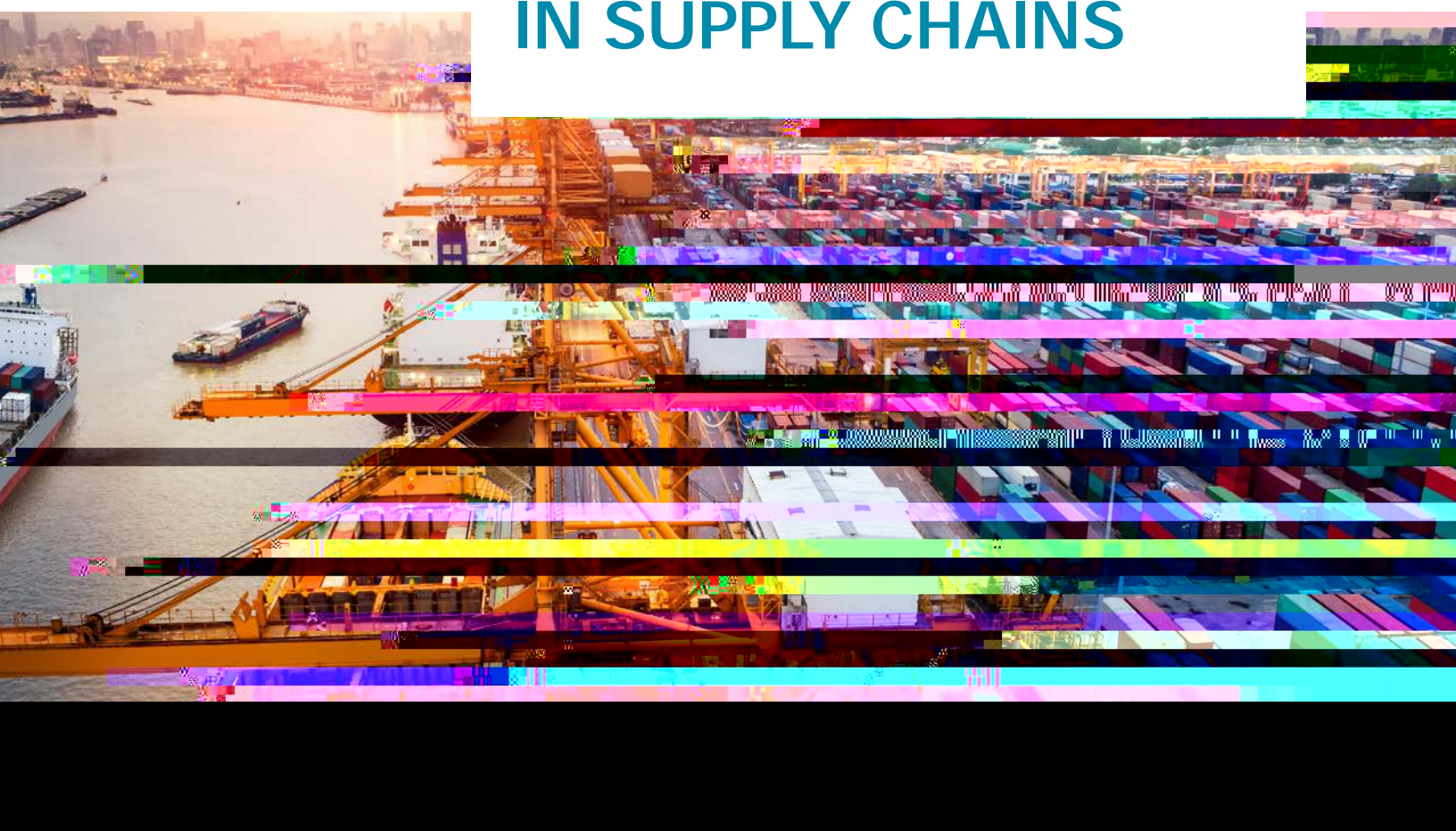




# WHY TRUST MATTERS IN SUPPLY CHAINS



# The Current State of Global Supply Chain Management

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Recent disruption to global supply chains due to pandemics, interstate conflicts, logistical shortcomings and labor disputes have hit both businesses and governments hard, forcing policy-makers and corporate executives to focus on the need for resilience and security. As companies have become increasingly reliant on suppliers worldwide to provide the goods and services they need to operate in a globalized economy, this reliance has complexified supply chains, making them more challenging to manage and increasingly vulnerable to disruptions. One of the biggest challenges in managing supply chains is ensuring trustworthiness, particularly because of the increasingly interconnected and interdependent relationship in the globalized economy. From raw materials to end-use products, when one company in a supply chain breaks its promises or fails to deliver on its commitments, it can have a ripple effect that impacts the other companies throughout the network.

## Why Trust Matters

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exploitation. For example, if a company suspects that its supplier is overcharging them or engaging in other unethical practices, it may stop doing business with that supplier.

The third reason is that businesses need to be able to trust that their business partners will not disrupt the supply chain. If a supplier stops shipping products or goes out of business, it can cause severe disruptions for the other companies in the supply chain. This can lead to lost profits and even layoffs. On the customer side, if the two entities come to an agreement that data will be shared among both parties, information such as point-of-sale data should be sent in a timely fashion in order to achieve

These trust challenges can have a major impact on American businesses and our economy, and businesses must consider them when developing and reviewing their supply chain networks. Companies must carefully consider all the scenarios in sourcing products within the United States and abroad to mitigate risk. They need to clearly understand these risks and find ways to minimize or eliminate them to ensure that their supply chains are efficient, compliant, and sustainable.

## Security Concerns Throughout Supply Chain Networks

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Another component of trust among business partners is ensuring supply chain data is secure. One of the most important things to keep in mind when it comes to supply chain security is that it is a shared responsibility. In recent years, there have been a number of high-profile cases



While a number of global organizations provide ESG reports, [The Center for Audit Quality \(CAQ\)](#) issued a report noting that, although 95% of S&P 500 companies in the United States made their detailed ESG information publicly available, [only 6 percent](#) received assurance on the data from public company audit firms. Yes, we can assume that this data is trustworthy, ethical, and accurate, but why can't we require ESG reporting with the same level of compliance as financial reporting? Some would say it is just as important.

strategic decision-making, and provide the ability to verify the authenticity of goods and track their movement throughout supply chain networks. This can help improve the reliability of supply chains and increase confidence that products are being produced in ethical, sustainable ways.

## Takeaways

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Supply chains are complex and dynamic systems that involve the coordination of business networks. As a result, leaders of organizations must perform upstream and downstream knowledge-sharing, and foster clear, concise communication among their business partners. This approach not only enables alignment throughout the

## About The Author

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**Justin Goldston** has led and assisted in the development of Supply Chain Management, Sustainability, and Business Analytics programs and courses at Georgetown University, Texas A&M University, the University of Southern California. He serves on Advisory Boards at various higher education institutions, at the International Supply Chain Education Alliance, as well as on the Sensing subcommittee at the Association of Supply Chain Management. Goldston is also the author of multiple peer-reviewed journal articles on supply chain management, sustainability, and innovative technologies, and is a five-time TEDx speaker where he discussed emerging technologies such as blockchain and Artificial Intelligence.





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