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Chapter V

Trust and Transparency in Netchains: A Contradiction?

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Abstract

This chapter analyses the effects of increased transparency in supply netchains. The term netchain refers to both chain and network aspects. Three levels of transparency are distinguished: history transparency (e.g., tracking and tracing), operations transparency (e.g., collaborative logistics planning), and strategy transparency (e.g., joint innovation). Using an example in the Dutch egg sector, the chapter shows how the role of the individual company changes in a netchain and discusses the implications. Though technology push makes transparency feasible and economically attractive, social-psychological barriers exist that should be taken seriously. A brief review of cases from several continents shows that these barriers vary across cultures, depending on prevailing attitudes towards relationships and authority. Transparency may run counter to tradition, to trust, and to entrepreneurial freedom in the netchain, but it also offers opportunities for creating netchains that are profitable to all participants. To grasp these requires vision on behalf of those involved.

Introduction

Over the last decades, the relations between partners in a trade network have changed. This change was driven by technology, notably the arrival first of electronic data interchange (EDI) and then of the World Wide Web and e-business. The expectation of efficiency gains was a strong motivator for companies to adopt the new technologies. But the changes are not limited to efficiency gains. They also affect trade networks' social and political dynamics. In the food industry, for instance, they lead to heavy requirements for data collection by primary producers, and possibly to increased dependency of producers on factories or retailers.

It was Thorelli (1986) who introduced networks as a subject for organisation-theoretical research. Relations and power balances in trade networks have shifted due to technological advances. These changes have recently grown into an important area of study. A specialised academic journal, based in the Netherlands, has seen the light of day: the *Journal on Chain and Network Science*. The Dutch government has stimulated joint research efforts by business and research institutions to enhance knowledge about cooperation in the e-age. In this chapter, we shall discuss those efforts and their results, giving particular attention to the requirement for transparency in business networks and the consequences of this requirement for relationships between the actors in the network. Transparency has quickly become of great importance in the meat and egg sectors due to the recent food scares in Europe (Beulens, 2003). In plant sectors, fear of consuming genetically modified plant material has been a driver for transparency. Thus, much of the experience has been collected in the food and agribusiness industry.

Figure 1. Egg networks in The Netherlands (Arrows indicate flow of goods or services)