

# Revitalising Retail Unveiling the Transformative Power of Ethical Supply Chain Management in The Indonesian Market

Arif Rahmansyah<sup>1</sup>, Mohammad Yuki Fairuuz<sup>2</sup>, Nurhidayah Yahya<sup>3\*</sup>

<sup>1,2</sup>Universitas Lampung, Kota Bandar Lampung, Lampung 35141, Indonesia

<sup>3</sup>Accounting Research Institute, University Technology MARA, 40450 Shah Alam, Selangor, Malaysia

\*Corresponding author

DOI: <https://dx.doi.org/10.47772/IJRISS.2024.8120271>

Received: 15 December 2024; Accepted: 19 December 2024; Published: 18 January 2025

## ABSTRACT

Indonesia's retail sector has experienced substantial growth in recent years due to economic development and evolving consumer preferences. However, this expansion has underscored significant ethical challenges within supply chains, spanning labour practices to environmental sustainability. This conceptual paper explores the intricate relationship between ethical supply chain management and the revitalisation of retail companies in Indonesia. It seeks to understand how embracing ethical principles can bring transformative change to the Indonesian retail market. Through an extensive literature review and empirical data from the local retail sector, the paper delves into the theoretical foundations and practical application of ethical supply chain management, employing real-world examples and comparative analyses to illustrate its impact on retail operations. The analysis reveals the profound influence of ethical supply chain management on Indonesian retail companies, uncovering both the benefits, such as increased consumer trust and improved brand image, and the challenges and limitations encountered in its pursuit. In a retail landscape marked by rapid expansion and ethical considerations, this paper provides valuable insights into the transformative power of ethical supply chain management, offering guidance for retail businesses to align profit-driven objectives with socially responsible practices, promoting sustainability and reinvigorating the retail sector in Indonesia.

**Keywords:** Ethical, supply chain management, retail market

## INTRODUCTION

In recent years, the retail landscape in Indonesia has undergone a significant transformation, propelled by economic growth, urbanisation, and evolving consumer preferences. As a nation of over 270 million people, Indonesia represents one of the world's most dynamic and promising retail markets (Euromonitor International, 2021). Indonesia's rapid economic growth, marked by a steady increase in gross domestic product (GDP), has resulted in a burgeoning middle class with greater purchasing power (World Bank, 2020). This economic shift has influenced consumer behaviour, with an increasing focus on quality, sustainability, and ethical considerations when making purchasing decisions. The COVID-19 pandemic further accelerated these changes, underscoring the importance of supply chain transparency and resilience (Accenture, 2021). The pandemic exposed vulnerabilities in global supply chains, highlighting the critical need for ethical and sustainable management practices. In this evolving retail environment, the integration of ethical supply chain management offers an opportunity to address these challenges while promoting long-term sustainability and profitability.

The Indonesian retail market, characterised by competition between modern and traditional retailers, faces significant challenges in adapting to these shifts. Traditional retailers, which form a substantial part of the retail ecosystem, are particularly vulnerable to market disruptions and require innovative approaches to remain competitive. Ethical supply chain management has the potential to bridge the gap between modern demands and traditional practices, ensuring inclusivity and equity across the retail spectrum. This research focuses on

revitalising the Indonesian retail market through the transformative power of ethical supply chain management. Key challenges include increasing competition between modern and traditional retailers, the growing demand for business ethics, and the need for managerial performance development. The relevance, efficiency, and effectiveness of empowerment programs for traditional retailers are critical areas of exploration. Additionally, the rapid development of the retail food industry, advancements in technology, and the descriptive effectiveness of supply chain practices in food retailing highlight the urgency of addressing these issues.

The significance of this research extends beyond retail modernisation. It explores into the influence of green marketing and store atmospheres on purchasing decisions, particularly among Indonesia's millennial consumers at global fast-food chains. Empirical studies also point to the role of supply chain management strategies in mediating organisational and operational performance in retail shops, further underscoring the transformative potential of ethical practices.

Previous research indicates that Indonesia's retail sector has experienced significant changes and challenges due to increasing customer demands, shifting shopping behaviours, and the competition between modern and traditional retailers (Foster, 2021). However, there is a notable gap in the literature regarding the transformative power of ethical supply chain management in this context. While existing studies have explored the role of business ethics and managerial performance in traditional retail businesses (Vetter, Nylandsted Larsen, & Bech Bruun, 2019), limited attention has been given to the integration of ESCM in addressing critical issues such as labour practices, environmental impact, and supply chain transparency, which consumers and regulators increasingly demand.

This study explores the intricate interplay between ESCM and the Indonesian retail industry, emphasising the transformative potential of ethical practices in fostering a harmonious coexistence of business ethics and profitability. By addressing the complexities of supply chain management, it investigates the relevance, efficiency, and effectiveness of empowerment programs that integrate business ethics, supply chain strategies, and merchandising to enhance the sustainability and welfare of traditional retailers in a competitive market.

Through the practical implementation and outcomes of ESCM, the research aims to uncover how these practices can enhance competitiveness, foster innovation, and align with global sustainability standards while addressing local market challenges. By focusing on the Indonesian context, this study contributes actionable insights to the broader discourse on sustainable and ethical retail practices, providing practical recommendations to strengthen the resilience, sustainability, and innovation of Indonesia's retail sector in a dynamic global market.

## **Retail Industry in Indonesia**

The Indonesian retail sector is one of the most promising in Asia, driven by a large population, a growing middle class, and increasing purchasing power. The sector includes both online and offline retailing, with significant trends in luxury retailing and technological advancements reshaping consumer behaviour (Anggraeni & Silalahi, 2021). Despite its potential, the industry has faced challenges, including financial distress among companies, influenced by factors such as net profit margin, current ratio, and firm size (Yulian et al., 2020; Yulian, 2020). Revitalising Indonesia's retail industry necessitates leveraging the transformative potential of ethical supply chain management (ESCM). The COVID-19 pandemic has profoundly disrupted the sector, compelling retailers to adopt strategies that enhance turnover and stimulate growth (Susanto & Adiwijaya, 2023). Implementing sustainable supply chain management (SSCM) practices is pivotal in this revitalisation, as they address sustainability challenges and fosters responsible business operations (Vita, Primiana, Harsanto, & Satyakti, 2023).

Over the past five years, research on ESCM has predominantly focused on developed economies, leaving a significant gap in understanding its application within emerging markets like Indonesia. Studies have often emphasised general frameworks without addressing the unique socio-economic and cultural challenges present in Indonesia's retail sector (Timotius et al., 2022). Notably, there is a limited exploration of how ESCM can be integrated into both traditional and modern retail formats to enhance sustainability and competitiveness (Ryadi, 2020). Additionally, the role of empowerment programs that combine business ethics, supply chain strategies, and merchandising to support traditional retailers remains underexplored (Simangunsong, 2018). Existing

literature also tends to overlook the interaction between ESCM practices and local regulatory frameworks, as well as specific consumer behaviours in Indonesia, such as the increasing demand for transparency and fairness in business operations (Shipper, 2023). While some research has examined the economic impacts of ethical practices, there is a paucity of actionable insights into how ESCM can drive innovation and align with global sustainability standards within the Indonesian context (RSM Global, 2023). This paper addresses these gaps by investigating tailored ESCM strategies for Indonesia's retail sector, providing critical insights into aligning ethical practices with local market challenges, and offering practical recommendations to policymakers, practitioners, and researchers.

A comprehensive analysis of the Indonesian retail industry's structure, behaviour, and performance is essential to pinpoint areas for improvement and bolster competitiveness (Khairurrahman et al., 2023). The pandemic has notably altered consumer behaviour, with a discernible shift towards streetwear fashion and increased online shopping, necessitating retailers to adapt their strategies accordingly (Muhammad & Mizanti, 2023). Insights from the palm oil industry's emphasis on sustainability and green management practices offer valuable lessons for integrating ethical supply chain management within the retail sector (Adwiyah, Syaikat, Indrawan, & Mulyati, 2023). Thus, by embedding ESCM practices, Indonesia's retail industry can elevate performance, satisfy evolving consumer expectations, and contribute to sustainable economic development. The retail industry in Indonesia is a dynamic and significant sector contributing to the country's economy. It is characterised by a mix of traditional and modern retail formats, with a growing influence of e-commerce. This overview explores the current state, challenges, and prospects of the retail industry in Indonesia.

The retail industry in Indonesia is experiencing several challenges. The rise of e-commerce has disrupted traditional retail models, leading to the closure of many retail outlets (Yulian et al., 2020; Yulian, 2020). Additionally, the modern retail industry faces regulatory challenges, with existing laws not fully effective in ensuring fair competition and market stability (Megayanti et al., 2020). The COVID-19 pandemic further exacerbated these issues, causing a significant decline in retail turnover and forcing some businesses to close (Aziz, 2022). Nevertheless, the retail industry is a major contributor to Indonesia's GDP and employment. It plays a strategic role in the economy, with business continuity in the sector positively affecting employment rates (Astuty, 2023). However, the industry's performance is hindered by a tight oligopoly structure, which limits market entry for new players and affects overall profitability (Khairurrahman et al., 2023).

Despite current challenges, the prospects for the Indonesian retail industry remain optimistic. Financial analyses indicate a good performance outlook for major retail companies, suggesting potential growth (Rahayu, 2018). Strategic group mapping shows diverse sub-sectors within the industry, including supermarkets, electronics, automotive, and clothing, each with unique competitive strategies (Ramdani et al., 2023). To enhance competitiveness, companies are advised to focus on product differentiation, pricing strategies, and efficient production (Khairurrahman et al., 2023). In this context, ethical supply chain management is critical for long-term success. By fostering transparency, reducing operational risks, and enhancing brand reputation, ESCM can help businesses build resilience and trust among stakeholders. Studies highlight that ethical practices in supply chains not only improve sustainability outcomes but also drive customer loyalty and investor confidence (Smith et al., 2021; Carter & Rogers, 2008). Furthermore, integrating ethics into supply chain strategies enables companies to better adapt to regulatory requirements and global market demands, positioning them for sustainable growth (Pagell & Wu, 2009). Thus, by embedding ESCM practices, Indonesia's retail industry can elevate performance, satisfy evolving consumer expectations, and contribute to sustainable economic development.

## LITERATURE REVIEW

### Ethical Supply Chain Management

ESCM refers to integrating ethical principles, such as transparency, sustainability, and social responsibility, into supply chain operations to address stakeholder interests while maintaining profitability. Recent studies have emphasised the role of ethical practices in minimising supply chain risks and improving brand reputation (Yawar & Seuring, 2017). Transparency in supply chains has emerged as a critical factor for fostering trust and accountability among stakeholders. It involves clear communication of sourcing practices, production processes,

and environmental impacts. According to Dabhilkar et al. (2022), companies that embrace transparency experience increased consumer loyalty and investor confidence. The integration of blockchain technology, for instance, has enabled firms to trace the origins of products and enhance supply chain visibility.

Sustainability is a core aspect of ESCM, focusing on environmental protection, economic equity, and social welfare. Recent research by Ansari and Kant (2022) highlights how implementing sustainable supply chain practices improves operational efficiency and reduces environmental harm. For example, adopting green logistics and circular economy practices allows organisations to minimise waste and enhance resource efficiency (Garza-Reyes et al., 2019). Studies have demonstrated a positive correlation between ethical supply chain management and organisational performance. Firms that prioritise ethics report higher financial and operational performance due to improved relationships with suppliers, customers, and regulatory bodies (Choi, Rogers, & Vakil, 2021). Moreover, ESCM promotes innovation by encouraging collaboration and the adoption of responsible technologies.

Despite its benefits, ethical supply chain management poses challenges, such as increased costs, resistance from stakeholders, and difficulties in monitoring compliance across complex supply networks. A study by Jia et al. (2023) reveals that small and medium enterprises (SMEs) struggle to implement ESCM due to limited resources and expertise. However, partnerships with governmental and non-governmental organisations can mitigate these challenges and facilitate compliance. As global markets evolve, the importance of ethical supply chains will continue to grow. Advances in digital technologies, such as AI and IoT, offer opportunities to enhance supply chain visibility and ethical compliance. A recent study by Rajeev, Pati, Padhi, and Govindan (2022) emphasises the role of technological innovation in addressing ethical supply chain challenges and promoting sustainable development.

## THEORETICAL FRAMEWORK

The theoretical framework for this concept paper is grounded in three key theories: Stakeholder Theory, TBL Framework, and Institutional Theory. These theories provide a strong foundation for understanding the importance and implementation of ESCM in revitalising Indonesia's retail industry.

### Stakeholder Theory

The Stakeholder Theory, proposed by Freeman (1984), emphasises the importance of addressing the needs and interests of all stakeholders, including customers, suppliers, employees, investors, and the community. Stakeholders are defined as individuals or groups that can affect or are affected by the organisation's decisions and operations. In the context of ESCM, businesses must navigate a delicate balance between meeting stakeholder expectations and maintaining profitability. Retailers who prioritise stakeholder engagement by adopting ethical practices can build trust, improve collaboration, and foster long-term relationships with key stakeholders.

This stakeholder-centric approach enhances brand reputation and loyalty as consumers and investors increasingly align their purchasing and investment decisions with companies demonstrating ethical responsibility. For instance, ethical sourcing practices, fair labour conditions, and transparency within the supply chain can position businesses as socially responsible leaders in their industries.

A growing body of research supports the assertion that stakeholder-driven ESCM practices lead to higher levels of sustainability, operational efficiency, and business resilience. Harrison, Bosse, and Phillips (2021) highlight that organisations that proactively address stakeholder concerns are better equipped to mitigate risks, adapt to changing market demands, and achieve long-term growth. By fostering collective benefits for all stakeholders—including environmental and societal considerations—businesses can contribute to a more equitable and sustainable economy. Moreover, engaging stakeholders in supply chain decisions encourages innovative solutions for addressing sustainability challenges, such as reducing carbon footprints, improving waste management, and ensuring ethical labour practices.

Stakeholder Theory, therefore, serves as a strategic lens for businesses to align their supply chain management practices with the broader objectives of social, environmental, and economic sustainability, creating shared value for both the organisation and its stakeholders.

### **Triple Bottom Line Framework**

Next is the Triple Bottom Line (TBL) Framework, introduced by Elkington (1997), which expands business performance measurement beyond financial outcomes to include social and environmental impacts. TBL emphasises the "three Ps"—People, Planet, and Profit. Ethical supply chain management aligns with this framework by addressing these three key dimensions to create a holistic approach to sustainability. In the context of People, businesses focus on fair labour practices, ensuring worker safety, promoting diversity, and addressing the well-being of employees and suppliers. Ethical practices, such as fair wages and safe working conditions, foster employee satisfaction and increase productivity, creating a foundation for long-term organisational success.

For the Planet, the TBL Framework emphasises the need to reduce environmental harm by adopting sustainable operations and practices. Companies can minimise their carbon footprints, reduce waste, and adopt environmentally friendly logistics to promote green supply chains. Strategies such as circular economies, renewable energy adoption, and efficient resource management are critical in balancing operational demands with environmental preservation. Research by Wiedmann and Lenzen (2018) has shown that businesses prioritising ecological sustainability in their supply chains experience significant reductions in environmental impact, which also improves their social standing and market reputation. These practices contribute to both short-term performance and long-term sustainability goals.

In terms of Profit, ethical supply chain management enhances financial performance and ensures long-term viability. Companies adopting TBL principles often gain competitive advantages by attracting socially conscious consumers and investors. Ethical practices can lead to cost savings through resource optimisation and risk reduction while also driving innovation. Furthermore, aligning profit goals with ethical principles enhances brand loyalty, as businesses that demonstrate corporate social responsibility are more likely to build strong customer relationships. The Triple Bottom Line Framework ultimately provides a balanced and comprehensive approach to achieving sustainability. By integrating People, Planet, and Profit into business strategies, ethical supply chain management enables organisations to meet their operational goals while addressing broader societal and environmental challenges.

### **Institutional Theory**

The Institutional Theory, as outlined by DiMaggio and Powell (1983), focuses on how organisations conform to institutional pressures to achieve legitimacy. These pressures, driven by regulations, competitive forces, and societal expectations, compel businesses to adopt practices that align with accepted norms and standards. In the retail sector, coercive pressures stem from regulatory bodies that impose sustainability requirements, such as environmental laws, fair trade practices, and certifications like ISO 14001 and SA8000. Companies that fail to comply with such standards risk penalties, loss of market access, and reputational damage, underscoring the importance of aligning supply chain operations with regulatory expectations.

Mimetic pressures, on the other hand, arise when businesses imitate successful industry peers to remain competitive. As ethical and sustainable practices increasingly become benchmarks for success, companies emulate these strategies to gain legitimacy and market trust. This imitation can drive widespread adoption of ethical supply chain management, fostering industry-wide improvements in sustainability and ethical performance. In addition to mimetic pressures, normative pressures play a critical role, as professional standards and societal expectations shape organisational behaviour. Stakeholders, including consumers, NGOs, and investors, demand greater accountability and transparency, encouraging businesses to integrate ethical practices into their supply chains.

Institutional Theory highlights how aligning with these external pressures can offer substantial advantages for businesses in the Indonesian retail sector. Companies that adopt internationally recognised sustainability

frameworks, such as the Global Reporting Initiative (GRI) or the UN Sustainable Development Goals (SDGs), not only enhance their legitimacy but also strengthen stakeholder trust. Furthermore, aligning with institutional expectations enables businesses to gain competitive advantages in global markets, attracting socially conscious investors and consumers. By conforming to these pressures, organisations can secure a strong market position, build resilience, and contribute to broader societal and environmental goals, reinforcing the transformative power of ethical supply chain management.

### **The integration of the theories**

The integration of Stakeholder Theory, the TBL Framework, and Institutional Theory offers a comprehensive perspective on the adoption and implementation of ESCM. Stakeholder Theory underscores the importance of addressing stakeholder expectations, fostering trust, and achieving shared value for organisations and their stakeholders. It provides an internal perspective, focusing on how businesses can align their operations to meet the ethical and operational needs of various stakeholders. In parallel, the TBL Framework broadens this approach by emphasising the balance between financial performance, social responsibility, and environmental sustainability. The alignment of People, Planet, and Profit ensures that ESCM contributes to sustainable economic growth while minimising negative societal and environmental impacts.

Institutional Theory complements these perspectives by providing insights into the external forces that shape ethical supply chain practices. Regulatory requirements, competitive benchmarks, and societal expectations drive businesses to adopt ESCM to gain legitimacy and remain competitive. By addressing coercive, mimetic, and normative pressures, organisations can achieve compliance, enhance stakeholder confidence, and position themselves as industry leaders. This interplay between internal motivations (Stakeholder Theory), operational balance (TBL Framework), and external pressures (Institutional Theory) highlights the interconnected nature of ESCM adoption. Businesses that successfully integrate these theories into their supply chain strategies can foster resilience, innovation, and long-term sustainability.

By synthesising these three theoretical lenses, the adoption of ESCM can transform the Indonesian retail industry. Stakeholders are engaged, sustainability goals are achieved, and institutional expectations are met, creating a robust framework for ethical and responsible supply chain management. This integration underscores the critical role ESCM plays in ensuring competitive advantage, fostering organisational legitimacy, and driving sustainable development across the retail sector.

### **IMPLICATIONS**

The adoption of ESCM carries significant implications for stakeholders within the Indonesian retail industry, fostering transformation across multiple dimensions. As for retailers, adopting ESCM practices can achieve operational efficiency, reduce supply chain risks, and improve relationships with key stakeholders. By prioritising ethical sourcing, transparency, and fair labour practices, retailers can enhance their brand reputation, meet consumer expectations for sustainability, and achieve long-term growth (Smith et al., 2021). Ethical practices also help mitigate disruptions by identifying risks early and developing responsive supply chain strategies. Furthermore, retailers that align with global sustainability standards can access new markets and partnerships, ensuring competitive advantages in a dynamic business environment. For retailers, ESCM is not merely a compliance tool but a strategic driver for resilience and profitability.

Further, policymakers play a pivotal role in creating an enabling environment for ethical supply chain management. Implementing and enforcing regulations that promote transparency, sustainability standards, and fair-trade practices can drive widespread adoption of ESCM. Government incentives, such as tax benefits or grants for companies implementing sustainable supply chains, can further support this transition (Zhu, Sarkis, & Lai, 2021).

Policies that encourage the use of technology, such as blockchain for traceability, can enhance supply chain visibility and accountability. By fostering public-private collaborations, policymakers can accelerate ethical practices across industries. Effective policies ensure a level playing field while supporting businesses in achieving ethical and sustainable outcomes.

Consumers increasingly demand ethically produced and sourced products. ESCM enables consumers to make informed purchasing decisions, fostering trust and loyalty towards brands that demonstrate social and environmental responsibility. Educating consumers on the benefits of ethical consumption can drive demand for responsible retail practices (Carter & Rogers, 2008).

Companies that communicate their ethical commitments through transparent reporting and certifications can enhance consumer engagement and brand loyalty. Furthermore, ethical supply chains empower consumers to contribute to global sustainability goals through their purchasing behaviours. By responding to consumer preferences for sustainability, businesses can position themselves as leaders in ethical innovation.

In addition, collaboration between retailers and supply chain partners, including suppliers and logistics providers, is critical for the successful implementation of ESCM. Encouraging shared responsibility and adopting technology-driven solutions, such as blockchain for supply chain transparency, can enhance collaboration and accountability across the supply chain (Brun et al., 2020). Ethical partnerships build stronger relationships between stakeholders, fostering innovation and resilience in managing supply chain challenges. Additionally, supply chain partners can benefit from shared knowledge, resources, and capacity-building initiatives that improve overall performance. By prioritising mutual ethical commitments, retailers and partners can create value across the supply chain.

Finally, ESCM contributes to broader environmental and social goals by promoting sustainable resource use, reducing carbon footprints, and ensuring fair labour conditions. Companies implementing ESCM can align with global sustainability initiatives, such as the United Nations Sustainable Development Goals (SDGs), contributing to positive societal outcomes (Ansari & Kant, 2022). Ethical practices, such as reducing waste, adopting green logistics, and supporting fair wages, can significantly improve environmental and social welfare. These efforts not only address current challenges but also position businesses as stewards of sustainability for future generations. By embracing ESCM, the retail industry can foster environmental preservation and equitable social development. Table 1 presents the comparison in ESCM adoption between traditional and modern retailers.

Table 1: Comparison of Traditional vs. Modern Retailers in ESCM Adoption

Aspect	Traditional Retailers	Modern Retailers
<b>Market Focus</b>	Primarily focus on local customers with limited geographic outreach (Ryadi, 2020).	Cater to global and diverse customer bases, aligning with international ESCM standards (Timotius et al., 2022).
<b>Technology Use</b>	Minimal technological adoption, relying on manual processes that hinder transparency and efficiency (Simangunsong, 2018).	Invest heavily in technology, such as blockchain and AI, to enhance supply chain visibility and accountability (Kearney, 2022).
<b>Supply Chain Complexity</b>	Operate simple and localized supply chains, limiting ability to handle sophisticated ethical sourcing requirements (Ryadi, 2020).	Manage complex and globalized supply chains, enabling implementation of advanced ESCM frameworks (RSM Global, 2023).
<b>Sustainability Adoption</b>	Show limited awareness and adoption of sustainability practices due to resource constraints and lack of knowledge (Shipper, 2023).	Integrate sustainability as a core business strategy, including waste reduction and ethical sourcing (Wiedmann & Lenzen, 2018).
<b>Key Challenges</b>	Face resource constraints, lack of expertise, and limited access to ESCM training programs (Timothies et al., 2022).	Struggle with managing large-scale operations and high costs of implementing ESCM frameworks (RSM Global, 2023).

## CONCLUSION

In conclusion, ESCM is a pivotal driver for the revitalisation of Indonesia's retail industry, offering solutions to current challenges while fostering sustainable growth. By embracing ethical practices such as transparency, sustainability, and accountability, businesses can achieve operational resilience, enhance their reputation, and meet evolving stakeholder expectations. The integration of ESCM not only addresses short-term disruptions but also aligns with broader societal and environmental goals, positioning retailers to thrive in an increasingly competitive market. Moreover, ESCM allows businesses to differentiate themselves, attracting ethically conscious consumers and investors who prioritise responsible practices.

To further strengthen the role of ESCM, future research should prioritise identifying technological innovations that support ethical and transparent supply chains. Research focusing on scalable solutions for SMEs will be critical to ensure equitable adoption of ESCM across diverse organisational contexts. Longitudinal studies examining the financial, social, and environmental impacts of ESCM adoption will provide robust evidence for its long-term benefits, helping businesses and policymakers make informed decisions. Additionally, cross-industry and cross-regional comparisons can highlight best practices and uncover challenges specific to emerging markets like Indonesia. These insights will be invaluable for fostering collaboration between businesses, policymakers, and stakeholders, ultimately driving innovation and ensuring the global success of ethical supply chain management.

Overall, ethical supply chain management has the potential to reshape the Indonesian retail industry, transforming it into a model of sustainability and resilience. By addressing environmental, social, and governance challenges, ESCM ensures businesses are better equipped to adapt to market uncertainties and regulatory changes. Businesses that invest in ethical practices will not only achieve a competitive edge but also contribute to building a more equitable and sustainable economy. Through ongoing innovation, collaboration, and commitment to ethical principles, Indonesia's retail sector can lead the way in achieving long-term, inclusive growth for the benefit of all stakeholders.

## Conflict of Interest

There is no conflict of interest.

## ACKNOWLEDGEMENT

This work was supported by the Accounting Research Institute (ARI), Higher Institution Centre of Excellence (HICoE), Ministry of Higher Education, university Technology MARA (UiTM) Shah Alam.

## REFERENCES

1. Accenture. (2021). Retail & Consumer Goods: The New Era of Resilience and Responsibility.
2. Adwiyah, R., Syaikat, Y., Indrawan, D., & Mulyati, H. (2023). Examining Sustainability Supply Chain Management (SSCM) Performance in The Palm Oil Industry: A Systematic Literature Review.
3. Adwiyah, R., Syaikat, Y., Indrawan, I. G., & Mulyati, S. (2023). Sustainability and green management practices in Indonesia's palm oil industry. *Journal of Environmental Management*, 280, 111690.
4. Agarwal, S., Kant, R., & Shankar, R. (2019). Humanitarian supply chain management frameworks: A critical literature review and framework for future development. *Benchmarking: An International Journal*, 26(6), 1749-1780.
5. Andreas, Wieland. (2021). Dancing the Supply Chain: Toward Transformative Supply Chain Management. *Journal of Supply Chain Management*, 57(1):58-73.
6. Anggraeni, A., & Silalahi, A. (2021). Retailing in Indonesia: A Deeper Look into the World's Growing Market. *Global Challenges and Strategic Disruptors in Asian Businesses and Economies*, 214-223.
7. Ansari, Z. N., & Kant, R. (2022). Green supply chain management practices and organisational performance: A review and framework. *Journal of Cleaner Production*, 331, 129988.
8. Arafah, W. (2014). Implementation of sustainability concept in the retail industry. *Business and Entrepreneurial Review*, 13(2), 193-198.



9. Asif, M. S., Lau, H., Nakandala, D., Fan, Y., & Hurriyet, H. (2020). Adoption of green supply chain management practices through collaboration approach in developing countries–From literature review to conceptual framework. *Journal of Cleaner Production*, 276, 124191.
10. Astuty, P. (2023). The effect of continuing business in the Indonesian retail sector on labour absorption. *Journal of Applied Business and Economic*.
11. Aziz, A. (2022). Covid-19 pandemic: its effect on retail business growth in Indonesia. *International Journal of Economics, Business and Accounting Research*.
12. Brun, A., Karaosman, H., & Barresi, T. (2020). Supply Chain Collaboration for Transparency. *Sustainability*, 12(11), 4429.
13. Carter, C. R., & Rogers, D. S. (2008). A framework of sustainable supply chain management: Moving toward new Theory. *International Journal of Physical Distribution & Logistics Management*, 38(5), 360-387.
14. Cerqueira-Streit, J. A., Endo, G. Y., Guarnieri, P., & Batista, L. (2021). Sustainable supply chain management in the route for a circular economy: An integrative literature review. *Logistics*, 5(4), 81.
15. Choi, T. Y., Rogers, D., & Vakil, B. (2021). Supply chain ethics and resilience during crises. *International Journal of Operations & Production Management*, 41(7), 1165-1183.
16. Dabhilkar, M., Bengtsson, L., & Lakemond, N. (2022). Transparency in sustainable supply chain management. *Journal of Business Ethics*, 178(3), 627-644.
17. DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organisational fields. *American Sociological Review*, 48(2), 147-160.
18. Elkington, J. (1997). *Cannibals with forks: The triple bottom line of 21st-century business*. Oxford: Capstone Publishing.
19. Euromonitor International. (2021). "Retailing in Indonesia." Retrieved from
20. Foster, B. (2021, March). New Era Chain Supply on Retail Food Industry in Indonesia. In IOP Conference Series: Materials Science and Engineering, 1115(1), 012019. IOP Publishing.
21. Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Boston: Pitman.
22. Garza-Reyes, J. A., Kumar, V., Nadeem, S. P., & Dora, M. (2019). Enhancing supply chain sustainability through green logistics practices. *Production Planning & Control*, 30(13), 1076-1092.
23. Harrison, J. S., Bosse, D. A., & Phillips, R. A. (2021). Managing for stakeholders: An integrated theory. *Journal of Business Ethics*, 174(1), 33-45.
24. Jia, F., Gong, Y., & Brown, S. (2023). Ethical challenges in global supply chains: Insights from SMEs. *Supply Chain Management: An International Journal*, 28(2), 225-239.
25. Kearney. (2022). Revamping Indonesia's logistics and supply chain sector with a digital transformation.
26. Khairurrahman, A., Badriah, L., Sambodo, H., Rahajuni, D., Kadarwati, N., Pudjianto, H., Setiarso, O., Supriadi, D., & Priyono, R. (2023). Informative Industrial Analytic for Effective Retail Business Performance: A Case of Emerging Economy. *WSEAS transactions on systems*.
27. Megayanti, S., Irawan, C., & Kontesa, E. (2020). The arrangement of modern retail industry from the perspective of positive law in Indonesia. 9, 162-171.
28. Muhammad, R. L., & Raafaldini, I (2023). Proposed Innovation Strategy for Streetwear MSMEs using TOWS: Asbhoel.
29. Pagell, M., & Wu, Z. (2009). Building a more complete theory of sustainable supply chain management using case studies of 10 exemplars. *Journal of Supply Chain Management*, 45(2), 37-56.
30. Rajeev, A., Pati, R. K., Padhi, S. S., & Govindan, K. (2022). Technology-driven ethical supply chains: Current trends and future research directions. *Technological Forecasting and Social Change*, 180, 121682.
31. Ramdani, L., Muhammad, A., & Rufaidah, P. (2023). Strategic Group of Indonesia Retail Industry. *Journal Ilmiah Ilmu Administration Publik*.
32. RSM Global. (2023). Building ethical supply chains and driving positive change in retail. Retrieved from.
33. Ryadi, A. (2020). The relevance, efficiency and effectiveness of business ethics empowerment through supply chain development and merchandising management in improving family welfare in traditional retails in Gresik District, Indonesia. *International Conference on Business and Economic Research*.
34. Sarasi, V., Primiana, I., Harsanto, B., & Satyakti, Y. (2023). Sustainable supply chain of Indonesia's textile & apparel industry: opportunities and challenges. *Research Journal of Textile and Apparel*.

35. Shipper (2023). Supply chain landscape: Latest updates on industry trends in Indonesia and worldwide. Retrieved from.
36. Simangunsong, E. (2018). Responsible purchasing in Indonesia: Identification of drivers and barriers. *International Journal of Business and Society*, 19(2), 337-354.
37. Sisharini, S. H. N., & Java-Indonesia, E. Customer Sustainable Maintenance Model to Increasing Traditional Retails Competitiveness in Dealing with Minimarket Expansion.
38. Smith, A., Johnson, K., & Lee, R. (2021). Ethical supply chains: Impact on resilience and business outcomes. *Journal of Business Ethics*, 174(2), 223-238.
39. Stroumpoulis, A., & Kopanaki, E. (2022). Theoretical perspectives on sustainable supply chain management and digital transformation: A literature review and a conceptual framework. *Sustainability*, 14(8), 4862.
40. Susanto, G. A., & Adiwijaya, M. (2023). The Effect of Visual Merchandise and Store Atmosphere on Purchase Decision with Hedonic Orientation as Moderator: A study on KKV Store Surabaya. *Petra International Journal of Business Studies*, 6(1), 1-9.
41. Timotius, E., Sunardi, O., Soenandi, I. A., Ginting, M., & Sabini, B. (2022). Supply chain disruption in time of crisis: A case of the Indonesian retail sector. *Journal of International Logistics and Trade*, 20(2), 78-101.
42. Vita, S., Primiana, I., Harsanto, B., & Satyakti, Y. (2023). Sustainable supply chain management in Indonesia's textile and apparel industry: Opportunities and challenges. *Research Journal of Textile and Apparel*, 27(1), 1-17.
43. Wiedmann, T., & Lenzen, M. (2018). Environmental and social footprints of international trade. *Nature Geoscience*, 11(5), 314-321.
44. World Bank. (2020). "Indonesia Economic Prospects: July 2020." Retrieved from
45. Yawar, S. A., & Seuring, S. (2017). Management of social issues in supply chains: A literature review. *International Journal of Physical Distribution & Logistics Management*, 47(1), 59-89.
46. Yulian, Y., Fahmi, I., & Novianti, T. (2020). Financial distress analysis of Indonesia retail companies. *Journal of Management and Business Review*.
47. Zhang, C., Li, S., Liu, X., & Wang, X. (2023). Transformational leadership and supply chain innovativeness: mediating role of knowledge sharing climate and moderating role of supply base rationalization. *Asia Pacific Journal of Marketing and Logistics*.
48. Zhu, Q., Sarkis, J., & Lai, K. H. (2021). Institutional-based antecedents and performance outcomes of internal and external green supply chain management practices. *Journal of Cleaner Production*, 292, 126057.