From Compliance to Capability: Human Resource Management's Role in Operationalising Scope 3 Supply Chain due Diligence Standards

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ABSTRACT

Mandatory human rights and environmental due diligence regimes, most notably the European Union's Corporate Sustainability Due Diligence Directive (Directive (EU) 2024/1760), have repositioned supply chain accountability from a voluntary corporate social responsibility gesture into an enforceable legal obligation that extends deep into upstream value chains, including labour-intensive production hubs across Sub-Saharan Africa. Because Scope 3 emissions and their associated social risks are generated principally through people-intensive processes such as recruitment, subcontracting, workplace conditions, training and supplier labour management, the organisational function best positioned to translate due diligence policy into everyday practice is human resource management (HRM). However, the burgeoning literature on green and sustainable HRM has concentrated overwhelmingly on employee environmental behaviour and employer branding, leaving the specific mechanisms through which HR departments can operationalise supply chain due diligence obligations comparatively unexamined, particularly in developing-economy contexts such as Nigeria, where Scope 3 exposure is acute but institutional and workforce capacity remains constrained. This paper fills that gap by using an integrative review of regulatory, theoretical, and empirical literature, where Dynamic Capabilities Theory and the Ability-Motivation-Opportunity model work together to create a conceptual framework, which transforms the role of HRM from a passive compliance administrator to an active role in building capabilities within a framework of due diligence. The paper maps five HR sub-functions, namely recruitment and supplier workforce vetting, training and capability development, performance and incentive systems, employee relations and grievance mechanisms, and HR analytics, onto the due diligence cycle of identification, prevention, mitigation, monitoring and remediation. Drawing on evidence from Nigerian regulation, labour markets, and small and medium enterprises, the paper argues that without deliberate investment in HR capability, Nigerian firms risk exclusion from European and global value chains. The paper concludes with implications for HR practice, professional bodies, policymakers and future researchers.

Keywords: Scope 3 emissions; supply chain due diligence; human resource management; dynamic capabilities; CSDDD; Nigeria; sustainable HRM

INTRODUCTION

Global supply chains have become the primary conduits through which corporate environmental and social harm is generated, transmitted and, increasingly, regulated. Indirect value-chain emissions, classified as Scope 3 under the Greenhouse Gas Protocol, account for approximately 75% of the average company's total greenhouse gas footprint, rising to as much as 90% in sectors such as financial services, retail and consumer goods (CDP, 2024). A company's Scope 3 emissions can account for 40% to 60% of its total footprint. The most effective way for companies to improve their climate impact is by engaging with suppliers (PwC, 2024). However, this focus is substantial, yet the quality of disclosures falls far short of regulatory goals. While nearly 80% of firms in the MSCI All Country World Index report Scope 1 and 2 emissions, only about 60% report any Scope 3 data. Additionally, the disclosure quality of emerging-market companies lags 30-40 percentage points behind that of companies in industrialised economies, according to Clarity AI (2025). These figures underscore a widening gap between regulatory ambitions and corporate capabilities. This paper suggests that

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addressing Scope 3 is not only a matter of carbon accounting but also fundamentally a human resource challenge. The practices and subcontracting arrangements behind most Scope 3 categories are essentially labour-management issues, not just carbon reporting concerns.

The European Union's Corporate Sustainability Due Diligence Directive (CSDDD), Regulation (EU) 2024/1760 (Commission, 2024), is notably impactful; adopted by the European Commission on 25 July 2024, it mandates large companies (including their global suppliers) to identify, prevent, mitigate, and disclose both actual and potential environmental and human rights impacts across their supply chains (White & Case, 2024). The Omnibus I simplification package further reduced the Directive's turnover and headcount thresholds, removed the requirement for a transition plan, and postponed the full compliance date to 2029. Despite these adjustments, it is estimated that approximately 6,000 EU and 900 non-EU companies will be directly affected, with indirect contractual pressures extending to tens of thousands of suppliers worldwide (International Bar Association, 2025, Normative, 2026). Complementary regimes, including Germany's Lieferkettensorgfaltsgesetz, the United Kingdom's Modern Slavery Act 2015, the United States' Uyghur Forced Labour Prevention Act, and the IFRS Foundation's S1 and S2 sustainability disclosure standards now adopted across twenty-one jurisdictions, mean that due diligence expectations are converging into what is fast becoming a de facto global standard, irrespective of a supplying firm's own domestic regulatory environment (IFRS Foundation, 2025; Ethixbase360, 2026).

Nigeria sits within the funnel of this cascading obligation as a major supplier of agricultural commodities, including cocoa, cassava, sesame and horticultural produce, as well as textiles and outsourced services to European and global buyers, exposing thousands of Nigerian firms to indirect due diligence scrutiny even though none are themselves directly captured by CSDDD (National Employers' Consultative Association [NECA], 2026). Nigerian exporters are increasingly required to furnish verifiable labour and emissions data to procurement officers in London, Amsterdam and Berlin using ESG terminology that remains largely unfamiliar to domestic management: a 2022 PwC Nigeria survey found that 62% of Nigerian small and medium enterprises (SMEs) were unfamiliar with basic environmental, social and governance (ESG) principles (Businessday NG, 2025). Nigeria's own Financial Reporting Council has mapped out a roadmap toward mandatory IFRS S1/S2 sustainability disclosure for public interest entities from 2028, with a voluntary adoption window already underway, led by firms such as MTN and Access Bank (Teasoo Consulting, 2025). Human rights violations such as exploitative labour practices, unsafe working environments, and poor protections for suppliers' workers are widespread in Nigerian supply chains. The scope 3 due diligence aims to address these issues (Teasoo Consulting, 2025). Due to infrastructural deficits, skills shortages, and limited financing (Postgraduate College of Supply Chain Transport and Procurement Management, 2026), the human resource department in Nigerian companies—responsible for recruitment, supervising subcontracted labour, training, managing grievances, and ensuring workplace compliance—acts as the primary agent of due diligence. This occurs regardless of whether the department is adequately resourced, trained, or officially designated to perform this function.

Three key concepts anchor this study. Scope 3 supply chain due diligence is a systematic process that covers both the GHG Protocol's Scope 3 emissions categories and the human rights obligations outlined in instruments such as the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the CSDDD. Companies conduct this process to identify, prevent, mitigate, and address adverse environmental and social impacts that occur outside their direct operations (European Commission, 2024; Ruggie, 2011). Operationalisation involves integrating commitments to due diligence from policy statements into an organisation's routine practices, moving beyond mere symbolic adoption, as emphasised in compliance studies (Bonnitcha & McCorquodale, 2017). According to Dynamic Capabilities Theory (Teece et al., 1997), HR capability encompasses the ability to adapt, develop, and reconfigure HR functions like recruitment, training, performance management, employee relations, and workforce data systems in response to environmental and regulatory shifts. This distinction allows HR to differentiate between mere compliance and genuine capability, in which rules are adhered to as part of an ongoing organisational learning process.

A growing body of research in HRM and corporate sustainability has increasingly concentrated on employees' environmental behaviours. A systematic review of green human resource management (GHRM) studies consistently shows that green practices such as green recruitment, training, and performance appraisal—when applied through the Ability-Motivation-Opportunity (AMO) framework—improve environmental and organisational citizenship outcomes (Ababneh, 2021; Renwick et al., 2013; Verma, 2026). Ali et al. (2024) demonstrate a direct connection between GHRM practices and a company's sustainability performance.

Meanwhile, Ahmed et al. (2024) find that workplace interactive mechanisms do not moderate the effects of GHRM on pro-environmental employee behaviour, although their presence can influence outcomes. Overall, the signs indicate HR's operational importance, yet sustainable HRM remains conceptually underdeveloped compared to environmental and governance reporting. It plays a key role within the formal ESG and Global Reporting Initiative disclosure frameworks. A 2025 study published in Sustainability (MDPI) emphasises human capital as the core of these frameworks, viewing HRM strategies as a means of transforming human resources into sustainable corporate performance. Additionally, Mariappanadar (2024) highlights HRM strategies as tools that convert human capital into company performance in ESG reporting.

A more legally oriented approach to scholarship concentrates on human rights due diligence (HRDD) but does not specifically emphasise the HR function as an implementing agent. Bonnitcha and McCorquodale (2017) distinguish between due diligence as a legal duty of care and as a risk management process. This difference influences the extent of diligence a firm must undertake to meet its obligations. The Ethical Trading Initiative (2025) emphasises that HRDD in sustainability should be shared across functions such as legal, compliance, procurement, and others. However, it should not be a primary focus for any single function. Studies on dynamic capabilities and ESG strategy show that the ability to absorb and adapt is vital for translating ESG efforts into sustainable performance. Additionally, research on health supply chains in Ghana and Ethiopia indicates that technology and funding are not the only challenges in resource-limited settings; human resource (HR) capacity gaps are frequently identified as major obstacles. (Global Health: Science and Practice [GHSP], 2025; Liang et al., 2022).

Collectively, this literature establishes both that HR-designed practices measurably affect sustainability outcomes and that human capacity is a recognised bottleneck in implementing due diligence. However, it has not yet connected the two propositions into a coherent account of HR's operational role in Scope 3 due diligence specifically.

While studies have established the existence of a positive relationship between green and sustainable HRM practices and organisational environmental performance (Ababneh, 2021; Ali et al., 2024; Verma, 2026), and while separate legal and compliance scholarship has mapped the architecture of human rights due diligence obligations under instruments such as CSDDD and the UNGPs (Bonnitcha & McCorquodale, 2017; European Commission, 2024; Ruggie, 2011), there remains a paucity of scholarship that explicitly theorises and empirically examines how the human resource function itself should be reorganised, resourced and evaluated to operationalise Scope 3 supply chain due diligence obligations as a distinct, integrated capability rather than as an incidental by-product of general green HR practice. Despite the availability of studies on GHRM's effect on environmental behaviour (Ahmed et al., 2024; Renwick et al., 2013) and on HR's contribution to ESG disclosure (MDPI Sustainability, 2025), and despite emerging evidence that human capacity constraints, not technology or capital, are the binding constraint on supply chain due diligence performance in resource-constrained economies (GHSP, 2025), this specific, capability-oriented account of HRM's due diligence role is lacking, and is almost absent from the literature on Nigeria, a country whose SME-dominated export base places it squarely within the indirect reach of CSDDD yet whose HR profession, ESG awareness and regulatory infrastructure remain at an early stage of development (Businessday NG, 2025; NECA, 2026; Teasoo Consulting, 2025). Against this backdrop, this study ultimately asks: how can human resource management be theorised and operationalised as a capability-building function, rather than a mere compliance function, within Scope 3 supply chain due diligence, and what does this mean for firms operating in a developing-economy context such as Nigeria? This paper's novelty lies in its explicit mapping of HR sub-functions to the stages of the Scope 3 due diligence cycle, moving beyond the generic statement that "HR has a role to play" to a concrete, testable framework. It combines Dynamic Capabilities Theory and the AMO model to explain both why organisations develop due diligence capabilities and how these are built at the individual employee level — an integration not previously explored. Additionally, the study contextualises these insights within Nigeria's institutional and labour market environment, characterised by high indirect regulatory exposure and low institutional readiness. This extends current due diligence and sustainable HRM literature, which primarily focuses on Europe, East Asia, and the Gulf region, into the Sub-Saharan African context.

Research Question and Objectives

This study addresses the following research question: How can HRM be conceptualised and implemented as a capability-building function within Scope 3 supply chain due diligence? Additionally, what specific HRM mechanisms, opportunities, and constraints define HRM's role in the Nigerian context?

In order to answer this question, the study has five specific objectives, namely:

1. To examine the global and Nigerian regulatory architecture governing Scope 3 supply chain due diligence and to identify the points at which it intersects with human resource management practice.

2. To develop a theoretically grounded conceptual framework, drawing on Dynamic Capabilities Theory and the Ability-Motivation-Opportunity model, that maps discrete HR sub-functions onto the stages of the due diligence cycle.

3. To critically evaluate the extent to which existing green and sustainable HRM scholarship addresses, or fails to address, HR's operational role in due diligence implementation.

4. To analyse the specific institutional, capacity and awareness constraints facing Nigerian firms and HR practitioners in operationalising Scope 3 due diligence obligations.

5. To propose practical and policy recommendations for HR practitioners, professional bodies, regulators and future researchers seeking to strengthen HR's due diligence capability.

THEORETICAL FRAMEWORK

This paper adopts Dynamic Capabilities Theory (DCT) as its principal theoretical lens, supplemented by the Ability-Motivation-Opportunity (AMO) model to connect organisational-level capability with individual-level HR practice design. Teece et al. (1997) define dynamic capabilities as a firm's capacity to integrate, build and reconfigure internal and external competencies to address rapidly changing environments, a definition later refined by Teece (2007) into three constituent processes: sensing opportunities and threats, seizing them through resource reconfiguration, and transforming organisational structures and routines accordingly. DCT is particularly well-suited to the present problem for two reasons. First, unlike the Resource-Based View from which it derives (Barney, 1991), which explains sustained competitive advantage as a function of resources that are valuable, rare, inimitable and non-substitutable, DCT explicitly foregrounds the process of capability formation under conditions of regulatory and environmental change, precisely the condition confronting firms as due diligence obligations proliferate and evolve, as evidenced by the successive amendments to CSDDD itself through the Omnibus I and subsequent instruments (European Commission, 2024). Second, DCT has already been applied empirically to the ESG domain: Liang et al. (2022), studying 78 Korean Exchange-listed firms, found that absorptive capability and adaptive capability significantly affect sustainable management performance through the mediating channel of ESG strategy implementation, providing direct empirical precedent for treating due diligence implementation as a capability rather than a static compliance exercise.

Applying DCT to human resource management specifically, this paper draws on Dynamising Human Resources, the integrative account of HRM dynamic capabilities advanced by scholarship that links strategic HRM systems to firms' capacity for strategic agility (Delery & Roumpi, 2017; Jiang et al., 2012). HRM dynamic capability, in this rendering, is the organisation's capacity to sense emerging due diligence obligations (for example, a buyer's new supplier code of conduct), seize them by reconfiguring recruitment, training and performance systems accordingly, and transform HR routines into embedded, repeatable practice rather than one-off compliance projects. This resolves a conceptual weakness in much of the existing green and sustainable HRM literature, which tends to treat HR practices as fixed inputs into environmental performance

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(Ababneh, 2021; Ali et al., 2024) rather than as evolving capabilities that must themselves be built, a distinction operationalised, post-pandemic, in HR contexts by scholarship demonstrating that firms drawing on RBV, dynamic capabilities and absorptive capacity together were better able to sustain employee capability development under conditions of acute environmental uncertainty (Review of Managerial Science, 2024).

Because dynamic capabilities operate at the organisational level, the paper supplements DCT with the AMO model (Appelbaum et al., 2000), which explains how organisational capability is constructed from individual employee behaviour through three levers: ability (the skills and knowledge employees possess), motivation (the incentives that induce employees to apply those skills) and opportunity (the structures and processes that allow employees to exercise them). The AMO model has long underpinned GHRM scholarship's account of how discrete practices, such as green recruitment, green training and green performance appraisal, translate into environmentally significant employee behaviour (Muisyo et al., 2022; Renwick et al., 2013), and this paper extends that logic from environmental behaviour to due diligence-relevant behaviour, such as accurately reporting supplier labour conditions, flagging subcontracting risks, or documenting grievance resolution. Where DCT explains why and how the organisation as a whole builds due diligence capability over time, AMO explains the granular HR practice design, ability-building, motivational alignment, and structural opportunity through which that organisational capability is actually constructed, employee by employee. Institutional theory (DiMaggio & Powell, 1983) is invoked briefly as a secondary lens to explain why Nigerian SMEs, lacking direct regulatory exposure, nonetheless adopt due diligence-adjacent HR practices: coercive isomorphism, exerted through buyer contractual requirements, and mimetic isomorphism, exerted through the influence of larger exemplar firms such as MTN and Access Bank (Teasoo Consulting, 2025), together explain diffusion of due diligence practice down the Nigerian supply chain even in the absence of direct domestic legal compulsion.

LITERATURE REVIEW

Building on the foundational literature introduced above, this section provides a deeper thematic synthesis across four strands: the regulatory architecture of Scope 3 due diligence; green and sustainable HRM scholarship; the human rights due diligence and HR intersection; and human capacity constraints in developing-economy supply chains, before narrowing to the Nigerian evidence base.

The Regulatory Architecture of Scope 3 Due Diligence

Since 2022, the regulatory framework for Scope 3 due diligence has grown significantly. CSDDD's chain-of-activities approach now includes direct and indirect business partners, and to a limited extent, distribution, transport, and storage, though it excludes downstream financial activities (npj Climate Action, 2026). With the Omnibus I revisions, the requirement for climate transition plans to align with the 1.5°C target of the Paris Agreement was removed, and enforcement was limited to a fault-based civil liability regime at the Member State level (Normative, 2026; npj Climate Action, 2026). The EU's Corporate Sustainability Reporting Directive (CSRD), effective from 2025 and supported by the European Sustainability Reporting Standards (ESRS), will require full Scope 1, 2, and 3 disclosures for approximately 50,000 companies starting in 2026 (net0.com, 2026). Additionally, the Science Based Targets initiative mandates that companies with Scope 3 emissions making up 40% or more of their total footprint must have validated reduction targets. Most companies across various sectors already have such targets (CDP, 2024; Normative, 2026). These regulatory layers—spanning the EU, UK, US, and IFRS Foundation/S2 (covering 21 jurisdictions, including Nigeria's trading partners)—highlight a shift toward treating due diligence as a necessary cost for participating in global trade, rather than merely a reputational effort (IFRS Foundation, 2025).

Green and Sustainable Human Resource Management

Recent developments in the scholarship on green and sustainable HRM have been notable, with recent systematic literature reviews covering 26 to 70 primary studies (Full article; 2024; Ilomata International Journal of Management; 2025; Research Square; 2025; Verma; 2026). The literature consistently emphasises GHRM activities such as recruitment, training, performance management, compensation, and employee engagement, highlighting strong links to environmental performance and to a lesser extent, social performance outcomes (Ali et al., 2024; Verma, 2026). Ahmed et al. (2024) introduce important nuances, indicating that the influence of GHRM on organisational citizenship behaviour for the environment is not straightforward; instead, it is affected by interaction effects, suggesting that the organisational context plays a crucial role beyond simply having green HR policies. This view also applies to the ESG domain, where Sustainable HRM research explicitly identifies human capital as the primary mechanism by which firms achieve their corporate sustainable HRM goals (Sustainability, 2024). A 2025 special issue paper on Sustainability clarifies that, alth-

ough frameworks such as the GRI include workforce indicators, HR functions are rarely regarded as active partners in shaping the ESG strategy. Instead, they are typically viewed as just a data source for reporting prepared elsewhere in the organisation (MDPI Sustainability, 2025). This is significant for the current paper's argument, as it suggests that when HRM data are utilised for ESG and due diligence disclosures, the HRM function is usually a "passive" contributor rather than an "active" business participant in due diligence processes. This reinforces the pattern of compliance over capability that the current paper aims to challenge.

Human Rights Due Diligence and the HR Intersection

Human rights due diligence (HRDD) as a legal and procedural requirement is the subject of a separate but parallel body of literature. The most frequently cited distinction between due diligence as a standard of conduct, meaning reasonable effort, and due diligence as a risk-management process that is part of day-to-day business remains that of Bonnitcha and McCorquodale (2017), who suggest that there are implications for the level of rigour applied to supplier labour risk information and for the extent to which HR departments should document and act on that information. The UNGPs' due diligence cycle becomes more detailed in the Ethics for Sugar (2025) formulation, which outlines key stages: Risk assessment, Prioritisation, Mitigation, and Ongoing monitoring. It explicitly states that HR is not listed as a function, even though recruitment, vetting of subcontracted labour, and grievance handling are core HR responsibilities. Additionally, recent legal literature highlights serious conflicts of interest, flawed data, and superficial assessments among actors who are often selected as third-party auditors and rating providers—serving as substitutes for internal capacity. The rationale is that companies must strengthen their internal HR due diligence capabilities rather than outsourcing entirely to third parties, where assessment quality can be uneven (EWBCLB Working Paper Series, 2025).

Human Capacity Constraints in Developing-Economy Supply Chains

A concluding point, largely derived from public health supply chain studies but applicable to resource-limited settings, indicates that human resources—rather than technology or infrastructure—are the primary constraint on supply chain performance. Moreover, capacity-building initiatives in Ghana and Ethiopia showed that gaps in supply chain effectiveness are mainly due to insufficient personnel capacity and capability and a lack of effective monitoring systems, rather than funding shortages (GHSP, 2025). The Theory of Change for developing human resources in supply chain management, implemented in Cameroon, Ethiopia, Malawi, and the Philippines, indicates that the main factor enhancing supply chain performance was not technological but human resource interventions tailored to local contexts. (GHSP, 2025) Similarly, broader evidence from Sub-Saharan Africa shows that institutional quality and human capital development are closely linked drivers of economic resilience. Conversely, shortages in human capital worsen governance issues and threaten resource-based economic sustainability (Kansheba & Marobhe, 2022) (Afolabi, 2025). Transposed to the Scope 3 due diligence context, this literature strongly implies that Nigerian firms' capacity to operationalise due diligence obligations will hinge less on the availability of ESG software or consultancy support than on the depth and quality of internal human resource capability, precisely the variable that remains under-theorised in the sustainable HRM literature reviewed above.

The Nigerian Evidence Base

Nigeria-specific evidence, though comparatively sparse in peer-reviewed form, is beginning to emerge. Chukwudebelu (2025), examining sustainable supply chain management integrating ESG in the Nigerian manufacturing context, finds that ESG adoption remains low, particularly outside large multinationals, and recommends tax incentives, subsidies and capacity-building support to help SMEs, which constitute the bulk of Nigerian supply chain participants, integrate ESG considerations. The same study cites Ogunlae's (2024) characterisation of sustainable supply chain management in Nigeria as a strategic tool linking sustainability and profitability through reverse logistics, sustainable warehousing, environmental purchasing and green transport, while noting that adoption remains particularly weak in manufacturing. Industry evidence corrobor-

ates the academic picture: NECA's 2026 ESG implementation guide for Nigerian MSMEs was developed explicitly to translate CSDDD-driven supplier requirements into a format accessible to firms such as a fifty-person cocoa processing enterprise in Kano needing to communicate sustainability metrics to a London-

based procurement officer (NECA, 2026), while the 62% ESG-unfamiliarity figure recorded among Nigerian SMEs in 2022 illustrates the scale of the awareness gap that any due diligence capability-building effort must overcome (Businessday NG, 2025). However, none of this literature focuses mainly on the HR function, which this paper's conceptual framework aims to address directly.

Synthesis: Parallel Play, Not Integration

Overall, these four strands of literature show strong similarities in their development, suggesting a degree of integration. While GHRM and sustainable HRM research offers detailed and empirically supported explanations of how HR practices influence environmental and ESG-related outcomes, they less frequently address due diligence as a clear legal and procedural duty. Instead, they often depict ‘sustainability' more as a broad organizational value rather than a specific compliance framework with defined stages, evidence requirements, and remediation steps (Ababneh, 2021; Mariappanadar, 2024; Verma, 2026). Conversely, the HRDD and legal compliance literature has developed a precise, stage-based account of due diligence obligations, yet treats HR as, at most, one of several undifferentiated "cross-functional" contributors, alongside legal, compliance and procurement, without examining which specific HR competencies map onto which due diligence stages (Ethical Trading Initiative, 2025; EWBCLB Working Paper Series, 2025). The capacity-constraint literature, meanwhile, correctly identifies human resource capacity as the binding constraint on supply chain due diligence performance in resource-constrained settings, yet is drawn substantially from public health and development contexts and has not been extended into the private-sector, HR-departmental context this paper addresses (Afolabi, 2025; GHSP, 2025). It is precisely at the intersection of these three strands, HR practice design, due diligence procedural architecture, and developing-economy capacity constraints, that this paper's conceptual contribution is positioned. It is this intersection that remains empirically and theoretically thinnest for Nigeria specifically, notwithstanding emerging industry evidence of ESG adoption gaps among Nigerian SMEs (Businessday NG, 2025; Chukwudebelu, 2025; NECA, 2026).

METHODOLOGY

This paper adopts an integrative literature review methodology, an approach well suited to synthesising a fragmented, multidisciplinary evidence base spanning regulatory law, strategic HRM, supply chain management and development economics, and to generating novel conceptual frameworks rather than merely summarising existing findings (Snyder, 2019). Unlike a systematic review, which is best suited to homogeneous empirical questions answerable through study-level aggregation, an integrative review is appropriate where, as here, the objective is to critically synthesise disparate literatures in order to construct new theoretical and conceptual understanding of an emerging, cross-disciplinary phenomenon (Snyder, 2019). This methodological choice reflects the current state of the field: because no substantial body of empirical, firm-level studies yet exists on HR's specific operational role in Scope 3 due diligence, particularly within Sub-Saharan Africa, a systematic review or meta-analysis would be premature, whereas an integrative synthesis allows regulatory texts, industry evidence, and adjacent empirical literatures on GHRM, dynamic capabilities and supply chain capacity to be triangulated into a coherent conceptual contribution.

Sources were identified through structured searches of Scopus, Web of Science and Google Scholar, supplemented by primary regulatory documentation from the European Commission, the IFRS Foundation and Nigeria's Financial Reporting Council, and by industry and professional-body publications where peer-reviewed academic coverage of Nigeria-specific due diligence practice was thin. Search terms combined "Scope 3", "supply chain due diligence", "human rights due diligence", "green human resource management", "sustainable HRM", "dynamic capabilities", "CSDDD" and "Nigeria" in varying Boolean combinations. Inclusion prioritised peer-reviewed journal articles, systematic reviews and primary regulatory instruments published or substantively updated between 2017 and 2026, reflecting both the classical theoretical foundations (Barney, 1991; Teece et al., 1997; Appelbaum et al., 2000) required to ground the theoretical fra-

mework and the recency demanded by a fast-evolving regulatory field. Sources were screened for direct relevance to the intersection of due diligence, HRM and organisational capability, and were thematically coded into the four literature strands presented above: regulatory architecture, GHRM/sustainable HRM, HRDD-HR intersection, and developing-economy capacity constraints. Thematic synthesis, rather than meta-analytic agg-

regation, was used to identify convergences, silences and contradictions across strands, from which the conceptual framework presented in the following section was inductively derived. As a conceptual, desk-based paper, no primary data collection, survey instrument or human participants were involved, and the paper's contribution is accordingly theoretical and propositional, intended to generate testable propositions for subsequent empirical research rather than to report new empirical findings itself, a positioning made explicit in the limitations section below.

THE 'FROM COMPLIANCE TO CAPABILITY' (FC2C) CONCEPTUAL FRAMEWORK

Synthesising the theoretical framework and literature review, this paper proposes the "From Compliance to Capability" (FC2C) model, which maps five discrete HR sub-functions onto the five recognised stages of the due diligence cycle codified across the UNGPs and CSDDD: policy commitment and risk identification, prevention, monitoring and tracking, communication and reporting, and remediation (European Commission, 2024; Ruggie, 2011). The model's central proposition is that each due diligence stage has a natural, currently underexploited HR counterpart, and that firms which explicitly assign, resource and measure HR ownership of these counterparts will develop due diligence capability, in the Dynamic Capabilities sense of embedded, reconfigurable organisational routine. In contrast, firms that leave due diligence solely with legal, compliance or sustainability departments will, at best, achieve one-off compliance without durable capability.

The first HR counterpart is recruitment, onboarding and supplier workforce vetting, mapped to the risk identification stage. Because a significant share of Scope 3 social risk originates in subcontracted and informal labour arrangements, HR's existing competency in candidate and vendor screening can be extended to encompass supplier workforce due diligence questionnaires, verification of subcontractor employment practices, and pre-qualification labour audits, functions presently scattered across procurement and compliance in most of the literature reviewed (Ethical Trading Initiative, 2025). The second element is training and capability development aligned with the prevention phase. As per AMO principles, prevention should be the responsibility of all employees involved in procurement, operations, and supplier-related roles. This presents a design challenge for the HR learning and development team. It aligns with GHRM research indicating that structured training can effectively influence employees' environmental conduct and their due diligence behaviours in a measurable manner (Ababneh, 2021; Renwick et al., 2013). The third aspect involves performance management and incentive systems linked to the monitoring and tracking stage. Incorporating due diligence indicators, such as supplier audit completion rates or grievance response times, into the performance evaluations of managerial and procurement staff helps make monitoring a routine organisational capability. This approach aligns with the idea of dynamic capabilities, where internal routines are continually reconfigured (Teece, 2007). The fourth counterpart is HR data and workforce analytics, mapped to the communication and reporting stage; HR information systems already capture much of the workforce data, covering headcount, wages, contract type and grievance records, that ESRS E1 and IFRS S2 disclosure require, positioning HR as a natural data steward rather than a passive data source, addressing directly the passivity identified in the sustainability reporting literature (MDPI Sustainability, 2025). The fifth and final counterpart is employee and industrial relations, including grievance and whistle-blowing mechanisms, mapped to the remediation stage; because UNGP-compliant remediation requires accessible, trusted grievance channels, and because HR departments already operate the organisation's primary internal grievance infrastructure, extending these mechanisms to cover supplier and subcontracted workers represents a comparatively low-cost, high-leverage capability extension.

Two cross-cutting propositions complete the model. First, drawing on institutional theory, the paper proposes that in contexts of low direct regulatory exposure, such as Nigeria, HR capability-building will diffuse primarily through coercive isomorphism transmitted via buyer contracts and mimetic isomorphism transmitted

via exemplar firms, rather than through domestic legal compulsion, implying that Nigerian HR capability development will likely be led initially by export-oriented and multinational-linked firms before diffusing to the wider SME base (DiMaggio & Powell, 1983; Teasoo Consulting, 2025). Second, drawing on the capacity-constraint evidence reviewed above, the paper proposes that HR capability-building will be systematically under-supplied in resource-constrained economies unless accompanied by external capacity-building support, whether from professional bodies, government or development partners, because firms facing infrastructural and financing constraints will rationally under-invest in a capability whose costs are immediate and whose benefits, market access and risk avoidance, are probabilistic and often realised by a different budget line than HR's own (GHSP, 2025; Postgraduate College of Supply Chain Transport and Procurement Management, 2026).

DISCUSSION

The FC2C framework carries several implications that merit closer discussion, both for the general theorisation of HR's due diligence role and for the specific conditions prevailing in Nigeria.

First, the framework reframes a persistent weakness in the GHRM literature identified earlier: its tendency to treat HR practices as static inputs to environmental performance rather than as capabilities that must be deliberately constructed (Ababneh, 2021; Ali et al., 2024). The FC2C model clearly portrays HR's due diligence as an ongoing process that goes beyond simply following a checklist of green practices. HR must continuously identify and adapt to emerging buyer and regulatory demands, such as implementing a new supplier code in response to the CSDDD. This approach involves transforming these inputs into regular routines, reflecting a dynamic, iterative process that research, such as Liang et al. (2022), has linked to improved ESG performance among Korean firms. Viewing HR capability as a one-time compliance effort is outdated; it should instead be seen as a vital organisational skill, aligning with the paper's main theme.

Second, each HR counterpart is created using AMO, addressing the intermediary reliability issue highlighted in HRDD literature (EWBCLB Working Paper Series, 2025). Internal HR capabilities can mitigate conflicts of interest and data quality issues with external auditors and rating agencies, especially on critical issues such as supplier workforce vetting and grievance management. This is because internal processes are based on ongoing workforce relationships, providing potentially more reliable evidence than infrequent external audits. While external verification still holds value for maintaining independence, this indicates that firms relying solely on outside validation may underinvest in developing internal HR capabilities, which could lead to more efficient and credible verification.

Third, this has significant implications for professional HR practice and the HR business partnering framework. The transition from transactional HR hiring to strategic collaboration with departments such as procurement, legal, and sustainability is reflected in the broader HR and ESG literature. This shift, which has been progressing unevenly since Ulrich's (1997) framing of HR as a strategic business partner rather than merely an administrative function, emphasises more specific due diligence practices for HR professionals. These practices serve clear evidentiary and remedial purposes, moving beyond the often vague notion of "HR as a strategic ESG partner" commonly discussed in practitioner sources (Oxford Management, 2025).

THE HR-PROCUREMENT INTERFACE

Another important insight of the FC2C framework concerns the previously weak link: the connection between HR and procurement. The due diligence agenda has heightened the relevance of this relationship, which historically has been underdeveloped. Typically, procurement handles supplier relationships and contractual due diligence clauses, while HR manages workforce policies and exchanges limited data, primarily contractor headcounts. As the literature review highlighted, supplier workforce risk is a major component of Scope 3 social risks. Procurement often serves as the first point of contact and wields significant commercial influence, while HR possesses the expertise to assess and mitigate these risks. HR's knowledge of labour standards, contract classifications, and grievance management is essential for addressing issues identified through procurement (Ethical Trading Initiative, 2025). The FC2C framework recommends a specific structure beyond the general 'cross-functional collaboration' approach common in HRDD literature: establishing formal, regular data-sharing processes between HR and procurement. These should include shared KPIs, such as the percentage of supplier workforce audits completed and the time taken to resolve grievances, to replace informal meetings between the two functions, especially during audit season. Where such protocols exist, dynamic capabilities theory would predict more effective sensing of emerging supplier-side risk, because information asymmetries between the two functions are structurally reduced (Teece, 2007).

This interface question is especially salient in Nigeria, where SME organisational structures are frequently too lean to support separate, fully staffed HR and procurement departments, meaning the same small team, or even the same individual, may discharge both functions. Counter-intuitively, this structural feature, often diagnosed in the literature purely as a capacity weakness (Postgraduate College of Supply Chain Transport and Procurement Management, 2026), may also represent a latent advantage for FC2C implementation: where HR and procurement responsibilities are already combined in a single role, the interface problem identified above is structurally absent, and the constraint shifts instead to that individual's due diligence knowledge and time capacity rather than to inter-departmental coordination. This reframes the priority for Nigerian SME capacity-building away from structural reorganisation and toward targeted competency development for the individuals who, in practice, already perform combined HR and procurement due diligence functions, a nuance that generic ESG capacity-building guidance, including NECA's (2026) MSME guide, does not yet fully address.

Measuring Capability, Not Just Compliance

A related consideration pertains to measurement. According to dynamic capabilities theory, capability cannot be assessed simply by presence-or-absence indicators—such as "policy adopted" or "audit conducted"—but must be evaluated using routinised, evolving metrics. Examples include the percentage of supplier onboarding cycles in which labour-risk screening is performed independently of procurement or legal prompts, or the proportion of grievance cycles that result in corrective actions rather than merely being logged as complaints (Teece, 2007; Liang et al., 2022). HR professionals aiming to develop their due diligence capability beyond one-time compliance should track process-embedded metrics like these alongside traditional compliance indicators. This represents another aspect of the AMO model: HR must define these metrics, ensure leadership recognises them as legitimate KPIs, and utilise HR information systems capable of capturing due diligence over time, not solely at single points in time.

IMPLICATIONS FOR NIGERIA

The FC2C framework highlights Nigeria's unique challenges and opportunities. One major issue is that most Nigerian firms affected indirectly by CSDDD through exports lack advanced due diligence systems—62% of SMEs in the country are not familiar with ESG (Businessday NG, 2025). This aligns with findings from similar supply chain contexts in Sub-Saharan Africa, where human resource capacity consistently limits performance, rather than funding or technology. Moreover, institutional quality and human capital development are interconnected factors that jointly influence economic resilience (GHSP, 2025; Afolabi, 2025). The limited resources allocated for HR departments to enhance their due diligence capabilities are particularly challenging for SMEs with tight profit margins. This issue is compounded by Nigeria's broader supply chain environment, which faces infrastructure deficits, transit risks, and a general shortage of supply chain management skills (Postgraduate College of Supply Chain Transport and Procurement Management, 2026).

On the opportunity side, Nigeria possesses institutional infrastructure that, if leveraged effectively, could accelerate the dissemination of HR capabilities, aligning with the institutional theory outlined in the paper.

NECA's 2026 ESG implementation guide exemplifies a translation mechanism that could be adapted into an HR-focused due diligence toolkit to address the previously identified awareness gap (NECA, 2026). The Financial Reporting Council's proposed roadmap to make IFRS S1/S2 disclosures mandatory starting in 2028, with companies like MTN and Access Bank already voluntarily adopting these standards, offers a clear, phased regulatory outlook. This allows HR teams in larger Nigerian companies to start building the necessary data infrastructure for due diligence well ahead of the deadline. Nigeria's cocoa, cassava and sesame export sectors, explicitly named as CSDDD-exposed by NECA (2026), represent a natural pilot terrain. Because these sectors already interface directly with European buyers subject to CSDDD's chain-of-activities obligations, HR departments within processing and aggregation firms in these value chains are best positioned to test the FC2C model's practical application, from supplier workforce vetting through to buyer-facing due diligence reporting. Chukwudebelu's (2025) recommendation of tax incentives, subsidies and capacity-building support for SME sustainability adoption could usefully be extended, and made HR-specific, to include subsidised HR due diligence training delivered through Nigeria's Chartered Institute of Personnel Management and other professional bodies, converting a generic capacity-building policy recommendation into a targeted HR capability intervention.

RECOMMENDATIONS

Drawing on the FC2C framework and the Nigerian evidence discussed above, this paper offers recommendations across four constituencies.

For Firms and HR Practitioners

For firms and HR practitioners, the immediate priority is to formally assign due diligence ownership across the five FC2C counterparts, beginning with the lowest-cost interventions: extending existing recruitment and vendor-screening checklists to capture supplier labour risk indicators, and integrating due diligence-relevant indicators into existing performance appraisal cycles rather than creating parallel systems. HR departments should also audit existing HR information systems for their capacity to capture and report the workforce data increasingly required under ESRS E1 and IFRS S2, treating this as a data-stewardship opportunity rather than an additional compliance burden imposed from outside HR.

For Professional Bodies

For professional bodies, particularly the Chartered Institute of Personnel Management of Nigeria and equivalent regional HR associations, the priority is to develop due diligence-specific competency standards and continuing professional development modules that translate the FC2C framework's five counterparts into practitioner-level training, addressing directly the conceptual literacy gap identified in the Nigerian SME evidence (Businessday NG, 2025). Professional bodies are also well placed to convene the buyer-supplier dialogue needed to standardise due diligence data requests, reducing the reporting burden on Nigerian exporters facing multiple, inconsistent buyer questionnaires.

For Policymakers

For policymakers, particularly Nigeria's Financial Reporting Council and trade-facilitation agencies, the priority is to align the phased IFRS S1/S2 disclosure roadmap with targeted capacity-building support for HR functions specifically, rather than sustainability reporting functions generally, recognising that workforce data quality depends on HR system maturity. Extending existing SME support instruments, tax incentives, subsidies, and grants to explicitly cover HR due diligence capability-building, as more generally recommended by Chukwudebelu (2025), would directly address the under-investment risk identified in this paper's second cross-cutting proposition.

For Future Research

For future researchers, this paper's propositional, conceptual contribution should be followed by empirical testing: firm-level surveys measuring the extent of HR ownership across the five FC2C counterparts and its association with due diligence outcomes, qualitative case studies of Nigerian export-sector firms navigating CSDDD-linked buyer requirements, and comparative studies examining whether the isomorphism-driven diffusion pattern predicted here holds across other Sub-Saharan African export economies with comparable indirect CSDDD exposure.

CONTRIBUTION TO THEORY AND PRACTICE

This paper's contribution can be summarised at three levels. Theoretically, it is, to the authors' knowledge, among the first works to combine Dynamic Capabilities Theory with the Ability-Motivation-Opportunity model specifically to explain HR's role in supply chain due diligence, offering a multi-level account that connects organisational-level capability formation (sensing, seizing and transforming due diligence obligations) with individual-level HR practice design (building employee ability, motivation and opportunity to act on due diligence-relevant information). Conceptually, the "From Compliance to Capability" framework offers a specified, five-part mapping between HR sub-functions and due diligence cycle stages that moves beyond the generic assertion, common across both academic and practitioner literature, that HR "has a role to play" in sustainability (AIHR, 2025; National Business Center, 2025; Oxford Management, 2025), toward a testable set of propositions about which HR competencies correspond to which due diligence obligations. Contextually, the paper extends due diligence and sustainable HRM scholarship, which remains dominated by European, East Asian and Gulf-region evidence, into a Sub-Saharan African, and specifically Nigerian, setting characterised by high indirect regulatory exposure through export dependence and comparatively low institutional and HR-professional readiness, a combination this paper argues is likely to be shared across several other Sub-Saharan African export economies and therefore worthy of comparative future research attention.

LIMITATIONS

This paper is subject to several limitations that should temper the interpretation of its contribution. This research is conceptual and integrative, serving as a foundation for future empirical studies rather than being based on primary data from firms. The supporting regulatory landscape is evolving, particularly due to changes driven by the Omnibus and CSDDD, and some thresholds and timelines may shift before the 2029 compliance deadline for the Directive. Compared to European and East Asian sustainable HRM scholarship, the Nigerian evidence base underpinning these propositions is relatively limited, particularly in peer-reviewed literature. This indicates that the propositions presented here are rooted in industry, professional bodies, and academic research. Additionally, the five-counterpart mapping of the FC2C framework is theoretical. In practice, it may have some overlap and interaction across processes and does not serve as a detailed blueprint for organising the firm.

CONCLUSION

This paper contends that, despite often being viewed as a legal, environmental, or procurement issue, the core of Scope 3 supply chain due diligence fundamentally relates to human resource management. This is because the labour practices, subcontracting arrangements, and working conditions that form the social and environmental risks of Scope 3 are inherently human resource issues. The paper introduces the "From Compliance to Capability" framework, mapping the three stages of the due diligence cycle onto the five elements of Dynamic Capabilities Theory and the Ability-Motivation-Opportunity Model: Stage 1 covers risk identification, including recruitment and supplier vetting; Stage 2 addresses risk prevention through training and development; Stage 3 involves risk monitoring via performance and incentive systems; Stage 4 relates to risk communication using HR data and analytics; and Stage 5 focuses on risk remediation through employee and industrial relations. The framework indicates that Nigeria faces a significant capability gap, characterised by limited awareness and institutional infrastructure for ESG, as well as a sizable agricultural and manufacturing export sector that is highly vulnerable to CSDDD regulations. Several institutional levers, professional bodies, phased regulatory roadmaps, and exemplar firms could help bridge this gap. The primary contribution of this paper moves beyond the vague claim that HR "has a role to play" in sustainability. Instead, it provides a theory– and research-based delineation of specific HR sub-functions aligned with due diligence obligations. It also explains why the capability to fulfil these functions is crucial—focusing on proper compliance rather than arbitrary adherence—and how this will determine whether firms and national economies like Nigeria's can survive in a future trading landscape increasingly shaped by due diligence requirements.

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