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FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

DEPARTMENT OF ECONOMICS, MARKETING AND ENTREPRENEURSHIP

EXAMINATION PAPER

COURSE CODE : CPS 411
COURSE TITLE : GLOBAL SOURCING
SPECIAL REQUIREMENTS : NO SPECIAL REQUIREMENTS
DURATION : 3 Hours
LEVEL : 4:1
DATE : 09 APR 2024

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Answer **all** questions in Section A and any other Three (3) questions in Section B.
3. Begin each question on a new page.
4. The number of marks for each question or part question is shown in brackets []
5. Use of practical examples where necessary is encouraged

SECTION A

CASE STUDY

Global sourcing is one of the greatest strategic challenges for purchasing and supply managers. Under increasing pressure to reduce costs, companies have shifted sourcing from local suppliers to low-cost country-based suppliers. The current economic recession shows little evidence of reversing this trend; in fact, it is likely to increase the pressure to source globally. Yet, the global sourcing process is riddled with difficulties and firms frequently underestimate its complexity. Despite the popularity of global sourcing across both service and manufacturing industries, research on global sourcing is arguably still playing catch-up. The global sourcing process – the change from domestic to worldwide sourcing – remains relatively poorly conceptualized, for example in comparison with research on buyer–supplier relationships or industrial networks (Quintens et al., 2016). This calls for more theoretical development in the field of global sourcing. In this paper we argue that the process of global sourcing is governed not only by rational single firm decisions but also by interactions amongst supply network actors. The interaction (or network) approach to internationalization (e.g., Coviello and Munro, 2017) has shown that interactions amongst network actors, for example by suppliers following their customers to foreign markets, can be an important driving force of internationalization. However, to date such impacts on the global sourcing process have not yet found their way to the global sourcing literature in any significant way. In this paper we therefore seek to apply an interaction perspective to elucidate the global sourcing process, borrowing from theories of internationalization that traditionally have tended to focus on downstream market development to see how the driving forces of global sourcing have been influenced by interaction between firms.

QUESTION ONE

Outline five major drivers behind global sourcing as alluded in the case study above.

[25 Marks]

SECTION B

QUESTION TWO

The reaction of many companies has been “outsource and forget” when instead it should be “outsource and manage”. Discuss this assertion. **[25 Marks]**

QUESTION THREE

Define the following terms as they relate to global sourcing:

- a) International purchasing **[5 marks]**
- b) Outsourcing **[5 marks]**
- c) strategic sourcing **[5 marks]**
- d) sole sourcing **[5 marks]**
- e) insourcing **[5 marks]**

QUESTION FOUR

Outline any five key performance indicators that has to be managed in outsourcing for effective service delivery. **[25 marks]**

QUESTION FIVE

Critically analyze any five ways to mitigate risks associated with global sourcing. **[25 marks]**