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## Human Rights Implications of the Global Supply Chain

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**Abstract:** This study aimed to investigate the human rights implications of the global supply chain. The research was conducted with the purpose of enhancing the understanding of the topic and addressing existing knowledge gaps. A Literature Review methodology was employed, utilizing Scopus, Science Direct, and Wiley databases to systematically analyze prior research. The study yielded significant findings regarding the detrimental effects of the global supply chain on human rights, highlighting the urgent need for improved integration of environmental and human rights standards. The practical implications of this study underscore the importance of heightened control mechanisms, corporate responsibility, and government regulations. Theoretical implications encompass the significance of adopting multi-stakeholder approaches and community-based solutions. This study contributes to the existing body of literature by providing a comprehensive review, thus guiding future research endeavors, informing policy formulation, and shaping practices within the global supply chain context.

**Keywords:** Global supply chain, human rights, literature review.

### 1. INTRODUCTION

A global supply chain refers to a complex interconnected system of organizations that spans across both international and national borders. Nevertheless, the inherent risks associated with a global supply chain surpass those of a national supply chain due to various factors such as seismic activities, unforeseen incidents, fluctuations in macroeconomic and political landscapes, as well as occurrences of natural calamities (Manuj & Mentzer, 2008). The cadence of production is comprised of various stages, wherein transitions from one stage to another act as gateways. These stages encompass the movement of goods from the production point to the consumption point (Meixell et al., 2005). Suppliers from diverse geographical locations, as well as a range of internal and external stakeholders, can be considered (Chu et al., 2020). According to Buckley et al. (2019), the implementation of global supply chain management can enable companies to enhance their competitive advantages, improve manufacturing flexibility, and achieve cost savings. Chu et al. (2020) argue that the development of a risk management framework can effectively mitigate the risks associated with international supply chains. Enhanced management of the worldwide supply chain has also been proposed through the implementation of integration practices and advanced planning systems. The replication of an integrated and globally coordinated supply chain presents significant challenges, thereby establishing it as a crucial element of a company's competitive strategy (Meixell et al., 2005). The globalization of supply chains has been found to have a beneficial impact on various aspects of business operations, including innovation strategy, product quality, and profitability. The objective of this endeavor is to establish a scenario that yields advantages for all entities participating, and it is widely acknowledged as a mutually beneficial advantage within the industry (Chu et al., 2020). Multinational corporations strategically enhance the efficiency and effectiveness of their value chain operations by considering various factors, including decision-making control and geographical positioning. The location decisions of a company pertain to the direct production costs it incurs, while its management choices pertain to the indirect costs associated with its global production operations. The duration for which a specific control and location configuration remains effective is a vital factor in effectively managing the global value chain (Buckley et al., 2019). The phenomenon of modern subcontracting and delocalization can be comprehensively analyzed by examining global value chains (GVCs) and global production networks (GPNs). The fragmentation and dispersion of these processes can be attributed to the coordination or dominance exerted by major corporations (Buckley et al., 2019; Antràs & Chor, 2013). The concept of time provides a valuable perspective for analyzing the dynamic and temporal characteristics of global value chains. The duration of assignments is closely connected to the types of activities involved, and discrepancies in durations can have detrimental effects on the success of global value chain initiatives. Two novel metrics for determining the average position of an industry within the value chain

have been devised based on input-output tables from the United States. Furthermore, the optimal allocation of property rights along the value chain can be inferred from the company's property rights model. The model in question is substantiated by empirical evidence, which provides strong support for its core predictions. This model revolves around a series of sequential stages in production that occur continuously. In addition, the utilization of international trade statistics enables the application of the model to empirical data. Moreover, the model takes into consideration the various sources of asymmetry that may exist between producers of final goods and suppliers within a specific production line, as highlighted by Antras and Chor (2013). Ultimately, developing a comprehension of the dynamic interactions among the different entities involved in the value chain can assist managers and policymakers in effectively integrating the changes and disturbances that influence business strategies within the governance of global value chains (Pananond et al., 2020).

## **2. POSSIBLE SOLUTIONS TO THE NEGATIVE IMPACT OF THE GLOBAL SUPPLY CHAIN ON HUMAN RIGHTS**

This section is dedicated to examining prospective remedies for the adverse effects of the global supply chain on human rights. The imperative for efficacious and pragmatic resolutions to address the gravity of human rights and environmental justice concerns in the context of international trade is readily apparent. Hence, the primary objective of this discussion will revolve around examining the roles and contributions of diverse stakeholders, such as multinational corporations, governmental entities, civil society organizations, and individuals, in alleviating these detrimental consequences. The primary objective of this section is to elucidate possible avenues for achieving more sustainable and equitable practices within the global supply chain. This aims to facilitate meaningful discussions and promote tangible efforts in addressing this crucial matter. Pragmatic approaches can be formulated to effectively tackle these challenges, leveraging the current institutional framework as a guiding mechanism for their development. The utilization of due diligence presents a promising approach in delineating the obligations of multinational corporations in relation to human rights. However, its effective implementation requires extensive collaboration among market participants, as well as non-participating entities. Furthermore, the integration of due diligence practices into other codes established by the Organization for Economic Cooperation and Development (OCDE) and the International Finance Corporation (IFC) could potentially contribute to the reduction of negative impacts on human rights within the global supply chain (Mancini et al., 2021). Furthermore, it is imperative for individuals and civil society organizations to actively engage in comprehending the intricacies of the worldwide supply chain and the potential hazards it entails. This would enable individuals to enhance public consciousness, monitor instances of non-compliance, and ensure that businesses and governments are held responsible for their actions. It is imperative to consolidate the collaborative endeavors of both public and private entities in order to effectively address and alleviate the adverse repercussions. The human rights ramifications associated with the management of global supply chains. Academic literature has traditionally overlooked the historical significance of governments in regulating the global supply chain. In recent years, there has been a shift towards evaluating the effectiveness of potential governmental interventions, leading to changes in this regard. Previous research has primarily examined the methodologies employed and their impacts in relation to certifications, audits, and comparative evaluation frameworks for Responsible Sourcing of Electronics (RSE) (Vermeulen & Kok, 2012; Cheung et al., 2018). The Dutch government has demonstrated significant engagement in recent years with the aim of enhancing sustainability performance across global supply chains. The efficacy of these methodologies has been evaluated, revealing that preliminary interventions exhibit both constraints and diversification. Nevertheless, the market has experienced progress as a result of competition among multiple sustainable supply chain governance systems, thereby emphasizing the potential efficacy of government regulation within this domain. It has been observed that within the realm of supply chain competition, participants who engage in cooperative practices tend to achieve enhanced advantages and exhibit a greater propensity for producing environmentally sustainable goods. In order to accomplish this objective, a mathematical model has been formulated that incorporates the government as the central authority and encompasses two competing supplychains, one focused on green practices and the other on non-green practices. The government endeavors to achieve societal advantages by implementing subsidies and tax rates that differentiate between green and non-green products. According to Vermeulen and Kok (2012), the findings indicate that increasing the subsidy rate has a notably greater impact compared to increasing the impost rate. This results in enhanced government revenues and the establishment of more sustainable supply chains for consumer goods. It is imperative for governments to establish comprehensive frameworks that ensure corporations are held responsible for human rights violations, regardless of whether they occur within their own country or abroad. The expansion of their jurisdiction into the realm of international waters necessitates the establishment of legal frameworks. Furthermore, it is imperative that individuals who have fallen victim to human rights violations perpetrated by corporate entities are granted the necessary means to seek redress, encompassing both formal legal avenues and alternative methods outside the confines of the law. Furthermore, it is imperative for governments to promote and incentivize businesses to

exercise appropriate diligence in order to detect and mitigate instances of human rights infringements within their supply chains. This objective can be achieved by employing Smart Mixes, a three-step procedure that involves implementing appropriate measures, ensuring their mutual interaction, and enhancing the effectiveness of at least one measure in attaining its objectives. Furthermore, it is imperative that the requisite measures exert a substantial influence on the conduct of supply chain participants beyond the purview of the intervening governmental entity (Home et al., 2021). According to the Supply Chain Transparency Act (Birkey et al., 2018), it is incumbent upon sizable corporations to provide transparency regarding their endeavors in addressing the issues of forced labor, human trafficking, and slavery. Governments have the ability to promote voluntary initiatives that facilitate business interaction and encourage cooperation within supply chains, thereby facilitating the attainment of environmental and social objectives. These voluntary measures can complement and supplement mandated measures. Home et al. (2021) argue that it is imperative to furnish guidelines that facilitate the establishment of a comprehensive structure for attaining environmental and social objectives, while concurrently ensuring that the global supply chain is held responsible for any transgressions against human rights. According to Gereffi and Lee (2016), it is imperative for inspectors to possess the capability to verify the adherence of global supply chains to labor laws and regulations. Additionally, inspectors should adopt a proactive stance towards labor regulation by actively informing workers about their rights and facilitating the resolution of conflicts between employers and employees. In conclusion, it is imperative for governments to recognize that the purchase of products labeled as "ethically certified" does not provide an absolute assurance against human rights violations within the supply chain. Therefore, governments should implement measures to establish a system of responsibility and transparency throughout the global supply chain in relation to this matter (Birkey et al., 2018). The global supply chain is standardized by many legal and policy frameworks. Trade governance relies heavily on product origin restrictions. To receive preferential treatment, a product must give value to the participants in an agreement. The Textile and vehicle Origin Rules (TOOR) of the North American Free Trade Agreement (NAFTA) set the minimum North American garment or vehicle output required for preferential tariff benefits. This shows how agreements between the US or EU and emerging countries tend to have stricter requirements than those between developing countries. Cocoa, coffee, fruits, hides, and skins businesses benefit from export taxation in low-income countries. Thus, these sectors have had positive results. This is because a large amount of production and processing occurs in nations other than those that produce commodities. Investor rights rules in commercial agreements also improve global value chain business environments. The company's lead in developed nations is strengthened. US-EU bilateral investment treaties number 40 and 52, respectively. In rare cases, the OMC can ban child labor and endangered species trafficking. Commercial agreements limit tariffs and state import prohibitions owing to regulatory shortcomings in other nations. This includes restrictions based on the exporting country's customs. Free trade agreements with environmental and health safeguards restrict imports if they harm the country importing them. The Organization for Market Cooperation (OMC) was created in the late 1980s to lower trade barriers. OMAC addresses agriculture and manufacturing issues. The WTO-facilitated commercial framework governs a large part of the developing world. WTO members have binding commitments and a judicial system to enforce them. Regional and bilateral free trade agreements (TTPs) have been aggressively pursued to increase business openness (Mayer & Phillips, 2017). The literature review revolves around three interconnected themes: the role of due diligence in defining multinational corporations' responsibilities, the influence of governmental interventions in regulating global supply chains, and the development of legal and policy frameworks to standardize global supply chains. In relation to due diligence, the literature highlights the potential of integrating this practice into OCDE and IFC codes to alleviate human rights violations in the global supply chain (Mancini et al., 2021). However, the literature recognizes the need for widespread collaboration from market participants to enact such changes, signifying a gap in understanding the ways to ensure this cooperation. Governmental interventions, the second theme, reveal a growing interest in assessing the impact of government regulation in the supply chain. Studies suggest that government regulation, such as subsidies and tax rates, can significantly influence sustainability within supply chains, and promote competition among various governance systems (Vermeulen & Kok, 2012; Cheung et al., 2018). However, the impact of these interventions appears to be limited and inconsistent, suggesting a gap in understanding the factors that influence their effectiveness. The literature suggests a model where the government acts as a leader in a competitive green and non-green supply chains context, and calls for further research to identify the best strategies for governments to motivate sustainable supply chain practices. Finally, the literature underscores the importance of establishing legal and policy frameworks to regulate and standardize global supply chains (Mayer & Phillips 2017; Home et al., 2021, Birkey et al., 2018; Gereffi & Lee, 2016). Instruments like origin rules, bilateral investment treaties, and regulations of the Organization for Market Cooperation (OMC) are cited as mechanisms for standardizing and regulating global supply chains. However, there seems to be a gap in the literature regarding the practical implementation of these frameworks and their effectiveness in different contexts. The implications of this research suggest a need for a multifaceted approach involving both governmental regulation and due diligence from multinational corporations, supported by robust legal and policy frameworks, to foster sustainability and uphold human rights within global supply chains.

### **3. THE ROLE OF CONSUMERS IN PROMOTING RESPECT FOR HUMAN RIGHTS IN THE GLOBAL SUPPLY CHAIN**

This section examines the significant role that consumers play within the global supply chain, with a particular focus on their capacity to promote sustainable, ethical, and lawful business practices. It is important to acknowledge that consumers are not merely passive participants in the market. Their decisions regarding purchases and their desire for transparency can exert substantial influence on corporations, compelling them to uphold responsible standards. Nevertheless, the effectiveness of this regulation driven by consumers heavily relies on the level of consumer awareness and their active participation. This section will thus examine the diverse methods through which consumers can utilize their influence, advocating for enhanced consumer education and engagement. Concurrently, it emphasizes the imperative for increased engagement from both corporate entities and governmental bodies in addressing human rights and environmental issues within worldwide supply networks. The active participation of consumers is of utmost importance in facilitating the efficient functioning of the worldwide supply chain. The influence exerted by consumers can prompt businesses to establish and implement adherence to codes of conduct within their supply chains. Customers serve as external influencers for promoting environmentally-friendly purchasing and distribution practices, thereby exerting influence on global supply chain governance through their effects on businesses' environmental policies and procedures (Walker, 2008). The efficacy of consumer-driven regulation is contingent upon the level of consumer knowledge and involvement in supply chain matters. As consumer awareness and engagement in supply chain regulation increase, there is potential for their contribution in promoting adherence to ethical, legal, and environmental best practices by businesses. Ultimately, consumers possess the potential to exert considerable influence in governing the global supply chain, provided they are equipped with sufficient information to make informed choices. Consumers possess significant influence over the global supply chain system. The influence referred to in this context is demonstrated by means of consumer pressure, industry peer pressure, labor regulation, and government enforcement (Park-Poaps, 2010). In addition, the implementation of risk management strategies, such as the regulation and inspections conducted by the Food and Drug Administration (FDA), can potentially serve as a viable approach to safeguarding consumers and ensuring the quality of products (Maruchek, 2011). The supply chain and operations management are integral components in safeguarding the well-being of consumers. The primacy of the consumer is imperative as they assume a pivotal role in global supply chains and labor regulation, despite their limited engagement in production (Donaghey, 2014). Furthermore, it is imperative to acknowledge that clients play a pivotal role in the advancement of green supply chain management. Consequently, it becomes crucial to provide them with comprehensive knowledge regarding the various stakeholders involved in this process, as well as their respective objectives (Walker, 2008). According to Lee et al. (2018), our methodology allows for two possible scenarios regarding consumer awareness of the global supply chain: either consumers possess comprehensive knowledge about its operations, or they lack any information about it. Furthermore, there exist notable disparities in local regulation and trust mechanisms when comparing consumer involvement in regional supply chains, as highlighted by Oosterveer (2011). Service providers bear the obligation of ensuring that their customers are well-informed about the achievements and challenges encountered within the worldwide supply chain, as a means to uphold consumer confidence and security. Hence, to ensure the security and confidence of consumers, it is imperative for consumers to possess knowledge regarding the operations within the global supply chain (Mondliwa et al., 2021). Many Western consumers are often unaware of the occurrence of human rights abuses in the production process of the goods they acquire. Nevertheless, it is evident that their voting patterns persist in endorsing the perpetuation of labor exploitation within the developing regions of the world (Home et al., 2021). Therefore, it is imperative that consumers acknowledge their responsibility within the global supply chain and exert their influence to demand that corporations prioritize human rights and adopt sustainable practices. According to Mondliwa et al. (2021), individuals possess the ability to support enterprises that place emphasis on sustainable supply chains and the protection of human rights. This objective can be achieved through conducting comprehensive research on the companies from which purchases are made, as well as developing a thorough comprehension of the manufacturing process and the materials employed. Furthermore, the utilization of consumer pressure can serve as a means to advocate for sustainable practices, such as the establishment of fair wages and the enhancement of working conditions. The acknowledgement of the limited influence that consumer countries possess over the supply chain practices of producer countries poses a challenge for the governments of consumer countries in advocating for the implementation of sustainable supply chains. Nevertheless, consumer nations possess a certain degree of agency in shaping the global supply chain to enhance the observance of human rights (Home et al., 2021).

### **4. CONCLUSION**

The literature sheds light on the detrimental consequences of the worldwide supply chain on both human rights and environmental justice in regions commonly referred to as the Global South. The identification of new supply chain laws has been grounded in the United Nations' Protect, Respect, and Remedy Frameworks and the United Nations' Guiding Principles on Business and Human Rights. However, there remains a need for further enhancement in the integration of environmental and human rights standards. The significance of bolstering control over the global supply chain, as well as the significance of corporate responsibility and due diligence, is emphasized. There is a strong call for governments to establish regulatory frameworks that encompass mandatory provisions aimed at ensuring businesses are held responsible for violations of human rights. The active engagement and informed decision-making of consumers can play a significant role in fostering ethical and sustainable practices within the global supply chain. In conclusion, the study underscores the significance of adopting a multi-stakeholder, community-based strategy in tackling these intricate issues. Although the literature offers some valuable insights into the problems related to human rights and environmental justice in the global supply chain context, there remain several significant gaps and limitations. Firstly, the practical application of integrating environmental and human rights standards into supply chain laws is insufficiently examined. While corporate responsibility and due diligence are underscored as vital, the precise mechanisms for their effective implementation and enforcement remain largely unexplored. The potential influence of consumers in promoting ethical and sustainable practices is acknowledged, yet the extent of this influence and the strategies for appropriately informing and mobilizing consumers are not well comprehended. In terms of government regulations, despite the recognition of their necessity, the effectiveness of such measures in addressing the complexities of global supply chains is inadequately documented. Furthermore, the potential role of technology in augmenting transparency and accountability within supply chains warrants more comprehensive exploration. The question of whether mandatory measures can ensure corporate accountability across global supply chains, and the subsequent impacts on various stakeholders, also remains largely unanswered. These gaps indicate the need for more extensive and nuanced research to better understand these issues. The integration of environmental norms and human rights within supply chain regulations is a subject that necessitates further investigation, as evidenced by the findings of this literature review. Further investigation is warranted to examine the implementation of these criteria within the realm of supply chain regulations. Furthermore, it is imperative to conduct further research on the impact of consumer demand in fostering sustainable and ethical practices, as well as the effectiveness of governmental interventions in overseeing the worldwide supply chain. Additional research is necessary to ascertain the potential utilization of technology in enhancing transparency and accountability within the supply chain. Ultimately, it is imperative to assess the efficacy of mandated measures in promoting corporate accountability throughout the worldwide supply chain, as well as their potential impact on companies and relevant parties.

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