

Sustainable Global Supply Chains: The Human Rights Aspect

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Abstract

The objective of this paper is to examine Global Supply Chains (GSC) from the perspective of human rights. Economists and international business scholars focus on the economic nature of this phenomenon and its complex international structure. International institutions (such as the WTO, OECD and others) direct their efforts to the regulation of the relations within the structure and to the measurement of the contribution of GSC to national economies and global trade. Human Rights activists, on the other hand, are tackling violations of human rights at the various stages of the supply chains. At present, politicians, regulators and a limited number of scholars are also trying to deal with the issue of human rights within GSC from a different angle – namely, the behaviour of business with regard to human rights issues in international business activities. The paper builds on the author's previous research on global supply chains in their role as stakeholders within the corporate governance system. The author adheres to the view that the study of human rights issues in the context of GSCs demands an interdisciplinary research approach and utilizes an adequate conceptual framework that should be further developed. Theoretical observations are combined with a survey on the business attitude towards human rights. Venue for following studies is drafted.

Key words: global supply chains, human rights; international business; stakeholders; corporate governance, adverse impact, modern slavery

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Introduction

Global supply/value chains are a well-known phenomenon in world trade that features the interconnectedness among companies from various countries. Economic, management and governance studies shed light on their nature. International organizations (UNCTAD, WTO) examine their impact on world trade and the economies of various countries. At present the focus is on sustainability in terms of the environmental impact of activities within GSCs. Their function brings up another issue – human rights abuses. In the last decade the problem is associated with the collapse of Rana Plaza² in 2013 which resulted in the death of 1132 people, as well as with the suppliers of components for various electronic devices (e.g. Foxconn) and the supply of minerals from conflict zones. At present, the media and many NGOs communicate similar problems in Europe, Africa, Asia and Latin America. Previous research (Boeva, 2015; Boeva et al., 2017) shows that I discovered similar problems.

A review of 2000 articles on sustainable global supply chains (published in Scopus-indexed journals) revealed the dominance of studies on sustainable GSCs from the perspective of CO₂ emissions, on one hand, and from the viewpoint of industry (i.e. technical approach), on the other. A refined study on a sample of the same publications (293 articles out of 2000) unveiled the prevalence of the legalistic approach to these problems. With regard to the international business nature of GSCs, a literature review was conducted on the scholarly interest in international business and human rights abuses, which revealed that only a small portion of all the publications (80 publications) deals with this specific topic.

Hence, while it can be rightly observed that the increasing role of GSCs in world trade, irrespective of certain changes due to COVID 19, is well examined by academic research, it should also be noted that academic research and international organizations (UNCTAD 2013; WTO 2021) mostly focus on GSCs from the perspective of the structure of GSCs, their role in world trade and national economies and the shifts of the suppliers from one country to another. Human rights issues within GSCs remain underestimated by international business scholars. The existing measures for preventing and mitigating human rights violations are predominately non-binding (e.g. OECD, 2011; UN, 2011). Very few countries, such as France, Germany, the Netherlands, UK, the US, have established legal measures against human rights violations within GSCs. Thus, the central claim of the present paper is that the dynamic increase of GSCs involvement in world trade notwithstanding, there is no respective systemic push-back against human rights violations at the level of different suppliers. Accordingly, the paper aims at studying how academic researchers focusing on international business and corporate governance examine GSCs from the viewpoint of human rights abuses and how governments and the business community act against such abuses, including EU-wide measures and the global response.

² Rana Plaza was a huge complex in Dhaka, Bangladesh which housed many suppliers for famous brands and retailers.

This paper encompasses theoretical and methodological ideas from different academic schools. It is the objective and the scope of research that justifies the interdisciplinary approach. The intersection of human rights and GSCs is not studied by the representatives of one single academic school. The author's previous and current research signals the need to refer to the views of international business scholars, as well as current thoughts on current corporate governance and political economy. The study builds on variety of sources – in addition to scholarly literature, documents of international institutions, as well as analysis and data from Bulgarian companies and business. The paper begins by introducing two cases where the intersection between GSCs and human rights are exemplified. The second part introduces academic studies about GSCs (international business and corporate governance studies) with highlights on various aspects of human rights. The third part presents and discusses legal and non-legal measures for protection and respect for human rights in international business transactions. The final part of the paper features the experience of Bulgarian companies within GSCs with human rights protection initiatives.

The cross-cutting of GSCs and human rights issues: two exemplary cases

The cases below justify the argument that although there are protective measures (both non-binding and binding), human rights violations within GSCs still occur. The two cases under survey are seemingly rather different – they took place in two different locations and sectors (food processing industry in Germany and construction business in Qatar).³ The presented facts, however, provide a starting point for the discussion in the subsequent parts of the paper.

The first case is one of human rights abuses within a supply chain (a global supply chain) that took place in North Rhine-Westphalia in Germany during the global Covid-19 pandemic. This is a case of what can be described as modern slavery (see Global Slavery Index, 2018, Modern Slavery Act, 2015). In 2020 more than 1,500 employees were tested positive for COVID-19 at the Tönnies meat plant. Most of the employees in the slaughterhouses were employed as *subcontractors* on such types of contracts that according to critics permitted employers to evade responsibility to maintain adequate working conditions and enabled other forms of exploitation (Foote, 2020). Worth mentioning is the fact that J. Bernhard, a German journalist made a movie about the lives of Bulgarian and Romanian workers at the Tönnies meat plant. It is not difficult to prove that the abuse of human rights took place at one of the *stages of the supply chain/global supply chain* and was due to the poorly regulated subcontracts of the employees. The publicity of the case not only supported the claims, but also led to changes in the regulation and a reaction from responsible businesses. Following the report, the German supermarket chains Lidl and Kaufland communicated that they

³ These cases are intentionally included: one is related to Bulgarian citizens and the other reveals problems that are not known by the football fans. Unfortunately this "sports case" is not unique. The list of human right abuse includes different products and global supply chains: cocoa, sugar, apparel industry, blood minerals, etc.

want their meat and poultry suppliers to waive these types of contracts by January 2021 at the latest.⁴ A new law was adopted – Occupational Safety and Health Inspection Act (2020) imposing a ban on the subcontracts and temporary agency work in the meat industry.⁵

The second case is about violation of human rights by the business in relation to the FIFA 2022 World Cup in Qatar. It was about human rights abuses of contractors and subcontractors engaged with the construction of sports facilities. From the international business perspective, this case is about supply chain and turnkey projects. The information is published by FIFA. One of the problems that provoked criticism of FIFA on the one hand, and from FIFA with regard to the Qatari authorities, on the other, is the violation of the human rights of the foreign workers employed for the construction of various facilities. FIFA representatives not only inspected the problems with regard to the protection of human rights on the ground⁶, but organized meetings with experts to discuss the human rights issues related to the construction projects in Qatar. FIFA is among the institutions that comply with UN Guiding Principles on business and human rights (Ruggie, 2017). The FIFA management institutionalized an advisory body to advise FIFA on human rights, to observe cases and to initiate measures, if necessary. An example of this is the survey on the human rights in Qatar and the recommendations on behalf of the Advisory Board: “Irrespective of any decision taken by the ILO, the Board noted that it is incumbent on FIFA – with its direct connection to the 2022 FIFA World Cup construction underway in the country – to have a clear position on the rights of migrant workers in Qatar and the need to ensure that the legal protections they are afforded are in line with international labour rights standards” (FIFA, 2017).

Both cases attract attention to the problems that are in the focus of this paper: supply chains/global supply chains and human rights abuse.⁷ The research strategy requires featuring the nature of the GSC (s), and how the problems are dealt with in terms of the adverse impact on human rights and the policies for the protection and respect of the human rights.

⁴ It is worth noting that at end stage of the supply chains are the buyers in various countries on a global and regional arena as well in Bulgaria. Author’s survey on the human rights policy of Bulgarian business incl. information about Bulgarian daughter companies of both retailers is presented in the last part of the paper.

⁵ The Law is in force since 2021.

⁶ FIFA organized various inspections of the sites in Qatar in cooperation with ILO (International Labour Organization), BWI (Building and Wood Worker’s International) and local authorities. Consequently, a round table on human rights was organized by FIFA at the end of 2021 (for more details see <http://www.fifa.com>).

⁷ It is interesting to communicate some of latest human rights abuse cases. The 2022 Winter Olympic Games 2022 are under the criticism for the forced labour in the factories in the Uyghur region in China due to the work of many NGOs, as well as the passage in the U.S. Congress of the Uyghur Forced Labour Prevention Act on December 16, 2021. U.S. President Joe Biden signed it into law on December 22. The law bans imports from the Xinjiang Uyghur Autonomous Region (known as the “Uyghur Region”).

Academic research on GSCs: international business and corporate governance studies

What is the rationale to study the problems related to GSCs from a human rights perspective? As the above cases about the adverse impact on human rights⁸ reveal, these are the offshore activities/places of the companies (sourcing or production within supply chains) where this adverse impact occurs. It is a textbook truism that the main actors within GSCs are TNCs, SMEs and individuals. In the present paper **GSCs are considered a system of lasting, long-term relationships (contractual, commercial, manufacturing, and logistics, including transport, marketing, and information management) between companies worldwide)**. Global Value Chains/GVCs⁹ tasks range from preproduction (research and development, product design, and branding), to production, to postproduction (marketing, distribution, and retailing (Gentile and Xing, 2021) The key players in the system are the TNCs from developed economies and suppliers and sub-suppliers from emerging and transitional economies. GSCs are an alternative to foreign direct investment (FDI) and encompass non-equity modes of entry (NME) such as cooperation and transfer of technology. Contracts such as contract manufacturing and assembling, outsourcing, offshoring/licensing, franchising and contract farming are the pillars of GSCs. GSCs have mirrored current connectivity between various partners around the world. It poses new imperatives to politicians: the „them and us“ old thinking about trade has increasingly been shunted aside by an „us“ focus (Lamy, 2013).

The international business school of thought contributes to the enunciation of the nature of GSCs. Professor Baldwin (2013), a leading authority in the field, explains the GSC phenomenon from the standpoint of “slicing”, i.e. the slicing, transferring and coordinating of tasks. He emphasizes the multi-tier allocation of tasks, followed by occupations, their integration in the stages of designing a product, and the top tier is the final product. This global supply chain model is noted by existing practices: first-tier, second-tier and third-tier suppliers – a model, typical of the automotive, electronics, machine-building industries, food, apparel industries, etc. There is also the matter of control and governance within the system of relationships between GSCs participants from different regions.

Global supply chains have been explained by *macroeconomists* such as Paul Krugman, Maurice Obstfeld and Marc Melitz (2012). They place an emphasis on the production factors as the driving force behind outsourcing and off-shoring. At the same time, Krugman, Obstfeld and Melitz also compare the global supply chain phenomenon against the backdrop of the strengths and weaknesses of FDI. Research on problematic Bangladesh

⁸ According to the OECD Due Diligence “adverse impact” is “impacts on matters covered by OECD Guidelines which includes impacts related to disclosure; human rights; employment and industrial relations; environment; combating bribery; bribe solicitation and extortion; consumer interest. Adverse impact and harm are implemented interchangeably” (OECD, 2018/a).

⁹ In the paper the terms Global Supply Chains and Global Value Chains are used interchangeably.

garment industry examines the negative impact of the low cost of the textile production on the welfare of the local workers (Anner, 2020).

The focus of this paper is on **international business school**. Against the background of the expressed views on the essential features of global supply chains, it becomes clear that the interests of researchers in the academic area of International Business and Strategic Management focus on the economic rationale, the technology of the outsourcing of tasks and the transition to contractual relations. Social and environmental aspects are not studied in depth, but are not excluded from the scope of studies of the above academic school. For example, the International Centre for Trade and Sustainable Development (ICTSD) points out those positive economic results for the “factories” do not automatically correlate with sustainable development achievements such as new jobs, better pay, and an increase in the number of women in workforce and the transfer of skills. Another ICTSD study of Ethiopia’s garment industry has revealed problems such as occupational safety, low wages, a lack of collective bargaining power and agreements, limited social rights (annual leave and sick leave entitlement), low participation level of local people in trade unions and limited labour inspection access to production facilities (Staritz, 2016). The study of international business publications on human rights violation revealed the interest of the authors to TNCs behaviour – lead company or the buyer within the supply chain.

Another domain of knowledge and expertise that is employed in this paper is **Corporate Governance**. Corporate Governance as a system of relations between the shareowners, corporate boards and stakeholders providing norms for the recognition and protection of the stakeholders including suppliers and for disclosure of how the stakeholders including suppliers are protected.¹⁰

Previous author’s work on corporate governance allows stating clearly that various initiatives within the framework of corporate governance support the effort at state level, as well as at the level of business and NGOs to communicate the problems related to human rights within the supply chain/global supply chain. The Global Standard for Corporate Governance (OECD Principles of Corporate Governance – G20, 2015) envisages recognition and protection of the rights of the stakeholders established by law or through mutual agreements, incl. human rights protection. Companies that comply with this standard, embedded in national laws and/or Corporate Governance Codes develop a policy for working with these suppliers. As mentioned above this policy does not reflect the specifics of the global supply chains with suppliers all over the world (first-, second-, n-tier suppliers). Suppliers or sub-suppliers/subcontractors are not always in the focus of lead companies or purchasing companies and their policy for the protection and respect for the stakeholders does not add value to the mitigation of human rights abuse.

¹⁰ In the paper the definition of corporate governance is aligned with G20/OECD Principles for Corporate Governance. Corporate Governance “involves a set of relationships between a company’s management, its board, its shareholders and other stakeholders. Corporate Governance provides the structure through which the objectives of the company are set, the means of attaining those objectives and monitoring performance are determined” (G20/OECD, 2015).

To the contrary, the above-mentioned standards and regulations provide norms for disclosure, incl. disclosure of the protection of stakeholders' rights. The author's previous research on the intersection between the global supply chains and disclosure standards (Boeva, 2019; see also GRI, 2017),¹¹ lead to conclusions that disclosure standards equip the companies tools to communicate their work with the suppliers. Global Reporting Initiative (GRI, 2017) includes disclosure indicators for labour conditions (Social Standards 402- 407); for human rights (Social Standards 408-412); for local community (Social Standard 413). The disclosure standards fit to different transactions within GSCs: contract farming; contractual manufacturing; out-sourcing; licensing agreements and contracts in the extractive industry (Boeva, 2019) Unfortunately the practice remains formal (Winkler, 2017).

The limited role of disclosure in contributing to the prevention of human rights violations and enforcement of rules against such abuses has gradually attracted the interest of researchers to the sustainability policy of the company and board engagement – due diligence: “disclosure measures introduced internationally and nationally only partially contribute to sustainability. Such measures appear limited at best to achieving transparency, and they do not necessarily achieve progress in their substantive outcomes. Due diligence requirements, if backed up by enforcement sanctions, promise greater effect as they call on companies to make efforts to eradicate or mitigate their negative impacts” (Villiers, 2019). Due diligence is understood as a preventive set of measures for evaluating the company suppliers not only from the economic perspective, but also from the viewpoint of human rights status quo – prevention, violations etc. The shift from disclosure is aligned with the UN and OECD non-binding measures that are going to be clarified further in the text.

The above observations lead to certain conclusions and guidelines for research. Within neither International Business School, nor Corporate Governance Studies have there been any in-depth studies of the human rights issues in relation to GSCs. Important topics about how to develop stakeholder policy with regard to human rights, or how to trace the violations of human rights at various stages or “Choke points”¹² of the supply chain, are reserved for the lawyers or NGOs. As the literature review has revealed, the studies on the intersection of TNC policy with regard to GSCs and human rights protection/violations are dominated by legal scholars. The focus is on due diligence and duties of board members with regard to human rights and due diligence (Hess, 2021). The shift from voluntary due diligence of human rights to binding due diligence is another area of study (Smith et al., 2021; Nolan, 2018).

Although the above observations and comments are classified accordingly as international business, corporate governance and law, the multifaceted nature of the intersection between the GSCs and human rights issues requires an interdisciplinary approach. This view is shared by scholars with economic, management and legal backgrounds (Giuliani et al., 2014) and echoed in further research (Cernic, 2021; Voiculesku, 2018).

¹¹ Global Reporting Initiative 2016 (in force since 2018).

¹² “Choke points” are key points in transformation in the supply chain or stages in the supply chain with visibility and control over the circumstance in production and trade upstream (OECD Due Diligence Guidance).

On the other hand, it is important to share another thought: the more distant the supplier is from the leading company (assembler company) or the buyer, the more opportunities are there for human rights violations. Business practices exemplify this statement: multinationals do not report lack of human rights respect, while at the very beginning of the global supply chain – at the sourcing stage, human rights are violated (downstream). The traceability of human rights and social issues in the whole system of the GSC is missing.

It is the formality,¹³ as well the underestimation of the human rights issues within the structure of the GSC incl. n-tieth supplier and the problems mentioned above that have led to a more detailed and structured approach to examining the relationship between the business transactions, GSCs and the human rights and human security, embedded in documents of international organizations – governmental and non-governmental alike.

Legal and extra-legal measures for protection of human rights in international business transactions

Social issues, labour conditions and human rights and respective violations are addressed by various initiatives on global, regional and national levels.¹⁴ In the last twenty years several documents call for the protection of human rights by the international business: ***UN Global Compact, UN Guiding Principles on Business and Human Rights – UNGPs (2011) and OECD Guidelines for Multinationals (2011)***. The principles and norms of these documents envisage the involvement of the State and the business to protect and respect human rights, on the one hand, and define measures for sanctioning the violations of human rights and remedies, on the other. The OECD Guidelines include a special human rights chapter, which is consistent with the UNGPs, which deals with non-binding measures. On the other hand, the Governments of the UK (Modern Slavery Act of 2015), France (Law on duty of vigilance of 2017) and Germany (Law for Suppliers, which will be in force in 2023) legislate their policy for human rights protection with a focus on global supply chains. The US jurisdiction legislates with the focus on trade measures against modern slavery – prohibition of the

¹³ According to the publications, International trade liberalization agreements initiated by the World Trade Organization have set standards for sustainable development. However such agreements do not tackle specific problems associated with the participants in global supply chains. There are similar conclusions in the European Parliament resolution of 10 March 2021 with recommendations to the Commission on corporate due diligence and corporate accountability (2020/2129).

¹⁴ This paper does not examine Human rights per se. The focus is on the business attitude to human rights with a focus on UNGPs. Although Amnesty International and Human Rights watch tackle ethical business and human rights issue within GSCs (Human Rights Watch, 2021) these are not the main problems they are observing and combatting.

import of goods, created by forced labour (Trade Facilitation and Trade enforcement Act of 2016; Uyghur Forced Labour Prevention Act of 2021).¹⁵

Some researchers qualify the proliferation of the documents on human rights protection as a “galaxy” of norms (Diggs et al., 2019), while others (Nolan and Bott, 2018) support a different view. Although slavery in global supply chains attracts the attention of governments, business and civil society, international law does not define modern slavery. The abovementioned research helps define the legal recommendations on due diligence legislation. Even though the idea behind the content of this part of the paper is not to criticize legal doctrines, academic ethics requires mentioning the legal initiatives on the EU level on the above issues.

A brief observation of the **31 principles of the UNGPs** (UNGP, 2011) reveals the duty of state to **protect** human rights; the corporate responsibility to **respect** human rights in various business activities and last but not least the **remedy** that has to be implemented in cases of violations of human rights by the state and business (Three Pillars of the Principles). In one of his publications, Ruggie (2017) enables the researchers and practitioners to better understand the rationale behind the Three Pillars, which has to do with the different governance systems (state), corporate governance and civil governance (stakeholders such as human rights activists, etc.) and their social engagements, on one hand, and their interplay, on the other. Every actor has to play its specific social role. Every nation or union of nations and every jurisdiction **shape in a different way the contribution of the above actors to this interplay** – the domination of government measures for protection of human rights and modest conduct of business to respect human rights or advocacy of business for new measures on behalf of the state for human rights protection and a balanced approach. An excellent example of the second approach is the pressure of UK companies on the UK government to legislate due diligence with regard to human rights¹⁶.

The economic process, the increasing role of business in world economic and social life and the problems associated with various business activities conducted by multinationals in different parts of the world lead to this new reading of human rights.¹⁷ Economic power of the business understood as the 100 biggest economic entities including states

¹⁵ The 2021 Act responses to the use of forced labour in facilities in the Uyghur Region of the PR China and bans it. It is a well-known fact that many products for the Olympic Winter Games 2022 are produced in Uyghur Region. Hence, many critics question the efficiency of the International Olympic Committee Human Rights Strategy.

¹⁶ In October 2021, 36 companies, investors and business associations released a joint statement calling on the UK government to introduce a Human Rights and Environmental Due Diligence (HREDD) law. Signatories to the statement include John Lewis, Tesco, ASOS, Primark, Unilever and the British Retail Consortium. The statement says: “We call for the UK government to urgently bring forward ambitious primary legislation to mandate companies to carry out human rights and environmental due diligence. To level the playing field in practice, the requirement needs to be accompanied by consequences that will be strong enough to ensure that businesses that fall within the scope of the legislation carry out HREDD to a high standard and that victims have access to justice”.

¹⁷ It is important to remember the Declaration of Human Rights and The Bill of Human Rights – documents that have been endorsed by the UN Member States following WWII.

and companies (Green, 2016) or the might of the economic actors pose requirements for business towards various stakeholders including employees, suppliers, customers, consumers and community. “Yet today the multinational enterprise is the standard mode of organizing economic activities across countries” (Ruggie, 2017). Practice differs – certain businesses respect and protect human rights (code conducts, corporate social responsibility) while others do not. It should be noted that the **lack of a unified approach** to tackle the problem and the pressure from the stakeholders led to the adoption of UNGPs (2011)¹⁸. UNGPs are “global standard of expected conduct of all business enterprises wherever they operate”, which “exists **over and above compliance with the national laws and regulations protecting human rights**” (art. 11). This has to do with a framework for the business community which operates globally and it is important to point out that businesses have to respect human rights with regard to the Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work (art. 12). UNGPs envisage a requirement for business – due diligence of human rights, which has been “transposed” in the legal norms of the French law on duty of vigilance, and in the EU directive (Draft) on corporate sustainability due diligence (2022).

In line with the goal of this paper – the cross-section between GSCs practice and human rights and social conditions – it is important to underline **the new functions of business as set out by UNGPs: developing human rights protection policy, human rights due diligence process for estimating their impact on human rights (Principle 15) and reporting with respect to their policy**. The OECD envisages similar norms for Multinationals (OECD, 2011). The OECD also enables the proper execution of these functions in the practical and helpful Due Diligence Guidance (generally and on the sector level).

The above mentioned argument regarding the penetration of the UNGPs is backed by the purpose and the content of the Proposal of a Directive of the European Parliament and the Council on corporate sustainability due diligence (2022/0051). The document rests on the UNGPs and OECD Guidelines for Multinationals.

The Proposal Directive establishes new compulsory norms for due diligence and board member duty with regard to human rights protection. Although this paper does not aim to analyse the Proposal for Directive it merits underlining its nature and scope. The legally binding norms about due diligence are addressed to the companies from the EU Member states (with more than 500 employees and net worldwide turnover of more than 150 million euro) and companies from third countries with the activities within EU. Most vulnerable from human rights perspective sectors are covered, as well as apparel industry, extracting industry, etc. The expected transposition of the Directive in the Bulgarian legal system drives the execution survey of Bulgarian Business – lead companies and buyers within GSCs and Bulgarian SMEs that supply EU companies.

¹⁸ It has been stated that the Global Compact, although recognized and signed by many MNCs, does not allow for adequate reaction to the dynamics of the human and social rights in the international business activities.

The survey on the penetration on UNGPs in non-binding and legally binding measures posits the question: are there other initiatives on the level of individual states or globally? The answer is positive: an open ended working group is involved in the elaboration of international legal binding initiatives (Human Rights Watch, 2021). According to the group documents (7 reports), the initiatives address the issues from the perspective of TNCs and other business enterprises with respect to human rights.

UNGPs (2011) are not only a global standard but also a new international informal regime (over and above compliance with national laws and regulations protecting human rights (Principle 11). It is the school of international regimes in international relations to which the author of the Principles – the political science professor prof. John Ruggie¹⁹ belongs and refers to (Ruggie, 2017). Going back to the history of UNGPs (2011) business and human rights it is not a difficult task to figure out the contribution of various interdisciplinary expertise to the design and validation of the principles. Certainly, Ruggie's research features some specific insights, Ruggies himself being a representative of the Constructivist school in IR theory²⁰. From the typical constructivist view that power is an ability to structure and develop social relations between the actors, one can go further in the examination of the new trends of the regulations of human rights in the specific area of international business. Ruggie's article on UNGPs sheds light and gives an explanation for that. His view on the norms, resp. on the Principles, explicitly confirms his place among the authors of international regimes such as Robert Keohane and others.

At the end of this discussion and with regard to the abovementioned cases another topic within the area of human rights deserves clarification. In the last twenty years international institutions (UN) and international relations scholars established the concept of **human security**.²¹ Human security and human rights complement each other (Derso, 2008)²². It is noteworthy to point out the UN General Assembly Resolution 66/290, where it is stated that "human security is an approach to assist Member States in identifying and addressing widespread and cross-cutting challenges to the survival, livelihood and dignity of their people".

Although it is not the main topic of this paper it is of importance to refer to UN categorisation (2016) of the types of **human insecurity**: economic insecurity (persistent

¹⁹ Professor John Ruggie was appointed by UN Secretary General Kofi Anan as UN Assistant Secretary General for Strategic Planning (1997-2001) and he was engaged in the development and overseeing of the Global Compact (2001). In 2005 UN Secretary General Kofi Anan appointed Ruggie as UN Secretary General's special representative for Business and Human Rights. Prof. Ruggie developed measures for protection of human rights in business activities. In 2011 UN Human Rights Council adopted The UN Guiding Principles on business and human rights (UN, 2011). It is noteworthy that various states, organizations, business entities and NGOs including FIFA have validated the document.

²⁰ Constructivism was introduced to IR by Nicholas Onuf with his book *World of Our Making: Roles and Rule in Social Theory and International Relations* in 1989 (published by Routledge). Onuf also coined the term "constructivism". It has since gathered a large following.

²¹ The research sheds light on the appearance of the concept of human security in mid-1990. At government level the human security approach is promoted by Canada and Japan (Fuentes and Aravena, 2005).

²² The literature on human security/insecurity focuses on disaster insecurity (see Ivanova et al., 2020).

poverty, unemployment); food insecurity (hunger, famine); health insecurity (epidemics, poor sanitation, lack of access to basic health care); environmental insecurity (natural disasters, resource depletion); personal insecurity (physical violence in all forms, human trafficking, child labour); community insecurity; political insecurity (human rights violation, lack of rule of law). With regard to the problems on the stages of GSCs “Choke points” it is not difficult to state that certain types of human insecurity happen, such as child labour or political insecurity.

The UN document (UN, 2016) focuses on five principles of human security: People-centred; Comprehensive; Context-specific; Prevention-oriented and Protection and empowerment. From the perspective of GSCs it is necessary to underline that the people-centred approach requires not only to understand the problems to partner and cooperate, on one hand, but to interpret this approach with regard to contemporary work of the companies with the stakeholders (i.e. engagement and partnering), on the other (Boeva, 2019). The comprehensive principle envisages analysis, dialogue among the different parties and the development of mutually accepted measures.

The subsequently presented survey on business engagement and compliance with human rights and human security offers a practical approach towards certain norms and rules that require an adequate policy on behalf of the business community. The respect for human rights and human security is a standard for good and ethical conduct of business. It is not just a legal obligation that is imposed on business by the state (e.g. regulations; directives and laws). It is a matter of natural business behaviour.

A survey of Bulgarian business and trade unions on the subject of human rights in international business operations

In order to prove certain assumptions and to figure out the state of the art of human rights protection by the business, a short survey (desk study) was conducted for some Bulgarian companies.

The survey

How do Bulgarian companies react to the violation of human rights? The attempt is to examine how companies report and whether their conduct is aligned with the norms of UNGPs (2011) and the national legal requirements for disclosure (2016 Accounting Law). As mentioned above, the proposed Directive on corporate sustainability due diligence increases the binding requirements for due diligence for suppliers within global supply chains. The thesis of the research posits that Bulgarian companies are either a leading or a buying company within the global supply chains (assemblers, processors or buyers from non-EU Member States) or are suppliers within global supply chains with leading companies and buyers from EU member states or from third countries. This would suggest that the new norms (after the Directive is voted by the European Parliament and subsequently transposed in Bulgarian legislation) will require a number of Bulgarian companies to

develop and communicate their own human rights policy.²³ In accordance with these new trends, certain Bulgarian companies have been examined. The survey encompasses three groups of companies:

- A group of the biggest Bulgarian companies (in terms of revenue for 2020);
- A group of SOFIX-listed companies²⁴;
- Daughter-companies of multinationals (the majority of them from EU member-states);²⁵

According to the weekly magazine Capital (2021), ***the top ten of the biggest Bulgarian companies*** (by 2020 revenues) include: the daughter company of the German Aurubis – Aurubis ranks first in the group, followed by Lukoil Bourgas (2nd); National Electric Company (3rd); Lukoil Bulgaria (4th); BA Glass Bulgaria – a daughter company of a Portuguese glass producer with two production facilities in Bulgaria (5th); Kaufland Bulgaria – a subsidiary of the German Schwarz Gruppe (6th); Astra Bioplant (7th); SAKSA Bulgaria (8th); Lidl Bulgaria – another subsidiary of Schwarz Gruppe (9th) and Arkad Engineering and Construction Bulgaria (10th).

The companies in question are engaged in local mining; distribution of imported oil; production; construction and retail with local, imported and exported goods. The company with an energy profile is the owner of local hydroelectric power stations.

A careful examination of the information on the website of the Aurubis company (the biggest company for 2020) provides evidence about the active position of the company in the protection of environment and health and safety for the employees. The ethical code for the business partners refers to provisions from the UN Human Rights declaration, Global compact, ILO declaration of principles and rights in the work place; the UN Declaration for environment and development (Rio de Janeiro 20+); the UN anticorruption convention and the UN convention on children's rights. The next step of the research was a study of the mother company policy – Aurubis AG. Its website reveals that it complies with the OECD Due Diligence and Due Diligence Guidance for Responsible Minerals Supply Chains avoiding suppliers from conflict zones. The company also includes a clause in the supply contract to comply with human rights, environment protection which will cover 100% of the raw materials supply by 2023.

A similar policy with a focus on environment protection and social policy is followed by the daughter companies of the Schwarz Gruppe. BA Glass Bulgaria does not release information about their social policy, but its mother company (which is Portuguese) recognizes the importance of fundamental and universal human rights set forth in human rights conventions and international treaties, namely, the Universal Declaration of Human

²³ In a study of local suppliers in the Bulgarian automotive cluster it was discovered that leading foreign companies (mostly from the EU) did not include in their suppliers' contracts norms about the compliance with good labour conditions, human rights by Bulgarian producers (Boeva et al., 2017).

²⁴ SOFIX is an index of the Bulgarian Stock Exchange that includes the biggest listed companies in terms of capitalization.

²⁵ It is noteworthy to underline the OECD Guidelines, mentioned in the second and third part of the paper.

Rights of the United Nations and ILO (International Labour Organization), complying with the rules of social responsibility (SA 8000) and code for suppliers. In point of fact, the daughter companies follow the policy for human rights and business accountability of their owners – multinational companies from EU Member States.

Although the rest of the companies are part of the supply chain with foreign suppliers (oil), they do not communicate their engagements in terms of compliance with the international norms for human rights, etc. Lukoil Bourgas communicates the company's policy for good labour conditions for the workers; good partnership with trade unions. The relations with the supplies are not the in focus.

In the second sample are listed companies on the Bulgarian stock exchange with highest market capitalization (SOFIX Index). The survey reveals a variety of business models: certain companies promote protection of the environment, safe working conditions and corporate social responsibility (CSR); other companies hold 100% equity in local enterprises as suppliers for big international retailers. The majority of companies on SOFIX declare their CSR and in this regard their corporate boards promote equal rights and non-discrimination in terms of race, age and sex.

By referring to the previous statement and focusing on new regulations, one could forecast that due diligence could encompass the Bulgarian suppliers. It is known that certain established norms in the buyer-supplier relationship branch out in norms for human protection. This hypothetical scenario could be developed for the third and fourth tier suppliers, such as suppliers of raw materials, including cotton.

At the end one has to mention good practices of daughter companies of big multinational companies. Siemens Bulgaria communicates in Bulgarian language the principles for responsible business practices that are implemented within the whole group.

The search on the SMEs was not successful. A case-by-case approach revealed that certain suppliers in the apparel sector (Kalinel, an IKEA supplier) do comply with the Business Social compliance Initiative (Fair Trade Association), Ethical trade Initiative.²⁶ This is the sector in the focus of the Proposal for the Directive for corporate sustainability due diligence (2022) and hopefully more information about the human rights protection will be provided.

The revealed gap of information is partly overcome by a number of publications, including guidelines, on the topic under examination from the perspective of trade unions and NGOs. One of the documents deals with human rights and supply chains (BG Toolkit for responsible business). The Toolkit offers examples and guidance for business with regard to human traffic and labour conditions. The authors (Lietonen et al., 2020)

²⁶ Research has shown that in the garment industries foreign buyers require their Bulgarian suppliers particularly in the apparel industry to follow BSCI. BSCI is an initiative of the Foreign Trade Association (FTA), the leading business association of European and international commerce that brings together over 1, 500 retailers, importers, brands and national associations to improve the political and legal framework for trade in a sustainable way. BSCI supports more than 1,500 FTA member companies to integrate social compliance at the heart of their GSC.

provide knowledge in the human relations domain. Bulgarian translation of the document enables its implementation by the employees and international business. Another trade union document is in circulation among the union members in the light industry – namely, the Bulgarian version of the Global Alliance Framework between ASOS (a digital platform company for retail trade with fashion garments) and the Industrial Global Union (which represents more than 50 million workers in the light industry worldwide). The focus is on the rights of the workers.

It could be summed up that the survey on the business community in Bulgaria did not provide sufficient information about the situation with the protection of human rights per se. In their annual reports listed companies have to disclose their work within their global supply chains without disclosure on the subject of human rights. The research has shown that foreign businesses are still a step ahead – a practice that has to be disseminated and promoted and utilized by the business community in Bulgaria. As communicated in the previous parts of this publication the Directive on Sustainable Corporate due diligence and its likely transposition will expose Bulgarian business to the norms of respect of human rights of the stakeholders-suppliers.

Conclusion

This paper examines the human rights issues within GSCs from the standpoint of academic research and non-binding and binding initiatives for human rights protection within global supply chains. Gradually the issues that have a global and regional impact – the violation of human rights – get an adequate answer on the level of individual states and the European Union. The open UN Working Group on Business and Human rights is making headway on finding a global binding solution. A survey of Bulgarian companies, including daughter companies of TNCs, was conducted. The results reveal different patterns in terms of human rights policy of the business community. The paper contributes to the academic studies in the domains of international business and corporate governance. It is the first systematic study by the Bulgarian academic community on GSCs from the human rights perspective. Future research could entail local (Bulgarian) suppliers as part of GSCs. A problem for future researchers could be the human rights traceability within GSCs. This is the direction indicated by the European Parliament resolution of 10 March 2021 with recommendations to the Commission on corporate due diligence and corporate accountability “Calls for supply chain traceability to be strengthen” (2020/2129 IN).

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