

Impact of Virtual Supplier Auditing on Mitigating Sourcing Risk: Case of Fonterra Brands Lanka

Warnakulasuriya, J. K. S.¹ and Herath, R. P.²

The worldwide pandemic scenario has changed how operations are carried out and restricted travel, which has brought focus to virtual supplier auditing. At the same time, Fonterra Brands Lanka came up with the innovative idea of conducting their supplier audits on virtual platforms. The new process had been tested in 2021, but there was resistance to change based on the risk of sourcing that has been audited virtually as opposed to physically. Accordingly, this research is conducted to identify the impact that virtual supplier auditing has on sourcing risk. The research is carried out in quantitative methodology to gather data on the overall view of the majority staff members on the means of mitigating sourcing risk when suppliers are been audited virtually. The results of the study reveal that the effective preparation, encompassing factors such as the careful assembly of the audit team, the development of well-structured audit schedules, utilization of checklists, and seeking guidance from experts, can serve to alleviate the sourcing risk. Further, the virtual supplier audit is a more effective method in both monetary and time-saving aspects if it is practiced while maintaining standards.

Keywords: *Supply Chain Efficiency, Sourcing Risk, Virtual supplier Audits*

¹ Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka
(jamiewarnakulasuriya14@gmail.com)

² Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka
(renukaherath@kln.ac.lk)