

Table of Contents

L1: Supplier selection and buyer-supplier relationship initiation	9
(Choi and Hartley, 1996) An exploration of supplier selection practices across the supply chain	9
Abstract – Empirical automotive industry study	9
Figure 1: Supply chain & competitive pressure – the effect of supply chain position	9
Propositions from study:	10
Key Findings/results/Conclusion	10
What determines criteria focus? Supply chain position?	10
(Jahns et al., 2006) Offshoring: Dimensions and diffusion of a new business concept	11
Abstract – theoretical paper	11
Illustration 2 – Framework for offshoring – contractual and geographical location dimension	11
Environmental driving forces – offshore	12
Company level offshoring – 3 theories	12
Supplier selection process	13
Implication	13
(Kaufmann et al., 2012) Rationality in supplier selection decisions: The effect of the buyer’s national task environment	14
Abstract – empirical study	14
Supplier selection decision making	14
Theory – central concepts	14
Supplier selection challenges:	14
Selection decision – intuition versus analysis	15
2 hypotheses	15
Interpretation of findings	15
Managerial implications	16
(Ring and Ven, 1994) DEVELOPMENTAL PROCESSES OF COOPERATIVE INTERORGANIZATIONAL RELATIONSHIPS	17
THE MODEL EXPLAINED:	17
L2: Supplier Evaluation	18
(Kim Sundtoft and Chris, 2011) Supplier evaluation processes: the shaping and reshaping of supplier performance	18
Abstract – empirical study	18
Supplier evaluation definition	18
3- phase model of supplier evaluation p. 890	18
Supplier perception – Purdy’s study – 3 conclusions	18
Factors shaping & re-shaping supplier performance	19
Dynamics in shaping & re-shaping supplier performance	19
Discussion and conclusion	19
(Luzzini et al., 2014) Designing vendor evaluation systems: An empirical analysis	20
Abstract	20
Research goal and framework	20
Table 8: comparison of different VES design: HIGH, MEDIUM, LOW	20
5 propositions	21
Conclusion: general principles to apply to any VES	21
(Pressey et al., 2009) Purchasing practices in small- to medium-sized enterprises: An examination of strategic purchasing adoption, supplier evaluation and supplier capabilities	22
Abstract	22
Figure 1: capability base and value production	22
Strategic purchasing	22
Supplier evaluation	22
Supplier capabilities	22

Figure 1: 5 steps to risk management and mitigation	91
Risk assessment in global supply chains.....	92
Risk management strategies and mitigation plans	93
A risk management and mitigation model	93
Managerial implications	95

(Whitney et al., 2014) The benefits and constraints of temporary sourcing diversification in supply chain disruption and recovery	96
Abstract	96
Cross case analysis	96
Discussion	96

L9: Sustainable sourcing 97

(Andersen and Skjoett-Larsen, 2009) Corporate social responsibility in global supply chains	97
Abstract	97
CSR practices at IKEA – critique in lecture notes	97
Contingency factors related to CSR practices in supply chains.....	98
Conclusions and managerial implications.....	99

(Egels-Zandén, 2007) Suppliers' compliance with MNCs' Codes of Conduct: Behind the scenes at Chinese toy suppliers.....	100
Abstract	100
Chinese suppliers' compliance with codes of conduct – results	100
Explaining suppliers' lack of compliance with codes of conduct.....	100
Conclusions.....	101

(Jiang, 2009) The effects of interorganizational governance on supplier's compliance with SCC: An empirical examination of compliant and non-compliant suppliers.....	102
Abstract	102
Hypothesis.....	102
Results – discussion.....	103
Conclusion	103

(Reuter et al., 2012) The impact of stakeholder orientation on sustainability and cost prevalence in supplier selection decisions	104
Abstract	104
Hypothesis.....	104
Discussion	105
Conclusion	105

L10: Contractual governance 106

(Aulakh and Gençtürk, 2008) Contract Formalization and Governance of Exporter–Importer Relationships	106
Abstract	106
Conceptual model.....	106
Hypothesis.....	107
Empirical findings.....	107
Discussion	107
Managerial implication.....	107

(Barthélemy and Quélin, 2006) Complexity of Outsourcing Contracts and <i>Ex Post</i> Transaction Costs: An Empirical Investigation	109
Abstract	109
Hypothesis.....	109
Discussion and conclusion.....	109

(Luo, 2006) Opportunism in Inter-firm Exchanges in Emerging Markets.....	111
Abstract	111
Defining opportunism	111
Strong and weak type of opportunism.....	111

Propositions from study:

Supplier selection practices in the US auto industry differ among firms across different tier levels of auto assemblers, direct suppliers, and indirect suppliers.

Key Findings/results/Conclusion

- Proposition doesn't hold – no difference was found
- They only difference captured is that
 - o Auto assemblers are higher on technical capabilities
 - o Indirect suppliers are higher on finances

Key findings:

- Conformance along with consistency (Delivery + quality) is important
- Reliability
- Potential for cooperative and long-term relationship
- Price is the least important parameter

What determines criteria focus? Supply chain position?

Finances	Consistency	Relationship	Flexibility
Financial conditions	Conformance to quality	Long-term relationship	Product volume changes
Profitability of supplier	Consistent delivery	Relationship closeness	Short set-up time
Financial records disclosure	Quality philosophy	Communication openness	Short delivery lead time
Performance awards	Prompt response	Reputation for integrity	Conflict resolution
Technological capability	Service	Reliability	Price
Design capability	After-sales support	Incremental improvement	Low initial price
Technical capability	Sales rep's competence	Product liability	

(Choi/Hartley)

- 3 groups are compared in this study within the automobile industry

Selection criteria consistency:

Finances	Consistency	Relationship	Flexibility
Financial conditions	Conformance to quality	Long-term relationship	Product volume changes
Profitability of supplier	Consistent delivery	Relationship closeness	Short set-up time
Financial records disclosure	Quality philosophy	Communication openness	Short delivery lead time
Performance awards	Prompt response	Reputation for integrity	Conflict resolution
Technological capability	Service	Reliability	Price
Design capability	After-sales support	Incremental improvement	Low initial price
Technical capability	Sales rep's competence	Product liability	

(Choi/Hartley)

- Red = least focus
 - o Price is rated low which we may argue is due to some biases which we cannot explain
- Green = most focus

Biases

Researchers think that purchasers look at all the softer things and not the price however in reality, price might be on top 3 most important things

(Luzzini et al., 2014) Designing vendor evaluation systems: An empirical analysis

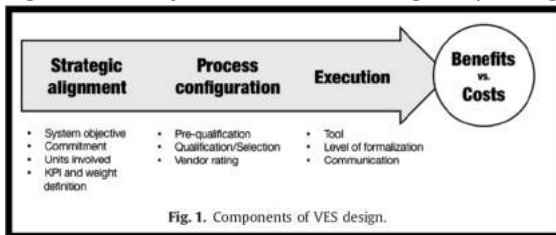
Abstract

- VES = Vendor evaluation system
- VES at intersection of 3 disciplines
 - o Performance management, supply chain management & purchase management.
- Paper investigates VES designs in terms of strategic alignments, process configuration and execution, benefit/cost + how combi of elements determine company satisfaction

Research goal and framework

- (Kim Sundtoft and Chris, 2011) reference: development, implementation & use

Figure 1: Components of VES design - Splitting design phase into key choices related:



- Component 1: strategic alignment: KPI, commitment, system objective & units
- Component 2: process configuration: pre-qualification, selection and vendor rating
- Component 3: execution: tool, level of formalization, communication

Underlying assumption as explained by Kim Sundtoft and Chris (2011)

- If influence is successful it will manifest itself in changed supplier behavior aligned with evaluating firms interest, improves supplier capabilities + performance → benefit for buying firm

VES benefit vs. COST in table 6 & 7

- Better performance (profitability, product quality)
- Vendor performance + proper supply chain monitor, influence supplier behavior
- Improved buyer supplier relationship

Study objective

- RQ 1: how can a VES be designed?
- RQ 2: how does design influence firm satisfaction with system?

Table 8: comparison of different VES design: HIGH, MEDIUM, LOW

Satisfaction Supporting cases	High <i>Electric1; Fashion1; White2; Auto1</i>	Medium <i>Electric2; Energy1; Energy2</i>	Low <i>Fashion2; White1; Auto2</i>
VES strategic alignment	<ul style="list-style-type: none"> Each company department relevant for the evaluation contributes to design and monitor the VES according to its own capabilities The purchasing department integrate processes and measures into a comprehensive and consistent VES Clear VES objectives (e.g. alignment to purchasing objectives, supply base reduction, transparency) The VES requires a conscious definition of the purchasing and category strategies, which are aligned to the company strategy Within the pool of KPIs, specific measures are chosen for different purchasing categories Weights of KPIs are defined according to the category strategy and considering the inputs of peer departments 	<ul style="list-style-type: none"> No clear VES objectives (the system is created as a consequence of generic process standardization objectives) The VES is not explicitly linked to category, purchasing, and company strategies The same set of KPIs is used for all categories Weights corresponding to different peer departments are the same (arithmetic average) in order to ensure consensus 	<ul style="list-style-type: none"> One department (usually purchasing) defines the VES without integrating other departments' views
Evaluation process	<ul style="list-style-type: none"> Funnel evaluation process Detailed and scalable process (many potential phases) Process variants according to category characteristics Standard initial phases, later customized Pre-qualification is distinguished from qualification All relevant departments are early involved Common guidelines throughout the company but local delegation Frequent update of vendor rating Few easy-to-calculate indicators aligned to the category strategy 	<ul style="list-style-type: none"> Same simple process for all suppliers/categories No clear distinction between phases Not all relevant departments are involved No common approach throughout the company Low frequency of updates Many indicators, not easily obtained from the data available 	
VES execution	<ul style="list-style-type: none"> One department (usually purchasing) manages the VES The supporting tool enables automation, integrates all measures, integrates with the company ERP, and is shared among departments Good formalization: clear processes and responsibilities Communication to suppliers of both KPIs and targets Follow-up actions starting from VES output (e.g. supplier development) 	<ul style="list-style-type: none"> Either no formalization of processes and responsibilities or too rigid formalization (bureaucracy) No communication to suppliers No actions linked to the VES output 	<ul style="list-style-type: none"> The VES is not structured and responsibilities are unclear The supporting tool is not automated, not integrated, and not shared

- Despite power being referred to social relation the major aspect of power is a goal or gratification which is achieved through relations.
- This article has substantial information that can inform organization's decision makers and how they can use power to influence the formation of organizational goals.

Conclusion

- Ties of mutual dependence which bind actors together in social systems
- Value of theory = ability to pull together a wide variety of social events, ranging from the internalization of parental codes to society-wide movements, like the collectivization of labor, in terms of a few very simple principles

Results:

1. Conformity (Pgm) varies directly with motivational investment in the group;
2. Conformity varies inversely with acceptance in alternative groups;
3. Conformity is high at both status extremes in groups with membership turnover (see column 5, Table 1);
4. Highly valued members of a group are strong conformers only if they are valued by other groups as well. (This supports the notion that special status rewards are used to hold the highly valued member who does not depend heavily upon the group, and that in granting him such rewards power is obtained over him.);
5. Coalitions form among the weak to control the strong (balancing operation number three);
6. The greatest rewards within a coalition are given to the less dependent member of the coalition (balancing operation number three, analogous to "status giving").

(Weber et al., 2010) Low cost country sourcing and its effects on the total cost of ownership structure for a medical device manufacturer

Abstract

- Describe a TCO method as an activity-based costing (ABC) application to measure and analyze the cost of international sourcing
- Findings:
 - o Costs at component and supplier level gain importance over traditionally dominating unit level costs
 - o Low cost country sourcing is a decision with extensive impact on value chain entities other than purchasing
 - o A considerable part of cost in low cost country begins with high cost due to
 - Unsatisfactory initial quality, language barriers, intercultural communication

Intro + purpose

- Main selection criteria for supplier is purchase price – include the following as well:
 - o Opportunity cost, volatile costs, non-monetary criteria as risk
- The analyses are performed ex-post for a division of the medical devices manufacturer Siemens Healthcare, making use of real sourcing data.
- low cost countries are understood as countries with relatively low wages like Eastern European Countries, China and India.
- LCC = Low cost country
- TPM = traditional procurement markets

Framework

TCO Defined:

- To evaluate a sourcing decision, all costs associated with the acquisition, use and maintenance of a product are taken into consideration

ABC + TCO:

- ABC: costs for activities rather than using structures like cost centers or (final) products
- Why combine these 2?
 - o for the sourcing company it is not only important to gain knowledge about the costs and their activity and cost drivers, but also where in the company and hence where in the internal value chain these costs accrue.

Results + discussion

- developed ABC-based TCO model proved to be applicable in the analyzed case study setting.
- Allow us to determine the TCO of components purchased in TPM and LCC.
- By combining the ABC-based TCO approach with value chain analysis, differences between TPM and LCC sourcing became evident in the case study.