrupt in six months.

Reflecting some of the same sentiment, SM2 stated: "Being sustainable should indeed give a competitive advantage". They credited their division's early embrace of CSR routines in 2019 for providing a competitive edge, emphasizing that a longstanding commitment to human rights and decent work conditions had been key to securing contracts.

The CIO added a layer of realism, observing that while the business world's focus on ESG is high, "it's not necessarily about saving the world yet. It's about reducing one's own risk of facing fines, damaging one's reputation, and those aspects, so it's still self-interest that's driving it.". Nonetheless, the CSO remained optimistic that focusing on the supply chain and implementing stricter ethical requirements "has a positive domino effect", promoting higher standards and benefitting society at large.

Still, the CFO raised concerns about the costs associated with transitioning to a more sustainable business world, acknowledging that companies would have to make a shift to, "in many cases, less profitable business models than before". They suggested it would be unnatural for a mid-sized company as The Company, particularly its divisions within low-margin sectors, to take the position as a front-runner in this movement. Rather, it might be more appropriate to take cues from industry giants such as banks and large publicly traded companies, who are better equipped to absorb the impacts of regulatory compliance.

The CEO believed that over time, self-regulation will lead to best practices in HRDD, because "if you claim to have [performed HRDD assessments] and haven't, then you, as a supplier, will face a huge problem." They stressed that new regulations like the TA sharpen routines and heighten awareness of human rights, although smaller entities risk non-compliance due to their limited capacity.

5. Discussion

This chapter presents a second-order analysis of the study's empirical findings. Subsequent chapters, 5.1 and 5.2, will address research question 2: "*How do external factors and the CSO's sensegiving efforts influence the managers' sensemaking?"*. Research question 3*: "What is the subsequent impact on the organization's internal sensemaking environment for work with HRDD routines?"* will be explored throughout the discussion.

5.1 External Inhibitors and its Effects on Sensemaking

The most notable positive influence cited from the external factors was the heightened awareness of human rights issues for all managers. On the other hand, the managers identified several external challenges in complying with the TA, which primarily relate to the current legislative and supply chain environments. These challenges act as inhibitors, influencing internal decision-making and leading to a reduced allocation of time and resources for the HRDD process within The Company. This decrease in time and resources, in turn, affects the individual sensemaking processes of the managers, as illustrated in Figure 4.
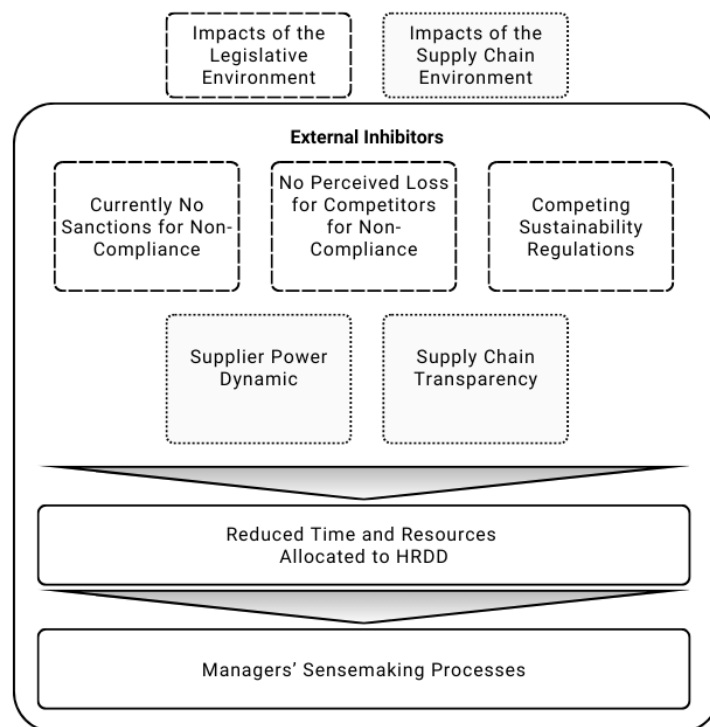

Figure 4 - External Inhibitors for Corporate Sensemaking

5.1.1 The Legislative Environment

Sanctions for Non-Compliance

It has been observed that several senior managers perceive the enforcement of the TA as a significant barrier to achieving industry-wide compliance. Currently, these managers point out the absence of legislative consequences for non-compliance. This absence, the managers observed, results in diminished overall corporate adherence due to the lack of associated risks for non-compliance or cosmetic compliance.

This viewpoint aligns with the monitoring process employed by the Norwegian Consumer Authority regarding corporate compliance with the TA. To date, the Authority has not imposed sanctions on companies failing to disclose a statement concerning their efforts under the TA. After the first reporting deadline on June 30 2023, the Norwegian Consumer Authority reported that approximately 20% of the 500 companies surveyed had not published a report on their website (Forbrukertilsynet, 2023). Moreover, the analysis by the Authority revealed a disparity in the quality of reports submitted, echoing the managers' observations of inconsistent reporting practices across the industry.

The managers' perceptions of a lack of enforcement and subsequent non-compliance in peers in the early stages of Norwegian mandatory HRDD, reflect a wider discourse on legal accountability within this domain. The HRDD framework, as outlined in the UNGPs and the OECD Guidelines, does not include liability mechanisms. This absence underscores the importance of state-governed enforcement measures and is significant, as transparency without liability is seldom effective as a means of changing conduct (McCorquodale & Nolan, 2021). McCorquodale and Nolan (2021) argue that solely relying on civil society organizations to ensure the implementation of corporate HRDD is insufficient due to their limited resources. Furthermore, Friedman (2021) argues that due diligence regimes that lack substantial sanctions at the entity level are prone to under-deter severe human rights abuses.

At the international level, the implementation of mandatory HRDD laws has seen few instances of legal liability enforcement. Under France's Duty of Vigilance Law, there have been several lawsuits and formal notices initiated by NGOs (Business & Human Rights Resource Centre, 2023). A significant development occurred in February 2023 when the Paris Civil Court made its first decision related to the legislation. However, due to procedural errors by the plaintiffs, the injunction was deemed inadmissible. The court underscored to need to

maintain legal certainty for businesses, considering the broad scope of the law (Hogan Lovells, 2023).

In an analysis of the efficacy of the UK's Modern Slavery Act, the Business & Human Rights Resource Centre (2021) found that despite 40% of companies being non-compliant, there have been no instances of injunctions or administrative penalties for failure to report. Furthermore, the Act is identified as ineffective in significantly improving corporate practices to eliminate modern slavery, primarily due to its lack of provisions for legal liability for companies (Business & Human Rights Resource Centre, 2021).

Similarly, an evaluation of Australia's Modern Slavery Act, after three years of enactment, reveals that 66% of companies assessed failed to meet basic reporting requirements (Business & Human Rights Resource Centre, 2022). The authors of this analysis call for the introduction of penalties for non-compliance and the appointment of an independent body to oversee the Act's enforcement. These international examples thus reiterate the need for strong enforcement mechanisms to ensure compliance with corporate human rights legislation.

Seen together with prevailing research and developments of liability mechanisms, or lack thereof, in other legislatures, the sentiments of the managers reflect a wider issue with hard HRDD laws: that without any risk of sanctions from public bodies, there are few penal incentives to comply. As the Norwegian Consumer Authority begins to issue notices to those currently in non-compliance with the TA, there is an indication of potential future sanctions (Forbrukertilsynet, 2023). This development may signal a shift towards more stringent enforcement, which could influence corporate compliance behaviors in relation to HRDD and the TA. However, it remains unclear whether such a shift will lead to genuine integration of HRDD practices, or result in cosmetic compliance, with firms treating HRDD primarily as a business obligation rather than a substantive commitment.

Sensemaking theory suggests that individuals construct meaning based on their interpretation of the events in their external environment (Maitlis, 2005; Thomas et al., 1993). Thus, the low risk associated with non-compliance, or even cosmetic compliance, sensed in their corporate setting, decreases the perceived sense of urgency. In this context, the lack of stringent enforcement and absence of significant consequences for non-compliance shape the corporate perception that HRDD obligations are not a critical business priority. This perception is then further reinforced by the observation of industry peers. When managers notice that companies

who refrain from complying are not facing any repercussions, it creates a normative belief that such behavior is acceptable. Additionally, one manager indicated that the prevailing industry response is to adopt a 'wait and see' approach, as it would be strategically advantageous to see what evolves as best practices in the long term. Rather than being at the forefront and setting the standard for best practices, this cautious strategy might lead to a deprioritization of proactive responses to HRDD requirements.

Hahn et al. (2015) suggest that when time and resources allocated to sustainability initiatives, such as the HRDD process are limited, it adversely affects managers' ability to conduct thorough scanning processes. Managers who are more paradoxically inclined typically possess a broad understanding of sustainability issues, encompassing various angles of incidence. However, with reduced resources for HRDD, the depth and detail of their information scanning are compromised, limiting their ability to delve deeply into these topics. Opposite, managers with a business case orientation tend to focus on detailed information scanning for specific sustainability issues relevant to economic outcomes for the organization. Yet, in the face of resource limitations, the scope of their information scanning is narrowed, restricting their ability to explore a wide range of sustainability-related information.

Perception of Reputational and Financial Risks of Non-Compliance

The overarching impact of minimal risks associated with penalties from governmental bodies for non- or cosmetic compliance with HRDD is evident, as one manager pointed out, in the lackluster industry response to HRDD implementation. The managers note an absence of significant negative reputational consequences among their competitors that fail to comply. Even though certain divisions had major business partners who required them to conduct HRDD processes as a prerequisite for partnership, this was not seen as a widespread industry norm. They also mention instances where competitors, despite non-compliance, do not appear to suffer contract losses. The latter was exemplified by an experience in one of the divisions, where, despite sustainability measures ostensibly being a key factor in the public procurement process, the division lost a tender to a competitor with inferior sustainability metrics. This incident highlights that non-compliance does not necessarily lead to financial repercussions for competitors and that even public bodies may not be fully enforcing their stated sustainability criteria in their decision-making processes. These observations suggest that the collective industry understanding of the current state regulatory environment fails to have incentivizing spillover effects on other risks, as perceived by the managers. Such external

events further discourage genuinely engaging with the HRDD concepts, and potentially reinforce a complacent attitude towards HRDD.

Despite this, The Company remains committed to upholding its reputation as a trustworthy and diligent business partner. This commitment was particularly underscored in the context of their collaboration with the human rights NGO. One manager pointed out the potential reputational damage that could arise from being involved in a scandal while engaged in such a partnership. This awareness underscores the necessity of avoiding situations that could jeopardize their reputation. In this context, even the minimal reputational risks serve as a motivator to comply with the law. However, the motivation for thorough HRDD diminishes in response to external signals indicating that benefits of compliance are low. This reduced incentive to exceed basic compliance requirements can also be seen as leading to a reduction in the resources allocated to HRDD.

The perception of diminished returns for non-compliance signals to The Company that rigorous compliance is not a priority in their business environment. Consequently, more thorough responses to HRDD are rarely pursued, resulting in the adoption of less time-intensive routines. Hahn et al. (2015) suggest that such a scenario can particularly hinder the interpretation phase for managers who are inclined towards paradoxical sensemaking. This was exemplified by one of the sustainability managers who expressed that despite their awareness of the breadth and interconnectedness of HRDD issues, they felt constrained in their ability to explore these complexities fully. This manager's desire to have "all the facts on the table" before making decisions, a characteristic of the paradoxical frame, was linked to feelings of unease and a perceived lack of control over the situation due to the aforementioned time constraints.

Competing Sustainability Regulations

The evolving landscape of sustainability regulations poses a complex challenge for corporations as they are increasingly expected to have sustainable and responsible operations. Managers in The Company specifically noted the significance of the EU Taxonomy in this context, against the backdrop of broader regulatory developments. Additionally, the managers highlighted the importance of obtaining tangible, recognized validations of their operations, such as ISO or BREEAM certifications.

Norway is currently at the forefront of social sustainability legislation, being among the first countries to mandate a corporate human rights law. In contrast, the broader European focus has predominantly been on climate-related regulations. This emphasis is reflected in the European business community's prioritization, which tends to accentuate climate issues over human rights concerns. This situation is indicative of a larger debate on the prioritization necessary to promote sustainable societies. The Economist (2022) suggested simplifying Environmental, Social, and Governance (ESG) measures to focus exclusively on emissions, advocating for a singular, tangible metric to address ongoing climate and ecological concerns. On the other hand, the UN Principles for Responsible Investments (PRI) argues for a more holistic approach, emphasizing the interconnectedness of emission reduction and social transitions (PRI, 2022). While an in-depth exploration of this debate is outside the scope of this paper, it is reflective of the broader discussions occurring in global fora on how to best tackle sustainability issues. Despite differing viewpoints, there is a general consensus that corporations alone are unlikely to make the necessary changes, which has been a key driver behind the recent surge in sustainability regulations. With legislative developments unfolding at both EU and national levels, The Company is now tasked with navigating a complex array of requirements spanning both climate-related and human rights domains.

As The Company maneuvers through the sustainability regulations, some managers have indicated a tendency to prioritize regulations with the most immediate and tangible requirements. One manager highlighted the EU Taxonomy as an example of effective regulation, noting its financial consequences for non-compliance, which provides a clear "business case" for adherence. In contrast, other managers pointed out the lack of concrete "stamps of approval" for compliance with the TA, such as what could be achieved through standards such as ISO. One manager proposed that such validation of HRDD routines could potentially be incorporated into the auditing process. Here, the sensemaking process is influenced by the extensive range of regulations they seek to be compliant with, which in turn can be seen to interfere with their ability to prioritize HRDD effectively.

5.1.2 The Supply Chain Environment

Supplier Power Dynamic

The power dynamics between The Company and its suppliers significantly influence the sensemaking process of managers in the context of HRDD. Several divisions noted the challenges they face with major suppliers abroad, where asking for the signing of Codes of

Conduct or acquiring lists of second-tier suppliers was perceived as infeasible. Some managers further expressed skepticism about the usefulness of such lists, citing a lack of time and expertise to effectively analyze the extended supply chain. This underscores the emerging nature of discussions around human rights in global supply chains and the complexities surrounding supplier dialogue. Such dialogues are not yet standard practice, with the exception of select multinational corporations (Chen et al., 2017).

In terms of sensemaking, one manager proposed a more paradoxically framed approach, suggesting collaboration with other companies that share the same suppliers to enhance efficiency and leverage in negotiations. Such collaborations represent a departure from the traditional business case approach, where competitors normally would seek to withhold information from each other. In contrast, collaborating with competitors in this context necessitates a level of information sharing previously avoided, challenging conventional business practices and competitive dynamics.

However, the manager cited that engagement with such ideas was hindered by time and resource constraints. If given more attention, such collaborative strategies could potentially lead to a more comprehensive approach to supplier management in HRDD. Yet, the existing supply chain environment does not readily support such initiatives, as the customer-supplier dialogue is dominated by economic and environmental considerations. Furthermore, horizontal collaboration with competitors has been largely overlooked, as noted by Chen et al. (2017). For The Company to pioneer such an approach would then require a substantial resource commitment.

Supply Chain Transparency

Closely related to the above discussion is the challenge of making informed decisions based on opaque supply chains. While HRDD does not mandate assessing the full extent of one's supply chain, a risk assessment based on the severity and likelihood of human rights violations should be conducted (OECD, 2023). This still involves a large scale and complexity of assessing the risks a corporation has for impacting rightsholders throughout their extended operations. The Company has yet to delve beyond their first-tier suppliers and cites supply chain transparency as an obstacle in going beyond the first tier. Furthermore, some managers question their ability to meaningfully impact their supply chain given their influence as a relatively small player in the global market.

The overwhelming breadth and depth of information necessary for a thorough assessment of a company's supply chain are cited to pose significant barriers for The Company. For those managers who adopt a paradoxical sensemaking approach, the scarcity of accessible information limits the breadth of their scanning process. They struggle to reconcile the need for comprehensive understanding with the reality of limited data availability. On the other hand, managers with a business case sensemaking approach face challenges in finding relevant detailed information as it pertains to economic objectives. The lack of transparency in global supply chains therefore impedes the various managers' sensemaking processes given the obstacles in obtaining nuanced information. Consequently, the lack of detailed and accessible information can be argued to affect their ability to make fully informed decisions that align with both ethical considerations and business goals.

5.2 The Impact of the CSO's Sensegiving Strategies

5.2.1 The Generation of Paradoxical Responses to Human Rights Due Diligence

Translation of Human Rights Language

Certain managers described challenges in interpreting how to be compliant with the TA. Some expressed criticism in that there are currently no indicators as to whether you are aligned with the HRDD requirements or not, and expressed frustration with not knowing what they were working towards. Others described how the OECD Guidelines were confusing and too vague to be directly utilized to render tangible impacts. These sentiments are indicative of the business case – paradoxical frame tensions that arose in the CSO's work to impact the managers' sensemaking on HRDD. These tensions are further connected to the strategies employed by the CSO to translate human rights frameworks into a corporate context.

As mandatory HRDD is a novel field, effectively disseminating its principles across organizational borders necessitates translation of its content (Carlile, 2004). McVey et al. (2023) highlight that a critical challenge for the CSO in this knowledge management process is deciding how the human rights content should be presented to other managers in the organization. The CSO faces a resonance dilemma. Should human rights be translated into terms that are familiar within a business context, they might see a higher acceptance of the HRDD routines. On the other hand, if the content is excessively altered to fit in with a business case for human rights, they might risk distorting or even contradicting the original objectives

of the UNGPs. Such adaptations might involve neutralizing the terminology, possibly reducing the use of phrases like "human rights violations", or even omitting the term "human rights" altogether. While such translation strategies might render the HRDD routines less intimidating for managers, they can result in superficial engagement with HRDD. In such a scenario, a company might not have instated routines that align with the objectives of the UNGPs, and potentially compromise their ability to assess and address their risks for actual and potential human rights impacts (McVey et al., 2023).

Opposite, should the sensegiver opt to maintain the human rights content as they disseminate knowledge on HRDD routines, they might face more intraorganizational resistance in seeking to garner its acceptance (McVey et al., 2023). This resistance stems from the aforementioned collision of the business management sphere and the human rights sphere. The goal of profit maximization does not readily align with human rights considerations, nonetheless, the extent to which human rights are expected to be addressed in business operations under the UNGPs. Thus, a low level of translation of human rights language will retain the transformative potential of HRDD which is sought after by human rights advocates (McVey et al., 2023). On the other hand, this strategy might lead to tension amongst managers, in turn making the implementation of HRDD routines more demanding and resource-intensive for the CSO.

The language used by the CSO in the internal documents for HRDD routines is found to include minimal translation of human rights content. The internal routines include explicit references to the OECD Framework and use terminology such as "human rights violations". By deciding to avoid neutralizing the human rights language, however, it resonates less with managers with more traditional business backgrounds. This framing augments the resource commitment of the CSO to make what could be argued as the paradoxical nature of their HRDD routines understood by all managers. Thus, it is more time-consuming to create a common understanding of paradoxical HRDD routines, as generating internal acceptance necessitates a high degree of knowledge management work and collaboration across diverse sensemaking frames. However, the reduced time commitment resulting from the external environment and subsequent internal prioritization decreases the space with which the CSO is able to do this work, leaving the tensions from the resonance gap unresolved.

Regardless, even managers with a strong business case orientation exhibited paradoxical reasoning to some extent. This is evident in their understanding of corporate human rights violations, where they display complex rationales towards these issues. In addition, Hahn et

al. (2015) suggest that managers with a business case orientation typically aim to eliminate tensions rather than embrace them. This tendency was evident in the action of a division manager who chose not to require suppliers to fill out self-reporting forms, effectively avoiding engaging with a key component of The Company's HRDD process. This was cited by the manager to derive from time and resource constraints, and a lack of understanding as to what tangible effects were generated from the processes. Despite this instance, there was an overall acceptance of the current state of the systems in place for HRDD within the organization. This acceptance indicates that, although tensions arise, there is room for some discussions on the paradoxical nature of HRDD across various managerial sensemaking frames.

The minimal adaptation of human rights language suggests a more radical approach to communicating HRDD processes (McVey et al., 2023). This approach introduces a paradoxical lens that, although it demands a more intensive knowledge management effort from the CSO, equips managers with a fundamentally radical perspective on HRDD from the outset of their sensemaking process. This perspective challenges them to integrate and reconcile these concepts within their existing managerial frameworks, potentially yielding a more comprehensive understanding of HRDD.

Bundling of Human Rights Due Diligence

As mentioned, the implementation of HRDD does not lend itself easily to be bundled with either a substantial risk of sanctions, reputational- or contractual losses. Furthermore, managers express that if their diligent reputation leads to future business partnerships, it would be challenging to determine whether such financial gains are directly attributable to their HRDD compliance. They also find it difficult to quantify the long-term value that HRDD compliance may bring to The Company.

Furthermore, as the HRDD routines were created at the Group level, the divisions have had mixed responses in implementing them in their divisions. Those who were not interested in implementing parts of the routine, cited, as mentioned, that they incurred large time and resource costs from following them. This situation creates a political boundary within the organization, as the new systems introduced in light of HRDD can be interpreted as incurring monetary losses for certain divisions (Carlile, 2004). In terms of the CSO's knowledge management process, they must transform human rights content to make sense to those across the political boundary. Thus, the CSO is tasked with both disseminating information about

HRDD and transforming this knowledge in a way that facilitates integration within The Company's existing operational framework.

The approaches taken by the sensegiver in translating and transforming HRDD routines significantly influence their strategy for issue-selling. As their routines are aligned with human rights language rather than the business case for human rights, the implementation of HRDD tacitly asserts that addressing human rights is a valuable objective in itself. As a low level of translation has been deployed, HRDD has also not been bundled in a way that resonates with existing business frames. This can be seen in light of one manager's candid reflection on what currently drives corporate sustainability in the Norwegian business environment, namely self-interest. These apparent crossroads allude to the way in which the UNGPs challenge the traditional profit-making paradigm.

The UNGPs refer to the concept of "salience" to identify, prioritize, and assess adverse human rights impacts. Salience is defined by the scale, scope, irremediable character and likelihood of an adverse human rights impact (BSR, n.d.). In this context, the CSO predominantly focuses on the risk to rightsholders rather than the risks to The Company. The CSO's adoption of this risk perspective is therefore in line with the UNGPs and serves to challenge conventional business assumptions by shifting focus from internal risks to those faced by external stakeholders. This approach aligns with the "human rights lens" advocated by McCorquodale et al. (2017) as essential for genuine HRDD implementation. However, this outward-looking approach to risk can lead to tensions within the organization, as it requires a re-evaluation of traditional power dynamics and risk assessment methodologies. Furthermore, this focus on rightsholders over company-centric risks presents a challenge in issue-selling, as it complicates the CSO's ability to frame HRDD in terms that align with the broader business language and objectives of The Company.

In addition, the CSO encounters significant challenges in their sensegiving efforts, particularly when HRDD initiatives cannot be directly linked to concrete risks or penalties for the enterprise in cases of non-compliance. The lack of a clear risk factor complicates the sensemaking process for managers who typically rely on business-centric frameworks, as they struggle to align new legislative requirements with familiar operational structures. Additionally, The Company recognizes that its competitors do not seem to suffer reputational or financial consequences for non-compliance. This observation, coupled with the absence of penalties from governmental bodies, diminishes the perceived urgency to adhere to HRDD

mandates. Consequently, despite the CSO's efforts, the cost-benefit analysis could be seen as rendering HRDD to be deprioritized. This deprioritization, in turn, leads to reduced time allocation to HRDD activities. Thus, although bundling HRDD in terms of risk to rightsholders fosters a transformative approach to human rights management, the lack of external incentives and tangible risks diminishes the space in which the CSO and the managers can engage with and genuinely implement paradoxical approaches.

5.2.2 The Generation of Prudent Responses to Human Rights Due Diligence

Involvement of External Partners

Several managers interviewed emphasized the value of involving external partners in their HRDD efforts. From a management control perspective, investing in external systems is perceived as a tangible indication of top management's commitment to HRDD, demonstrating a willingness to develop robust internal systems for assessing human rights risks. Additionally, collaboration with the NGO is regarded as crucial for staying informed and engaged in the ongoing business discourse on human rights.

The UNGPs explicitly recommend corporate engagement with external partners for policy guidance, assistance in HRDD, and support in potential remediation processes. Consequently, the role of external experts in the business and human rights context is becoming increasingly prominent. Engaging these experts can be seen as a paradoxical move as it introduces credible human rights expertise into the HRDD process (McVey et al., 2023). Furthermore, this involvement move was described as increasing the perceived legitimacy of The Company's HRDD initiatives. However, this approach also aligns well with a business case frame, as leveraging external expertise when facing novel and multifaceted obstacles is a well-established practice in the corporate sphere.

Moreover, the systems implemented through Software1 and Software2 provide tools that are manageable and comprehensible for all managers. These internally adapted systems represent a pragmatic response to HRDD challenges, offering solutions that are both practical and sensible. Such prudent approaches are key for the successful implementation of HRDD, as they ensure that processes are operationally viable throughout the organization. In terms of sensemaking, these systems effectively channel a portion of the manager's scanning processes through the same filter, thereby synchronizing elements of the initial stage of their

sensemaking. This standardization ensures that managers across the organization are basing their assessments and decisions on a consistent set of information. By aligning the early stages of their sensemaking process, these systems facilitate a more cohesive and coordinated approach to HRDD.

While the engagement of external experts in HRDD processes is beneficial to corporations, McVey (2022) cautions against an uncritical adoption of this practice. The evolving role of these experts, who act between the domains of civil society and business consultancy, warrants scrutiny. A key concern for The Company is that relying on human rights experts to create digital systems for HRDD effectively delegates the task of translating and transforming human rights language to an external entity. While this is not inherently problematic in the current context, it is essential to know how these digital systems are designed to communicate HRDD. This understanding is key to ensuring that HRDD is not inadvertently oversimplified or misrepresent the complexities in the landscape of corporate human rights.

Employment of Routine Processes

As both the CSO and the managers have observed, the implementation of HRDD in The Company has been a highly formalized process. This is evident in the internal documents that outline HRDD procedures and in the way responsibility for these processes has been integrated into the organization, linking HRDD to a broader governance structure. This methodological approach aligns closely with a business case-oriented approach. The systems and procedures developed have been largely praised by managers across the organization for their utility in facilitating HRDD work.

While the human rights content of the internal HRDD process has remained largely unaltered, the manner in which it has been operationalized within the organization is seen as highly business-appropriate, forming practical routines for responding to the TA. In terms of sensemaking, this structured approach plays a crucial role in fostering acceptance of HRDD systems within the organization. By aligning the HRDD process with familiar business practices and governance structures, it eases the integration of these new responsibilities into the existing organizational framework. This alignment helps managers to understand and engage with HRDD, as it resonates with their established ways of responding such as other quality-ensuring systems.

5.2.3 Overview of Effects of the Sensegiver Efforts

The external environment significantly influences the scope within which the CSO can execute their knowledge management and issue-selling strategies. The overarching strategies that have been adopted pave the way for various paradoxical and prudent responses, as illustrated in Figure 5. In terms of knowledge management, the minimal translation of human rights language, combined with the challenge of integrating HRDD with risk management language, leads to a response that leans more towards a paradoxical approach. While bundling tactics are a key component of issue-selling, the approaches taken in knowledge management have consequential spillover effects on how HRDD is framed and presented within The Company. This paradoxical approach to HRDD creates a resonance gap, as it diverges from the predominant corporate language.

Secondly, the engagement with external partners, while seen as a paradoxical strategy in this context, mirrors conventional business practices where external expertise is sought to address complex challenges. This, along with the application of routine responses, constitutes a more prudent approach to HRDD. It assists the CSO in making HRDD more palatable and acceptable to the organizational members involved.
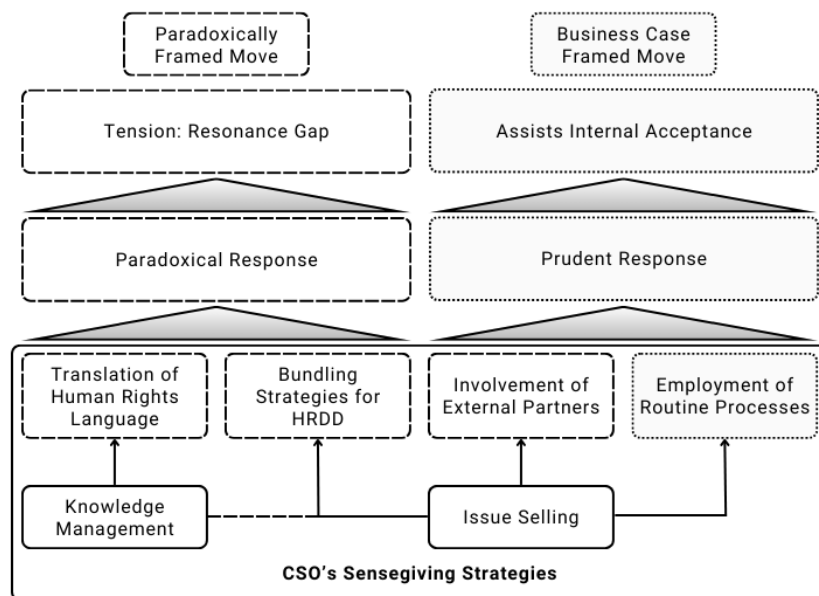

Figure 5 - The CSO's Sensegiving Strategies

6. Conclusion

The intersection of traditional business practices and human rights responsibilities presents significant challenges for corporate managers, demanding not only compliance with emerging regulations but also a commitment to making substantive contributions to human rights. As Ruggie (2008, p. 189), the architect of the UNGPs, observed:

> The root cause of the business and human rights predicament today lies in the governance gaps created by globalization—between the scope and impact of economic forces and actors, and the capacity of societies to manage their adverse consequences. These governance gaps provide the permissive environment for wrongful acts by companies of all kinds without adequate sanctioning or reparation. How to narrow and ultimately bridge the gaps in relation to human rights is our fundamental challenge.

This thesis positions itself with a view of the evolving role of businesses in the international governance of human rights, examining how a Norwegian enterprise makes sense of and manages the implementation of HRDD. Anchored in contemporary discourse on BHR, we have developed a theoretical framework based on paradoxical sensemaking and sensegiving theories, which have been instrumental in addressing our research questions.

6.1 Concluding Remarks

The Company's proactive establishment of comprehensive HRDD routines involves tripartite strategies on supplier compliance, risk assessments, and third-party notifications, and reflects a significant commitment to human rights. This initiative, driven by the CSO's leadership, is seen as positively backed by a collaboration with an NGO and integrated digital HRDD tools. Additionally, The Company's corporate values' alignment with the TA's objectives further supports internal work with HRDD. Conversely, the implementation process encounters multifaceted challenges as identified by the interviewees. The novelty of the TA exacerbates the need for knowledge development on HRDD. However, managers were impeded by time and resource constraints, both regarding building personal competency and carrying out the routines. Challenges in maneuvering the supply chain included the perceived opaqueness and skewed power dynamics, and the reluctance to probe suppliers too intrusively in fear of jeopardizing supplier relations. Altogether, this led some managers to express concerns

regarding the efficacy of having suppliers sign the Code of Conduct and fill out self-reporting forms. Despite this, the existing routines established by The Company form comprehensive responses to HRDD requirements, as the CSO strived to align them with the UNGPs and recommendations on best practices in the field.

The external environment significantly influences the allocation of time and resources to HRDD, leading to a reduction in both. As a result, there is insufficient time for managers to deeply engage with the complex content of their HRDD processes. These dynamics in turn gives rise to a sentiment that activities involved with the HRDD routines are paperwork- or "tick-box" exercises. Overall, these tendencies foster an intraorganizational perception of producing cosmetic compliance reports to answer to the requirements posed by the TA.

Despite the challenges presented by the external environment and resource constraints, managers within The Company demonstrate a commitment to leveraging HRDD for tangible improvements in their direct operations. In an environment where more stringent business case frames would be present, Hahn et al. (2015) argue that managers would solely be interested in pursuing solutions to sustainability issues that would render economic benefits to the enterprise. However, inherent in the sentiments of the managers is a level of paradoxical reasoning that goes beyond the conventional business case-oriented mindset, as they describe a clear willingness to incur monetary losses to safeguard the human rights of workers downstream. This engagement with HRDD principles was stated to align closely with The Company's core values, even though they are not explicitly linked to their HRDD initiatives. This suggests that there is an underlying layer of paradoxical organizational sensemaking, where the instinctive response to HRDD discussions centers on genuinely creating positive impacts, and not merely fulfilling obligations.

Some managers perceive their internal HRDD routines as surpassing both their competitors and the industry standard, a viewpoint supported to some extent by the aforementioned report by the Norwegian Consumer Authority (Forbrukertilsynet, 2023). This belief positions their HRDD efforts as both radical and comprehensive. However, this internal perception is contrasted by the CSO's assessment that The Company is at the initial stages of embedding HRDD into its organizational and management structures. This discrepancy between the managers' contentment with current systems and the CSO's ambition for deeper integration illustrates the resonance gap within the organization. This gap not only reflects the varying degrees of engagement with the HRDD routines amongst managers but also underscores the

paucity of dispersion of paradoxical knowledge on human rights. Consequently, the CSO is challenged to further navigate this resonance gap, employing knowledge management strategies that foster a unified understanding of HRDD across The Company. In transforming knowledge, there is an additional layer of complexity: that the translator must ensure that the essence of HRDD, as intended by the UNGPs, remains intact.

Under the pressure of time constraints, however, the CSO's capacity to effectively transform and communicate the nuances of human rights is hindered. This limitation impacts their ability to navigate the political boundary within the organization. The CSO has expressed that they would prefer to have managers engage more independently with the complexities of HRDD, generating a deeper understanding of its intricacies. Some managers acknowledged a reliance on the CSO for guidance and implementation of HRDD systems, suggesting that a substantial portion of organizational sensemaking is being shouldered by the CSO. Additionally, a significant part of this sensemaking process is directed through digital systems, which is helpful in creating a common understanding of HRDD in the organization. However, seen together with the aforementioned, this effectively outsources individual sensemaking. Such a dynamic can lead to a reliance on the digital systems and the CSO for interpretation and decision-making, potentially diminishing the depth of individual engagement and understanding of HRDD within the organization.

HRDD and the TA aim to prompt management responses that assess and address corporations' risks to rightsholders, with a specific emphasis on the human rights of workers in the supply chain. This necessitates a degree of paradoxical sensemaking, as the UNGPs seek to challenge the role of business in society and expand corporate responsibilities. However, in a complex and dynamic world built on capitalistic configurations, prudent responses to HRDD are needed to align these new functions with existing corporate structures. According to Hahn et al. (2015), paradoxical managers, aware of the breadth and interconnectedness of human rights issues, may become paralyzed by the vastness of the dilemmas that transpire. Thus, they benefit from the grounding perspectives of more business-case oriented colleagues, who excel in implementing concrete measures. Conversely, to be genuinely aligned with the intent of the UNGPs, the insights of paradoxical thinkers are crucial for highlighting and addressing the complexities of ensuring human rights in companies' operations, and throughout their supply chains.

As Hahn et al. (2015) suggest, meaningful change throughout supply chains requires a diversity of mindsets. This diversity ensures a balance between the practical implementation of HRDD and the acknowledgement of its broader, more complex implications.

6.2 Limitations and Future Research

Given that this study is a qualitative, single-case study, our findings do not render generalizable accounts for how HRDD is understood and managed in corporate settings. It is important to note that while this research employs the general term "mandatory HRDD", there are significant legislative nuances between the TA and other legal frameworks on HRDD in corporate law. Therefore, the specific legislative and cultural contexts of this study limit the extrapolation of our findings to different countries operating under other mandatory HRDD legislation. Our study should, however, be viewed in terms of its authenticity and plausibility rather than on broad generalizability. A notable irony and limitation of this study is the absence of rightsholder perspectives. This is primarily due to the recent implementation of the TA, leading to few companies having started engagement with rightsholders. Thus, as the BHR field matures in Norway, future research should focus on examining the involvement of rightsholders, which we believe is critical for a comprehensive approach to HRDD.

It is evident that the TA is in its early stages of implementation, and as such, Norway's HRDD landscape is currently characterized by a significant lack of robust enforcement mechanisms. Managers at The Company argue that the absence of stringent penalties for non-compliance has led to varying compliance levels among Norwegian companies. They further observe that other firms tend to adopt a cautious "wait-and-see" approach. These observations align with analyses from other jurisdictions under mandatory HRDD requirements and underscore the need for legal accountability to ensure comprehensive adherence to HRDD obligations. However, our discussion raises questions about whether direct governmental measures, such as sanctions, would lead to cosmetic or substantive adherence to HRDD principles. ElKelish (2023) highlights the need for research into the effects of indirect government strategies, such as increased female representation on boards, on human rights accounting practices. Consequently, the influence of both direct and indirect government interventions on the depth of compliance – whether substantive or cosmetic – presents a compelling area for future research.

Building upon our findings and extant literature, we posit that delving deeper into paradoxical approaches to managing HRDD might yield significant insights. The potential benefits of collaborative stakeholder networks, such as across corporate representatives, governmental entities, NGOs, and academics, merit further investigation (ElKelish, 2023). With the rise of a specialized industry for external human rights consultants, the exploration of their influence and roles in HRDD practices is another avenue for research, as underscored by McVey et al. (2023).

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8. Appendix

8.1 Appendix 1: Interview Guides

8.1.1 Interview Guide – CSO

1. **Introduksjon**
    1.1. Presentasjon av oss (5. års NHH-studenter, BUS og ENE profiler)
    1.2. Presentasjon av studien (Kvalitativ masteroppgave, oppgavens formål og forskningsspørsmål)
    1.3. Informasjon om konfidensialitet og anonymitet
    1.4. Informasjon om opptak av intervjuet. Gjennomlesning og signatur av samtykkeskjema. Opptak slettes ved prosjektets slutt. Deltakere får lese igjennom det transkriberte intervjuet og kan gjøre endringer i sitater.
2. **Spørsmål om deltakerens bakgrunn og rolle**
    2.1. Helt kort, hva er din studie- og arbeidsbakgrunn, og hvordan har denne ledet frem til rollen din i bedriften?
    2.2. Kan du fortelle mer om din rolle og hovedansvarsoppgaver?
3. **Bedriftens arbeid med aktsomhetsvurderinger (AHV)**
    3.1. Hva tenkte du når du først hørte om Åpenhetsloven?
    3.2. Kan du beskrive hvordan bedriften arbeider med AHV i dag på konsernnivå og i de ulike divisjonene, og hvordan disse prosessene har utviklet seg over de siste årene?
        3.2.1.   Hva har vært de viktigste suksessene og utfordringene i AHV-arbeidet til nå?
    3.3. Hvordan er AHV organisert i selskapet når det gjelder roller, ansvarsområder og rapporteringskanaler?
        3.3.1.   Hvem har tilsyn med disse prosessene?
        3.3.2.   Har dere opprettet spesifikke veiledende prosedyrer eller retningslinjer?
        3.3.3.   I hvilken grad har dere innarbeidet AHV-prosesser i deres virksomhetsstyringssystem?
    3.4. Kan du fortelle om hvordan du opplever bedriftens verdier i arbeidet med AHV?
4. **Issue-selling**
    4.1. Kan du beskrive prosessen med å sikre «buy-in» for AHV arbeid i bedriftens toppledelse/styre? (Forberedelser, timing, press?)
        4.1.1.   I hvilken grad har du vinklet AHV-arbeidet som en forretningsstrategi, ved å vise til potensielle fordeler som økt lønnsomhet og markedsandel? Andre vinklinger?
    4.2. Kan du beskrive hvordan du har gått frem for å involvere andre i AHV-arbeidet?
        4.2.1.   Internt i konsernet (på høyere, samme og lavere nivå)
        4.2.2.   Eksternt (NGOer, Software1, Software2)

        4.2.3.   Hvordan har koalisjonsbygging påvirket mulighetene dine for «buy-in» i ledelsen?

    4.3. Har selskapet etablert tverrfaglige arbeidsgrupper for AHV, og hvis ja, kan du beskrive deres rolle og funksjon?

5. **Kunnskapsstyring**

    5.1. Hvordan har du arbeidet med å spre kunnskap om menneskerettigheter og de nye AHV-prosesser i konsernet og dets divisjoner? (Suksesser og utfordringer)

        5.1.1.   Hvilke milepæler har du nådd i dette arbeidet, og hvilke utfordringer har du møtt på konsern- og divisjonsnivå?

    5.2. Har du tilpasset hvordan du kommuniserer om AHV-prosessene avhengig av divisjon eller rolle? (Dersom ja, kan du beskrive hvordan du gikk frem, og hva som fungerte og ikke?)

        5.2.1.   Hvordan har organisasjonskulturen og selskapets generelle forståelse av samfunnsansvar påvirket implementeringen av AHV?

    5.3. Har du opplevd at de nye AHV-prosessene har skapt utfordringer i andre team/divisjoner?

        5.3.1.   Dersom ja, kan du beskrive hvordan dere samarbeidet for å dele og analysere informasjon relatert til dette?

        5.3.2.   Hvordan arbeidet du med kunnskapsdeling i dette tilfellet?

        5.3.3.   I hvilken grad opplever du at dette teamet/avdelingen har tatt i bruk ny eller fortsatt med eksisterende kunnskap?

6. **Avslutning**

    6.1. Er det noe annet du vil legge til eller føler er viktig å diskutere i forhold til AHV-arbeidet?

    6.2. Tusen takk for at du tok deg tid til å bli intervjuet av oss.

8.1.2 Interview Guide – Managers

1. **Introduksjon**

    1.1. Presentasjon av oss (5. års NHH-studenter, BUS og ENE profiler)

    1.2. Presentasjon av studien (Kvalitativ masteroppgave, oppgavens formål og forskningsspørsmål)

    1.3. Informasjon om konfidensialitet og anonymitet

    1.4. Informasjon om opptak av intervjuet. Gjennomlesning og signatur av samtykkeskjema. Opptak slettes ved prosjektets slutt. Deltakere får lese igjennom det transkriberte intervjuet og kan gjøre endringer i sitater.

2. **Spørsmål om deltakerens bakgrunn og rolle**

    2.1. Helt kort, hva er din studie- og arbeidsbakgrunn, og hvordan har denne ledet frem til rollen din i bedriften?

    2.2. Kan du fortelle mer om din rolle og hovedansvarsoppgaver?

3. **Eksterne endringer som påvirker næringslivet**

    3.1. Har du observert noen endringer i hvordan næringslivet fokuserer på sosial og klimamessig bærekraft de siste årene? Hvordan opplever du disse endringene?

    3.2. Hvordan opplever du endringene inn mot deres bransje(r) spesifikt?

4. **Bedriftens arbeid med aktsomhetsvurderinger (AHV)**
   4.1. Hva tenkte du når du først hørte om Åpenhetsloven? (formål, relevans)
   4.2. Kan du beskrive hvordan bedriften arbeider med AHV i dag på konsernnivå og i de ulike divisjonene, og hvordan disse prosessene har utviklet seg over de siste årene?

       4.2.1. Hva har vært de viktigste suksessene og utfordringene i AHV-arbeidet til nå?

       4.2.2. Hvor dypt tenker du bedriften skal gå i leverandørkjeden for å undersøke flere ledd av underleverandører?

   4.3. I hvilken grad har dere innarbeidet AHV rutiner i deres virksomhetssyringssystem?
   4.4. Hvordan opplever du at resten av organisasjonen har respondert på å bli pålagt disse nye rutinene?
   4.5. Kan du fortelle om hvordan du opplever bedriftens verdier i arbeidet med AHV?

5. **Eget arbeid med AHV**
   5.1. Kan du beskrive hvordan din rolle relaterer til AHV-prosessen, og hvordan den rollen har utviklet seg over de siste årene?

       5.1.1. Hva har gått bra, og hva har vært vanskelig i denne prosessen?

   5.2. Hvordan opplever du det å skulle planlegge langsiktig for både klimamessig og sosial bærekraft, i forhold til å skulle ta stilling til kortsiktige krav til verdiskaping i din hverdag?
   5.3. Kan du beskrive hvordan ditt samarbeid med CSO har vært i forhold til AHV-arbeidet?

       5.3.1. Hvordan opplever du CSO sitt arbeid for å formidle og implementere AHV-prosesser?

       5.3.2. Kan du beskrive hvordan du har fått veiledning, opplæring og informasjon om AHV-arbeidet?

   5.4. Hvilke utfordringer står du overfor i dette arbeidet i dag?

       5.4.1. Hva trenger du for å løse disse utfordringene? (Organisering av arbeidet, rutiner og prosedyrer, ressurser - individuelt nivå)

   5.5. Hvilke deler ditt AHV-arbeid går bra, og hva er det som legger til rette for det? (Organisering av arbeidet, rutiner og prosedyrer, ressurser - individuelt nivå)

6. **Avslutning**
   6.1. Er det noe annet du vil legge til eller føler er viktig å diskutere i forhold til AHV-arbeidet?
   6.2. Tusen takk for at du tok deg tid til å bli intervjuet av oss.

8.2 Appendix 2: Information and Consent Form

Vil du delta i forskningsprosjektet

«Bedrifters menneskerettighetsarbeid: Aktsomhetsvurderinger i praksis»?

Dette er et spørsmål til deg om å delta i et forskningsprosjekt hvor formålet er å undersøke virksomheters arbeid med menneskerettigheter og aktsomhetsvurderinger under Åpenhetsloven. I dette skrivet gir vi deg informasjon om målene for prosjektet og hva deltakelse vil innebære for deg.

Formål

- Studien er en del av et masterprosjekt ved Norges Handelshøyskole.
- Studien er en dybdestudie som vil undersøke hvordan en virksomhet arbeider med menneskerettigheter i sin organisasjon og med leverandørkjeder. I lys av innføringen av Åpenhetsloven (2021) og dens krav om aktsomhetsvurderinger (Eng: Human Rights Due Diligence (HRDD)) for å hindre brudd på menneskerettighetene, søker studien å redegjøre for hvordan en virksomhet og et utvalg av dens ansatte forankrer dette arbeidet i organisasjonen i praksis. Studien vil også analysere hvordan bedriftens virksomhetsstyring benyttes i dette arbeidet.
- Deltakelsen i forskningsprosjektet gjøres gjennom individuelle intervjuer utført av medlemmer av forskningsgruppen.
- Opplysningene fra forskningsprosjektet skal ikke brukes til andre formål enn til å informere masterarbeidet til forskningsgruppen.

Vi ønsker med dette å svare på det følgende forskningsspørsmålet:
Hvordan operasjonaliserer [bedriften] aktsomhetsvurderinger på menneskerettigheter gjennom sine dynamiske evner og styringssystemer?

Dette vil vi svare på ved å undersøke underspørsmålene[10]:
1. *Hvilke interne drivere og barrierer påvirker [bedriftens] tilnærming til HRDD arbeidet?*
2. *Hvordan påvirker disse driverne og barrierene [bedriftens] evne til å «sense, seize and transform» sin HRDD praksis?*
3. *Hvordan har [bedriften] forankret HRDD i sine retningslinjer og virksomhetsstyring?*

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[10] During our research project's abductive evolution, we refined our research questions to align more closely with the aspects of HRDD that materialized as most relevant for study, necessitating a shift from our initially proposed questions. However, this pivot does not entail substantive changes in our research methodology or data management practices. Additionally, prior to conducting interviews, we provided interviewees with an updated thematic overview, ensuring alignment with our evolving research focus.

Hvem er ansvarlig for forskningsprosjektet?
Institutt for regnskap, revisjon og rettsvitenskap ved Norges Handelshøyskole er ansvarlig for prosjektet*.*

Hvorfor får du spørsmål om å delta?
- Den aktuelle virksomheten som intervjuobjektene er valgt fra, er utvalgt basert på størrelse, bransje og modenhet i arbeidet med aktsomhetsvurderinger for menneskerettigheter.
- Intervjuobjektene er valgt med utgangspunkt i deres stilling og ansvarsområde, samt erfaring fra arbeid med menneskerettigheter og leverandørkjede.
- Om lag 10 personer får spørsmål om å delta i studien.

Hva innebærer det for deg å delta?
Dersom du ønsker å delta i prosjektet, innebærer det at du blir intervjuet av forskningsgruppen. Vi anslår at intervjuet vil vare om lag 45-60 minutter. Vi vil gjøre lydopptak av intervjuet for å sikre korrekt gjengivelse av opplysninger. I etterkant av intervjuet vil lydfilen transkriberes.

Intervjuet vil hovedsakelig dreie seg om:
- Din rolle i virksomheten og hvordan denne bidrar inn i arbeidet med å følge opp aktsomhetsvurderinger under Åpenhetsloven.
- Hvordan virksomheten som helhet arbeider med menneskerettigheter.
- Hvilke eventuelle systemer for virksomhetsstyring virksomheten benytter, og hvordan disse fasiliterer for arbeidet nevnt over.

Det er frivillig å delta
Det er frivillig å delta i prosjektet. Hvis du velger å delta, kan du når som helst trekke samtykket tilbake uten å oppgi noen grunn. Alle dine personopplysninger vil da bli slettet. Det vil ikke ha noen negative konsekvenser for deg hvis du ikke vil delta eller senere velger å trekke deg.

Ditt personvern – hvordan vi oppbevarer og bruker dine opplysninger
Vi vil bare bruke opplysningene om deg til formålene vi har fortalt om i dette skrivet. Vi behandler opplysningene konfidensielt og i samsvar med personvernregelverket. Kun forskningsgruppen vil ha tilgang til opplysningene vi har samlet inn. Navnet og kontaktopplysningene dine vil vi erstatte med en kode, som lagres separat fra øvrige data. En generell beskrivelse av din stilling vil benyttes sammen med en kode for å referere til din deltakelse i studien. Dette gjøres for å minimere risikoen for at du vil kunne gjenkjennes i publikasjon av studien.

Vi ber om at dersom det refereres til tredjepersoner under intervjuet skal de de ikke refereres til ved navn eller spesifikke personbeskrivelser, men ved deres stillingsområde.

Hva skjer med personopplysningene dine når forskningsprosjektet avsluttes?
Prosjektet vil etter planen avsluttes ved godkjenning av oppgaven, ved starten av 2024. Etter prosjektslutt vil datamaterialet med dine personopplysninger slettes.

Hva gir oss rett til å behandle personopplysninger om deg?
Vi behandler opplysninger om deg basert på ditt samtykke. På oppdrag fra Norges Handelshøyskole har Sikt – Kunnskapssektorens tjenesteleverandør vurdert at behandlingen av personopplysninger i dette prosjektet er i samsvar med personvernregelverket.

Dine rettigheter
Så lenge du kan identifiseres i datamaterialet, har du rett til:
- innsyn i hvilke opplysninger vi behandler om deg, og å få utlevert en kopi av opplysningene
- å få rettet opplysninger om deg som er feil eller misvisende
- å få slettet personopplysninger om deg
- å sende klage til Datatilsynet om behandlingen av dine personopplysninger

Hvis du har spørsmål til studien, eller ønsker å vite mer om eller benytte deg av dine rettigheter, ta kontakt med:
- Masterstudent Lene Mortensen, via ****
- Masterstudent Anna Kvalø, via ****
- Veileder Joel W. Berge, via ****
- Vårt personvernombud, via personvernombud@nhh.no

Hvis du har spørsmål knyttet til vurderingen som er gjort av personverntjenestene fra Sikt, kan du ta kontakt via:
- Epost: personverntjenester@sikt.no eller telefon: 73 98 40 40.

Med vennlig hilsen

Lene Mortensen og Anna Kvalø

Samtykkeerklæring

Jeg har mottatt og forstått informasjon om prosjektet *Bedrifters menneskerettighetsarbeid: Aktsomhetsvurderinger i praksis* og har fått anledning til å stille spørsmål. Jeg samtykker til:

☐ å delta i intervju
☐ at det tas lydopptak av intervjuet for å sikre korrekt gjengivelse av opplysninger
☐ at min tittel og ansvarsområde kan publiseres, men andre person- og selskapsopplysninger holdes anonymt

Jeg samtykker til at mine opplysninger behandles frem til prosjektet er avsluttet

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(Signert av prosjektdeltaker, dato)

8.3 Appendix 3: Overview of Interviews

ORDER OF INTERVIEWS	CODE	AREA OF RESPONSIBILITY	ORGANIZATIONAL LEVEL	DURATION (min:sek)	DATE
#1	CSO	Chief of Sustainability and Supply Chain	Group	121:01	23.10.
#2	CIO	Chief of Investments	Group	34:16	23.10.
#3	CEO	Chief Executive Officer	Group	37:41	23.10.
#4	CFO	Chief Financial Officer	Group	48:19	26.10.
#5	SM1	Sustainability Manager	Division 1	46:53	26.10.
#6	DD2	Divisional Director	Division 2	39:37	30.10.
#7	DD3	Divisional Director	Division 3	46:21	01.11.
#8	SM4	Sustainability Manager	Division 4	47:41	03.11
#9	SM2	Sustainability Manager	Division 2	46:31	06.11.

8.4 Appendix 4: Overview of Secondary Data Sources

LIST OF SECONDARY DATA
Supplier Code of Conduct
Ensuring Transparency and Collaboration on Compliance with Suppliers
Supply Chain Risk Assessment
Handling of Tnformation Requests and Notifications Related to Sustainability
Company Ethical Guidelines
Sustainability Policy
External Transparency Act and Sustainability Reports
Company's Website for General Information