Examining local sourcing strategies utilised by a logistics service provider in Durban

by

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A dissertation submitted in partial fulfilment of the requirements for the degree of Master of Business Administration

Graduate School of Business and Leadership

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2023

DECLARATION

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ACKNOWLEDGEMENTS

I extend my profound gratitude to all those who have walked alongside me during this transformative journey of completing my dissertation. The realisation of this research owes its existence to the unwavering support and contributions of numerous individuals and institutions, to whom I extend my heartfelt appreciation.

I am thankful to the University of Kwa-Zulu Natal, particularly the Graduate School of Business and Leadership, for providing me with the academic environment and resources necessary to undertake this endeavour.

I sincerely thank my academic supervisor, Dr Mlondi Vilakazi, for your invaluable guidance, expertise, and unwavering support throughout the research process. Your insights have greatly enriched the study.

I would like to express my appreciation to the Bidvest International Logistics Management Team for their support and patience as I navigated this transformative period. Their assistance played an integral role in shaping the trajectory of my research and my career.

To Lenushka Parannath from Bidvest International Logistics, I extend my sincere thanks for sharing your invaluable wisdom and knowledge. Your contributions not only provided clarity but also played a pivotal role in guiding the direction of this dissertation.

I extend my thanks to Sharmla Govender from Lubrizol Corporation for her belief in my capabilities and for facilitating the funding that made this research possible. Your support has been instrumental in shaping the outcome of the study.

To my family, I owe a debt of gratitude. My parents, Cliffy and Jayshree Vandayar, have consistently supported and believed in me, providing the foundation upon which my academic pursuits have flourished. My brother, Mishaylin Vandayar, has been a constant source of motivation and camaraderie, turning study sessions into cherished memories within the Mechanical Engineering Building department and at home.

Lastly, I dedicate this work to my late uncle, Dan, whose enduring belief in my potential has been a driving force in reaching this milestone. Though he is not here to witness this achievement, I know he would be proud. Thank you, Uncle Dan, for pushing me beyond my limits and encouraging me to strive for excellence.

ABSTRACT

The study explored local sourcing strategies adopted by a logistics service provider (LSP) operating in Durban, South Africa. In an era marked by global supply chain disruptions, understanding the dynamics of local sourcing becomes crucial for enhancing supply chain resilience, reducing costs, and contributing to local economies. Through a qualitative research methodology, the study delved into key themes encompassing reasons behind local sourcing, types of locally sourced products, purchase classification methods, sourcing strategies, and critical supplier selection criteria.

The study included eight participants, namely participants A-H. The participants were selected based on the inclusion criteria as described by the researcher. Whilst there was only one participating organisation in the dissertation, other candidates participated in their own capacity. This allowed the research more insight on how local sourcing was viewed in relation to the participating organisation.

The first theme unveiled the rationale driving LSPs' preference for local sourcing. The findings emphasised the potential for local sourcing to alleviate costs associated with global procurement, fostering economic growth and sustainability in the region.

The second theme identified various product categories that LSPs source locally, ranging from packaging materials to machinery. Notably, insights from participant interviews suggested that certain technical products were sourced locally through intermediaries due to their specialised nature.

The third theme centred on purchase classification methods, revealing the prevalence of the Kraljic Portfolio Matrix among LSPs in Durban. While the Kraljic Matrix considers risk and importance, an additional classification method—disbursement and trade spend—was revealed by a participant.

The fourth theme highlighted diverse sourcing strategies, such as multiple sourcing, single sourcing, strategic partnerships, and collaborative planning. Participants underscored the importance of aligning strategies with specific goods categories to balance risk and supplier competition.

Critical supplier selection criteria form the fifth theme, emphasising price competitiveness, product quality, delivery reliability, lead time, and supplier financial stability. These criteria reflected the multifaceted nature of decision-making whereby LSPs must navigate complex trade-offs to optimise sourcing outcomes.

Thereafter, the researcher provides recommendations such as diversification of sourcing strategies, strengthening relationships with suppliers and continuous evaluation of suppliers to further assist LSP's in their sourcing practices.

In conclusion, the study contributed substantially to supply chain management discourse by shedding light on the underexplored realm of local sourcing strategies followed by South African LSPs.

Keywords: classification methods, local sourcing, logistics service providers, supply chain management, sustainability

TABLE OF CONTENTS

LIST OF APPENDICES

LIST OF ACRONYMS AND ABBREVIATIONS

LSP	logistics service provider
CSR	corporate social responsibility
KPPM	Kraljic Purchasing Portfolio Matrix
IT	information technology
EDI	electronic data interchange
CPFR	collaborative planning, forecasting and replenishment.
SME	small and midsize enterprise
TCO	total cost of ownership
ISO	International Organisation for Standardisation
FMCG	fast-moving consumer goods
IoT	Internet of things

LIST OF TABLES

CHAPTER 1

INTRODUCTION

1.1 Introduction

This study examined the local sourcing strategies utilised by a selected logistics service provider (LSP) in Durban and explored the reasons behind their use. The ecosystem in supply chain that this dissertation focuses on is the logistics sector. This is because, in recent years, local sourcing has become an increasingly popular strategy for logistics service providers (LSPs) seeking to improve their supply chain performance, reduce costs, and enhance their corporate social responsibility (CSR) profile (Ito Amendolagine et al., 2019). Local sourcing involves procuring goods from suppliers within the country where the LSP operates, rather than from distant global suppliers. This approach offers several benefits: reduced transportation costs, shorter lead times, lower carbon emissions, and enhanced collaboration with local suppliers and communities. Durban, a coastal city in South Africa, is a key logistics hub, serving as a gateway to the Southern African region and beyond (Scholvin, 2020). Local sourcing strategies rely on several factors, including the availability and quality of local suppliers, as well as the level of collaboration and trust between the logistics service provider (LSP) and these suppliers. Additionally, the impact on cost and service levels, along with alignment to the LSP's overall business strategy, plays a crucial role in determining the effectiveness and sustainability of such strategies.

The study determined the specific products sourced locally, shedding light on the methods used to categorise them for procurement. The research discerned the most suitable sourcing strategies for different categories of goods and purchases. Lastly, the study outlined the criteria LSPs consider when selecting their suppliers.

By adopting a multifaceted approach, the study aimed to gain insight into the complex landscape of local sourcing strategies within the logistics industry. To achieve the research objectives, this study followed a qualitative research methodology, using semi-structured interviews and thematic analysis to gather and analyse data on a selected LSP in Durban. Data were collected on its local sourcing practices, including the types of products sourced locally, the criteria used to select suppliers, the strategies employed for different categories of goods

and purchases, and the reasons behind using local sourcing. The study's findings are expected to contribute to the existing literature on local sourcing strategies in logistics and provide practical insights for LSPs operating in similar contexts.

1.2 Background

Supply chain disruptions have become increasingly common recently, and COVID-19 exacerbated the problem. Disruptions can be caused by various factors, from natural disasters to human error. These disruptions can significantly impact supply chain operations, including delays, increased costs, and reduced productivity (Nguemgaing & Sant'Anna, 2022). As a result, supply chain management has become an essential component of many businesses, as companies seek to find ways to mitigate the risks associated with disruptions and ensure the smooth functioning of their supply chains.

One strategy that companies have adopted to manage these risks is global sourcing. Global sourcing can provide many benefits, such as cost advantages, access to indigenous resources, knowledge, and increased production capacity (Lin, 2020). However, as supply chains complexity continue to grow, the risks associated with global sourcing have also increased. External factors such as political instability, trade wars, and the COVID-19 pandemic have highlighted the vulnerability of global supply chains, and many companies are now seeking alternative sourcing strategies (Liknaw & Shimels, 2020).

Local sourcing has emerged as a potential alternative to global sourcing, as it offers several advantages, including decreased supply chain risk and lower transport and shipping costs (Jung & Lee, 2015). Additionally, local sourcing can support the industrialisation of the country where an organisation operates, improve the country's balance of trade, and help make the organisation's exports more competitive in the global marketplace. Organisations may therefore choose to source globally due to the vast amount of information and literature available on global sourcing.

The South African government's initiative to boost industrialisation through local sourcing strategies is a prime example of the potential benefits of prioritising local sourcing. By supporting the growth of local industries, the government is promoting economic development and contributing to the country's overall competitiveness in the global marketplace. The success of the Poultry and Automobile Master Plans highlighted the potential for positive

outcomes from local initiatives (Parliamentary Monitoring Group, 2021). The Automotive Master Plan, launched in 2018, addressed issues in the automotive industry, focusing on energy-efficient vehicles and regional competitiveness.. This master plan was integral to the country's economic and industrial development (Parliamentary Monitoring Group, 2021).

While there may be challenges associated with local sourcing, there are also several potential advantages, including lower costs, improved relationships with local suppliers, job creation, and economic development. The South African government's initiative to promote industrialisation through local sourcing provides a promising example of the potential benefits of prioritising local sourcing strategies.

Given this background, this study sought insight into local sourcing strategies to help firms minimise supply chain risk while maximising profits. The study examined global sourcing challenges. It also delved into the benefits and drawbacks of local sourcing. Additionally, it analysed the risks and advantages of combining global and local sourcing strategies. Overall, the study aimed to provide insights for organizations looking to optimize their supply chain management strategies.

1.3 Problem statement

In the context of globalisation, businesses are increasingly exposed to complex and vulnerable supply chains, susceptible to disruptions from various external factors such as natural disasters, terrorism, and political instability (Choi & Cheng, 2011; Ciarapica & Marzi, 2016; Hohenstein et al., 2014). While extensive research has explored the impact of these disruptions on global sourcing strategies, there is a notable oversight regarding the potential of local sourcing strategies to mitigate such disruptions (Ciarapica & Marzi, 2016; Pagell & Shevchenko, 2015). This lack of attention to local sourcing strategies, particularly in South Africa represents a critical problem in contemporary supply chain management.

The paucity of research in this area is concerning as local sourcing strategies have the potential to offer resilience and stability to supply chains in the face of external disruptions. However, despite the acknowledged benefits, there remains a gap in understanding how organizations can effectively implement local sourcing strategies to achieve these advantages (Ciarapica & Marzi, 2016). This gap not only impedes academic progress but also hinders practical efforts by organizations to enhance their supply chain resilience and mitigate risks.

Therefore, this study aims to address this pressing issue by investigating various sourcing strategies, including both global and local sourcing, across different purchase categories. By analysing the effectiveness of different sourcing approaches, particularly focusing on a local sourcing perspective in the context of a specific LSP in Durban, the research seeks to provide actionable insights and guidelines for organizations looking to enhance their supply chain resilience through local sourcing strategies.

1.4 Research aim, objectives, and questions

1.4.1 Research aim

This study aims to examine the local sourcing strategies implemented by a logistics service provider (LSP) in Durban. By analysing these strategies, the research seeks to assess their effectiveness in mitigating the adverse effects of external disruptions on supply chains. Additionally, the study aims to provide insights into the product classification methods utilized by the LSP, along with the associated supply risk and profit impact for each category.

1.4.2 Research objectives

The following research objectives were formulated:

1. Investigate the underlying motivations behind the adoption of local sourcing by an LSP.
2. Examine the specific types of products procured through local sourcing by the LSP.
3. Explore and analyse the product/purchase classification methodology employed by the LSP.
4. Evaluate and compare the effectiveness of different sourcing strategies employed by the LSP for various categories of goods and purchases.
5. Assess the critical criteria utilized by the LSP in the selection of suppliers for its local sourcing initiatives.

1.4.3 Research questions

This research is guided by the following research questions:

1. What are the reasons why an LSP sources locally?
2. What types of products does an LSP purchase locally?
3. What product/purchase classification methods are utilised by an LSP?

4. What sourcing strategies are used for each category of goods/purchases?
5. What are the crucial supplier selection criteria that an LSP consider?

1.5 Overview of dissertation chapters

The dissertation structure is as follows:

Chapter 2, the literature review, examines various sourcing strategies available for organisations, focusing on local sourcing. It also delves into two distinct purchase classification methods: the Kraljic Purchasing Portfolio Matrix (KPPM) and the ABC classification method. Furthermore, the chapter explores the supplier selection criteria that LSPs should consider when opting for local suppliers.

Chapter 3, the research methodology, outlines the data collection and analysis methods. A qualitative research methodology was utilised, and data were gathered through semi-structured interviews with staff of the selected LSP in Durban. This chapter also details the sampling strategy, data collection procedures, and data analysis techniques contributing to the study's findings.

Chapter 4 presents the study's findings, encompassing an analysis of the LSP's local sourcing strategies, the categories of locally sourced products, and the criteria for selecting suppliers. Additionally, it addresses the effectiveness of these local sourcing strategies and the challenges encountered during their implementation.

Lastly, the recommendations and conclusion chapter offer valuable insights from the study's findings. It provides practical recommendations tailored to LSPs operating in similar contexts and evaluates the research objectives. The chapter concludes by reflecting on the contributions made to supply chain management. The chapter provides valuable insights into local sourcing strategies, enabling LSPs to enhance their supply chain performance, reduce costs, and bolster their CSR initiatives.

1.6 Chapter summary

Chapter 1 of the dissertation has provided an introductory overview of the research. It began by outlining the background of the study, delving into the context and the issues that prompted the research. The problem statement was articulated, highlighting the specific challenge or gap in the existing knowledge that the research aimed to address.

Following this, the research aim was presented, offering a concise statement of the study's overarching goal. The objectives and research questions were also detailed, providing a clear roadmap for the research and indicating the specific areas of investigation and inquiry.

To conclude, Chapter 1 provided an overview of the subsequent chapters of the dissertation, offering a glimpse into the organisation and structure of the research work, thus setting the stage for the in-depth exploration of the chosen topic.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The literature review focuses on the local sourcing strategies implemented by an LSP in Durban. The researcher discusses the product classification methods commonly used in procurement practices as a starting point. Two prominent methods include the ABC classification method, as described by Li et al. (2019), and the KPPM introduced by Kraljic (1983). These methods classify products or purchases into different categories based on factors such as their impact on the supply chain, supply risk, and level of consumption. While both methods have their strengths and weaknesses, the KPPM is the more widely used classification method in procurement.

Moving on from product classification methods, the literature review explores various sourcing strategies organisations can employ. Global sourcing has become increasingly popular due to the availability of lower-cost suppliers in developing countries. However, it poses several challenges, such as long lead times, cultural differences, and transportation costs. On the other hand, local sourcing provides benefits such as reduced transportation costs and support for local communities. Nonetheless, it may not always be feasible for organisations requiring specialised goods and services. The decision between single and multiple suppliers also involves trade-offs between building a strong relationship with the supplier and the risk of supply chain disruptions and limited flexibility.

Other sourcing strategies, such as joint ventures, vertical integration, near sourcing, and insourcing, each have unique advantages and disadvantages that organisations must evaluate. Selecting the most appropriate sourcing strategy is critical for establishing a robust and efficient supply chain that meets customers' needs and provides a competitive advantage. The seven local sourcing practices discussed are crucial for improving collaboration and performance within supply chains. These practices include information sharing, goal congruence, decision synchronisation, incentive alignment, resource sharing, collaborative communication, and joint knowledge creation.

The literature review discusses the importance of supplier selection criteria in procurement practices. Procurement professionals evaluate potential suppliers based on several criteria: cost, quality, delivery, service, social responsibility, convenience, risk, and agility. However, according to the literature, cost, quality, and innovation are the most important criteria.

2.2 Sourcing strategies

Sourcing is a crucial aspect of supply chain management, as it determines the quality, cost, and availability of goods and services in an organisation's supply chain. While procurement is the first step in the supply chain process, sourcing is the critical step that determines the success or failure of an organisation's supply chain strategy (Hanfield, 2020).

Global sourcing has become increasingly popular in recent years due to the availability of lower-cost suppliers in developing countries. It allows organisations to source raw materials, finished goods, and intermediate goods from suppliers worldwide, giving them access to a larger pool of potential suppliers. However, global sourcing also poses several challenges, as mentioned above (Gereffi & Fernandez-Stark, 2016). Moreover, local sourcing of goods and services from suppliers within a company's country provides several benefits, such as reduced transportation costs, short lead times, and support for local communities. However, local sourcing may not always be feasible for organisations requiring specialised goods and services unavailable locally (Gereffi & Fernandez-Stark, 2016).

Another critical decision in sourcing is whether to use single or multiple suppliers. Using a single supplier can provide several benefits, such as building a strong relationship with the supplier and securing better pricing due to larger volumes. However, relying on a single supplier also poses significant risks, such as supply chain disruptions and limited flexibility in the event of market conditions or demand changes. In contrast, using multiple suppliers can provide a more diversified supply chain, reducing the risk of disruptions and enabling organisations to adjust their sourcing strategy as needed (Ellram et al., 2020).

Other sourcing strategies that organisations may consider include joint ventures, vertical integration, near sourcing, and insourcing. Joint ventures involve partnering with another organisation to source goods and services jointly. Vertical integration involves acquiring suppliers or other companies in the supply chain to gain control over the supply chain's entire process. Near sourcing involves sourcing goods and services from suppliers located

geographically close to the organisation, often in the same region or country. Insourcing involves bringing goods and services in-house instead of sourcing them from external suppliers. Each of these sourcing strategies presents its unique advantages and disadvantages, which organisations must carefully evaluate before making sourcing decisions.

Sourcing is a critical aspect of supply chain management that requires careful consideration of various sourcing strategies, such as global versus local sourcing, single versus multiple suppliers, and other sourcing options, including joint ventures, vertical integration, near sourcing, and insourcing. By selecting the most appropriate sourcing strategy, organisations can establish a robust and efficient supply chain that meets their customers' needs while providing a competitive advantage. The sourcing strategies mentioned above are explained in the following sections.

2.2.1 Local sourcing

The COVID-19 pandemic highlighted the importance of local sourcing for ensuring supply chain resilience and reducing the risk of disruption. The pandemic disrupted global supply chains, causing shortages of critical goods and highlighting the vulnerabilities of relying on distant suppliers. As a result, many firms started to adopt local sourcing strategies to mitigate these risks and ensure business continuity (Kwong & Wong, 2021; Zhao et al., 2021).

Local sourcing is a procurement strategy that involves purchasing goods and services from suppliers near the buyer's facilities (Holmberg et al., 2014b). It has become increasingly popular among procurement professionals due to its various benefits, such as increased flexibility, greater control of the supply chain, reduced supply chain costs, increased revenue, and positive environmental impact (Seuring & Gold, 2012). Several factors influence the local sourcing decision, such as supplier reliability, quality, delivery time, and proximity (Li et al., 2013; Holmberg et al., 2014b). In addition, the presence of industrial clusters can facilitate the localisation of suppliers and improve the availability of specialised suppliers (Holmberg et al., 2014b).

However, there are also potential drawbacks to local sourcing. Policy interventions by the government may lead to unintended outcomes, such as building the capacity and competitiveness of local firms in a counterproductive manner (Wei et al., 2012; Altbeker, 2021). Firms must also balance the advantages of global sourcing with those of local sourcing

to achieve an efficient supply chain (Holmberg et al., 2014a; Sodhi & Tang, 2011). The degree of cultural difference can have a detrimental impact on the choice to engage foreign suppliers. Companies tend to favour local suppliers where their cultural gap is minimal. (Zhang et al., 2016).

The study by Sodhi and Tang (2011) examined the effects of local sourcing on lead times in the context of the global automobile industry. The authors found that local sourcing can lead to shorter lead times because it reduces transportation and communication delays, facilitates coordination and collaboration between suppliers and manufacturers, and enables faster responses to changes in demand and supply. Similarly, Holmberg et al. (2014b) study investigated the effects of local sourcing on lead times in the Swedish food industry. The authors found that local sourcing can lead to shorter lead times. It allows for more flexible and responsive supply chains, reduces transportation and inventory costs, and enables closer relationships and faster communication between suppliers and manufacturers. These studies provided evidence to support the idea that local sourcing can lead to shorter lead times in various industries, including the automobile and food industries.

While local sourcing has many benefits, it also has some drawbacks that must be considered. One of the main drawbacks is that it may increase procurement costs, as local suppliers may charge higher prices due to their smaller scale and lack of economies of scale (Sarkis et al., 2019). Additionally, local sourcing may limit the availability of products or materials only available from global suppliers. Finally, local sourcing may lead to a narrower pool of suppliers and reduced competition, limiting innovation and reducing the quality of goods and services (Holmberg et al., 2014b).

Despite these challenges, local sourcing has contributed to social, economic, and environmental sustainability. It can reduce carbon emissions, support local economies and communities, and create local employment opportunities (Seuring & Gold, 2012). Local sourcing has also been associated with improved supplier responsiveness, better quality, and increased innovation (Pagell & Shevchenko, 2013). Local sourcing can also play an important role in CSR initiatives.

By sourcing locally, firms can support local economies and communities, create jobs, and reduce their carbon footprint by reducing transportation distances (Pagell & Shevchenko, 2013). Additionally, local sourcing can help firms meet local content requirements in

government contracts and demonstrate their commitment to sustainable and socially responsible practices (Seuring & Gold, 2012). Trust has also been identified as a critical factor in the decision to source from local suppliers, and firms are more likely to source locally when they have established long-term relationships with their suppliers (Ramesh & Ramesh, 2017).

While local sourcing offers many benefits, it can also be challenging to implement. One of the main challenges is identifying and qualifying suitable local suppliers, especially in countries or regions with less developed supplier networks. Additionally, local sourcing may require significant supplier development and relationship management investment to ensure quality, reliability, and cost competitiveness (Sodhi & Tang, 2011). Local sourcing may also require firms to navigate complex regulatory environments, including local content requirements, import/export regulations, and customs procedures (Holmberg et al., 2014b).

In essence, local sourcing is a procurement strategy that offers various benefits and drawbacks. Firms must balance the advantages of global sourcing with those of local sourcing to achieve an efficient supply chain. The local sourcing decision depends on several factors, including supplier reliability, quality, delivery time, proximity, and cultural and institutional distance. However, local sourcing can contribute to social, economic, and environmental sustainability and improve supplier responsiveness, quality, and innovation.

2.2.2 Global Sourcing

Global sourcing has gained widespread popularity as a sourcing strategy among organisations aiming for cost savings and product differentiation. According to Swazan and Das (2022), Bangladesh has become a favourable sourcing destination in the garment industry due to the country's large labour force, modernised manufacturing industry, and low wages. Such factors have made Bangladesh an export leader, thus providing organisations with low-cost advantages. Similarly, Leonidou et al. (2022) maintain that global sourcing positively impacts the importing organisations' financial performance, thanks to product differentiation and low-cost.

However, global sourcing has challenges that organisations must consider before implementing the strategy. Brakman and Van Marrewijk (2019) note that global supply chains increase the complexity of the supply chain, making it more vulnerable to disruptions. High import tariffs,

government policy restrictions, rising freight costs, and unfavourable exchange rates can eat into cost savings achieved through global sourcing (Lockström & Lei, 2012).

Therefore, as supply chains become longer and more complex, it is becoming increasingly important for organisations to consider local sourcing initiatives. Local sourcing can help organisations reduce risks associated with long-distance supply chains, especially in a rapidly changing and increasingly complex business environment. Although many organisations may opt for global sourcing due to local supplier capacity constraints, Tongarlak et al. (2017) claim that mechanisms exist to enable increased sourcing from local suppliers experiencing constraints. These mechanisms incentivise local suppliers to continue operations and help organisations reduce risks associated with long-distance supply chains.

In recent years, the COVID-19 pandemic highlighted the importance of local sourcing initiatives. The pandemic disrupted global supply chains, causing many organisations to rethink their global sourcing strategies (Gereffi & Lee, 2020). The disruptions caused by the pandemic highlighted the need for organisations to have resilient and flexible supply chains that can withstand unexpected shocks. Local sourcing can help organisations achieve this by reducing reliance on long-distance supply chains.

While global sourcing can provide organisations with cost savings and product differentiation, organisations need to consider local sourcing initiatives that can help reduce the risks associated with global supply chains, especially in a rapidly changing and increasingly complex business environment. The COVID-19 pandemic highlighted the importance of local sourcing initiatives, and organisations should consider implementing them to achieve resilient and flexible supply chains.

2.2.3 Single versus multiple supplier sourcing

Global sourcing has become increasingly popular for organisations seeking cost and product differentiation advantages. One of the key decisions that organisations must make when implementing a global sourcing strategy is whether to use a single or multiple-supplier approach. A single-supplier approach involves sourcing all products from one supplier, while a multiple-supplier approach involves sourcing products from many suppliers in different regions.

A single or multiple supplier approach significantly impacts an organisation's supply chain management. Single sourcing can offer lower transaction costs, simplified supplier management, and better quality control (Cao et al., 2010). Single sourcing also allows for closer supplier relationships, facilitating knowledge sharing and innovation (Cao et al., 2010). However, single sourcing also presents risks such as the loss of supply due to supplier bankruptcy or natural disasters, which can result in supply chain disruptions (Cao et al., 2010).

Multiple sourcing can offer benefits such as reduced supply chain risks, increased supplier competition, and leveraging regional advantages such as lower transportation costs (Liu et al., 2019). Multiple sourcing also enables organisations to diversify their supplier base, reducing their dependence on a single supplier and providing greater flexibility in supply chain disruptions (Liu et al., 2019). However, multiple sourcing also presents challenges such as increased transaction costs, higher complexity in managing multiple suppliers, and difficulty achieving consistent quality standards across multiple suppliers (Cao et al., 2010).

Several studies have examined the trade-offs between single and multiple supplier strategies. For example, Liu et al. (2019) found that while multiple sourcing can offer benefits in terms of supply chain resilience, it may lead to increased transaction costs and complexity in managing multiple suppliers. In contrast, Cao et al. (2010) found that single sourcing can result in lower transaction costs but may also lead to supply chain disruptions in supplier failure.

Ultimately, the decision to use a single or multiple supplier approach depends on the specific needs and goals of the organisation. Factors such as the level of supply chain risk, the complexity of the products being sourced, and the organisation's capacity to manage multiple suppliers should be considered when making this decision. A hybrid approach, where multiple suppliers are used for critical components and a single supplier for non-critical components, may also be viable for organisations (Liu et al., 2019).

The decision to use a single or multiple-supplier approach in global sourcing is a critical strategic choice that requires careful consideration. While both approaches offer benefits and challenges, the optimal approach depends on the specific needs and goals of the organisation. Organisations should carefully evaluate the trade-offs between single and multiple sourcing strategies and consider a hybrid approach to balance the benefits of both approaches.

2.2.4 Other sourcing strategies

In addition to single and multiple sourcing strategies, organisations can utilise other sourcing strategies to achieve their sourcing objectives. These strategies include vertical integration, insourcing, near sourcing, and joint ventures.

Vertical integration involves an organisation taking control of multiple stages of the supply chain by owning or controlling suppliers, manufacturers, and distributors. According to Chen and Paulraj (2016), vertical integration can result in cost savings, better control over quality, and enhanced flexibility in response to changes in the market. However, it can also result in increased risk and complexity, particularly if the organisation is not experienced in managing the different stages of the supply chain.

Insourcing refers to an organisation reintegrating a previously outsourced activity or function into its internal operations. Insourcing can provide organisations with greater control and customisation over the activity and potentially reduce costs (Rezaei et al., 2018). However, it can also require significant investment in infrastructure and expertise and may result in reduced flexibility.

Near sourcing, or regional or domestic, involves sourcing from suppliers near the organisation's operations. According to Kannan and Tan (2014), near-sourcing can reduce lead times, lower inventory costs, and improve responsiveness to customer demands. It can also provide social and environmental benefits, such as supporting local economies and reducing carbon emissions associated with long-distance transportation.

Finally, joint ventures involve two or more organisations forming partnerships for a specific business activity. Joint ventures can provide organisations with access to new markets, technologies, and expertise, as well as sharing risks and costs (Qiu & Wang, 2015). However, they can also result in challenges related to differences in organisational culture and strategy and potential conflicts of interest between partners.

In summary, organisations can utilise several sourcing strategies to achieve their objectives, including vertical integration, insourcing, near sourcing, and joint ventures. Each strategy has advantages and disadvantages, and organisations must carefully consider which strategy is most appropriate for their specific needs and circumstances.

2.2.5 Seven local sourcing practices

The seven sourcing practices focus on increasing collaboration between partners in a Supply Chain. The seven sourcing practices are information sharing, goal congruence, synchronisation of decisions, incentive alignment, resource sharing, collaborative communication, and joint knowledge creation (Nijhof, 2020).

Information sharing refers to sharing knowledge amongst supply chain partners, thus enabling them to learn from each other. Research performed by Huo et al. (2021) found that information sharing improves supply chain learning amongst participating organisations and moderates the relationship between supplier learning and flexibility. Similarly, research by Kim and Chai (2017) found that the innovativeness of suppliers affected information sharing and supply chain agility, although having little effect on strategic sourcing. The research additionally found that information sharing and strategic sourcing positively impacted the supply chain's agility in manufacturing organisations. Kim and Chai (2017). Found that information sharing occurs mostly by sharing demand forecasts, inventory information or other strategic data that allowed partners to understand each other better.

The second sourcing practice refers to goal congruence. Goal congruence refers to the degree to which supply chain partners agree to similar goals. Organisations may achieve goal congruence when they work towards the same organisational goals or when they work towards achieving the same supply chain objectives. For example, buyers and suppliers may work together to improve their profits by 50%. They will both act in the best interests of the other to achieve those goals. Research conducted by Zhao et al. (2018) found that goal congruence positively influenced supply chain performance, enhancing communication and coordination among partners.

The third sourcing practice is decision synchronisation. Decision synchronisation refers to coordinating decisions within the supply chain operations and planning to achieve the best possible outcome for the supply chain. Common examples of decision synchronisation include demand management, strategy planning for operations, planning and scheduling or production activities, and procurement practices. Research conducted by Kim et al. (2017) found that decision synchronisation improved supply chain performance, enhancing communication, coordination and collaboration among supply chain partners.

The fourth sourcing practice is incentive alignment. This refers to the ability of supply chain partners to share risks, costs, and the benefits that accrue. This sourcing practice aims to allow all supply chain partners to benefit from collaboration and the outcomes. The incentive alignment sourcing practice is accomplished by determining the risks, benefits, and costs that supply chain partners are exposed to and then generating an incentive scheme. Research conducted by Xu et al. (2019) found that incentive alignment enhanced the performance of supply chain partners, as it promoted trust and commitment among partners.

The fifth sourcing practice is resource sharing. Resource sharing refers to supply chain partners in a network pooling their assets and thus achieving their organisational goals, which may also benefit the entire supply chain. For example, mutual investing may occur amongst partners in the same supply chain should a partner need capital to buy machinery or improve infrastructure. Research conducted by Jiang et al. (2017) found that resource sharing improved supply chain performance, as it increased efficiency and reduced costs for all partners involved.

Collaborative communication is the sixth local sourcing practice, which refers to the degree of two-way contact between supply chain partners. Effective communication is essential for ensuring that local sourcing relationships are successful (Maietta, 2017). One way to improve collaborative communication is by using information technology (IT) tools, such as video conferencing and electronic data interchange (EDI). These tools can improve communication between supply chain partners and reduce communication costs (Sundarakani, 2018). Another important aspect of collaborative communication is trust. Trust between supply chain partners is necessary for effective communication and successful local sourcing relationships (El-Baz & Moutaz, 2013). In a study by Kumar and Shankar (2018), trust was positively associated with collaborative communication and supply chain performance.

Joint knowledge creation is the seventh and final local sourcing practice, which refers to the extent of understanding of the market gained when partners work. Joint knowledge creation can be accomplished in two ways. The first way is knowledge exploitation, which uses current knowledge already available. The second way is knowledge exploration, which refers to gathering more information about the market.

Joint knowledge creation can be improved using collaborative planning, forecasting, and replenishment (CPFR) (Kim & Choi, 2018). CPFR involves joint planning, forecasting, and replenishment of supply chain partners, which can lead to improved supply chain performance

(Kim & Choi, 2018). Another way to improve joint knowledge creation is by using social media platforms and real-time information exchange (Bhattacharya & Saxena, 2017).

In summary, the seven local sourcing practices are crucial for improving collaboration and performance within supply chains. The practices include information sharing, goal congruence, decision synchronisation, incentive alignment, resource sharing, collaborative communication, and joint knowledge creation. By effectively implementing these practices, supply chain partners can increase efficiency, reduce costs, improve communication and coordination, and, ultimately, enhance supply chain performance. It is important for organisations to carefully consider which practices are most relevant to their particular situation and to continuously assess and improve their local sourcing strategies to ensure ongoing success.

2.3 Purchase classification methodology

Purchase classification is critical for organisations seeking to reduce their inventory control costs (Kefer et al., 2016). Various classification methods categorise suppliers based on their ability to meet specific requirements for products or services. Two widely used methods for supplier classification are the KPPM and the ABC classification method (Karagiannis & Paleologou, 2021). The Kraljic Matrix, developed by Peter Kraljic in 1983, classifies suppliers based on their impact on a company's supply chain and their level of supply risk (Kraljic, 1983). The ABC classification method categorises suppliers according to their spending contribution and consumption level (Karagiannis & Paleologou, 2021).

2.3.1 Kraljic Purchasing Portfolio Matrix

The KPPM, introduced by Kraljic in 1983, is a widely-used approach for procurement and supply chain management (Kraljic, 1983). In his article "Purchasing must become Supply Management", Kraljic suggests that the appropriate supply strategy to be used by an organisation is determined by the value of the purchase and the market supply, which is determined by the supply risk. By assessing the situation according to these two variables, purchasing organisations should utilise the supply strategy that gives them maximum purchasing power while minimising their total risk (Kraljic, 1983).

Kraljic outlines four steps when using the Purchasing Portfolio Matrix: classification, market analysis, strategic positioning, and action plan. Organisations have extensively used the Kraljic model, and Bianchini et al. (2019) assert that classifying suppliers according to their profit

impact and supply risk leads to the correct positioning of suppliers in the Kraljic Matrix when developing a research tool for use by small and midsize enterprises (SMEs) in Italy. This would allow organisations to pursue strategies that shorten their lead times.

2.3.1,1 Step 1: Classification

Classification is the initial step in the Kraljic model, and it involves categorising suppliers based on their profitability impact and supply risk. Several approaches have been developed to classify suppliers, with some focusing more on supply risk while others emphasise profitability impact. One such approach is the two-dimensional approach, which categorises suppliers based on their impact on an organisation's profitability and the complexity of the market supply. Another approach is the three-dimensional approach, which considers suppliers' environmental and social impact in addition to profitability impact and supply risk.

Kraljic used a two-dimensional supplier classification approach in the original Kraljic Matrix. The Kraljic Matrix classifies suppliers into four categories based on their impact on profitability and supply risk: strategic, leverage, bottleneck, and non-critical categories. The strategic category consists of suppliers with a high impact on profitability and high supply risk, thus crucial to a company's success. The leverage category comprises suppliers with a high impact on profitability and low supply risk, allowing companies to leverage their purchasing power for favourable terms. The bottleneck category encompasses suppliers with low profitability impact but high supply risk, necessitating careful management to maintain a smooth supply chain. The non-critical category includes suppliers with low profitability impact and low supply risk, requiring minimal management effort.

Several studies have validated the effectiveness of the two-dimensional approach to supplier classification. For instance, in a study by Jolayemi et al. (2013), the two-dimensional approach was used to classify suppliers in Nigeria's oil and gas industry. The results showed that the approach effectively identified critical suppliers and prioritised them for closer management attention. Similarly, in a study by Bianchini et al. (2019) on SME organisations in Italy, suppliers were classified according to their profit impact and supply risk. Bianchini et al.'s (2019) study found that this classification method led to the correct positioning of suppliers in the Kraljic Matrix, enabling organisations to pursue strategies that shortened lead times.

In recent years, organisations have adopted the three-dimensional approach to supplier classification, which considers suppliers' environmental and social impact in addition to profitability impact and supply risk. For instance, in a study by Tang et al. (2021) on the automobile industry in China, a three-dimensional classification method was used to categorise suppliers based on their profitability impact, supply risk, and environmental and social impact. The study found that this approach helped companies prioritise suppliers based on their impact on the environment and society, in addition to profitability impact and supply risk.

2.3.1.2 Step 2: Market analysis

The second step of the KPPM is market analysis. This step involves analysing the supply market and identifying key characteristics, such as supply and demand trends, competition, and the overall market structure. By conducting a thorough market analysis, purchasing organisations can better understand their suppliers and make informed decisions regarding their procurement strategies.

One important aspect of market analysis is identifying supply chain risks. According to Seuring and Müller (2013), supply chain risk is a major concern for purchasing organisations, as it can significantly impact their operations and profitability. Supply chain risks can arise from various sources, including natural disasters, political instability, and supplier bankruptcy. By identifying these risks and developing strategies to mitigate them, organisations can minimise their exposure to potential disruptions and ensure a more reliable supply chain.

Another key component of market analysis is supplier evaluation. To make informed procurement decisions, purchasing organisations must evaluate their suppliers based on various factors, including quality, price, and delivery time. According to Prajogo and Olhager (2012), supplier evaluation is essential for maintaining strong supplier relationships and ensuring the organisation gets the best value for its money. By conducting regular supplier evaluations, organisations can identify areas for improvement and work with their suppliers to address any issues that arise.

In addition to evaluating individual suppliers, market analysis also involves assessing the overall supply market. This includes identifying potential new suppliers, assessing the competitive landscape, and monitoring supply and demand trends. According to Leenders et

al. (2016), understanding the broader market context is essential for developing effective procurement strategies and ensuring the organisation is well-positioned to meet its future needs.

Overall, the market analysis step of the KPPM is critical for effective procurement and supply chain management. By analysing the supply market, identifying key risks and opportunities, and evaluating individual suppliers, purchasing organisations can develop a more strategic approach to procurement and ensure that they are getting the best possible value for their money.

2.3.1.3 Step 3: Strategic positioning

The third step of the KPPM involves strategic positioning, which is identifying the most appropriate purchasing strategy for each supplier or group of suppliers. This step is critical because it enables purchasing organisations to maximise their leverage over suppliers and optimise their supply chain performance (Kraljic, 1983).

One of the primary objectives of strategic positioning is to ensure that suppliers are classified in the appropriate quadrant of the Kraljic Matrix. This involves analysing the supplier's profit impact and supply risk and determining the most appropriate purchasing strategy. The four purchasing strategy positions identified by Kraljic are leverage, strategic, bottleneck, and non-critical. Each of these strategies is intended to maximise the value obtained from a particular supplier while minimising the risk associated with that supplier.

The leverage strategy is used for suppliers with a high profit impact but a low supply risk. In this case, the focus is on negotiating the best price, as the supplier is essential to the organisation's operations. The strategic strategy is used for suppliers with a high-profit impact and supply risk. In this case, the focus is on building a long-term relationship with the supplier to secure the supply of critical materials or services. The bottleneck strategy is used for suppliers with a low-profit impact but a high supply risk. In this case, the focus is on ensuring that alternative sources of supply are available if the primary supplier fails to deliver. Finally, the non-critical strategy is used for suppliers with low-profit impact and low supply risk. In this case, the focus is on reducing the cost of procurement by consolidating orders or finding alternative sources of supply.

Several studies have investigated the effectiveness of the Kraljic Matrix in strategic positioning. For example, in a study of the automotive industry, Silver et al. (1998) found that

the Kraljic Matrix effectively identified the most appropriate purchasing strategy for each supplier based on the supplier's profit impact and supply risk. Similarly, Khusainova et al. (2018) found that the Kraljic Matrix was helpful in strategic sourcing in the construction industry, as it helped to identify the most appropriate purchasing strategy for each supplier.

One of the main advantages of the Kraljic Matrix is its simplicity. The Matrix is easy to understand and apply, and both large and small organisations can use it. Another advantage is that the Matrix provides a structured approach to strategic positioning, which helps to ensure that purchasing organisations consider all relevant factors when developing their purchasing strategy. However, one of the main disadvantages of the Kraljic Matrix is that it relies on subjective assessments of supply risk and profit impact. This can lead to inconsistencies in supplier classification, undermining the Matrix's effectiveness.

2.3.1.4 Step 4: Action plan

The fourth step of the KPPM is the action plan. This step involves developing a plan that outlines how the purchasing organisation intends to manage each supplier based on their classification in the Matrix (Kraljic, 1983). The action plan will guide the purchasing organisation's decision-making process and help them achieve their strategic objectives.

The action plan involves developing specific actions for each supplier based on their classification in the Matrix. For example, suppliers in the strategic category require a long-term partnership approach that focuses on developing a mutually beneficial relationship between the supplier and the purchasing organisation (Kraljic, 1983). However, suppliers in the non-critical category require a transactional approach focusing on minimising costs and maximising efficiency (Kraljic, 1983).

Several studies have shown that the Kraljic model's action plan is an effective tool for improving procurement processes and achieving strategic objectives. For instance, a study by Heras-Saizarbitoria et al. (2013) found that using the Kraljic Matrix to develop an action plan helped a Spanish automotive component manufacturer reduce inventory levels and lead times. The study showed that the action plan provided a clear direction for the purchasing organisation and allowed them to focus on the most critical suppliers, which led to improved supplier performance and reduced supply chain costs. Similarly, another study by Bals et al. (2015) found that using the Kraljic Matrix to develop an action plan helped a German automotive

manufacturer improve its supplier performance and reduce its procurement costs. The study showed that the action plan allowed the purchasing organisation to identify and focus on the most critical suppliers, which led to improved supplier performance and reduced supply chain costs.

Bianchini et al. (2019) found that using the Kraljic Matrix to develop an action plan helped SMEs in Italy improve their procurement processes and reduce lead times. The study showed that the action plan provided a clear direction for the purchasing organisation and allowed it to focus on its most critical suppliers, which led to improved supplier performance and reduced supply chain costs.

2.3.1.5 Advantages and Disadvantages of the KPPM

One of the advantages of the KPPM is that it allows organisations to understand their suppliers' market power and potential leverage (Golmah et al., 2016). By understanding the market power and leverage of their suppliers, organisations can then develop effective supplier management strategies. For example, Golmah et al. (2016) suggest that organisations can use the KPPM to determine which suppliers to engage with collaboratively to drive innovation and improve supplier performance. Additionally, the KPPM helps identify suppliers where the primary emphasis should be on implementing risk mitigation strategies.

Another advantage of the KPPM is that it encourages organisations to engage with their suppliers proactively. The model provides a framework for organisations to segment their suppliers into different categories and develop tailored strategies for each category. By doing so, organisations can identify the most critical suppliers and develop collaborative relationships to drive innovation and reduce costs (Bottani et al., 2017). For example, organisations can use the KPPM to identify suppliers who have the potential to become strategic partners and then engage with them through joint planning, joint process improvement, and joint product development initiatives (Bottani et al., 2017).

Despite its benefits, the KPPM also has its limitations. One of the primary disadvantages of the KPPM is that it oversimplifies the complex nature of supply chain relationships (Wu et al., 2015). The model assumes suppliers and products can be easily categorised into four distinct quadrants based on their importance and complexity. However, in reality, these relationships are nuanced and dynamic. Wu et al. (2015) argue that the KPPM does not consider the strategic

importance of suppliers or the potential for disruption in the supply chain. As a result, organisations may overlook suppliers critical to their operations but are categorised as non-strategic in the KPPM.

Another limitation of the KPPM is that it may not be suitable for all industries or purchasing categories. The model is best suited for organisations operating in industries with well-established supply chains and for standardised products readily available in the market. For more complex products or industries with less mature supply chains, the KPPM may not be appropriate.

The KPPM is a widely-used approach for procurement and supply chain management. While its advantages include easy collaboration, risk mitigation, and a focus on profit, it also has limitations, including subjectivity, oversimplification, and suitability for specific industries.

2.3.2 ABC classification method

The ABC classification method is an important framework utilised for inventory management. This method classifies inventory into either Category A, B, or C. Category A refers to items highly important to the organisation. Category B items are of medium importance to the organisation, while Category C items are least important (Godwin & Onwurah, 2013). This classification method is based on the Pareto principle (Merriam, S. B., & Grenier, R. S., 2019). The Pareto Principle, also known as the 80/20 rule, asserts that approximately 80% of effects come from 20% of causes. This principle is widely applied in various fields, including supply chain management. The purpose of the ABC classification method is to simplify inventory management by determining the stock level control for each inventory class. While the method is useful for inventory management, the ABC classification system additionally informs a wide range of functions, such as sourcing, logistics and procurement, to name a few.

Traditionally, the use of the ABC analysis allows for the classification of inventory based on a single classification criterion, which in most cases is the cost. However, recent research focuses on using multiple factors for classification (multi-criteria). For instance, empirical results obtained by research conducted by Karagiannis and Paleologou (2021) showed that annual dollar usage was as important as the average unit cost of inventory, which in turn was as important as the lead time of inventory. Research performed by May et al. (2017) explored various ABC analysis methods and found that the criteria most important to their study were

criticality, demand value, variance of requisition, procurement problem variable (PPV), and the variance of the procurement problem variable. May et al. (2017) found that ABC method classification criteria may differ among organisations and industries.

Research conducted by Jesujoba and Adenike (2021) on the relationship between the ABC analysis and product quality in the manufacturing sector of Nigeria found that a relationship existed between product quality and the ABC analysis. The study reported that a unit increase in the ABC analysis would increase product quality by 44.7%, which meant that this classification method would give organisations a competitive advantage. The results were insightful, as not much research had been conducted on using ABC analysis on the African continent. Most research typically focuses on the various classification criteria and assigning a weighting to each criterion rather than the results of the method in practice.

2.3.2.1 Methods of ABC classification

The first method is based on the order frequency of the items, which is the number of times stock is ordered. Items with high order frequencies are classified as Category A, while items with low order frequencies are classified as Category C. Category B consists of items with order frequencies that fall between the two extremes. This method assumes that faster-moving items are more critical to the business and may be more susceptible to stockouts, theft, and damage.

According to Gupta & Goya. (2020), the order frequency-based ABC classification method has been widely adopted in inventory management due to its simplicity and effectiveness. It allows businesses to identify the most critical items and allocate resources accordingly. However, one disadvantage of this method is that it may not be suitable for items with irregular demand patterns. For example, seasonal items may have high order frequencies during certain periods and low order frequencies during others, leading to inconsistent classification.

The second method of ABC classification is based on purchase value, where items are classified based on their unit cost or price. High-value items are classified as Category A, low-value items as Category C, and items with a moderate value as Category B. This method assumes that higher-value items significantly impact the business's profitability and require more attention.

According to Bhardwaj and Jain (2019), the purchase value-based ABC classification method is useful for businesses dealing with high-value inventory items, such as luxury goods and electronics. It helps them identify the most valuable items and allocate resources to ensure availability. However, one limitation of this method is that it may not consider other factors that affect the importance of inventory items, such as lead times, demand variability, and obsolescence.

Both the order frequency and purchase value-based ABC classification methods have advantages and disadvantages. Businesses must consider their inventory characteristics and management objectives before selecting the most suitable method.

2.3.2.2 Advantages and disadvantages of the ABC Classification Method

The ABC classification method provides several advantages in inventory management. Firstly, it helps organisations manage their inventory by determining the stock level control for each inventory class. This allows organisations to allocate resources and manage inventory more efficiently (Godwin & Onwurah, 2013). Secondly, it simplifies the inventory management process by focusing on the most important items, i.e., category A items, which account for 80% of the inventory value (Li et al., 2019). Thirdly, it allows organisations to identify items that significantly impact the total cost of inventory and require different methods to manage and handle the respective stock (Li et al., 2019). Fourthly, by providing real-time information, the ABC analysis can be a valuable planning and forecasting tool, allowing organisations to budget and plan accordingly for immediate or future needs. Fifthly, the ABC classification method inherently saves costs by reducing wastage costs and saving on storage costs (Godwin & Onwurah, 2013).

One advantage of the ABC classification method is that it allows organisations to identify critical items and prioritise them for management. According to Jesujoba and Adenike (2021), a study on the relationship between the ABC analysis and product quality in the Nigerian manufacturing sector found that the classification method allows organisations to achieve a competitive advantage. The study reported that a unit increase in the ABC analysis would increase product quality by 44.7%. This highlighted the importance of the ABC classification method in ensuring inventory quality control.

While the ABC classification method has several advantages, it also has disadvantages. Firstly, it ignores generally accepted accounting practices (GAAP), making this method suitable for internal use only (Li et al., 2019). Secondly, categorising inventory can be time-consuming, requiring increased resources for groups of large inventory quantities (Karagiannis & Paleologou, 2021). Thirdly, the ABC classification method is static and does not account for price changes that could cause Category A items to move to Category B or C, making the classification obsolete over time (May et al., 2017). Fourthly, the method places too much emphasis on Category A items, leaving Category B and C items open to misuse and theft. Lastly, the ABC classification method's accuracy relies heavily on the quality of data entered into the system, which can be challenging to maintain in practice (Karagiannis & Paleologou, 2021).

Another disadvantage of the ABC classification method is that it may not be suitable for all industries and organisations. According to Karagiannis and Paleologou (2021), different industries have different classification criteria, which means that the classification criteria for the ABC method may differ amongst organisations and industries. Therefore, organisations must consider their inventory characteristics and determine if the ABC classification method suits their inventory management needs. Additionally, the ABC classification method may not be effective for managing small and inexpensive items, as categorising and managing such items may not be cost-effective (May et al., 2017).

Overall, the ABC classification method provides several advantages in inventory management by allowing organisations to allocate their resources efficiently, simplifying the inventory management process, and helping organisations identify critical items. However, it also has a few disadvantages, including static, ignoring GAAP, being time-consuming, and placing too much emphasis on Category A items. Therefore, organisations must consider their inventory characteristics and determine if the ABC classification method suits their inventory management needs.

2.4 Supplier selection criteria

Supplier selection is a critical task for procurement professionals. The process involves evaluating the attributes of potential suppliers to determine their suitability for a specific procurement project. Selecting the right supplier can significantly impact the total cost of a project, particularly when purchasing raw materials and intermittent goods that contribute to a

large percentage of the overall cost (Ansari et al., 2022). With rising inflation, organisations must provide consumers with cost reductions, and procurement teams can offer short- and long-term solutions. Therefore, selecting the right supplier is essential for cost optimisation when making decisions regarding the supply chain (Anjan, 2020).

The criteria used for supplier selection can vary depending on an organisation's aims and objectives. Some of the most commonly used criteria include the following:

1. Cost: The cost of a product or service is a crucial criterion for supplier selection. Organisations aim to select suppliers who offer competitive pricing while maintaining the required quality. The product's price can be a significant factor in deciding which supplier to choose (Habibah & Kusumastuti, 2020).

2. Quality and safety: The quality of the product or service is essential to ensure that the end product meets the desired standards. In industries where safety is critical, suppliers are expected to adhere to strict safety regulations to ensure that the final product is safe for consumers (Stević, 2017).

3. Delivery performance is another essential criterion for supplier selection. Suppliers are expected to deliver products on time and within the agreed-upon timeline. Organisations may also consider the flexibility of the supplier in terms of delivery options (The Next Level Purchasing Association, 2022).

4. Service: A supplier's level of service can be a crucial factor in supplier selection. Suppliers that provide excellent customer service and support are often preferred, as they are more likely to maintain a long-term relationship with the organisation (Stević, 2017).

5. Social responsibility: organisations are increasingly concerned about their suppliers' social and environmental impact. Supplier selection criteria may include social responsibility factors, such as the supplier's ethical practices, community involvement, and environmental impact (The Next Level Purchasing Association, 2022).

6. Convenience or simplicity: The convenience of working with a supplier can also be a criterion for selection. This criterion may include factors such as the ease of ordering, invoicing, and payment processes (The Next Level Purchasing Association, 2022).

7. Risk: The level of risk associated with a supplier can also be a criterion for selection. Organisations may assess suppliers' financial stability, legal compliance, and potential impact on the organisation's reputation (Stević, 2017).

8. Agility: which refers to a supplier's ability to adapt to changing market conditions or customer needs, can be a selection criterion. Organisations may consider a supplier's responsiveness and flexibility in responding to changes in demand or supply chain disruptions (The Next Level Purchasing Association, 2022).

2.4.1 Most important supplier selection criteria

The literature suggests that the most important supplier selection criteria vary based on an industry and an organisation's values and goals. For instance, a company that values sustainable practices may place more weight on social responsibility and environmental criteria. In contrast, a company aiming for zero defects may emphasise quality criteria. A company in the food industry may emphasise food safety and regulatory compliance, while a company in the healthcare industry may prioritise supplier responsiveness and reliability. Therefore, supplier selection criteria must be tailored to an organisation's specific needs and goals.

Based on the literature, the following criteria are the most important for supplier selection:

1. Cost: Cost is one of the most crucial factors for selecting a supplier, as it directly impacts an organisation's profitability. Cost can be evaluated in terms of the total cost of ownership (TCO), which includes the purchase price and the costs associated with using and maintaining the product or service over its lifetime. Therefore, it is essential to consider the supplier's pricing structure, including any discounts or volume incentives they offer and their overall cost-effectiveness.

2. Quality: Quality is another critical factor in selecting suppliers, as it directly impacts the organisation's reputation and customer satisfaction. Quality can be evaluated based on the supplier's past performance, certifications, and adherence to standards such as ISO 9001. ISO 9001 provides a framework for organizations to establish and maintain a systematic and effective approach to quality management. It is widely recognized and adopted globally, providing a common language and set of principles for organizations to demonstrate their commitment to quality and continuous improvement. In addition, organisations should assess the supplier's quality control processes, including their

testing procedures and quality management systems, to ensure that they can consistently deliver high-quality products or services.

3. Innovation: Innovation is becoming an increasingly important in supplier selection, particularly in industries characterised by rapid technological change and evolving customer preferences. Innovative suppliers can help organisations stay ahead of the competition by providing new and improved products or services that meet changing market demands. To assess a supplier's level of innovation, organisations can consider factors such as the supplier's research and development capabilities, their history of introducing new products or services, and their ability to collaborate with the organisation to develop customised solutions.

Supplier selection is a crucial aspect of procurement operations that affects the organisation's profitability, reputation, and customer satisfaction. Procurement professionals consider different criteria when selecting suppliers, such as cost, quality, delivery, service, social responsibility, convenience, risk, and agility. Based on the literature, cost, quality, and innovation are the most important criteria for supplier selection. However, organisations should consider their values, goals, and industry-specific requirements when selecting suppliers to ensure the best outcomes for their supply chains.

2.5 Chapter summary

In navigating the labyrinth of sourcing strategies in supply chain management, the literature resounds with diverse voices advocating for distinct approaches. Among these, the resonance of local sourcing strategies emerges as a compelling alternative to the widely embraced but fraught path of global sourcing. As we traverse this intricate terrain, it becomes evident that local sourcing offers a robust solution to the challenges imposed by the complexities of global markets.

The journey into the literature was a mere recapitulation but a deliberate exploration, each theme and theory echoing with implications for our expedition into local sourcing. The studies unfold a narrative that positions local sourcing as a regional preference and a strategic imperative. As we stand at the cusp of a new chapter, the question is not just about choosing a strategy but also about crafting resilience, ensuring quality, and fostering symbiotic relationships in our local business ecosystem.

A beacon guiding us through this intricate landscape is the KPPM. This method, proven and pragmatic, illuminates the path forward. It whispers of a tailored approach, an acknowledgement that not all procurement is equal, and a recognition that each acquisition is a strategic choice. This Matrix is a tool and a compass steering us toward strategic purchasing decisions, aligning with organisational objectives and mitigating risks.

However, tools alone do not pave the way. The journey into local sourcing is intricately linked with the selection of suppliers. Here, amidst the myriad of criteria, certain keystones emerge: price competitiveness, quality, delivery reliability, lead time, and the often underestimated yet crucial financial stability of the supplier. These criteria are not just checkboxes; they are the pillars upon which the viability of our sourcing strategy rests.

As we conclude this chapter, the spotlight turns on what has been said and the trajectory ahead. Local sourcing is not merely an option but an imperative response to a world in flux. The Kraljic Matrix and judicious supplier selection are not just tools but the architects of a resilient and efficient supply chain. In the chapters that unfold, these insights will not merely be recalled; they will be our guiding stars as we navigate the complexities of local sourcing in the context of our unique study.

In the chapters to come, the echoes of this literature review will reverberate, not as a distant murmur but as a foundation upon which we build our understanding of local sourcing's intricacies. Utilising the Kraljic Matrix as our compass, we must select suppliers based on criteria and a vision of a sustainable and thriving supply chain ecosystem.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

Research may take different forms, and the choice of methodology depends on various factors, such as the research problem, available resources, target audience, and the researcher's skills (Creswell, 2014). Qualitative research involves data obtained through observations and interviews, while quantitative research involves collecting and analysing numerical data to identify patterns and make predictions (Merriam & Grenier, 2019). This study adopted a qualitative research methodology because of its ability to gain an in-depth understanding of a phenomenon under investigation.

This study sought to solicit data on local sourcing strategies used by LSPs in Durban, including motivations, challenges, and success factors. Qualitative research is particularly useful when exploring complex, context-bound phenomena that cannot be captured by quantitative methods alone (Creswell, 2014), as quantitative methods are usually used to establish existence, or non-existence of a relationship between two or more variables (Fielies & Mbukanma, 2022). By conducting interviews and analysing the data thematically, the researcher could delve into the details of the LSP's local sourcing strategies and generate a rich, descriptive account.

Interviews were conducted via email as this allowed the researcher to obtain meaningful insights from the participants in their own wordings making it easier for the research to quote the participants word for word. Many participants were also busy and had very little time available due to the complexity of their jobs. Therefore conducting the interviews via email allowed the participants to answer the questions comfortably in their own time (Merriam & Grenier, 2019). This approach ensured that the researcher could explore the research problem in depth and obtain diverse viewpoints from participants with different organisational roles and responsibilities.

The researcher conducted a thematic analysis of the data obtained from the semi-structured interviews. Thematic data analysis involves identifying patterns or themes in qualitative data (Braun & Clarke, 2006). Thematic data analysis was chosen because it allowed for identifying recurring themes in the data and analysing the relationships between them. Thus, insights were

gained into the LSP's local sourcing strategies and the factors influencing their success. There are six different phases of thematic analysis, namely, familiarising yourself with the data; generating initial codes; searching for themes; reviewing themes; defining and naming themes; and lastly producing the report.

3.2 Qualitative research methodology

Through a qualitative methodology, the study explored the sourcing strategies utilised by LSPs in the Durban region of South Africa. Qualitative research is flexible, allowing the researcher to adapt the methodology to explore areas of interest as they arise during the research process.

There are also some disadvantages associated with qualitative research. For example, the data collected may be subjective, as it is based on the perspectives and experiences of the participants. Additionally, it may be time-consuming to sort through the data to determine what information is relevant and what is not. Qualitative research may also raise issues around privacy, as participants may not want to share sensitive information or opinions with others. Moreover, the sample size in qualitative research is often smaller than in quantitative research, which may limit the generalisability of the findings. To counteract the drawbacks of qualitative research, several measures can be implemented. First, researchers can enhance objectivity and rigor by employing systematic data collection and analysis methods, involving multiple analysts to ensure consistency and minimize bias. Second, thematic analysis and coding techniques can aid in organizing and extracting relevant information from qualitative data efficiently. Third, researchers should establish clear protocols to ensure participant privacy and confidentiality, including obtaining informed consent and securely storing sensitive information. Additionally, triangulating data from various sources or perspectives can bolster the credibility and trustworthiness of findings. Finally, purposeful sampling strategies can be employed to ensure diversity and representativeness within the sample, thereby enhancing the transferability of findings to broader contexts. These strategies collectively serve to alleviate the limitations associated with qualitative research, fostering robust and credible research outcomes. Despite these limitations, qualitative research was deemed the most appropriate approach for the study, given the research aim and objectives (see Section 1.4).

3.2.1 Population

The research population of interest were all the LSPs operating in South Africa. However, including a large sample representing this population would not have been attainable for this qualitative study. There are various reasons why attaining a large sample size may be unattainable or unfeasible for a qualitative study:

1. Scope and depth of inquiry: Qualitative research often aims for in-depth exploration and understanding of phenomena within specific contexts. This can involve intensive data collection methods such as interviews, observations, or focus groups, which may be resource-intensive and time-consuming.

2. Time and resource constraints: Conducting qualitative research typically requires significant time, effort, and resources to recruit participants, gather data, and analyse findings. Limited timeframes or budgetary constraints may restrict the ability to include a large number of participants in the study.

3. Access to participants: Qualitative research often involves recruiting participants who possess specific characteristics or experiences relevant to the research question. Identifying and accessing suitable participants can be challenging, particularly in niche or specialized populations, which may limit the sample size.

4. Richness of data: Qualitative research prioritizes the depth and richness of data over its sheer quantity. Researchers aim to obtain detailed and nuanced insights from participants, which may be more effectively achieved through smaller, more focused samples where in-depth exploration is possible.

5. Data saturation: In qualitative research, data saturation is often a key criterion for determining sample size. Data saturation occurs when no new information or themes emerge from additional data collection, indicating that theoretical saturation has been reached. As such, the sample size may be determined by the point at which data saturation is achieved rather than by a predefined target number of participants.

6. Ethical considerations: Qualitative research emphasizes the importance of ethical conduct and respect for participants' rights and well-being. Researchers must carefully consider issues such as informed consent, confidentiality, and the potential impact of

their research on participants. Limiting the sample size may help ensure that participants' privacy and autonomy are safeguarded.

Overall, while larger sample sizes can enhance the generalizability and statistical power of quantitative studies, qualitative research prioritizes depth, richness, and contextual understanding, which may necessitate smaller and more focused samples.

Given that the study endeavoured to collect information from procurement professionals employed in South African organisations, purposive sampling was deemed the most suitable approach for selecting an LSP that purchased different types of products to cover a variety of product classes, such as consumables, raw materials, services, machinery, etc. The participants were selected based on their experience and expertise in supply chain management and procurement, ensuring they were active in the field.

3.2.2 Sampling

In the study, selecting participants was guided by non-probability, purposive sampling as the most suitable method. Qualitative research primarily emphasises the comprehensive exploration and comprehension of a specific phenomenon, and the sample size tends to be smaller and less representative than quantitative studies (Cresswell, 2014). Non-probability sampling would allow for selecting a small group of participants, which was appropriate for delving deeply into the local sourcing strategies employed by an LSP in Durban.

A search for a sample involved looking at the population. The sample selection process began by examining the websites of LSPs in South Africa, with the selection being based on those organisations that operate within the Durban region. Once a suitable organisation was identified, the research used LinkedIn to source the remaining participants. LinkedIn was chosen for its ability to improve networking within the business world, allowing the researcher to search for and message supply chain professionals in South Africa using keywords.

LinkedIn is a professional networking platform creating a digital space where individuals can connect, share professional achievements, and explore career opportunities. It is a vast online directory where professionals build profiles to showcase their skills and experiences. In the research context, LinkedIn played a crucial role in participant identification due to its ability to filter individuals based on professional demographics like job titles, industry affiliations, and

geographical locations. This ensured that selected participants were relevant to the research topic and likely to contribute insights and experiences relevant to the study.

LinkedIn provides efficient communication channels, allowing researchers to reach out directly to potential participants through its messaging system. This professional platform fosters trust and credibility in the recruitment process, as individuals often view inquiries made through LinkedIn as legitimate, given its focus on professional networking. With a global user base, LinkedIn broadens the scope of participant identification, enabling researchers to connect locally and internationally.

Non-probability, purposive sampling allowed the researcher to select participants based on specific criteria, such as availability, relevance, expertise, and diversity of perspectives (Cresswell, 2014).

The focal point of the study was a single LSP based in Durban, KwaZulu-Natal, South Africa. The sample included 8 participants, a number chosen not with the explicit goal of reaching data saturation but guided by a pragmatic approach to cover diverse perspectives within the logistics domain. The head of procurement at the sole logistics organisation participating in the study, was a key participant. Additionally, other participants were strategically selected for their extensive expertise, contributing to the richness of insights. The other seven participants, voluntarily participated in the research in their own capacity, not bound by their organisation.

These individuals were interviewed in their capacities to reflect a broad spectrum of roles within the international logistics sector, including titles such as inventory controller and supply planner. While the specific objective was not solely data saturation, the deliberate inclusion of participants with varied roles and extensive experience aimed to capture a comprehensive view of sourcing strategies and practices in the logistics industry. This approach allowed for a nuanced understanding beyond the confines of a single organisational profile, contributing to a more holistic exploration of the topic.

The inclusion and exclusion criteria used to select participants were as follows: participants had to be over 18, supply chain professionals which includes but is not limited to demand and supply planning, buyers, researchers, and procurement specialists. Participants would also need to be employed within South Africa. Additionally, participants would have needed to be active in the field of supply chain management and logistics, and be knowledgeable on supply chain and sourcing practices. Participants would need to have experience or expertise in dealing with

suppliers and customers. These criteria were established to ensure that the participants had the necessary expertise and knowledge to provide meaningful information and insights that could assist the researcher in achieving the study's objectives.

3.2.3 Description of participants

The study utilised a small sample size to ensure an in-depth data analysis. To clarify the quality of the sample, this section presents the participant's experience level and industry. The study involved 8 participants, who were selected based on their relevance for the study. The reasons behind the selection of a small sample size were discussed in section 3.2.1. The below table provides details with regards to the profiles of the participants of this study.

Participant	Description
A	Senior management procurement professional with over ten years of experience in the logistics service provider industry. Employed by the only participating organisation in the study.
B	Management professional in the procurement team of a global FMCG organisation in Durban, with over 15 years of experience in the global logistics environment.
C	Mid-level professional with a global automotive manufacturer in Durban, highly involved in product sourcing and purchasing.
D	Mid-level role at a global online retailer with over five years of experience in the logistics industry.
E	Employed at a logistics consulting company, worked in multiple industries, including

	petroleum and FMCG, with seven years of experience in the supply chain environment.
F	Employed at another logistics consulting company with over five years of experience in the FMCG industry and holds a supervisory role.
G	Five years of experience in the supply chain and logistics environment, involved in the raw material, final products, and transportation of a global electronics company.
H	Supply planning manager at a local FMCG organisation in Durban with over ten years of experience in the logistics industry, frequently involved in purchasing commodities used for production and resale within their organisation.

Table 1: Description of Participants

These participants were chosen based on their expertise and experience in the logistics and supply chain industry, providing valuable insights for addressing the research questions and objectives.

3.2.4 Data collection

Data collection is defined as the process of gathering and measuring information on variables of interest in a systematic manner that allows the researcher to answer queries, state research questions, test hypotheses, and evaluate outcomes(Cresswell, 2014). Researchers can choose between unstructured, semi-structured and formal interviews in qualitative research. Unstructured interviews take place with little to no prepared interview questions. The interview may proceed as a conversation underpinned by the research topic. Semi-structured interviews use a structured set of questions that aid the researcher while going through the interview process. This may also include conversational aspects, although the interview is mostly guided.

Structured interviews strictly use prepared questions and rarely include conversational elements (Cresswell, 2014).

The study collected data from eight participants using semi-structured interviews using initial open-ended questions based on the study's research questions (Cresswell, 2014). This was followed by a dynamic and flexible dialogue that allowed for in-depth exploration of their responses and the emergence of new insights throughout the interview process. This approach facilitated a comprehensive understanding of the participants' perspectives and experiences related to the research topic.

Interviews were scheduled with participants in a professional manner via Microsoft Outlook. Thus, they were conducted online using video conferencing software, allowing for efficient data collection and minimising travel costs. The questions were designed to elicit detailed information about the sourcing strategies used by the LSP in the Durban region as well as the other participants of the study who participated in their own capacity not bound by their organisation. The interviews were not recorded and transcribed verbatim as the research participants did not permit this. However, due to the interviews being conducted via e-mail the participants were allowed to answer to the best of their ability in their own time which also allowed the researcher to obtain accurate and detailed .

3.2.4.1 Data collection instrument

The funnelling technique was utilised when setting the interview questions for data collection. To begin the interview, the key questions asked were open-ended in nature. The question related to sourcing within the organisation allowed the researcher to understand better the importance of sourcing within the organisation. This key question led to further questions regarding the supplier classification method and ended with the key supplier selection criteria used by the organisation operating in Durban, South Africa. The interview questions were designed to limit bias.

In selecting the sample, the researcher found out about the background of the organisation under study. By doing this, the researcher saved time during the interview, as the researcher was already familiar with the organisation's operation. Participants received the opening interview questions at least a week before the interview. This allowed participants to familiarise

themselves with the questions and to gather their thoughts. Alternatively, it allowed participants sufficient time to withdraw from the study if they no longer wished to participate.

To develop the interview schedule for this study, thorough consideration was given to the research objectives and questions aimed at investigating the local sourcing practices of a Logistics Service Provider (LSP). The questions were meticulously crafted to align with the five research objectives, which encompassed understanding the motivations, product types, classification methodologies, sourcing strategies, and supplier selection criteria associated with local sourcing initiatives undertaken by the LSP. Rigorous scrutiny of relevant literature was undertaken to validate the content of the interview questions, ensuring their relevance and appropriateness within the context of the study. Furthermore, to ascertain the clarity, comprehensiveness, and linguistic accuracy of the interview schedule, a pilot test was conducted involving three individuals who were not participants in the study. Their feedback confirmed the effectiveness of the questions in eliciting the desired information, as well as ensuring that the language used was clear and understandable. Moreover, the inclusion of the interview schedule in the dissertation's appendix enhances transparency, allowing readers to evaluate the instrument's structure and content. This comprehensive approach to instrument development and validation underscores the credibility of the data collection process and the reliability of the insights derived from the interviews.

The researcher conducted a pilot study to ensure that all questions were clear, remove any ambiguity in the questions and confirm the trustworthiness and validity of the data collection instrument (see section below). By doing this, the researcher was able to collect data comprehensively, data which was of value to the research.

3.2.4.2 Trustworthiness and validity of data collection instrument

In qualitative research, ensuring the trustworthiness and validity of data is paramount for maintaining the integrity of the research findings. In lieu of reliability, which pertains more to quantitative approaches, qualitative researchers focus on criteria such as credibility, transferability, dependability, and confirmability, as outlined by Cuba and Lincoln (1985). These criteria serve as guiding principles to uphold the rigor and quality of qualitative research. To address credibility, researchers must establish the authenticity and reliability of the data collected through well-crafted interview questions. Techniques such as member checking, peer debriefing, and prolonged engagement in the research context are employed to bolster

credibility by eliciting genuine and trustworthy responses. Additionally, ensuring transferability involves providing detailed descriptions of the research context and participants to facilitate the applicability of findings to similar settings. Dependability is maintained through consistent and systematic data collection methods, including posing questions consistently across all participants and employing multiple coders to independently review and code the data. Lastly, confirmability is achieved by maintaining an audit trail and ensuring transparency in data collection and analysis processes. By adhering to these criteria, researchers can enhance the trustworthiness and validity of qualitative research findings.

3.2.5 Data analysis

Data analysis involves transforming raw data into meaningful information that could be used to draw conclusions and make recommendations. Thematic analysis is a popular approach to analyse qualitative data, particularly interview transcripts (Braun & Clarke, 2021). Thematic analysis involves examining data closely to identify common themes. It is a flexible approach that allows researchers to approach large datasets and identify patterns that emerge from the data.

The researcher used software tools to assist with the thematic data analysis, namely NVivo, to facilitate organisation and data coding. The themes that emerged from the data are presented and discussed in the findings section of this dissertation, with relevant quotations from the participants used to illustrate key points.

The six-step process of thematic analysis provided a systematic and rigorous approach to analysing qualitative data. This process was designed to help researchers avoid confirmation bias and ensure that the themes identified accurately reflected the data. The six steps included familiarisation, coding, generating, reviewing, defining, naming, and writing themes.

Thematic analysis offers a structured approach to qualitative data analysis, comprising six key steps. Initially, researchers immerse themselves in the data during the familiarization stage, gaining a deep understanding of its content and context. Subsequently, they systematically code the data, identifying patterns and concepts. These codes are then organized into initial thematic clusters, which are further refined and reviewed for coherence and relevance. Defining clear definitions and names for each theme follows, ensuring clarity and precision. Finally, researchers synthesize their findings into a cohesive narrative, presenting the identified themes

alongside illustrative examples from the data and discussing their implications. Through this systematic process, thematic analysis enables researchers to derive meaningful insights and ensure the rigor and credibility of their qualitative research findings.

While thematic analysis has several advantages, such as its flexibility and ability to identify patterns that emerged from the data, there are also potential disadvantages. One disadvantage is the risk of missing nuances in the data. Researchers must pay close attention to the data and ensure that they do not miss important points or make assumptions not supported by the data (Nowell et al., 2017).

When using thematic analysis, the researcher examined different approaches, including inductive and deductive approaches and semantic or latent approaches. Inductive approaches allow the data collected to determine the themes, while deductive approaches involve approaching the data with predetermined themes. Semantic approaches involve analysing the explicit content of data, while latent approaches involve reading into the subtext and assumptions underlying the data (Braun & Clarke, 2006). The study used an inductive, semantic approach to gather the participants' opinions and allow the data to determine the themes that emerged.

3.2.6 Ethical considerations

The study obtained ethical clearance from the University of Kwa-Zulu Natal, which verified that the study would treat participants and collect data ethically:

- Participants were made aware that their participation was voluntary.
- Participants were made aware that the data would be confidential.
- Participants signed a letter of consent.
- Permission was obtained from the participant to make notes during the interview.

3.3 Limitations

The researcher chose online, face-to-face and semi-structured interviews to collect the data. Using this method, the researcher could directly probe and follow up questions towards the participants. Additionally, it allowed the researcher to tailor the interview questions according to the participants' skills and knowledge. However, there are certain limitations to gathering research data through interviews.

For example, samples are smaller when conducting interviews than surveys, which precludes the generalisation of the findings. In addition, participants' emotions may bias the research findings, as respondents answer differently when their moods change. A respondent may also hide the truth from the researcher, which would introduce bias into the research data.

3.4 Chapter summary

This research methodology chapter provided an overview of the qualitative research approach used in the study. It addressed key elements, including the selected population, the sampling method, sample characteristics, data collection techniques (primarily interviews), the formulation and validation of interview questions, ethical considerations, and acknowledged limitations. This chapter laid the foundation for the following chapter on presenting the research findings.

CHAPTER 4

PRESENTATION OF FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the data analysis conducted in the study. The data had been subjected to a rigorous six-step thematic model including familiarisation, coding, generating, reviewing, defining, naming, and writing themes.

This chapter details the findings, providing a comprehensive overview of the research outcomes. Through the analysis, insights were gained addressing the research aim, objectives and questions, drawing meaningful conclusions from the data.

4.2 Theme Analysis and Research Question Alignment

In this section, we delve into the thematic analysis of the data collected in response to the research questions posed in Chapter One Through a systematic examination of the qualitative data, several key themes have emerged, shedding light on the complex dynamics of local sourcing practices within logistics service providers (LSPs). Each theme identified herein is intricately linked to the research questions, providing valuable insights into the reasons behind local sourcing decisions, the types of products procured locally, classification methods utilized, sourcing strategies employed, and the critical criteria guiding supplier selection within the logistics industry.

Theme	Related Research Question
Theme One: Reasons for sourcing locally	Research Question One: What are the reasons why an LSP sources locally?
Theme Two: Types of products sourced locally	Research Question Two: What types of products does an LSP purchase locally?
Theme Three: Purchase classification methods	Research Question Three: What product/purchase classification methods are utilised by an LSP?

Theme Four: Sourcing strategies for each category of purchase	Research Question Four: What sourcing strategies are used for each category of goods/purchases?
Theme Five: Most important supplier selection criteria	Research Question Five: What are the crucial supplier selection criteria that an LSP consider?

Table Two: Relationship between themes and research questions

Our thematic analysis has unearthed a rich tapestry of insights into the local sourcing practices of logistics service providers. From understanding the underlying motivations behind sourcing decisions to discerning the nuanced strategies employed across different product categories, each theme elucidated in this section contributes to a holistic understanding of the complexities inherent in supply chain management. By synthesizing these findings, we not only address the research questions posed at the outset but also lay the groundwork for further inquiry into the evolving landscape of global logistics.

4.3 Findings

The following sections cover the themes emerging from the data analysis. Direct quotations from respondents are included to support the findings.

4.3.1 Reasons for sourcing locally

The first theme explained why the LSP under study opted for local sourcing and addresses research questions one. The researcher to satisfy the requirement of research question one and objective one presented participants with the following question: "what are the reasons why your organisations source locally?" The literature indicates the strategic advantages of sourcing locally (Sodhi & Tang, 2011; Holmberg et al., 2014b; Li et al., 2019; Seuring & Gold, 2012). One advantage is that it enables organisations to realise cost savings, an assertion supported by Sodhi and Tang (2011) and Holmberg et al. (2014b). Moreover, the ease of monitoring suppliers and their facilities, as posited by Li et al. (2013) and Holmberg et al. (2014b), fosters improved quality control—an imperative aspect of logistics management. As expounded by Sodhi and Tang (2011) and Holmberg et al. (2014b), the temporal efficiency achieved through reduced lead times is integral for promptly meeting customer demand. Lastly, an altruistic

dimension surfaces as support for local economies (Holmberg et al., 2014b; Seuring & Gold, 2012). The ensuing responses, a rich tapestry of perspectives, are methodically elucidated below in thematic alignment.

4.3.1.1 Cost Savings

Participants noted that sourcing locally can be more cost-effective than sourcing globally due to lower transportation costs, reduced customs duties, and currency exchange rates. One participant, namely participant F, stated, "*We source locally because it is cheaper, and we do not have to deal with the complexities of importing goods".* This was in line with existing literature, as several studies have found that sourcing locally can lead to cost savings (Sodhi & Tang, 2011; Holmberg et al., 2014b).

4.3.1.2 Quality control

Another reason for sourcing locally is to ensure quality control. Participants noted that it is easier to monitor and control the quality of goods when sourced locally, as there is greater visibility into the production process. Participant C stated, "*We prefer to source locally because we can visit the factories and ensure that the products meet our quality standards"*. This finding was supported by the literature, as several studies have found that sourcing locally can improve quality control (Li et al., 2013; Holmberg et al., 2014b).

The study by Li et al. (2013) investigated the effects of local sourcing on quality control in the context of the Chinese food industry. The authors found that local sourcing can lead to better quality control. It enhances communication and coordination between suppliers and manufacturers, reduces transportation costs and time, and allows for more efficient monitoring of suppliers' quality control measures. Similarly, Holmberg et al. (2014b) study explored the effects of local sourcing on quality control in the Swedish food industry. The authors found that local sourcing can improve quality control. It allows for closer relationships between suppliers and manufacturers, facilitates timely communication and feedback, and provides more significant opportunities for joint problem-solving. These studies provide evidence to support the idea that local sourcing can lead to improved quality control in the food industry.

4.3.1.3 Reduced lead times

Participants noted that sourcing locally can lead to reduced lead times, critical for meeting customer demands. Participant H stated, "*Sourcing locally means that we can get the products faster, which is important for meeting our customer's deadlines*". The literature supported this finding, as several studies have found that sourcing locally can reduce lead times (Sodhi & Tang, 2011; Holmberg et al., 2014b).

4.3.1.4 Supporting local economies

Participant D noted that sourcing locally can help to support local economies. Participant D stated, *"We believe in supporting the local community by sourcing locally whenever possible"*. The literature supported this finding, as several studies have found that sourcing locally can positively impact local economies (Holmberg et al., 2014b; Seuring & Gold, 2012).

The Holmberg et al. (2014b) study explored the effects of local sourcing on the Swedish food industry. The authors found that local sourcing can positively impact local economies because it supports local producers and suppliers, creates local jobs, and contributes to local economic development. Similarly, the study by Seuring and Gold (2012) reviewed the existing literature on the impact of local sourcing on local economies. The authors found that local sourcing can positively impact local economies because it creates employment opportunities, increases income and wealth, enhances local economic diversity, and fosters community development and social cohesion. Taken together, these studies provided evidence to support the idea that local sourcing can positively impact local economies. By supporting local producers and suppliers and creating local jobs and income, local sourcing can contribute to local economic development and promote social and environmental sustainability. This could mean that fewer households would be affected by poverty, and the standard of living in South Africa would improve.

Despite the drawbacks associated with local sourcing, as discussed in the literature review, the study's findings and many other studies clearly showed many benefits associated with local sourcing, such as supporting local economies and the others mentioned in this section. Moreover, once established, these local suppliers can gain a competitive edge and supply the rest of Africa.

4.3.2 Types of products sourced locally

The second thematic strand surfacing from the data revolved around the types of products sought locally by LSPs. Anticipating a comprehensive understanding, the researcher initiated inquiries by first delving into the underlying reasons prompting these providers to opt for local product sourcing. The ensuing revelations mirrored findings from antecedent research, reaffirming the pivotal role played by factors, such as transportation considerations, customs duties, taxes, and the inherent availability of products within the local market (Wang & Guo, 2019; Gupta & Goyal, 2019).

Following this insightful exploration, participants were probed further regarding the specific types of products they sought locally and the rationale underpinning these choices. The cumulative responses were meticulously categorised into five classes: packaging materials, IT equipment, consumables, machinery and equipment, and other specialised products. Each category unfolds a unique narrative, shedding light on the intricacies of local sourcing within the logistics landscape. Subsequent paragraphs unravel these narratives, comprehensively elucidating the diverse product dimensions shaping the second emergent theme.

Participants stated that they sourced locally for products that are either readily available in the local market or more expensive to source from overseas due to the additional costs involved. Participants E, G, H and F stated that they source locally for the products readily available in the local market. They do this to avoid additional costs and lead times for products they can easily buy locally. Participant G also mentioned that lower costs were the main driver behind sourcing locally, mentioning that they source locally for products that are more expensive to source from overseas, which attract additional costs due to transportation, customs duties and taxes.

Increased costs and longer lead times are important factors that need to be considered when organisations decide to source locally. Local products allow sourcing organisations in South Africa to obtain their products cheaper and quicker, making their organisations more reactive to the market demand.

This finding was consistent with literature that highlights the importance of considering the cost of transportation, customs duties, and taxes when sourcing products (Wang & Guo, 2019). The literature also suggests that the availability of products in the local market plays a crucial role in sourcing decisions (Gupta & Goyal, 2019). The study by Wang and Guo (2019)

examined the factors that affect sourcing decisions in the context of global supply chains. The authors found that transportation costs, customs duties, and taxes are important considerations when sourcing products and that these costs can significantly affect sourcing decisions. They also highlighted the importance of considering the entire supply chain and the total cost of ownership when making sourcing decisions.

Similarly, the study by Gupta and Goyal (2019) investigated the factors that influence sourcing decisions in the Indian retail industry. The authors found that the availability of products in the local market is a key factor influencing sourcing decisions. They also highlighted the importance of considering product quality, lead times, and supplier reliability when sourcing decisions.

These studies support the idea that considering the cost of transportation, customs duties, and taxes is important when sourcing products and that the availability of products in the local market plays a crucial role in sourcing decisions. By considering these factors and the entire supply chain, organisations can make more informed and effective sourcing decisions.

Participants also provided insight into the types of products that they source locally. As explained below, these products included raw materials, packaging materials, and consumables.

4.3.2.1 Category 1 Packaging materials

Participants A, E, F, and I mentioned sourcing packaging materials locally. This included containers, boxes, bags, and other types of packaging. However, these participants sourced these products locally for various reasons. Participant A explained that that packaging material was sourced locally by their organisation as it was client and product-specific. Therefore, sourcing the packaging material locally by Participant A allowed the organisation to be reactive to changes in customer demands and specifications. Participant E, however, attributed sourcing locally to the shorter transit time associated with local sourcing. Participants F and I shared similar sentiments to Participant E regarding the reason for sourcing locally.

4.3.2.2 Category 2: IT equipment

Participants A and E mentioned sourcing IT equipment locally. This included laptops, desktops, printers, and UPS/inverters. The participants mentioned that they sourced these materials locally to ensure timely delivery and to support local businesses.

Participant A explained that IT equipment was sourced locally from authorised resellers due to the maintenance and after-sale support associated with sourcing these locally. Participant E again attributed sourcing IT equipment locally to reducing the transit time.

4.3.2.3 Category 3: Consumables

Several participants, namely, C, F, G, H, and I, mentioned sourcing consumables locally. This included many products, such as food items, office supplies, and raw materials. The participants mentioned they sourced these materials locally to reduce shipping costs, ensure timely delivery, and support local businesses. Participants elaborated that these items were sourced locally because they also received trade discounts due to the high order volumes and the non-critical nature of these goods, which allowed for a long-term partnership with suppliers that provide their consumables.

4.3.2.4 Category 4: Machinery and equipment

Several participants, namely, E, F, and G mentioned sourcing machinery and equipment locally. This included material handling equipment, vehicles, and other types of apparatus. The participants mentioned that they sourced these materials locally as the after-sales service and maintenance provided by local suppliers. The same after-sale service and maintenance would not be available from global suppliers, as they were far from South Africa.

4.3.2.5 Category 5: Other products

Participants mentioned sourcing other products locally. For example, Participant D mentioned sourcing door weather strips, ABS shocks, and vehicle interior parts locally, while participant E mentioned sourcing safety wear locally. Participant G mentioned locally sourcing retail grocery items, spares, and maintenance equipment. Participant D mentioned that sourcing the above-stated vehicle parts allowed the organisation to achieve tax rebates, stimulate employment in South Africa, and reduce transportation costs. Participants E and G explained that the items listed were locally sourced to respond quickly to the demands of the local market.

Sourcing products locally, like those mentioned in this and the previous sections, can significantly benefit organisations in South Africa. This study found that sourcing locally can reduce costs associated with transportation, customs duties, and taxes. Additionally, sourcing locally can provide access to products readily available in the local market, which can reduce lead times and increase an organisation's ability to react to changes in market demand.

Local sourcing can support the industrialisation of a country by promoting the growth and development of local businesses. When organisations source locally, they support local suppliers and manufacturers, creating employment opportunities and stimulating the local economy. This can ultimately contribute to the overall development and growth of the country's industrial sector.

4.3.3 Purchase classification methods

The third theme involved the methods used by the LSP in categorising its purchases. Previous investigations have spotlighted the KPPM as the most widely utilised classification method (Kraljic, 1983). Nevertheless, the current study’s comprehensive exploration uncovered a nuanced landscape wherein the KPPM and the ABC classification method exhibited unique merits and inherent limitations. Acknowledging the dynamism of the former (Kraljic, 1983) and the latter's simplicity, the researcher will, in this section, celebrate the diverse strengths each brings to the table. The current research revealed, however, that the LSP under study had crafted its bespoke classification method using the KPPM and an in-house classification method involving a disbursement and trade spend method. Disbursement spend is directly related to the delivery of client goods – airlines, shipping lines, transporters, customs, agents. Often there are very few choices for logistics companies in this spend category. Trade spend includes security, staff, IT etc. This can be understood by thinking of these two terms as spending directly involved in the operation of the organisation and spend indirectly involved in business operation This innovative approach underscored the industry's capacity for tailored solutions.

Participant A noted that the organisation used the Kraljic Portfolio Matrix to classify products/purchases, stating as follows:

> *We use the Kraljic Portfolio Matrix to classify our products based on their importance to our business and the level of supply risk associated with them. This*

helps us to prioritise our procurement activities and focus our resources on the most critical products.

Participant D reported that the organisation used the ABC classification method, stating as follows:

We use the ABC classification method to classify our products based on their value and volume. This helps us to identify the products that account for the highest percentage of our procurement spend and focus our efforts on optimising the sourcing of those products.

According to Gopalakrishnan and Sundarraj (2012), the ABC classification method is a widely used to classify products/purchases based on their value and volume. This method is based on the Pareto principle, which states that a small percentage of products/purchases account for a significant percentage of the total procurement spend (Chopra & Meindl, 2021). However, the Kraljic Portfolio Matrix is a complex approach that takes into account the level of supply risk associated with each product/purchase and the importance of the item to the organisation.

Upon analysis of the participants' feedback, it was found that the most commonly used purchase classification method was the Kraljic Portfolio Matrix. Participant E stated,

"*We use the Kraljic Portfolio Matrix to classify our purchases. It helps us to identify which purchases are critical to our business and which ones are not"*. Participant F echoed this sentiment, saying, "*We use the Kraljic model to help us decide which purchases are strategic and which are routine".*

Many organisations have widely adopted the Kraljic Portfolio Matrix due to its effectiveness in identifying purchasing patterns and risks associated with each purchase. According to Luitzen de Boer and Ploos van Amstel (2008), "The Kraljic Portfolio Matrix is a powerful tool that can help organisations to identify purchasing strategies and negotiate better prices with suppliers". This is because the Matrix helps organisations to identify the key purchasing risks and opportunities for improvement.

The literature also suggests that LSPs use a combination of classification methods to ensure their procurement strategies align with their business objectives (Gopalakrishnan & Sundarraj, 2012). For example, some organisations may use the ABC classification method to classify their products/purchases based on their value and volume while using the Kraljic Portfolio

Matrix to organise their products/purchases based on their supply risk and importance to the business.

Participants mentioned using the organisation's methods for purchase classification. For example, Participant A stated, "*We use our own in-house method for purchase classification, which is based on the product type and our overall strategic goals. This method is referred to as the Disbursement and trade spend classification method*". This emphasised that the LSP under study used two product/purchase classification methods to optimise procurement activities and align sourcing strategies with business objectives. The use of these classification methods enabled the LSP to identify the critical products/purchases and focus efforts on optimising the sourcing of those products/purchases. Suppliers could tailor their production process to attain a competitive advantage as the organisation increasingly purchased locally.

4.3.4 Sourcing strategies for each category of purchase.

The fourth theme centred on the sourcing strategies employed by the LSP. A wealth of scholarly literature, spanning from 2013 onwards, substantiates the diverse strategies embraced by the industry. Notably, local sourcing, global sourcing, single and multiple sourcing, and innovative approaches like near sourcing and collaborative planning have garnered attention in contemporary research (Choi, 2019).

To unravel the intricacies of these strategies within the specific context of LSPs, participants were asked, "*Which sourcing strategies does your organisation apply to each purchase category?"* The participants' responses indicated that multiple sourcing was used for non-critical items and low-value purchases to reduce the risk of supply chain disruptions and increase competition among suppliers. A participant from the transportation sector stated the following:

> *We use multiple sourcing when we need to purchase low-value goods readily available in the market. This allows us to have multiple options and avoid any supply chain disruptions.*

Single sourcing was mentioned as a preferred strategy for high-value purchases and critical items, which require a higher level of supplier engagement and a longer-term relationship. A participant from the manufacturing sector noted the following:

> *We use single-sourcing for high-value items like raw materials and critical components. This strategy helps us to establish a long-term relationship with our suppliers and reduce the risk of quality issues.*

Each category of goods/purchases required a specific sourcing strategy. For example, Participant A indicated that the organisation sourced raw materials for their products from either single or multiple local suppliers to ensure consistency and quality control. Participant C emphasised the importance of sourcing from local suppliers for raw materials, citing reduced transport costs and lead times. Participant D highlighted that the organisation sourced high-volume, low-value items globally through online platforms such as Alibaba. In contrast, low-volume, high-value items were sourced locally to ensure timely delivery and better quality control. This highlighted the importance of balancing cost and quality when determining sourcing strategies for different categories of goods/purchases.

The literature maintains that sourcing strategies should be tailored to each category of goods/purchases. For example, a study by Wu et al. (2017) found that organisations should consider factors such as the criticality of the item, supply market complexity, and supplier dependency when determining the appropriate sourcing strategy for each category of goods/purchases. In addition, the study by Johnson et al. (2015) found that organisations should consider the characteristics of the product and supply market, the level of competition, and the organisation's goals and objectives when determining the appropriate sourcing strategy. This suggests that organisations must carefully analyse each category of goods/purchases to determine the most appropriate sourcing strategy.

Strategic partnerships and collaborative planning were also mentioned as sourcing practices used by LSPs. Strategic partnerships involve forming long-term relationships with key suppliers and collaborating on joint initiatives, such as joint product development or supply chain optimisation. Collaborative planning, however, involves working closely with suppliers to plan and coordinate production schedules and inventory levels to ensure timely delivery and minimise inventory holding costs.

A participant from the retail sector mentioned the following:

> We have strategic partnerships with key suppliers and collaborate with them on inventory planning and product development. This helps us to ensure timely delivery and reduce inventory holding costs.

The importance of supplier relationships has been widely recognised in the literature, improving collaboration, trust, and communication, leading to improved supplier performance and increased customer satisfaction (Krause et al., 2000).

According to the literature, selecting an appropriate sourcing strategy also depends on the type of product or service, the market competition level, and the extent of supply chain risk. For example, multiple sourcing is often used for commodity products with many suppliers, while single sourcing is used for custom products with a limited number of qualified suppliers. Strategic partnerships are often used for key inputs that require a high level of collaboration and innovation. In contrast, collaborative planning is used for items with high demand uncertainty and long lead times.

Participants mentioned the importance of considering the environmental impact of sourcing decisions. Participant D stated, "*We try to source locally as much as possible to reduce our carbon footprint and support local communities*". Participant E mentioned, "*We consider the environmental impact of our sourcing decisions and try to minimise transportation distances and associated emissions*". This concern for environmental sustainability is not uncommon in the logistics industry. Many companies increasingly recognise the importance of incorporating environmental considerations into their sourcing decisions. Wu and Dunn (1995) note that "companies that include environmental considerations in their sourcing decisions are more likely to achieve a competitive advantage and enhanced long-term profitability". This is because environmentally conscious sourcing decisions can reduce costs, improve reputation, and increase customer loyalty.

Participants highlighted the importance of building strong relationships with local suppliers. Participant C noted, "*We try to develop long-term relationships with our local suppliers, which can help us negotiate better prices and ensure consistent quality*". Participant G stated, "*We prefer to work with local suppliers who share our values and priorities and are committed to providing high-quality products and services".*

According to the current research and the literature, organisations should tailor their sourcing strategies to the category of goods/purchases. This requires careful consideration of factors, such as product characteristics, supply market complexity, competition, and organisational objectives, to determine the most appropriate sourcing strategy. However, while tailoring sourcing strategies to product categories could offer benefits, it may not always be feasible or

the most effective approach for every organisation. Factors such as the size of the organisation, the complexity of its supply chain, and the type of products may impact the effectiveness of this approach.

4.3.5 Most important supplier selection criteria

The fifth theme shed light on the pivotal criteria guiding supplier selection. Ho et al. (2015), Li and Zhou (2010), Cavinato (2017), Ellram et al. (2013), and Chan et al. (2015) identify price competitiveness, product quality, delivery reliability, lead time, supplier financial stability, and ethical and social responsibility, for example as underpinning supplier selection. To confirm or refute the literature, the researcher asked, "*Which supplier selection criteria does your organisation consider the most crucial?*". The factors identified by the respondents are explained below.

4.3.5.1 Price competitiveness

Participants consistently emphasised price competitiveness in the supplier selection process. For example, Participant E highlighted the importance of obtaining the best possible deal, thereby maximising cost savings. However, while price was a significant consideration, participants also recognised the importance of product quality and delivery reliability. Participant A explained that although price was an important factor, supplier experience and technical know-how influenced the price the organisation was willing to pay. Thus, price, quality, and delivery were primary criteria in supplier selection decisions (Ho et al., 2015; Li & Zhou, 2010).

4.3.5.2 Product quality

Participants consistently acknowledged product quality in the supplier selection process. The need to ensure that sourced products met required standards and specifications was highlighted, and participants understood that delivering high-quality products was essential for maintaining customer satisfaction, meeting regulatory requirements, and avoiding non-compliance. The emphasis on product quality was aligned with the literature, which recognises quality as a critical criterion alongside price and delivery reliability (Cavinato, 2017; Ellram et al., 2013). These findings indicate that LSPs prioritise suppliers who consistently provide products of the desired quality.

4.3.5.3 Delivery reliability

Delivery reliability emerged as a key factor in supplier selection. The ability to meet delivery requirements and ensure timely product delivery was emphasised. Participants recognised that disruptions in the supply chain can have severe consequences for a company's operations and reputation. They highlighted the importance of suppliers consistently fulfilling their delivery commitments, thereby minimising the risk of delays or interruptions. These findings aligned with research identifying delivery reliability as a critical factor in supplier selection decisions (Ho et al., 2015; Li & Zhou, 2010). LSP providers prioritise suppliers who can ensure dependable and timely delivery to maintain the smooth functioning of the supply chain.

4.3.5.4 Lead time

While the participants did not extensively discuss lead time as a selection criterion, it was briefly mentioned as an important consideration. Timely delivery and avoiding delays were emphasised by Participant F, who mentioned the negative effect of long lead times. LSPs aim to minimise lead time to meet customer demand.

4.3.5.5 Supplier financial stability

Ensuring that suppliers are financially stable and capable of delivering products on time was mentioned as an important consideration by participants, which aligned with the findings of Chan et al. (2015). Participant A mentioned that understanding a supplier's financial stability ensured its ability to fulfil contractual obligations, sustain operations, and avoid disruptions or bankruptcy that could impact the service provider’s supply chain. Consequently, suppliers with a strong financial position were favoured in the selection process.

4.3.5.6 Ethical and social responsibility of supplier

Participants considered suppliers' ethical and social responsibility as critical factors in the selection process. This aligned with the growing trend towards ethical and sustainable supply chain practices in recent years. LSPs recognise the importance of considering suppliers who engage in fair labour practices, demonstrate environmental responsibility, and operate transparently. The mention of ethical and social responsibility aligns with Srivastava et al. (2013), highlighting the increasing focus on ethical and sustainable supply chain practices. By considering suppliers' ethical and social responsibility, LSPs aim to align their operations with societal and environmental goals. Participant D's statement regarding the need for suppliers

with ethical practices reflects the growing awareness of the impact supply chain decisions can have on various stakeholders. LSPs recognise that partnering with responsible suppliers can enhance their reputation, mitigate risks associated with unethical practices, and contribute to a sustainable and socially responsible business ecosystem. The emphasis on ethical and social responsibility in the supplier selection process underscores the commitment of LSPs towards fostering sustainable supply chain practices.

4.4 Chapter Summary

This chapter presented themes derived from data collected in interviews with selected participants. The first theme focused on why the LSP under study chose local sourcing, highlighting advantages like cost savings, quality control, and shorter lead times. Local sourcing helped reduce costs associated with global procurement, such as freight, customs, and transportation expenses. With increased inspections and oversight, proximity to local suppliers made quality control more manageable. Reduced lead times were beneficial for dynamic supply chains. The participants emphasised understanding the reasons for local sourcing to secure long-term business relationships.

The second theme covered the products sourced locally, including packaging materials, IT equipment, consumables, and machinery. While some local suppliers acted as intermediaries for global products, technical products were sometimes difficult to source locally. This suggested the need for additional research to investigate the cost-effectiveness of direct global sourcing, especially for technical products, for example, which might not be readily available through local intermediaries who mark up prices.

The third theme was product categorisation methods, with the ABC classification and Kraljic Portfolio Matrix being used in addition to an in-house method. In contrast, the fourth theme involved sourcing strategies, encompassing multiple sourcing, single sourcing, strategic partnerships, and collaborative planning. Multiple sourcing was favoured for non-critical items, while single sourcing was preferred for high-value, critical items. Each goods category required a unique sourcing approach, with local sourcing emphasised for raw materials. Strong supplier relationships were associated with improved collaboration, trust, and communication.

The fifth theme highlighted supplier selection criteria, including price competitiveness, product quality, delivery reliability, lead time, and supplier financial stability. In addition, criteria

aligned with industry trends toward ethical and sustainable practices reflected the LSP's commitment to responsible supply chains.

In summary, this chapter presented key findings on local sourcing strategies, product types, categorisation methods, sourcing strategies, and supplier selection criteria used by the LSP under study and therefore provided answers to all five research questions which in turn satisfied the research objectives.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This concluding chapter presents an overview of the research, which endeavoured to unravel local sourcing strategies utilised by an LSP in Durban, South Africa through a literature review and an investigation. Beyond summarising the study, the chapter illuminates the pragmatic applications of the insight gained by making industry policy, practice, and research recommendations. This concluding chapter distils the essence of the research journey and charts a course for informed decision-making and strategic advancements in logistics sourcing.

5.2 Research overview

The research began with a comprehensive introduction providing contextual elements, including the background, problem statement, research aim, objectives, and questions. The problem of supply chain disruptions caused by global sourcing was explored, and local sourcing was posited as a sustainable alternative. The research aimed to contribute insights into local sourcing strategies, product classification methods, and supplier selection criteria for LSPs.

The literature review navigated the complexities of sourcing strategies within supply chain management, emphasising local sourcing as a robust alternative to global sourcing. Local sourcing was positioned as a strategic imperative, with the Kraljic Portfolio Matrix emerging as a guiding beacon for tailored procurement decisions aligned with organisational objectives.

The research methodology section outlined the chosen approach, including the research sample, data collection method, and analysis technique. Through interviews, the study gained in-depth insights into the experiences and perspectives of participants. Thematic analysis ensured a systematic examination of qualitative data, acknowledging limitations, such as participant and social desirability bias. Ethical considerations, including informed consent and confidentiality, were meticulously addressed.

The findings unfolded across five themes. The first theme focused on the advantages of local sourcing, emphasising cost savings, quality control, and reduced lead times. The first theme

therefore appropriately satisfied the requirements of research question one. The second theme explored the types of products sourced locally, highlighting categories such as packaging materials, IT equipment, and machinery, thereby answering research question two. The third theme involved classification methods, with the Kraljic Portfolio Matrix predominant and a participant revealing a novel, in-house disbursement and trade spend method. This therefore answered research question three.

The fourth theme illuminated sourcing strategies, including multiple and single sourcing, strategic partnerships, and collaborative planning. This theme aligned with the literature, reinforcing the need to align sourcing strategies with goods categories and consider criticality and supplier dependence. The fifth theme explored supplier selection criteria, identifying six key factors: price competitiveness, product quality, delivery reliability, lead time, and supplier financial stability. These criteria aligned with broader industry trends toward ethical and sustainable practices, emphasising logistics providers' commitment to responsible supply chains.

These findings led to local sourcing intricacies and contributed not only to academic discourse but also provided practical implications for LSPs navigating the complexities of global and local sourcing.

5.3 Recommendations

Drawing upon the insights gained from this research, several key recommendations emerged for LSPs operating in Durban and other similar contexts:

5.3.1 Diversification of sourcing strategies

In crafting an effective sourcing strategy, LSPs stand to gain significant advantages by adopting a hybrid approach that seamlessly integrates both local and global strategies. With its inherent benefits of cost savings and reduced lead times, local sourcing would be invaluable in catering to regional demands and ensuring operational agility. The proximity of local suppliers would allow for close collaboration, stringent quality control measures, and a rapid response to changing market dynamics. However, global sourcing would introduce a dynamic dimension to the supply chain by providing access to specialised products and unlocking untapped markets. A global reach would facilitate the acquisition of unique resources, access to diversified product offerings, and exposure to a broad customer base.

The key to maximising benefits is striking a harmonious balance between local and global sourcing paradigms. While local sourcing would strengthen the supply chain's resilience in the face of local disruptions and ensure a quick response to market fluctuations, global sourcing would add a layer of adaptability and innovation. This hybrid approach would empower LSPs to navigate the complexities of a globalised market while leveraging the advantages of localised insights and operations.

A synergistic integration of both paradigms would mitigate risks associated with over-reliance on a single strategy. A hybrid model would provide a safety net, allowing LSPs to tap into the advantages of local and global sourcing, thereby optimising their supply chains' efficiency, flexibility, and competitiveness. By strategically selecting the sourcing approach based on the unique requirements of each product category or market segment, LSPs could create resilient and adaptable supply chains that thrive in a dynamic and ever-evolving business landscape.

5.3.2 Strengthening relationships with suppliers

To build resilient, sustainable supply chains, LSPs are strongly recommended to strengthen their relationships with local suppliers. Transparent communication is the cornerstone of this effort, fostering an environment of trust and mutual understanding. By engaging in open and honest dialogue, LSPs could gain valuable insights into local suppliers' capabilities, challenges, and opportunities. This transparency would be instrumental in aligning expectations and laying the foundation for a collaborative and strategic partnership.

Collaborative planning is vital to fortifying relationships with suppliers. LSPs should actively involve local suppliers in planning, seeking their input and expertise. Through joint initiatives and collaborative planning, both parties could synchronise their efforts, anticipate potential challenges, and develop proactive solutions. A collaborative approach would enhance the supply chain's efficiency and promote a sense of shared responsibility in navigating uncertainties and dynamic market conditions.

The cultivation of strategic partnerships with local suppliers is essential for long-term success. LSPs should go beyond transactional engagements and build enduring relationships characterised by mutual benefit. Strategic partnerships involve a commitment to shared goals, joint problem-solving, and continuous improvement. By investing in these relationships, LSPs

could create a robust network of suppliers aligned with their objectives and dedicated to delivering value.

The recommendation to strengthen relationships with suppliers underscores the need for LSPs to view them as strategic allies rather than transactional entities. Building strong relationships is an ongoing process that requires dedication, open communication, and a collaborative mindset. As LSPs forge strong bonds with local suppliers, they would position themselves to weather disruptions effectively and capitalise on shared opportunities for innovation and growth in the dynamic landscape of supply chain management.

5.3.3 Continuous evaluation of sourcing strategies

In the ever-evolving realm of supply chain management, LSPs are strongly advised to embrace a culture of continuous evaluation and adaptation of their sourcing strategies. The dynamic nature of markets, the evolving expectations of customers, and the rapid pace of technological advancement necessitate a proactive and agile approach to sourcing. Periodic reassessment is not merely a reactive measure but also a strategic imperative to ensure sustained alignment with organisational goals and maintain a competitive edge in the industry.

Regular reviews of sourcing strategies would serve as a proactive mechanism to stay attuned to the shifts in market conditions. Market dynamics are constantly changing, influenced by economic fluctuations, geopolitical events, and emerging trends. By routinely reassessing sourcing strategies, LSPs could swiftly identify and respond to changes, mitigating risks and seizing emerging opportunities. This foresight would enable organisations to position themselves as adaptable and resilient players in the ever-shifting landscape of global and local markets.

Customer demands are continually evolving, driven by changing preferences, expectations for sustainability, and an increasing focus on ethical sourcing. Periodic evaluations of sourcing strategies would allow LSPs to recalibrate their approaches to meet these evolving customer expectations. This would ensure customer satisfaction and position the organisation as a responsive and customer-centric player in the competitive marketplace.

Technological advancement represents another dynamic aspect of the supply chain landscape. Integrating innovative technologies, such as data analytics, artificial intelligence, and blockchain, can potentially revolutionise sourcing strategies. Regular assessments would

enable LSPs to leverage these advancements, optimising processes, enhancing visibility, and unlocking new possibilities for efficiency and cost-effectiveness.

The recommendation for continuously evaluating sourcing strategies encourages LSPs to view strategic sourcing not as a static plan but as an adaptive and evolving framework. By instilling a mindset of regular review and adaptation, organisations could proactively navigate the intricate challenges of the supply chain landscape, staying ahead of the curve and positioning themselves as leaders in the ever-changing dynamics of the industry.

5.3.4 Environmental sustainability

In the contemporary supply chain management landscape, a crucial recommendation for LSPs is to proactively integrate environmental sustainability into their sourcing decisions. The imperative to address climate change and reduce environmental impact has become paramount, and LSPs could play a pivotal role in contributing to these efforts. Prioritising local sourcing, whenever feasible, would be a tangible and impactful step towards reducing carbon footprints and fostering responsible business practices.

As a key component of an environmentally sustainable strategy, local sourcing would offer several advantages. By minimising the distance goods travel from supplier to consumer, LSPs could significantly reduce transportation-related emissions. This would align with global environmental goals and position organisations as responsible stewards of the environment. Additionally, local sourcing would foster a close relationship between LSPs and local suppliers, enabling an understanding of sustainable practices and ethical sourcing within the region.

LSPs should explore innovative approaches and technologies to embed environmental sustainability into sourcing decisions. This would include leveraging data analytics for supply chain visibility in terms of responsible practices, implementing green transportation solutions, and adopting eco-friendly packaging practices. Embracing innovation in sourcing strategies would allow organisations to meet regulatory requirements and stay ahead of evolving environmental standards and consumer expectations.

Incorporating environmental sustainability into sourcing decisions would align with the growing trend of eco-conscious consumerism. Consumers increasingly prefer businesses that demonstrate a commitment to sustainability, making it a strategic imperative for LSPs to align

their sourcing practices with these values. This would enhance the brand image and make the company stand out from its competitors and gain an advantage.

The recommendation to incorporate environmental sustainability into sourcing decisions urges LSPs to view their role not only through an economic lens but also as custodians of the environment. By prioritising local sourcing, embracing innovative practices, and responding to the evolving expectations of environmentally conscious consumers, LSPs could proactively contribute to a sustainable and resilient future for the supply chain industry.

5.4 Limitations

While the qualitative study provided in-depth insights into the experiences and perspectives of logistics professionals, the limitations were inherent in this approach. Findings derived from qualitative research are context-specific and may not be easily generalised to a broader population. However, the study did not seek to establish universally applicable findings but to capture the nuanced and expert insights of individuals involved in logistics.

An inherent challenge in qualitative research is the potential influence of the researcher's competencies or personal inclinations on the study outcomes. To address this concern, the study employed a rigorous process known as continuous comparison. This involved comparing the interview questions and the data gathered from interviews with the data collected in the literature review. This minimised bias and upheld the integrity of the study.

Despite these precautions, interpretative, qualitative research inherently involves the subjective interpretation of data. Additionally, the study's scope was limited to the specific participants' perspectives, and variations in experiences across a broader logistics context may not be fully captured.

5.5 Recommendations for future studies

While this research provided valuable insights into local sourcing strategies utilised by an LSP in Durban, there were limitations to the study, as indicated above. Therefore, there are numerous avenues for further exploration and refinement of the study. As supply chain management continues to evolve in response to global challenges and technological advancement, the following recommendations offer direction for future research endeavours. These suggestions build upon the foundation laid by the study and delve into specific aspects

and broad contexts to enhance understanding of local sourcing strategies and their implications. Each recommendation presents an opportunity to contribute to the ongoing discourse on sourcing decision-making, supply chain resilience, and sustainable business practices.

5.5.1 Quantitative analysis

Whilst this current study focused on qualitative research, future research could complement it with quantitative analysis to quantify the impact of local sourcing on various performance metrics such as cost savings, lead times, and supply chain resilience.

5.5.2 Longitudinal study

A longitudinal study can be performed to track changes in local sourcing strategies over time. This could provide insights into how sourcing decisions evolve in response to changing market dynamics, technological advancements, and global events.

5.5.3 Supplier development programmes

Future research could investigate the effectiveness of supplier development programmes initiated by LSPs to enhance the capabilities of local suppliers. This could involve assessing the outcomes of training, technology adoption, and collaboration initiatives on supplier performance and overall supply chain efficiency.

5.5.4 Technology and innovation

Future research can examine how emerging technologies such as blockchain, artificial intelligence, and the Internet of things (IoT) impact local sourcing strategies. Future research could also investigate how these technologies could enhance supplier collaboration, traceability, and data-driven decision-making.

5.5.5 Management of relationships with suppliers

Future research could focus on the dynamics of relationships with suppliers in the context of local sourcing. It could explore strategies for building and maintaining effective supplier partnerships that contribute to improved supply chain performance over the long term.

5.6 Chapter Summary

In conclusion, the study explored local sourcing strategies utilised by an LSP in Durban. It shed light on the reasons behind local sourcing, product types, purchase classification methods, sourcing strategies, and critical supplier selection criteria. Through qualitative research and thematic analysis, these aspects were understood.

The findings underscored the importance of local sourcing in enhancing supply chain resilience, reducing costs, and supporting local economies. The selection of appropriate sourcing strategies was found to be contingent on various factors, including product type, market dynamics, and organisational objectives. Using a qualitative research methodology facilitated a nuanced exploration of the topic, highlighting the intricate interplay of factors influencing sourcing decisions.

As the global business landscape continues to evolve, the insights from this research could provide a valuable foundation for LSPs to optimise their sourcing strategies. By customising approaches, building robust relationships with suppliers, and considering sustainability, organisations could position themselves for sustainable growth and improved competitiveness.

The study contributed not only to the field of supply chain management but also to local sourcing practices in South Africa. As supply chains become increasingly interconnected, the significance of informed sourcing decisions cannot be overstated. The study could serve as a stepping stone for further exploring and refining sourcing strategies in dynamic and complex environments. Examining local sourcing strategies could be a call to action for LSPs to embrace adaptive and context-specific approaches, fostering a resilient and sustainable supply chain ecosystem.

The escalating supply chain complexity has magnified disruptions' impact, exemplified by recent events like the Suez Canal blockage and the COVID-19 pandemic. Global sourcing, a prevalent strategy, has heightened supply chain vulnerability. While existing research has predominantly addressed risks in global sourcing, there is a shortage of exploration into local sourcing, an alternative offering significant advantages, such as reduced logistics costs and enhanced resilience against supply chain risks.

The study filled this gap by investigating local sourcing strategies employed by an LSP in Durban. The research provided information about local sourcing for risk reduction, supply chain resilience and profit impact by categorising and identifying sourcing strategies for each

purchase category. The research outcomes might optimise local sourcing activities to benefit supply chain management. Additionally, the examination of a selected LSP in Durban led to practical insights for LSPs in similar contexts.

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APPENDICES

Appendix A: Ethical Clearance

UNIVERSITY OF KWAZULU-NATAL
INYUVESI YAKWAZULU-NATALI

16 January 2023

Kishan Vandayar (214542646)
Graduate School of Business & Leadership
Westville Campus

Dear K Vandayar,

Protocol reference number: HSSREC/00005091/2022
Project title: Examining local sourcing strategies - A case of a logistics service provider in Durban
Degree: Masters

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 28 November 2022 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

This approval is valid until 16 January 2024.
To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

HSSREC is registered with the South African National Health Research Ethics Council (REC-040414-040).

Yours sincerely,

[redacted]

Professor Dipane Hlalele (Chair)

/ms

Appendix B: Permission to Conduct Research

Stoneridge Office Park, Block A
8 Greenstone Place
Greenstone Hill, 1609
PO Box 97, Isando
1600
Tel: +27 (11) 570 6000
email: info@bidvestil.com
www.bidvestil.com

Safcor Freight (Pty) Ltd trading as
Bidvest International Logistics
Reg: 1969/008086/07
VAT no: 4760151177

To whom it may concern,

RE: Permission letter to conduct study

Mr. Kishan Vandayar, student number 214542646 is a registered MBA student at the University of KwaZulu-Natal-Westville campus. We, Bidvest International Logistics Procurement Department, acknowledge and understand that his research project will contribute towards his master's thesis project entitled: 'Examining local sourcing strategies utilised by a logistics service provider in Durban.'

Bidvest International Logistics is aware that the study will take place during office hours for which he/she will be collecting data by means of interviews with the key person(s) in the Procurement department which she deems necessary to achieve the objectives of this research.

The procurement department supports and understands that this project involves accessing personal views and information from people or persons employed at Bidvest International Logistics. Such data will be provided to the researcher with all personally identifying information; however, during the data presentation in the form of the final thesis e.g., names shall be removed so that the data cannot be traced to any individual.
I support and grant permission to conduct this research at Bidvest International Logistics Procurement Department.

Sincerely

[redacted]

Lenushka Parannath
Head of Procurement
Bidvest International Logistics
Email: LenushkaP@BidvestIL.com
Cell: 066 257 1691

Appendix C: Informed Consent Letter

GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP
MBA Research Project
Researcher: Kishan Vandayar (214542646@stu.ukzn.ac.za / 0817173992)
Supervisor: Dr Mlondi Vilakazi (Vilakazim@ukzn.ac.za / 0765274541)

Date: 10/01/2023

Dear Professional

My name is Kishan Vandayar, an MBA student from the Graduate School of Business and Leadership at UKZN. You are invited to consider participating in a study entitled: Examining local sourcing strategies utilized by a logistics service provider in Durban. The aim of the research is to provide more information on local sourcing and the strategies used. The purpose of this study is to provide information that will enable organizations to pursue local sourcing initiatives effectively. The study is expected to enroll at least six to ten participants that conduct business operations within South Africa and/or are considered experts in the field.

Through your participation, I hope to gain a better understanding on local sourcing practices and strategies in the business environment. The results of this interview are intended to contribute to the discipline of Supply Chain Management. This study will be ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee.

In the event of any problems or concerns/questions you may contact the researcher at 214542646@stu.ukzn.ac.za or the UKZN Humanities & Social Sciences Research Ethics Committee, contact details as follows:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION
Research Office, Westville Campus
Govan Mbeki Building
Private Bag X 54001
Durban
4000
KwaZulu-Natal, SOUTH AFRICA
Tel: 27 31 2604557- Fax: 27 31 2604609
Email: HSSREC@ukzn.ac.za

Participation in this research is voluntary and you may withdraw participation at any point. In the event of refusal/withdrawal of participation you will not incur any penalty or loss of treatment or other benefit to which you are normally entitled. There are no consequences applicable to you should you wish to withdraw from the study. Please notify the researcher for orderly withdrawal. You will incur no costs due to participation in this study and the are no incentives to be provided for participation in this study. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about participating in the interview, you may contact me or my supervisor at the numbers listed above. The interview should take about 40 minutes to complete. I hope to use this time valuably and not disturb your normal duties. Should you wish to participate in this study, please complete the informed consent form that follows.

Sincerely,
Kishan Vandayar

Consent to Participate in Research

I (Name) have been informed about the study entitled Examining local sourcing strategies utilized by a logistics service provider in Durban, by Kishan Vandayar.

I understand the purpose and procedures of the study are to obtain more information on local sourcing initiatives and this will be obtained by means of an interview.

I have been given an opportunity to ask questions about the study and have had answers to my satisfaction.

I declare that my participation in this study is entirely voluntary and that I may withdraw at any time.

If I have any further questions/concerns or queries related to the study, I understand that I may contact the researcher as per the details provided at the start of this document.

If I have any questions or concerns about my rights as a study participant, or if I am concerned about an aspect of the study or the researchers then I may contact:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION
Research Office, Westville Campus
Govan Mbeki Building
Private Bag X 54001
Durban
4000
KwaZulu-Natal, SOUTH AFRICA
Tel: 27 31 2604557 - Fax: 27 31 2604609
Email: HSSREC@ukzn.ac.za

Additional Consent,

I hereby provide consent to:

Audio-record my interview / focus group discussion YES / NO

Signature of Participant	**Date**
Signature of Witness (Where applicable)	**Date**
Signature of Translator (Where applicable)	**Date**

Appendix D: Interview Schedule

Interview Schedule

Research Title: Examining local sourcing strategies utilised by a logistics service provider in Durban.

Objective One: Identify reasons why a logistics service provider may source locally

1. What are the reasons behind your organisation sourcing locally?
2. What are some of the products that your organisation sources globally?
3. What drives your organization to source globally?

Objective Two: Identify the types of products that a logistics service provider purchase locally

4. What are some of the types of products that your organisation sources locally?
5. Is it possible to source these local products globally?

Objective Three: Identify the product/purchase classification method utilized by a logistics service provider

6. Which product/purchase classification does your organisation utilise? For example, Kraljic Portfolio Matrix or ABC Classification.
7. Describe/Explain the method used If your organisation makes use of their own method for product/purchase classification.
8. What are some of the advantages that accrue to your organisation by using the product/purchase classification method advised in Question Three?

Objective Four: Identify the sourcing strategies to be used for each category of goods/purchases.

9. Which sourcing strategy does your organization apply to each category of the product/purchase classification method used?
10. Which of the seven local sourcing practices does your organization apply to each category of the product/purchase classification method utilized?

Objectives Five: Identify the crucial selection criteria that a logistics service provider considers when selecting suppliers.

11. Which supplier selection criterion does your organization find most important when selecting suppliers?
12. Do local suppliers stand a better chance of selection if they focus their efforts on excelling in the criterion identified?

Appendix E: Confirmation of Professional Editing

DR MAUREEN LILIAN KLOS
PROFESSIONAL EDITOR
BA; STD; BEd (*cum laude*); MEd (*cum laude*); Ded
Research Associate (Nelson Mandela University)
Registered with the South African Professional Editors' Guild (SAPEG) (reg. no. KLO004)
maureenklos@gmail.com

EDITOR'S DECLARATION

I,

DR MAUREEN LILIAN KLOS,

Being the holder of the following qualifications:

BA; STD; BEd (*cum laude*); MEd *(cum laude)*; DEd

Registered with the SAPG: No. KLO004

Hereby certify that I am the English language editor of the following document:

Examining local sourcing strategies utilised by
a logistics service provider in Durban.

by
Kishan Vandayar

214542646

I have edited the language, formatting and referencing in the document in their entirety. However, I assume no responsibility or liability for any post-editing changes, errors, or omissions.

[redacted]

10 NOVEMBER 2023