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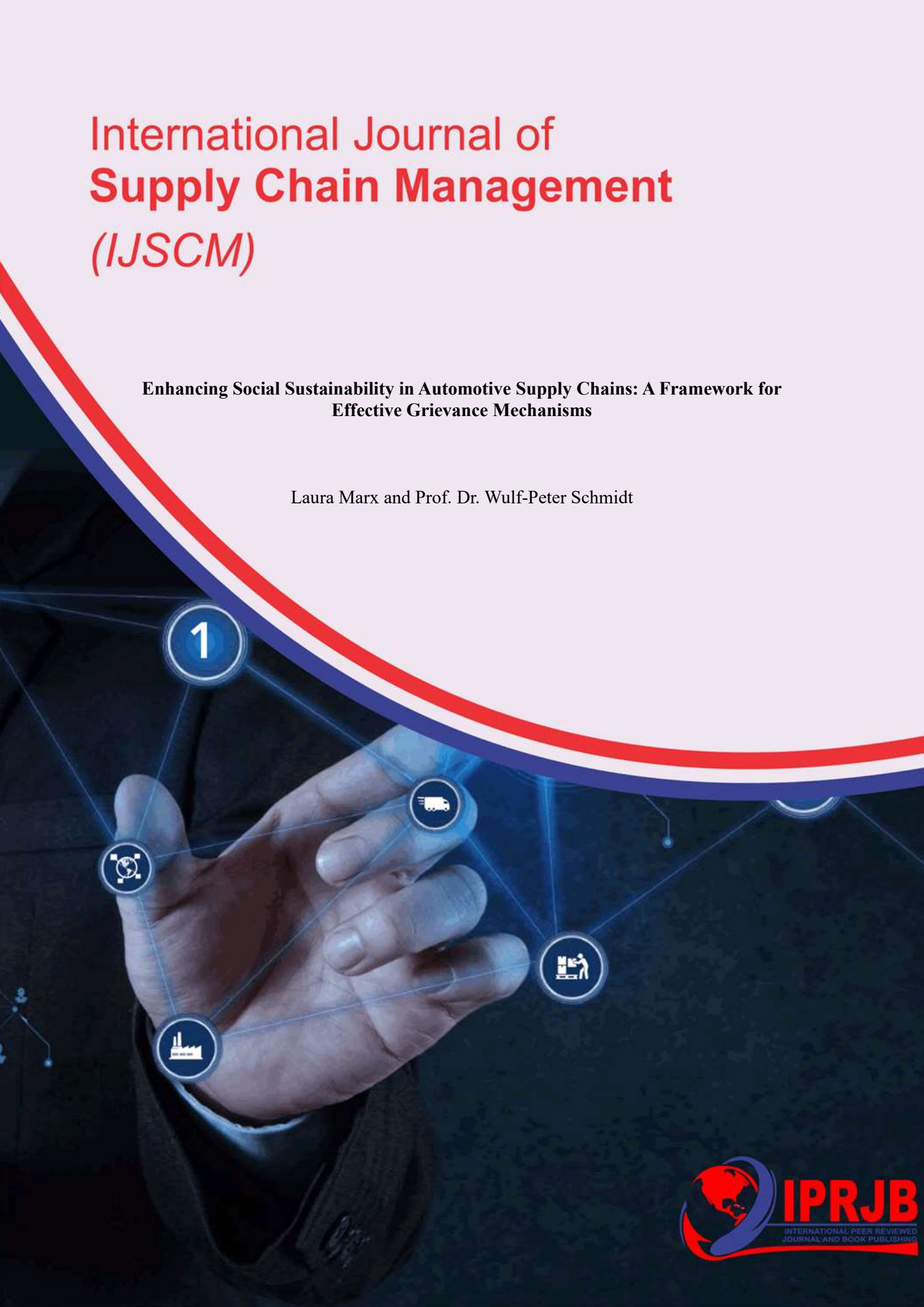

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Enhancing Social Sustainability in Automotive Supply Chains: A Framework for Effective Grievance Mechanisms

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Abstract

Purpose: The automotive industry operates within complex, globalized supply chains characterized by multi-tiered structures and extensive outsourcing, often lacking visibility and accountability for potential human rights violations. Increasingly, regulatory frameworks place explicit obligations on original equipment manufacturers (OEMs), including the requirement to install an effective grievance mechanism along the supply chain. This paper explores how grievance mechanisms can be integrated into automotive supply chain practices to strengthen social sustainability.

Methodology: A qualitative approach was employed, and expert interviews were conducted with a diverse group of stakeholders from the automotive industry, non-governmental organizations (NGOs), regulatory bodies, suppliers, and unions to provide a well-rounded view of grievance mechanisms in supply chains. The data was analyzed by employing Kuckartz's qualitative content analysis with MAXQDA software to systematically code and identify key themes critical for an effective grievance framework.

Findings: This paper proposes a practical framework for OEMs to address human rights and ethical issues across global networks. It offers a common structure adaptable to industry players, emphasizing accessibility, confidentiality, and trust. It also recommends combining OEM-specific mechanisms with an industry-wide collaboration platform to standardize processes, share best practices, and enable collective action. The study findings support that grievance mechanisms play a crucial role in social sustainability by providing workers with secure channels to report violations. Integrating grievance data into OEMs' risk assessments enhances proactive risk mitigation.

Unique Contribution to Theory, Practice and Policy: This research uniquely addresses the gap in academic literature and practice related to social sustainability in supply chains, particularly in grievance mechanisms. In practice, the automotive industry faces fragmented and inconsistent implementation of grievance mechanisms, with the absence of a standardized framework. This paper fills these gaps by developing a comprehensive, industry-specific grievance mechanism framework that ensures accessibility, consistency, and effectiveness across all supply chain tiers.

Keywords: *Labor Management Relations, Human Rights Law, Automobiles, Social Responsibility, Sustainability*

JEL Codes: *J53, K38, L62, M14, Q56*

INTRODUCTION

The automotive industry operates within complex, globalized supply chains characterized by multi-tiered structures and extensive outsourcing, which often results in a lack of visibility and accountability, especially at lower levels (Nakamba et al., 2017; Rausch-Phan, 2022; Traub-Merz, 2017; Wissuwa & Durach, 2023). Consequently, this opacity contributes to social risks such as poor labor standards, unsafe working conditions, and exploitation, as exemplified by concerns surrounding cobalt sourcing in the DRC and forced labor in lithium and mica production (Amnesty International, 2016; Tan & Keiding, 2023). These risks, in turn, threaten both communities and the reputations of companies operating within the sector (Schmidt, 2024).

While the integration of social sustainability into business operations was proposed by individual authors like (Bowen 1953) and initially formalized on a global level in the Brundtland Report (World Commission on Environment & Development, 1987), it is now further driven by frameworks like the UNGPs, which mandate addressing human rights abuses throughout value chains (United Nations Human Rights Office of the High Commissioner, 2011). Since human rights abuses pose significant business risks, companies are increasingly compelled to act (Peacock & Mohin, 2024). In response, grievance mechanisms have emerged as essential and partly legally mandatory tools for remediation and accountability (Müller-Hoff, 2023; United Nations Human Rights Office of the High Commissioner, 2011; European Commission, 2024).

Statement of the Problem

Despite the existence of global frameworks, social sustainability continues to be underrepresented in both research and practice compared to environmental and economic dimensions of sustainability. Empirical gaps are especially evident around the implementation and effectiveness of grievance mechanisms in supply chains. (Ajmal et al., 2018; Hutchins & Sutherland, 2008; Ly & Cope, 2023)

According to the International Labour Organization (ILO), only 19% of workers in global supply chains have access to any grievance mechanism, leaving a majority without safe channels to report labor and human rights violations (Lewry, 2023).

Moreover, one of the challenges remains the persistent ‘remedy gap’, the disconnect between the availability of grievance mechanisms and their accessibility or effectiveness for rights holders. Barriers such as lack of awareness, financial or technical limitations, language or cultural differences, gender-specific obstacles, and the burden of proof often prevent affected individuals from seeking or obtaining an appropriate remedy. (Federal Ministry for Economic Cooperation and Development, 2023)

The urgency of this gap is further emphasized by statistical data. In 2020, over 160 million children were victims of child labor, with 79 million of these children forced to perform dangerous work, often within the lower tiers of supply chains like agriculture, mining, and manufacturing (ILO & UNICEF, 2021). In addition, as of 2023, 22 countries lack a legally established minimum age for hazardous work that aligns with international standards (United States Department of Labour, 2023). Simultaneously, an estimated 49.6 million people were living in modern slavery as of 2021, with G20 countries importing goods worth USD 468 billion considered at high risk, USD 243.6 billion of which involved electronics, a sector closely linked to automotive supply chains (Walk Free, 2023).

Within the automotive sector, especially, grievance mechanisms remain fragmented due to the absence of a sector-specific framework. A 2022 assessment by the World Benchmarking Alliance revealed that even the top-performing automotive manufacturers fulfilled only 30–40% of the required criteria for effective grievance and remedy systems. (World Benchmarking Alliance, 2022).

While institutions like Germany`s BAFA, which enforces the German Supply Chain Due Diligence Act, support industry-wide collaboration through legislation, antitrust laws pose a legal barrier. These laws prohibit unlawful information sharing and anti-competitive agreements, meaning that even well-intended initiatives such as joint grievance mechanisms among OEMs must avoid violating competitive law, thus limiting the scope of permissible collaboration. (BAFA, 2022; Hogan Lovells, 2025)

Taken together, these limitations demonstrate the urgent need for a comprehensive, standardized, and accessible framework tailored to the specific complexities of the automotive industry. This paper takes a step towards closing this gap by addressing the following research question: *How can a common framework be developed for Original Equipment Manufacturers to enhance Social Sustainability throughout the Automotive Supply Chain, specifically by integrating Grievance Mechanisms?*

LITERATURE REVIEW

Social Sustainability in Supply Chains

The concept of sustainability has evolved from early notions of resource stewardship through the Brundtland Report's definition of sustainable development, leading to Elkington's Triple Bottom Line Approach (Elkington, 1994; World Commission on Environment & Development, 1987). Despite this progression, the social dimension remains less developed than its environmental and economic counterparts, largely due to challenges in definition, measurement, and integration into business operations (Ajmal et al., 2018; Hutchins & Sutherland, 2008; Mensah, 2021).

Rooted in Porter's value chain theory, social sustainability in supply chains encompasses a range of practices, including worker safety, supplier diversity, employee well-being, and community development (Carter & Rogers, 2008; Mani et al., 2015; Porter, 1985). Furthermore, governance mechanisms such as monitoring and stakeholder collaboration are increasingly recognized as crucial for effectively addressing social impacts within these chains (Morais & Barbieri, 2022). This drive towards socially sustainable practices has been further driven by consumer demand, regulatory pressure, and ESG-related investor expectations, which can translate into measurable financial benefits for compliant companies (Borroughens et al., 2023).

In labor-intensive industries like automotive, multi-stakeholder collaboration is essential to establish ethical and resilient supply chains and align with the UN Sustainable Development Goals (Santos et al., 2019).

To underscore the urgency and relevance of this issue, recent investigations have uncovered serious violations of social sustainability across automotive supply chains. A 2024 U.S. Senate report revealed that BMW, Jaguar Land Rover, and Volkswagen imported components made by a Chinese supplier linked to forced labor involving the Uyghur minority (Tang, 2024). Similarly, a Human Rights Watch investigation found that over 15% of China’s aluminum production, used in automotive parts, originates from Xinjiang, raising concerns about forced labor in the supply chain of companies like Tesla, Toyota, and General Motors (The Guardian,

2024). In the U.S., Hyundai's Alabama subsidiary was found to have employed minors as young as 12 in a metal stamping plant, highlighting domestic labor risks (Shiffman & Fu, 2022). These potential violations demonstrate that social sustainability remains a pressing and unresolved issue within the existing frameworks of the automotive supply chain management.

Moreover, existing cross-sectoral frameworks, such as the United Nations Guiding Principles (UNGP) or OECD Guidelines, tend to provide broad, cross-sector guidance that does not fully address the unique complexities of the automotive industry, including its deeply fragmented, multi-tiered supplier network and material-specific human rights risk. These limitations hinder the operationalization of social sustainability principles in practice and highlight the need for sector-specific adaptations. (Wissuwa & Durach, 2023)

As shown in Figure 1, the dimensions of social sustainability include equity and justice, safety and security, inclusion and cohesion, adaptability and resilience, and quality of life, which are key to strengthening supply chain integrity, supporting worker well-being, and ensuring alignment with global standards. (Barron, 2023; Boström, 2012; Haroon et al., 2021; Ivanov, 2020; Ly & Cope, 2023; Schöggl et al., 2016)

Figure 1: The Five Key Dimensions of Social Sustainability

Note. Adapted and retrieved from Ly & Cope, 2023, p.15.

Global Guiding & Regulatory Frameworks

The increasing complexity of global supply chains has led to increased legislative and regulatory efforts to address human rights abuses and promote social sustainability (Vandenbroucke et al., 2024). Among the most influential frameworks are the United Nations Guiding Principles on Business and Human Rights (UNGPs), which outline the state's duty to protect, the corporate responsibility to respect, and the provision of access to remedy for victims of human rights abuses. Crucially, the latter two pillars emphasize corporate due diligence and the establishment of effective grievance mechanisms. (Choudhury, 2023; United Nations Human Rights Office of the High Commissioner, 2011; Rodríguez Garavito, 2017)

The OECD Guidelines for Multinational Enterprises complement the UNGPs by promoting responsible business conduct and highlighting the importance of grievance systems as tools to promote dialogue, enable remediation, and ensure inclusive stakeholder engagement

throughout supply chains (OECD, 2023). Although these frameworks are non-binding, their widespread adoption has had a significant impact on corporate policy worldwide.

Alongside these voluntary standards, binding national legislation has emerged, such as Germany's Supply Chain Due Diligence Act (SCDDA), which requires enforceable complaint mechanisms (BAFA, 2022; BMZ, 2023; Deutscher Bundestag, 2021). Similarly, the French Duty of Vigilance Act requires transparent grievance procedures (Bradant & Savourey, 2021; Davidov et al., 2024), while the UK Modern Slavery Act and the US Uyghur Forced Labour Prevention Act (UFLPA) emphasize the legal obligation to prevent labor exploitation (117th U.S. Congress, 2021; Islam & van Staden, 2022; The Houses of Parliament, 2015).

At the European Union (EU) level, two key regulatory developments significantly impact corporate supply chain responsibilities. The upcoming Corporate Sustainability Due Diligence Directive (CS3D) requires affected companies to implement due diligence processes addressing human rights and environmental risks throughout their entire value chains. The directive mandates measures such as risk identification, prevention, stakeholder engagement, and the establishment of operational-level grievance mechanisms, with administrative sanctions for non-compliance (European Commission, 2024; European Parliament & Council of the European Union, 2024). In addition, the EU Forced Labor Directive prohibits the sale of products linked to forced labor within the EU. Companies must demonstrate effective due diligence for high-risk products and supply chains; non-compliant manufacturers face product withdrawals and potential fines (Council of the European Union, 2024).

Taken together, these expanding regulatory requirements highlight the urgent need for a robust and enforceable framework to ensure social sustainability, including effective grievance mechanisms that enable OEMs to meet the requirements of both global voluntary standards and binding legislation.

Automotive-Supply Chain-Specific Challenges & Implications

As a key economic sector, the automotive industry faces escalating social sustainability challenges due to its complex, multi-tiered global supply chains (Govindan et al., 2021; Masoumi et al., 2019; Mathivathanan et al., 2018). Unlike linear industries, automotive manufacturing relies on diverse components with distinct supply chains, increasing exposure to potential labor rights violations and regulatory inconsistencies (Xu et al., 2019). The transition to electric vehicles has amplified these risks, particularly in sourcing critical raw materials like cobalt, lithium, and nickel, often mined under exploitative conditions in regions like the Democratics Republic of the Congo (DRC) and the South American Lithium Triangle (Drive Sustainability, 2018; Harvard International Review, 2020; Gulley, 2022; Tan & Keiding, 2023; Thies et al., 2019). Additional concerns extend to materials such as mica, graphite, and nickel, often linked to child labor and environmental degradation (Drive Sustainability, 2018). Competitiveness and profitability pressures can intensify cost-cutting, potentially weakening labor standards, especially among lower-tier suppliers in countries with limited enforcement (Wissuwa & Durach, 2023).

In this context, improving transparency and traceability through supply chain mapping and digital platforms has become critical. One initiative addressing this need is Catena-X, an open data ecosystem under development especially for the automotive industry. It facilitates end-to-end traceability by enabling supply chain partners to securely exchange information on material performance, carbon footprints, and compliance documentation. For example, it also allows tracking of battery components from extraction to assembly, helping companies identify and

assess risk related to forced labor or other social sustainability concerns in upstream supply tiers. Supporting increased accountability can be ensured by complementing this data ecosystem with Digital Clearing Houses, like Gaia-X, which serves as a data verification and allows reliable data sharing, an important requirement for initiatives like Catena-X. (Capgemini Research Institute, 2023; Fadrany et al., 2024; MacCarthy et al., 2022)

Furthermore, effective supplier engagement, including training, clear communication, and localized sustainability programs, is essential for driving compliance (Encinas Bartos et al., 2024; Gimenez & Tachizawa, 2012; Huq & Stevenson, 2020). However, limited visibility beyond Tier 1 necessitates tools like supplier codes of conduct and audits to cascade ethical standards (Markulik et al., 2024; Wilhelm et al., 2016; Zmuda et al., 2015). While cross-industry collaboration offers potential, it must navigate legal constraints, particularly antitrust regulations (Clifford Chance, 2023; Murray et al., 2010).

These challenges underscore the urgent need for consistent, industry-wide solutions to improve social accountability, with grievance mechanisms playing a central role.

Definition & Purpose of Grievance Mechanisms in Automotive Supply Chains

Human rights due diligence, a central pillar of emerging regulatory frameworks, emphasizes the necessity of effective grievance mechanisms that not only provide remedies but also serve as proactive tools for stakeholder engagement and risk mitigation (McCorquodale et al., 2017; Saloranta, 2021).

Global frameworks, such as the United Nation Guiding Principles on Business and Human Rights (UNGPs) and OECD Due Diligence Guidance recognize grievance mechanisms as essential to safeguarding human rights, fostering accountability, and ensuring trust in global supply chains (OECD, 2023; Saloranta, 2021; United Nations Human Rights Office of the High Commissioner, 2011).

Grievances are defined as perceived injustices based on legal or ethical expectations, emphasizing the importance of timely, accessible, transparent mechanisms as crucial for addressing issues like child labor, forced labor, and health and safety violations (United Nations Human Rights Office of the High Commissioner, 2011; Office of the Compliance Advisor/Ombudsman, 2008).

Grievance mechanisms in supply chains serve two primary functions:

1. identifying and preventing human rights risks and
2. providing remedies to affected parties (Mueller-Hoff, 2023; United Nations Human Rights Office of the High Commissioner, 2011).

When implemented effectively, these systems function as early warning systems that prevent the recurrence of harmful practices (Office of the Compliance Advisor/Ombudsman, 2008). Grievance mechanisms can be embedded at various levels, including enterprise-, industry-, and third-party levels (Federal Ministry of Labour and Social Affairs, 2023).

In the automotive sector, operational-level grievance mechanisms are particularly important for enabling direct engagement with stakeholders and addressing issues early (Ethical Trading Initiative, 2019). Despite their recognized value, many OEMs still lack transparency and accountability in grievance systems, especially in high-risk areas like mining, limiting effectiveness (Amnesty International, 2024). Embedding grievance mechanisms into broader due diligence strategies and ensuring inclusive stakeholder participation is essential for

improving social sustainability and building long-term trust across supply chains (Capgemini Research Institute, 2023; McCorquodale et al., 2017).

Several OEMs have embedded their grievance mechanism within their broader due diligence strategies:

- BMW Group, for instance, operates its grievance mechanisms called 'SpeakUP Line', accessible in more the 30 languages and available to internal and external stakeholders. The company provides a comprehensive description of the channels and operational structure, though it does not report data on usage or outcomes. (BMW Group, 2025)
- Volkswagen Group also outlines its grievance procedure, emphasizing confidentiality and protection for complainants (Volkswagen AG, 2025).
- Mercedes-Benz Group refers to its Human Rights Respect System, which includes around-the-clock accessibility, multiple online and offline channels, and a structured process for risk-based assessment, root cause investigation, and remediation (Mercedes-Benz AG, 2025).
- Ford Motor Company also operates its external grievance system, structured as a seven-step process. It begins with complaint registration and review, followed by investigation and engagement with relevant internal and external stakeholders. If a violation is confirmed, Ford discusses and implements remedial actions and ensures that the issue is resolved without harm to the complainant. (Ford Motor Company, 2025)

Notably, none of the above OEMs publicly report case-specific grievance data, neither quantitative nor qualitative. Mercedes-Benz Group states that internal employees are informed about the nature and number of violations in anonymized form, but the company does not publish this information externally (Mercedes-Benz Group AG, 2025).

To address the limitations of individual OEMs' grievance mechanisms, collective and industry-wide initiatives offer promising alternatives. The 'Mecanismo de Reclamación de Derechos Humanos' (MRDH) was established by the German Sector Dialogue for the Automotive Industry, which provides structured guidance for disengaging from supplier relationships responsibly, particularly in cases where continued engagement is not possible, while minimizing harm to workers. (Mueller-Hoff, 2023, German Sector Dialogue Automotive Industry, 2022)

Two automotive companies, BMW and Ford, have further integrated the Responsible Business Alliance (RBA) Worker Voices App into their supply chain due diligence processes. It is designed to facilitate secure, multilingual, and anonymous communication between workers and employers across supply chain tiers. While the RBA Protocol describes in detail how grievance cases are processed and escalated, including confirmation, investigation, corrective action, and closure, it does not disclose publicly the numbers of cases resolved, specific case types, or names of resolved cases. (BMW Group, 2025; RBA, 2023; Ford Motor Company, 2025)

A critical weakness in currently implemented grievance mechanisms across OEMs is the persistent lack of transparency regarding key performance indicators, such as the number of grievances received, the nature of complaints, resolution outcomes, and follow-up actions. Transparency is a cornerstone of an effective grievance mechanism, as it reassures stakeholders that issues are being addressed systematically and responsibly. Regular updates on case status, feedback loops, and anonymized reporting on complaint outcomes, including case types, resolutions, rejections, and policy-level impacts, are essential elements for building stakeholder

confidence. (BAFA, 2022; Office of the Compliance Advisor/Ombudsman, 2008; United Nations Human Rights Office of the High Commissioner, 2011)

In conclusion, grievance mechanisms are critical instruments for providing remedies, fostering trust, and facilitating stakeholder engagement. Their effectiveness depends on their systematic integration into corporate due diligence frameworks and transparent implementation.

Effectiveness Criteria, Design & Implementation of Grievance Mechanism

The United Nations Guiding Principles on Business and Human Rights (UNGPs) outline eight criteria of effectiveness: legitimacy, accessibility, predictability, equity, transparency, rights-compatibility, continuous learning, and stakeholder engagement (United Nations Human Rights Office of the High Commissioner, 2011).

Figure 3: Summary of the United Nations Guiding Principles' Effectiveness Criteria

Note. Own illustration based on United Nations Human Rights Office of the High Commissioner, 2011, pp. 3-9.

Firstly, legitimacy requires impartial governance supported by senior leadership and protected complaints officers within the OEM (BAFA, 2022; Ethical Trading Initiative, 2019; Office of the Compliance Advisor/Ombudsman, 2008). Accessibility means extending grievance channels even to vulnerable groups, overcoming barriers such as illiteracy, limited internet access, or cultural norms, and supported by multiple low-cost reporting channels and awareness-raising strategies (BAFA, 2022; Federal Ministry of Labour and Social Affairs, 2023). Additionally, internal and supply chain-wide training is also key to consistently applying the grievance mechanisms (Office of the Compliance Advisor/Ombudsman, 2008).

Furthermore, predictability and transparency are ensured through clear procedural guidelines, regular updates, and Key Performance Indicator (KPI) monitoring, while outcomes should be consistent with international human rights standards and local cultural contexts (BAFA, 2022; United Nations Human Rights Office of the High Commissioner, 2011). Grievance mechanisms must also promote continuous learning by incorporating feedback into operational improvements and aligning with broader supply chain risk management strategies (BAFA, 2022).

Finally, inclusive stakeholder engagement, particularly with affected communities, trade unions, and Non-Governmental Organizations (NGOs), is essential to ensure relevance and ownership of the grievance process (Office of the Compliance Advisor/Ombudsman, 2008; Saloranta, 2021).

When implemented according to these principles, grievance mechanisms can significantly enhance transparency, social sustainability, and responsible corporate conduct in the automotive sector.

Stakeholder Analysis & Mapping

Implementing effective grievance mechanisms in automotive supply chains requires in-depth stakeholder analysis to ensure inclusivity, accessibility, and alignment with social sustainability goals (BAFA, 2022; Kvam, 2019). A risk-based approach is essential to identifying vulnerable groups such as women, children, migrant workers, and persons with disabilities and tailoring grievance systems to remove barriers and promote equitable access (BAFA, 2022; Federal Ministry of Labour and Social Affairs, 2023).

As a starting point, five key stakeholder groups were identified, which shaped the design of grievance mechanisms:

1. *Internal OEM stakeholders* like OEM leadership, sustainability teams, and investors play a central role in driving internal accountability and aligning grievance processes with sustainability and governance performance (Borroughens et al., 2023; Wissuwa & Durach, 2023).
2. *Industry initiatives* such as the Automotive Industry Action Group (AIAG) and Drive Sustainability further contribute by setting standards and fostering collaboration within antitrust boundaries (AIAG, 2025; Drive Sustainability, 2023).
3. *Regulatory bodies* ensure compliance with labor and human rights obligations (Federal Ministry of Labour and Social Affairs, 2023).
4. *Supply chain representatives* and workers, especially those beyond Tier 1, often have limited access to grievance systems, highlighting the need for trust-based, multi-channel systems that span the value chain (BAFA, 2022; Govindan et al., 2021; Ripley, 2020).
5. *Societal stakeholders*, including NGOs and community groups, also need to be considered, as they play a critical role in bridging gaps between OEMs and affected communities, increasing transparency and local engagement (Blanchard, 2024).

In the context of stakeholder analysis, mapping tools such as the influence-interest matrix help OEMs prioritize engagement based on stakeholder impact and strategic importance. An example is shown in Figure 4 (Johnson et al., 2011).

By incorporating diverse stakeholder perspectives, OEMs can create grievance mechanisms that are not only legally compliant but also inclusive, locally relevant, and socially effective.

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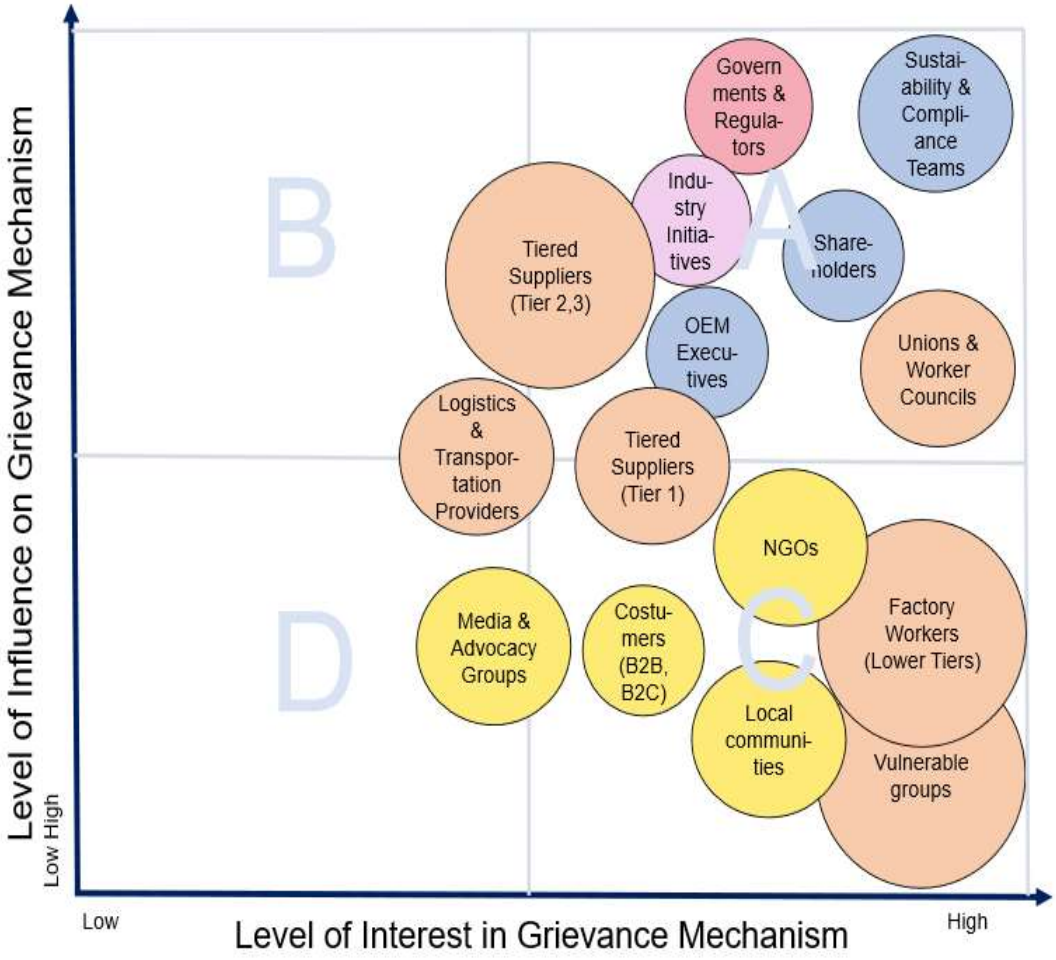

Figure 4: Stakeholder Mapping of an OEM Supply Chain Grievance Mechanism

Note. This matrix categorizes stakeholders by influence, interest, and social sustainability risk. The Bubble Size refers to the Risk Level Regarding Social Sustainability (Big Size=High Risk, Small Size= Low Risk), Color codes represent the stakeholder groups: internal (blue), initiatives (purple), regulators (red), supply chain (orange), and societal stakeholders (yellow), Quadrant 'A' representing High Influence & High Interest, Quadrant 'B' representing high influence and low interest, Quadrant 'C' representing low influence and high interest, and Quadrant 'D' representing low influence and low interest in Supply Chain Grievance Mechanism; this aims to aid OEMs in prioritizing engagement in the context of grievance mechanism with each stakeholder. Own illustration.

Cross-Industry Examples

To improve grievance mechanisms in the automotive industry, cross-sector learning from other industries, such as textiles and electronics, can provide valuable insights.

The 2013, the Rana Plaza disaster in Bangladesh, which resulted in over 1,100 deaths, marked a pivotal moment for the global textile sector by highlighting the urgent need for improved labor rights and oversight. In response, a legally binding 'Accord on Fire and Building Safety' was established between international brands, trade unions, and local stakeholders. Despite its success in improving transparency, worker safety, and accountability, the Accord faced

significant resistance from some brands and challenges in long-term reinforcement and funding, revealing the complexity of sustaining multi-stakeholder grievance structures. (Kabeer et al., 2020)

In the electronics industry, Samsung provides a practical example of how grievance mechanisms can be institutionalized. Notably, Samsung's system extends beyond Tier-1, standing out as a benchmark regarding the alignment with the UNGPs with multiple reporting channels, hotlines, emails, digital portals, and suggestion boxes, which aim to ensure accessibility and confidentiality. Although the company uses a standardized four-step process of intake, investigation, resolution, and feedback to ensure that grievances are addressed fairly and methodically, investigations revealed that contractual relationships alone were insufficient to ensure accountability, especially when suppliers operated with little transparency or external oversight. (Samsung, 2023, 2024; Valerio, 2024)

These cross-sector examples demonstrate that automotive OEMs can improve their grievance mechanisms by adopting inclusive, technology-enabled tools and building multi-stakeholder, rights-based frameworks.

Critique of Existing Mechanisms

Despite regulatory frameworks that emphasize the importance of effective grievance mechanisms, their practical implementation in the automotive industry remains inconsistent (Owen & Kemp, 2024). Many OEMs have established grievance procedures that appear robust on paper, yet critics argue these are often designed to protect corporate interests rather than to meaningfully address the concerns of affected communities (Davis et al., 2021; Laplate, 2023). A major critique is also the lack of a rights-holder-centered approach. They frequently overlook the needs of those most impacted, including supply chain workers, local communities, and marginalized groups (Harrison & Wielga, 2023).

These mechanisms are often developed through top-down processes that fail to engage the people they are meant to serve (De Schutter, 2014; Owen & Kemp, 2024). Without community consultation and stakeholder involvement, such systems fall short in both relevance and impact. Moreover, existing procedures tend to focus on procedural formalities and superficial remedies, such as financial compensation, rather than addressing the structural causes of harm or injustice (Govindan et al., 2021; Harrison & Wielga, 2023).

Additionally, power imbalances between corporations and vulnerable stakeholders are often left unaddressed, undermining the potential of grievance mechanisms to serve as tools for justice and empowerment (Office of the Compliance Advisor/Ombudsman, 2008). This is particularly evident in lower-tier supply chains, where a lack of transparency and accountability further erode trust and legitimacy (Govindan et al., 2021).

In summary, the effectiveness of grievance mechanisms is compromised by their corporate-centric design, inadequate stakeholder engagement, and failure to provide rights-based, systemic solutions for those most affected.

METHODOLOGY

This research employed a qualitative approach to investigate grievance mechanisms in the automotive sector, aligning with the method's strength in exploring complex social issues, human experiences, and contextual understanding (Bryman, 2016; Creswell & Poth, 2018; Kandel, 2020). A qualitative approach was chosen over quantitative methods due to its superior ability to explore contextual and human dimensions of social sustainability (Creswell & Poth,

2018; Kandel, 2020; Schumann, 2018). Expert interviews were selected as the primary data collection method, offering in-depth insights from individuals with direct experience and specialized knowledge in this underexplored area of grievance mechanisms in the context of social sustainability in the automotive supply chain (Bogner et al., 2009; Flick, 2014).

The interviews followed a structured yet flexible format, enabling a detailed exploration of the topic and allowing for refinement of the theoretical framework developed from the literature review (Hennink et al., 2020). An expert interview guide was designed to address the research objectives and sub-questions, focusing on the role, effectiveness, and challenges of grievance mechanisms. The guide also incorporated a draft grievance mechanism framework to obtain feedback from experts on key features, effectiveness criteria, and collaborative approaches (Bogner et al., 2009; King & Horrocks, 2010).

Experts were selected based on their professional expertise and relevance, representing a diverse range of stakeholders, including OEMs, industry initiatives, regulatory bodies, supply chain representatives, and NGOs (Flick, 2009). Interviews were conducted remotely via video conferencing during October and November 2024, using a semi-structured format to allow for flexible conversations while addressing key themes (King & Horrocks, 2010). All interviews were transcribed verbatim to ensure accuracy (Dresing & Pehl, 2020).

Data analysis was conducted using Kuckartz's qualitative content analysis method, specifically employing the content-structuring technique to organize data into main and sub-categories based on the research questions (Kuckartz & Rädiker, 2023). Furthermore, MAXQDA software (VERBI Software, 2024) was used to support the analysis, facilitating data management, visualization, and a structured yet flexible approach.

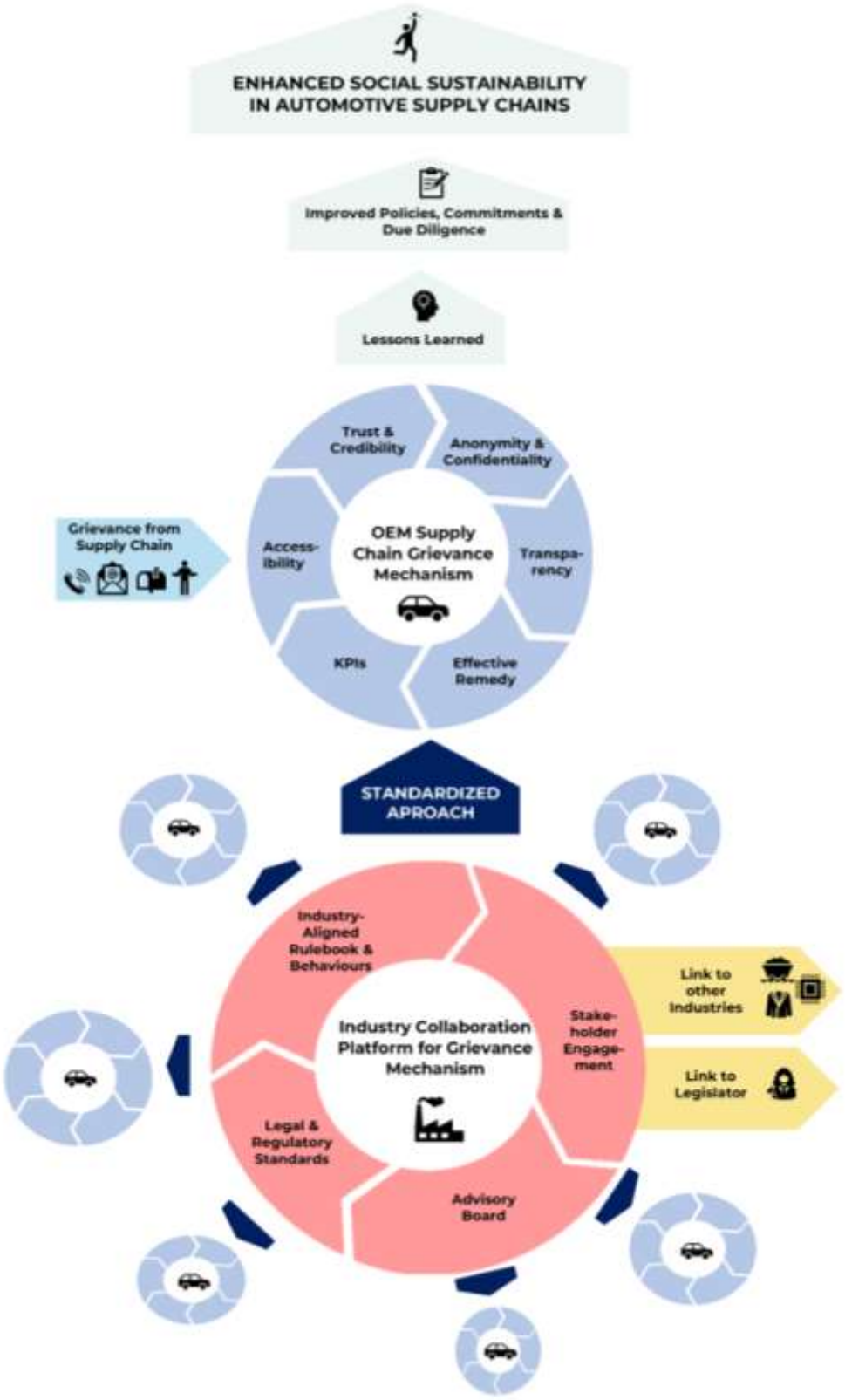

Figure 5: Common Grievance Mechanism Framework

Note. Own Illustration.

RESULTS

This research explores how grievance mechanisms can foster social sustainability within the automotive supply chain. To answer this central question, insights from various stakeholders were gathered across the industry, including OEMs, NGOs, regulators, suppliers, and industry initiatives. These experts shared their perspectives on role, design, challenges, and best practices for implementing effective grievance mechanisms.

Figure 5 presents the resulting two-part framework, including the expert insights, comprised of a core OEM Supply Chain Grievance Mechanism and an encompassing Industry Collaboration Platform, designed to address social sustainability challenges in the automotive sector. This framework is designed to achieve Enhanced Social Sustainability in Automotive Supply Chains.

Identification of Key Themes & Stakeholder Insights

Participants generally shared a common understanding of social sustainability, emphasizing the protection of workers' rights, the promotion of fair labor practices, and the careful management of social impacts across the supply chain. While this definition was broadly accepted, some experts suggested expanding it to encompass aspects like local economic development, value chain-wide impacts, and critical issues such as modern slavery and ethical recruitment, especially for migrant workers. This initial agreement provided a solid foundation for further discussion.

Grievance mechanisms were widely regarded as essential for empowering workers and affected stakeholders by providing safe and reliable channels to voice concerns. Respondents underscored their role in promoting inclusiveness, preventing labor and environmental abuse, and ensuring access to fair and timely remedies. Stakeholders also highlighted their value as early warning systems that support compliance with human rights standards and promote organizational accountability. Transparency and accountability emerged as particularly important features, both in terms of internal reporting and in demonstrating commitment to external stakeholders.

Key features for effective grievance mechanisms included Accessibility, Trust & Credibility, Anonymity & Confidentiality, and Transparency, directly reflecting the key elements of the OEM Supply Chain Grievance Mechanism shown in Figure 5. Experts emphasized the need for multi-channel access options that accommodate the linguistic, technological, and cultural diversity of global supply chains. Confidentiality and protection from retaliation were considered non-negotiable for building trust. Equally important were user awareness, clearly defined processes, and feedback loops to ensure timely and effective resolutions. Cross-functional training and third-party involvement were also cited as strategies to increase credibility and inclusiveness.

However, several challenges hinder implementation. Limited supply chain visibility, particularly beyond Tier 1, and weak traceability were identified as major obstacles. Respondents also mentioned a lack of organizational readiness and internal communication gaps within companies as barriers to consistent application. Technical challenges, including the lack of secure and anonymous reporting tools as well as the difficulty of managing complaints across decentralized platforms or other complicated operations, especially in regions with limited infrastructure.

Collaboration was widely seen as a key enabler for scaling and improving grievance systems across the industry. Common industry platforms and standard-setting initiatives were seen as

beneficial for pooling resources, harmonizing approaches, and expanding outreach. Such industry-wide approaches also overcome the issue of stakeholders not always knowing the corresponding OEM, in the mining sector, supplying indirectly multiple/most OEMs. However, legal concerns related to antitrust compliance and the protection of sensitive data were identified as critical constraints. Interviewees also noted varying levels of trust and willingness among industry stakeholders to engage in collaborative mechanisms.

Best practices from other sectors offered valuable lessons. Initiatives in the textile industry, such as Amfori and ACT, were highlighted as effective examples of transparency and collaborative problem-solving. Region-specific efforts, such as mechanisms in Mexico, demonstrated the importance of contextual adaptation. Internal practices, such as structured whistleblower programs, were also mentioned as valuable organizational models.

Overall, the findings suggest that grievance mechanisms, when designed around core principles of trust, accessibility, and inclusivity, can significantly advance social sustainability goals. With collaborative support and attention to contextual challenges, they serve as powerful tools for empowering stakeholders, ensuring accountability, and strengthening ethical supply chains in the automotive sector.

Stakeholder Centric Principles & Structure

Stakeholder feedback on the proposed grievance mechanism framework, encompassing both OEM-level mechanisms and an industry-wide platform, was broadly supportive. Experts recognized its potential to foster a coordinated approach among automotive stakeholders and highlighted the benefits of collective information sharing and shared grievance resolution processes. However, many stressed that the effectiveness of the industry platform would depend on the strength and credibility of individual OEM grievance systems. Weak OEM internal mechanisms were seen as undermining the function of the broader platform.

A recurring theme in the interviews was the importance of meaningful stakeholder engagement, particularly with local communities, civil society, and unrepresented workers in lower-tier supply chains. Ensuring accessibility for workers without formal representation was seen as essential, with recommendations to allow third parties, such as NGOs or workers' associations, to submit complaints on behalf of workers. Experts also supported the worker-centered design of the framework and its emphasis on regional focal points, noting the need for adaptability to different local contexts and regulatory environments.

The role of the suggested advisory board caused mixed reactions. While their inclusion was seen as valuable for fostering dialogue and trust, stakeholders cautioned against giving them binding decision-making powers, advocating instead for consultative and context-sensitive structures. Ensuring the inclusion of migrant workers and working with local legislators was also identified as critical to ensuring alignment with both international standards and national regulations.

Overall, the framework was praised for its flexibility, local responsiveness, and continuous engagement through feedback loops. These features were highlighted as essential to building trust, increasing accessibility, and ensuring the long-term effectiveness of the framework in addressing complex supply chain abuses.

OEM Framework Components

This section presents experts' perspectives on key design features of OEM-level grievance mechanisms within automotive supply chains, based on anonymized stakeholder feedback.

- *Accessibility* was universally seen as a foundational element. Various stakeholder groups identified accessibility as the cornerstone of an effective grievance mechanism. Experts emphasized that grievance mechanisms must be accessible to workers across all tiers of the supply chain, regardless of their geographic location, literacy level, or access to technology. Without such accessibility, grievance systems risk excluding vulnerable workers, particularly migrant workers, and failing to address critical issues. Accessibility must extend beyond offering multiple reporting channels, such as hotlines, email, and in-person options, to actively address barriers through low-threshold entry points, local contacts, and region-specific adaptations.
- Closely related to accessibility, *Trust & Credibility*, and *Anonymity & Confidentiality* were consistently identified as prerequisites for effectiveness. Workers are more likely to utilize grievance mechanisms if they trust that their complaints will be treated seriously, confidentially, and without fear of retaliation. Building trust was highlighted as essential to the legitimacy of any grievance process. Ensuring confidentiality, including clear communication and feedback loops with complainants, was emphasized as a non-negotiable element to protect workers and encourage participation.
- *Transparency* was also recognized as a fundamental supporting pillar. Experts stressed that grievance mechanisms must operate transparently, ensuring workers are informed about the handling of their grievances, expected timelines, progress updates, and outcomes. Public reporting on aggregated case trends and resolutions was recommended to demonstrate accountability and enhance credibility both internally and externally.
- Moreover, grievance mechanisms must focus on delivering an *effective remedy*. Experts highlighted that resolving individual complaints is not sufficient; mechanisms must tackle underlying causes to prevent recurrence. Rather than offering only short-term solutions, such as financial compensation, companies should strive for long-term improvements in working conditions, labor practices, and supply chain management.
- The use of *Key Performance Indicators (KPI)* was broadly recommended to monitor effectiveness and drive continuous improvements. Metrics such as the number of complaints received, resolution times, types of grievances, and remediation outcomes were identified as essential. However, experts cautioned against relying on standardized KPIs without considering regional and cultural differences that influence reporting trends. For example, certain grievances that are common in one country may not be reported in another due to cultural norms or fear of retaliation.

In conclusion, the expert feedback confirms that accessibility, trust, confidentiality, transparency, effective remedy, and contextual adaptability are the core pillars of an effective OEM grievance mechanism. When embedded in a transparent, inclusive framework, such mechanisms can contribute significantly to advancing social sustainability across global supply chains.

Collaborative Industry Platform

Stakeholder feedback on the concept of an industry-wide complaint escalation platform highlighted both its significant potential and the complexity of its implementation. Experts broadly supported the idea of a shared mechanism between OEMs and suppliers, but emphasized the need for strong alignment, stakeholder engagement, and legal compliance.

- At the center of the platform`s success is the creation of an *Industry-Aligned Rulebook & Behaviors* that outlines common procedures, case severity ratings, and cross-OEM remediation protocols. While standardization is essential, stakeholders cautioned against overly rigid structures, calling instead for flexible frameworks that consider local and cultural contexts.
- *Stakeholder Engagement* was seen as critical to ensure credibility and fairness. In particular, civil society organizations, NGOs, and local community representatives were identified as key contributors to ensure that the platform reflects diverse needs and is not overly influenced by corporate interests. Marginalized groups, including migrant workers, need to be prioritized through targeted outreach and safeguards. Experts stressed that stakeholder engagement should extend beyond major OEMs to include smaller suppliers and local actors to ensure comprehensive coverage.
- The role of the *Advisory Board* within the platform was another area of focus. While participants agreed on its value in providing guidance and facilitating transparency, there were differing views on its authority. Most supported a non-binding advisory role with representation from across the supply chain, including workers, suppliers, and regional experts. Some concerns have been raised about power imbalances and the reluctance of OEMs to transfer control. To address this, the advisory board structure was proposed to reflect regional needs while maintaining alignment with common industry goals.
- *Legal & Regulatory Standards* reflect another component of the collaboration platform, because those were identified as a major challenge and must be continuously monitored to ensure the robustness of the framework, particularly in areas such as data privacy, antitrust regulations, competition law, and evolving legislative requirements. In addition to aligning with international frameworks like the OECD Guidelines and the UN Guiding Principles on Business and Human Rights, experts emphasized the need for continuous awareness and integration of global supply chain sustainability legislation.

Besides those key components of the collaboration platform, expert insights further revealed that systemic and political barriers often complicate remediation efforts, underscoring the importance of having an engagement *link to local legislators*. Over the long term, fostering cross-sectoral collaboration with *links to other industries* such as electronics, which often share suppliers and commodities, could amplify the platform's reach and support broader systemic improvements in global supply chains.

In summary, the envisioned platform could strengthen accountability across the automotive supply chain, but its success depends on balancing standardization with flexibility, ensuring inclusive governance, and navigating complex legal landscapes. Through collaborative design and ongoing dialogue, such a mechanism can enhance transparency, equity, and collective responsibility.

Discussion

This paper presents a comprehensive discussion of the role of grievance mechanisms in promoting social sustainability in automotive supply chains. Drawing on theoretical and empirical evidence, it confirms that grievance mechanisms are essential for safeguarding workers' rights, ensuring fair treatment, and improving transparency and accountability in complex, multi-layered global supply chains.

Their success, however, depends on specific criteria: they must be accessible, confidential, and trusted by workers, especially for vulnerable and marginalized worker groups. Trust, as evident in both literature and interviews, is a core prerequisite, fostered by anonymity, protection against retaliation, and regular, meaningful feedback to complainants. (Office of the Compliance Advisor/Ombudsman, 2008; United Nations Human Rights Office of the High Commissioner, 2011)

Empirical evidence underscores that grievance mechanisms not only resolve individual cases but also act as early warning systems that contribute to risk mitigation, compliance, and operational improvements. When aligned with frameworks such as the UNGPs, OECD Guidelines, and regulations such as the German Supply Chain Act or the upcoming EU Corporate Sustainability Due Diligence Directive (CSDDD), these mechanisms become strategic tools that reinforce companies' human rights due diligence responsibilities.

Yet, despite their strategic potential, grievance mechanisms remain highly complex to implement in automotive supply chains. Suppliers in the lower tiers often show resistance due to reputational concerns, fear of being penalized for complaints, and uncertainty over how such mechanisms might affect commercial relationships with OEMs. This resistance is often amplified by a lack of awareness of the preventive and value-adding functions of grievance mechanisms. (Wissuwa & Durach, 2023; Müller-Hoff, 2023)

Furthermore, cultural and contextual barriers present additional implementation challenges. In many supply chain contexts, workers operate in organizations shaped by strict hierarchies, low union representation, and limited legal protections. This fosters a culture of fear and retaliation. These conditions are particularly harmful to the adoption of grievance systems when workers do not trust that their anonymity will be protected or that raising concerns will result in meaningful resolutions without retaliation. (United Nations Human Rights Office of the High Commissioner, 2021; Office of the Compliance Advisor/Ombudsman, 2008)

Language barriers, lack of digital access, and unfamiliarity with formal reporting processes also prevent marginalized groups, including migrant workers, women, and informal laborers, from engaging with grievance mechanisms, even when those systems are technically available (Federal Ministry of Labour and Social Affairs, 2023; BAFA, 2022).

These findings underscore the persistent gap between the formal availability of grievance mechanisms and how legitimate and usable they are perceived to be by their intended target groups. Addressing this gap requires technical implementation as well as culturally sensitive outreach, trust-building, and clear commitments to non-retaliation and follow-up.

To respond to these challenges, this research proposes a two-part framework that balances OEM-level responsibility with collective industry support. First, it outlines an OEM-specific mechanism, which includes six key features, identified in this study: accessibility, trust, anonymity, transparency, remediation, and performance measurement through KPIs. These criteria are not only aligned with the UNGP effectiveness criteria but are designed to ensure inclusiveness and effectiveness at all levels of the supply chain. The industry collaboration

platform, meanwhile, facilitates knowledge sharing, collective standard setting, and resource pooling. Its four pillars, including an industry-aligned rulebook, stakeholder engagement, an inclusive advisory board, and regulatory standards, provide a solid foundation for systemic change, potentially addressing challenges beyond OEMs' immediate control.

By combining individual accountability with collective industry action, the proposed framework allows OEMs to empower their supply chain workers at all levels of the supply chain, respond effectively to grievances, and help improve automotive industry policies, commitments, and due diligence practices, leading to improved social sustainability in the automotive supply chain.

CONCLUSION AND RECOMMENDATIONS

In today's complex and interconnected supply chains, this research underscores the critical importance of grievance mechanisms as a driver of social sustainability in the automotive sector. Effective systems must be accessible, trustworthy, confidential, and transparent to empower workers, particularly in lower-tier and high-risk regions. Beyond resolving individual cases, grievance mechanisms help improve working conditions, strengthen accountability, and promote ethical business practices throughout supply chains.

The study identifies the need for a standardized yet adaptable approach, emphasizing the importance of the proposed Industry Collaboration Platform. This platform facilitates alignment across OEMs by offering industry-aligned rulebooks, shared severity ratings, standardized remediation protocols, and integrated stakeholder engagement strategies, while ensuring consistency with evolving regulations. Integrating grievance data into risk assessments and sustainability reporting was emphasized as a means to drive proactive improvements and enhance transparency.

To operationalize this theoretical framework, targeted training and capacity-building programs for suppliers and supplier-site-level managers must be crafted. These should aim for an increasing understanding of the grievance framework principles, protection from retaliation, and cultural sensitivity. Establishing independent context-specific monitoring systems will also be essential to assess the performance and accessibility of the grievance mechanisms across automotive supply chain tiers. These systems should be based on clear key performance indicators (KPIs), such as resolution times, recurrence rates, and complaint satisfaction after the grievance has been remediated.

For the collaborative platform, OEMs should leverage existing industry initiatives such as Drive Sustainability or the Responsible Business Alliance (RBA) to jointly introduce shared grievance procedures and promote interoperable grievance platforms. As previously mentioned, a joint advisory board, comprising OEMs, supply chain workers, civil society / NGO representatives, should guide the collaboration platforms' integrity, also considering representation beyond the European Union, practicality from broad sourcing regions in Asia, Africa and Latin America.

Furthermore, there are key challenges that need to be considered for further in-depth research in the future. This includes limited supply chain transparency, the financial burden of engaging external stakeholders, and the tension between industry-wide standardization and local adaptation. Additional constraints arise from antitrust regulations, which limit discussions around joint cost-sensitive topics or universal implementation. Joint industry solutions must navigate these barriers carefully.

Looking ahead, the effectiveness and legitimacy of grievance mechanisms will depend on deeper cross-industry collaboration, technological advances in supply chain traceability, and the ability to quantify and analyze grievance data to detect trends, root causes, and systemic risks. Increasing access for workers at lower levels and integrating emerging actors, such as Chinese manufacturers, into global frameworks will be critical for consistent standards. OEMs must also strengthen transparency by openly reporting aggregated grievance data, collaborating with affected stakeholder groups, and ensuring ongoing dialogue with labor unions and NGOs on a global scale.

Finally, grievance mechanisms have transformative potential beyond individual problem resolution: they can shape corporate policy, inform regulatory developments, and drive long-term improvements in labor rights and supply chain governance. By promoting scalable, inclusive, and transparent grievance frameworks and by embedding them into both corporate strategies and industry collaborations, the automotive sector can significantly strengthen its contribution to global social sustainability.

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