Adoption Barriers in Supply Chain Due Diligence: Insights from Practitioners in Exporting Economies

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ABSTRACT: The rapid adoption of global mandatory Supply Chain Due Diligence (SCDD) regulations has resulted in cascading obligations for suppliers in exporting countries. However, supplier adoption of SCDD practices is still low, given these regulations. This study investigates the barriers preventing firms in exporting countries from adopting SCDD practices. The study is based on thematic analysis of 24 semi-structured interviews with supply chain practitioners from a variety of industries and countries. The SCDD barriers identified are: Financial Constraints, Low Awareness and Training, Resistance to Change, Weak Enforcement, Corruption, Power Asymmetry, and Tier 2/3 invisibility. The study is the first empirically based supplier SCDD barrier framework and extends the institutional theory by showing that coercive pressures are mediated through enforcement quality and power relations. Practical implications are offered for buyers, policymakers, industry associations, and suppliers seeking to address these barriers and enable meaningful SCDD adoption in exporting countries.

KEYWORDS: Supply Chain, Practitioners, Economies, Supply Chain Due Diligence, Financial Constraints, Corruption

Pages: 379 – 392
Volume: 5
Issue: 6 (June 2026)

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Cite this Article: Shahzad, M., Awan, M. U., & Rehman, H. U.(2026). Adoption Barriers in Supply Chain Due Diligence: Insights from Practitioners in Exporting Economies. *The Regional Tribune, 5*(6), 379-392. https://doi.org/10.55737/trt/v-vi.307

Introduction

Background: The Expanding Mandate of SCDD

The regulatory environment around corporate supply chain responsibility has radically changed over the last few years. Large companies are now subject to mandatory due diligence laws, such as the EU Corporate Sustainability Due Diligence Directive (CSDDD), the German Supply Chain Due Diligence Act (LkSG) and the French Duty of Vigilance Law, that require them to identify, prevent and mitigate human rights and environmental risks along their supply chains (Schleper et al., 2022). These rules are not limited to companies that are required to conduct due diligence, but also to their suppliers in the emerging economies (Schilling-Vacaflor &Lanskow, 2023). The regulatory expansion presents opportunities and pressures to exporting countries. The CSDDD will be applicable to large companies in the EU and non-EU companies with activities in the EU, as well as to contractors, subcontractors and suppliers in the value chain (Buhmann& Feld, 2024). In a similar way, the LkSG, which came into force in January 2023, requires companies in scope to secure contractual commitments from their suppliers, including those in developing countries, in respect of human rights and environmental standards (Kraft et al., 2024). This domino

effect has resulted in the exporting firms having to prove that they comply with standards that they did not design, and may not be prepared for.

Problem Statement: The Adoption Gap

However, there is still a large disconnect between what is required under the regulations and supplier uptake of due diligence in exporting countries. Evidence from various contexts indicates ongoing challenges, including limited awareness of traceability and regulations, especially within small and medium-sized enterprises (Skerritt et al., 2025). Fragmented data and inconsistent disclosure regimes that create compliance challenges in markets where corporate records are incomplete or not digitized (AsiaVerify, 2025), and weak corporate governance environments where corruption is common (Schleper et al., 2022). Recent studies have shown that local producers and suppliers have difficulties in meeting the due diligence requirements. Two main reasons emerge: firstly, buyers share requirements without offering sufficient financial and technical support; secondly, local businesses are encountering rising compliance costs, which they argue are not sustainable over the long term (Singh & Draper, 2026). Stakeholders across Kenya and Ghana reported that local companies risk being cut out of European markets because they struggle to keep up with existing and upcoming requirements (Fifty-Eight, 2025). In the export-dependent countries, similar concerns have arisen. Suppliers are unaware of the requirements for traceability and circularity, and factories are experiencing 'audit fatigue' from compliance with one set of requirements, while at the same time pressured to meet new requirements, without a unified set from buyers (OECD, 2025). These challenges are exacerbated by the lack of data centralization in many markets in developing countries, where due diligence frameworks built for markets with uniform disclosure requirements, digitized data, and predictable regulators often do not work (AsiaVerify, 2025).

Research Question

- What are the key challenges for companies to implement Supply Chain Due Diligence (SCDD)?

Research Significance

This study contributes to the literature by answering the call for research on the practical problems of implementation in enterprises in exporting countries. This study offers the first empirically based barrier framework based on practitioner experiences in various industries and countries. This research points to specific barriers that first need to be overcome before compliance can be achieved, providing actionable insights for buyers, policymakers, and industry associations looking to support suppliers in achieving compliance.

Literature Review

SCDD and its Importance: Laws, Regulations and Expected Benefits

The regulatory environment for corporate accountability has completely changed. Large companies are now subject to mandatory due diligence laws, such as the LkSG, the French Duty of Vigilance Law, and the upcoming EU CSDDD (Both & Wilhelm, 2025; Kraft et al., 2025).These regulations mark a paradigm shift from voluntary corporate social responsibility to legally binding obligations, with potential legal consequences for inadequate action (Mardenli et al., 2025). The potential SCDD benefits are significant for society, environment, and economy (Kraft et al., 2025). SCDD positively reinforces supply chain performance at the firm level (Samal & Jena, 2025). SCDD can benefit suppliers from exporting countries, contingent on rare equitable regulatory implementation(Mardenli et al., 2025).

The Compliance Assumption: The vast body of literature on SCDD is based on a vital, but largely unexamined premise: that passing a law will necessarily make corporations obey it. This blind spot manifests itself in four ways.

First, there is a strong focus on analysing the legislation itself, clauses and legal implications, with neglect of the messy, real-world struggles of actually implementing them (Kraft et al., 2025). Secondly, the academic viewpoint can be a very top-down and firm-centric viewpoint. It focuses on the internal tools for risk-checking and corporate impact assessment, and the voices of its suppliers and affected communities are excluded from the actual responsibility for due diligence (Both & Wilhelm, 2025). Thirdly, even if studies recognize that implementation is challenging, they state problems as simple technical or financial challenges such as administrative requirements, adherence costs, and profit trade-offs, and these issues are typically not discussed in the context of cultural, political, or historical shifts. This ignores a structural power imbalance at the core of buyer-supplier relationships (Mardenli et al., 2025). Fourth and most crucially, empirical studies are limited to studying mostly multinational buyers in rich countries. This results in a huge lack of awareness among suppliers, particularly SMEs in developing countries, regarding these strict rules, and their suppliers have no real voice or representation in the academic discussion. These assumptions create a narrow and compliance-driven narrative that obscures the messy power dynamics and real-world contexts of SCDD adoption.

Institutional Theory and SCDD Barriers: This study uses institutional theory to analyze the barriers to SCDD adoption in exporting nations. Institutional theory is used to investigate the obstacles to SCDD adoption in exporting countries. Institutional theory describes the organizational reactions to the regulatory, normative, and cognitive pressures of the external environment (DiMaggio & Powell, 1983; Scott, 2014).These pressures are legal, normative, and mimetic pressures; legal pressures are imposed by legal requirements; normative pressures are pressures based on industry norms and buyer expectations; and mimetic pressures are imposed by companies imitating successful competitors when times are uncertain. Three main reasons make institutional theory ideal for examining SCDD barriers.

Resource and Response Variations: It provides an explanation of the nature of the pressures that influence organizational behavior, and suggests the reasons why firms respond differently in terms of the resources that they have available (Scott, 2014).This is essential in order to grasp suppliers in the exporting countries, who may not always have the means to comply with standards set by much larger Western companies.

Symbolic Compliance and Decoupling: It explains symbolic compliance and decoupling, where the companies make superficial changes in policies to have a façade of compliance but fail to make real changes (Meyer & Rowan, 1977).This is a perfect example of 'mock compliance' as observed in SCDD, where the due diligence process often fails to progress through Tier 1 suppliers (Skerritt et al., 2025).If external demands are high but capacity is low, companies will tend to engage in symbolic compliance to avoid losing their legitimacy (Boxenbaum& Jonsson, 2017).

Power Dynamics: The theory emphasizes the ways in which powerful actors shape the institutional environment for less-powerful actors, and demonstrates how imbalances in power can lead to institutional obstacles to adoption. In this case, strict regulations from developed countries are imposed on the supply chain as strict buyer requirements.

Methodology

Research Approach

The approach for this study is a qualitative exploratory design with thematic analysis to explore barriers to SCDD adoption. Thematic analysis is a systematic method for identifying, analysing and reporting patterns in qualitative data (Braun & Clarke, 2006). This method is suitable for exploratory research as well as for gaining in-depth and context-specific data from practitioners' perspectives in exporting countries (Creswell & Poth, 2018).

Sampling and Data Collection

Semi-structured interviews with practitioners in the supply chain management and compliance fields were used for data collection. To achieve representation of firms at different stages of SCDD adoption and in different industry contexts, purposive and snowball sampling was used (Patton, 2002). All data were obtained via in-depth, semi-structured interviews (IDI) which lasted 45-90 minutes (mean duration 58 minutes), using video conferencing platforms. The interview guide, based on Patton's (2002) guidelines, focused on participants' experiences of SCDD, contributing factors, challenges and gaps, critical resources, missing elements, and personal definitions of SCDD.

Twenty-four participants from Pakistan, the United Arab Emirates, Denmark, Germany, and Finland across industries such as customs, textile, pharmaceutical, automotive, logistics, FMCG, cement, oil and gas, and international development organizations were selected for the final sample. The participants included supply chain managers, compliance officers, chief executive officers, and academics with professional experience of 8 to 36 years (with a mean experience of about 19 years). The full participant profile can be found in Table 1. With the participants' consent, all interviews were recorded and transcribed verbatim. Immediately after the interviews, field notes were taken to document contextually observed information and initial analysis.

Table 1

Respondent Details

Code	Industry	Position	Experience	Country	Company
P01	Textile	CEO	32	Pakistan	Local & Export
P02	Construction/Healthcare	Project Manager	8	Denmark	MNC
P03	Agri-Foods	Government Official	34	Pakistan	Public
P04	Supply Chain & Logistics	CEO	13	Pakistan	Local
P05	Customs/Regulatory	Head Border Trade	15	Pakistan	Public
P06	Cement	Supply Chain Manager	13	Pakistan	Local
P07	Textile	General Manager	20	Pakistan	Local & Export
P08	Pharmaceuticals	National Manager SC	31	Pakistan	MNC
P09	Automobile	Head Production & Planning	11	UK	MNC
P10	Agri-Trade	CEO	21	South Korea	MNC
P11	Agri-Trade	Head Supply Chain	17	Japan	MNC
P12	Textile & Leather	Head Sustainable Program	14	UK	MNC
P13	Pharmaceuticals	Director Technology Transfer	28	Germany	MNC
P14	Pharmaceuticals	National Manager	21	Pakistan	Local
P15	Home Appliance	Supply Chain Officer	11	Pakistan	Local
P16	Consulting	Head Int'l Development	17	Finland	MNC
P17	Automobile	Deputy Manager Purchase	23	Pakistan	Local
P18	FMCG	Director Supply Division	17	Pakistan	Local
P19	Textile	Head Strategy Value Chain	15	Pakistan	Local & Export
P20	Shipping	Head Compliance	12	UAE	MNC
P21	Railways	Director Supply Chain	21	Pakistan	Local
P22	Oil & Gas	Head Compliance Division	16	Pakistan	Local
P23	Rubber	CEO	36	Pakistan	Local
P24	Chemical	CEO	19	Pakistan	Local

Data Analysis

Data analysis was conducted using the six-phase thematic analysis approach of Braun and Clarke (2006).1. *Familiarization* (deep reading), 2. *Coding* participant struggles, 3. *Theme Generation*, 4. *Reviewing*, 5. *Naming* themes, and 6. *Reporting* with quotes

Results

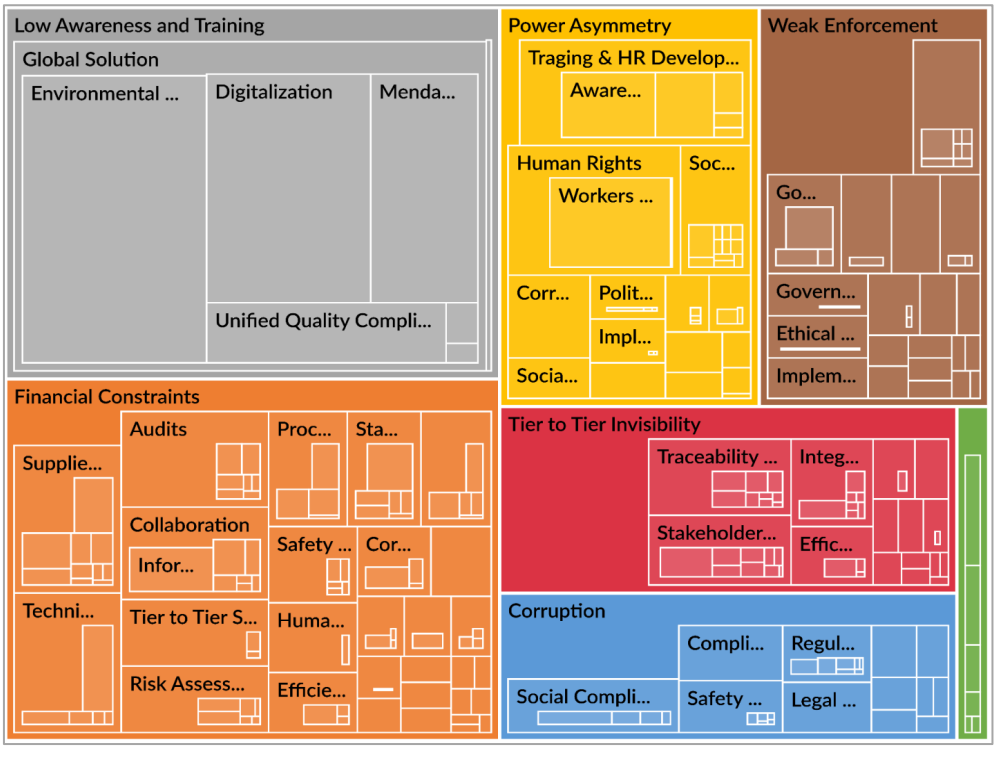
A thematic analysis of 24 interview transcripts using NVIVO 14 identified seven barriers to SCDD adoption. Initially, 460 initial codes. After review, these initial codes were reduced to 55 by matching the patterns. After developing patterns, we merged 55 themes into 7 overarching themes. These themes were named as Financial Constraints, Low Awareness and Training, Resistance to Change, Weak Enforcement, Corruption, Power asymmetry, and Tier 2/3 Invisibility.

SCDD Barriers Hierarchy Chart using NVivo

The NVIVO hierarchy chart in Figure 1 clearly shows that a lack of financial constraints is the biggest hurdle to adopting SCDD in Pakistan. It was the most frequently coded barrier, proving that participants see simple knowledge gaps as their primary obstacle. Right behind it came *power asymmetry* and weak enforcement, which underscores how much buyer-supplier imbalances and systemic regulatory failures get in the way. While lack of awareness and trainingand the *invisibility of Tier 2 and Tier 3 suppliers* were mentioned a moderate number of times, *corruption actually* ranked as the least cited barrier. The facts are more revealing when examined on a sub-category level; these awareness gaps are not confined to one dimension, they cross across environmental, digital and human rights awareness. Likewise, enforcement challenges are intricately linked with a lack of governance and ethical implementation. In the end, though, this suggests that financial constraints are on the agenda, but that the other barriers- cognitive, structural, and regulatory- are even more significant than corruption in stalling SCDD practices.

Figure 1

Hierarchy Chart using NVivo



Note: Coding frequency distribution of seven SCDD barriers.

Overview of SCDD Barriers

Table 2 summarizes the seven barriers and quotes from representative participants.

Financial Constraints

Cost was the most common obstacle identified, with participants in all sectors and job functions reporting financial limitations. The cost of implementing SCDD practices, such as the traceability system, water treatment facilities, emissions control equipment, training, and audit fees, was consistently reported as being beyond their financial means, especially when dealing with low profit margins and buyer pressure to keep prices low.A textile academic put the cost into perspective: “Financial issues… they charge 2, 3, 4 cents per kg of cotton. Solutions which they are provided… when you convert into millions of kg, it's a big amount they are paying.” (P19, Textile Academic). An industry veteran also described how the pricing decisions of the buyers have a direct impact on the ability of suppliers to afford compliance: "Depends on the buyer affordability price. If he affords [sic] and gives a competitive price, then it's easy for the supplier to abide by all laws and compliance... but otherwise not." (P21, Industry Veteran). A compliance officer at a multinational company stated that investments in compliance are hard to justify: “It is hard to sell the ROI or the profitability in terms of this investment; it is a challenging task.” (P15, FMCG).

Table 2

Thematic Analysis

Overarching Theme (Barrier)	Codes (Derived from Participant Quotations)
Financial Constraints	High cost of traceability systems
	High cost of water treatment & emissions control
	Cost of training and audit fees
	Low profit margins
	Buyer pressure to keep prices low
	Cost per kg vs. cost per million kg
	Supplier affordability depends on buyer's price.
	Hard to justify ROI for compliance investments
	Cost-sharing issue between buyer and supplier
Low Awareness and Training	Workforce is frequently unskilled.
	Overall lack of industry awareness in Pakistan
	People are unaware of HSE practices.
	Lack of awareness is a risk for employees.
	Training is only on technical aspects, not rights.
	Human development is never part of training.
	Lack of awareness of legal requirements
	Awareness gap at worker, management, and societal levels
Resistance to Change	People are firmly attached to old practices.
	Resistance to aligning practices with due diligence
	Resistance to practices used for many years
	Perception of audits as a sign of mistrust
	Cultural norms are a hurdle.
	Suppliers assume audits question their integrity.
	Need for cultural change in perception of accountability.
Weak Enforcement	Disconnect between laws and their enforcement.
	Laws are comprehensive, but implementation is weak.
	No disincentive for non-compliance
	Labor inspectors rarely visit factories.

Overarching Theme (Barrier)	Codes (Derived from Participant Quotations)
	Inspectors accept bribes
	Regulations are followed only to a certain extent.
	Selective nature of compliance
	Poor enforcement is systemic, not a one-off issue.
Corruption	Inspectors accept bribes for turning a blind eye.
	Informal payments can handle inspections.
	Bribery is a "normal reaction" to pressure.
	Suppliers may seek kickbacks instead of doing merit.
	Bribery provides an alternative route to "compliance"
	Corruption negates the need for real SCDD adoption.
	Numerous agencies involved in bribery for imports
Power Asymmetry	Customer/buyer is always in a good position.
	Buyer's price determines supplier's ability to comply.
	Lowest bid culture undermines compliance.
	Buyers have leverage over price, contracts, sourcing.
	Historical example of extreme buyer power (United Fruit)
	Adoption is not entirely under the supplier's control.
	Need for fair pricing and long-term contracts.
	Need for joint responsibility for compliance costs.
Tier 2/3 Invisibility	Visibility is limited to own (tier 1) suppliers.
	Cannot go and check each lower-tier supplier
	OEMs usually don't know their tier 2/3 suppliers.
	Lower-tier suppliers operate in a knowledge vacuum.
	Logistics providers are not involved in SCDD conversation.
	Lower-tier suppliers are purposefully not audited.
	Focal firms lack direct knowledge of lower tiers.
	Worst risks often exist in lower tiers.

Low Awareness and Training: The second obstacle relates to the lack of awareness about SCDD requirements, workers' rights and the consequences of non-compliance by workers and managers. Participants spoke of a workforce that is frequently unskilled, unaware of the legal requirements and untrained in human rights and environmental standards. A customs official pointed out that there was an overall lack of awareness in the industries of Pakistan: “No one knows about this, and we are very basic, very basic, industries awareness and training. (P01, Customs). A cement industry player explained the implications of lack of awareness: “People are not aware about what they are doing, and if they are not aware about the HSE practices, that is basically one of the risks like unawareness... Lack of awareness is one of the risks for employees.” (P18, Logistics). Even where training is available, it is on the technical aspects, and not on rights awareness; a pharmaceutical quality expert noted: “Employees are trained to do their job, but not how to work with different people. So, the human development is never a part of training.” (P04, Pharma).

Resistance to Change: The third barrier is behavioral resistance to new practice, which is related to the prevailing organizational routines and cultural norms. Participants reported on suppliers and workers who are very attached to existing methods of work and who are hesitant to change their work processes, even when the advantages of change are presented.This resistance was captured well by a customs official: "People are very, very firm with the practices that they have had for I don't know how many years. So first of all, making people realize that this due diligence has to be done, it is here for good. So, they have to align their practices." (P01, Customs).

This resistance, said a textile executive, is common: “There is a lot of resistance to the practices that they have had for many years.” (P06, Textile). An automotive supply chain manager said that this resistance is due to an assumption that audits are a sign of mistrust: “Some suppliers think that audit, etc., checks and mistrust their partnership. I mean, if I come to you for audit purposes, maybe you think that I mistrust your partnership. So, I think our culture is also a hurdle.” (P13, Automotive)

Weak Enforcement*:* The fourth barrier is the disconnect between the laws and their enforcement. The participants from various sectors also noted that Pakistan has good legislation regarding labour and environment, but the implementation of these laws is very weak, which means that there is no disincentive to non-compliance and no leverage to push compliance. This was most strongly put by a cement industry executive: “Laws are very thorough, very comprehensive. What the issue is… is implementation of that law… enforcement of that law is a very, very big question mark. For example, if you look at the laws, even the Factories Act of 1934, this is very thorough. There has to be even a labor inspector. But they never, almost never visit factories, or they take bribes.” (P03, Cement). One quality expert attested to the selective nature of compliance: There are regulations in place in Pakistan, but to a certain extent they are followed, and to a certain extent they are not followed. (P17, Quality Expert). An auto executive agreed: One of the major factors also is the weak enforcement of regulation by our government. Although the law exists, enforcement is very poor. (P13, Automotive).

Corruption: Systemic corruption is the fifth barrier, actively undermining enforcement mechanisms. Participants spoke of a culture in which the inspection agencies at every level are known to accept bribes in exchange for turning a blind eye to violations, thus making non-compliance the norm.The industry veteran gave the most detailed description: If you have a big order and want to directly import the raw material, then there are a lot of agencies, and all are bribing. Raw material must be focused, as every law is available. (P21, Industry Veteran). A customs official explained how this corruption is also applied to the enforcement of the SCDD requirements: “Inspection can be handled by informal payments when inspections are made.” (P01, Customs). A textile chief admitted that bribery is a "normal reaction" to the pressure of the regulations: “There is always a possibility of doing this stuff; in my experience so far, the supplier will see whether we really want to do the merit or we do want some kickbacks.” (P06, Textile). These results suggest that corruption acts as a constraint, as it provides an alternative route to "compliance": pay the bribes rather than engage in real due diligence. This deters and negates the need for real SCDD adoption.

Power Asymmetry: The sixth barrier is related to the power imbalance between buyers (mostly large multinationals) and suppliers (mostly smaller companies in developing countries). Participants explained how the buyer's leverage with regard to price, contract terms, and sourcing decisions can impact the supplier's ability to afford compliance. This was a dynamic summed up by an industry veteran: “Customer is always in a good position, so it depends on the buyer's affordability price.” (P21, Industry Veteran). An agri-food expert gave an historical example of the extreme case of power imbalance: “United Fruit Company…from seed till transportation till finished product…who has power… banana state concept who has all value chain dimensions and even try to handle politics of the country.” (P02, Agri-Food Expert). A textile executive explained how the "lowest bid culture" undermines compliance in a systematic manner: “If the buyer awards on the lowest price offer, even may or may not quality compromises product then pass through the bribe or rejects the order.” (P21).

Tier 2/3 Invisibility: The 7th barrier is the invisibility of lower-tier suppliers, in terms of structure. Participants indicated that they have visibility of their own (tier 1) suppliers, but limited or nonexistent visibility of tier 2 and tier 3 suppliers, which are where many of the worst social and environmental risks lie. This structural characteristic of supply chains is such that the most serious risks are often unknown to the firms who can best manage them. A

pharmaceutical manager said this is a limitation: “Most of the time we can only look at the top tier suppliers... we cannot go and check each supplier. So, the supplier who is providing us with a printing paper we are not able to go and check them.” (P04, Pharma). An auto executive said that there are lower-tier suppliers that are operating in a knowledge vacuum: “With tier 2 suppliers and tier 3 suppliers, usually OEM doesn't know.” (P09, Automotive). A logistics provider admitted that even if there are lower-tier suppliers, they are purposefully not subjected to audit: “Logistics providers are not involved in the customer SCDD conversation… we usually just deliver the services for whatever supply chain requirements the customers have.” (P05, Logistics)

Discussion

The purpose of this study was to determine the key obstacles to the implementation of SCDD practices in exporting country settings. Thematic analysis of the 24 practitioner interviews in the different industries and countries revealed seven barriers. These findings are discussed below with reference to the formal literature on supply chain and due diligence.

Financial Constraints (Barrier 1): These were the most common barrier reported, which is consistent with previous research that found compliance costs are seen as significant, especially for smaller and less established companies. This study builds on previous research, however, by demonstrating that financial constraints are not necessarily "absolute costs," but rather "relational costs" that are influenced by buyer pricing decisions (Mardenli et al., 2025). If buyers are willing to pay the least possible amount, the suppliers do not have the margin to invest in compliance, and cost-sharing mechanisms become necessary for adoption.

Low Awareness and Training (Barrier 2): It aligns with the emerging markets where suppliers are not aware of traceability and regulatory requirements (Skerritt et al., 2025). The present study builds on this body of literature by separating technical training (how to do a job) from rights awareness (what the legal obligations and human rights standards are). Participants always said there is technical training, but human development and awareness of rights is "never a part of training" (P04), indicating that the problem is not just lack of information, but the kind of information that is available.

Resistance to Change (Barrier 3): It is a behavioral dimension that is not often mentioned in SCDD literature, but is always highlighted by participants. This finding indicates that there is a need to pay more attention to the cultural and psychological aspects of attachment to established routines and perception of audits as mistrust in research and practice. This finding is consistent with the literature on organisational change, which has long acknowledged that resistance to change is a natural reaction to change, especially if the change is externally imposed, or the benefits are not immediately apparent.

A Combination of Weak Enforcement (Barrier 4) and Corruption (Barrier 5): This results in an environment where non-compliance is without consequence. This finding adds to the "governance gaps" literature (Ruggie, 2008) by showing that the failure to enforce is not just a failure to implement, but rather an active system in which bribes are substituted for inspections. One speaker commented that "every agency is bribing" (P21), which means that corruption is not occasional, but widespread.

Power Asymmetry (Barrier 6): Power asymmetry shows that the adoption of SCDD is not entirely in the hands of the supplier, but also depends on the buyer's pricing decisions, which will influence the feasibility of compliance. This discovery directly responds to the call of Schleper et al. (2022) for research on "fair cost distribution measures. The present study shows that power imbalance is not only the cause of the cost problem, but also the solution to the

cost problem; without resolving the power imbalance, no solution can be found, because the supplier is not in a position to demand fair cost distribution due to lack of financial margin and bargaining power.

Tier 2/3 Invisibility (Barrier 7): This is a structural aspect of how the supply chains are designed, and cascading accountability protects focal firms from conditions at lower tiers. This discovery questions technological optimism in the literature (Fernández et al., 2026), as it implies that visibility obstacles are not only technical issues that can be easily addressed with block chain or AI. Instead, they are integrated into the relational dynamics of global value chains – arms-length contracting, cascading responsibilities, and the intentional marginalisation of lower-tier actors from customer dialogues. In fact, as one logistics provider said, "logistics providers are not part of customer SCDD conversations" (P05), meaning that the invisibility is not an accident but structural.

Theoretical Contributions

This study contributes to the SCDD literature in three ways. First, it offers the first empirically based barrier model for SCDD adoption from the supplier point of view in an exporting country. While the literature has been focused on what firms should be doing (Kraft et al., 2025), this study identifies why firms are not doing SCDD. The seven barriers offer a holistic framework to understanding the adoption gap: financial constraints, low awareness, resistance to change, weak enforcement, corruption, power asymmetry, and tier 2/3 invisibility. Second, it builds on institutional theory by showing how coercive pressures (regulations) do not necessarily become reality. Instead, they are determined by the enforcement quality, corruption levels, and power relations. Third, it introduces the notion of "structural invisibility" to account for the lack of monitoring of tier 2/3 suppliers. Although previous works have referred to "traceability gaps" or "visibility deficits," the current study argues that invisibility is not a coincidence nor a technical problem, but rather a structural one, that is, one that is built into the organization of supply chains and the allocation of responsibility. This calls into question the belief that technology is the only solution to visibility challenges, and indicates that relationships may need to be restructured.

Practical Implications

For Buyers and Multinational Corporations: The results indicate that mandating compliance without providing financial support is not an effective way to approach the issue. Always the lowest price is desired by buyers and suppliers cannot catch up. However, it is important that cost sharing, longer payment terms, and technical support are considered investments in supply chain stability, not acts of charity (Schleper et al., 2022). Buyers need to be mindful, however, that their own pricing decisions will affect the supplier's ability to meet their orders and an even distribution of cost is not only an ethical question but serves as a condition for supply chain resilience.

For Suppliers: The results show that there are chances to shift the power balance in favour of Suppliers, by documenting compliance costs and by engaging in problem-solving in collaboration with buyers. Training and awareness activities are another area that should be taken into account by suppliers as they are within their control (Low awareness – Barrier 2, resistance to change – Barrier 3). However, tier 2/3 invisibility and the imbalance of power between suppliers and buyers require additional effort from suppliers as well as buyers and industry associations to address the structural issues.

For policymakers: This is proof that legislation is not sufficient. Weak enforcement (Barrier 4) and corruption (Barrier 5) must be addressed through institutional changes, including independent oversight, protection for whistleblowers, and effective penalties for not complying with the law. In addition, value addition policies, policies for processing raw materials into finished products in the exporting country, might generate revenue for compliance activities and reduce the dependence on low-margin, high-volume export strategies.

For Industry Associations: The results indicate that sector-specific guidance is needed which recognizes the two-tier reality between export and domestic markets, and capacity building programs are needed to cater for awareness and training gaps. Industry associations can also help to establish a forum for negotiation between buyers and suppliers, addressing power imbalances and guaranteeing a fair sharing of costs.

Limitations

Firstly, the results are based on 24 interviews, diversified in terms of industry and country of export but not necessarily representative of all exporting country situations. The sample consists of persons from Pakistan, UAE, Denmark, Germany and Finland, with the majority from Pakistan. Results may not apply to other areas, especially with other regulatory and governance environments.Secondly, the study was conducted from the practitioners' point of view, potentially introducing social desirability bias (Zeitler & Schwarzkopf, 2025). Some barriers may not have been reported or others over reported by the participants in order to make themselves or their organizations look good. Third, barriers identified are dependent on participant accounts and not measured objectively. Qualitative research is good for identifying and describing barriers, but is not suitable for quantifying the relative importance or prevalence of barriers. Fourth, the study did not incorporate the voice of workers or communities impacted by SCDD practices, and was limited to supply chain professionals and managers. Future research should take into account these stakeholder views. Fifth, the research was done at one moment in time and is not able to consider the changing nature of barriers as the regulations develop or as suppliers become more experienced with SCDD practices.

Future Research

Firstly, quantitative studies should be designed to develop and validate a barrier measurement scale so that the prevalence and severity of each barrier can be measured in larger samples. A scale like this would allow for comparative studies and allow for benchmarks to be used to measure progress over time. Secondly, comparative studies of industries and regulatory regimes may investigate the differences in barrier profiles. For instance, are there different barriers for suppliers in the textile sector as opposed to those in agriculture or extractives? Are there differences in barriers across countries with good and bad governance? Third, intervention studies can be used to evaluate the effectiveness of mechanisms (e.g., cost-sharing agreements, training, enforcement changes, buyer-supplier partnerships) in addressing specific barriers. These studies would help practitioners and policymakers with actionable evidence. Fourth, longitudinal research could study the evolution of barriers over time as regulations mature and as suppliers become more experienced with SCDD practices. This would help to differentiate between transitional barriers (which decrease with experience) and persistent barriers (which need structural change).Fifth, the study should examine the interrelationships between the barriers identified in this study. For instance, how do financial constraints look when there is a power imbalance? What are the causes of weak enforcement of anti-corruption measures? Knowing these relationships would help to make more effective and targeted interventions.

Conclusion

Seven barriers were identified in this study that hinder firms in exporting countries from implementing Supply.
Chain Due Diligence practices, including financial constraints, low awareness, resistance to change, weak enforcement, corruption, power asymmetry, and tier 2/3 invisibility. These barriers are not mutually exclusive, but interact, as a power imbalance influences financial constraints, low enforcement encourages corruption, and structural invisibility protects suppliers at lower tiers from monitoring. The results contradict the tacit assumption in much of the SCDD literature that regulation leads to compliance. This study, on the contrary, demonstrates that

if power imbalances, enforcement loopholes, and structural invisibility are not addressed, regulations will remain aspirational and not operational. Policymakers, buyers, and industry associations need to directly confront these obstacles, rather than just enact legislation or set codes of conduct, for SCDD to have the desired effect of protecting human rights and the environment where supply chains begin. The study contributes to the SCDD literature in several ways: it offers the first empirically-derived barrier framework from the supplier perspective, it extends institutional theory to consider the quality of enforcement and the structural invisibility of the barriers, and it challenges technological optimism by showing that barriers are not just technical, but structural. Future studies should aim for quantitative validation, comparative analysis, intervention studies, and longitudinal studies to extend these findings.

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