**BINDURA UNIVERSITY OF SCIENCE EDUCATION**

**FACULTY OF COMMERCE**

**DEPARTMENT OF ECONOMICS**



**DISSERTATION RESEARCH PROJECT**

**THE IMPACT OF GLOBAL SOURCING ON ORGANISATIONAL PERFORMANCE. A CASE OF DELTA BEVERAGES (HARARE).**

**BY**

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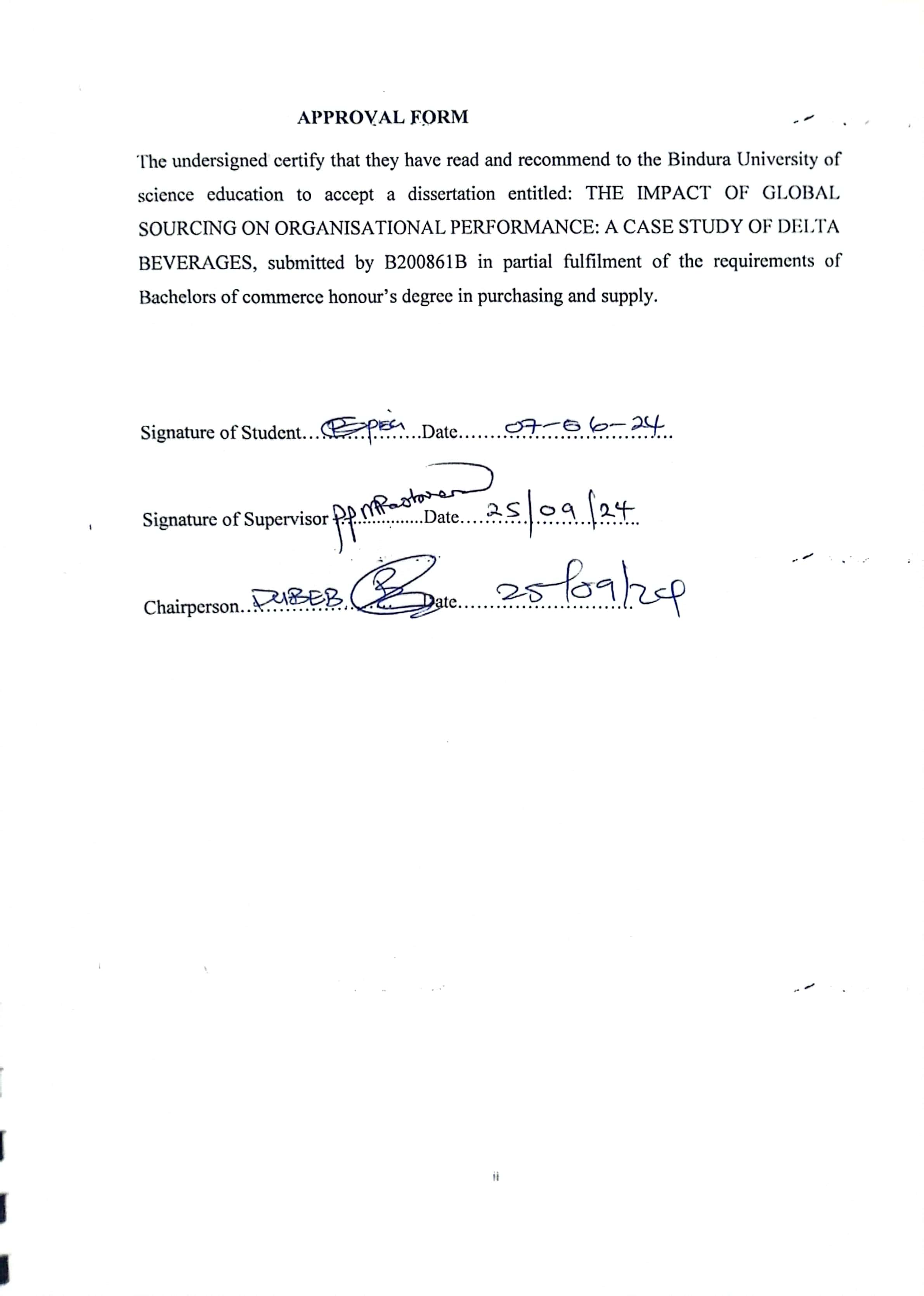
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**DEDICATION**  
I extend my deepest gratitude to the Almighty Father for bestowing upon me the gifts of strength, health and knowledge, which enabled me to complete this project. I also dedicate this work to my loving parents and siblings who have selflessly sacrificed their time, energy and resources to support me through my academic journey. Additionally I express my sincere appreciation to my supervisor whose guidance and support have been instrumental in my success. This dedication is a small token of my heartfelt appreciation to all those who have contributed to my growth and achievement.

**ABSTRACT**

As global supply chains continue to expand, global sourcing has become a crucial strategy for businesses seeking competitive advantages. This study aims to investigate the key drivers, critical success factors, impact, and challenges of global sourcing at Delta Beverages, a leading beverage manufacturer. A cross-sectional quantitative survey was conducted among 70 employees across various job roles and departments, revealing that the top three drivers of global sourcing were found to be the lack of local resources, cost savings, and competitive pressure. The findings also identified qualified personnel and a well-defined global sourcing process as critical success factors. Global sourcing practices led to access to resources, technological advancement, market expansion, competitive advantages, and improved supplier performance. However, challenges such as volatile economic environments, quality levels, language barriers, supplier selection complexity, and currency fluctuations need to be addressed. This study contributes to the understanding of global sourcing in the context of Delta Beverages, emphasizing the importance of qualified personnel and a well-defined global sourcing process. The findings provide actionable insights for organizations seeking to optimize their global sourcing practices, emphasizing the need for strategic planning, effective communication, and robust risk management to mitigate challenges and maximize benefits.

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**CHAPTER I**

**INTRODUCTION**

# **1.0 Introduction**

This chapter presents the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, and scope of the study and significance of the study.

**1.1 Background of the study**

The beverage industry is a significant contributor to the global economy, with projections indicating substantial growth (Grand View Research, 2020). The dynamic interplay of economic, social, and environmental factors has affected the industry (Porter & Kramer, 2011). Shifting consumer preferences, increasing demand for healthy and sustainable products, and technological advancements (Pew Charitable Trusts, 2022) shape the industry. The World Economic Forum's 'Global Risks Report 2023' highlights the impact of intense competition, rising production costs, and fluctuating market trends on companies in the beverage industry (World Economic Forum, 2023). These challenges underscore the need for strategic sourcing decisions to ensure operational efficiency and sustained competitiveness (Kabossa & Clemence, 2014).

Global sourcing has emerged as a strategic approach to enhance organizational performance (Msimangira & Venkatraman, 2014). It involves acquiring goods, services, or components from international suppliers to leverage cost savings, quality improvements, and access to new markets (Mentzer et al., 2001). Effective global sourcing can lead to improved efficiency, reduced lead times, and increased flexibility (Trent & Monczka, 2003). However, it also poses challenges, such as managing supplier relationships, ensuring quality control, and navigating complex international logistics (Verwijs, 2015). Cultural and language barriers, legal and regulatory differences, and political and economic risks add to the complexity of global sourcing (Hill, 2017).

Despite its potential benefits, there is a significant gap in understanding the impact of global sourcing on organizational performance, particularly in the context of the beverage industry (Dess & Robinson, 1984). Previous studies have focused on operational and financial aspects, highlighting the need for more research on strategic implications and holistic effects on organizational performance (Chen et al., 2011). This gap in literature underscores the importance of the current study in addressing these knowledge gaps.

This study aims to investigate the impact of global sourcing on organizational performance at Delta Beverages. By exploring key drivers, challenges, and outcomes, this research seeks to provide insights into optimizing global sourcing strategies for improved performance and sustained competitiveness.

# **1.2 Statement of the problem**

Delta Beverages has been facing a decline in the sales due to changes in consumer preferences, stiff competition and lack of resources on the local market, which has negatively affected the performance of the company. The company has find it difficult to carry on with its operations and contain operating costs whilst satisfying the demand of the market. Failure to address this problem will reduce market competitiveness and diminishing customer satisfaction affecting the Delta's financial performance. The declining sales of Delta Beverages would be addressed by pursuing a strategy of global sourcing that involve procuring raw materials on the global market rather than relying solely on domestic sources. This will help to increase efficiency that will in turn boost sales and profits thereby improving the company performance. Therefore, this study seeks to investigate the effects of global sourcing on organisational performance of Delta Beverages in Zimbabwe.

# **1.3 Purpose of the study**

The primary purpose of this study is to investigate the effects of global sourcing on organisational performance focusing on Delta Beverages as a case study.

# 1**.4 Research objectives**

* To identify key drivers for growth of global sourcing at Delta Beverages.
* To investigate the critical success factors of global sourcing at Delta Beverages.
* To assess the impact of global sourcing on the performance of Delta Beverages.
* To identify the challenges of global sourcing towards organizational performance at Delta Beverages.

# **1.5 Research questions**

* What are the key drivers of global sourcing at Delta Beverages?
* What practices are critical in the implementation of global sourcing at Delta Beverages?
* How does global sourcing affect the performance of Delta Beverages?
* What are the challenges of global sourcing towards organizational performance at Delta Beverages?

# **1.6 Significance of the study**

# **1.6.1 Other organisations**

The findings of this research will have far-reaching benefits for Delta Beverages and other beverage industry players, enabling them to identify obstacles to success address inconsistencies in global sourcing and inform effective planning.

# **1.6.2 The researcher**

This study will also contribute to the researcher’s academic growth, developing essential skills in research design, data analysis and communication. The study will also serve as a valuable resource for future scholars exploring similar topics.

# **1.6.3 The government**

The research may also inform government policy in Zimbabwe, promoting efficient procurement management and effective global sourcing strategies to ensure value for money.

# **1.7 Assumptions**

This research assumes that respondents will provide accurate and reliable information, essential for the study’s validity.

# **1.8 Delimitations of the study**

This research focuses specifically on Delta Beverages in Harare providing an in depth examination of the study area.

# **1.9 Limitations**

The respondents may misinterpret the questionnaire, leading to the collection of incorrect information, which can render the study ineffective. Some respondents initially hesitated to provide information due to fear of repercussions, but the researcher successfully convinced them to participate. Furthermore, respondents were initially reluctant to see direct benefits from the research, but the researcher's efforts to assure the safety of their information and encourage their cooperation helped address this concern. Lastly, the researcher's proactive measures, such as staying in touch with the respondents and sending reminders, helped mitigate the issue of respondent unwillingness to fill out the papers.

# **1.10 Definition of terms**

**Global sourcing**: it is the practising of acquiring goods and services from suppliers around the world to take advantage of the cost savings or benefits associated with doing business in different locations, Gary P. Pisano (2009).

**Sourcing:** it is finding, choosing, hiring and managing the best supply source feasible on a global scale, Apostol ova (2016).

**Challenges**: are set of factors that make the execution of task difficult.

**International purchasing**: it is a process of acquiring goods and services outside of one’s own country.

**Organisational performance**: refers to how well a company is doing in terms of its goals and objectives.

# **1.11 Summary**

This chapter outlined the key elements that define the entire research project. It provided insight into background data, research questions, presumptions and objectives, problem description; definitions of important words; and restrictions that prevented the research process from moving forward as intended. Chapter 2 will provide the theoretical framework, extensive literature addressing study objectives, empirical data, and research gap.

## 

**CHAPTER II**

# **LITERATURE REVIEW**

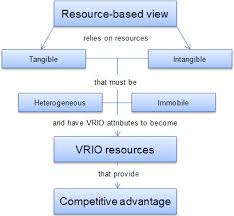
# **2.1 INTRODUCTION**

The purpose of a literature review is to assist in establishing a connection between previously conducted research and related theories and information gained on the subject of global sourcing. Information can be analysed as part of this process in order to determine how the strategy of global sourcing can affect company performance.

## **2.2 Theoretical literature**

## **2.2.1 Resource based theory Barney (1991)**

The resource-based theory is an influential approach in strategic management and it emphasizes the importance of strategic resources in providing organisations with competitive advantage in the market place. The theory emphasises that a firm’s competitive advantage stem from its unique and valuable resources and capabilities. These resources can include physical assets, human capital and organisational processes.



# ***Figure 2.1: Resource based theory: Source J. Barney (1991)***

Organisations can gain a competitive edge by leveraging unique resources as highlighted by Barney’s resource-based theory (1991). These resources must be scarce, valuable, difficult to replicate and non-interchangeable. According to Hitt et al. (2022), organizations can use their unique resources to establish a competitive advantage in the global market. By possessing these exceptional resources, the businesses can differentiate themselves, creating barriers to entry for competitors and effectively meet global demands (Tang, 2007). In the context of global sourcing, , companies can develop a competitive advantage by building and utilising resources like international logistics network and global expertise leading to improved performance in cost, efficiency and customer satisfaction.

## **2.2.2 Network theory**

The network theory proposes that businesses should build relationships with partners comprising activities, resources, and actors. These elements collaborate through meaningful connections to establish benefits and exchanges, fostering relationships and performance. The theory emphasizes the development of long-term, trust-based relationships between supply chain firms (Croom et al., 2000). Mikkola (2008) suggests that network relationships facilitate the exchange of information, granting buyers and sellers access to a broader range of resources and expertise thereby fostering long tern collaborations and mutual benefits. By fostering relationships and collaborations with suppliers, distributors, and logistics providers, organizations can gain a competitive edge in the global market. The network perspective also assists organizations in identifying opportunities for innovation and knowledge sharing, thereby enhancing supply chain efficiency (Arie Y. Lewin, Mar Pagell, & Daniel W. Vashon, 2008).

## **2.2.3 Porter’s competitive theory**

The Porter's theory (1979) provides a framework for analysing the competitive forces within an industry. This framework emphasizes that five major forces determine the attractiveness of an industry: the threat of new competitors, suppliers' negotiating strength, and the threat of substitutes, the intensity of rivalry among competitors, and the bargaining power of buyers. According to Kedia and Kabir (2009), Porter's five forces theory analyse the global environment, identifying both risks and opportunities. It also assists companies in assessing the competitiveness of a location and in establishing relationships with suppliers and buyers in the global market. Furthermore, Porter's theory suggests that in order to enhance value for money, companies should differentiate their products from those of their competitors.



*Fig 2.2 Porters Five Force Mode*l

## **2.3 Drivers for global sourcing**

## **2.3.1 Cost savings**

The drive for cost reduction is a significant factor that motivates global sourcing. The expansion of business operations, as stated by Yang Li (2016), is a corporate strategy aimed at enhancing quality and efficiency by adopting best practices, capturing market share in foreign markets, and reducing expenses with inexpensive labour. Monczka, Trent, and Handfield (2002) conducted a comprehensive survey of numerous companies to identify the drivers behind global sourcing. Their findings revealed that 64% of respondents considered cost savings to be a major factor influencing their decision to engage in global sourcing. Furthermore, in a study by Shih and Chiu (2011) focusing on Taiwanese firms, it was noted that these companies tended to utilize global sourcing as a means to achieve cost efficiency and access new technology.

## **2.3.2 Technological advancement**

In their examination of Taiwanese firms, Shih and Chiu (2011) discovered that these businesses utilize global sourcing as a means to acquire new technology. Their study also highlighted that global sourcing serves as a strategy for companies to keep pace with the rapid technological advancements in their respective industries. Harris (2006) reported that technological progress has simplified the global sourcing process, leading to enhanced efficiency and cost savings. The use of internet-based technologies, such as emails, plays a crucial factor contributing to the growing prevalence of global sourcing. The accessibility of global markets and the reduced costs associated with communication and transportation have further incentivized companies to engage in global sourcing (Kedia and Lahiri, 2007).

## **2.3.3 Low quality materials on the domestic market**

Global sourcing motivates the desire to improve the quality of goods and services, driven by the perception of low-quality offerings in the domestic market. As stated by John Kenagy (2016), the significance of quality has transcended national boundaries, becoming a global concern. In today's global marketplace, substandard products are simply not viable. Businesses are encouraged to procure from countries with established reputations for producing high-quality goods and implementing rigorous quality control measures such as audits and inspections to ensure product quality. This approach contribute to the maintenance of customer satisfaction and enhancing the company's brand image.

## **2.3.4 Trade agreements and economic integration**

Various factors, including trade agreements and economic integration exert influence on global sourcing. The formation of trade agreements and economic blocs, such as the European Union, has facilitated the movement of capital goods and services across international borders, creating opportunities for companies to explore interconnected markets. This has enabled collaboration and increased trade with other nations, providing access to new discoveries, technologies, and expertise. According to Dani Rodrick (2011), international economic integration has accelerated economic integration within and across countries, leading to increased global sourcing as businesses seek to capitalize on reduced trade barriers. Additionally, economic integration have a stronger impact in countries with higher levels of economic development, as noted by De, Mukhopadhyay, and Kalia (2015). Moreover, trade agreements, such as the North American Free Trade Agreement (NAFTA), has been observed to increase the level of global sourcing, particularly in countries like Mexico, as highlighted in a study by Ruiz, Barroso, and Sarkis (2017).

## **2.3.5 Competitive pressure**

According to Boyson and Konchar (2006), competitive pressures play a significant role in driving companies to engage in global sourcing, with the level of pressure varying across different industries, particularly affecting high-tech sectors. As the competitive landscape evolves from domestic markets to a broader global arena, companies are compelled to embrace new strategies for global competition (Michael Porter, 1979). Kobate and Sahay (2007) further underscored that companies are more inclined to pursue global sourcing when confronted with competition from low-cost countries.

## **2.3.6 Customer preferences**

Marketers are facing increasing pressure to innovate and provide value in order to attract and retain customers within a global consumer base, as noted by Kotler and Keller (2012). Additionally, the study by Kumar, Petersen, and Rangan (2004) revealed that consumer preferences for foreign goods could drive organizations to engage in global sourcing to meet these preferences. The evolving demand and preferences of consumers play a crucial role in driving global sourcing strategies, requiring organizations to adapt to these changes to remain competitive in the global market. To leverage global sourcing effectively, companies must offer a personalized experience that reflects consideration for the opinions and tastes of their customers.

## **2.3.7 Lack of resources locally**

A scarcity of resources domestically can drive businesses to seek talent and resources abroad, as highlighted by Thomas L. Friedman in "The World Is Flat" (2005). When local resources are inadequate, companies may be motivated to engage in global sourcing to procure supplies and services from international suppliers. The lack of skilled labour in the home country can also prompt companies to source internationally, as noted by Kumar, Petersen, and Rangan (2004). Through global sourcing, businesses can access resources that may be costly or unattainable domestically, while also mitigating risks associated with relying solely on one supplier, particularly in the face of resource shortages, supply chain disruptions, and geographical uncertainties.

## **2.4 The impact of global sourcing on organisational performance**

## **2.4.1 Market expansion**

According to Petersen, Kumar, and Rangan (2007), engaging in global sourcing can enable companies to expand into new markets and gain a significant market share. Additionally, a study by Cavusgil and Zou (1993) supports the notion that global sourcing can facilitate market expansion, as organizations that engage in global sourcing gain access to new markets, new customers, and improved market penetration. By leveraging global sourcing, businesses can reduce costs by accessing new markets and engaging with suppliers who are often more cost-effective than domestic ones. This cost-saving aspect allows companies to allocate the saved resources to enhance productivity (Anja Kuckez, 2009). Utilizing this sourcing approach, companies can access affordable resources, manufacturing capabilities, low-cost skilled personnel, and higher cost efficiencies, all of which contribute to improved cost-saving performance. Successful implementation of a global sourcing strategy should result in reduced production and procurement expenses, thereby enhancing financial performance and profitability (Smith, 2020). A well-executed global sourcing strategy can have a positive impact on overall company performance by facilitating market expansion and strengthening customer relationships (Wilson & Smith, 2020).

## **2.4.2 Adherence to regulations and industry standards**

Engaging in global sourcing allows companies to ensure compliance with industry standards and regulations while maintaining and enhancing product quality. Fesmire and Gaynor (2007) emphasize that global sourcing serves as a method for companies to uphold industry standards, which is crucial for maintaining a positive reputation and competitive position. Poor product quality can lead to revenue loss and dissatisfied customers, underscoring the importance of adhering to rules and regulations. Assessing the impact of global sourcing on improved product quality and compliance with industry standards entails examining product quality and defect rates (Brown & Johnson, 2021). Moreover, high-quality products can result in productivity gains and cost savings, ultimately influencing an organization's success (Hultman, Orrt, and Aspelund, 2014).

## **2.4.3 Supplier performance**

The effectiveness of global sourcing is heavily reliant on supplier performance, which directly influences organizational performance through its impact on supply chain reliability and product availability (Davis, 2018). According to Harland and Golicic (2006), favourable supplier performance can positively affect a company's financial performance by yielding cost savings and improved product quality, leading to increased sales. When evaluating the impact of global sourcing on organizational performance, it is essential to consider factors such as defect rates and supplier lead times. Global sourcing has the potential to enhance supplier performance in terms of delivering quality products and meeting delivery timelines, thereby fostering improved relationships between the company and its suppliers.

## **2.4.4 Technological advancement**

In a study conducted by Wagner, Kroos, and Buckley (2016), data from over 1500 firms across more than 20 countries was analysed to explore the impact of global sourcing on technological advancement. The findings revealed that firms involved in global sourcing experienced increased innovation. Global sourcing as a sourcing strategy exposes many businesses to new technologies, which can be integral to their operations (Telgen, 2004). Through reduced labor costs and enhanced productivity from advanced technology, companies can increase their output within a given timeframe, meeting consumer demands and boosting revenues by operating at maximum capacity, thereby enhancing organizational performance. Furthermore, when businesses outsource services, local employees have the opportunity to receive training, gaining access to new skills that can streamline their work and improve organizational efficiency, ultimately leading to heightened productivity (Schneider, 2006). Businesses opt for global sourcing because certain local suppliers may be unable to produce the necessary resources in sufficient quantities, hindering their ability to invest and maintain competitiveness.

## **2.4.5 Access to raw materials**

Global sourcing can enhance access to raw materials, resulting in lower costs and quality, as highlighted by Karaesmen and Toktay (2015). This access to a diverse range of materials can also contribute to the company's flexibility and adaptability. Furthermore, global sourcing facilitates engagement with new suppliers and increases supply chain visibility, as noted by Xun and Davis (2016). Despite the abundance of options available to consumers, the importance of quality remains significant. High-quality products not only reduce the risk and expense of replacing defective goods but also contribute to customer satisfaction and loyalty. Additionally, obtaining accreditation with an established quality standard allows businesses to establish a reputation for excellence (Tim, 2016). Many firms emphasize the superior quality of products produced abroad compared to those made domestically, often attributed to supplier investments in technology and their ability to attract international business. Access to items sourced abroad can raise awareness among domestic consumers, providing the company with an opportunity to surpass its rivals for market dominance.

## **2.4.6 Competitive advantages**

Engaging in global sourcing can provide the company with a competitive advantage by enabling the quicker and more cost-effective creation of new products compared to its competitors. According to Jay Barney (1991), an organization can gain a competitive edge in the market by developing resources and competencies that its rivals cannot replicate or match. Reduced production costs will lead to increased profits, ultimately enhancing the business's performance.

## **2.5 Critical success factors of global sourcing**

# **2.5.1 Commitment of time and resources**

According to Rajagopal and Bernard (1994), establishing a successful global sourcing strategy necessitates a significant commitment of time and resources. According to resource-based theory (1991), a firm's resources are a source of competitive advantage, and the effective utilisation determines the potential for achieving higher performance. In the context of global sourcing, dedicating time and resources is crucial for overcoming challenges related to cultural differences and language barriers. Several studies (Teeratansirikool et al., 2010; Olumese, 2013) have indicated that companies willing to invest time and resources in global sourcing initiatives are more likely to achieve success. Additionally, Birou and Fawcett (1993) emphasized the necessity of adopting a long-term perspective and receiving top management support to ensure the commitment of resources for developing a global sourcing strategy. Furthermore, Fagan (1991) highlighted the importance of organizations making a long-term commitment to global sourcing to maximise the benefits of the strategy, as short-term thinking can undermine its effectiveness.

# **2.5.2 Qualified personnel**

In their research, Qrunfleh and Tarafdar (2014) emphasized the significance of qualified personnel in the success of global sourcing initiatives, noting that such personnel can help companies overcome challenges related to business practices and regulatory issues. They highlighted that the specific skills and knowledge required for global sourcing differ from those needed for other sourcing methods, underscoring the importance for organizations to ensure they have qualified personnel for this role. The research of Trent and Monczka (2003) and Monczka et al. (2008), who suggested that organizations should take measures to ensure that their personnel possess the necessary qualifications for global sourcing to enhance the likelihood of success, supported this viewpoint. Additionally, a study by Shin and Zha (2004) revealed that companies with personnel possessing international experience are more likely to succeed in global sourcing. Furthermore, Elmuti and Kathawala (2001) found that cross-cultural management skills are essential for successful global sourcing, while Jun and Lam (2001) highlighted the crucial role of supply chain management skills, particularly in the areas of risk management and supplier selection.

# **2.5.3 Well defined global sourcing process**

Monczka's study in 2008 highlighted the significance of having a well-defined global sourcing process as a crucial factor in the success of an organization's global sourcing strategy. This process should be clear, well structured, and encompass defined goals and objectives, ultimately leading to cost efficiency, customer satisfaction, and improved supply chain management. According to Gattiker et al. (2017), companies with a well-defined global sourcing process are more likely to achieve their objectives, mitigate risks associated with global sourcing, and address supply chain disruptions. Furthermore, Weber, Michel, and Fleisch (2008) emphasized the importance of companies adopting a holistic approach to global sourcing rather than focusing on individual aspects in isolation. A well-defined global sourcing process ensures the involvement of all stakeholders, from procurement to supply chain management, helping the company establish clear responsibilities, lines of communication, and reduce the risk of misunderstandings (Tew, Hameri, and Mitchell, 2016).

# **2.5.4 Organisational structure**

The organizational structure plays a crucial role in supporting global sourcing strategies. Ganesh and Dornier (2006) highlighted the importance of a centralized organizational structure for global sourcing, emphasizing its ability to manage the complexity and uncertainties associated with global sourcing. This structure requires the presence of teams with the right knowledge, skills, and processes to support global sourcing. Choi Yu and Hong (2015) found that companies with strong structural systems and processes for global sourcing achieved higher levels of performance, including cost reduction and product quality, and demonstrated a greater ability to adapt to changing market conditions.

# **2.5.5 International purchasing offices**

Monczka et al. (2008) emphasized the importance of international purchasing offices (IPOs) as a critical success factor for global sourcing. These IPOs serve as procurement centre is that enhance communication and collaboration with suppliers, expediting the procurement process. According to Zhang and Zhang (2017), companies with IPOs can achieve cost reductions as these offices negotiate better prices with suppliers due to their knowledge and experience. Additionally, Cai et al. (2018) suggested that IPOs could help organizations identify risks by monitoring local market conditions and understanding local laws and regulations. Furthermore, according to Erdem, Altan, and Bilkan (2010), IPOs have the capacity to provide market intelligence, establish relationships with suppliers, and negotiate better terms, ultimately improving coordination and communication with suppliers.

# **2.5.6 Methodology for measuring cost and savings**

It is essential for companies to assess the benefits and savings derived from global sourcing, necessitating the establishment of a system to track and monitor savings, along with other benefits such as enhanced quality. Rajagopal and Bernard (1994) discovered that numerous organizations encountered challenges in measuring the efficiency of global sourcing. Furthermore, Lee, Gordon, and Liao (2005) emphasized the significance of measuring savings through statistical methods, specifically regression analysis. Therefore, it is crucial for organizations to measure and assess the effectiveness of their global sourcing initiatives.

## **2.6 Challenges of Global Sourcing**

Companies must overcome the obstacles posed by global sourcing in order to successfully in their global procurement activities. Nonetheless, the following are the obstacles that global sourcing presents for organizational performance.

## **2.6.1 Quality levels**

The management of quality in global sourcing can be challenging due to issues such as lack of trust and coordination, as highlighted by Huang, Wiese, and Zhao (2012). However, the authors suggested that establishing clear communication channels and building trust could address these challenges. Additionally, a risk-based approach to global sourcing, involving the identification and management of risks at every stage of the supply chain, is essential. Meeting global suppliers' quality standards can be difficult, affecting the quality of goods and services sourced from other countries. The need for a risk-based approach to global sourcing, as well as the challenges and potential solutions related to quality management in are crucial considerations for organizations engaged in global sourcing initiatives.

## **2.6.2 Accountability and compliance**

According to Schiavo (2006), accountability is the obligation of an individual or organisation to account for its activities, accept responsibility for them and to disclose the results in a clear manner. Compliance is a process of conforming to establish laws, policies and regulations. According to Scannell (2011), in his paper he states that, without accountability companies are tempted to engage with unethical or illegal activities, which can negatively affect the company. He also argues that a company can face legal and financial penalties as well as damage to the organisation reputation. According to Chau and Hu (2009), they suggested that the company need to take proactive approach to ensure compliance, including training employees and suppliers, conducting due audits and conducting a compliance management system. Therefore, compliance and accountability is important for the company when engaging in global sourcing because creates a fair and ethical global supply chain efficiency.

## **2.6.3 Language barriers**

Scannell (2011) noted that language barriers could lead to misunderstandings and miscommunications, causing delays and errors in the supply chain, while also posing challenges for companies in understanding and complying with local laws, regulations, and cultural norms. To address this, the author suggested that companies invest in training programs to educate employees about the culture and language of other countries. Similarly, Kester (2009) found that language barriers could create problems for companies navigating complex local regulations. Additionally, Tseng and Ma (2011) found that language barriers could hinder the development of relationships and trust with suppliers. A case study by Haag and Stohr (2011) examined a company's challenges in sourcing products from China due to language barriers, resulting in missed deadlines and costly mistakes. Language barriers can also make it difficult to understand suppliers' terms and conditions (Thomas and Gupta, 2003).

## **2.6.4 Currency fluctuations**

According to Scannell and Ceballos (2012), they discovered that currency fluctuations can impact the cost of sourcing goods from other countries, as changes in exchange rates can result in unexpected price fluctuations, posing challenges for companies when budgeting. These fluctuations can lead to price volatility, making it challenging companies to maintain product prices. Similarly, Dou and Cheng (2016) investigated the impact of currency fluctuations on the cost of spare parts in the airline industry and found that unexpected fluctuations could result in unnecessary costs, potentially affecting business profits negatively.

## **2.6.5 Supplier selection complexity**

Selecting the best suppliers from the international market is a challenging and time-consuming process, requiring careful analysis and consideration. It is a crucial step in implementing global sourcing, as the success of a manufacturing company depends significantly on the selection and assessment of its suppliers within the supply chain process (Hartley and Choi 2000). According to Croom, Rom, and Ricard (2000), supplier complexity can result in increased costs, delays, and disruptions in the supply chain, leading to poor communication, reduced coordination, and a lack of trust between the supplier and the company (Vachon and Klassen, 2006). According to Wisner, Leong, & Tan, 2005), effective supplier selection involves evaluating multiple factors including cycle times, pricing and quality requirements to ensure a reliable and efficient supply chain.

## **2.6.6 Volatile economic and political environment**

According to Wei and Choi (2006), economic and political uncertainty can have an impact on the performance of global supply chains, affecting the company's ability to forecast demand, manage inventory, and control costs. The authors argue that this uncertainty can also influence a company's decision to invest in a foreign country. When operating in a politically uncertain environment, companies may need to reassess their investment plans. Dealing with unstable political and economic conditions across borders can introduce risks and uncertainties into sourcing processes. To succeed in the current dynamic and unpredictable global environment, organizations must proactively manage risks, establish resilient supply chains, and adapt their strategies (Cook, 2006).

## **2.6.7 Different standards**

Differences in the stages of industrialization among nations have led to variations in industrial standards globally. Therefore, before sharing designs with suppliers who might adhere to different technical standards, corporations must carefully evaluate the situations and clarify any differences. It may take time for suppliers to grasp the industrial requirements in the buyer's country. Neglecting various standards can impede international collaboration, and standards that diverge from global expectations can result in costly problems or even the failure of global sourcing. Government regulations, such as tariffs and quotas, directly and indirectly affect global sourcing (Sowinski, 1999). Governments used tariffs and quotas to generate revenue and increase the cost of foreign goods to protect domestic products. International trade regulations, customs procedures, and other complex issues pose additional challenges for foreign buyers to navigate (Cho & Kang, 2001).

## **2.6.8 Logistics complexity**

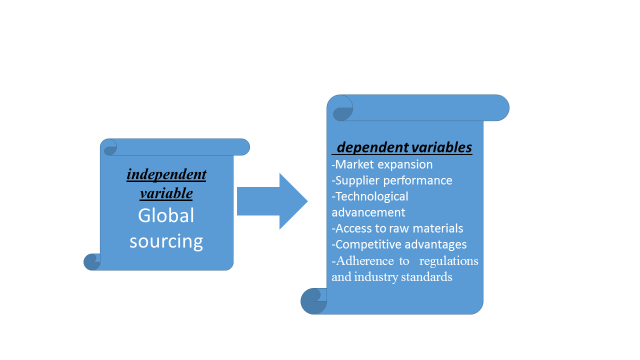
Kim and Yu (2017) define logistics complexity as the level to which logistics activities are intricate and challenging to execute, potentially leading to increased costs, time delays, and other inefficiencies. Factors such as increased distance and cultural differences can contribute to logistics complexity, making it challenging to manage transportation, customs, and warehouse logistics in the context of global sourcing. In global sourcing, logistics encompasses various additional challenges, including extensive inventory management, border-crossing processes, and transportation delays (Boyce, 1999; Bradley, Thomas, Gooley, & Cooke, 1998). Moreover, in the implementation of global sourcing, procurement executives in low-cost developing countries may encounter difficulties due to a lack of comprehensive logistics understanding.

## **2.6.9 Time consuming**

Phillips (2010) defines cycle time as the duration required to identify suppliers capable of meeting the organization's requirements, a process that can be time-consuming due to numerous obstacles and challenges. Tasks such as negotiation and due diligence demand significant time and resources to accomplish effectively. Additionally, tendering procedures for awarding contracts can be time-consuming, leading to delays in other critical activities (Harvey 2014).

## **2.7 Conceptual framework**

In the context of global sourcing and organizational performance, a conceptual framework offers an organized method to comprehend the connections between different concepts, constructions, and variables. It provides a framework that links various concepts, theories, and empirical data and acts as a roadmap for conceptualizing and structuring the effect of global sourcing on organizational performance.



***Figure: 2.3 conceptual framework, Research source (2024)***

## **2.8 Empirical studies**

Drawing from Kotabe & Murray (2018), the study underscores the pivotal role of cost reduction, access to new markets, and improved quality as primary drivers for the growth of global sourcing. Additionally, insights from Nassimbeni & Sartor (2018) emphasize the influence of technological advancements and heightened demand for customization in driving the evolution of global sourcing strategies.

Chan and Chin (2007) conducted an empirical investigation into the critical success factors (KSFs) of global sourcing within the Hong Kong toy industry. By synthesizing insights from a literature review and surveying 205 companies, they identified 14 key success factors. The study affirmed the significance of these KSFs and their positive correlation with sourcing performance. However, it revealed a limited adoption of these factors among Hong Kong toy companies. Employing the analytical hierarchy process (AHP) approach, the study prioritized the identified KSFs and recommended that manufacturers concentrate on the most crucial factors to enhance their strategic sourcing practices and performance. The 14 KSFs encompass clear sourcing objectives, top management support, cross-functional teams, supplier evaluation and selection, effective communication, contract management, risk management, quality management, cost management, delivery management, inventory management, information technology, performance measurement, and continuous improvement. This research offers valuable insights for manufacturers aiming to optimize their global sourcing strategies and bolster their competitiveness in the global market.

Arreola-Risa and Haight's 2017 study "Global sourcing and firm performance: A meta-analysis" revealed a small yet positive influence of global sourcing on company performance. They also found that larger and more diverse organizations tend to experience a more positive impact. Furthermore, the study shows the advantages of global sourcing when a company diversifies its sourcing across many countries, especially when the company’s headquarters is in a developed country, which can leverage global sourcing to enhance their competitive edge. Furthermore, Kedia and Mukherjee (2009) conducted a study that demonstrated the positive impact of global sourcing on a firm's financial performance. The authors contended that global sourcing enables firms to lower costs, enhance quality, and foster innovation, consequently leading to improved financial outcomes. Similarly, Monczka et al. (2010) found that companies involved in global sourcing activities achieve a higher return on investment (ROI) compared to those that do not. This was attributed to firms' ability to access a broader array of suppliers, thereby enhancing their bargaining power and enabling them to negotiate prices that are more favourable.

Lee and Kim's study in 2010 delved into the correlation between the performance of small and medium-sized enterprises (SMEs) and their global sourcing strategy. The researchers concluded that SMEs experienced success after implementing a global sourcing strategy, leading to improved financial performance and access to diverse markets. They emphasized the significance of global sourcing for SMEs, acknowledging the challenges posed by distance and cultural differences while highlighting benefits such as cost savings, enhanced quality, and market access. Additionally in a study conducted by Jinsook Cho and Jikyeong Kang in 2001, the challenges of global sourcing encompasses of logistics, regulations, cultural differences, and country uncertainty. These challenges were observed to vary based on factors such as product type, import volume, experience, and the regions from which sourcing was carried out. The research involved 148 apparel retail firms in the United States.

## **2.9 Research gap**

Numerous studies have been conducted to investigate the impact of global sourcing on organisational performance. However, there is a gap in a comprehensive analysis of several critical aspects. There is a lack of in -depth exploration into long-term effects of global sourcing strategies on organisational performance and the impact of global sourcing on non-financial performance metrics such as innovation and employee morale. Therefore, this study seeks to provide insights to Delta Beverages on the effects of global sourcing on organisational performance

## **2.10 Chapter Summary**

This chapter has examined the previous studies on the effects of global sourcing on organisational performance. It emphasized the need for further investigation and identifying knowledge gaps in the current literature. The next chapter will outline the research methods and design used to accomplish the study’s goals and the methodology employed.

**CHAPTER III**

# **RESEARCH METHODOLOGY**

# **3.1 Introduction**

This chapter outlines the research methodology used to investigate the topic under study, providing a structured approach to answering the research questions. It describe the procedures and techniques employed in collecting, processing and analysing the data ensuring a systematic approach. The following subsections detail the research strategy, study design, population, data collection tools, data methods and analysis techniques used to gathered and interpret the data.

# **3.2 Research Design**

This study utilised a mixed methods approach, combing both qualitative and quantitative to provide a comprehensive understanding of the research topic. The quantitative component focused on collecting numerical data to analyse demographic characteristics, while the qualitative component gathered narrative data to gain a deeper understanding of participant’s perspectives and opinions. A descriptive design was used to capture both types of data offering detailed understanding of the study’s findings.

# **3.3 Target Population**

According to Lavrakas (2008), the target population refers to the entire set of subjects for which the survey data are intended to represent enabling researchers to make inferences and generalisations about the specific group. Defining the target population is crucial as it determines the generalizability of the survey findings. In this study, the research population consists of 70 members, representing the entire population of Delta Beverages. It is essential to define the research population in terms of specific traits such as age, gender, or geography to ensure that the findings are representative of the community as a whole and applicable to it. The researcher investigated the research using 70 respondents, representing the entire population of Delta Beverages.

**3.4 Sampling methods and techniques**

**3.4.1 Stratified sampling**

The researcher employed stratified random sampling due to the well-defined strata within the target population. This approach involves dividing the population into smaller groups or strata, selecting participants randomly from each stratum.in this research, the strata included management and employees, with random sampling conducted within each group to capture a diverse range of perspectives and experiences.

# **3.5 Sources of data**

This study employed both primary and secondary data resources to provide a diverse dataset.

# **3.5.1 Primary data**

Primary data was gathered through Skype interviews with experienced individuals from Delta beverages targeting those with comprehensive knowledge and senior positions offering a broad perspective on macro and macro management.

# **3.5.2 Secondary data**

Secondary data collection primarily employed desk research methodology, providing extensive literature reviews and expanding the author’s knowledge on the subject.

# **3.6 Research Instruments**

The research instruments used in the study included interviews and questionnaires with a five-point scale. Interviews provided the opportunity to gather detailed, first-hand information, while questionnaires were effective for collecting data from a large number of respondents.

# **3.6.1 Interviews**

The author opted for a remote interview instead of a traditional face-to-face approach, levering modern information technology to facilitate communication through email, yahoo messenger, Skype or other digital means thereby overcoming geographical and temporal barriers. Pre-structured questions were sent to interviewees via email before the Skype meetings refined through pilot testing and discussions with the author’s supervisor (refer to appendix B). These questions were developed based on theoretical literature and authors understanding through casual conversations during the interviews. Interviewees received pre-structured questions one to two weeks in advance allowing time for preparation. The interview process from preparation to completion spanned one month (early April to early May 2024).

# **3.6.2 Questionnaires**

A study technique known as a questionnaire includes posing a series of questions to participants. This study uses questionnaires because they are an effective technique to get information from a large number of respondents. Respondents provided a list of flexible questions that allowed for the collection of both objective and subjective data using both open-ended and closed-ended questions. Since questionnaires were developed from the study aim, the questionnaire was designed to address the research objective. The researcher uses questionnaires because they are useful, tailored to certain populations, and handled in a variety of ways. The researcher uses them because of their comparability since, after the information collected has been quantified, they will be utilized so that it can be used to identify the similarities and difference to other related researches. Additionally, surveys provide actionable data. The more data collected, the clearer the picture gets, enabling the development of new tactics and the capacity to track response trends (Saunders et al. 2009).

**3.7 Data collection procedure**

**3.7.1 Data validity**

In statistics, data validity refers to the practical usefulness of a measure indicating how well research instruments accurately assess the intended variables (Surbhi, 2017). To ensure the suitability and relevance of the survey questions, the researcher consulted with their supervisor confirming their alignment with the research topic. The study was structured to ensure consistency between theoretical concepts and practical implementation, with clear guidelines for data collection to ensure consistency across different groups.

**3.7.2 Data reliability**

According to Surbhi (2017), reliability refers to the consistency of outcomes achieved when a measurement tool is used consistently highlighting the need for reliable methods in research. Approaches to assess reliability include test-retest, internal consistency methods, and alternative forms. Two key aspects of reliability are stability and equivalence. Stability can be evaluated by comparing results from repeated measurements, while equivalence is gauged when two or more researchers compare their observations of the same events. According to Wallen, 2003, reliability in research is achieved when a study produces consistent results with minimal variation, despite conducted by different researchers under stable conditions. To ensure the study's reliability, the researcher will regularly meet with the supervisor to measure internal consistency (i.e., reliability coefficient) on scheduled dates.

**3.8 Ethical Considerations**

This study respected participants autonomy and ensured voluntary participation through informed consent and clear explanations of the study’s purpose and participants rights. The researcher maintained confidentiality and ensures that collected data was used solely for the study’s purpose. Additionally the researcher minimised potential harm through careful planning and adherence to ethical research standards, upholding ethical principles and responsible research practices.

# **3.9 Data Processing, Analysis and Presentation**

To analyse the data, the study employed logical techniques and descriptive statistics, presenting the findings through tables, figures, and graphs. Microsoft Excel was used for data analysis, with a deductive method applied to assess qualitative data.

# **3.10 Chapter summary**

The chapter provides an overview of the study’s analysis and findings regarding the influence of global sourcing on organisational performance. The data was gathered through questionnaires and interviews and the chapter outlines the analytical methods employed and emphasizes the significant findings along with their implications for the research objectives.

**CHAPTER IV**

# **DATA ANALYSIS, PRESENTATION, AND INTERPRETATION OF DATA**

# **4.1 Introduction**

In this chapter, the study’s analysis and findings concerning the impact of global sourcing on organisational performance are presented. The data gathered through questionnaires and interviews is used to outline the analytical methods employed and to underscore the key findings along with their implication for the research objectives.

# **4.2 Response rate**

The response rate of 91% for the questionnaires, with 64 out of 70 received from the research participants, indicates a high level of engagement and willingness to contribute to the study. This high response rate is a positive indicator of the participants' interest in the research topic and their commitment to providing valuable insights. Furthermore, the inclusion of participants from strategic, middle management, and administrative levels ensures a comprehensive representation of perspectives within the organization, enhancing the validity and reliability of the study's findings.

**Table 4.1: Response rate of interviews and questionnaires at Delta Beverages**

|  |  |  |  |
| --- | --- | --- | --- |
| Instruments | Target population | Actual response | Response rate |
| Interviews | 10 | 10 | 100% |
| questionnaires | 70 | 64 | 91% |

Research source 2024

# **4.3 Demographic characteristics of respondents**

The researcher needed to gain a comprehensive understanding of the demographic characteristics of the survey participants in order to evaluate their contributions. These characteristics encompassed various factors such as gender, age, serving period and educational attainment as depicted in figures. This detailed insight into the respondents’ demographic profiles was crucial for assessing their overall impact and involvement in the study.

# **4.3.1 Gender distribution**

The study aimed to examine the active participation of both males and females in the organization. It emphasized the importance on ensuring a fair gender distribution to obtain unbiased and gender sensitive data. This approach was crucial for obtaining a diverse range of data and insights.

Figure 4.1: gender distribution source: primary source

The study results show that 15% of the respondents were female and then 85% of the targeted responded were males. This suggests a dominance of male respondents in the study. The implication provided for this imbalance is the company’s policy to employ more male employees than females, purportedly due to the perceived better performance of males on certain tasks within the company.

# **4.3.2 Level of management**

**Table 4.2 level of management**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Frequency | percent |
| Valid | Strategic management  Middle management | 23  17 | 34  27 |
| Lower management | 24 | 39 |
|  | Total | 64 | 100 |

Source: primary data, 2024

The study used stratified sampling, with the respondents (27%) in middle management, followed by lower management (39%) and strategic management (34%). This ensures data analysis from all levels of the organisation.

# **4.3.3 Working period**

**Table 4.3: Working period**

|  |  |  |
| --- | --- | --- |
|  | Frequency | Percent |
| 1-5 years | 15 | 23 |
| Valid 5-10 years  10-20 years | 23  26 | 36  41 |
| Total | 64 | 100 |

*Source: Primary Data, 2024*

As shown in table 4.3, a significant proportion of respondents (41%) have a tenure of 10-20 years, while 36% have worked for 5-10 years and 23% years for 1-5 years. This substantial work experience suggests that the respondents have a deep understanding of Delta beverages global sourcing strategy, offering valuable perspectives on its impact.

# **4.3.4 Age of respondent**

The age of participants was a significant factor for the researcher, as it provided valuable insights into the effects of global sourcing on organizational performance. This particular variable enabled the researcher to understand the age of the individuals involved in the study. Figure 4.2 illustrates the age of the respondents.

**Figure 4.2: age group source: primary source**

The data indicates a predominant representation of younger and middle aged adults within the sample with the 30-34 age range comprising the largest proportion at 29%. Additionally the 25-29 age group represents 26% of the respondents, highlighting a substantial concentration of individuals in their late twenties. The 18-24 age group constitutes 17% of the total sample demonstrating a notable presence of young adults. Furthermore, middle-aged respondents are discernibly present with 14% falling with in the 35-40 age range and 8% with 41-44 age group. In contrast the 45 and above age group represents the smallest proportion at 6% indicating a relatively modest representation of older adults within the sam**4.3.5 Academic qualification of respondents**

The researcher identified the academic qualifications of the respondents as a crucial variable for conducting the research study. Figure 4.3 visually represents the distribution of academic qualifications among the respondents.

**Figure 4.3 academic qualifications source: primary source**

Figure 4.4 indicates that 23% of the population in the study had certificates, 17% had diplomas, 26% posed undergraduates, 20% had masters and only 14% had PHDs. This shows that the people in the study where educated and highly qualified to be in this study and help the research to be relevant and reliable.

# **4. 4 Research findings**

This section presents the findings of the research study, which aimed to investigate the key drivers, critical success factors, impact, and challenges of global sourcing at Delta Beverages. An analysis of data from 64 questionnaires survey respondents yielded the findings.

# **4.4.1 Key drivers of global sourcing at Delta Beverages.**

The first objective of this study was to identify the key drivers of global sourcing at Delta Beverages. Table 4.4 shows the results in relation to this objective.

# **Table 4.4 Key drivers of global sourcing**

|  |  |  |  |
| --- | --- | --- | --- |
| Statements | N | Mean | Std. deviation |
| Statistics | statistics | statistics |
| Cost savings | 64 | 3.8108 | .7311 |
| Competitive pressure | 64 | 3.8108 | 8.133 |
| Customer preferences | 64 | 3.7027 | .8149 |
| Lack of resources locally | 64 | 3.8243 | .7635 |
| Valid N (list wise) | 64 | 3.79 |  |

**Research source 2024**

The table shows that lack of resources was the most critical driver of global sourcing with a mean of 3.8242.This indicates that respondents considered lack of resources locally was the most significant factor driving the organisation’s decision to engage in global sourcing. Cost savings has the mean of 3.8108, this indicate that the organisation prioritise this factor to achieve cost reduction and remain competitive in the market. Furthermore, competitive pressure has mean of 3.8108 suggesting that it is another dominant driver of global sourcing. This driver highlights the importance of monitoring the organisation trends and adapting sourcing strategies to stay ahead in the market. Moreover, customer preferences with mean of 3.7027, it is evident that the organisation must consider customer demands for lower prices and access to a wider range of products when developing a global sourcing strategy. These findings suggest that Delta Beverages should prioritize addressing the lack of local resources and focus on cost savings and competitive pressure to drive its global sourcing strategy.

# **4.4.2 Critical success factors of global sourcing**

The table below shows the critical success factors of global sourcing; the mean represents the average percentage of respondents who considered each factor critical. A higher mean indicates a higher percentage of respondents considered the factor critical.

# **Table 4.5 critical success factors**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Statements** | **SA** | **A** | **NS** | **DA** | **SDA** |
| Commitment of time and resources | 34.78% | 41.30% | 0% | 12% | 11.92% |
| Qualified personnel | 45.95% | 28.38% | 0% | 16.27% | 9.40% |
| Organisational structure | 32.43% | 51.35% | 0% | 3.40% | 12.82% |
| International purchasing offices | 29.73% | 23.65% | 14.86% | 31,08% | 0.68% |
| Well defined global sourcing process | 30,41% | 45.48% | 0% | 8.90% | 15.21% |
| Methodology for measuring savings | 27.03% | 21,62% | 40,54% | 0% | 10.81% |

**(Research source 2024)**

The data shows that 76.08% either strongly agree or agree that commitment of time and Resources is critical for success in global sourcing. This indicate the importance of dedicating adequate time and resources to ensure successful outcomes in the global sourcing process. The respondents of 83.78% emphasised that organisation structure is important in the implementation of global sourcing; a well-defined and effective structure helps in facilitating a global sourcing activities. A proportion of 53, 38% neither agree nor disagree on international purchasing offices, this suggests a lack of strong consensus on the importance of this factor in global sourcing. A total of 74.33% strongly agree and agree that having qualified personnel is important in the success of global sourcing , this indicate the critical role of skilled and competent personnel in driving successful global sourcing initiatives. Significant majorities of 75.89% respondents either agrees or strongly agree that a well-defined global sourcing process is important. This reflect the importance of establishing clear and effective processes for global sourcing. Methodology for measuring savings has a substantial proportion of 40.54%, suggesting a lack of agreement on this factor. These findings highlight the importance of dedicating adequate time and resources, having skilled personnel, a suitable organizational structure, and a clear global sourcing process for successful global sourcing initiatives.

# **4.4.3 The impact of global sourcing on organizational performance**

The research aimed to explore the effects of global sourcing on organisational performance. To achieve this, respondents were presented with a series of statements and asked to rate their level of agreement using a five-point scale.’ Strongly Agree ‘(SA), ’Agree (A), Not Sure (NS), Disagree (DA) and Strongly Disagree (SDA). The findings related to this objective are shown in table 4.6.

# **Table 4.6 Descriptive Statistics on the impact of global sourcing on organisation**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Statements | SA | A | NS | DA | SDA |
| It enabled the organisation to have access to resources | 33% | 46% | 9% | 12% | 0% |
| It has resulted in technological advancement | 34% | 45% | 11% | 6% | 4% |
| The practise of global sourcing has resulted in market expansion | 30 % | 45% | 14% | 9% | 2% |
| It has led to competitive advantages | 31% | 50% | 14% | 3% | 2% |
| . It led to improved supplier performance | 33% | 41% | 9% | 13% | 6% |

**Research source 2024**

The tables shows that 79% of the respondents either agree or strongly agreed that global sourcing can lead to access to raw materials , this indicates a positive perception of resource availability in the organisation. Meanwhile a notable 12% of respondents disagreed with this statement, indicating that access to resources is a significant challenges .A portion of 79% agreed that the organisation has embraced technological advancement. This indicate a positive perception of the company’s approach to technology. A notable 10% strongly disagree due to different attitudes towards technological advancement within the organisation. The findings indicate that 75% respondents either agree or strongly agreed that the company is effectively expanding into new markets, and this indicate a positive outlook on the company’s market expansion effort. However, a small proportion of respondents (11%) disagreed with the effectiveness of global sourcing on market expansion. Moreover, the majority of respondents (81%) agreed that global sourcing has resulted in competitive advantages for the organisation while 5% disagreed. The response for those who agreed that global sourcing has led improved supplier performance was 75%, 19% strongly disagreed. The results shows that global sourcing had a positive effect on various aspects of organisational performance with many respondents agreeing on each factor. This indicate that global sourcing has been effective strategy for accessing resources, technology, market expansion competitive advantages and improved supplier performance.

# **4.4.4 Challenges of global sourcing**

**Table 4.7: Challenges of global sourcing towards organisational performance**

|  |  |  |  |
| --- | --- | --- | --- |
| statement | N | mean | Std. deviation |
| Statistics | statistics | Statistics |
| Volatile economic environment | 64 | 3.7703 | .7529 |
| Quality levels | 64 | 3.5811 | .86018 |
| Language barriers | 64 | 3.8649 | .81635 |
| Supplier selection complexity | 64 | 3.8108 | .73421 |
| Currency fluctuations | 64 | 3.6622 | .8555 |
| Time consuming | 64 | 3.5676 | .84531 |
| Valid N (list wise) | 64 |  |  |

**Resource source 2024**

Based on the findings, it is clear that the challenges of global sourcing are multifaceted. The results indicate that the volatile economic environment is perceived as a significant challenge, with a mean score of 3.7703 and a standard deviation of 0.75029. This suggests that respondents consider the unpredictability of economic conditions to be a major concern, potentially affecting decision-making and planning. Similarly, quality levels is a notable challenge, as evidenced by a mean score of 3.5811 and a standard deviation of 0.86018. This underscores the importance of maintaining consistent quality standards across diverse sourcing locations. Furthermore, language barriers is also recognized as a significant challenge, with a mean score of 3.8649 and a standard deviation of 0.81635, highlighting the complexity of communication in a global context. In addition, the complexity of supplier selection is highlighted as a notable challenge, with a mean score of 3.8108 and a standard deviation of 0.73421, underscoring the intricacies involved in identifying and engaging with suitable suppliers. Moreover, currency fluctuations are perceived as a significant challenge, with a mean score of 3.6622 and a standard deviation of 0.81555, reflecting the potential impact on cost management and financial planning. The time-consuming nature of global sourcing is also emphasized, with a mean score of 3.5270 and a standard deviation of 0.66668, indicating the resource-intensive nature of sourcing activities. Finally, different standards are recognized as a significant challenge, as indicated by a mean score of 3.5676 and a standard deviation of 0.84531, emphasizing the complexities associated with harmonizing diverse regulatory and operational standards across multiple sourcing locations.

**4.5 Results from qualitative analysis**

**4.5.1 To identify the key drivers of global sourcing at Delta Beverages**

Respondents emphasized the importance of accessing resources not available locally, reducing costs, and staying competitive in the market.

One respondent noted, *"Global sourcing allows us to access high-quality materials that are not available locally, which improves our product quality."*

Another respondent stated*, "Global sourcing helps us to reduce costs and stay competitive in the market."*

The qualitative findings support the quantitative findings, which identified the lack of resources locally, cost savings, and competitive pressure as the key drivers of global sourcing. The respondents' comments highlight the importance of accessing high-quality materials and reducing costs in order to stay competitive in the market.

# **4.5.2 To determine the critical success factors of global sourcing at Delta Beverages**

This section will examine the critical success factors of global sourcing at Delta Beverages, as identified by the respondents. Respondents highlighted the need for dedicated resources, a clear organizational structure, skilled personnel, and a well-defined process for successful global sourcing.

The respondent stated, *"Having a dedicated team for global sourcing has been crucial for our success, a clear organizational structure and skilled personnel are essential for managing global sourcing effectively."*

The respondents' comments emphasize the importance of having a dedicated team, a clear organizational structure, and skilled personnel in order to manage global sourcing effectively.

# **4.5.3 The impact of global sourcing on organizational performance at Delta Beverages**

Respondents noted that global sourcing has enabled the organization to access new markets, improve product quality, and increase efficiency. One respondent commented,

"*Global sourcing has allowed us to expand our product offerings and enter new markets, which has been a game-changer for our business.*

The respondents' comments highlight the specific benefits of global sourcing, including accessing new markets, improving product quality, and increasing efficiency.

# **4.5.4 The challenges of global sourcing at Delta Beverages**

Respondents emphasized the challenges of navigating different regulatory environments, managing quality control, communicating across languages and cultures, selecting suitable suppliers, and managing currency fluctuations. One of the senior manager said the following on the interview:

"*Managing quality control across different suppliers and countries has been a significant challenge for us."*

# **4.6 Discussion of Findings**

The findings of this study highlight the key drivers, critical success factors, impact, and challenges of global sourcing at Delta Beverages. The study's findings suggest that global sourcing has been an effective strategy for accessing resources, technology, market expansion, competitive advantages, and improved supplier performance. However, the study also highlights the challenges of global sourcing, including volatile economic environments, quality levels, language barriers, supplier selection complexity, currency fluctuations, and time-consuming nature.

The findings support the literature review, which emphasized the importance of global sourcing in today's competitive market. The study's findings also align with the research objectives, which aimed to investigate the key drivers, critical success factors, impact, and challenges of global sourcing at Delta Beverages.

The implications of the study's findings are significant, as they highlight the need for organizations to carefully consider the key drivers, critical success factors, impact, and challenges of global sourcing when implementing this strategy. The findings suggest that organizations should prioritize accessing resources, technology, market expansion, competitive advantages, and improved supplier performance when engaging in global sourcing.

Furthermore, the study's findings highlight the importance of a well-defined global sourcing process, qualified personnel, and a clear organizational structure in ensuring the success of global sourcing initiatives. The findings also emphasize the need for organizations to be aware of the challenges associated with global sourcing, such as volatile economic environments, quality levels, language barriers, supplier selection complexity, currency fluctuations, and time-consuming nature.

In terms of theoretical contributions, this study provides insights into the key drivers, critical success factors, impact, and challenges of global sourcing, which can inform future research in this area. The study's findings also provide support for the resource-based view theory, which suggests that organizations can gain a competitive advantage by accessing resources that are not available locally.

# **4.7 Chapter summary**

The chapter focused on research results and discussions of the data gathered from the respondents. The data, which was collected from respondents through questionnaires hence it is empirical evidence, gathered. The researcher collected data looking `at the most important aspects and information that was presented.

**CHAPTER V**

**SUMMARY, CONCLUSIONS AND RECCOMENDATIONS**

**5.1 Introduction**

In this chapter, a comprehensive overview of the entire research is presented with the primary objective being to provide a summary, conclusions and recommendations. The conclusions will delve into significant discoveries from the study in relation to the main objective of the research.

**5.2 Summary of the findings**

**5.2.1 Key Drivers of Global Sourcing at Delta beverages**

The research findings indicate that the key drivers of global sourcing at Delta Beverages include the lack of local resources, cost savings, competitive pressure, and customer preferences. These factors significantly influence the organization's decision-making processes regarding global sourcing activities.

# **5.2.2 Critical Success Factors of Global Sourcing at Delta beverages**

The critical success factors of global sourcing at Delta Beverages include the commitment of time and resources, qualified personnel, organizational structure, and a well-defined global sourcing process. These factors are crucial for the successful implementation and outcomes of global sourcing initiatives within the organization.

# **5.2.3 Impact of Global Sourcing on Organizational Performance at Delta beverages**

The research findings indicate that global sourcing has a positive impact on various aspects of organizational performance at Delta Beverages, including access to resources, technological advancement, market expansion, competitive advantages, and improved supplier performance.

# **5.2.4 Challenges of Global Sourcing towards organisational performance**

The challenges of global sourcing at Delta Beverages encompass the volatile economic environment, maintaining quality levels, language barriers, supplier selection complexity, currency fluctuations, and the time-consuming nature of global sourcing.

# **5.3 Conclusions**

The study's findings highlight the key drivers, critical success factors, impact, and challenges of global sourcing at Delta Beverages. The lack of local resources, cost savings, competitive pressure, and customer preferences drive global sourcing initiatives. Effective global sourcing requires dedicating resources, skilled personnel, a suitable organizational structure, and clear processes. Global sourcing positively affects organizational performance, including access to resources, technology, market expansion, competitive advantages, and improved supplier performance. However, challenges like volatile economic environments, quality maintenance, language barriers, supplier selection complexity, currency fluctuations, and time-consuming nature should be addressed.

# **5.4 Recommendations**

Delta Beverages should prioritize addressing the lack of local resources, allocate sufficient resources to global sourcing, monitor competitive pressures, and develop strategies to mitigate global sourcing challenges. The organization should leverage global sourcing to access resources, technology, and market expansion. Clear processes and a suitable organizational structure are crucial for successful global sourcing outcomes. Skilled personnel and adequate resources are essential for navigating global sourcing challenges. By implementing these recommendations, Delta Beverages can optimize its global sourcing initiatives and enhance organizational performance.

# **5.5 Areas of further studies**

The chapter also highlights areas for further studies at Delta Beverages, including specific strategies for mitigating global sourcing challenges, long-term implications of global sourcing on financial performance and market positioning, comparative analysis of global sourcing practices across similar organizations, and exploration of evolving trends and technologies in global sourcing for potential applicability to Delta Beverages.

# 

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**APPENDICES**

**Appendix A: Questionnaire**

**Research title**

**THE IMPACT OF GLOBAL SOURCING ON ORGANISATIONAL PERFORMANCE. A CASE OF DELTA BEVERAGES**

Dear Respondent

This questionnaire is designed to gather information regarding the research topic above. Therefore, please take a couple of minutes to fill in this questionnaire. Participants are guaranteed that this research is purely academic and no other motive behind. Participant’s confidentiality is therefore guaranteed. Thank you for your contribution.

Section A: General Information

1. Kindly provide the following details about yourself

Section A: Demographic information

1. Gender ?……………Female  Man 
2. Age group? ………… 18-24 25-29 30-34 35-39 40-44 45+ 
3. For how long have you been working for the organization?

a) Less than 5 years  b) 5 to 10 years 

c) More than 10 years 

1. Indicate by ticking the department you are located?

|  |  |
| --- | --- |
| Procurement and stores |  |
| Finance |  |
| Information technology (IT) |  |
| Human Resource (HR) |  |
| Technical service |  |
| Marketing |  |
| Public relations |  |
| Operations |  |

SECTION B: KEY DRIVERS OF GLOBAL SOURCING AT DELTA BEVERAGES

*For the following questions, please tick the appropriate box as indicated by the scale below*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Strongly agree | Agree | Unsure | Disagree | Strongly Disagree |
| 1 | 2 | 3 | 4 | 5 |

5. What are the reason for growth of global sourcing at Delta Beverages?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Reasons for growth | 1 | 2 | 3 | 4 | 5 |
| Cost savings |  |  |  |  |  |
| Technological advancement |  |  |  |  |  |
| Customer preferences |  |  |  |  |  |
| Low quality materials on the domestic market |  |  |  |  |  |
| Trade agreements and economic integration |  |  |  |  |  |
| Lack of resources locally |  |  |  |  |  |
| Competitive pressure |  |  |  |  |  |

If otherwise, please specify

……………………………………………………………………….………………………………………………..................................

6. SECTION C

What are the critical factors in implementing global sourcing?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1 | 2 | 3 | 4 | 5 |
| Commitment of time and resources |  |  |  |  |  |
| Qualified personnel |  |  |  |  |  |
| Organisational structure |  |  |  |  |  |
| International purchasing offices |  |  |  |  |  |
| Well defined global sourcing process |  |  |  |  |  |
| Methodology for measuring cost and savings |  |  |  |  |  |

Additional information………………………………………………………………..

………………………………………………………………………………………….. 7. SECTION D: This section seeks to ascertain the challenges of global sourcing

Please indicate the extent to which you agree or disagree on the challenges of global sourcing on organisational performance.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Challenges of global sourcing | 1 | 2 | 3 | 4 | 5 |
| It is affected by quality levels |  |  |  |  |  |
| It is affected by supplier selection complexity |  |  |  |  |  |
| It is affected by volatile economic environment |  |  |  |  |  |
| It is time consuming |  |  |  |  |  |
| It is affected by logistics complexity |  |  |  |  |  |
| Accountability and compliance |  |  |  |  |  |
| Language barriers |  |  |  |  |  |
| Currency fluctuations |  |  |  |  |  |
| Different standards |  |  |  |  |  |

Unless otherwise, please specify

……………………………………………………………………………..……………………………………………………………….

8. SECTION E: This section seeks to examine the effects of global sourcing

State the extent to which you agree with the following statements concerning your organizations performance in relation to the global sourcing practices you have adapted.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Statement | 1 | 2 | 3 | 4 | 5 |
| The practise of global sourcing has resulted in market expansion |  |  |  |  |  |
| It has resulted in technological advancement |  |  |  |  |  |
| It enabled the organisation to have access to resources |  |  |  |  |  |
| It has led to competitive advantages |  |  |  |  |  |
| It resulted in adherence to regulations and industry standards |  |  |  |  |  |
| It led to improved supplier performance |  |  |  |  |  |
| It resulted in competitive advantages |  |  |  |  |  |

**APPENDIX B: Interview Question**

1. How do you perceive the impact of global sourcing on company’s supply chain efficiency and cost management?

2. How the company does measures the success of its global sourcing activities in terms of organisational performance?

3. What challenges encountered by Delta Beverages and how do they affect the organisational performance?

4. How do you ensure that global sourcing aligns with the company’s quality and sustainability standards?

5. How do you manage the logistics and transportation of globally sourced materials?

6. What are the primary drivers behind the company’s decision to engage in global sourcing?

7. How does the company select and manage its global sourcing suppliers?

