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SUSTAINABLE WORK AND CORPORATE RESPONSIBILITY

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***THE ROLE OF REGULATORY TRENDS AND SELF-
REGULATORY INSTRUMENTS***

Theses of the PhD dissertation

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I. Subject Matter and Objectives of the Dissertation

Economic and social developments in the twenty-first century are shaped by rapid, interconnected and mutually reinforcing transformations. Climate change, digitalisation and automation, the expansion of global value chains, geopolitical uncertainties, structural changes in the labour market and numerous other phenomena are jointly reshaping society and the conditions under which economic activity takes place. Beyond questions of economic and environmental policy, these megatrends fundamentally affect the world of work, the function of labour law and the traditional boundaries of employer responsibility.

At the outset of my research, I found the point of connection between employment, labour law and environmental protection – the fields I had chosen to study – in the concepts of sustainability and sustainable development. In the context of the trends outlined above, sustainability can no longer be understood solely as an environmental objective. Achieving sustainable development poses economic, social and environmental challenges at the same time and requires a reconsideration of production, consumption, employment and corporate activity as a whole.

Against this background, the research focuses on the changing responsibilities and obligations of employers and corporations in relation to working conditions. The central proposition of the dissertation is that both the substance of the legal and non-legal responsibility associated with creating and ensuring sustainable work and the range of actors to whom such responsibility is addressed are changing and expanding. This development can be observed, on the one hand, in relation to the obligations of the direct employer within its own organisation and, on the other hand, in the emergence of expectations and obligations extending to value chains, chains of activities and business relationships in respect of other companies capable of influencing working conditions through their economic power.

The dissertation is primarily concerned with these newer obligations and the non-legal expectations associated with them. Where the dissertation refers to responsibility for working conditions in a broader sense, this concept may also encompass the responsibility arising from the legal obligations of other companies capable of influencing working conditions, as well as their non-legal responsibility. This broader use of the term does not imply a doctrinal extension of classical labour-law responsibility. Rather, it is intended to capture the fact that legal and non-legal expectations relating to the shaping of working conditions may be addressed not only to the direct employer but also to other companies possessing economic influence.

The relevance of the research is particularly demonstrated by legislative developments in recent years. Requirements relating to corporate social responsibility, responsible business conduct, human rights due diligence and sustainable supply chains were for a long time primarily expressed through soft-law instruments and voluntary corporate commitments. In recent years, however, they have increasingly become linked to binding legal requirements. This shift is particularly well illustrated by European Union regulation on sustainability reporting, due diligence and value chains.

The broader aim of the research is to demonstrate that sustainability is not a consideration external to labour law, but rather a comprehensive paradigm that also affects fundamental questions of labour law, since sustainable work cannot currently be achieved without reconsidering the logic of responsibility for working conditions.

The central research question was how sustainability requirements affect the traditional boundaries of employer responsibility and whether a trend in legal development can be identified that strengthens such responsibility and leads to its practical expansion beyond the direct employment relationship. The dissertation examines this central problem through five research questions.

RQ1: *What substantive requirements does sustainability impose on work, and how can the concept of sustainable work be understood within this framework?*

RQ2: *How are the concepts of decent work, green jobs and sustainable work related to one another, and what expectations do they place on employers and their activities?*

RQ3: *What challenges arising from globalisation, transnational corporate activity and global supply chains can be addressed only to a limited extent within classical labour-law responsibility based on the direct employment relationship?*

RQ4: *What new regulatory solutions have emerged for enforcing sustainability, human rights and labour-related expectations, particularly in EU ESG-based regulation, human rights due diligence, sustainable public procurement and other instruments addressing supply chains?*

RQ5: *What common characteristics can be used to describe the emerging regulatory model that extends responsibility for working conditions beyond the direct employer to other economic actors and in which expectations previously characterised as soft-law, voluntary or ethical are increasingly linked to binding legal norms?*

The research questions are accompanied by three closely related hypotheses. The dissertation formulates them as follows.

H1 *As a result of the growing importance of sustainability expectations and their frequently inadequate implementation in global supply chains, legal and non-legal responsibility for*

working conditions is gradually expanding on the side of employers and extending to other entities as well.

***H2** A new regulatory approach is emerging which, alongside classical employer responsibility based on the direct employment relationship, creates a broader model of responsibility that is more sensitive to sustainability considerations, supply chains and corporate impacts. Within this model, new obligations that are not labour-law obligations by nature but extend to labour practices are imposed on an entity that does not itself engage in those labour practices but is formally linked by contract to the employer that does, typically in the position of a buyer or contracting company. In this way, the responsibility of the direct employer – which is often itself outside the scope of the relevant regulation – is indirectly expanded through additional obligations.*

***H3** An essential element of the processes described in H1 and H2 is that expectations and practices previously characterised primarily as soft-law, voluntary or ethical – particularly from the 2010s and 2020s onwards – are increasingly taking legal form or becoming linked to binding legal norms. One of the most important manifestations of this development is the incorporation of such requirements into mandatory legislative provisions, particularly in European Union regulation.*

II. Structure of the Dissertation

The dissertation consists of five main chapters. The Introduction places the research within its broader social, economic and legal context, defines its subject matter and relevance, and sets out the research questions, hypotheses, as well as its methodological and substantive boundaries. The chapter also distinguishes legal obligations and legal responsibility from non-legal forms of responsibility, while clarifying the meaning in which the dissertation uses its central concepts, including the broader notion of responsibility for working conditions.

Chapter 2 examines the conceptual links between sustainability and the world of work. Within this framework, the dissertation first presents the fundamental conceptual framework of sustainability and sustainable development, followed by an analysis of the concepts of decent work, green jobs, just transition and sustainable work.

The conceptual analysis starts from the proposition that sustainability is not exclusively an environmental category but presupposes the simultaneous and mutually informed application of economic, social and environmental considerations. The chapter also discusses certain practical aspects of sustainable development and the criticisms directed at it. It then proceeds

from the concepts of decent work, green jobs and just transition towards defining the integrative content of sustainable work.

Sustainable work is a broad, integrative category. Based on the approaches presented in Chapter 2, sustainable work requires the social and ecological dimensions to be considered together, forms of work beyond paid and formal employment to be taken into account, local and global interdependencies to be recognised and the normative foundations of sustainability to be clarified. Accordingly, sustainable work concerns not only the internal quality of the employment relationship but also the social, environmental, spatial and temporal effects associated with the work performed.

Chapter 3 examines recent regulatory trends in the enforcement of labour-law values. It discusses the challenges facing labour law in a globalised economy, the operation of multinational and transnational corporations, the problems associated with global supply chains, as well as voluntary and soft-law instruments and regulatory mechanisms that are becoming increasingly binding. The central question of the chapter is how the range of actors to whom legal and non-legal expectations concerning working conditions are addressed extends beyond the direct employer, and how preventive, risk-management, transparency-based and value-chain-sensitive corporate obligations are emerging alongside classical labour-law responsibility and may also affect the working conditions of employees of other employers.

The analysis begins with the role of voluntary instruments and soft law and subsequently traces the shift towards mandatory regulation. In addition to documents adopted by the United Nations, the OECD and the ILO, the chapter addresses CSR, responsible business conduct, codes of conduct, transnational company agreements and the development of human rights due diligence. The subsequent sections use EU and national examples to examine reporting, due diligence, public procurement and other regulatory instruments. The chapter concludes with critical observations concerning, among other issues, emerging doctrinal conflicts, the distortion of responsibility and democratic legitimacy.

Within mandatory regulation, the dissertation examines sustainable and socially responsible public procurement, the social conditionality mechanism of the Common Agricultural Policy, sustainability due diligence and the prohibition of products made with forced labour in greater detail. The French, German and Norwegian due diligence regimes, as well as British, Australian, Canadian and US examples concerning transparency and import restrictions, which are discussed more briefly, demonstrate that the emergence of broader corporate responsibility for working conditions is not an exclusively European Union phenomenon.

Chapter 4 uses the current example of ESG reporting obligations to illustrate how corporate obligations affecting working conditions operate in practice. The chapter reviews the conceptual foundations of the ESG framework, the development of non-financial reporting, the links between ESG, CSR and sustainable work, and the main directions of global, European Union and Hungarian ESG regulation. Particular attention is paid to the question of how ESG reporting makes companies' impacts on employees, society and value chains more visible and how it may contribute to the functional expansion of employer and corporate responsibility.

Chapter 5 summarises the research and draws its conclusions. Given that the main chapters already contain partial conclusions, the final chapter does not seek to provide another detailed summary of the dissertation but instead focuses on evaluating the research questions and hypotheses. It assesses whether the findings of the dissertation support the hypotheses and identifies directions for further research.

The final chapter also brings together the dissertation's critical findings. It jointly assesses the risk that sustainability concepts may become hollow, the doctrinal limits of supplementing labour law through other areas of law, the compliance-based distortion of responsibility for working conditions, the legitimacy of transnational private regulation and the practical limitations of ESG reporting. A separate section also systematises the potential academic, policy-related and practical applications of the research.

III. Research Methods and Review of the Relevant Literature

The research is fundamentally legal in nature but necessarily adopts an interdisciplinary approach. Although its starting point is labour law, the analysis also draws on other fields of law, particularly civil law, company law, public procurement law, occupational safety and health law, human rights regulation and European Union law. Literature from outside legal scholarship is used primarily in relation to sustainability studies, corporate governance, human resource management and labour-market research.

The research is based on qualitative methods. Its primary method is doctrinal legal analysis, which is used to identify the fundamental conceptual relationships between employer responsibility and related obligations originating in different fields of law. The purpose of the doctrinal analysis is not to provide an exhaustive examination of every form of legal responsibility, but to define the legal context alongside and against which sustainability, reporting, due diligence and supply-chain obligations are emerging.

The research also applies regulatory analysis. In this context, the dissertation examines relevant sources of European Union law, particularly provisions relating to sustainable finance, corporate sustainability reporting, European sustainability reporting standards, corporate sustainability due diligence, the prohibition of products made with forced labour, public procurement and the social conditionality mechanism of the Common Agricultural Policy.

The examination of European Union law is supplemented by brief national perspectives. The French, German, Norwegian, British, Australian, Canadian and US examples are not intended to constitute a comprehensive comparative legal analysis; rather, they demonstrate that regulatory responses to human rights and labour-related risks in supply chains have also emerged outside the European Union.

Other important methodological elements include the synthesis of the relevant literature and the analysis of secondary empirical findings. The empirical findings presented in the dissertation are secondary in nature and fulfil a supporting and interpretative function within the analysis.

In addition to descriptive and systematising analysis, the dissertation also applies a critical and normative perspective. Alongside examining how recent regulatory trends broaden expectations towards companies and employers, it also considers the doctrinal, practical and legitimacy-related problems that may arise when labour-law values are increasingly enforced through mechanisms originating in other fields.

The normative starting point of the research is the classical protective function of labour law. The fundamental criterion for assessing sustainability-related instruments is therefore whether they genuinely contribute to employee protection or merely produce formal, risk-management-oriented and communicative compliance. The substantive focus of the dissertation is the labour dimension of sustainability; geographically, it primarily concentrates on the European Union and Hungary; and in temporal terms it focuses mainly on regulatory developments since the 2010s, with particular emphasis on the 2020s.

In addition to defining the methodological framework, it is also necessary to briefly assess the body of literature within which the research is situated. Due to the complexity of the subject matter, the dissertation draws on findings from several interrelated fields of research.

The research is based on a broad range of Hungarian and international literature as well as relevant documents adopted by the ILO, the OECD, the United Nations and the European Union. International sources concerning decent work, green jobs and just transition, together with academic approaches linking the social and ecological dimensions of work, are particularly important for the conceptual interpretation of sustainable work. The analysis of the challenges

facing labour law in a globalised economy is connected to Hungarian and international debates concerning the function and crisis of labour law.

Within Hungarian legal literature, the most important precursor to the present research is Attila Kun's 2014 monograph examining innovative legal instruments for promoting compliance with labour law. The monograph already pointed out that, in addition to traditional legal obligations and sanctions, labour-law and social values may also be promoted through indirect, incentive-based and transparency-based solutions and instruments connected to other fields of law.¹ Compared with this earlier analysis, the present dissertation examines how these tendencies have developed further and become connected with the increasingly binding sustainability, ESG, due diligence and supply-chain rules that have emerged since the 2010s and, particularly, during the 2020s.

Also relevant in this context is Ágnes Sipkáné Puskás's observation that an increasingly dense network of norms surrounding responsible business conduct is developing at international, regional and national level, within which voluntary and mandatory instruments coexist.²

The dissertation also draws on the Hungarian literature concerning employer responsibility and employer care. For example, Hilda Tóth and Bernadett Solymosi-Szekeres – themselves using employer responsibility in a broader sense – have likewise pointed out that employer responsibility today no longer means merely fulfilling labour-law obligations but also involves the operation of compliance, ESG, sustainability, ethical and internal control systems. According to the authors, global regulation has a significant impact on employers' activities, demand for ESG reporting and labour compliance audits is increasing, while social sustainability is also receiving greater attention.³

According to György Nádas and Péter Sipka, EU law and the case law of the Court of Justice of the European Union have influenced not only individual elements of the employment relationship but have also reinforced a more idealised conception of the employer's role, certain elements of which go beyond specific contractual obligations. Employer care is therefore not exhausted by formal compliance with statutory obligations but presupposes the creation of a

¹ See: KUN Attila: *A munkajogi megfelelés ösztönzésének újszerű jogi eszközei*, L'Harmattan, Budapest, 2014.

² SÍPKÁNÉ PUSKÁS Ágnes: *A felelős üzleti magatartás megjelenési formái és szabályozási tendenciái munkajogi aspektusból* (doktori értekezés), Debrecen, 2021., p. 204.

³ Hilda TÓTH - Bernadett SOLYMOSI-SZEKERES: Workplace compliance and whistle-blowing in Hungary, *European Integration Studies*, 21:1. (2025) special edition, pp. 213-226., DOI:10.46941/2025.se1.10., pp. 213-214.

working environment that is protective and supportive in both physical and psychological terms and facilitates employees' fulfilment and development at work.⁴

In the analysis of global value chains and transnational private regulation, particular emphasis is placed on the international literature concerning responsible business conduct, CSR, corporate codes of conduct, private-law enforceability and human rights due diligence.

The novelty of the research in comparison with earlier studies lies in the fact that, to the best of my knowledge, it is the first Hungarian study to examine changes in employer responsibility not from the perspective of a single legal institution, a particular sub-field or a limited number of regulatory instruments, but as a complex process, also taking into account legislative developments after 2015. From the perspective of the legislative, policy-related and academic application of the research, one of the dissertation's most significant contributions is the clarification and interconnection of the theoretical and regulatory dimensions of decent work, green jobs, sustainable work and just transition. The dissertation is also the first to compile the relevant soft-law instruments and body of EU legislation adopted by the time the manuscript was finalised, although it should be noted that earlier studies had already examined the soft-law sources available at their respective times of writing.

IV. Summary and Application of the Research Findings

The summary of the research findings begins with defining the concept of sustainable work. This concept provides the benchmark against which the labour-law significance of newer corporate obligations and non-legal expectations affecting working conditions can be assessed.

One of the central findings of the dissertation is that sustainable work cannot be equated with decent work, green jobs or just transition, although all three concepts are indispensable to defining its content. Decent work provides the minimum social and labour-law requirements of sustainable work. Without these conditions, work cannot be considered sustainable even if it is connected to an activity that is economically efficient and environmentally beneficial.

Another fundamental conclusion of the research is that, within global corporate and supply chains, actual economic influence over working conditions and the range of actors subject to traditional labour-law obligations may diverge. The direct employer is party to the employment relationship with the employee; nevertheless, production deadlines, prices, quality requirements

⁴ NÁDAS György – SIPKA Péter: The Changing Role of the Employer in the Light of Work-Life Balance, *The Lawyer Quarterly*, 2025/2., pp. 155-163., pp. 162-163.

and even the continuation of a supplier relationship may in many cases be determined by the decisions of a lead firm or buyer.

In response to this divergence, reporting, due diligence, risk-management, monitoring and contractual obligations have emerged whose addressee is not necessarily the direct employer but whose effects may nevertheless extend to the working conditions of employees of other companies within the supply chain. The subject matter of corporate obligations may thus extend beyond a company's own organisation and workforce.

On the basis of the conceptual and regulatory analysis, the three hypotheses may be assessed in relation to one another as follows.

The findings support the first hypothesis, but only if the broader interpretation adopted in the dissertation is taken into account, according to which the obligations and responsibility – outside the doctrinal framework of labour law – of other companies capable of materially influencing working conditions are also recognised.

H1 can therefore be considered substantiated in the sense that responsibility expands not in the classical doctrinal sense of labour law, but in a functional sense, while this development may also have indirect effects on the direct employment relationship. The responsibility of the direct employer naturally remains in place, and the classical labour-law system of responsibility continues to perform a fundamental protective and safeguarding function.

The regulatory trends examined do not generally result in a lead firm, parent company or buyer becoming the employer, in any sense, of employees working within its supplier chain. Instead, responsibility takes the form of distinct legal obligations and non-legal expectations connected to economic influence, the company's position within the value chain and its corporate impacts.

H2 is also supported by the research. The dissertation identifies an emerging regulatory approach which, alongside classical employer responsibility based on the direct employment relationship, develops a broader model of responsibility that is more sensitive to sustainability considerations, supply chains and corporate impacts. One of the distinctive features of this model is that it imposes obligations on companies that are not necessarily labour-law obligations by nature but nevertheless directly or indirectly affect labour practices, working conditions and the effective protection of employees' rights.

H2 can therefore be regarded as substantiated in the sense that a new, hybrid regulatory model is indeed emerging which does not belong to classical labour law. This model does not replace labour-law responsibility but exists alongside it. Within this framework, labour-law values are enforced not exclusively through labour-law rules, but also through instruments

deriving, for example, from company law, financial law, sustainability regulation, public procurement, subsidy regimes, internal-market regulation and corporate governance.

H3 is likewise supported, although an important qualification is necessary. One of the essential features of the process examined in the dissertation is indeed that expectations and practices previously characterised primarily as soft-law, voluntary or ethical are increasingly taking legal form or becoming connected to binding legal norms. Soft-law documents have contributed to the emergence of the common language, value framework and system of expectations on which subsequent mandatory regulation has been able to build.

European Union regulation provides a particularly strong example of this shift towards binding rules. The SFDR, the Taxonomy Regulation, the CSRD, the ESRS, the CSDDD and the Regulation prohibiting products made with forced labour on the EU market all point towards sustainability, human rights and labour-related expectations becoming increasingly connected to binding legal norms.

At the same time, H3 can only be regarded as substantiated if it is recognised that the direction of legal development is not linear. The Omnibus simplification initiatives clearly demonstrate that, alongside the increasing use of mandatory sustainability requirements, a partly countervailing regulatory tendency is also present, aimed at reducing administrative burdens, strengthening competitiveness and alleviating regulatory pressure on companies.

The example of ESG reporting, analysed in detail in Chapter 4, gives more concrete expression to the assessment of the hypotheses. The framework has evolved from voluntary and fragmented corporate disclosures towards standardised, auditable and partly mandatory reporting. Its social pillar may make visible information concerning not only a company's own workforce but also workers in the value chain, including their working conditions, occupational health and safety, equal treatment, collective rights and training.

Nevertheless, an important distinction from labour-law responsibility remains: in this context, responsibility attaches to compliance with the reporting obligation and to the reliability of the information reported. Although the reporting obligation may cover working conditions, it does not in itself establish direct responsibility for those working conditions. This is also why these new types of obligation should not be treated as substitutes for labour-law regulation.

The assessment of the research findings also included an examination of the criticisms directed at the regulatory instruments analysed. Their common point of departure is that new corporate obligations can only be properly assessed by reference to the classical protective function of labour law and to whether they bring about actual improvements in working conditions.

The enforcement of labour-law values through other fields of law may supplement classical labour-law regulation, but it can be regarded as a positive development only for as long as it strengthens the protective function of labour law. If labour-related requirements become persistently dependent on market incentives, compliance systems or corporate self-regulation, there is a risk that the relative autonomy of labour law and the level of employee protection may be weakened.

The dissertation's critical perspective therefore requires particular emphasis on the fact that employer responsibility and labour-law protection cannot be replaced by management- and compliance-based rules of responsibility. Such regulatory solutions may complement and reinforce labour-law requirements and make their implementation more visible, but they cannot become an alternative to the classical safeguards of employee protection. Transnational private regulation and corporate self-regulation also raise questions of democratic legitimacy.

In my view, the findings of the research can be applied in two main directions. First, they may assist companies in recognising that ensuring sustainable working conditions is not merely a question of legal compliance but also has competitive, reputational and organisational significance. Second, the conceptual distinctions, identified regulatory trends and critical findings may provide legislators and policymakers with considerations that can be used in the design and implementation of future regulation.

In my view, the trends identified in EU legislation – despite the current direction towards simplification – clearly demonstrate the types of rules for whose implementation and subsequent development the Hungarian legislature will need to prepare. These include sustainability reporting, due diligence, value-chain information gathering, risk-prevention and remedial obligations, as well as the related supervisory and redress mechanisms.

The further application of the research could also be advanced through empirical examination of the processes identified here. In particular, it would be useful to explore whether reporting and due diligence obligations actually improve working conditions, what role employee representative bodies play in their implementation, and how the costs of compliance are distributed between lead firms and smaller suppliers. Identifying international good practices concerning reporting and due diligence obligations could likewise constitute a particularly valuable direction for further research.

Accordingly, the research findings may serve as a point of reference for several groups of addressees. From an academic perspective, they are relevant primarily to researchers in labour law, sustainability regulation and corporate responsibility; from a policy perspective, they may be of relevance to Hungarian and EU legislators as well as enforcement and supervisory

authorities. From a practical perspective, in addition to direct employers, the findings are particularly relevant to economic actors operating as buyers, parent companies or lead firms, as well as professionals working in ESG, sustainability, compliance, human resources and procurement. From the perspective of employee representation, the research may also assist trade unions, works councils and civil society organisations active in this field in assessing the conditions under which new corporate obligations can contribute to genuine improvements in working conditions.

The most important practical message of the dissertation can, however, already be formulated on the basis of the present findings as follows: sustainable work can only be effectively ensured if corporate obligations are appropriate and proportionate to economic power and actual influence, if regulatory processes involve genuine employee participation, and if transparency is accompanied by meaningful prevention, access to remedies and accountability.

V. Publications by the Author Related to the Subject of the Dissertation

GARAMI Mária - RÁCZI Zsófia: A tisztességes munka átfogó vizsgálata a hazai és az Európai Unió jogi környezetben, *Miskolci Jogi Szemle*, 17(1), pp. 214-227., DOI:10.32980/MJSz.2022.1.1947

GARAMI Mária - RÁCZI Zsófia: A tisztességes és fenntartható munka egyes aspektusai, különös tekintettel a mobbing gazdasági és egyéb természetű káros hatásaira, *Észak-magyarországi Stratégiai Füzetek*, XX:1. (2023), pp. 121-130., DOI:10.32976/stratfuz.2023.10.

RÁCZI Zsófia: Businesses, Human Rights and ESG Reporting, *European Review of Public Law*, 36:1. (2024), pp. 399-408.

RÁCZI Zsófia: Thoughts on the criminal liability of companies from a labour perspective, *Publicationes Universitatis Miskolcensis Sectio Juridica et Politica*, XLIII/1. (2025), pp. 109-124. o., DOI:10.32978/sjp.2025.006.

RÁCZI Zsófia: Közbeszerzés mint szociálpolitikai eszköz? A szociális közbeszerzés elméleti és gyakorlati kérdései, *ADVOCAT*, XXIX:1. (2026), pp. 37-43.

RÁCZI Zsófia: Az ESG szerepe a munkáltatói felelősség újraértelmezésében, *Publicationes Universitatis Miskolcensis Sectio Juridica et Politica*, XLIV:1. (2026), *Currently under publication*