

# Major Ethical Issue in Supply Chain Management and Solution (World Wide)

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**Abstract:** The paper addresses the general nature of a supply chain as a human nature with potential for greatness and for failure like any other. The exact nature of the possible failures and successes are discussed, and the ethical issues identified. In the developing of advances in technology, supply chain even at a global level is based on the interaction between people which gives rise to ethical issues at several stages of the process.

We provide an overview and brief discussions on some of the most prominent ethical issues existing at various levels of the global supply chain (Table 1) and their solution that is the unique concept in this paper (Table 2). This paper provides a number of useful pointers for future research students and researchers

First, researchers could pick any one particular item, such as working conditions, and research the issue from the perspective of multiple stakeholders. Particularly interesting, in this context, would be the collection and analyses of representative empirical data to enable a more informed debate and move away from the anecdotal and case study based evidence that appears to dominate the literature. Second, there appears to be room for cross-cultural studies on the perception of ethical issues in the international supply chain. Third, in this paper we can know about the solution of the ethical issue arises in supply chain management and that is the unique thing about this paper. For example, that they take care of the production methods and working conditions pertaining to the goods they offer.

**Keywords:** Global Supply Chains; Ethics; Fairness; Global Markets

## 1. Introduction

As we know that many types of the ethical issue arises due to the some reasons.

For an effective supply chain management at global level its essential to know the ethical issue of supply chain management as well as the solution of this issue is also a Important part of the supply chain management. By this paper all type of firm can able to know and their solution.

Ethics is always important to do any type of work because by using the ethics we can do all type of work very sharply and effectively.

Media attention focusing on the plight of Third World production workers is beginning to show results.

Of course, many problems remain, but unsafe and unhealthy working conditions and ecological excesses are more difficult to hide. The Fair Trade movement, trying to ensure that Third World farmers are getting a better deal and curtailing the power of middlemen, has also gained momentum. Similarly, many

retailers are now embracing ethical issues by emphasizing

*For example:*

They take care of the production methods and working conditions pertaining to the goods they offer. In a similar vain, cause related marketing is used by some retailers to position themselves as particularly socially responsible. Finally, among consumers, “ethical shopping” is in vogue. Making an ethical stance with your supermarket trolley appears to be the order of the day. In this paper, we take a closer look at some important ethical issues associated with international supply chains. Below, we start with a brief observation on the notion of fairness. Next, we focus on some central ethical issues relating to production. Moving down the supply chain, we then focus on the role of middlemen, both at the level of traders and wholesalers as well as on retailers. in global supply chains.

## 2. Differing Perceptions of Fairness

Tensions in international supply chains frequently arise because something is perceived to be unfair by people involved in the supply chain management. Means to agree on what is fair appears to be extremely difficult

Fairness means something which is acceptable and trustable and while there are many definitions of fairness, the root cause of many disagreements lies in the operationalisation of fairness.

For example, morality and indirectly fairness are addressed: “Do unto others as you would have them do unto you.”

## 3. Ethical Issues Pertaining to Producers

Manufacturers are facing the many types of ethical problem on ethical subjects such as child labour, fair working conditions, fair wages, and the ecological sustainability of their production methods, intellectual property right violations and counterfeits.

Child labour is the issue where most agreement exists. However, despite the unethical, unjustifiable and degrading nature of child labour, it is still a problem in many developing countries. The problem is exacerbated when sub-contractors are involved. Nike, for instance, has been criticized in the media countless times as a purveyor of child labour. Instead of controlling local contract factories and ensuring that they do not employ children, the corporation defended itself with the lame excuse that children can easily fake the evidence of age. Responding to criticism of child labour,

The developed nations should not forget their own past.

During the Industrial Revolution, children working in the textiles industry and in mining were very common indeed.

Another ethical concern of both companies and employees are healthy and safe working conditions. Nowadays, most industrialized countries have introduced regulations on health, safety and environmental (HSE) conditions. Yet the main problem in Western countries is not a lack of regulations and laws, but a reluctance to implement these laws and regulations. This is where the issue becomes an ethical problem, namely when companies fail to enforce regulations, such as wearing a safety helmet or passively permit workers to ignore appropriate safety regulations. In developing countries, concern shifts to the length of the working day and the working week. Many workers employed in sweatshops are reported to work more than 12 hours a day, six days a week.

*For example:*

Women cutting flowers in Columbia, for instance, have been found to suffer from sexual harassment and health problems because of the toxic pesticides.

In the context of ethical issues concerning producers, the Fair Trade movement is gaining in importance. The movement aims to fight poverty by supporting disadvantaged producers living in developing countries. In the last decades, Fair Trade sales have grown by more than 20% each year and Fair Trade products are moving into mainstream distribution channels, since more and more people want to support poor farmers and be sure that the products they are consuming are produced under fair conditions.

On the other hand, Fair Trade's cooperation with large, well-know companies, like Nescafé, and the distribution of Fair Trade products in supermarkets, might tarnish Fair Trade's image among its core constituency. The two main criticisms are that Fair Trade works too much within the system and that Fair Trade stops short of actively advocating more important trade policy changes First, there are those who point out that Fair Trade does not address the basic problem, namely that too much of a commodity, e.g. coffee, is produced in the first place. Instead, Fair Trade interventions would encourage market inefficiencies and overproduction Second, critical voices argue that Fair Trade is a political movement to organize labour. For instance, coffee certification is only available to co-operatives of small producers. This assumes that co-operatives are an inherently superior means of organizing labour). Third, it is claimed that fairness, in particular fair wages, are not achieved through Fair Trade, as only 10% of the premium paid by consumers for Fair Trade products trickles down to the producers.

#### 4. Ethical Issues Pertaining to Middlemen

Middle man are many type of problem regarding the ethical issue because middleman is related to the both producer and the customer.

Ethical issues concerning middlemen are up for discussion, too. Questions of fair purchasing agreements, fair sales prices,

fair share on wealth creation and fair treatment / relationship to producers continue to be debated Fair treatment and relationship to producers and customers is another issue, as dominant middlemen might misuse their bargaining power by switching arbitrarily from one small producer to another or by threatening customers with no or rationed supplies.

#### 5. Ethical Issues Pertaining to Retailers

Retailer is a most important part of the supply chain management and its essential to know about the ethics by the retailer and their solution. In other words we can say retailer is a backbone of the supply chain management and for the Retailers are subject to an entire spectrum of ethical concerns, some of which are not too dissimilar from those found at producers or middlemen. A somewhat different angle is represented by the attempts of some retailers to use ethics as a positioning instrument to gain a competitive advantage. Specifically, retailers may attempt to present themselves as more ethical, more ecologically minded or more charitable than their competitors This could, for example, be achieved through so called cause-related marketing. Here, the retailer may suggest to their consumers that a certain percentage of the purchase price will be donated to a good cause, such as a children's charity. Of course, such cause-related marketing appeals are also used by manufacturers or service companies

#### 6. Ethical Issues Pertaining to Consumers

Consumer is an essential part for the supply chain management because customer is involve in supply chain management from starting to ending.

Consumers throughout in India increasingly want to be informed about the ecological and social context of the products they buy and use their shopping trolley to express social and ethical concern.

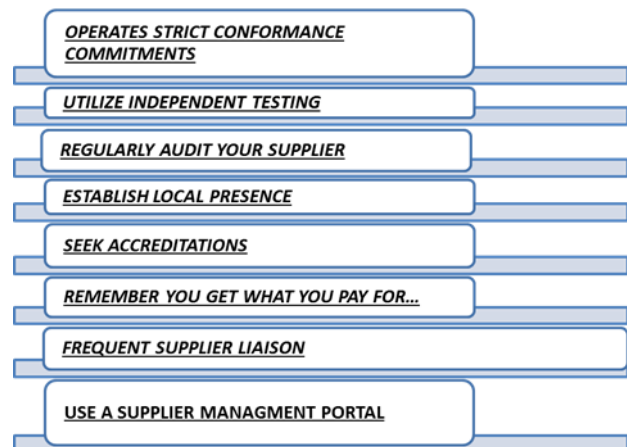


Fig. 1. Solution

Research conducted in the UK exemplifies this: According to a study conducted by Ipsos MORI, the U.K.'s second largest research company, corporate social responsibility and ethics are

increasingly important to British consumers. Fifty percent of the British public judge companies based on their social responsibility and their commitment towards ethical issues. Furthermore, consumers are caring more about ethical issues when buying products. Three in five Britons say that they prefer to buy recycled.

**7. Conclusions and future research directions**

Table 1  
Key ethical issue in supply chain management

PRODUCER	FAIR WAGE WORKING CONDITION CHILD LABOUR FAIR PRICE ECHOLOGICAL SUSTAINABLE PRODUCTION PRODUCT SAFETY DISREGARD OF INTELLECTUAL PROPERTY RIGHTS COUNTER FEIT
MIDDLE MAN	FAIR SHARE AND WEALTH CREATION FAIR TREATMENT AND RELATIONSHIP OF PRODUCER DISCRIMINATORY SALES POLICY HEAVY HANDED PURCHASING POLICY EXCLUSIVE TERRITORIES
RETAILER	TRUTHFUL PACKAGING MISGUIDING LABELLING FALSE ADVERTISING MISLEADING BARGAIN OFFER ETHICAL POSITIONING CAUSE RELATED MARKETING
CUSTOMER	SHOP LIFTING FALSE COMPLAIN ABUSE OF SALE STAFF DISREGRAD OF COPYRIGHT WILLINGNESS TO BUY NON DECEPTIVE COUNTERFEIT IMPORTENCE OF ETHICAL AND ECOLOGICAL ISSUE.

Third, there is a need for extracting more concrete recommendations from conceptual ethical debates. Whether we ever reach agreement on what constitutes fairness remains doubtful considering the multiple stakeholders and interests involved in issues like shifting production abroad. However, if we were able to edge towards agreements on fair processes and evaluative frameworks, we would already have achieved a lot.

Fourth, there appears to be a need to have a closer look at consumers as actors shaping ethics in global supply chains. While consumer demands and concerns have undoubtedly led to an increased awareness of ethical misconduct in the supply

chain, contravening forces, such as the relentless pressures for low cost products and the apparent ease by which consumers are willing to ignore ethics when purchasing non-deceptive counterfeits or ignore copyright when downloading films or music from the Internet, should also not be ignored in research.

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