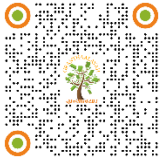


SUPPLY CHAIN TRANSPARENCY AVIGATING THE DEMANDS FOR ETHICAL SOURCING AND TRACEABILITY

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ABSTRACT

Modern supply chains need transparency. Due to ethical concerns and traceability needs, stakeholders are pressuring companies to provide more supply chain information. This abstract discusses supply chain transparency and its role in traceability and ethical sourcing. "Supply chain transparency" refers to information about every stage of the supply chain, from raw materials to final items. Ethical sourcing ensures that products are created safely for workers, the environment, and human rights. Traceability aids ethical procurement by tracking products and components from origin to destination. Consumers, governments, and watchdogs want supply chain transparency. These expectations are driven by concerns about supply chain operations' social and environmental impacts. Businesses must address these demands to maintain consumer trust, meet regulatory criteria, and follow public norms. However, supply chain transparency is challenging. Complex global supply chain networks, lack of supplier behavior understanding, and information imbalances challenge openness. Blockchain, data analytics, and supplier cooperation platforms may help companies address these challenges. These technologies may improve supply chain visibility by collecting, verifying, and exchanging data. Supply chain transparency affects everything. Failure to satisfy transparency responsibilities may damage reputation, legal standing, and stakeholder trust. Transparency may improve a company's image, win consumer trust, and make its supply chain more resilient to delays and dangers.

Keywords: Transparent Supply Chains, Technological, Ethical Sourcing, Digital Security and Privacy, Digital Environment, Technology Privacy

1. INTRODUCTION

In today's increasingly globalized and linked world, supply chain transparency has emerged as a significant aspect in judging whether or not a company's business activities are both ethical and environmentally responsible. This is because of the interconnectedness of the global economy. Consumers, regulators, and other stakeholders are making it increasingly clear that they need improved visibility into supply chains in order to assure the ethical source of commodities and the

traceability of those things. In this study, we investigate the idea of supply chain transparency and the significance of this concept in terms of meeting the requirements for ethical sourcing and traceability. In addition, we investigate the relevance of this concept. In particular, we investigate the connection that exists between supply chain transparency and ethical sourcing as well as traceability.

[Challenging Customer Demands and Reducing Supply Chain Complexities \(2013\)](#) At the outset, there is a focus on the growing awareness that supply chain openness is an essential component of both corporate social responsibility and long-term sustainability. It highlights the fact that actions made at any point along the supply chain might potentially have far-reaching ramifications on society, the environment, and the economy, as well as the need of guaranteeing transparency in order to minimize the bad impacts of such activities. In addition, it emphasizes the necessity of ensuring transparency in order to mitigate the negative effects of such activities. [Dai \(n.d.\)](#)

2. OBJECTIVE

The research aimed to fulfill the following objectives:

- The Importance of Ethical Sourcing in Supply Chains
- Elements of Transparent Supply Chains
- Result and discussion

3. METHODOLOGY

The introduction places particular focus on the connection between ethical sourcing and traceability, as well as transparency across the supply chain. According to what it says, the process of ensuring that products are purchased and manufactured under fair and sustainable circumstances may be referred to as ethical sourcing. Traceability, on the other hand, is the ability to monitor and track the origin and route of goods and materials across the supply chain. Traceability refers to the capacity to monitor and track the origin of products and materials. Ethical sourcing requires that you make sure the products you buy are collected and made in ways that are both just and environmentally responsible. This is a crucial component of the process. At the beginning of the article, it is said that there is a growing demand for a higher degree of transparency in supply chains, and that this want is originating from a variety of different stakeholders. This desire is observed to be on the rise. Consumers, government bodies responsible for regulation, and advocacy organizations are all examples of entities who are regarded to be stakeholders. It sheds light on the fact that different stakeholders are seeking for reassurance that products are sourced in an ethical way, taking into mind the effect on the environment, the circumstances of the labor, and the rights of individual people.

4. ELEMENTS OF TRANSPARENT SUPPLY CHAINS

The degree to which information and data on the many stages, processes, and players that are included within a supply chain are easily available to key stakeholders and can be accessed by those parties is referred to as the "transparency" of the supply chain. This term also refers to the degree to which such information and data may be accessed by those parties. This concept is also known as "visibility across the supply chain." It is necessary to have clear visibility and a

knowledge of how goods, materials, and information move, beginning with the purchase of raw materials and continuing all the way through the delivery of finished things to end customers. This is because it begins with the acquisition of raw materials. It is essential to emphasize the fact that the purchase of raw materials marks the beginning of this procedure.

The following is a list of critical parts and components that come together to form a supply chain that is transparent:

- **Visibility:** Clear visibility into the various phases of the supply chain, including sourcing, manufacturing, transportation, and distribution, is required for transparent supply chains. Because of this visibility, stakeholders are now able to watch and monitor the transit of commodities, as well as detect any possible dangers or bottlenecks, and assure compliance with ethical and regulatory norms. [Supply Chain Traceability \(2022\)](#)
- **Information Sharing:** In order to have a transparent supply chain, it is necessary for all of the participants in the supply chain to share information that is both accurate and relevant. Sharing information relating to product origins, manufacturing procedures, certifications, and quality standards are all included in this aspect of the process. Trust, teamwork, and informed decision-making are all made easier when information is exchanged in a timely and accurate manner.
- **Traceability:** The capacity to track the origin, history, and position of goods and materials all along the supply chain is the essence of traceability, which is an essential element of supply chain transparency. Traceability enables stakeholders to verify the authenticity of items, as well as their quality and compliance with regulations. This helps to ensure ethical sourcing and reduces the danger of purchasing counterfeit or low-quality goods.
- **Ethical Sourcing:** One aspect of supply chain transparency is an emphasis placed on the use of ethical sourcing procedures. This entails ensuring that items are obtained from and manufactured under fair and sustainable circumstances, with attention given to labor rights, human rights, environmental impact, and the well-being of local communities. The purpose of ethical sourcing is to encourage social responsibility and put an end to unethical business practices such as child labor and the destruction of the natural environment. [Chi and Lu \(2020\)](#)
- **Compliance and Certification:** Supply chains that value transparency place a premium on companies' ability to comply with applicable rules, industry standards, and certifications. This involves ensuring compliance with laws governing labor, environmental restrictions, and requirements for product safety. Certifications such as "Fair Trade," "Organic," and "Responsible Source" provide customers the assurance of ethical business practices and make it possible for them to have access to transparent information.
- **Engagement of Stakeholders:** Transparent supply chains encourage and facilitate active engagement and participation from all relevant stakeholders, including suppliers, manufacturers, distributors, consumers, and advocacy organizations. Engaging stakeholders in the supply chain helps to develop communication, cooperation, and a

shared sense of responsibility for advancing transparency, environmental responsibility, and social impact across the chain.

Technology Enablement Recent developments in information and communications technology, such as blockchain, the Internet of Things (IoT), and data analytics, play an important part in making transparent the supply chain. These technologies make available platforms that are safe and decentralized for the storing, distribution, and verification of data. This increases transparency while also making it easier to track and monitor items in real time. [Ozer and Raz \(2011\)](#)

Organizations are able to develop transparent supply chains that promote accountability, trust, and sustainability while fulfilling the rising expectations for ethical sourcing and traceability if they include these essential features and components into their supply chain management practices.

5. THE IMPORTANCE OF ETHICAL SOURCING IN SUPPLY CHAINS

The process of acquiring products and services in a way that complies with social, environmental, and ethical standards is known as ethical sourcing. The term "ethical sourcing" may also apply to the process of ethically acquiring products and services. It includes purchasing materials and commodities from suppliers and manufacturers that prioritize ethical labor standards, respect human rights, minimize their negative effect on the environment, and positively contribute to the communities in which they do business.

The Crucial Part That Ethical Sourcing Plays in the Process of Running Supply Chain Activities.

Implications for Society The use of unethical sourcing techniques, including but not limited to forced labor, child labor, and hazardous working conditions, may have significant negative effects on society. It is the goal of ethical sourcing to guarantee that employees are treated fairly, that their rights are protected, and that they have access to working settings that are both safe and healthy. Organizations make positive contributions to the health and empowerment of their workforces as well as to the advancement of society when they adopt ethical sourcing practices. [Lu \(2021\)](#)

Repercussions for the state of the environment In addition, unethical sourcing practices may lead to serious environmental damage, such as the felling of trees, the emission of hazardous chemicals, and the depletion of natural resources. Ethical sourcing is a business practice that fosters environmentally responsible behaviors such as the responsible purchase of raw materials, the reduction of waste and emissions, and the use of environmentally friendly production methods. The promotion of social responsibility is another benefit of ethical sourcing. It fosters the preservation of natural resources and helps to reduce the harmful impacts that humans have on the environment.

- **Brand Reputation and Consumer Trust:** Supply chain strategies that include ethical sourcing procedures may have a beneficial influence on a company's brand reputation. Today's consumers are becoming more aware of the social and environmental implications of the things they buy, and this trend is expected to continue. The use of ethical sources ensures that goods are created in a responsible manner, which in turn encourages customer trust, loyalty, and a preference for brands that are congruent with the consumers' core beliefs.

- **Risk Mitigation:** Organizations that use ethical sourcing are better able to reduce the risks of non-compliance with legislation governing the workplace and the environment. Inappropriate business activities may result in legal repercussions, harm to a company's image, and interruptions to the supply chain. The use of ethical sourcing allows businesses to proactively manage these concerns, so assuring compliance, protecting their operations, and preserving their reputations.
- **Long-Term Sustainability:** Sourcing materials in an ethical manner is an essential component in the development of sustainable supply chains. It encourages long-term partnerships with suppliers that are committed to ethical business practices and share the same values as the organization. Supply chains may be made more stable, reliable, and resilient when businesses build in long-term connections with their suppliers. This helps businesses mitigate potential risks while also increasing their long-term value. [Mohr \(2010\)](#)

The following are some of the advantages of integrating ethical sourcing practices into supply chain strategies:

Improved Brand Reputation Ethical sourcing contributes to the development of a favorable brand image for a firm, showing it as one that is socially responsible and dedicated to the implementation of sustainable practices. This has the potential to set the firm apart from its rivals, to appeal to customers with a social conscience, and to enhance client loyalty.

Collaboration with Stakeholders and Suppliers Ethical sourcing promotes stakeholder engagement and collaboration with suppliers, stakeholders, and industry peers who embrace the same values as the business. Participating in projects that promote ethical sourcing helps to develop relationships that are founded on trust, transparency, and a shared commitment to sustainability.

Increased Resilience of Supply Chain Ethical sourcing lowers the risk of supply chain interruptions brought on by non-compliance, reputational harm, or legal concerns, all of which contribute to an increase in the supply chain's overall resilience. Businesses are able to establish a supply chain ecosystem that is more dependable and sustainable when they collaborate with ethically responsible suppliers.

Positive Effects on Employee Engagement and Morale Ethical sourcing techniques have a beneficial effect on the engagement and morale of workers. It is beneficial to an employee's feeling of purpose and pride in their work when they believe that their employer places a high priority on ethics and sustainability. This, in turn, leads to enhanced job satisfaction and higher rates of employee retention.

Incorporating Ethical Sourcing Practices helps firms to Make a beneficial Contribution to Society and the Environment Doing so helps firms to contribute to beneficial social and environmental results. Companies have the potential to make a significant contribution to the communities in which they operate as well as to the state of the world as a whole if they advocate for fair labor standards, safeguard human rights, and reduce environmental damage. [Mohr \(2010\)](#)

In conclusion, sourcing that adheres to ethical standards is an essential component of supply chain strategy owing to the positive effects it has on society, the environment, and the economy. It assists businesses in mitigating risks, enhancing brand reputation, fostering stakeholder involvement, and creating long-

term value by aligning with the expectations of consumers and contributing to a global supply chain that is more sustainable and responsible. [Lu \(2021\)](#)

Figure 1

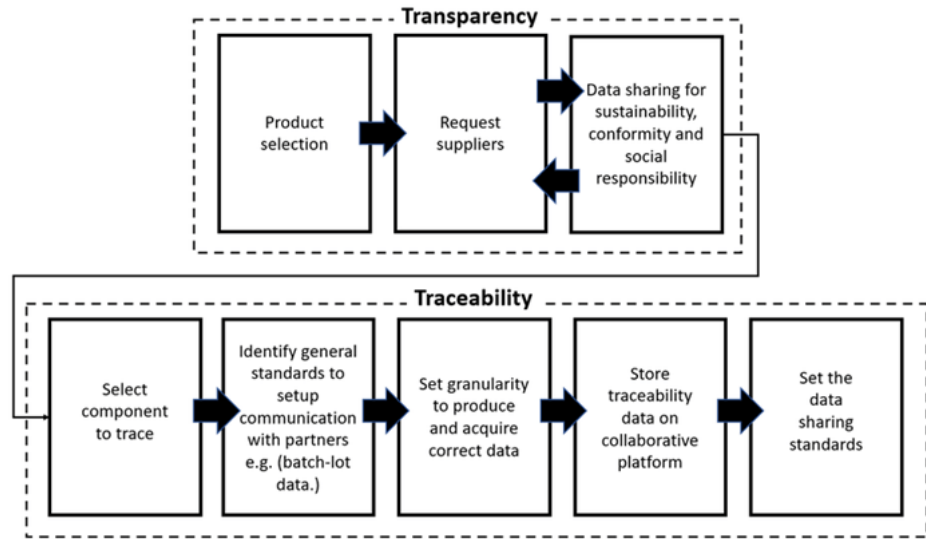


Figure 1 Chain of Transparency

6. RESULT AND DISCUSSION

Consumers, regulators, and advocacy organizations seek supply chain transparency to guarantee ethical sourcing and traceability. In response to these expectations, firms are creating methods and practices to negotiate the complexity of supply chain transparency. This section summarizes the study's findings. [Nielsen and Kristensen \(2008\)](#)

1) Transparency Strategies

The research examined supply chain transparency techniques and best practices used by firms. These are:

- **Supplier Engagement:** Organizations actively engage suppliers to increase supply chain transparency and responsibility. Setting expectations, auditing, and supporting and training are needed.
- The survey revealed that firms are using blockchain, IoT, and data analytics to improve supply chain transparency. These technologies offer safe, decentralized data exchange, real-time tracking, and product certification.
- **Collaboration and Partnerships:** Supply chain transparency requires collaboration and partnerships. Industry-wide platforms and collaborative efforts enable best practices, data, and resource sharing.
- **Certification and Standards:** Many firms seek certifications and follow industry standards to show compliance and transparency. Fair Trade, Organic, and Responsible Source certifications reassure customers and stakeholders.

2) Pros and Cons

- The research revealed that supply chain transparency helps companies:

- Transparent supply networks boost brand trust and reputation. Ethical and honest businesses attract customers.
- Risk Management: Transparent supply chains help companies identify and minimize risks. Companies may avoid interruptions and reputational harm by monitoring their supply networks.
- Transparency promotes data-driven decision-making and cooperation, boosting supply chain innovation and efficiency.

3) The research also found supply chain transparency obstacles

- Data Collection and Verification: Multiple parties and various systems make data collection difficult. Supply chain data integrity and authenticity are key.
- Complexity and Lack of Standardization: Multi-tiered global supply chains make tracking and monitoring difficult. Transparency is hindered by unstandardized procedures and data formats.
- Cost and Resource Constraints: Transparency projects involve large expenditures in technology, infrastructure, and people. Supply chain transparency may be harder for smaller companies. [Chen \(2022\)](#)

Figure 2

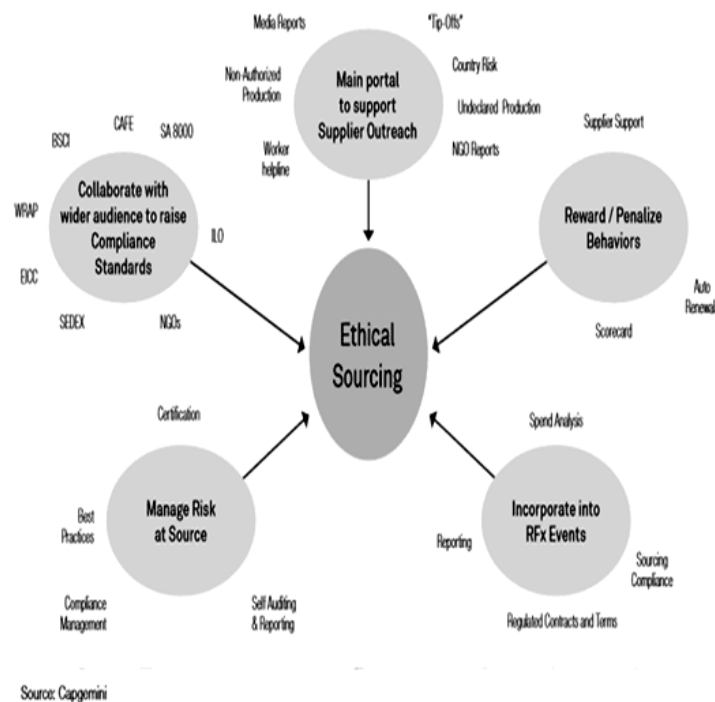


Figure 2 Ethical Sourcing

7. CONCLUSION

In conclusion, supply chain openness is essential to meeting global ethical sourcing and traceability needs. Consumers, authorities, and advocacy organizations are increasingly demanding supply chain transparency to guarantee accountability. Organizations are developing ways to meet supply chain transparency expectations. The research showed that supply chain openness varies across sectors and enterprises. Some firms have achieved supply chain openness,

while others still struggle. However, blockchain has improved transparency and traceability in food and textile sectors. Supply chain transparency has been achieved via many methods. Supplier involvement, technological integration, collaborations, and certifications and industry standards are these tactics. Organizations may increase supply chain transparency through engaging suppliers, using blockchain and IoT technology, collaborating, and adhering to certifications. Supply chain transparency helps greatly. Transparent supply chains boost brand reputation, consumer trust, risk management, and efficiency. Organizations may reduce risks, boost customer loyalty, and innovate their supply chains by addressing ethical sourcing and traceability. Supply chain transparency is difficult. Organizations face data collection, verification, complexity, lack of standards, and cost and resource restrictions. Data collection, verification, standardization, and resource allocation are needed to address these issues. Finally, supply chain openness is difficult but necessary. Transparency is crucial to satisfying stakeholder expectations and promoting sustainable and ethical supply chain operations. Transparency helps firms develop trust, improve brand reputation, manage risks, and create a more ethical and sustainable global supply chain ecosystem.

CONFLICT OF INTERESTS

None.

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