Brief Report

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TLMT 498

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Global sourcing and procurement can contribute to more than 50% of the cumulative costs of manufacturing in most sectors. That said, procurement organizations are challenged to be more strategic than before whereby, they should be involved in assisting companies to ascertain as well as sustain a competitive advantage by challenging these companies to deliver goods and services at low costs while spearheading innovation along with quality insights of suppliers. In the US, modern technology, supplier diversity, along with green procurement have been mentioned to be factors that primarily impact global sourcing as well as procurement (Kotabe & Murray, 2018). This is in contrary to the UK where the factors that impact global sourcing and procurement are different. To be specific, some of the factors that affect global sourcing as well as procurement in the UK entails financial environment, technological, along with political factors. To gain solid consent about the varying factors in the UK and so, the US, this brief report deliberates about these factors in the literature review.

**Literature Review**

**What is Global Sourcing?**

Global sourcing can be conceptualized as the act of generating goods and services from the international market across national borders. It always focuses on exploiting worldwide proficiencies in the generation of the service or goods. These proficiencies encompass cost-friendly raw material, inexpensive skilled labor, as well as other economic aspects like low trade tariffs and tax breaks. Most of the information technology services and projects instituting Mobile Apps and IS Applications plus the database services are contract out internationally to republics like Pakistan and India for reasonable pricing. Some companies currently, focus on harnessing the probable of worldwide sourcing in reducing cost. Therefore, it is always noted that worldwide sourcing inventiveness, as well as programs, compose the critical part of the procurement strategy and strategic sourcing plot of various international companies (Kotabe & Murray, 2018).

**Global Sourcing and Procurement in the US**

Government across the world use trillion of dollars to acquire goods and services where a fraction of the purchases are acquired from foreign companies. The US along with the primary trade partners have signed deals like the NAFTA and the WTO Agreement on Government Procurement to allow their government purchasing to global competition. About 15% of the US government procurements are based on foreign sources (Ganapati, 2018). In 2015, the US government managed to procure more than twice as much from the main trade partners as compared to those companies that procured from the US wherein, specifically the US procured approximately $5 billion while the companies that procured from the US spend about $2 billion on contracts.

**Factors impacting Global Sourcing and Procurement in the US**

**Supplier Diversity**

The US has been a country that has been economically successful for some years. A critical change based on the US businesses entails the increase of the minority population plus its inference for the success of the business. Population diversity in the US is becoming common following the speedy growth of the minority population. Following the existing population growth rates, chances are that the minorities will surpass the Caucasian and the non-Hispanic population in the coming 30 years. To put it clearly, population in the US is projected to rise to 374 million before 2050 where the minority population will account for about 90% of the overall growth (Ganapati, 2018). The minority enterprises have also startup at high rates and these businesses are projected to the integral in the role of the local and worldwide economy in the coming years. Increased spending power among the minority communities, minority business startups, along with the supplier diversity are presenting new prospects for the smart corporations to acknowledge first-mover rewards in the evolving local markets.

For the previous 2 decades, growth among the minority-owned businesses doubled the rate of all companies in the US economy. Currently, the US is marked with more than 2 million minority companies which generate more than $205 billion sales year in year out. Between 1997 and 2002, the US experienced a 50% growth of minority enterprises alone. This growth is critical because it creates jobs among the minority communities and at the same time, creates wealth among the minority communities. This means that well-off families can get more goods and services from companies (Ganapati, 2018). Therefore, looking at the assertions presented above, one will realize that the aspect of supplier diversity has been meaningful in impacting the global sourcing plus procurement in the US.

**Modern Technology**

The US has been commonly known for its advanced technology and by relying on this technology, US companies enjoy an optimized procurement. Organizations are currently focusing on productivity and efficiency and by integrating digital technologies, it has been possible for the US organizations to realize new ways of responding to the needs of their suppliers and so, their consumers. Transport companies, government units, and tourism and hospitality companies have engaged digital technologies to manage intricate processes like cognitive procurements that promote machine-learning, blockchain, as well as cloud computing, and this has enabled them to overhaul all aspects of supply-side economics (Khan, S. A. R., & Yu, 2019). Any organization engaged in business whether a privately-owned or the government-administered, procurement always presents serious challenges such as demand, migration, and climate change that may affect the supply detrimentally. Nevertheless, engaging digital technologies has enabled US companies to manage such challenges.

**Green Procurement**

Green procurement entails acquiring products and services that less hazardous on the environment. This involves the environmental concerns and human health into the search for ultimate products at competitive costs. The US is marked with a Green Procurement Compilation (GPC) that presents a guide on how to acquire products and services that are less hazardous to the environment. By subscribing to GPC, one can identify the federal purchasing necessities for the products or services he or she intends to purchase. It also allows one to discover alternative environmental programs and supplemental procurement guidance that allows one to meet his or her sustainability goals (Khan, S. A. R., & Yu, 2019). The US is also marked with various procurement platforms that support green procurement and one of them is General Services Administration (GSA). Having such platforms account the reason why US agencies have been procuring items and services that pose fewer hazards to individuals and the environment.

**Global Sourcing and Procurement in the UK**

In contrary to the US, in the UK, the factors that have been impacting its global procurement and sourcing are different. It is believed that a business is a risky entity that is at the quirk of the external forces and some of the forces entail financial, environmental, and political alongside other forces (Jiang, Jia, & Gong, 2018). Certainly, these forces pose ramifications for the supplier management, and from price through trade. Some of these forces are detailed below.

**Financial Environment**

The financial environment determines the behaviors of the buyers in procurement operations. One primary challenge the financial environment presents to the business entails currency fluctuation. In the UK, investors are encouraged to buy at the right time to enjoy a huge return on investment (ROI). The Bank of England financial policy presents some ramifications for the procurement units because it determines the behavior of the investor and so, inflation that then affects cashflow. In the meantime, the habit to engage in the lending practices may constrain procurement practices and emphasize on cutting cost if securing finance becomes difficult (Kotula et al., 2018). At the same time, the credit squeeze will always make small suppliers be at risk, thus also increasing the risk of the buyer.

**Political Change**

A change in the policy or the government is critical on how buyers engage in business. Such changes may champion the need for regulatory reform along with the business support packages in conjunction with representation. The impact may be based on how corporations structure their supply chain, their compliance with the employment standards, health and safety, tax, quality control, plus how they grow.

**Socio-Cultural Change**

Socio-cultural change is a significant aspect in the global sourcing as well as procurement in the UK because procurement units in the region are challenged to comprehend cultural and social factors affecting the behaviors and expectations of customers (Jiang, Jia, & Gong, 2018).

**Conclusion**

Sourcing internationally at low cost presents some advantages to companies as they forced to learn how they can execute business in the potential market, intercept new skills which when applied can promote their growth. Again, such companies can tap new vendors and suppliers to promote competition as well as amplify supply capacity. Currently, companies from various countries source globally following the benefits presented above. Nevertheless, the factors that impact global procurement and supply in one country may be different from those evident in other countries. For instance, in the UK, some of the factors are socio-cultural, financial environment, and the political environment (Kotula et al., 2018). On the contrary, the factors in the US are green procurement, supplier diversity, and modern technology.

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