



**LAHDEN AMMATTIKORKEAKOULU**  
*Lahti University of Applied Sciences*

# GLOBAL SOURCING MODEL:

SUCCESSES AND CHALLENGES IN THE CASE OF  
COMPANY X IN PACKAGING INDUSTRY

LAHTI UNIVERSITY OF APPLIED  
SCIENCES

Degree Programme in International  
Business Management

Master's Thesis

Autumn 2013

Huy Quoc Khoang

Lahti University of Applied Sciences  
Degree Programme in International Business Management

KHOANG, QUOC HUY:

Global sourcing model:  
Successes and challenges in the case of Company X in packaging industry

Master's Thesis in

104 pages, 03 pages of appendices

Autumn 2013

## **ABSTRACT**

---

Global sourcing has been seen the most important part of supply chain management (SCM) in economics. It is considered as the most typical way to demonstrate attributions of globalization from concept to practice. Many companies have gained many successes, but they have also encountered challenges when applying global sourcing in business.

To determine the factors of success as well as challenges of global sourcing, this Master thesis clarifies characteristics of global sourcing model from both angles: theoretical reviews and the reality of Company X in practice. It also scrutinizes the main processes and the role of internal communication in this Company X, who adopts global sourcing as its business concept.

Therefore, this Master thesis uses Company X in packaging industry as a case study for the research design. The methodology of the research is based on a descriptive approach of qualitative research and personal observation. The main collected data for the thesis are from the search-desk as secondary data and from Skype interviews as well as participant-observation as primary data.

From the findings, fundamental characteristics and main processes of global sourcing are found in similarity between the theory and the practice. Besides, flexibility, cheap, quick start-up investment and professional expertise are also found as the dominant features from the successful model of the global sourcing. Whereas, internal communication, which is found operating in parallel with SCM processes, has become the critical backbone, catalysts for cooperation and coordination in Company X. However, difficulties & barriers found from internal communication have created some certain blockages and hindered the efficiency as well as the collaboration in Company X. Such findings are alarming for the need of looking for solutions and improvements to avoid the implicit cracking down from current success in Company X.

**Key words:** supply chain management, global sourcing, SCM processes, internal communication, collaboration, packaging.

## ACKNOWLEDGEMENTS:

I would like to express my own acknowledgements to those who have been following my footsteps during the period of my studying Master Degree in Lahti University of Applied Sciences, Finland.

Apart from stable and simultaneous support from my most loved wife, kids and the family, I would like to send my best sincere gratitude to the Management and the whole Vietnam team of Company X, who always advocated me for the past time. I also would like to appreciate Dr. Tiina Vainio, who helped me to overcome my panic psychology in the beginning of the Master program. Without her, it is hard for me to go through such turbulence upfront.

Besides, I also have to thank, sincerely, my supervisor – Ms. Ullamari Tuominen for her toughness but patience in giving me valuable guidance during my work. Without her, I will not finish the work as expected, either. Thank you. I also thank all my friends and friends on FB for encouraging and motivating me when I was just in Finland.

Last but not least, “*Men In Black*” (MIB12), you are always in my heart. We have the most wonderful group, ever, in such turbulence; and nothing can stop our path of learning.

Again, thank you all.

Lahti, November 10<sup>th</sup>, 2013



Khoang, Quoc Huy

## CONTENTS

ABBREVIATIONS	V
1 INTRODUCTION	1
1.1 Background	1
1.2 Research questions, objectives, scope, and limitation	4
1.3 Methodology	8
1.4 Structure of the thesis	8
2 SUPPLY CHAIN MANAGEMENT – GLOBAL SOURCING	11
2.1 Definition of supply chain management	11
2.2 Global Sourcing – an important model of SCM	15
2.3 Characteristics of global sourcing	20
2.4 Supply chain processes	25
2.5 Internal communication in SCM	29
2.6 Summary	36
3 RESEARCH DESIGN AND METHODOLOGY	39
3.1 Research design	39
3.2 Methodology	39
3.3 Data collection and analysis	40
3.3.1 Process of data collection	40
3.3.2 Process of data analysis	42
4 CASE COMPANY X IN PACKAGING INDUSTRY	47
4.1 Packaging industry	47
4.2 Company X's profile and setting	49
4.3 Vietnam operation – structure	51
4.4 Empirical findings	53
4.4.1 Global Sourcing characteristics	54
4.4.2 Company X's main processes	67
4.4.3 Internal communication in SCM	74
4.5 Summary of analytical findings	83
5 CONCLUSIONS	92
5.1 Conclusion	92
5.2 Discussion	93
5.3 Evaluation and suggestion	95

6	SUMMARY	97
	REFERENCES	100
	APPENDICES	105
	FIGURES	108
	TABLES	110

## ABBREVIATIONS

CFO/COO	Chief Finance Officer/Chief Operation Officer
CS	Customer Service
CSOP	Customer Service Order Processing team
DEV	Development
DMS	Delivery management system
F2F	Face-to-face
ERP	Enterprise resource planning
HQ	Head Quarter
IT	Informatics technology
JDE	JD Edward (Proper name of ERP)
OPD	Order processing database
QC/QA	Quality control/Quality Assurance
SCM	Supplier Chain Management
SME	Small and Medium Enterprise
SOP	Standard Operation Procedure
VWS	Vietnam Web System

# 1 INTRODUCTION

## 1.1 Background

Supply chain management and its disciplines have been demonstrated as one of the most important factors in constituting strategy in our current business and nowadays practices. Moreover, it was also proven to be one of the elements contributing to successes or failures in history of the past from American War to the World War II (Christopher, 2010, 1).

Knowledge, literature and categories in supply chain from purchasing, logistics and outsourcing, etc. have been progressively developed through time by both academia and practices. Such development is to cope with escalating complicated influx of various impacts from competitive, complex market drivers. It also copes with conceptual changes in political, economic environments, global business with value-based focus and advances of technologies. Consequently, the supply chain knowledge in such depth has become one of the driving strategies in management of an organization.

The progressive and booming knowledge in supply chain management have advocated and increased the valuable advantages in creating the link between market places and the supply base. The advantageous values are generated through the competitiveness among current and new suppliers. It enhances stability of the supply base via development and improvement of existing suppliers. It also identifies and develops new potential suppliers whose performance has not been up to standard. It is also increasing the number of portfolios of superior customers with optimizing the costs of expenditure via integrating supply chain management strategy with organizational strategy across the operations and networks. Such things enhance potentiality of competitive value and differentiation value in the markets (Monczka et al, 2010, 25-27).

Supply chain management has undergone the changes from simple to complex pattern. The simple pattern is a purity of purchasing with logistics activities involved within the company directly with their inbound suppliers. The higher pattern is outsourcing with involvement across companies from different parties

for both core and non-core competence activities. Then, the most complicated trading pattern is known as global sourcing with interactive activities across the boundaries of nations, in which the world is viewed as a single market and the suppliers are not located in a region but can be anywhere in the world (Monzcka, 2010, 187-188).

Derek Sappenfield, a global strategy and enterprise transformation advisor at PwC, mentioned with affirmative information that “*a strong growth in 2012 and beyond has been seen in outsourcing and shared services*”. This statement was published in Global Sourcing Group of Morrison and Foerster PPL in February 2012 (report 2012, 4). This means that activities of outsourcing in global business keep increasing whilst economics of the world is still under recession. It turns out that global sourcing has become a popular strategy in business of many companies as well as organizations. Especially, it is for those who are still seeking outsourcing as an alternative for enhancing competitive advantages. Actually, applying global sourcing as a strategy has been rekindled and scattered in discussion, debate since 1980s (Kotebe et al, 2004, 7) and has been predicted to grow in both literature debates and practice activities.

Apparently, global sourcing is typically the best way to demonstrate globalization attributions from concept to practice (Trent and Monzcka, 2005, 24). IKEA, Nike, Wal-Mart and other big Brands have been seen to be the actual examples which reap lots of success in global sourcing. With giant scale and large markets at different locations, Brands are required to improve their competitiveness via enhancing quality, offering better prices and providing superior services at all times. Therefore, most of the Brand customers focus on their core competences by intensively managing direct manufacturers called tier one suppliers, who are manufacturing products for them. Meanwhile, the Brands leave non-core competences e.g. components, packaging, logistics services, and so on for outsourcing to third parties which they normally call tier two suppliers to manage under their nomination.

Company X, which was introduced and discussed in this thesis is one of the leading global sourcing companies in packaging industry because it is the supplier for many famous Brand customers in retail and shoes industry in the world for



more than fifteen years. It has been successful in supplying and managing packaging for its Brand customers. The obvious evidence shows that it had the reward in year 2011 as “the most reliability supplier” of more than two hundred suppliers that one of its Brand customers had.

Working in the “global sourcing” company in a packaging industry was not only a fortune but also a fate. It is a fortune because Company X has been operating under scope of outsourcing, which is an escalating tendency of global business in our century due to globalization (Christopher, 2010, 19). It is predicted to keep increasing in many regions and becoming a core strategy in many organizations despite more diligence (Morrison and Foerster report 2012, 3). It is a fate because the author had the opportunity to work in Vietnam operation – one of the locations of Company X from early beginning of setting-up to its full wing of operating, from small scale of three staff to more than forty staff in year 2012. Its processes and activities have become cells in blood, embedded in mind, which was accumulated nearly eight years of experiences in working.

However, such processes and activities are unconsciously saturated through pressures, flows of daily requirements of working. The scope of “global sourcing”, which covers Company X’s business as a core strategy now has become a matter in question to the author. The question pushed the author to study further in order to unwrap practical experiences upon working under many *hats* of responsibility in Vietnam operation – one of its offshore operations in the world. The research, thus, may give a better and more objective view about the global sourcing model in practice from another angle, position as an outsider of the operation with theoretical refreshing in conjunction with retrospective experiences.

In literature, global sourcing in SCM is not a new subject. It has been intensively discussed and studied by many authors, in which Monczka, Weele, Trent, Lambert etc. are the pioneers in this regard. Alongside with that, there are many articles, journals and theses at different levels from Bachelor to Master level debating and talking about this. However, each author focuses on specific topic in various angle of view in order to depict a concerned issue of the subject.

Therefore, global sourcing is really a holistic subject in SCM which there is still area for researching and studying.

## 1.2 Research questions, objectives, scope, and limitation

Supply chain management, which has a broader understanding as a network of an organization with involvement of activities and communications from internal stakeholders to external stakeholders such as customers and suppliers, etc., has constituted systematic processes. Those un-attachable parts of business processes in literature are to respond to the challenges of complex and various requirements of the output in practices. Therefore, in the article, Copper and his fellows (1997, 9) also suggested for further understanding what the relevant processes are for the supply chain and whether they are the same for all companies.

Consequently, experiences in those years working in the global sourcing model would be a good chance for the author to unveil his understanding of global sourcing model in a real life in contrast with theory mentioned in academic:

- a) What are characteristics of global sourcing in theory and in the case of Company X?
- b) What are the main processes in SCM and the role of internal communication in Company X?
- c) What are successes and challenges to Company X?
- d) What improvement and suggestion can be proposed for Company X?

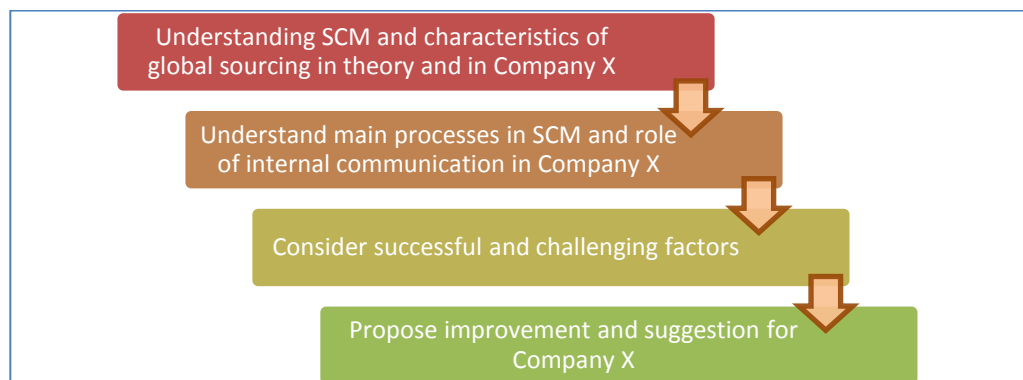


Figure 1. Hierarchy of Research Questions

Therefore, using a company case as a model for research is necessary and well fit in this situation. The findings from the company case may help the author to gain objectives pre-set in the research for broadening the overview in both theory and practice in progressive steps (Figure 2).

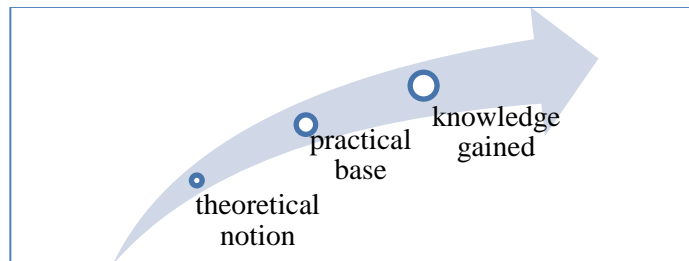


Figure 2. Progress of knowledge

In supply chain management, there have been many things discussed from structures, strategy, logistics and production to risk managements in literature. Global sourcing, therefore, has exposed many matters as well as barriers in concern such as strategy management, risks management, quality control, processes, and communications, complex logistics or culture and language differences, etc. (Monczka, 2010, 69). As a result, those matters should be focused and overcome in order to bring the ultimate success.

The case of Company X has the Head Quarter based in New York, USA and the operations are located across from Latin America, Europe to Asia continents. Geographically speaking, Company X might expose many critical matters related to culture, languages due to staffs and operations spreading over many different countries. Hence, of most issues, that “global sourcing company” is believed to overcome is “communication and process flows” across nations, which may be the most important as they have seen a primary spine for the Company X to operate.

Within the framework of this thesis, the author excluded the concern of all interactions among different countries’ operations within Company X and the communication between Company X with its customers and its suppliers. It is due to limitation in time, restriction in previous experiences of working only in Vietnam, and the interaction between Vietnam and HQ, between Vietnam with Asia Management team. Besides, the author also excluded the concerns of cultural

differences, cultural conflict in management, risk management, etc. of SCM in Company X.

The case of Company X is discussed at two levels: macro-management from Company X as a whole and micro-management from specific Vietnam operation in particular. The macro-management level was accessed and studied based on characteristics of global sourcing model found from theoretical literature in order to reflect the overview picture of the Company. These accessibility and study may expose the similar and different features of global sourcing model of Company X which are still in question. However, two of the characteristics such as processes and communication were analysed from micro-management inside Vietnam operation of Company X as Figure 3 below:

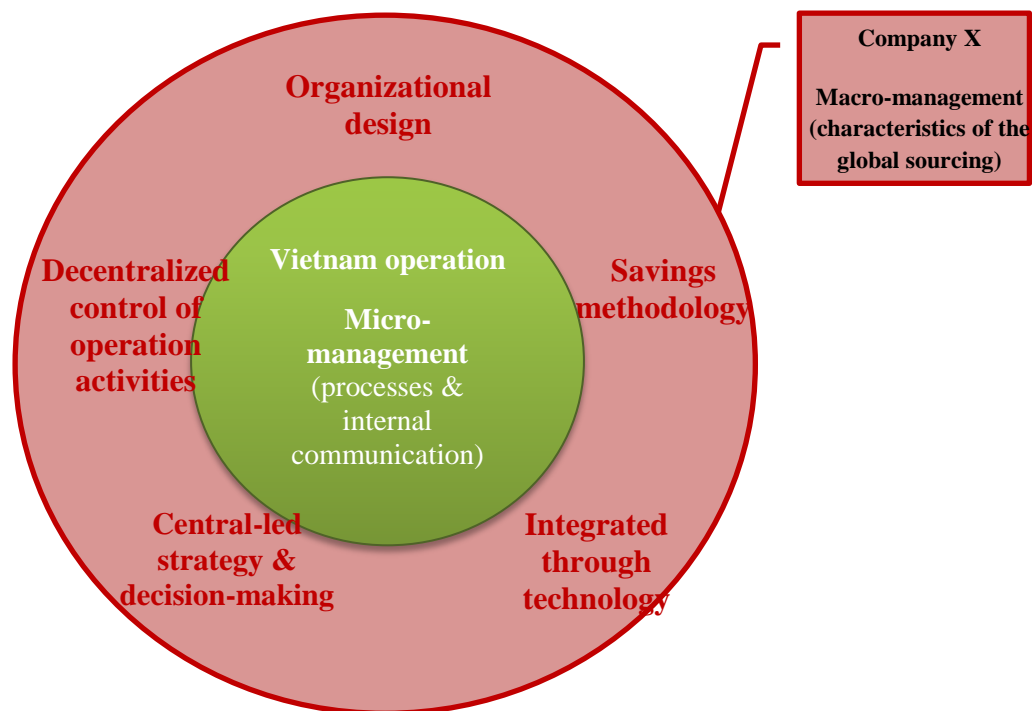


Figure 3. Two levels of study in the thesis

Starting from this point, “Company X” or “the case of Company X” is considered as the macro-management scope while Vietnam operation is referred to micro-management.

Vietnam operation would be approached under micro perspective of internal communication via interactions of main processes. The author discusses about

main processes like customer relationship, customer service, demand, order fulfillment, supplier relationship, product development, commercialization and returns management process. Then, the author focuses on internal communication matter via those business processes. Thus, the operation of Vietnam would be discussed, described in focus of inside processes with starting point from receiving information at customer end as a cluster of customers to the point of passing information to supplier end as a cluster of suppliers. It is also excluded the external communication between Vietnam Operation with its customers or suppliers as well as other sub-connection of those. In result, the framework of this thesis can be drawn as Figure 4 below:

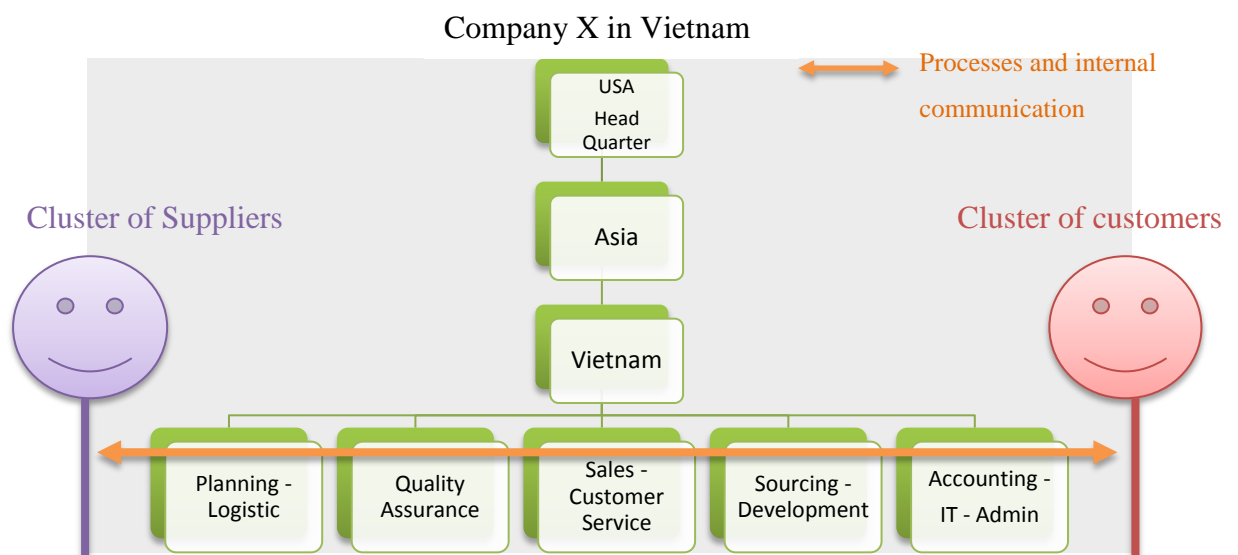


Figure 4. Limitation framework of the thesis

Due to confidential requirements from Company X as well as avoidance in leaking information to its competitors when this thesis is published, the real name of Company X, its Brands customers as well as all proper names, interviewees' names have been required strictly to be coded as anonymous. Therefore, the author would use initial letter of the names to indicate the Brand customers (A, R, T, TB, TR, L) or interviews' names (Mr. O, Ms. E, Ms. V, etc.) on purpose in order to respect this requirement in this regard.

Although the author reviews SCM systematically through its development from primary form to the highest form, the author just would like to focus on global

sourcing – the latest form of SCM for studying as a starting point of the thesis. Domestic purchasing and international purchasing were excluded in this thesis because activities of domestic purchasing involves within the country, not at a global scale. In addition, dominant features of international purchasing are to tackle ad-hoc situations of supply base when needed and have a tendency to outsource as an emerging strategy in planning only. The performance of those does not fit in the situation of Company X in this research.

### 1.3 Methodology

Studying using a specific company in a global sourcing in order to understand the matter of global sourcing may give more explanations to hidden issues underneath. Therefore, case study methodology with qualitative research may be the right choice in this thesis. According to Yin (2009), a case study can be flexibly applied in many situations because it increases human knowledge through experiences of an individual, a group, an organization, a society, and a political phenomenon, or an event. Furthermore, it generates understanding of complex situations, or difficult scenarios, but it helps remaining the abundant and significant characteristics as they are in our real life. More details of methodology and approach are written clearly in chapter 3 – research design and methodology of this thesis.

### 1.4 Structure of the thesis

In order to pursue the purpose, objectives and scope of the research sketched out from beginning, the structures of the thesis is arranged as a hierarchy from theory to practice model in discussion. Consequently, the structure of the thesis consists of six main chapters and there are sub-chapters under each to describe the core matter in details, that author would like to unveil.

#### Chapter 1: Introduction

This chapter mainly describes and affirms background, research scope, objectives as well as methodology and states the reason why the author has chosen for further study. Also, with cultural concept of writing from Asia, the author would

briefly introduced some major points in chapter one and he is expecting the audiences to gradually find out more in details when reading through the thesis instead of introducing all issues upfront.

#### Chapter 2: Theory framework

In this chapter, author mainly focuses on the supporting theoretical parts cited in literature. They are considered as a backbone possibly leading to the key points that the problematic subject has been raised in the thesis.

This chapter covers details of sub-chapters starting an introduction of general development of supply chain management, the purpose of value chain and supply chain processes. Other sub-chapters depict global sourcing scope and its attributions as well as discussion about communication framework for processes to go through.

#### Chapter 3: Research design and methodology

In this chapter, the author explains how he approached and came up with the research design, and methodology that he chose for his Master thesis. Also, the author describes the process of data collection and demonstrates his coherent thinking, analysing through an analysis model that he drew up by himself. The author believes this is the skeleton for him to rely on to do the research.

#### Chapter 4: Case Company X in packaging industry

The main chapter is to describe and problematize the case study using Company X with embodying Vietnam operation as a typical example for scrutinizing.

The chapter opens with generally introducing Company X and its macro scope of operation, its network from suppliers' base to cluster of customers. Through the chapter, it is demonstrated Company X becomes a fastened knot to connect both streams into coherent string as a progressive tendency in business model and processes, which is in a transition from product (project) concept to industrial service concept where a coordination role in between is missing (Salminen, 2012).

Also, in sub-chapters, the processes as well as communications under a microscope from Vietnam operation are further scrutinized, described, analysed according to framework in Figure 15. In result, the author would like to un-wrap the problem in details in order to find out core factors behind this model as a summary in both sides of the model: success and challenges.

#### Chapter 5: conclusion, discussion and suggestion

This chapter is to conclude what have been found during the research. It helps the author to evaluate the whole findings from the case of Company X to see whether the objectives and research questions can be resolved and achieved. The discussion on some matters was open from the concerns of the author. From such consequence, suggestions and further research shall be proposed.

#### Chapter 6: summary

This chapter is to sum up all key points of the research in order to answer all the research questions. This is the last-but-not-least part of the thesis as a result in summary of author's work.



## 2 SUPPLY CHAIN MANAGEMENT – GLOBAL SOURCING

### 2.1 Definition of supply chain management

Supply chain management (SCM) is not a new subject in academic literature and practice. It has been playing an important component in competitive strategy for further improvement, enhancement in profitability, and productivities of an organization. Although the term has appeared and mentioned as well as developed since 1982, it has been still in discussion about understanding of its definition, scope and approaches in our daily business (Cooper et al, 1997).

Moreover, by the time when business conceptions, management notions have been gone far in the complexity of economics category, globalization, together with accelerating human knowledge, there has been a broader understanding in supply chain management than before when it just appeared (Christopher, 2011; Weele, 2010).

Per Martin Christopher in his book, he is affirmative that supply chain management is a wider concept than logistics as:

*“the management of upstream and downstream relationships with suppliers and customers in order to deliver superior customers value at less cost to the supply chain as a whole”  
(Christopher, 2011, 3)*

In his adopted definition, supply chain has become a knot center for connecting two different chains into executive chain between two main stakeholders, which he considered as upstream and downstream of the network as Figure 5. Supply chain management now has become critical in strategy of a firm in management network to maintain the harmony among the stakeholders in which suppliers and customers are standing at two ends on the scale. Such management in that relationship is needed and should be outweighed in focus in order to gain more profitability, increase competitiveness for the firm as well as to bring the best benefits for all involved parties in the chains.

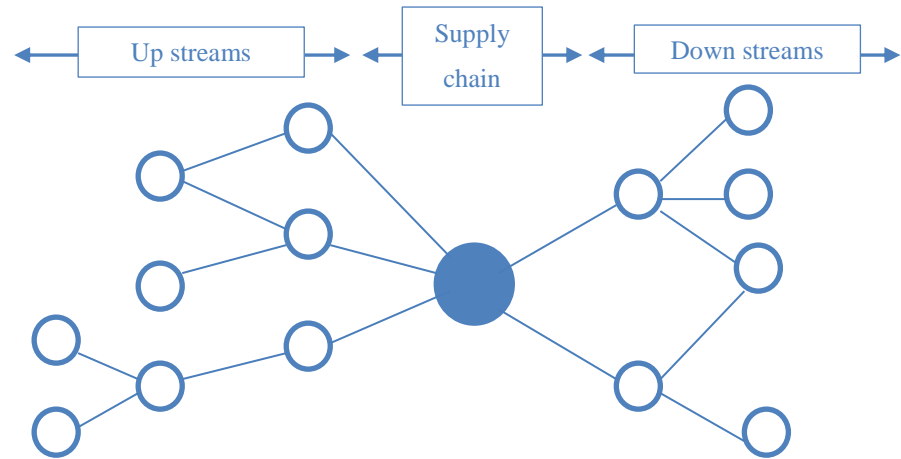


Figure 5. The supply chain network (Adopted from Martin Christopher, 2011,3)

Expanding from above scope, supply chain management thus can possibly be defined as below:

*“A network of connected and interdependent organizations mutually and co-operatively working together to control, manage and improve the flow of materials and information from suppliers to end users”* (Christopher, 2011, 4).

More precisely, in supply chain network, Monzicka and his fellows (2010, 6) depicted all activities involvement of an organization with suppliers as upstream and customers as downstream activities. In the activities of upstream, suppliers are categorized into tiers. That is because the suppliers itself also have their own suppliers' network to support, maintain its production and stabilize its output. In the meantime, customers, in downstream activities, are also divided into tiers, which are very obviously seen in our economics nowadays for example: buyers, contribution centres, retails, consumers, etc. Such activities take place and involve after the operation of the organization. Consequently, as a network, an organization's involvement does not limit in a conception of a single supplier or a single customer. Intangibly, an organization has to further deal with all activities from both streams as Figure 6:

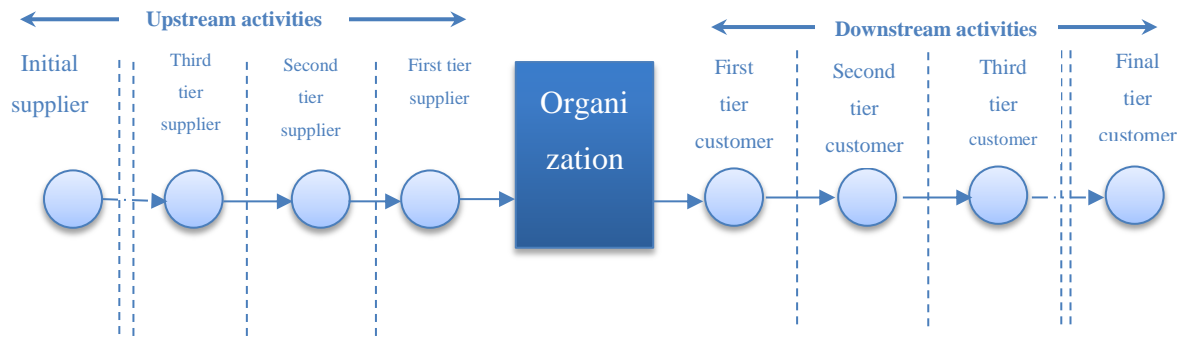


Figure 6. Activities in a simple supply chain (Monczka et al, 2010, 6)

However, Lambert and his fellows in 1998 adopted the definition from The Global Supply Chain Forum in which supply chain management is defined from inside out:

*“Supply chain management is the integration of key processes from end user through original suppliers that provides products, services, and information that add value for customers and other stakeholders.”* (Lambert et al, 1998, 1)

In line with this, Weele (2010) considered the tendency of logistics and supply chain management as joint activities to counterbalance the shortcomings. This is to bring the best values in customer satisfaction by focusing on processes of sales, customer service, product development, administration, purchasing, etc.

The reality is that there are various definitions from academic scholars to practitioners. They are trying to capture the essence of Supply chain management’s concept and its scope in order to have a proper approach in our massive knowledge of economics. Of those, a definition from “Council of supplier chain management professionals” on their website also seems to justify when encompassing the scope of supply chain management:

*“the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities”* in which *“Logistics management is that [...] plans, implements, and controls the efficient, effective forward and reverses flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customers' requirements.”*

Now, Supply chain management has become holistic in term of management with strategies, tactics in processes, communications, implementations, coordination and collaborations from different channels in a complex network. Such network involves with different levels of stakeholders such as operations, suppliers, customers, or other parties. In essence, supply chain management has utilized and taken advantages of all types of resources, and integrated them into a category of balancing “supply and demand”. As such, the best value is generated and contributed into a value chain, which was developed by Porter in 1985.

➤ Features of value chain

The ‘value’ developed by Porter at that time and understood by Kippenberger (1997) is the total amount which customer is willing to pay for what are provided from a firm. Consequently, the value chain is the set of values which is generated through a cluster of the firm’s activities including supply chain activities and its margin. The firm’s margin here is considered as a differentiation that the firm has created through their competitiveness (Figure 7).



Figure 7. The value chain in SCM (Created by Porter 1985 but adopted from Kippenberger, 1997, 7)

The adopted Figure above was developed by Porter in 1985. It has described clearly activities which are created from supporting and primary dimensions. Primary activities in the Figure consist of inbound logistics (warehousing,

materials handling, inventory controls, etc.); operations (all transformation from inputs to final outputs); outbound logistics (activities to distribute and deliver to customers); marketing and sales (information, means for customers, consumers to purchase e.g. advertisement, sales activities, distribution development, etc.); and services that occur in a firm. Whereas, supporting activities encompass activities related to firm infrastructure, technology development, human resources and procurement (Kippenberger, 1997; Christopher, 2010, 9-11; Weele, 2010, 5-8; Monczka, 2010, 9; McAdam et al, 2001, 116-117).

However, in certain cases, we also need to consider the procurement, which belongs to supporting activities originally developed by Porter, whether or not it is still valid as it is or it can be turned into primary activities. Procurement has the function to maintain the input of internal processes that relate directly to production as well as operations in some structures of companies. Therefore, procurement needs assessing under certain circumstances of the structure of those companies.

However, one of the most dominant points which Kippenberger (1997) made very clear that a particular firm must identify their generic value chain and individual value chain within its particular industry in order to form suitable organizational structures (Kippenberger, 1997, 9). All activities should be performed in such a way that the total value generated by the company, perceived by customers should be more than the sum of its cost (Weele, 2010, 6). Therefore, the structure of organization may vary in levels with different activities of each function. The function, then, should be formulated based on a group of certain values of activities, which the organization is tending to achieve. Yet, each activity cannot embody itself from systematic activities of the value chain, as it is a system of interdependent activities.

## 2.2 Global Sourcing – an important model of SCM

Supply chain has been rooted in a very long history and changed rapidly by time due to the swift changes accordingly in both historical dimensions of space and time. Such change, perhaps, is inevitable when there are gradual developments of transportation, advanced sciences, technologies, informatics and human

knowledge. Such things are thanks to our humankind initiatives and creations. Consequently, the progressives rapidly change the cognition in tangible boundary of nations, which are dimmed in our human visions. This leads to a new epistemology in the definition of economic market.

The remark of global markets may have been originated from the time after Cold war. Such event led to the development of new emerging markets such as China, Russia, Eastern Europe and ASEAN countries, which has gradually established a framework of free trade and reduced tax across the regions and continents (Monzcka, 2010, 190). This is also an important premise for evolution in supply chain management. The changes in supply chain have progressed into different patterns but they are mainly viewed in three common settings: domestic purchasing, international purchasing and global sourcing.

➤ Domestic purchasing

Domestic purchasing is defined below:

*“The most straightforward transaction with an organization buying materials from suppliers working in the same country”*  
(Monzcka, 2010, 188).

Looking at the definition, Monzcka and his fellows have chosen dimension of boundary of a nation as a restriction framework to cover the transaction of purchasing in order to maintain the sources of materials for an organization. Domestic purchasing, at this level, is considered simply as a part of planning and procurement department in a firm or an organization. It consists of activities of buying all components, materials and office stationery in order to support and keep processes of productions and other departments going forward without any delay. At this point, domestic purchasing seems to have barriers free in term of communications, languages, cultures, etc. because they are dealing with most of the suppliers located in the same country, speaking same language, and more or less having the same culture. Therefore, a specific strategy for purchasing has not been clearly defined and the pattern of supply chain at this point remains simple and primitive.

However, by the time when the suppliers' base at home country starts becoming unstable, it reveals phenomenon of inadequate standards or disruptions in supplying. There is an increasing inflation of home market which makes price go up. The supply base has a signal of sinking and may disappear; or that is just a case of ad-hoc reaction in a short period when existing home supplier encounters ad-hoc situation (Trent and Monzcka, 2005, 25; Monzcka, 2010, 198). The trend of looking for alternative suppliers from overseas emerges and may be escalated by time. In the meantime, the competition from foreign suppliers gives more options and advantages for increasing the new number of portfolios of suppliers of an organization; therefore a strategy for international purchasing thus has been formulated in response to such progressive.

➤ International purchasing

International purchasing actually occurs when the buyer and suppliers are not located in the same country. This creates more complicated situations than domestic purchasing. The buyer, at this point, may put longer lead times, negotiations, import-export regulations, price terms, etc. in their concerns. In this setting, the buyer is demanded to have better skills in negotiation. They are expected, at a minimum, to know what and how to handle the complexity of laws, regulations, to deal with currency fluctuations and other many variables such as languages, cultures as well as time-zone issue (Monzcka, 2010, 188; Trent and Monzcka, 2005, 25; Monzcka et al, 2008).

International purchasing has been emerged from its primary and simple pattern due to the development, a wide spread of information technology and a rapid change in worldwide scene where integration is unavoidable. Integration at a wider range in regional scale gives an opportunity for an organization to access easily to more suppliers, which may gradually build up their suppliers' base strategically. It also grants them a change to make improvements in performance (Trent and Monzcka, 2005, 25), especially in diversifying their sources in buying materials.

On the other hand, international purchasing now has broadened activities with strategic planning instead of its primitive plan in merely diversifying suppliers.

International purchasing definitely has granted an organization to gain more additional benefits and strengths when outsourcing now becomes a part of planning strategy. Despite its restricted worldwide integration, outsourcing, at this point, has expanded activities of international purchasing in a larger scale to bring more advantages as well as competition in their suppliers' base.

At the time when more and more agreements of opening markets from different regions in the world have come into effect, it has been a greater opportunity for outsourcing to step out of international purchasing scope to become one of the core strategies of a firm. We can list out those agreements that make changes such as GATT (general agreement on Tariffs and Trade), NAFTA (Free trade area for North American), EU (European Union) and AFTA (Asian Free trade Area), etc. Ultimately, under certain circumstances, it has become an independent core business to some firms. At this level, outsourcing at global scale (global sourcing) completely consists of integration and co-ordinations from sourcing operations and functional groups across locations throughout the globe (Monzcka, 2010, 206; Trent and Monzcka, 2005, 25).

#### ➤ Global sourcing

In regard of the evolution in supply chain, global sourcing is the most transformation in the movement path, in which the operation system has a full base for the access to the information system setup everywhere. Personnel staff has intensive and advanced knowledge with extensive and professional skills in mechanism of coordination and communication at global scale. This constitutes a fundamental organization structure to advocate the integration and carry out an executive leadership at a global vision (Trent and Monczka, 2005, 25).

In defining global sourcing, Weele, Trent and Monzcka – those pioneers in supply chain management have reckoned that global sourcing has operating activities in broader scope across locations. There should be all involvements of integrating and coordinating common items, materials, processes, technologies, suppliers and other aspects across worldwide proactively in buying and designing (Weele, 2010, 16; Monzcka, 2010, 188, Trent and Monzcka, 2005, 24, Christopher et al, 2010, 68).



Apparently, global sourcing has become an intensive strategy in business not only for cost reduction but also for higher quality and greater material availability searching. It is also an opportunity to full access to advanced technology and a full source of common products (Monzcka et al, 2008). However, at this point, global sourcing should be considered at two angles: global sourcing as a part of core strategies of a firm and global sourcing as a focal business, in which the former has always been in discussion but the latter is vaguely described.

Nowadays, we have seen business changing from product-orientation, service-orientation, and customer-orientation to relationship-approach orientation. In such transitions, most leading firms try to enhance the competitive advantages via maximizing core competences while they are trying to minimize non-core competences by outsourcing. Outsourcing those non-core competences through the supply chain network at a global scale has granted them many benefits such as generating efficiency, improving profitability and reducing risks (by avoiding unnecessary investments) (Hollesen, 2010, 86-88). In addition, there are more chances for increasing customer satisfaction.

Consequently, a firm may go a shortcut to those who are really adept at providing services, and specializing in the industry or market to fill in the part of routine business, which the firm normally has to do by themselves instead. This may avoid a burden for a firm to invest in manpower, money, and other related costs, especially time to build up a strong and stable suppliers' base worldwide. Such demands in the business market have led to the formation of companies, organizations in which global sourcing now becomes their core business. They have responsibility of filling in the missing gap in process between customers and suppliers. At this point, those organizations, which pursue global sourcing as a focal business, have seemed to be on the right track to fulfill the missing role in the network in a practical, natural tendency of business model and processes. This shows the transition from product (project) concept to an industrial service concept in literature that Salminen (2012) has mentioned in his presentation (Figure 8).

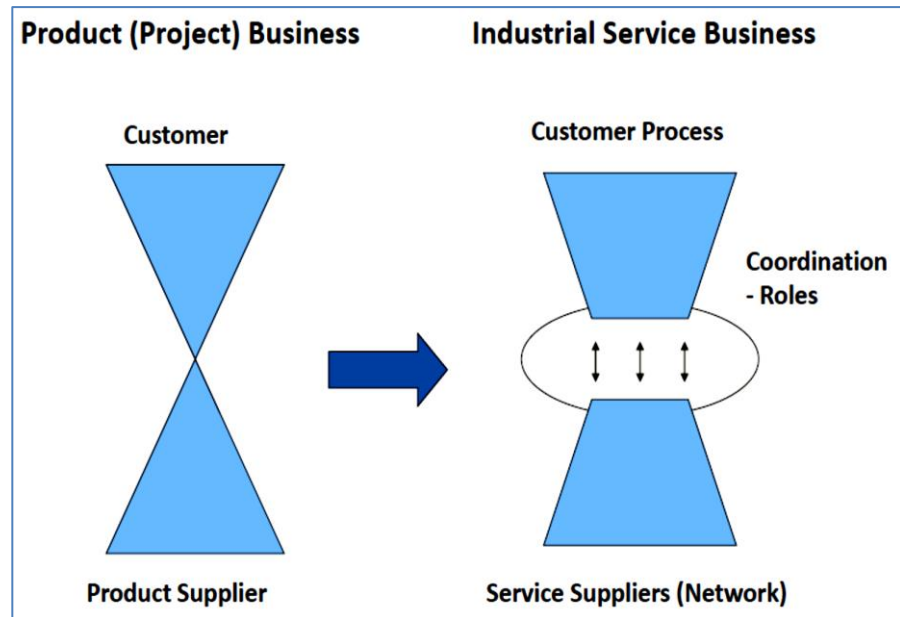


Figure 8. Business model and process transition scope (Salminen, 2012)

Global sourcing, which has emerged to be the predominant and important evolution form in supply chain management, may inherit some basic features of supply chain thus far, but it may also expose some instinct characteristics. Such characteristics may illuminate the differences of global sourcing from others.

### 2.3 Characteristics of global sourcing

Global sourcing is one of the tendencies in supply chain management nowadays and unavoidable in our flat world business. Those companies, which pursue global sourcing as a strategy or a focal business, will need to fulfill with what customers need, and pertain with what is the best for the company (Rizza, 2007). The organization of such may require full involvements in development, innovation of design, activities of procurement, suppliers' management, sales and customers' management, quality management, etc. on a global scale in different locations. On the other hand, they have to be able to handle interactions of different cultures, matters of different time zones and able to streamline communication from multi languages into standardized processes. In result, information flow and communication of all processes can go and be arranged into a smooth stream throughout each location of the organization in order to deliver the best output for customers.

Consequently, it is necessary for a model of global sourcing to have some fundamental characteristics to work on. They may consist of a well-defined process, center-led and coordinated decision making, decentralized control of operational activities, structure approach to communication, integration through technology, supportive organization design and methodologies for measuring savings (Trent and Monczka, 2005; Monczka et al, 2008, Monczka, 2010, 207-209). These characteristics are withdrawn in quantitative method based on the true research in 2003 by Center for Advanced Purchasing Studies Project X initiative, which were carried out from 1993 to 2000 and funded by the Global Benchmarking initiative.

➤ A well-defined process

This is a fundamental requirement in any business. A global sourcing thus needs to have a practical and well-defined process in order to convey a proper communication, to migrate the common strategy and collective goals throughout all operations within organization in different locations. Hence, this requires a process owner, who is responsible for reviewing, makes continuous improvement and validate the process up-to-date in order to meet the stringent milestone.

A well-defined and understood process can foster not only overcoming existing hindrances of different social cultures, personal skills but also accelerating cognition of learning, extensive coordination and communication mechanisms. Besides, it can advocate familiarity and enhance sophisticated knowledge of participants. A clear, strong process can be able to avoid self-interests of individual operation from tending to take precedence over the organizational targets. Apart from those benefits, through processes, the result of a new lesson gained at the end of each project can be spread out to all global teams, locations (Trent et al, 2005; Monczka et al, 2008).

Consequently, well-defined processes are a foundation for integrating pursuing strategy, allowing the organization to document, measure and make continuous improvement.

➤ Center-led strategy and coordinated decision making

There must be a mechanism to maintain sourcing strategy and decision making as a center in global sourcing model. This can be formulated into executive steering committee with functional groups. On top of those groups, a high-level individual is able to broaden and maintain global sourcing vision, put communication through the groups and take responsibility of overall success.

This steering committee should have central perspective to adumbrate overall strategy, have clear objectives in vision in order to support a process of integration and coordination. They are able to watch over the processes as leaders in function groups. Additionally, they shall be able to establish improvement targets, carry out regular basic meetings with project groups to obtain information and feedback with strategic decision for continuous improvement (Trent et al, 2005; Monczka et al, 2008)

➤ Decentralized control of operational activities

Whilst strategy and decision-making must be centralized as the central core of the business, all activities at operations should be decentralized, carried out and executed at local level. This may help to lower total cost of ownership and better management in inventory. It is easier for developing, implementing logistics plans as well as enhancing problems resolving performances (Trent et al, 2005; Monczka et al, 2008).

Therefore, operational organization at local level requires the right and qualified personnel with proper abilities, and good skills. Moreover, they should have global perspectives but are adept at regional and local background. This is because they are on the battlefield of managing transactions, materials flows as well as communication flows to suppliers and consumers.

Therefore, decentralized control of operational activities is a translation of global vision into effective practices.

➤ Structure to communication

Due to business operation stretching out at different locations across worldwide, participants, members, and operations at each location may have different cultures, distinctions in local laws, regulations, business set-up in practices and the use of different languages. Therefore, real time and face-to-face (F2F) interaction may have been another burden for executing global strategy, collective goals in timely manner throughout the organization. Structure of communication, thus, is fundamentally required to be accentuated and constituted effectively and efficiently in various methods to overcome such obstacles.

With development of information technology nowadays, it has definitely become an assistant to constituting effective and efficient communication. Tele-video conference call, web-based meeting tools have been friends for prompting and reducing many headaches in coordination and cooperation between functional groups and operations across the globe.

Therefore, intranet availability in the organization is a need to create effective internal channels for all members, functional leaders, and project groups to access data as well as to report to the executive in timely manner. It also helps to keep critical information updated through the organization. Meanwhile, the internet communication base not only advocates obtaining feedback from customers more effectively, promptly, but also builds trustworthy by sharing information with suppliers to strengthen the network (Trent et al, 2005; Monczka et al, 2008).

➤ Integration through technology

Technology nowadays has resolved many issues for us. Information technology based system can help for storing and centralizing the database. It is more demanding and necessary for all organizations, especially the ones who go after global sourcing to have accessibility to the database in order to do the global analysis and plan global strategy.

In addition, the system is the place not only for integrating data but also for consolidating a wide range of company documentations. The company documentations can be a description of the company global process, developing

template for executing global strategy, contract terms, condition checklists, etc (Trent et al, 2005; Monczka et al, 2008).

The system should be available for personnel from worldwide locations to be able to access, update, and retrieve full data for reporting, guidelines, searching for approved suppliers list, data of all transactions related to customers or suppliers (Trent et al, 2005,; Monczka et al, 2008).

The center-automatic system, therefore, should be set up in the organization as a standard platform for enhancing the integration of data throughout the organization.

#### ➤ Organization design

Organization design here very much refers to the arrangement of work force into the proper structure and formal system of communication, functional division, control, authority and responsibility in any organization. Those are constituted and correlated in order to lead to achieving the organizational goals (Trent et al, 2005; Monczka et al, 2008).

An excellent business in global sourcing often consists of three fundamental organizational features:

- an executive leader for accountability of the whole global results.
- steering committee for supporting in function and guidance in global process.
- an extensively reliable team for analyzing and proposing sourcing strategies.

#### ➤ Methodologies for measuring savings

This is fundamentally important to any business and organization. Most of the companies use finance as measures for a comparison of cost savings. The saving does not simply come from a unit cost saving in price comparison when renewing the price with suppliers or at the time with customers, hence it is rather the total savings coming from global activities as a whole (Trent et al, 2005,; Monczka et al, 2008).

The savings of such may be generated through labor efficiency, effective communication, lean processes, time spending, etc. Therefore, a unit for weighing and measuring is required and may be conceptualized in a certain way. Yet, it is not easy at all.

#### 2.4 Supply chain processes

Supply chain has become a holistic category that covers the outbound and inbound of an organization. The outbound of an organization refers to the linkage connecting customers, suppliers respectively while the inbound is referred as all involved departments, functional groups in managing and keeping connected with those outbound linkages to become a consecutive network in supply chain.

In order to build and fasten the linkages in supply chain management, it is suggested and necessary to have and implement a standard set of supply chain processes. Under holistic concept of supply chain management, eight key processes have been identified and suggested being implemented within and across firms in supply chain by members of The Global Supply Chain Forum (Croxtan et al, 2001, 13; Lambert, 2004; Lambert et al, 1998) as Figure 9.

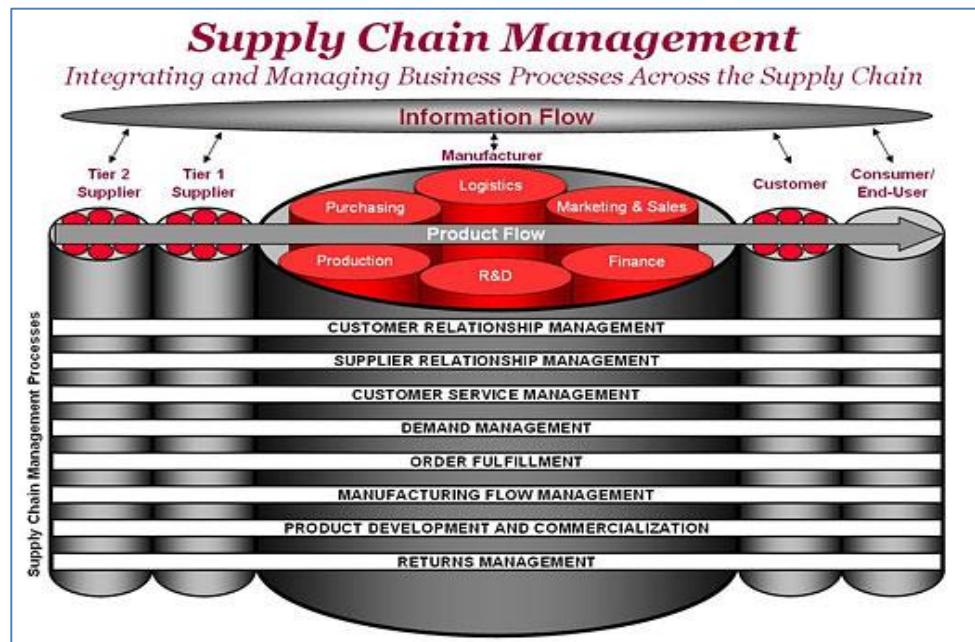


Figure 9. Supply chain management processes (Adopted from Lambert, supply chain management: implementation issues and research opportunities, 1998, 2)

Each key process is briefly described as follows (Croxtton et al, 2001, 13; Lambert, 2004; Lambert et al, 1998):

➤ Customer relationship management:

The main function of this process is to create, to develop and to retain relationship with customers. Through this process, it helps an organization or firm to identify the customer segments that need to be focused as mission targets. Customer relationship management not only establishes a guideline for customizing product, and service specifications from customers, but also coordinates with internal related departments/functional groups in order to tailor the products, services offering for customers. Furthermore, it executes the agreement with customers and the commitment gained internally for the tailored offering, as well. Besides, it generates the performance reports based on profitability with measures, sales growth as well as determining the value of the relationship of each customer it gains.

➤ Customer service management:

The process of customer service management is regarded as the front line of a firm/an organization. This process helps customers to receive information from a single source after being gathered and simplified from different sources within a firm. Customer service management is responsible for managing and maintaining the product, service specification agreed by customer and key account teams through process of customer relationship management. Customer service holds responsibility to provide the real time of information on product availability, shipping dates, as well as resolving any issues, complaint matters arisen through coordinating internally with other functional groups/teams within the firm.

➤ Demand management:

The process of demand management is to maintain the balance between customer requirements and capability that the firm can be able to supply. The process shall obtain the forecast, historical data, sales projection, corporate objectives, market share, etc. proactively in order to produce a master planning of flexibility of inventory, distribution capabilities in short term, seasonal term and long term as



well as to constitute a back-up plan in ad-hoc scenarios. This is to ensure there is minimal disruption in supplying and meeting demands from customers.

➤ Order fulfillment:

Order fulfillment is to carry out the implementation process of filling orders from customers. It also consists of all necessary activities to verify requirements from customers; to mandate logistics arrangement and create the most effective communication network in order to enable the firm to cope with customers' demand at minimal delivery cost occurrence. The process encompasses all steps from pre-deliveries of generating, implementing data received from customers, passing to key suppliers for delivery arrangements, preparing shipping documentations to post-deliveries of receiving, posting payment, recording bad debts and giving measures to performance.

➤ Manufacturing flow management

The process of manufacturing flow management covers all activities of making products as well as creating necessary flexibility in manufactures in order to serve the targets of the market. The process also reflects the ability of production, a wide range of commodities in a timely manner at the lowest possible cost.

➤ Supplier relationship management

The process of supplier relationship management is to offer a structure how to manage, develop and maintain the relationship with suppliers. This process is a reflection against the process of customer relationship management. Through this process, it helps to evaluate supplier's capacity, growth potentiality and stability. It is a milestone for selecting, developing the supplier's relationship in short term as well as long term. It is also a base for negotiating with suppliers in each project. The process also covers the metric for measuring the value that suppliers may contribute into total value chain of the organization.

➤ Product development and commercialization

Product development is crucial and critical to maintain success of the firm. The process provides a framework for the company to work in harmony with both

customers and suppliers in order to develop a product in the most efficient way. This may help to reduce time for introducing product to the market. Effective implementation not only creates the efficient flow of new products across the supply chain but also helps escalating the preparation of necessary activities for product commercialization from all involved parties.

➤ Returns management

The process of returns management is also very critical to supply chain management but the importance of which is sometimes neglected. The process can establish the understanding of environmental and legal compliance guidelines, and set up quality requirements. The requirements of quality control can reduce risks in products as well as minimize the number of return requests due to defectives and bad quality products from the market. Therefore, the process also covers the quality assurance of production, products before shipping. Effective process can increase opportunities of achieving sustainable competitive advantages to the firm in a long run.

Apparently, eight key processes with briefly description above are fundamental in supply chain management, hence each process does not run independently. It will be intertwined with other processes and run through functional silos (which is similar to department, unit in an organization) within each firm. Consequently, the eight-process has become a complex in which communication plays a catalyst role for all different functional silos across the firm, for each process itself. Thanks to communication as cement, all functional groups work in a harmony with each other. As a result, this makes the supply chain processes move forward.

Furthermore, the function of process management has been believed to help improving the linkages among internal processes, and functional silos while supply chain management enhances the connection among firms (McAdam et al, 2001, 113). Consequently, from inside out, the whole supply chain has been addressed from a holistic approach and become complicated.

Nonetheless, those eight key processes are important. However, one question is whether they are all required to exist as a “must” in any organization or whether one of them can be omitted as options to different types of organization. Despite

the fact how those processes can be formulated, the chosen processes should maximize the value in the value chain, meet objectives and value targets that the organization is expecting and aiming at.

## 2.5 Internal communication in SCM

Foremost, communication is defined as a way of transmitting a message from a sender to a receiver in mutually exchanging understandable manner (Nick Sanchez, 2013) or is literally considered as the activity or process of expressing ideas, feelings or giving people information.

Communication is a holistic category, which influences our human not only in daily normal lives but also in culture, social, and economics. Therefore, enhancing effectiveness in communication has always been an interesting subject in literature and practice. The debate and discussion have never been restricted in mono-dimension, but they have always been developed in multi-dimensions and multi-categories.

Effective communication can develop stronger relationships not only in international business that facilitates the rapid response to market opportunities and challenges (David A. Griffith, 2002, 256-265) but also between employee engagement and business success (Geraldine E. Hynes, 2012, 466-475). Besides, communication under interaction approach is considered as a mechanism to enhance the exchange of information in processes, as well as cooperation and relationship formation between departments, organizations (Olkkonen et al, 2000, 404).

In organization, communication flows in five directions (Business communication, 2013):

- *Downward flow of communication*: it shows direction of communication from superiors at higher level to employees at lower level in organization.
- *Upward flow of communication*: communication happens from lower levels to higher levels in an organization chart.

- *Lateral / Horizontal Communication*: this normally depicts the communication channel incurring at the same level within organization or between any horizontally equivalent organizational members.
- *Diagonal communication*: this happens when communication happens between a manager and an employee, or between two different levels from different unit, group or department in an organization.
- *External communication*: communication takes place between any members in an organization with external organizational members.

All directions of communication flow within organization in term of operation can be constituted, mapped out as Figure 10. It also shows and indicates the hierarchical level of communication when the operation is large and clearly decentralized:

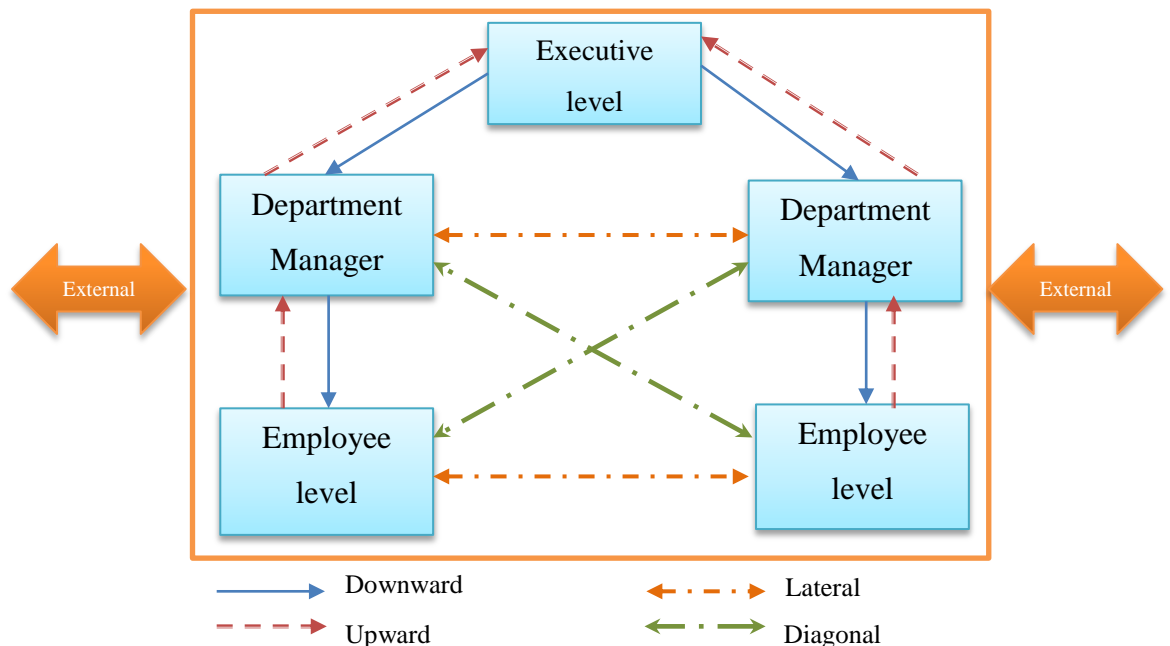


Figure 10. A simple diagram of communication framework in operation

Effectiveness in external communication advocates linking networks and building relationships via exchanging information among economic actors in business (Olkkonen et al, 2000). Meanwhile, effectiveness in internal communication is a bridge for conveying, cooperation, and exchanging information among people, staff of inter-departments across the organization in order to achieve collective objectives (Welch et al, 2007). Although external and internal communication are important to an organization's success, the author would like to focus on

effectiveness in internal communication in this thesis because internal communication is believed to play as a backbone of cooperation, integration, coordination of processes, functional silos as well as organizational elements.

Welch and his fellow (2007, 193) considered effective internal communication as an important agent which effects on ability of strategic managers to engage employees and achieve collective objectives. Therefore, internal communication should be enhanced and can be mapped out in four dimensions of function: internal line management communication, internal team peer communication, internal project peer communication, and internal corporate communication.

Internal line management communication covers the communication in two-way direction between executives and senior managers/managers. It evolves discussing matters related to employees' roles, target-setting, day-to-day activities regarding accessing resources, human resources management, financial management, etc. Internal team peer communication also involves two-way channel between employees and managers or among peers in the team for task discussion while internal project peer communication happens among colleagues working on particular projects. The final dimension, internal corporate communication is regarded as communication between the organization's strategic managers and its internal stakeholders. It helps enhancing the commitment of all stakeholders to the organization. In result, the changes in corporate environment, targets, and objectives of the corporate are focused (Wetch, 2007, 185-186.). Therefore, the last dimension is the core center among other three, which establishes a bonding to dominate overall and cover all communication directions in an organization (Figure 11).

Apparently, internal communication is playing a blending mechanic role for operational and functional communication in the organization. This plays an important backbone for all activities and processes to run smoothly and effectively within the organization.

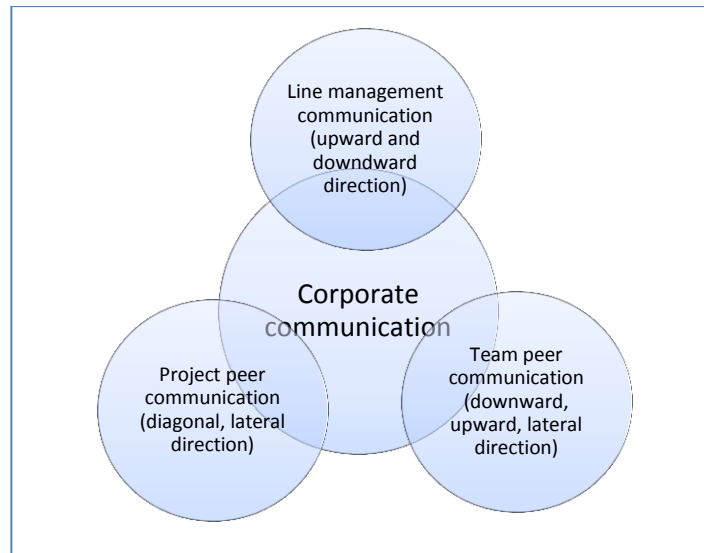


Figure 11. Position of Internal communication dimensions (Adopted and modified from Wetch et al, 2007, 192)

Nowadays, information communication technology (ICT) has become popular and well known with advanced invention of new tools, instruments beside traditional means of telephone, face-to-face, etc. Such advanced development has granted and given us more options to select from such as: emails, tele-conference, instant messenger's, e-virtual meeting, etc. Such technologies have been available for us to utilize in the sake of improving communication, collaboration and resources sharing. They ensure information barriers free and available across the organization (Yates, 2006, 76). Of communicative technologies, electronic mail (email), intranet and ERP (enterprise resource planning) have been seen the most critical and ultimate in enhancing interaction and streamlining the information across processes and departments in companies nowadays.

Email is the most favorable channel of communication in most companies due to easy use, convenience, efficiency, cheaper cost and its inherent flexibility in sending and receiving large amounts of information in a near instantaneous fashion. However, it will be a backlash and may put the company at higher risks if this is not well managed in term of security management, legal protection and consciousness of the users (VanderMeer, 2006, 64-75).

On the other hand, intranet known as “computing networks, internal to an organization, allowing access only to authorized users” (Curry et al, 2000, 250)

allows the company to take a control of business easier, and manage the employees more successfully. The ability to save money and increase profits due to reducing paperwork, promoting teamwork, increasing productivity, flexibility and versatility are the attractive advantages that the intranet can bring along in business and processes. (Intranet, 2013; Curry et al, 2000).

Nonetheless, implementing a successful intranet as alternative effective communication channel also encounters not less barriers. Of the most barriers, political and organizational concept in management can be considered to be the most difficult to overcome. Next is how to re-engineer the organization, processes with new skills and competences identification in order to establish an integrated information center in an intranet. (Martini et al, 2009, 297). Hence, intranet is still an ideal channel in internal communication for integrating all information despite distances, time and space (Figure 12).

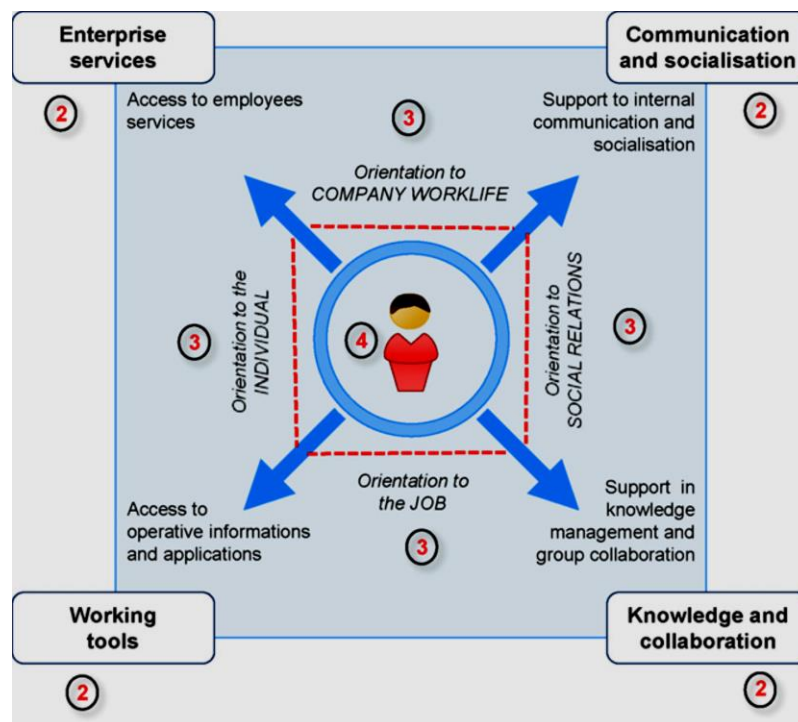


Figure 12. Intranet evolution diagram (Adopted from Martini et al, 2009, 297)

Apparently, the evolution diagram from Martini above has simplified intranet as the central server where users can be able to navigate information across the network. At the same time, only authorized users can access to the server to obtain information from outside through internet. Consequently, the distribution of

information is not restricted by time or geographical location (Curry et al, 2000, 250) which may support the internal communication, socialization and knowledge management as well as group collaboration. Such intranet may enhance the accessibility from the company's users to operative information, applications and increase employees' services.

Enterprise resource planning – ERP system has been considered the most integrated system, applied the ITC into management; however, it also exposes some barriers, and risks beside its benefits. The beneficial features that ERP can bring along to any SME organization are cycle time reduction, information flow improvement and rapid generation of financial information. On the other hand, the system requires a high structural cost in investment and may expose some inconsistent processes (Yang et al, 2009, 724).

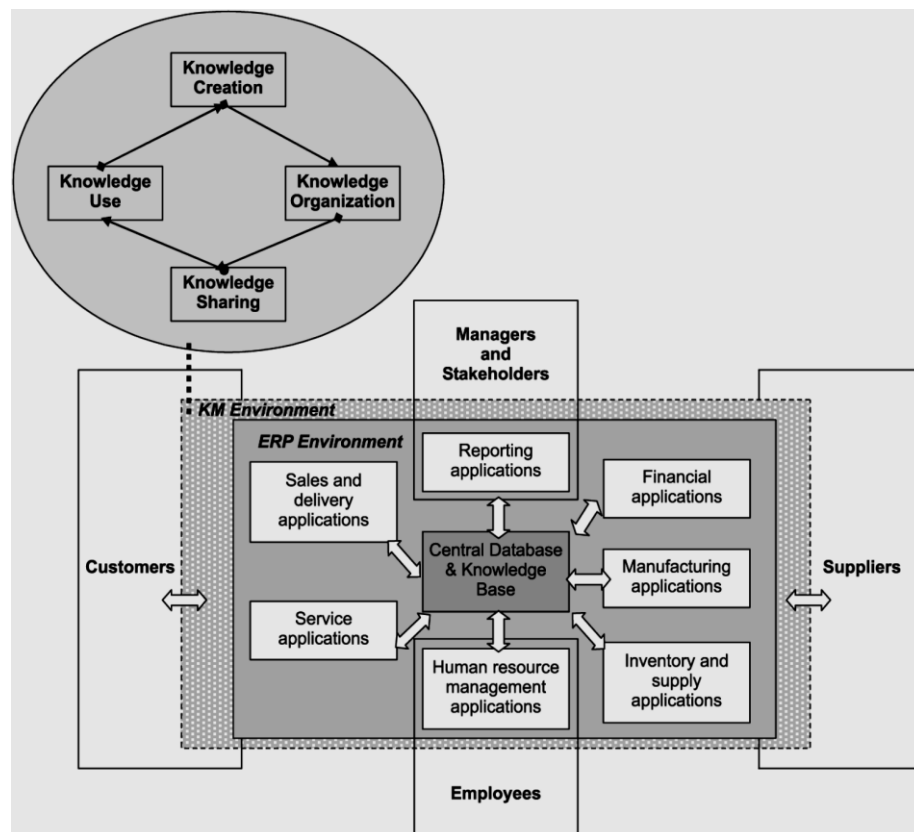


Figure 13. Conceptualized model of ERP system (Adopted from Metaxiotis, 2009, 58).

In addition, the effects of the benefits that ERP brings along also link with high level of risks due to complexity, expensive costs, and the variety of functions that are developed and generated from different ERP systems. In reality, some



companies have to abandon the implementation of ERP after a big investment of capital due to recognizing the differences between functionalities from the package and actual requirement or need of the company (Saaticioglu, 2008, 692). Figure 13 shows us a simple model of ERP system in which the central database and knowledge base have become the core center for integrating as well as dispensing information for other applications such as reporting, sales and delivery, finance, inventory and supply, etc. Furthermore, it will be the fundamental base for consolidating and sharing information for all stakeholders to access and utilize.

In other words, ERP's design is to integrate business functions and allow data/information to be shared across departments in the company. Therefore, ERP system will be an ideal for communication as long as decision on selecting ERP system must be determined correctly and on which modules of ERP should be chosen suitably (Metaxiotis, 2009, 53-54).

Nevertheless, one of the factors that may have a big influence on effectiveness of internal communication is a level of knowledge from staff and personal skills' attribution. Those can be languages, listening, writing, speaking, oral presentation, data gathering, sharing and analysis, etc. (Vercic et al, 2012, 226). Furthermore, how to interact among organizational members to constitute the social networks in the organization also counts as a beneficial factor to increase productivity and profitability (Fletcher, 1999, 150).

The effectiveness of communication and result of the task performance depend very much on a proper choice of means, tools, ways, and directions of how communication is supposed to flow per an intended setting in an organization. Therefore, internal communication will be enhanced when requirements on the task of processing information should be matched with the proper setting of choice of conveying the richness of information. Otherwise, the task performance will become problematic and have a negative impact on result (Mason et al, 2012, 321). Mason and Leek also considered that the choice of appropriate media is the most important because this may come from the understanding and judgment of the communicator on how (s)he predicts the future consequences and events that the information may result. For instant, there is information confidential related to

a particular employee which may result in future decision on his/her position and extending contract, to avoid “leaking”, face-to-face discussion may be a better choice rather than email reporting.

Internal communication has been becoming more and more critical because of its function and importance in the organizational structure and processes. Enhancing internal communication may help not only to streamline the richness of information, reduce misunderstanding but also to increase trust, commitment, team building and teamwork in inter-departments, employees within the organization.

## 2.6 Summary

There are a lot of approaches in order to understand the scope of SCM in recent literature and practices. The evolution of SCM is the inevitable process in business to cope with such recent changes in the scene of booming economics, globalization, in which global sourcing has been emerged from development of domestic purchasing, international purchasing. Global sourcing has been formulated with distinct features in order to meet the required demand in different periods of business cycle and can be mapping in hierarchy as below Figure 14:

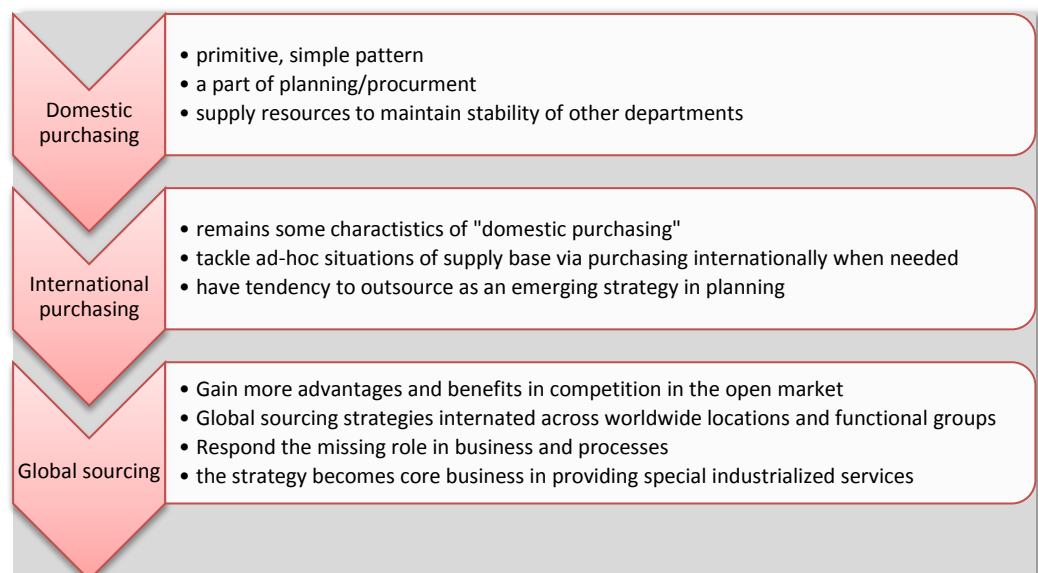


Figure 14. Evolution tendency in supply chain (Adopted and modified from Monzcka, 2010, 206)

With development and tendency of progression in global sourcing, the pioneers have done the research on its characteristics in both academic and practices. They have withdrawn and defined certain characteristics of global sourcing intensively after a long period:

- A well-defined process
- Centre-led strategy and coordination decision making
- Decentralized control of operation activities
- Structure to communication
- Integration through technology
- Organization design
- Methodologies for measuring savings

Thus, it is believed that the successful model of global sourcing in business may expose some of those characteristics, but at different levels of importance. Such different importance may depend on the feature of industry, scale of business, and the intended construction of structural organization of the company. On the other hand, such features may be fundamental measuring tools for comparisons between their current capabilities and actual practices occurring in those organizations who are pursuing such a model. Such a comparison may be a base to help for further improvement, investment as well as determination on continuing global sourcing as a business model.

Supply chain management with long history has proven to be a holistic category and an important linkage in the supply chain to connect suppliers and customers making it as a consecutive network. It is also considered as one of the main parts to generate the value contributing to the value chain in an organization. The value of which is also generated through the functioning of internal communication in eight key processes that have been identified by The Global Supply Chain Forum.

Eight key processes of supply chain management, which are visualized as chains connecting those functional departments, groups, or silos in an organization are regarded as mechanical part in a large machine. In the meantime, effectiveness in internal communication plays as catalyst lubricant to liquidate those mechanical parts running more smoothly and properly in that large machine. Therefore,

internal communication and processes cannot be detached with each other and must go in parallel with each other. Furthermore, internal communication and information flow act as the main axis, center for processes to run. Now that global sourcing is the one of the most important parts in supply chain management with clear dominant features up to now, global sourcing would not exist without those key processes in practice. Thus, internal communication cannot be omitted in that skeleton.

### 3 RESEARCH DESIGN AND METHODOLOGY

Research design and methodology for a thesis are found to be the most difficult but are always important to any researcher for a start-up. A proper design and methodology may have supported a researcher to position a matter in question in the big picture. It helps him/her to constitute a framework detail for narrowing down and unveiling the main problems underneath with the hope to find out an optimized solution as an answer. Therefore, there is a true demand on requirement for selecting a suitable and well-fit design and pedagogy approach to the subject.

#### 3.1 Research design

In academic and practical literature in “study and research”, there are such many various methodologies as narratives, hypothesizing, case study, etc. They have been developed and applied by a lot of different authors, writers, and researchers for approaching the matter.

From starting point of studying global sourcing and using a company as a model in scrutiny for un-wrapping the matter underneath, case study methodology has been carefully considered and recognized as the best and the most proper approach afterward. With a wide range of attributes, advantages, a case study can be flexibly applied in many situations. It can also be able to contribute to human knowledge from individual, group, organizational, social, and political phenomenon, event or experiences. Case study methodology, moreover, can help digging out the understanding of complicated situations, scenarios, or phenomena but allowing us to maintain the holistic and meaningful characteristics as such in a real life (Yin, 2009, 4). Therefore, case study method shall be applied in this Master thesis.

#### 3.2 Methodology

In this case study, the methodology was carried out with descriptive approach in a mixture of qualitative research and personal observation. According to Creswell, qualitative research is based upon the possibility in using theoretical lens, utilizing point of view from previous studies of research, taking advantages of general

scope of subjective ideas from interviewees, etc. in order to approach the inquired problems. It is establishing patterns or themes in order to speak out the voices of the participant, reflexivity of the researcher, and a complicated description as well as interpretation of the problem. From that, it will extend literature or arouse a call for action (Creswell, 2007, 37).

In this thesis, there are two sources of evidence which were utilized at an optimized level. Personal experiences are regarded as a participant-observation which is one of the six sources of evidences (documentation, archival records, interviews, direct observations, participant-observations and physical artifacts) because the perceived reality *“is producing an “accurate” portray of a case study”* (Yin, 2009, 112). Meanwhile, interviews are considered the most important evidence of the six sources as *“interviewees may provide the case study investigator with insights into a matter and also can initiate access to corroboratory or contrary sources of evidence”* (Yin, 2009, 107), or they can provide more objective views towards the researcher. The author has carried out a distant interview instead of face-to-face interview conventionally. This is because the information technology in this century allows us to do the interview and exchange information via electronic mails or other methods such as Yahoo Messenger or Skype, etc. rather than traditional way in order to overcome the hindrances of different distances, locations, time zone matters between the interviewer and interviewees.

### 3.3 Data collection and analysis

In this subchapter, the author would like to show how he has collected the data for his research as well as the way he has carried out the analysis of the collected data. This will help the audiences to view the whole picture of what have been done and how the author has come up to final results in his research.

#### 3.3.1 Process of data collection

There are two main sources, which were used, in the author's Master report: secondary and primary data.

Secondary data were collected mainly by desk search methodology. The secondary data may help the author to approach the extensive literature reviews and extend the author's knowledge based on the subject in this regard.

Primary data were carried out via Skype interviews with a target group in the Company X. The interviewees are mainly aimed at those who have long experiences and a wide scope of activities in the Company X. The author believed they would have a larger picture from both macro and micro-management due to their long years serving and/or their current holding important positions in the Company X.

Therefore, eight people were chosen. Three of them are holding the positions as managing executives in the Company X and the rest of them are department heads of Vietnam operation as table 1 below:

Table 1. Initial names, position titles and interview dates of all interviewees

Initial names	Position title	Belongs to operation	Interview Date
Mr. V	Asia Deputy Managing Director	Asia management team	18 April, 2013
Ms. E	Asia Deputy Operation Director	Asia management team	18 April, 2013
Ms. V	Vietnam Country Manager	Vietnam operation	23 April, 2013
Ms. K	Sales/Customer Service Manager	Vietnam operation	16 April, 2013
Mr. A	Quality/Compliance Manager	Vietnam operation	18 April, 2013
Ms. X	Chief Accounting	Vietnam operation	5 May, 2013
Mr. C	Planning/Logistics Manager	Vietnam operation	5 May, 2013
Ms. T	IT Manager	Vietnam operation	29 April, 2013

Unfortunately, the author could not arrange time with Sourcing/Development Manager to listen to her opinions. However, with the author's own experiences taking care of development for a long time in the past, the author believed to be able to give objective opinions on such scope of activities.

Most of interviewees were arranged with pre-structured questions via emails before meeting on Skype. All the questions were discussed with the author's supervisor before sending out as a pilot testing (refer to appendix 1). This was considered as exercises of checking what questions were like and whether or not they were focused enough on the subject. All pre-structured questions were drawn

out and written after the author reviewed and found from theoretical literature as well as through the author's experiences on understanding about the Company X for the concerned matters. Then, the questions were developed further via the casual conversations in focus of the concerned subject on which the interviewee gave his or her opinions during the interview. The process of coming up questions can be referred to Figure 15:

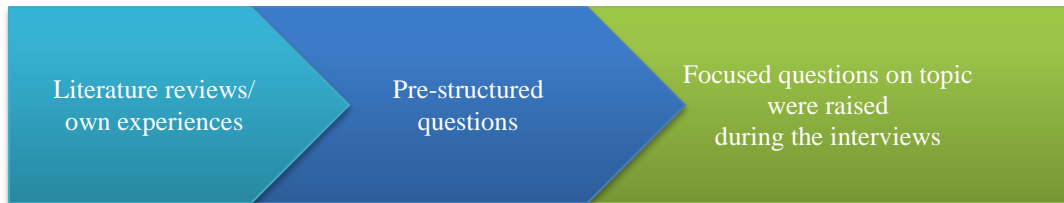


Figure 15. Process of interviewing questions

Based on pre-structured questions that were given in advance, the interviewees had time from one to two weeks' time to study before Skype meeting. The process of such preparation and the carrying-out of interviews took place within one month from early April, 2013 to early May, 2013. The Skype interview took around thirty-five minutes to around one and half hours long, which was dependent on the conversation and time frame plotted from each interviewee.

All Skype interviews were recorded, and then dictated into transcripts for all interviewees to review for consensus on the content discussion. After having confirmation on that, all transcripts were coded and analysed accordingly.

Besides, one survey was carried out to most of the staff across the Company X for deeper understanding on communication which constitutes the main stream for transmitting information throughout network of the Company X. Then, this survey was also coded and analysed.

### 3.3.2 Process of data analysis

Such data collection would be mingled with eight-year experiences from the author as the participant observer in the Company X, and then be analysed accordingly with an expectation to unveil all complexities of characteristics, processes and communication matters in business model. In order to make the



process of data analysis logic and easy for audiences to catch up the main stream of author's thought, the author has constructed the analysis model following the framework of the literature reviews in chapter two as Figure 16:

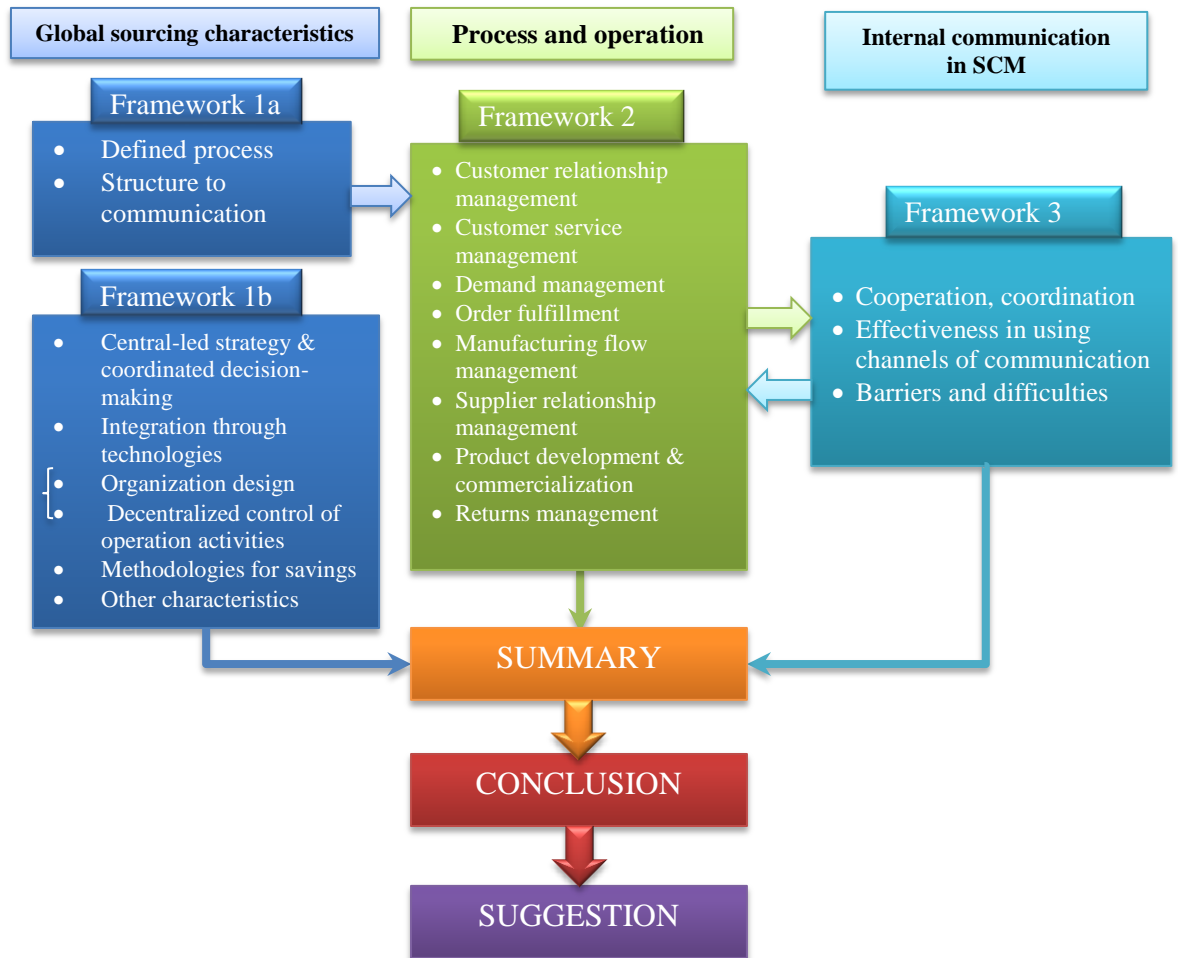


Figure 16. Model of analysis

From the analysis model in Figure 16, for the first framework – global sourcing characteristics, the author would divide into 2 frameworks: 1a and 1b. Two of those characteristics: defined process and structure to communication (in framework 1a) are related to operation, processes and internal communication, the theoretical reviews of which were laid out in subchapter 2.4 (supply chain process) and 2.5 (internal communication in SCM) respectively. Therefore the author would combine and discuss those matters in framework 2 and 3 as part of micro-management. In result, the framework 1b, then, would be discussed as a separate part in macro-management. For this part, the author would focus on central-led strategy, integration through technologies, organization design, decentralized control of operation and methodologies for savings, the theoretical

reviews of which were written in subchapter 2.3 (characteristics of global sourcing).

The findings of the data would be written, described briefly in chapter 4 – Case Company X in packaging industry – of the thesis according to frameworks laid-out in Figure 16 – model of analysis above. Besides, the summary part of subchapter 4.5 would cover all findings from other subchapters of chapter 4 as a combined analysis. The final conclusion, discussion and suggestion would be based on the findings from those frameworks and separated in chapter 5 of the research. With such arrangement, the author is expecting to strictly adhere to the researched objectives accordingly.

Based on the objectives of the thesis and literature reviews, which were laid out in the model of analysis, the author started to draw the process for data analysis to work on. The collected data would be coded and analytically separated into each framework. Then, the author continued to segregate them into suitable categories so that the author could make comparisons on differentiations and similarities between practice and theory. Therefore, the process of data analysis can be referred to Figure 17:

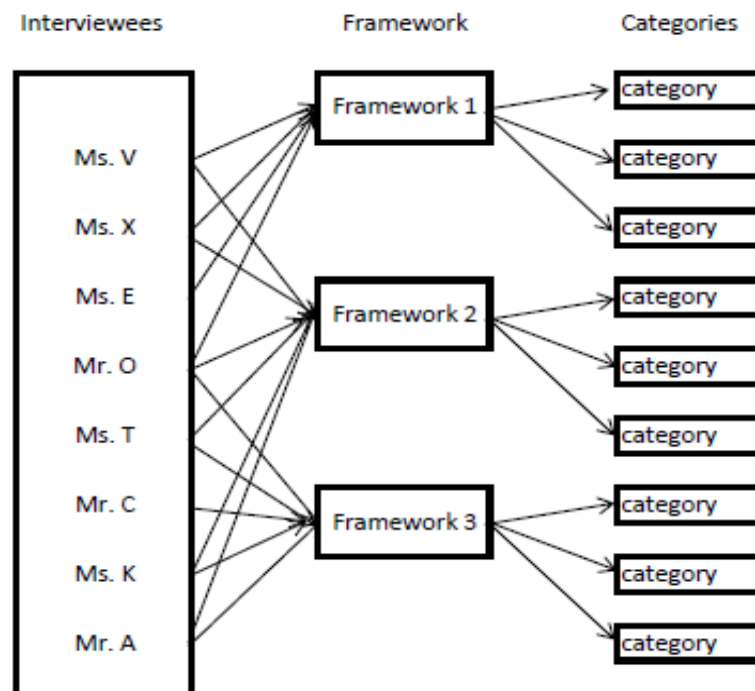


Figure 17. Process of data analysis

The data coding was the most difficult and took time. The author had to read the transcripts many times and recalled the experiences of working in the Company X in order to compare and analyse the ideas/matter behind that. All categories can be found in Table 2. Each framework consists of different categories that are in line according to Figure 16 – model analysis. The name of each category is abbreviated for the ease of analysing process as follows:

Table 2. Coding of categories according to framework in model of analysis

	Category	Code
Framework 1b	Central-led strategy	Strategy
	Integration through technologies	Tech
	Organization design and Decentralized control of operation	Organization
	Methodologies for savings	Savings
	Other characteristics	Other
Framework 2	Customer relationship management	SALES
	Customer service management	CS
	Demand management	PLAN
	Order fulfillment	CSOP
	Manufacturing flow management	PRO
	Supplier relationship management	SUP
	Product development & commercialization	DEV
	Returns management	QA/COMP
Framework 3	Cooperation	COOP
	Channels of communication	COM
	Barriers and difficulties	BAR

Below Figure is one piece sample of the data that showed how the author did the analysis for the transcripts from interviewees.

Mr. O	BR. (Asian Managing Director) Or V. (CFO/COO) or maybe others, typically big decisions would be him, but he does not sit in the office and run the day to day business.	
	5. So the responsibility right now is based on the Asia management like Executive Directors who make whole strategy and are responsible for result in front of the owner?	
	(A) Yeah	
Ms. E	(B) But you have got V as CFO/COO in a managing structure from NY, which is V with a couple of hats on. He still runs that function right now. Between V and BR, there is second hierarchy and then you have Asia Management. There is no much direct involvement in Asia HQ side, but on HQ side, you have finance and IT, as there is no real Asia Management for the finance sector yet, and I know we will evolve to that but we don't have it yet; that's a work in progress. NY still has finance tightly controlled, IT tightly controlled, but we have evolved that slightly by expanding in Asia directly for the past 2 years. These are in transition. However, there is specific operational management in Asia which has very specific control of where the company is operating [QC, ERP, DEV, Sales, CS] vs. like NY does for Finance and IT respectively.	ORGANIZATION
	6. How have you seen the implement in strategy in Asia?	
	(B) The ability of the company to adapt into change as a customer adapts as a market adapts is part of our success. If you can't change with the new demand of your surroundings, you are not going to be successful. Therefore, I think the thing we are able to do as a company is to adapt very efficiently to the demand that customers put on us. I think we are very successful in adapting and implementing the managing policy which is carried out.	
	(A) If you look at, only 2010 that we were not able to do any significant volume in packaging in VN or Indonesia; we had some but we did not have any core programs of Brand running and we went from zero to 100% inside 12 months (...)	
	(B) If we had had investment in manufacturing plants in America or back-up plant investment in China, we wouldn't have been able to change so quickly, to localize so quickly.	OTHER
	(A) We just would have lost the business.	
	7. So what is the strength that the company can bring along in this regard?	
	(A) I would say: we are so keen to keep Brand A account in particular and any other large accounts. We are thinking all the time how we can do things better, how we save material, how we make the box assembly quicker, it is a continuous process!	STRATEGY
	(B) How can we make overhead cost go down, how can we become more efficient in our system so that we can communicate and report back accordingly to customers' needs and find resolutions for assessing their productivity and assessing their efficiency and assessing their successes (...)	SAVINGS
	(A) Yes, if you look from a Brand's perspective, they ask us to source, but they could do it themselves... So what they are expecting in return for that outsourcing is "drive". If you give business to somebody and just sit there and say "thank you very much for the business" and not innovate, not think about anything, they might deliver everything on time... but that is not enough. They want to push the envelope of material usage! (...) I do believe we do a very good job at that! Look in the years you worked for the company, you can see how many different box and die-lines you saw and use-up programs we ran ... because we are saving them paper and saving them paper .... innovation, innovation, innovation!	
	(B) Yeah, innovation, innovation, innovation.	

Figure 18. A piece of sample extracted from transcript analysis

In process of analysing and coding the transcript, the author used different colors according to the abbreviations to highlight the ideas, comments from the interviewees. Figure 18 is a true sample of the transcript of Mr. O and Ms. E that the author found their comments given in a mixing of different topics, issues at the same time when they answered the question. From the extracted transcript in Figure 18, the author could find four different topics in their conversation such as how the organization is set up, what the strategy is, how to run the savings in the Company X and other issues related, etc. in which they are coded as "ORGANIZATION", "STRATEGY", "SAVINGS" AND "OTHERS", respectively. The questions probably inspired in thoughts and were pouring out in their answers. This also happened to other interviewees.

## 4 CASE COMPANY X IN PACKAGING INDUSTRY

In this chapter, the author focuses on the case of Company X as a deeper study in order to find out more the practical matters, which have been raised as objectives in the thesis. The case of Company X would be described from brief history of packaging industry, the Company X's profile and setting to its operation in Vietnam.

### 4.1 Packaging industry

Packaging and packaging industry have been developed a little bit late since 19<sup>th</sup> century. However, their contributions have been and are playing more and more important role in our modern society and economic lives, which we cannot deny. The time of development of packaging could be remarked in year 1856 when Healey and Allen, two Englishmen, invented the first corrugated flute. However, such invention did not open the new era of packaging industry until Albert L. Jones applied the use of corrugator paper for packaging. He is the one who obtained a patent for the corrugated paper to wrap fragile items such as bottles, etc. in 1871. Addition to that event, invention of the first of mechanical driven single facer in 1881, which was made by Robert H. Thompson in The States, contributed to development of packaging. (History of corrugated packaging, 2013).

Nowadays, with a development of scientific technology, packaging industry has developed much far from its primitive time. Packaging industry has been gone through the development of different and various kinds of material and components. Addition to that, printing technologies which have changed from initial, simple techniques of silk-screening, stamping to advanced, complicated techniques of flexo, gravure, offset and process printing, etc. have made packaging industry abundant, intensified and specialized. Such changes and developments are always available in order to cope with higher and higher requirement of demands and various needs in our societies and economics. Therefore, packaging and packaging industry in our era have gone beyond its primitive function when being evented.

Packaging has different levels in function that can be divided into three categories: primary (sales) packaging, secondary (grouped) packaging and tertiary (transport) packaging (Dobson et al, 2012). In tertiary function, packaging simply acts as a vehicle for damage avoidance, product protection, product containing, and especially for goods transportation that makes logistics easier in our daily lives. In primary and secondary of packaging, packaging does not only its simply, normal function as a unit of sales (containing product) and a number of sales units (an outer carton to contain many boxes of product inside), respectively but it also has become a tool in providing information of products to consumers, a strategic tool in marketing mix as well as positioning Brand image, identity in Brand management in our business (Underwood et al., 2002; Bo, 2009; Underwood et al., 2001; Dobson et al, 2012).

With development of packaging by time, it has given more opportunities for not only enhancing new logistics solutions but also being considered as a significant driven for development of modern distribution systems (Bo, 2009, 991). Moreover, packaging functions as a bridge of communication in providing information, usage of products from manufacturers to consumers. Such bridge may increase the clarity, transparency of information and create trusts from consumers in products. Additionally, in marketing mix, packaging nowadays has illuminated the Brands' identity and images that make their products standing out on the shelf and increase eye-catching, attract consumers' attention and enhance brand position in consumers' mind (Bo, 2009, 999). It also assists in creating positive beliefs about Brands' intrinsic attributes as well as improving perceptions and position of Brands in the market. Therefore, it has become a communicating vehicle in Brand management (Underwood et al, 2001; Bo, 2009; Underwood et al, 2002).

Consequently, the profession and specialization in packaging play a significant role in developing and fulfilling the functions of packaging. The profession and specialization really require an intensive understanding of characteristics of packaging and a master on how to make use of recent, new technologies in developing and innovating packaging, as well. Therefore, flexibility in applying various printing technologies and sources in packaging to produce different kinds of packaging is able to contribute the factor to the success of the Company.

## 4.2 Company X's profile and setting

Company X was established in 1993 by approaching new vision in a revolution of packaging supply. With vast outlook of seeing a gap in the way of Brands' managing packaging, Company X has introduced a concept of single sourced packaging management and supply, which may maintain packaging consistency, enhance quality while dramatically improving price stably. Company X's extensive, collective experiences in printing, packaging and mindsets have given them opportunity to run the business in order to advocate Brands' needs and to fulfill the gaps that major Brands may have encountered.

Because printing and packaging industry in Asia in the early 1990s suffered the limitation in manufacturing capabilities as well as quality control, Company X started the business model set-up with unique concept. The concept is that packaging was largely produced in one facility in the States, and then shipped as semi-final products to Asia and stored in Company X's warehouses where they were located closely to most Brands' manufacturing facilities. Company X also made use of cheap labor to convert the semi-final products to complete products and made deliveries to Brands' manufacturers. Such way provided Company X all abilities to better manage quality of the output, to simplify the ordering process and to be able to make deliveries with small quantity directly to the Brands manufacturers' door. This has enhanced accountability in packaging needs for Brands as a single source rather than many faceless foreign and domestic suppliers at that time. (Company X history, 2013).

However, with expansion business of most Brands to Asia, Latin American, Company X has engaged its commitment in presence in those places where Brands are to maximize the support as well as to make conveniences for Brands' manufacturers. In line with this special expansion, packaging industry in Asia has been equipped with higher and better technologies, which has given a coincident chance for Company X to expand the operations to key locations such as China, Indonesia, Thailand, Vietnam, Indonesia, the Philippines and India (refer to Figure 19 – the Company X's structure). By the time, Company X has set up their own subsidiaries in those countries in order to bolster its management and fasten the partnerships with all of its packaging manufacturers.

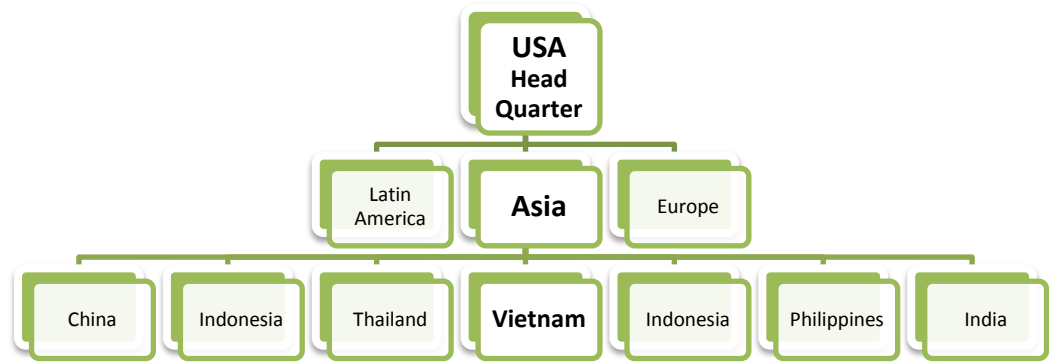


Figure 19. Company X's structure in Asia

Moving forward with its initial concept but in extension with carefully selected and qualified partnerships of packaging manufacturers, Company X has set up a management team in Asia to manage all its operations. The purpose of the management team is to streamline strategy, communications from internal to external and engage daily activities with its manufacturing partners as well as its customers from both levels: Brands' local team and Brands' manufacturers.

With structural setting like Figure 20, each operation location now acts as a coordinator in project development and sourcing for the HQ in new projects. Each operation has duty to search for qualified suppliers and possible potentiality of expanding business per request from Brand customers. In the meantime, each operation is playing as a service provider, orders handling unit at local levels to Brand customers. At the same time, closely working among operations as peers in Company X has enhanced the sharing experiences on services and troubleshooting when there is incident occurred in specific location. The global sourcing operation as such will be unveiled clearly in subchapter 4.3 – Vietnam operation & structure and in the part of an organizational design of subchapter 4.4.1 – global sourcing characteristics.

Although the economics of the world are still in recession, the revenue in the past three years was still in good condition. Company X, a SME licensed in America, has spread out globally in business and its revenue gained in Asia in particular is nearly \$109 million, \$121.7 million, and \$122.5 million in the year 2010, 2011 and 2012 respectively (Figure 20). The growth in year 2011 compared to year



2010 was the significant while the growth in year 2012 seemed to be mature with 1% increase.

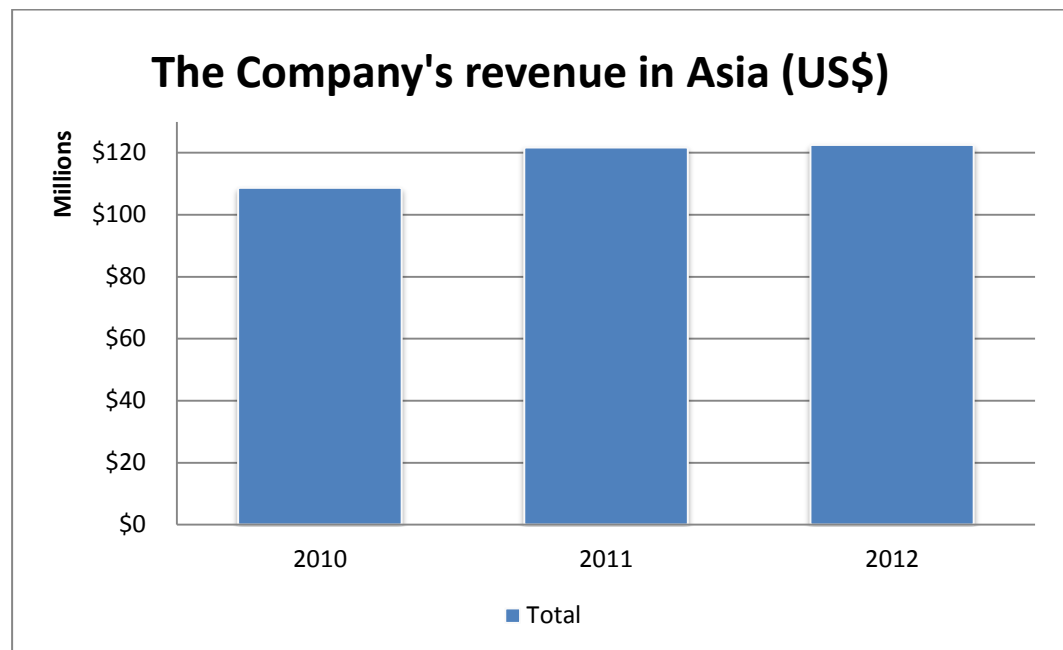


Figure 20. The Company X revenue in Asia

Hence, year 2013 is expecting to grow due to the expansion of number of portfolios with new customers and broadening new markets in near future. Apparently, the model might have exposed some strong points that may help Company X still to grow in spite of the recession in economics recently.

#### 4.3 Vietnam operation – structure

Vietnam market has become one the main markets of Company X in Asia due to the expansion of Brands to cheap labor forces from early year 2000. With intended move, Company X has set up its presence by investing in the offices and human resources in Vietnam since 2000. However, due to limitation in quality control and capacity of production from suppliers in Vietnam at that time, Company X just set up the representative office with some staff in customer service, development, quality control and deliveries coordinating with other subsidiaries of Company X in other locations. The representative office opened with main purpose of serving the manufacturers of the Brands, and at the same time, seeking the qualified suppliers for the expanding products localization in

Vietnam. This has given Vietnam representative office the chance to become an independent profit center – an official subsidiary of Company X in year 2010 with full functions to serve customers better.

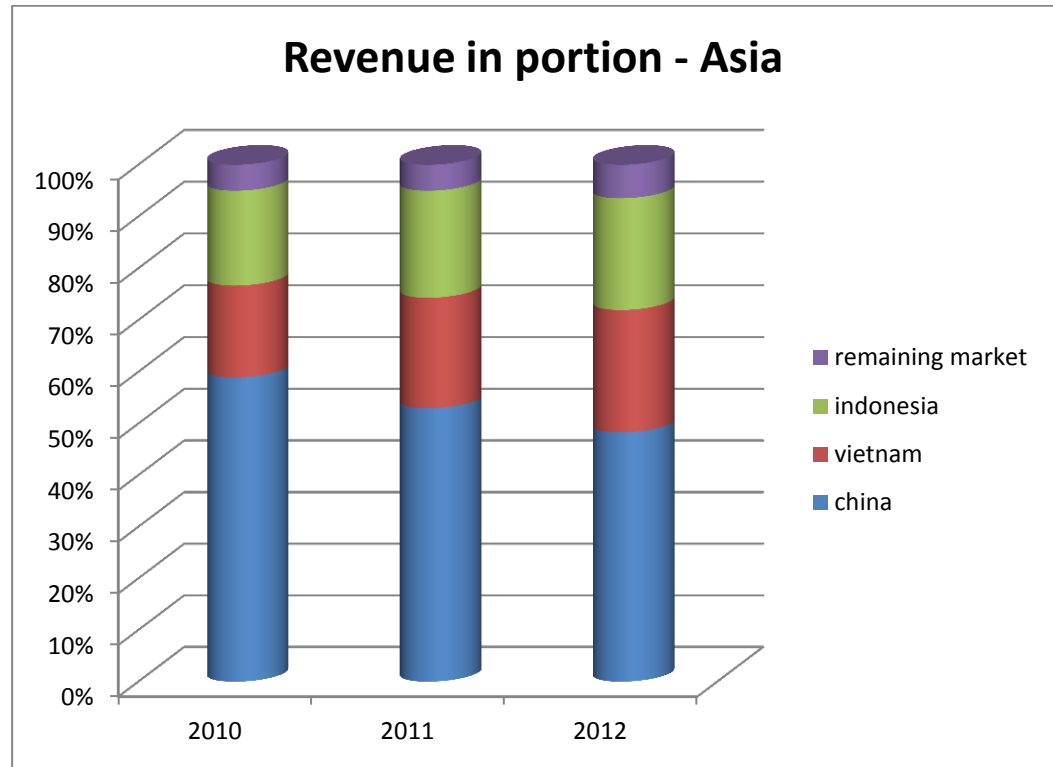


Figure 21. Percentage contribution in revenue of markets in Asia

In Asia right now, Vietnam market has contributed one-fourth to the total group in revenue of Company X in Asia. The latest report, which is from Company X in three consecutive years: 2010, 2011, and 2012 shows Vietnam continues to be one of the strong markets among China, Indonesia, Thailand, India, etc. (refer to Figure 21 for Vietnam's contribution). Therefore, Company X has been trying to enhance and focus on the development of Vietnam's market and operation.

With merely some staff from the beginning, the operation has been expanded so quickly that they have to change their office location three times. When the author was writing this thesis, there were around forty-five staffs altogether in the operation in Vietnam. The small scale with few staffs initially made them to wear many hats of roles at the same time. However, when the operation has become mature with nearly forty-five staff, the roles have been split into defined functions as departments: sales/customer service, sourcing & development, quality – lab &

compliance, planning & logistics, accounting & administration (this department covers accounting, IT, human resources and office administration). The figure 22 can show clearly the hierarchical structure of the operation.

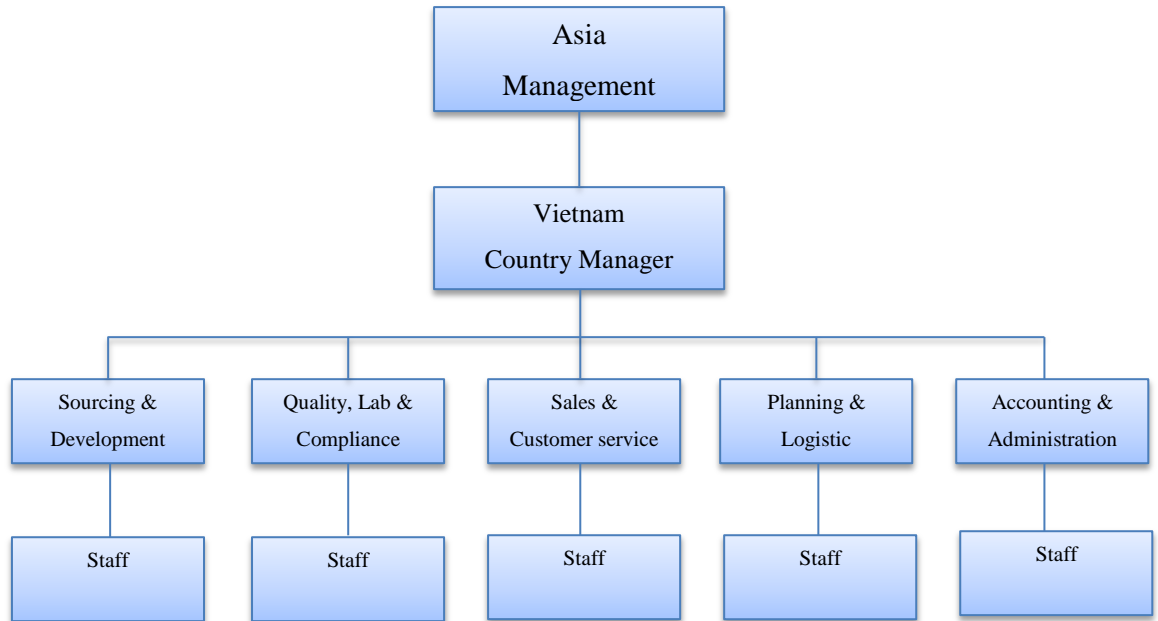


Figure 22. Vietnam Operation hierarchical structure

From Figure 19 and Figure 22, we can see that the structure of Company X has split very clearly in hierarchical levels, between HQ and the local operation in Vietnam. However, we can find more from the empirical part to see what characteristics, the matter of those processes as well as internal communication in the model of global sourcing in Company X are.

#### 4.4 Empirical findings

In this subchapter, the author would like to discuss details of all findings from all the interviews that were carried out with all interviewees, who are now holding important positions in Company X as well as in Vietnam Operation. All subchapters are displayed according to the model of analysis in Figure 16 above.

#### 4.4.1 Global Sourcing characteristics

Based on the framework 1b described in Figure 16 – model analysis, characteristics of global sourcing model via Company X are unveiled one by one as follows:

- Organization design and decentralized control of operation activities:

Organization design according to Monczka and Trent (2005; 2008; 2010) are important as this may help to constitute a proper hierarchy of organization to lead to the organizational goals.

In order to be able to provide better services to different levels in hierarchy of customers, Company X has set up the local management team and local staff team to daily deal with their ground floor customers: Brand's local team and Brands' manufacturers, while there is a team at HQ doing services for Brands' HQ. Therefore, Company X has expanded full services to different levels that are in line with hierarchical structure set-up from their customers: Brand HQ, Brand local team and Brand's manufacturers (Figure 23)

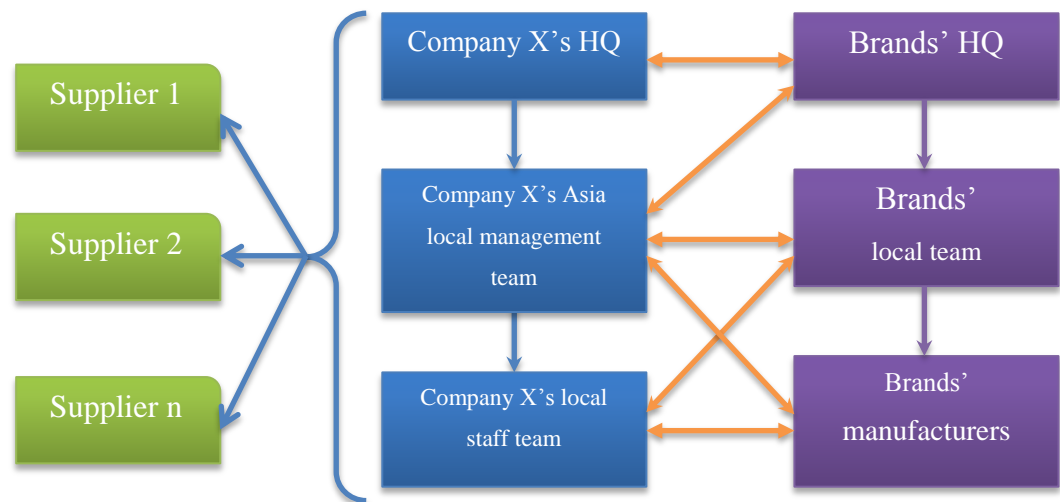


Figure 23. Diagram of the Company X's customer service relationships

*“they [competitors] don't have any local teams in neither management level nor local staff level in order to provide local services.” (Ms. V., Country Manager)*

This may make the difference for the case of Company X as Country Manager has said. The competitors cannot go over them because they are utilizing their people

in ultimate strategic management in “glocalization” concept in order to achieve the best result.

Furthermore, Company X has constituted a clearly hierarchical structure with responsibility to leverage man-power in order to enhance the functionalities as we can see:

*“you have got V. as CFO/COO in a managing structure from New York (NY), which is V. with a couple of hats on. He still runs that function right now on HQ side, you have finance and IT, as there is no real Asia Management for the finance sector [...] However, there is specific operational management in Asia which has very specific control of where the company is operating (QC [quality control], ERP, DEV [development], Sales, CS [customer service]) vs. like New York does for Finance and IT respectively.” (Ms. E, Asia Deputy Operation Director)*

Apparently, Company X clearly defines that the HQ in NY is the center for controlling finance and IT with integrated server only whereas the operational functionality of sales, development, quality control, customer service and ERP coordinating are decentralized into ground floor at a local level. With that concept, Company X has transferred most activities of the operation to the team in Asia by formulating the Asia management team.

Asia management team has been set up with a group of different functional expertise to cover all activities from sales to logistics:

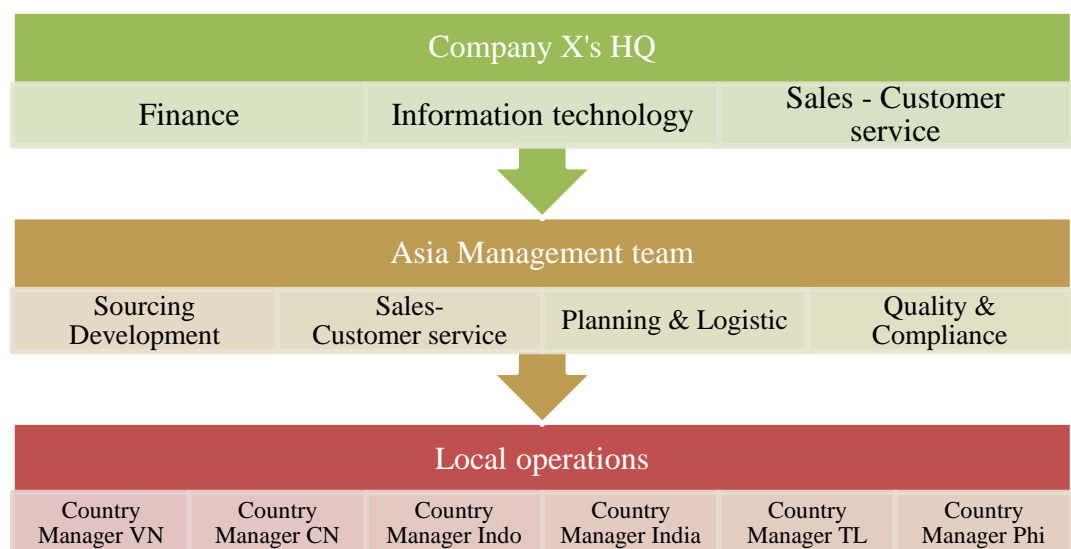


Figure 24. Company X’s organization simplified design

However, from author's own experiences, there is a sales/Customer service team in HQ's side to do the coordination with Brands' HQ for specific projects, as well (Figure 24). As being said, Company X has decentralized their operation to many levels from HQ to different locations. Moreover, such control operation has been split into various functional groups such as sales, customer services, quality control, compliances, sourcing & development, finance and IT, etc. in order to implement and execute the collective goals from global strategy at local levels. Those things have been mentioned and discussed by Trent (2005) and Monczka (2008). Apparently, this is a true translation from a global vision into effective, local practices.

- Central-led strategy and coordinated decision-making

Strategy has become significantly important to any organization as it is considered as a holistic long-term approach to all basic facets of the management and business development process (Defining strategy, 2009, 11). Therefore, according to Monczka and Trent (2010), there should be an executive steering committee with functional group to maintain the global strategy and decision-making.

*“It is really a group of people. There is no single individual.”*  
(Mr. O, Asia Deputy Managing Director, 2013)

Mr. O – Asia Deputy managing Director was certain about that and “a group of people” is managing this and take responsibility of whole Company X's result in Asian market.

However, he added:

*“although ultimately I guess you have to say our owner is the big boss when the really big decisions need to be made about whether we are going to enter into a partnership with a certain paper mill or we move with this supplier – Yes or No; he will make those big decisions or he may seek of some advice and counsel from BR. (Asian Managing Director) Or V. (CFO/COO) or maybe others, typically big decisions would be him, but he does not sit in the office and run the day to day business.”* (Mr. O, Asia Deputy Managing Director, 2013)

This is to confirm that “*the boss*” – the highest-level person who “makes big decision” has influenced the completely broad vision of Company X for moving

forward. Hence, he knows how to make use of his group of expertise in functionality for seeking their advice to ensure his decision to be implemented and to be matched with Company X's adumbrated strategy in the highest commitment of the team in order to gain the highest result for his Company X as a SME.

Asia management team, an executive steering committee with functional groups as Monzcka and Trent so-called, has the function to maintain the company strategy, to create clear objectives in vision and to communicate with local team in implementing the process thoroughly.

Therefore, it is obvious Vietnam QA and Compliance Manager stated:

*“we receive any information [of new suppliers] from [sourcing &] **development or country manager or directors**, we arrange to pay some visits; then we will have preliminary ideas, comments with development as well as country manager about the conditions and possible working status of the suppliers.”*

or Vietnam Planning and Logistics Manager said:

*“We will use sales forecast from **planning team in Asia** for action”*

As holding responsibility of the Company's results, they have very clear objectives to achieve as well as to maintain the business of Company X at the highest level:

*“I would say: we are so keen to keep Brand A account in particular and any other large accounts. We are thinking all the time how we can do things better, how we save material, how we make the box assembly quicker, it is a continuous process!”*

*“innovation, innovation, innovation!”*

(Mr. O, Asia Deputy Managing Director, 2013).

It is so true. They have to focus on Brand A as Brand A accounts for more than half of their total business. Thus, as Customer Service Manager in Company X, the author used to build up a very good relationship with the local team of Brand A in Vietnam by paying them regular visits to streamline the communication as well as to update new projects, new innovation in packaging that Company X is pursuing to offer.

In addition, innovation is one of the keys in their strategy to achieve the best services perceived from Brand customers.

- Integration through technologies

Nowadays, technology is a part of people's life. Technology has enhanced a better life for us and made business more streamlined, focused and better managed thanks to automatic system with technology based.

Table 3 below shows the most common software and programs that exist in Company X right now.

Table 3. Software and Programs in use in Company X

Name of software/system	Abbreviation	Explanation
JD Edward	JDE	This is the ERP system – core system to integrate data for orders control, planning and finance purpose
Order-processing database	OPD	It is the new developed program to help generating automatically the data received from customers into the Company ERP system (JDE). This has reduced up to more than 50% of the time for processing majority orders. It is also expected to generate different reports for management's use.
Delivery management system	DMS	It was developed at the same time when we implemented ERP system (JDE) as this helps to streamline data and manage deliveries from suppliers to customers
Project-tracking system	PTS	the program for managing projects development in Company X
Costing system	Costing	It was designed with purpose of calculating and doing comparison on costs of products.

*“we will use sales demand from JDE system input by CSOP(customer service order processing) team”*

*“JDE is for planning”*

*“First, we rely on system – as sale/CS input all sales demand, information, and then our department can be able to generate*



*demand data for suppliers.” (Mr. C, planning and logistics Manager, 2013)*

*“We have worldwide ERP and VN accounting system. Then we have different staff for different roles with different authorization on system. All transactions are done on the same system for us to control.”*

*“Our processes start when our deliveries are made and confirmed on system” (Ms. X, Chief Accountant, 2013).*

*“If I go into customer service order processing, it is easier as it is more mechanical, because what it does is to receive orders from customers and process them via systems we have: VWS (Vietnam web system), JDE (the name of ERP system), whatever we have.” (Ms. K, Sales & Customer Service Manager, 2013)*

Apparently, from a company’s perspective, the system is necessary for managing information and integrating data when the operation of the company is stretching so widely at different areas, locations and multi-functional groups. Therefore, all department heads from Planning & logistics manager, Accounting Manager to Sales & Customer Service Manager at Vietnam Operation mentioned about using their system for their planning, acting and implementing process in their department: JDE, VWS, Vietnam accounting system, etc. The system is definitely crucial and needed to such a company with global scale in operation.

The ERP global system (or named as JDE) which has been implemented in Company X for more than 3 years with the cost of more than half million dollars has helped rapidly generating financial information and streamlining data at a global scale. That is what benefits ERP can bring along according to Yang et al (2009, 724).

However, Company X has different types of system existing at the same time with the main ERP global system:

*“It [different types of system] is not burden but it is inefficient so having all different kinds of fragmented system, under one unit control instead, this may help to reduce from one hour process to 10 minutes process” (Ms. K, Sales & Customer Service Manager, 2013).*

Yet, this may cause some issues for staff, as well.

This seems to be true. The experiences from the author showed that it took time for orders-processing staff to utilize different tools/software for generating data receiving from customers before inputting on the main ERP system of the Company. Metaxiotis (2009, 53-54) emphasizes that decision on selecting ERP system must be determined properly and suitably on choosing which modules of ERP to be installed. Otherwise, ERP can become a burden for staff and the expected result cannot be achieved ultimately.

Hence, the system itself cannot be on blame due to the investing in limited modules of ERP. Maybe, such complication has been caused by the complexity of different transactions, forms and various habitual ways of ordering that Company X's customers are practically doing, according to the real claim from Vietnam Country Manager:

*“they are not in a fixed procedure to apply for all Brands, all customers. Therefore, this requires a high flexibility in procedure if we have to”.*

Clearly, it is not easy to have everything systemized in one common procedure as expected. They need to be highly flexible in procedure in order to satisfy their different customers and to help staff to cope with various situations at some extent via limited ERP modules, anyway. Therefore, *“We are rolling out PTS – project tracking system, we have got DMS – delivery management system. We are rolling out the OPD (Order Processing database), etc.”* (Mr. O, Asia Deputy Operation Director, 2013). Such PTS and OPD now become “plug-in” programs with the hope of reducing the shortfalls of existing ERP and enhancing staff's productivities.

Hence:

*“We have developed and started training using for some days, it is call PTS: project tracking system. Hence, we have not implemented officially yet in practice.”* (Mr. A, Quality and Compliance Manager, 2013).

*“In our company, we have PTS under development but it is not kind of what you mentioned as integrated information system, it is limited under project development only.”* (Ms. T, IT Manager, 2013).

Apparently, the Table 3 shows that some software and programs have not been integrated into the main ERP system (JDE) of the Company yet. They are now used separately and considered as temporary plug-in applications to the existing ERP. Consequently, it may restrict the ultimate results in implementing.

Intranet, according to Martini et al (2009, 297) and Curry et al (2000, 250), is supposed to be an ideal channel for promoting internal communication and integrating all information despite distances, time and space in the company. Hence, the findings from interviews show that this has not been seriously considered in Vietnam operation as well as in the whole Company. Ms. T (2013) – an expertise in ITC of Vietnam operation also mentioned affirmatively “*it is not kind of what you [the author] mentioned as integrated information system*”, and Mr. A – Quality Manager said that he “*has not seen it yet*”. From the author’s memory, there is an intranet created by Company X’s HQ for managers from different locations’ operations to retrieve past archived reports but this is limited to the purpose of “archived reports” only. It has not been extended in full functions as an ideal channel communication described by Martini and Curry.

Nonetheless, all the systems and programs that the Company X has invested money, man-power and time in order to reduce the complexity of process show the willingness to apply technology to enhance the flexibility for Company X’s operation. However, this is just half a way to promote and upgrade the Company’s internal communication. Therefore, it may influence the ultimate results of the whole Company’s flow of information as well as of internal communication in a long term.

- Methodologies for measuring savings

The conceptualization on measuring the savings is believed to be fundamental to any organization. Most of the companies use profit as a useful metric to weigh the performance of the company. Hence, measuring savings does not mean just profit but it should be covering by other forms from both intangible and tangible categories.

Working as Customer Service Manager, the author was involved in implementing the quality management system that Customer Service department must provide

some reports for QA department to calculate the percentage on defect case. The author believed this is one of the measurement tools, which is useful to reflect self-performance against the quality control for further improvement. This is also one of parameters to be applied for diagnosing and scaling the supplier's performance.

From customer service point of view, Company X has also adapted very well the concept of on time delivery report (OTD system) to assess the performance against the measuring system that some Brands are applying, as well.

As mentioned by Asia Deputy Operation Director, the Company needs to focus on very neat base where it should react, in order not to become too much bureaucracy:

*“I think we are very good at understanding what we are doing well and be able to pinpoint where we need go ahead to get there. We are a small company, we are not a big bureaucratic company, [...] We think our company has strengths but little weaknesses but we focus on very neat base, where we react.”* (Ms. E, Asia Deputy Operation Director, 2013).

- Other findings

Apart from the similarities which the author found in characteristics were mentioned from literature, there are more interesting to discover about this business model through the interviews and own experiences working with Company X:

Factor of flexibility:

During the time when being asked about the differences of this model from other models, most of the interviewees always mentioned “flexibility” or “flexible” or the way they described the situation to be very flexible and twisted.

*“our business model as sourcing requires flexibility [...] Our model gives more flexibility to resolve problems/matters from customers, suppliers instantly to gain satisfaction and requirements of the orders/business in an urgent, unexpected manner; as well as to keep our business reputation. That is to say we have to be extremely flexible in everybody, every single working position, department*

*with clear information, communication in order to do the job properly.” (Mr. A, Quality & Compliance Manager, 2013).*

*“It is flexible.” “[...] because we have the flexibility that we are not tied to specific location” (Ms. E, Asia Deputy Operation Director, 2013).*

*“We have to try best to be in neutral position [...] balancing the relationship between suppliers and customers.” (Mr. C, Planning & Logistics Manager, 2013).*

Flexibility from the model could be seen from the beginning with very low and cheap investment. It seems to be *“nothing for our initial investment”*, which just requires *“a few people, a location, salaries, transportation, accommodation”* and *“partnerships”* (Ms. E, Asia Deputy Operation Director, 2013) for starting up a business. The model itself does not need to stick to the “bricks and mortar” model where you need to spend *“10, 15 million dollars”* for investing in *“a printing plant in VN”* as Mr. O – Deputy Managing Director has said.

If Company X has to spend for investing in multiple locations to satisfy the needs for local deliveries for customers, this could not be a small amount of money. Furthermore, from production capacity wise, one plant does not seem to feed the required and massive volumes for one market at average of six millions pieces of box per month like Vietnam. Therefore, we do not need, even, to talk about China’s market.

Apparently, Ms. E explained further why the flexibility offers a good strategy for quick action and prompt implementation: *“If we had had investment in manufacturing plants in America or back-up plant investment in China, we wouldn’t have been able to change so quickly, to localize so quickly.”* Otherwise, *“We just would have lost the business”* as Mr. O added to emphasize its dominant feature.

Besides, the flexibility of the model is to give them opportunities for doing partnerships with different suppliers, from different types of printing technologies. Such flexibility and varieties of technologies can leverage your ultimate capability in meeting the demands of different segments from the Brands.

However, such balancing the relationships to maintain between the supply and demand requires a sensitiveness, tactfulness and profession. Therefore, this definitely requires flexibility not only from a macro scope of concept, strategy but also from micro-elements of the Company: each staff, each position. It also needs a clear, and brief communication. Refer back to Figure 7 – Business model and process transition scope in subchapter 2.2, we clearly see the formation of specialization in industrial service business in which a coordination role is needed to fill in the gap between customers and suppliers (Salminen, 2012). This is actually a trend in our economics world when the market requires a focus on specialization and profession in providing services and products.

However, it does not mean that we also can do utilize the flexibility of the model that is being discussed for any kind of product and service. Under some circumstances, it will run at cost as Mr. O has said:

*“The fact is that many items outsourcing are running at cost. The cheap labor they came to Asia for is no longer cheap; the whole manufacturing process is not cheap, the freight back to the US is not cheap; and more and more in the States you see factories are getting rebuilt, or re-opened, and getting remodelled, re-fitted out with more automated processes, but it depends on type of produce of course”.*

Therefore, it is not easy to define which product or services are suitable to apply such model in order to maximize the flexibility needed. It is the key point.

#### Factor of quickness:

Apart from the factor of flexibility, the author also found out the factor of quickness that makes the model competitively advantageous and interesting.

*“Our structure lets us follow them around and build the supply chain where they [the Brands] need it quickly.”* (Mr. O, Deputy Managing Director).

The model is cheap and flexible, that makes the organizational structure so light, less bureaucracy and easy to be set up quickly in very short period, at anywhere the Brands need to move. Apparently, wherever the Brands go, they need to set up the supply chain to support their production and manufacturers. It may take time, cost, energy and man’s power for establishment. Obviously, the burden now is

less heavy because Company X has handled the part of packaging supply in Brands' supply chains.

From microscope of management, the model itself can help the staff dynamic and swift in responses and actions:

*“everything happens very fast, the most positive about this model is that it makes the employees respond very quickly that other employees in other companies will not be able to do that quickly.”* (Ms. K, Sales & Customer Service Manager, 2013)

*“I can say the information occurs in our company very quickly; therefore the time for communication is very quick.”* (Mr. A, Quality and Compliance Manager, 2013)

It is quite true with working experiences in Company X, everything in Company X happened fast and quickly, especially the ongoing information. Therefore, it requires the responses should be coped with in a timely manner, otherwise, this may lead to very bad consequences.

#### Factor of human:

From the interviews, the author found out that factor of human contributes to one of the successful factors for the model.

*“In our model, this needs sensitive, tactful people in balancing the relationship between suppliers and customers”* (Mr. C, planning and logistics Manager, 2013)

The people that Mr. C – planning and logistics manager mentioned need to have tactfulness and sensitiveness to balance the relationships that Company X needs for its moving forward. Those competences do not naturally exist but they must have been honed and accumulated through years of practical working experiences, and accelerating in profession training.

Obviously, the customers that Company X is dealing with consider packaging as one of the secondary components in their supply chain of materials but it cannot be omitted. Packaging, nonetheless, has become strategic marketing in this flat world, therefore, *“they need people who are professional in packaging to focus on packaging”* so the customers can focus on *“where our customers need the focus.”*

(Ms. E, Deputy Operation Director) or *“If the brand did it themselves, it would stagnate”* (Mr. O, Deputy Managing Director, 2013)

The model also needs people who have capability of adaptation in order to move quickly and respond promptly:

*“we’ve got along with people who drive adaptation so two things [quick adaptation to changes and professional, expertise people in managing and packaging industry] together, I think really help lend to our success”* (Ms. E, Deputy Operation Director, 2013).

That is the macro management where you need strategic leaders, professional, skillful people to make the lead. Hence, it also needs people at middle and lower levels to support and do the implementation in a micro level.

*“the problem is the team [staff] is still too weak to be able to convince the customers, our team is not able to serve customers, to explain, to go into the point”* (Ms. K, Sales & Customer Service Manager, 2013).

If you have a good senior management, it does not mean staff is doing well down there. However, the staff here refers to those who work under Sales & Customer Service department; it does not cover all staff in Company X. However, this is a symptom that we cannot ignore. The questions of what, why and how should be raised in order to overcome and make improvements.

#### In the eye of the government

Apart from those advantages that the model can offer, in contrast, this model does not give any interest to the government for unemployment matters from macroeconomics in the eye of authorities.

*“The disadvantage I can see is that our scale uses less labor forces compared to others like manufacturing investment therefore we will have fewer privileges when dealing with authorities (...) Manufacturing models can help to hire ten thousand, twenty thousand or even fifty thousand workers/people while we can only hire around 40 more people [to run the business.]”* (Ms. X, Chief Accountant, 2013)

Obviously, with exceeding labour forces like Vietnam, this cannot be welcomed and offered privileges although this model deploys professional and expert people.



#### 4.4.2 Company X's main processes

As Lambert (2004) mentioned that a successful supply chain management requires cross-function, and integration of eight key business processes within the organization and across the network of the organization (Lambert, 2004, 19). Therefore, the empirical part found from the interviews as well as from author's real working experiences in Company X may help to unfold the main processes of Company X to see how it works and functions.

- Customer relationship management

According to Croxton (2001) and Lambert (1998, 2004), this process helps creating, maintaining and managing the relationships with customers for the company. Thus, it establishes the fundamental guidelines from customers on products and services requirement for internal implementation.

*“if we want to divide into 3 sections, we can make it simple: Sales, Customer service and order processing.”* (Ms. K, Sales and Customer service Manager, 2013)

Under Vietnam operation, the functions of sales, customer service and ordering process have been combined under one department for control. Hence, Ms. K., current Sales & Customer service Manager also mentioned:

*“that [the name of the department] is the name, I don't think right now I am ready to do the sales yet so I just focus on Customer Service and Order processing.”*

That is quite true and there is coincidence with the author's assertion when working with the Company. Although the name of the department is “Sales and Customer Service” which needs to cover two areas altogether, the fact is that the department is too busy to focus on sales. The team has spent almost their time for processing orders and fulfilling customer services for existing customers. That is the reason why Ms. K was concerned about the true function of department against its name in reality at local level in Vietnam.

Hence, Ms. E – Deputy Operation Director said:

*“If we don’t have customer service at sales level, we don’t have customers; we don’t have customer service at operational level, processing level, we don’t have orders, we don’t get paid”*

Sales, from the Company X’s point of view, is the one who needs to go and search for customers and starts relationships with customers for the Company. They are the one who does the presentation and offers what Company X can do to help the Brands to fulfill the gap of packaging chain. Therefore, they are the one who also take cares of the guidelines from customers’ requirement for products development and commercialization stage. Apart from that process, it also covers the process of maintaining and managing customers in general for Company X.

However, the fact is that most of the decisions from the Brands are made from their HQ or sub-HQ in Asia such as Hong Kong or Singapore. Thus, sales/customer service team from HQ and Sales Director from Asia Management take care of that. Consequently, the team at local level like Vietnam just passively receives the information for setting up relationship with the Brands’ local management team and manufacturers after the “nominated contract” is signed.

Fundamentally, the process of customer relationship management in Company X is divided into two hierarchical levels of interaction: upper level (HQ and Asia Management team) and local level. The process of local team in Vietnam operation is only considered in the function of Sales when setting up the relationships with Brands’ manufacturers and the Brand’s local management team. Therefore, both levels of the process interacts mostly with customers and development team.

- Customer service management

*“The processes for customer service we are discussing are now a little more difficult than the processes of the orders. The process of customer service is the processes to serve customers whether during the time we have issue or not, we still have to serve and we have to visit regularly.”* (Ms. K, Sales & Customer Service Manager, 2013)

From author’s experiences in the position, the “Account Manager” team is responsible for the process of customer service in Company X at the local level. The function of this team is covering all activities of interaction between customers and the Company, activities of coordination and collaboration between

the team on half of customers and other departments or functional groups in Company X on obtaining information for any matter related to customers. Apparently, this seems to match with what Lambert and Croxton described earlier in subchapter 2.4 on page 26.

The process that the team is leading is regarded as the Company X's front gate to deliver prompt, quick, correct and proper information and satisfaction to customers. The team needs to coordinate information with development team for providing product commercialization stage to customers for new products. They need to obtain information from order processing team, planning & logistics team in real time about product availability. They coordinate and cooperate with quality team or/and development team for complaints and troubles shooting or product modifying, as well. Besides, they need to interact with accounting team for account receivable following up and payment tracing when it is needed. Ultimately, the team also coordinates with Sales/Customer Service functional group from HQ and Asia for giving feedbacks from the battle field.

Therefore, the scope of the process seems to get involvement so widely, handily with different departments and groups across the Company. The process becomes the main axis of interaction in the operation at local level.

- Order fulfillment

Order fulfillment is the process to manage the implementation of the orders received from customers and deliveries arrangement according to what Lambert described. The author has found similarities in process that are undergoing in Company X, as well.

*“If I go into customer service order processing, it is easier as it is more mechanical, because what it does is to receive orders from customers and process them via systems we have” (Ms. K, Sales and Customer service Manager, 2013)*

Most of the time, the customer service order-processing team deals with customers and suppliers through telephones, emails and systems for implementing the orders. However, they also interact with other departments such as planning &

logistics, and quality team in their process for arranging final quality checking and coordinating logistics for deliveries, respectively.

*“Only Order processing in Customer Service SOP [standard operation procedure] is clearly defined and standardized, which is based on processes of our ERP system” (Ms. V, Country Manager, 2013)*

However, the procedure of the process in Company X is based on the workflow of the ERP system, and thus, it excludes responsibilities of receiving and posting payment, recording bad debts, etc. Those responsibilities are processed by the accounting team. Hence, the order processing team shall closely coordinate with accounting team in case of holding deliveries due to reasons of late payment, no payment settlement, etc. from customers.

- Demand management

According to Lambert (1998) and Croxton (2001), the process of demand management is to balance between supply of the company and the demand of customers. They need to obtain information of forecast, historical sales as well as habitual deliveries taking from customers, etc. to plan accordingly.

*“My process starts when we have sales demand - we will use sales demand from JDE system input by CSOP team [...] or sales forecast [...] forecast from planning team in Asia” (Mr. C, Planning and Logistics Manager, 2013)*

Apparently, the demand management process in Company X starts with information obtaining from two sources: Asia functional planning team and Customer service order processing team in Vietnam Operation. Such internal interactions have taken place via the Company X’s ERP system or emails from Asia functional team. ERP system plays an important role and cannot be skipped in implementing information throughout the process.

Besides, Company X also set up the team to cover the processes of arranging logistics for outbound shipping and import-export arrangement. Therefore, the team has a dense interaction with such departments as customer service, quality, development, and accounting team as Planning & Logistics Manager has said:

*“Regarding level of interaction with other departments, we have the highest level interacting with Sales/CS department, and then have the same level of interacting with other two departments: Development and QA; next is Accounting, for Lab and compliance we rarely have interaction with them due to nature of working scope.”*

The process of demand management in Company X can be seen as a key pipeline for exchanging information, transmission between Company X and its suppliers.

- Manufacturing flow management

From experiences working in Company X and according to the interview from Vietnam Country Manager and Deputy Operation Director, Company X does not own any manufacturing process. Although the Company X has ownership of the commodities and transfer the ownership to their customers, they actually do not produce as Ms. E has said:

*“we are not actually doing a lot of manufacturing” and “we are not manufacturing”*. (Ms. E., Deputy Operation Director, 2013)

*“the model we are pursuing is special and covers everything except for possessing machines for manufacturing”* (Ms. V., Country Manager, 2013).

Yes, the model has given them not to possess machines for manufacturing, as the part of manufacturing has been considered completely outsourced.

*“We do partnerships” as a strategy concept because “capital investment needs for general startup of our type of structure is very small”* (Ms. E, Deputy Operation Director, 2013).

- Supplier relationship management

The process of supplier relationship management in the sourcing model is as significantly important role as other ones. Through the process, Company X can do some basic analysis and evaluation on the manufacturer’s performance for future cooperation as a long-term business partner.

*“When we receive any information from development or country manager or directors, we arrange to pay some visits; then we will have preliminary ideas, comments with development as well as country manager about the conditions and possible working status of the suppliers. Then, we will send the supplier the set of*

*compliance for them to study and confirm with us for improving on compliance from time to time” (Mr. A, Quality & Compliance Manager, 2013).*

This is a time-consuming process. The process starts when receiving information from Country Manager, Asia Development director or local sourcing & development team. There are two sub-processes undergoing at the same time under this process. First, the sourcing & development team must carry out a fundamental assessment on the available capability as well as ability to see whether to do partnership with suppliers. Second, quality and compliance team shall carry out a preliminary audit, as QA Manager has said, for evaluating on suppliers for status of safety and code of conduct performance. The decision-making is very much depending on the Country Manager, which is in conjunction with advice from Asia Management and the objective reports from two teams. Hence, the process should never end due to the concept of further improvement on code of conduct compliance throughout periods when cooperating with Company X.

- Product development & commercialization

In Company X, the process of product development starts right after sales team has established the relationships with customers. This process plays important role in supporting sales team to tighten and develop the long-term contract set up with customers. Apart from that, the process of product development also helps maintaining recreation and innovation on new products for customers after having long-term contract. Apparently, the process has been enhancing the competitive value for Company X in the eye of customers.

As a result, the process is involved with sales team from HQ, Asia Sourcing and Development team, suppliers and Labs team. The communication begins with information provided from sales team or Asia sourcing and development team, the local development team needs to process and finalize everything before they can work with suppliers on artwork, structure development as well as price negotiation. When the project is closely finalized, the sample will be produced, and then sent to internal labs for qualifying the requirement before submitting to customers for approval.

Another process which cannot be skipped and omitted after having all approval from customers on products is commercialization process. In this process, local development team acts as a leadership to implement to other departments in Vietnam operation after having all finalized information. Therefore, the communication will get involvement in Quality Control team for setting up whole standard procedure for quality control process from pre-production to post-production at suppliers. Development team also works with local sales and development team for project briefing so the customer service team can start their process for establishing relationships with Brands' manufacturers including contracting set-up. Furthermore, the development team also needs to feed fundamental information for planning team and logistics so they can work out on a thorough plan with functional group from Asia for stock and logistics control as well as facilitating the contracting with suppliers on the project. Accounting, IT and Labs team are also in the loop of information for setting up codes and prices on system and procedure for providing testing reports to customers, respectively.

As Lambert (1998, 2004) and Croxton (2001) said, this process covers and gets involvement all parties for preparing necessary activities in order to create and enhance the most efficient flow of new products across the supplier chain.

- Returns management

The description of returns management process that both Lambert and Croxton entailed is to cover the processes of code of conduct compliance, quality control and part of returning defect, bad products for destruction.

This is what QA Manager has explained in the interview:

*“For process of quality control: first we receive information from development department after working with supplier on new project, or new products, then we will work with supplier for process control or quality control in order to maintain the quality of the project as well as packing required from the company”*

For coordination with other departments to do the trouble-shooting due to quality issue arisen:

*“to handle the complaint from customers when we receive those during the time when they are using. First we receive information*

*from CS department; then we will work internally and then work with suppliers in order to feedback to CS for CS to feedback to customers” (Mr. A, 2013)*

In compliance matters, Company X has to follow Brands’ requirement as standard for doing the assessment:

*“our company utilizes the standard sets of compliance from Brands and work out with our suppliers. [...] we will send the supplier the set of compliance for them to study and confirm with us for improving on compliance from time to time” (Mr. A, 2013)*

Apparently, there are three key processes in their function: project quality implementation, quality trouble-shooting coordinating and compliance matters. Therefore, as a process flow, the process involves with development team, customer service teams the most internally and with suppliers externally. From the interview and author’s own experiences, the process they are responsible for is time-consuming and complicated.

#### 4.4.3 Internal communication in SCM

Olkkonen et al (2000) mentioned that communication is considered as a mechanism to facilitate the exchange of information in processes and relationship establishment across departments. Consequently, from the findings in subchapter 4.4.2, we can see the communication and information flow are intertwined each other in each process. As such, all processes in Company X are closely interleaved and interconnected with each other. Thus, cooperation, coordination, and chosen channels of communication are playing important from internal communicative perspective.

- Cooperation & coordination

From macro-management, the teamwork in cooperation and coordination is believed to be most important as the backbone for binding people from different departments’ responsibilities altogether.

*“we have department and management split where previously we had one person be in charge of everything, now we have 4 people to be in charge in 4 areas. [...] It is important to keep the teamwork. [...] It is not easy to do a lot, you get more, you get more*



*bureaucratic but you have to define the responsibility so people know what they are doing but at the same time keeping that teamwork, keeping that partnership between departments are extremely important.”* (Ms. E, Deputy Operation Director, 2013)

As the author recalled, there were few staff when starting up the operation in Vietnam. Each single person, at that time, had to take multiple responsibilities; therefore, the cooperation was much easier due to less hierarchy in organization.

However, when the operation gets bigger and bigger, the responsibilities must be ultimately split accordingly as Ms. E has said. If we refer back to Figure 10 – a simple communication framework in operation in page 30 of sub-chapter 2.5 – internal communication in SCM, the communication needs splitting at least in three different levels: executive, department and employee level. Addition to that, the structure of communication must be defined clearly in various directions from downward, upward, diagonal to lateral one in order to keep the internal interaction gone through thoroughly. Therefore, this is the right trend of Company X and matched with the tendency of operation in any companies.

A being said, the cooperation and coordination have become necessary to be maintained at the highest level of teamwork, partnership in order for the operation to achieve the collective goals. The concept of cooperation and coordination to build teamwork from macro-management is obviously crystal, and expecting such teamwork to be able to implement successfully at micro-management.

Hence, most of the data collected through interviews, it shows some signs of concern on the cooperation and coordination in operation across departments.

*“It [coordination and cooperation] is very weak.”*

(Ms. K, Sales & Customer Service Manager, 2013)

*“I can say that [cooperation and coordination between departments] it is at level of good, not perfect”*

(Mr. C, Planning & Logistics Manager, 2013)

*“I think it [cooperation and coordination] is a moderate level only, not at very good, high level. I think there is a long way to go further”* (Mr. A., Quality and Compliance Manager, 2013).

*“maybe there is some gap between CS and QA under certain cases”*

(Ms. T, IT Manager, 2013)

The cooperation and teamwork in the operation are assessed at different levels depending on each subjective opinion from different department heads. There should be reasons behind for such evaluation.

Although Ms. X, Chief Accountant highly appreciated the cooperation as “good”, she also encountered some difficulties:

*“I can see the cooperation is good but initially we still have some difficulties due to lack of mutual understanding on some requirements from other departments”*

The internal communication dimensions (Wetch et al, 2007, 192) that were mapped out and modified in Figure 11 on page 32 shows that corporate communication are built based on the tripod of line management, project peer management and team peer communication. Corporation and coordination are regarded as cement and concrete to that tripod. If there is any “gap” or “crack” in one of those pods, effectiveness of communication and corporate strategy are definitely impacted. Therefore, there must be certain hindrances that may explain the reasons why the cooperation and coordination could not reach the climax level as some of the interviewees have exposed their concerns as “some difficulties” or “long way to go further”, etc. in their conversations.

- Effectiveness in using channels of communication

Email – electronic mail has been seen the main channel of communication in Company X, not only for customers but also for spreading internal information.

*“in Viet Nam, I can see email is the main the channel in communication.”* (Mr. C, Planning and logistics Manager, 2013)

*“Everybody’s work is based on email communication”* (Mr. C, Planning and logistics Manager, 2013)

*“I have seen a lot emails back and forth between senders and recipients”* (Mr. C, Planning and logistics Manager, 2013)

*“the quantity of emails I have received has been doubled compared to 3 years ago”* (Mr. A, Quality control and compliance Manager, 2013)

*“we rely too much on emails”* (Ms. X, Chief Accountant, 2013)

The claims from interviewees can reflect what author, himself, encountered the same issue when working in Company X. The author normally received more than 100 emails per day, which seemed to be normal.

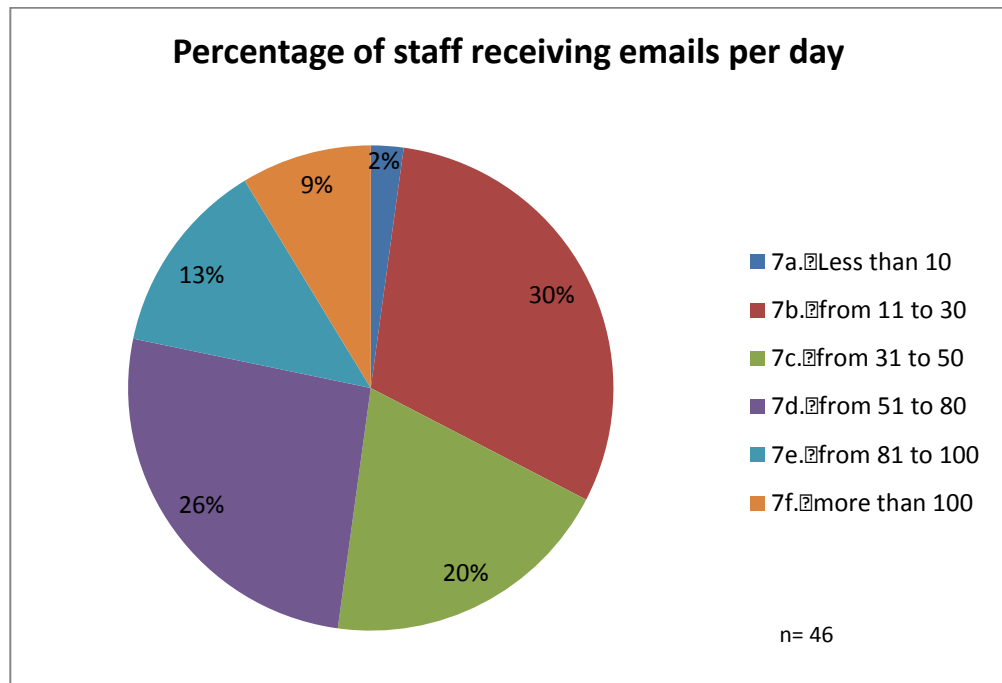


Figure 25. Percentage of staff receiving emails per day in Vietnam Operation

The graph of Figure 25 from the survey shows that just about 32% of staff received 30 emails per day, more than 50% of staff in Vietnam operation received from 31 to 50 emails per day or even the figure jumped up to 80 and more than 100 emails per day. Although such channel covers both internal and external interaction, this proved that Company X still heavily relies on email as their most popular, preferable one. It is as exact as what VanderMeer (2006, 65-74) mentioned that email is becoming popular and outnumbered in use but this may also a backlash and put the company at higher risks if it cannot be managed well enough.

In the meantime, the survey of Figure 26 in Vietnam also shows that 91% of staff “always or frequently” use email in their communication while only less than 50% of staff “always or frequently” interact face-to-face (F2F) in the communication.

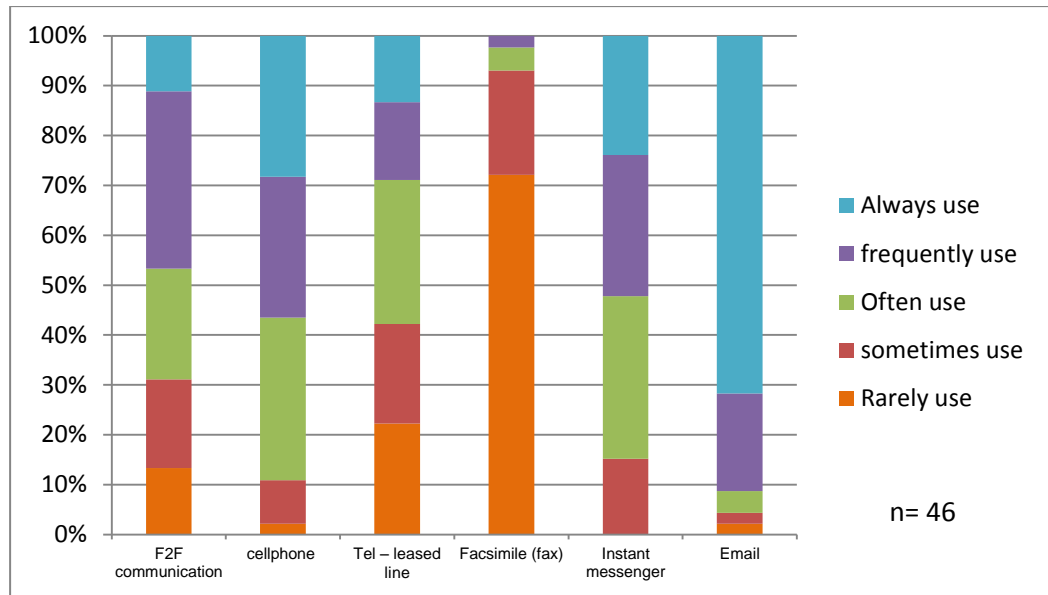


Figure 26. Percentage on different channels of communication in Vietnam Operation

Besides, the percentage of preferring choosing channel in communication in Vietnam operation reflects the tendency of the staff of the whole Company X in comparison of two surveys from Vietnam operation and Company X in Figure 26 and 27, respectively. As such, email, F2F interaction, cell phone, leased line telephone and instant messages have contributed to the variety of choices for staff to leverage the communication apart from ERP, PTS systems that were mentioned in above findings.

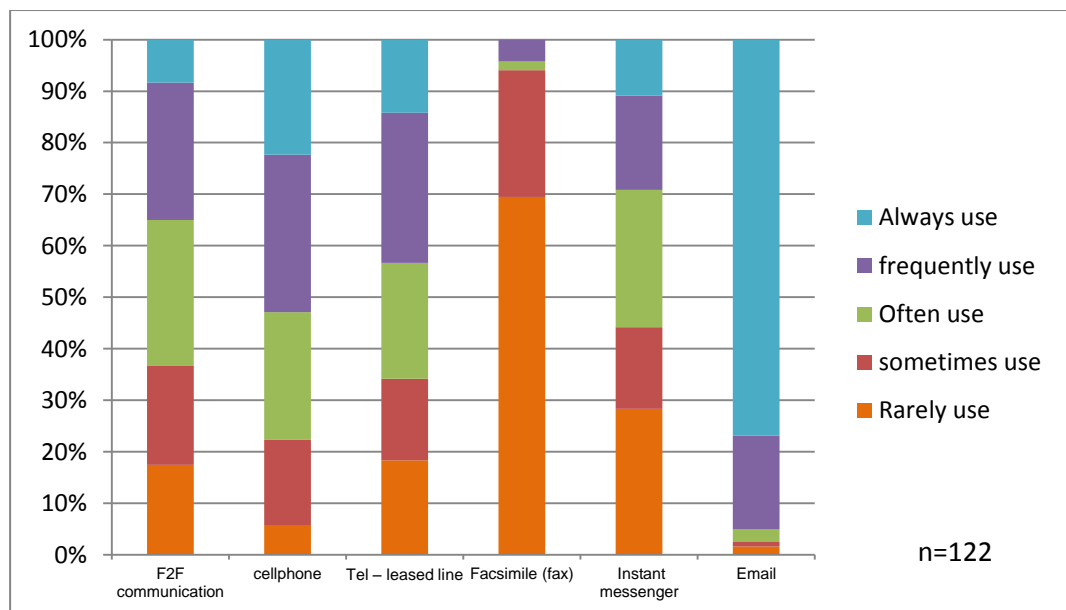


Figure 27. Percentage on different channels of communication in Company X

Notwithstanding various choices for communicating provided by Company X, there seems to be also obstacles, difficulties in communication across departments and staff in the operation as Ms. T has said: *“I don’t see efficiency in communication in our company yet”* or Mr. A commented: *“communication in our company in general is not very good and inefficient”*. This may be what Mason et al (2012, 321) described as the choice of appropriate media in their articles. A proper choice of media in conveying the richness of information may enhance task performance as well as the result of it.

Apparently, effectiveness in communication is playing critical role alongside with collaboration factor in internal communication. The findings discussed in next part – barriers and difficulties may explain some hidden reasons behind that.

- Barriers and difficulties

Throughout the interviews and data collection, the author found that there are some certain berries and difficulties, which may cause the weaknesses, vulnerabilities in cooperation, coordination and ineffective communication across departments and staff.

First of all, language can be seen the first barriers in the operation. The language covers both foreign language and mother tongue. Due to nature of business and business information provided in English, most of the staff are advised to communicate in English (or Chinese, especially to Taiwanese and China mainland customers) on emails but can interact in their mother tongue via oral conversations.

Most of the interviewees that the author had the conversation with agreed that foreign languages (e.g.: English) are the most barriers to staff in communication. The staffs are not so good at foreign languages that they are sometimes unable to understand fully the messages or unable to convey their own ideas thoroughly to readers, which may cause misunderstanding or restriction in their expression.

*“One more restriction I have seen from staff is foreign languages”*  
(Ms. V, Country Manager, 2013)

*“most of the time we use English to communicate therefore some of staff who has limitation in understanding and is not very good at*

*English cannot convey the full, thorough idea they want to, thus, they tend to write too shortly, which sometimes causes missing and unclear information” (Mr. A, Quality and Compliance Manager, 2013)*

*“It is correct as English is not our mother tongue therefore it is a barrier to our people; even myself I also have some shortfalls” (Mr. C., Planning and Logistics Manager, 2013)*

However, the barrier from English as a foreign language is obviously understandable but sometimes communication in mother tongue also creates some barriers and difficulties.

*“This [inefficient communication even when using same mother tongue] may come from the subjective reasons of the personal conveyor [...] that some people still bring their own subjective belief, opinions when conveying the message instead of trying to keep the original script from beginners”. (Ms. T., IT Manager, 2013)*

Apparently, mother tongue itself is not able to manipulate the meaning of the texts but personalities of the conveyors have certain levels of influencing the original context, even in F2F communication: *“It [F2F communication] is still not very inefficient yet. [...] the self from each person is too big” (Ms. T., 2013).*

Inefficiency may come from *“each person’s characteristics, or from different mindsets, points of view on conducting business as well as business outlook”*; and it may be due to *“the defending and protection between departments”* (Mr. C., Planning and Logistics Manager, 2013). It also came from the attitude, sense of sympathy of involved people in communication as Mr. A ever mentioned: *“whether or not (s)he put her/himself in the other person’s shoes to understand the opposite scenario and how to react”, or “they don’t assist in clarifying the message, they just stand aside”* as IT Manager mentioned. Such matters decrease levels of cooperation/coordination in the operation.

Apart from those, Country Manager also had the same thought as the author that the existing habit and lack of consciousness of people in communication may be initial causes contributing to barriers and difficulties that the Company X is encountering right now.

*“Email is important because we are global company with HQ and regional office, sister companies and local levels, all processes are related and need lots of coordination. However, too many emails and big cc [carbon copy] list create overload on email and slow down the responses, missing info, sometimes makes staffs become less proactive and just wait for reply. Sometimes it also cause leak on information.”* (Ms. V., Country Manager, 2013)

Admitting the true fact that emails are important due to the vast operation of the Company X worldwide, hence, the facts of overloading information due to too many emails receiving can slow down the responses and may cause less proactive attitudes from staff. Apparently, wrongly choosing communicative ways for interacting internally are severely overlooked in Company X.

*“in some cases, people just pick up the phone or meet each other to talk to each other, the problem would be solved more quickly and thoroughly, [...] direct interaction such as face-to-face meeting or/and a telephone call will reduce much more complicated situations instead of relying heavily on emails alone”* (Ms. V., Country Manager, 2013)

*“I have seen a lot emails back and forth between senders and recipients.”* (Mr. C., Planning & Logistics Manager, 2013)

*“we are facing misusing emails, receiving too many emails in our company as I can see which causes overloading and disadvantages such as short, missing emails.”* (Mr. A., Quality and Compliance Manager, 2013)

*“we rely too much on emails which waste our time but do not provide full thoughts at some time”* (Ms. X., Chief Accounting, 2013)

*“I can see the condition of trend of increase and copying too many unnecessary recipients on emails is still popular. That may cause overwhelming and increasing received quantity in emails [...] to some people, they should have chosen other channels of communication like face-to-face, telephone call, etc. which may be more efficient instead of channel of email which is far less efficient”* (Ms. T., IT Manager, 2013)

*“That [the unnecessary communication over emails among different departments while they are sitting to next one another] is another contributing factor to where we have unnecessary emails. When we sit next to each other, we don’t meet face-to-face or ask questions but we write a very long email.”* (Ms. K., Sales and Customer Service Manager, 2013).

Consequently, improperly selecting interactive channel, not knowing clearly purpose, lack of or insufficient information and experiences are a cause of overloading or misleading in handling communication.

*“I believe we don’t have sufficient experiences and are not sensitive enough to react and handle our work in communication. We are still lacking practical experiences”* (Mr. C., Planning and Logistics Manager, 2013)

From most of the conversations with interviewees, as well as from own experiences, most of cases that caused obstacles in capability enhancing communication of junior staff in the battle fields have come from unclear subject and topic. The cause also comes from the fact that speakers could not grasp the implicit content of topic as well as uncertain about target of audiences in their conversations. Furthermore, there are signs of dropping procedure in the middle in order to make a shortcut when handling duties, which also generates potential issues of communication, cooperation and coordination across departments.

In term of operation, one significant finding in role of middle management in Company X should be a concern and worth looking into is that the function of middle management team in local operation sometimes does not function properly as it should be.

*“First, the information from executive management from HQ or Asia or GD (general director) in the company cannot be fully grasped in original script by middle management team. Second is that the middle management team can understand sufficiently directly from executives but they cannot be able to convey fully or do not have a proper way how to convey fully that information to lower staff to understand in the best manner”* (Ms. T, IT Manager, 2013)

The functions of middle management team such as filtering the message (two ways between upper management and junior staff) and amplifying the message when needed (one way from up to down) across the operation are sometimes improperly applied, misused, or overlooked.

With more than seven and half years working for Company X, the author could agree with some opinions from some interviewees that the expansion of business of Company X is faster than expansion of operation which may also be an implicit



cause of the problem in cooperation, procedure setting up from operative and communicative angles.

#### 4.5 Summary of analytical findings

The main target for this subchapter is to summarize what author found in details separately with different framework 1, 2, and 3 according to Figure 15 – model of analysis in order to give audiences the overall view of Company X in practice. Company X, itself, exposes many features that were also found and supported in literature from macro point of view as well as from micro point of view.

From the findings, Company X has operating activities in a broad scope and across different areas from sales, customer service, development, and planning, logistics, quality control and compliance matters but just exclusive of manufacturing. The activities of Company X are proactively involved in integration of processes, technologies and operations across worldwide as mentioned by Weele (2010, 16), Monzcka (2010, 188), Trent et al (2005, 24) and Chirstopher at el (2010, 68).

Company X has adapted the model of sourcing as its strategic business in order to fulfill the tendency gap created from a complex, competitive market of economics. The gap between customer process and supplier networks which was discussed by Salminen (2012) in industrial service business now exists and is possibly covered. Additionally, Company X has cleverly utilized its leveraged profession on understanding of complexity of packaging and printing technologies to bolster the area which the Brands don't want to focus on but are really in need. The requirement on millions of pieces of box across Asia for their core products could be done by Brands but this may distract their focused capability on core products as Mr. O., Deputy Managing Director has said:

*“If the brand did it themselves, it would stagnate”. Brands, then, had better focus on their core products because “[...] by the end of the day, they have not sold box, they have sold shoes [...] they are on shoes business”.*

The sourcing model in reality in the case of Company X has showed fundamental characteristics of what have been believed to exist, to be able to generate the competitive values for the company to move forward and to advocate customers' needs (Rizza, 2007). From central-led strategy taken to the organization design laid-out, Company X has created a significant feature which a global sourcing model should have. Company X has also decentralized its activities to different levels through functional groups and local operation teams. This apparently helps to bring global strategy into clear vision at local levels.

Furthermore, the findings unveil that Company X has made use of technologies such as ERP to generate integrated data of orders and financial use, and the intranet for supporting the interaction, streamlining the data in expecting to remove blockages, and increase the speed in processes of the operation. However, different systems of OPD, PTS, etc. that Company X is investing and expecting to run seem fragmented and are not fully configured for integration into the Company X's ERP (JDE) system yet. Therefore, this turns out a slowdown in competitive possibility enhancement that Company X should not have had. Hence, it will be integrated well per its will but this takes time which is thought to be as valuable as money in long term.

Although the findings have shown reality of measuring savings that Company X is applying and conducting right now are OTD reports in customer service, and reports of defect cases in quality control, Company X has not had a synthetic measurement from the view of macro-management. Now that revenue and profit are ultimately the most common measurement to weigh the performance of a company, it cannot show the implicit savings coming from overall global activities (Trent et al, 2005, Monczka et al, 2008). Those savings that Trent, Monczka and the author implied here may provide more space for increasing productivities of current labor forces, trimming waste from lean processes, and speeding up in time of handling, etc. in order to generate the implicit and intangible profit for the company. Those savings cannot be seen as physical assets upfront but will be turned out to be as profit in the end.

***Global sourcing characteristics:***

In result, the similarities of characteristics found from the Company X can be summed up as below:

- Organizational design and decentralized control of operation activities:

Company X has a very clear hierarchical operation as well as services structure. Especially, the structure expanded to provide services to its customers makes its Company unique and dominant. Please refer to Figure 19, 22, 23 and 24. The control operation in Company X is also decentralized into various functional groups and local levels, which helps implementing the global vision into practices at local levels more effectively and easily.

- Central-led strategy and coordinated decision making:

There is “a group of people” managing and taking responsibilities of whole Company X’s result in Asian market. Although the boss is the decision influencer at the highest level, the consultants to that decision are made from different functional groups. Those groups are responsible for maintaining company strategy and implementing objectives in practices.

- Integration through technologies:

The current ERP system cannot be deployed at the most optimized effectiveness due to many forms and ways of transactions from different customers. Therefore, Company X has different kinds of software and program running as supporters to ERP as Table 3, hence, they are not integrated automatically into a unified system. They are so fragmented that the result cannot be optimized in long term. Especially, intranet has not been considered implementing full functions and seriously in use widely.

- Methodologies for savings:

Company X is also heavily depending on profit metric as the tool for measuring savings. Although there are other intangible tools in use at the same time such as “defect case” for quality control or OTD system to assess its services

performance, they are not considered at a larger scale together with profit metric in measuring.

Apart from those, flexibility and quick reaction have given opportunities for Company X to start up the business with very low investment, quick set-up and flexibility in selecting suppliers for partnerships. Hence, human factor is also the key of the model, especially the professional, expertise people who can do the leaderships, maintain the relationships with all partners and stakeholders, and lead the adaptation to the competitive environment of the business. Although the model provides a lot of advantageous benefits required for competitiveness, the model, in contrast, would not be an ideal for the excess-labour-force-problem solving. However, this is an inevitable tendency in economics that drives the expertise, profession leading to segmentation of the market.

The table below summarizes briefly the new findings of characteristics from Company X.

Table 4. Summary of findings on new characteristics

Flexibility	The model is built based on very low and cheap investment; therefore, it is easy to be set up, quickly implemented. This gives more opportunities to do partnerships with different suppliers in various printing technologies. Those leverage their optimized capability to meet their customers' demands from different segments of the market. However, it does not mean that all industries can employ the flexibility of the model as it may run at cost to some products and services.
Quickness	<ul style="list-style-type: none"> <li>- Due to light, less bureaucracy structure, cheapness in investment, quick set-up, Company X can follow the Brand customers around and build the supply chain where Brand customers need it very quickly. Therefore, quickness of the model can ensure their Brand customers to release from the worry of packaging supply chain when they move to new markets.</li> <li>- The quickness found from the model has been demonstrated through the swift responses and reactions from staff to the flow of information in Company X. This helps increasing the dynamics ability in their staff, which is hardly found in other companies.</li> </ul>
Human factor	The model of sourcing requires tactful and sensitive people to balance the relationships between suppliers and customers in order to drift the Company in the best, the smoothest move in business. Besides, it needs people at different levels in the company who have capability of adaption and long-term vision in strategy, as well as professional knowledge in packaging industry in order to wheel Company X through challenges leading to new successes.
Unemployment solution:	From the government point of view, this model is not ideal for solving unemployment issue from macroeconomics point of view. It is clear that the model focuses on professional, skillful and tactful personnel but does not require a large number of unskilled labours.

***Processes of supply chain management in Company X:***

From the view of micro-management in Vietnam operation, the findings in processes also match with those described in literature reviews but in different involvement levels and the process of manufacturing does not exist Company X. The processes have generated the complexity in responsibility, communication and information flow across Company X. Appendix 2 has drawn up the relationships among processes with different departments, functional groups and involved parties occurring in Company X in a simple mapping. Consequently, the processes in Company X can be summarized as follows:

- Customer relationship management:

Although the department of “Sales and Customer Service” should take responsibility of two sections according to its name in Vietnam, the team is most specialized in customer services area. In the meantime, Sales are taken care by HQ and Asia Management teams with nominated contracts with all Brand customers. They are the ones who build up and maintain relationships with customers in Company X. Interactions happen among customers, development team and themselves for new contracts or products development.

- Customer service management:

The process is regarded as the main axis of heavy interactions among different departments and various functional groups in Company X as well as local operation in Vietnam. The team who implements the process has responsibility to gather all related information for customers through coordination and corporation within the Company in order to fulfil customers’ requirements in a timely manner.

- Order fulfilment:

The process found is matched with literature described by Lambert. The team who is responsible for this rarely meets customers or suppliers in person but they utilize almost telephones, emails and existing systems of the Company for handling orders and communications. One minor difference from literature

is that the team is not taking care of payment receiving and posting, or recording bad debts from customers. This responsibility is taken care of by the accounting team.

- Demand management:

The process which exists in Company X and Vietnam Operation matched with description of Lambert (1998) and Croxton (2001) in maintaining the capability of the company's supply against the demand from customers. In addition, the process in the company is also responsible for outbound logistics and import-export arrangement. The process is a key pipeline for exchanging information, transmission between Company X and its suppliers. The interaction occurs among local planning team, Asia functional planning team, local customer service team and the suppliers.

- Manufacturing flow management:

Manufacturing does not exist in Company X as it is outsourced through its suppliers as long-term partnerships. Hence, there is a transaction of ownership of the commodities between Company X and its suppliers.

- Supplier relationship management:

This is on-going process with involvement of executive management, sourcing & development team and quality and compliance team. The whole process is to evaluate not only the possibility for Company X to do long-term partnership but also the performance of a supplier on its manufacturing capacity and code of conduct improvement in long term business.

- Product development and commercialization:

The process covers and gets involvement of all parties from Sales, Customer Service, etc. to Accounting team in order to set up all necessary activities for products launching or modification. It is also considered one of the most important processes in Company X with dense communications from insider of the Company to the outsiders such as suppliers and customers.

- Returns management:

There are three different sub-processes inside the process of returns management in Company X: project quality implementation, quality troubleshooting coordination and compliance matters. It also matches with descriptive responsibilities that Lambert (1998) and Croxton (2001) entailed.

Among descriptive processes, the processes of customer service and product commercial management are found to be involved as handily and widely as axis of integrating internal communication of Company X. Therefore, from this point of view, the procedures of those processes should be concentrated and clearly written as standard procedure. Hence, from experiences and data collected, Company X has developed and well written quality control and compliance's process but has not defined those two processes (customer service and product commercial management) in written form yet.

One of the reasons may come from the expansion of business that Company X has taken on is always faster than the operation in preparation. As a result, the add-in responsibilities among departments sometimes overlap and cause the crack-down in collaboration and coordination at the local level.

***Internal communication:***

As being said, the heavily relying on emails as a habit in communication also is a contributed factor to the problem of internal communication of Company X. Email is seen the most critical and main channel of communication among existing means of communication in Company X (91%). Hence, relying heavily on email of the Company has caused overloading to the staff in the Company while there are other more effective ways of communication such as F2F, telephone, etc. This may cause a backlash to the Company's safety and security (VanderMeer, 2006, 64-75). Apparently, effectiveness in communication depends very much on a proper choice of means of media for conveying the richness of messages (Mason et al, 2012, 321). From author's experiences, trust can be constituted via oral conversation, F2F meeting with a short, brief recap email later on rather than every single detail and everything to be clear on emails and emails' trail. As such, heavily relying on emails turns out to overloading.

From the cooperative and coordinative perspective in Company X, there is an establishment of organizational structure from macro-management in order to split clear responsibilities to different departments. Hence, the cooperation and coordination are not at climax level per expectation. Different department heads in the Vietnam operation have different perspective on cooperation and coordination of the Company. There are still some difficulties in cooperating among departments, staff, etc., which are the hidden cracks to the tripod of internal communication.

The summary of difficulties and barriers in table 5 may have explained the cracking issues in internal communication that Company X is now encountering.

Table 5. Summary of bold difficulties and barriers

	Barriers and difficulties:
Language	Language (foreign and mother tongue) is one of the first barriers to internal communication. Not fully understanding or mastering foreign languages (English and Chinese) causes misunderstanding or restricts staff's ability to express their full ideas. Meanwhile, personality of conveyors manipulates the context at certain levels when communicating in mother tongue.
Personal concepts and attitude	<ul style="list-style-type: none"> <li>• Personal characteristics, different mindsets, and perspective on conducting business are also sources of ineffectiveness in communication.</li> <li>• Furthermore, attitude, sense of sympathy, existing habit and lack of consciousness from involved people in communication create more issues and decrease cooperation and coordination among staffs.</li> </ul>
Choice of media	Information overloading due to receiving many emails and wrongly choosing media for conveying messages increases ineffectiveness of internal communication.
Role of middle management in communication	The functions of filtering and amplifying the messages in middle management team are sometimes applied improperly, misused or overlooked.
Junior staff's skills and experiences	The junior staffs in the battle fields also lack some personal skills and experiences in handling communication. Moreover, they are found not to follow procedure thoroughly from beginning to the end.
Business expansion vs operative preparation	The expansion of business of Company X's is faster than the Company's preparation for operation may also implicitly contribute to the causes of the problem.



From the author's personal perspective, Company X has abundant alternative ways of communication for internal interaction and has not limited on strict rules of which channel that the communication should follow. This may be a visible shortfall as most of the interviewees have said that Company X is "overlooking" the rules. VanderMeer (2006, 64-75) said that emails can become a backlash and may put companies at higher risks if there is a lack of consciousness from users. Apparently, the consciousness from users is the most important to reduce the overload and enhance effectiveness in communication internally. With wide range of channels of communication provided, users in Company X should have been able to choose the most proper way and means to communicate in order to gain the best task performance (Mason, 2012, 321). Hence, the proper choice of means for interaction is not functioned thoroughly in Company X due to many reasons, to which lack of experiences, language skill, personal skills, users' consciousness, sympathy and trustworthy at various levels and from different levels of staff may contribute.

## 5 CONCLUSIONS

### 5.1 Conclusion

From literature review, SCM is a holistic category which originated from long history. In the change of business and development of economics, SCM has developed itself through different of forms and models, in which global sourcing is the most important and significant one in that evolution. Global sourcing from academic literature has been remarked with significant characteristics that may give benefits to any organization who adopts it as a part of their strategy or strategic business model. The findings of Company X's case in reality have demonstrated fully those characteristics in theory. In addition, the findings from actual model of Company X have contributed some predominant features to attributes of global sourcing: flexibility, quickness, and cheap start-up investment. Moreover, professional understanding with intensive experiences of people in the industry is the key for success of the model from macro-strategy and management.

From the findings, the author can be certain that processes of global sourcing are the higher level of transformation of SCM processes, in which each process can contribute its important value at different levels to the competitiveness of the company. Besides, some basic processes can be outsourced and considered to be secondary as long as it is under control like manufacturing process in the case of Company X. In contrary, some will become the key processes which are the backbone for internal communication as well as collaboration like customer service, development and product commercialization process in the case of Company X. Those two processes can be seen as the factors of contributing the most values for the Company.

The findings from Company X also show that applying global sourcing model may become a good strategy from macro scope, but the micro scope also needs more concentration, especially from aspect of internal communication. Internal communication is considered a skeleton of cooperation and catalyst liquid in coordinating process across the company. Therefore, enhancing communication internally can stabilize and heal the existing, potential cracking-down implicitly from the ice-berg of the current success.

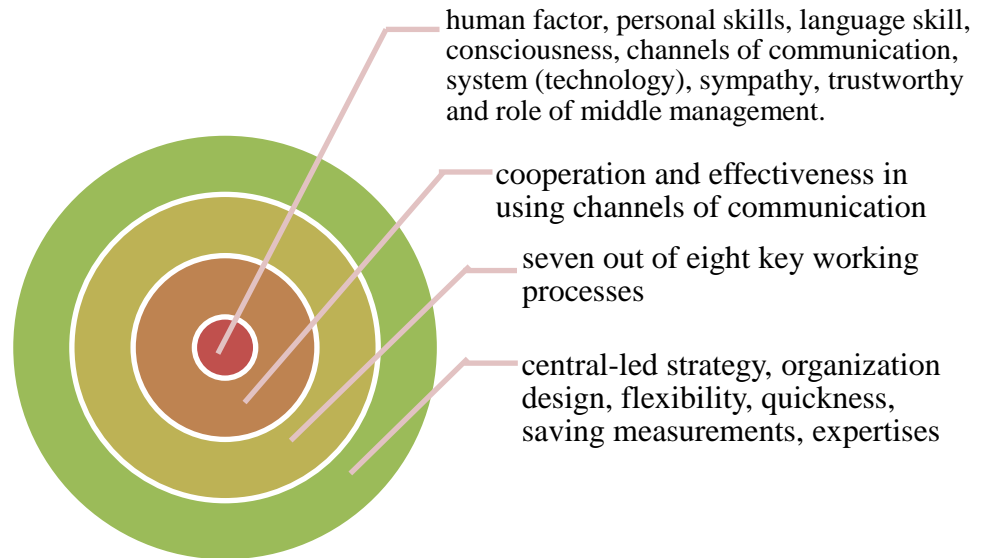


Figure 28. Overview of the findings

Figure 28 illustrated the result of findings systematically from author's point of view. Those central cores of the diagram are the fundamental bases of effectiveness of internal communication for building cooperation, and collaboration in Company X. In order to improve such fundamental bases, Company X should focus on many areas: human factor (sympathy, trustworthy, consciousness, personal skills and language skills), system, and the role of middle management in communication. Then, those bases act as a hinge for seven keys working processes (the manufacturing management process is not a concern as it is outsourced completely) in the next circle to operate smoothly. All the inside layers would make the final outer circle that shows off the most visibly significant features of global sourcing.

## 5.2 Discussion

Successes and challenges are considered as two different terms, but they seem to get along with each other. The success of Company X can be visibly seen from the outer sphere from the model of outsourcing as a macro scope, hence the Company X also is facing some challenges itself from insider of the model.

The challenges are created from phenomenon of collaborative cracking in processes and through internal communication within the Company. Although the research has shown difficulties and barriers hindering Company X's collaboration

in its internal communication, the author believes those are only phenomenon on the surface found out from daily activities of the Company. The root cause of it probably has not been dug out and seriously looked at.

“Conflict in organizations is unenviable given that humans therein need to manage their mutual interdependence” (Gelfand et al, 2012, 1132). Apparently, conflict happens and exists in the norm of collaboration and coordination in organizations. This conflict may come from different styles of management, management strategies or organizational contexts (Gelfand et al, 2012, 1132). It seems to be matched the assumptions from with Mr. C: “different mindsets, points of view on conducting business as well as business outlook” in the Company.

This may lead to another questionable assumption how important the role of leaders as department heads and their behaviours is playing in limiting conflicts happening in the context of the company culture. More precisely, the question is how the role of department heads with backgrounds from a local culture, here is Vietnamese, handles the hurdles and fills the gap in internal communication required from the management coming from American culture as Company X in this case. Therefore, subject of studying culture and its values in management in Company X may unveil some solutions as Schein (1990, 113) mentioned the value of culture analysis can provide insight, understanding and a roadmap for future action.

Other challenge that Company X and probably other companies are encountering is how to optimize the information communication technology (ICT) in enhancing internal communication. Intranet has proved to be able to sustain a competitive edge in business by reducing duplicate information, reducing paper/audio/video copying and faster direct access to information (Curry, 2000, 250) while ERP can reduce cycle time, improve information flow and rapidly generate financial information (Yang et al, 2009, 724). However, the back side of those is the increasing of costs when intranet becomes sophisticated, and the decision on wrong or improper modules of ERP investment is made (Curry, 2000, 255; Metaxiotis, 2009, 53-54).

Clearly, there are two sides to everything. Therefore, more researches and studies on those must be done carefully before implementation. The most satisfied situation is to integrate all information of the company under one controlled unit by making intranet and ERP compatible and utmost in parallel. Such integration requires balancing the levels of utilization between intranet and ERP to gain the best performance but with most cost effective.

The development of intranet in compatible with ERP may be one of the best ways to reduce overloading on emails. The possibility of sharing information from one controlled unit avoids unnecessary spread of important and confidential information through emails, which may be made by any staff of the company either by carelessness or in unconsciousness.

### 5.3 Evaluation and suggestion

In terms of validity of the research, the author had abundant and long experiences working in Company X, therefore, the knowledge gained inside from the Company X shows the beneficial and significant validity to the research. In addition, the contributions of ideas, thoughts and experiences from interviewees who are holding important positions in Company X have made the validity of the thesis more relevant, at least to the case of Company X.

However, because data collection is limited in the case of Company X and is not open to other companies or industries, the findings cannot be represented, generated for all cases from other companies. Although the contribution of the study may provide some attributions to global sourcing model from narrow view of the real Company X that the author had experiences and worked with, the reliability is very difficult to measure. The independent observers may encounter some certain difficulties in trying to duplicate the case and/or similar result cannot be achieved due to the fact of lacking knowledge of working, competence about Company X like the author. Moreover, the changes of situation and the overturn of managers as interviewees by time in Company X may also affect the course of events.

Therefore, it is highly recommended other researchers do further studies from other companies as well as from other industries in order to give more objective attributions and provide more opportunities for developing this model further. The global sourcing may have exposed other features in both positive and negative views from different cases which the case of Company X cannot clearly describe.

Regarding Company X, in order to improve and make the operation move forward in a sustainable development, the author would suggest the management of Company X focus more on some aspects. Firstly from IT perspective, intranet should be developed in parallel with development of ERP. It should be able to integrate and configure with Company X's ERP system to enhance communication and data across the company. Next, Company X needs to study further on various solutions to reduce overloading in communication, especially from emails and decentralize communication in a proper hierarchy structure to generate better effectiveness and efficiency.

Furthermore, the management of Company X may study further on savings measurement from macro point of view in order to generate better values, competitiveness in sustaining Company X's business. Also, Company X should arrange and provide more training for staff at junior levels on know-how and intensive skills, especially communication and personal skill; at the same time, fossilize the function of middle management in conceptions and consciousness to build a solid base ground for Company X.

Last but not least, although cultural perspective is limited in the study, the existing challenge of collaboration and internal communication in Company X may come from the root of cultural conflicts in organizational management. Studying and further research on cultural conflicts in organizational management may lay out the roadmap of future actions to the core problem.

## 6 SUMMARY

The purpose of this Master thesis is to consider the successes and the challenges of the global sourcing that Company X is pursuing as their business model.

As I said, global sourcing is not new to this flat world; however, to study it required us to get into the understanding of development of SCM systematically from its formation to its characteristics. Therefore, from theoretical point of views, the author has covered the process of development of SCM, its fundamental processes and related concerns of internal communication in SCM as a base for the empirical case study of Company X. However, the author has carefully selected and covered those theoretical parts related to the empirical case study only, not everything in SCM.

Case study methodology is believed to uncover the issues or the matters of complicated situations, or phenomenon but it keeps the holistic and meaningful characteristics of the matter in a real life intact (Yin, 2009, 4). It is also flexibly applied in many situations. As a result, the Master thesis is designed based on the case study of Company X, which the author had almost eight years working with. Along with interviews, eight-year experiences with deep understanding of Company X as participant-observation is one of the sources which validate the evidences for portraying the true case study (Yin, 2009, 112).

The findings from the case of Company X answered the objectives of the thesis as follows:

- What are characteristics of global sourcing in theory and in the case of Company X?

Apart from existing features that a global sourcing should have such as organizational design, decentralized operation, central-led strategy, integration through technologies, methodologies for savings, defined processes and structural communication, the global sourcing from Company X showed certain predominant ones. The characteristics of high flexibility, quickness, low-capital investment and easy adaptation to requirements in business environment now can be added to the list.

- What are the main processes in SCM and the role of internal communication in Company X?

Processes of SCM such as customer relationship management, customer service management, demand management, order fulfillment, supplier relationship management, product development & commercialization and returns management are playing key roles in processes of Company X. In the meanwhile, the internal communication acts as catalyst for those processes to run smoothly in the Company. Furthermore, trustworthy, sympathy, personal, language skills, consciousness and role of middle management in internal communication are the backbone for establishing and enhancing collaboration and coordination in global sourcing processes.

- What are successes and challenges to Company X?

The features of flexibility, quickness and adaptation can build up a visible success for global sourcing model like the case of Company X. The human factors such as expertise on industry, tactful, sensitive and glocalizing-oriented management are also contributing to the successes. Ultimately, Company X has optimized the strengths of the model into their own focal business, and made it work in their industry. Clearly, the dominant characteristics of global sourcing have built the outer frame of success for them. However, corporation and internal communication at micro level in the Company can be the challenges that need to be overcome and improved. Such challenges can be an implicit motivation driving the model to the further levels of success, but it can also be hindrances slowing down the success or even leading the whole company to failures from inside.

- What improvement and suggestion can be proposed for Company X?

In the case of Company X, the author also suggests a further study on the role of middle management, and its influences on reducing conflicts, enhancing collaboration in organizational management. This may be a variance from cultural perspective. The focus on micro-management on staff training, optimizing different means of communication from conventional to newly advanced technology in the company may fix the implicit crackdown from insider and stabilize the current success in a long run.



Although the case of Company X may contribute dominant features to the knowledge of global sourcing, the case is isolated in the case of Company X. It cannot represent for every single company in our economics world at some extent. In order to have a broader and full view of contributions from both positives and negatives of global sourcing, a wider range of companies' cases under the same industry or in different industries should be studied further generally.

The study of the thesis was carried out from early spring 2013 to autumn 2013, almost six months for both theoretical parts and empirical study of the case of Company X. The author believed that the research fulfilled the requirement of the objectives set in the thesis. The research, on the other hand, is identical and significant to the author because it has provided a chance to further his knowledge intensively in not only academic research generally but also his concerned subject of global sourcing in particular.

Through the research, the author felt himself a need to voice out the hidden, potential-to-be matters of Company X, which he considered as his family. Even though everybody can see the success of the model visibly upfront due to certain factors from macro-management, there are always hidden and potential failures inside from the micro-management. Such negligence will be a crackdown inside the current success leading to failures in the future if we pay less attention or ignore self-assessment and seek different, alternative solutions for further improvement.

## REFERENCES

**Books:**

Arjan J. Van Weele – Purchasing and Supply Chain Management – Fifth Edition – Copy right 2010 – Cengage Learning EMEA.

John W. Creswell – Qualitative inquiry & Research Design, Choosing among Five Approach – Second Edition – Copy right 2007 – Sage Publications, Inc.

Martin Christopher – Logistics & Supply chain management – Fourth Edition – Copy right 2011 – Pearson Education Limited.

Robert K. Yin – Case Study Research, Design and Methods – Fourth Edition – Copy right 2009 – Sage Publications, Inc.

Robert M. Monczka, Robert B. Handfield, Larry C. Giunipero, James L. Patterson, Donal Waters – Purchasing & supply chain management – copy right 2010 – South-Western Cengage Learning.

Sven Hollesen, 2010 – Marketing management: a relationship approach – New York, NY: Pearson Education, 2010.

**Journal articles:**

Ana Tkalac Vercic, Dejan Vercic, Krishnamurthy Sriramesh – “Internal communication: Definition, parameters, and the future” – Public relations Review 38 (2012) 223-230, retrieved on February 24<sup>th</sup>, 2013.

Bo Rundh, (2009), "Packaging design: creating competitive advantage with product packaging", British Food Journal, Vol. 111 Iss: 9 pp. 988 – 1002, retrieved on January 29<sup>th</sup>, 2013.

Curry et al, 2000, The intranet: an intrinsic component of strategic information, International Journal of Information Management 20 (2000) 249-268, retrieved on May 7<sup>th</sup>, 2013.

David A. Griffith – 2002 – “The role of communication competencies in international business relationship development” – Journal of World Business 37 (2002) 256-265, retrieved on February 24<sup>th</sup>, 2013.

Defining Strategy, (2009), "Defining "strategy": Creating a common language of business terminology", Strategic Direction, Vol. 25 Iss: 4 pp. 9 – 11, retrieved from: <http://dx.doi.org/10.1108/02580540910943488> , on December 19<sup>th</sup>, 2012

Dobson et al, 2012, Packaging in a Market Economy: The Economic and Commercial Role of Packaging Communication, Norwich business school, retrieved on May 1<sup>st</sup>, 2013.

Douglas M. Lambert, Martha C. Cooper, Janus D. Pagh, (1998), "Supply Chain Management: Implementation Issues and Research Opportunities", The

International Journal of Logistics Management, Vol. 9 Iss: 2 pp. 1 – 20., retrieved on October 14<sup>th</sup>, 2012.

Gelfand et al, 2012, Conflict Cultures in Organizations: How Leaders Shape Conflict Cultures and Their Organizational-Level Consequences, Journal of Applied Psychology © 2012 American Psychological Association, 2012, Vol. 97, No. 6, 1131–1147, retrieved on August 12, 2013

Geraldine E. Hynes – 2012 – “Improving Employees’ interpersonal communication competencies: A qualitative study” – Business communication Quarterly 75(4) 466-475, retrieved on February 24<sup>th</sup>, 2013.

Kathryn Yates – 2006 – “Internal communication effectiveness enhances bottom-line results” – Journal of organizational Excellence, summer 2006 – published online, copyright 2006 Wiley Periodicals, Inc., retrieved on February 24<sup>th</sup>, 2013.

Katy Mason, Sheena Leek (2012) – “Communication practices in a business relationship: Creating, relating and adapting communication artifacts through time” – Industrial Marketing Management 41 (2012) 319-332., retrieved on February 24<sup>th</sup>, 2013.

Keely L. Croxton, Sebastián J. García-Dastugue, Douglas M. Lambert, Dale S. Rogers, (2001), "The Supply Chain Management Processes", The International Journal of Logistics Management, Vol. 12 Iss: 2 pp. 13 – 36., retrieved on October 14<sup>th</sup>, 2012.

Kippenberger, T, (1997) – "The value chain: the original breakthrough" – The Antidote, Vol. 2 Iss: 5 pp. 7 – 10., retrieved on October 14<sup>th</sup>, 2012.

Lambert, Douglas M – “The eight essential supply chain processes” – Supply chain management review – Sep 2004, pp 18 – 26, retrieved on February 13<sup>th</sup>, 2013.

M. Kotabe, J.Y. Murray – “Global sourcing strategy and sustainable competitive advantage” – Industrial Marketing Management 33 (2004) 7–14 – [www.sciencedirect.com](http://www.sciencedirect.com), retrieved on October 14<sup>th</sup>, 2012.

Martha C. Cooper, Douglas M. Lambert, Janus D. Pagh, (1997) – "Supply Chain Management: More Than a New Name for Logistics" – The International Journal of Logistics Management, Vol. 8 Iss: 1 pp. 1 – 14., retrieved on October 14<sup>th</sup>, 2012.

Martin Christopher, Carlos Mena, Omera Khan, Ozgur Yurt, (2011) – "Approaches to managing global sourcing risk" – Supply Chain Management: An International Journal, Vol. 16 Iss: 2 pp. 67 – 81., retrieved on October 14<sup>th</sup>, 2012.

Martini A. et al, 2009, An empirical roadmap for intranet evolution, International Journal of Information Management 29 (2009) 295–308, retrieved on May 7<sup>th</sup>, 2013, from [www.elsevier.com/locate/ijinfomgt](http://www.elsevier.com/locate/ijinfomgt)

Mary Welch, Paul R. Jackson, (2007) – "Rethinking internal communication: a stakeholder approach" – *Corporate Communications: An International Journal*, Vol. 12 Iss: 2 pp. 177 – 198., retrieved on February 24<sup>th</sup>, 2013.

Mélani Fletcher, (1999), "The effects of internal communication, leadership and team performance on successful service quality implementation: A South African perspective", *Team Performance Management*, Vol. 5 Iss: 5 pp. 150 – 163, retrieved on February 24<sup>th</sup>, 2013.

Metaxiotis Kostas, 2009, Exploring the rationales for ERP and knowledge management, integration in SMEs, *Journal of Enterprise Information Management* Vol. 22 No. 1/2, 2009 pp. 51-62, retrieved on May 13, 2013, from Emerald Group Publishing Limited.

Mickey North Rizza – "Driving Value with Global Sourcing" – *Supply Chain Management Review* 11.7 (Oct 2007):13., retrieved on October 14<sup>th</sup>, 2012.

Rami Olkkonen, Henrikki Tikkanen, Kimmo Alajoutsijärvi, (2000) – "The role of communication in business relationships and networks" – *Management Decision*, Vol. 38 Iss: 6 pp. 403 – 409., retrieved on February 24<sup>th</sup>, 2013.

Robert J. Trent and Robert M. Monczka – "Achieving Excellence in Global Sourcing" – Fall 2005, Vol. 47 No.1 – *MITSloan Management Review*., retrieved on October 14<sup>th</sup>, 2012.

Robert M. Monczka, Robert J. Trent and Kenneth J Petersen – "Getting on track to better Global Sourcing" – *Supply Chain Management Review* 12.2 (Mar 2008)., retrieved on October 14<sup>th</sup>, 2012.

Robert Trent, Robert M Monczka – "International purchasing and global sourcing: what are the differences?" – *Journal of Supply Chain Management* 39.4 (Fall 2003): 26-37., retrieved on October 14<sup>th</sup>, 2012.

Rodney McAdam, Daniel McCormack, (2001), "Integrating business processes for global alignment and supply chain management", *Business Process Management Journal*, Vol. 7 Iss: 2 pp. 113 – 130, retrieved on October 14<sup>th</sup>, 2012.

Rudolf O. Large, (2005) – "External communication behaviour of purchasers—effects on supplier management performance" – *Journal of Purchasing & Supply Management* 11 (2005) 28–41., retrieved on February 24<sup>th</sup>, 2013.

Saatcioglu, O mur Y., 2008, What determines user satisfaction in ERP projects: benefits, barriers or risks?, *Journal of Enterprise Information Management* Vol. 22 No. 6, 2009 pp. 690-708, retrieved on May 13, 2013, from Emerald Group Publishing Limited

Schein, 1990, Organizational culture, February 1990, *American Psychologist*, retrieved on August, 12, 2013

Underwood Robert L., Noreen M. Klein, Raymond R. Burke, (2001), "Packaging communication: attentional effects of product imagery", *Journal of Product & Brand Management*, Vol. 10 Iss: 7 pp. 403 – 422, retrieved on January 29<sup>th</sup>, 2013.

Underwood, Robert L.; Klein, Noreen M, 2002, Packaging as brand communication: Effects of product pictures on consumer to package and brand, *Journal of Marketing Theory and Practice*; Fall 2002; 10, 4; ProQuest, retrieved on January 29th, 2013.

VanderMeer, Jim, 2006, Seven Highly Successful Habits of Enterprise Email Managers: Ensuring that your employees' email usage is not putting your company at risk, [www.infosectoday.com](http://www.infosectoday.com), retrieved on April 9<sup>th</sup>, 2013

Yang C. et al, 2009, The relationship between benefits of ERP systems implementation and its impacts on firm performance of SCM, *Journal of Enterprise Information Management* Vol. 22 No. 6, 2009 pp. 722-75, retrieved on May 13, 2013, from Emerald Group Publishing Limited

### **Other sources:**

Business communication – retrieved on February 24<sup>th</sup>, 2013, from [www.managementstudyguide.com/communication-flows.htm](http://www.managementstudyguide.com/communication-flows.htm)

Chris Ford, Alistair Maughan and Scott Stevenson – Outsourcing 2011/12 – Morrison & Foerster LLP – retrieved on January 10<sup>th</sup>, 2013, from [www.mofo.com](http://www.mofo.com)

Council supply chain management professionals – retrieved on January 12<sup>th</sup>, 2013, from <http://cscmp.org/about-us/supply-chain-management-definitions>

Global Sourcing Trends in 2012 – February 2012 – Morrison & Foerster Global Sourcing Group – retrieved on January 10<sup>th</sup>, 2013, from [www.mofo.com](http://www.mofo.com)

History of corrugated packaging – retrieved on April 26th, 2013, from <http://www.citpa-europe.org/corrugated-packaging/history>

Nick Sanchez – Communication process, retrieved on February 24<sup>th</sup>, 2013, from <http://web.njit.edu/~lipuma/352comproc/comproc.htm>

Salminen V., HAMK – Power point presentation 2012 – Changes in World Economy and Strategic Business Alignment.

Intranet, retrieved on May 7th, 2013, from <http://www.referenceforbusiness.com/small/Inc-Mail/Intranet.html>

Company X history, profile, retrieved January 14<sup>th</sup>, 2013 from Company X's website.

Mr. A – Quality and Compliance Manager, 2013, Re: interview questions and request for interview via Skype [email message], recipient Huy Khoang, sent April 12th, 2013

Mr. C – Planning and Logistics Manager, 2013, Re: interview questions and request for interview via Skype [email message], recipient Huy Khoang, sent April 15th, 2013

Mr. O – Asia Deputy Managing Director, 2013, Re: interview questions and request for interview via Skype [email message], recipient Huy Khoang, sent March 28th, 2013

Ms. E – Asia Deputy Operation Director, 2013, Re: Communication survey [email message], recipient Huy Khoang, sent January 21st, 2013.

Ms. E – Asia Deputy Operation Director, 2013, Re: Data request [email message], recipient Huy Khoang, sent January 9th, 2013.

Ms. E – Asia Deputy Operation Director, 2013, Re: interview questions and request for interview via Skype [email message], recipient Huy Khoang, sent March 3rd, 2013

Ms. K – Sales and Customer Service Manager, 2013, Re: interview questions and request for interview via Skype [email message], recipient Huy Khoang, sent April 10th, 2013

Ms. T – IT Manager, 2013, Re: interview questions and request for interview via Skype [email message], recipient Huy Khoang, sent May 8th, 2013

Ms. V – Vietnam Country Manager, 2013, Re: Re: interview questions and request for interview via Skype [email message], recipient Huy Khoang, sent April 2nd, 2013

Ms. X– Chief Accountant, 2013, Re: interview questions and request for interview via Skype [email message], recipient Huy Khoang, sent April 16th, 2013

**Oral sources:**

Mr. A – Quality and Compliance Manager, 2013, Company X, Interview April 18th, 2013.

Mr. C – Planning and Logistics Manager, 2013, Company X, Interview May 5th, 2013

Mr. O – Asia Deputy Managing Director, 2013, Company X, Interview April 18th, 2013

Ms. E – Asia Deputy Operation Director, 2013, Company X, Interview April 18th, 2013

Ms. K – Sales and Customer Service Manager, 2013, Company X, Interview April 15th, 2013

Ms. T – IT Manager, 2013, Company X, Interview May 7th, 2013

Ms. V – Vietnam Country Manager, 2013, Company X, Interview April 30th, 2013

Ms. X – Chief Accountant, 2013, Company X, Interview May 5th, 2013

## APPENDICES



### **Appendix 1:** Pre-structured questions:

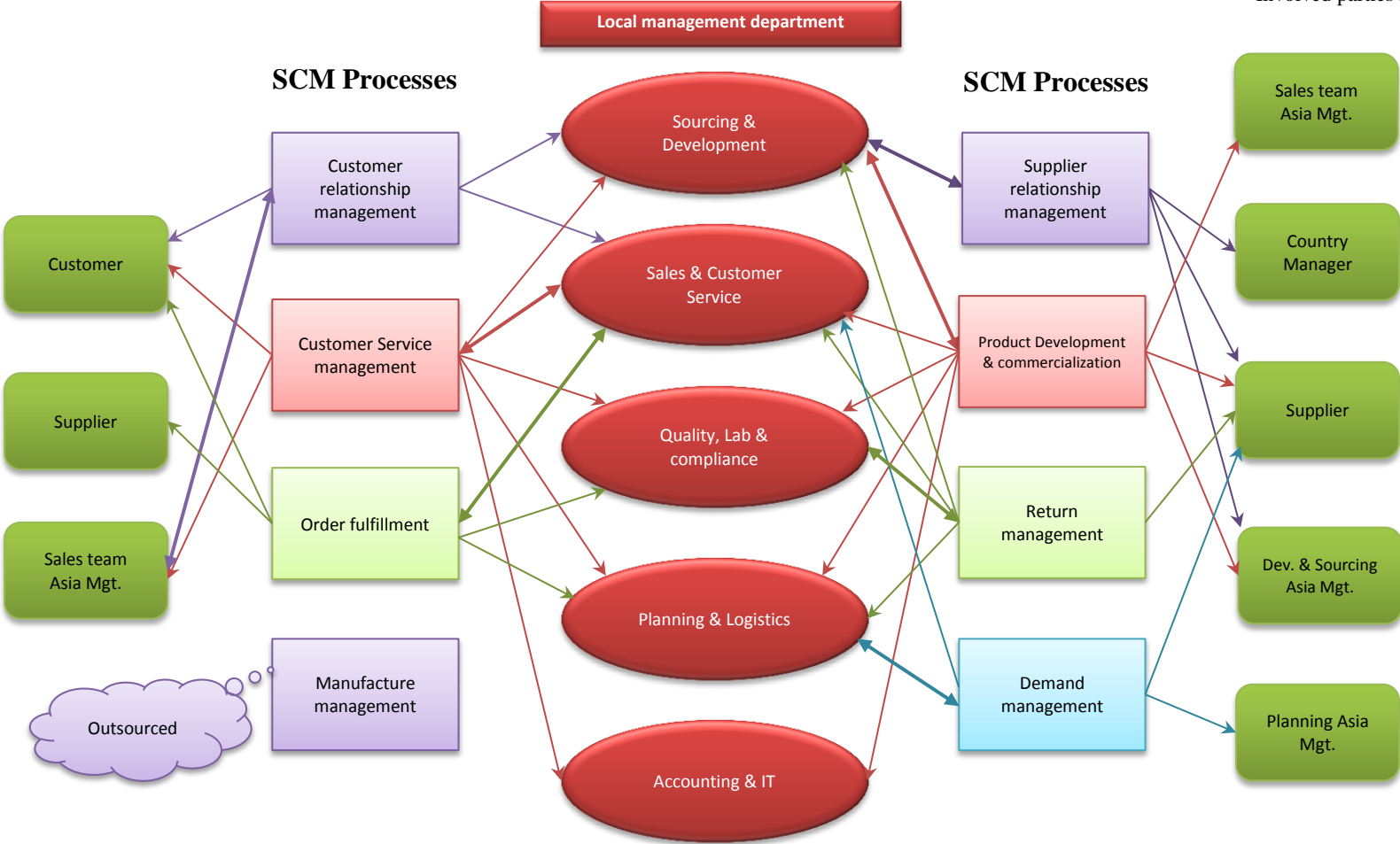
1. May I have some brief description of your period of time, and scope of working: duty, responsibilities, reporting to person ... in the company?
2. Besides global sourcing model our company is pursuing, do you know any other kind of model?
3. What are the special features of our company model that you think are most easier recognized in terms of:
  - a. Strategy, decision making?
  - b. Operations?
  - c. Processes?
  - d. Communication?
  - e. Organization design, structure? ...
4. How do you describe briefly about VN operation?
5. What are the differences you can describe about our operation compared to other operations within the company?
6. What are the key processes that VN operation are implementing right now, are they structured based on a benchmark of the company strategy?
7. In those processes, which are you considering the most crucial?
8. Do you have those processes documented as a standard operation procedure in VN operation?
9. How do you evaluate communications in VN operation?
10. In implementing processes, do you find difficulty to implement in term of communication?
11. What kind of communication skills the staffs have?
12. I know communication via emails is backbone as well as “culture” not only in VN operation but also in the whole company, how efficient or inefficient have you found about that?
13. How to develop communication? What are the key communication tools?
14. In term of strategy of the company, how do you share your ideas, suggestion, experiences based on your true practices from VN situation?
15. What can we learn from you? What are your best practices?

16. How is communication, coordination among departments in implementing a project?
17. Do we have any intranet set up for implementing a project to get better communication besides emails?
18. How do you describe your department responsibility and duty briefly?
19. How do you describe your main processes?
20. How do you implement your process?
21. Do you have your process documented as a SOP (Standard Operation Procedure)?
22. How do you communicate within your department?
23. How do you communicate inter-departments?
24. In communication, what are the most important communication tools for you and your team?
25. what are the difficulties in co-operation and co-ordination among departments



**Appendix 2: SCM processes' relationships management in Company X**

 Process controller  
 Involved parties in processes



## FIGURES

Figure 1. Hierarchy of Research Questions .....	4
Figure 2. Progress of knowledge .....	5
Figure 3. Two levels of study in the thesis .....	6
Figure 4. Limitation framework of the thesis .....	7
Figure 5. The supply chain network (Adopted from Martin Christopher, 2011,3)	12
Figure 6. Activities in a simple supply chain (Monczka et al, 2010, 6) .....	13
Figure 7. The value chain in SCM (Created by Porter 1985 but adopted from Kippenberger, 1997, 7) .....	14
Figure 8. Business model and process transition scope (Salminen, 2012).....	20
Figure 9. Supply chain management processes (Adopted from Lambert, supply chain management: implementation issues and research opportunities, 1998, 2).	25
Figure 10. A simple diagram of communication framework in operation .....	30
Figure 11. Position of Internal communication dimensions (Adopted and modified from Wetch et al, 2007, 192) .....	32
Figure 12. Intranet evolution diagram (Adopted from Martini et al, 2009, 297) .	33
Figure 13. Conceptualized model of ERP system (Adopted from Metaxiotis, 2009, 58).....	34
Figure 14. Evolution tendency in supply chain (Adopted and modified from Monzcka, 2010, 206) .....	36
Figure 15. Process of interviewing questions .....	42
Figure 16. Model of analysis .....	43
Figure 17. Process of data analysis.....	44
Figure 18. A piece of sample extracted from transcript analysis .....	46
Figure 19. Company X's structure in Asia .....	50
Figure 20. The Company X revenue in Asia .....	51
Figure 21. Percentage contribution in revenue of markets in Asia .....	52
Figure 22. Vietnam Operation hierarchical structure .....	53
Figure 23: Diagram of the Company X's customer service relationships.....	54
Figure 24. Company X's organization simplified design.....	55
Figure 25. Percentage of staff receiving emails per day in Vietnam Operation....	77
Figure 26. Percentage on different channels of communication in Vietnam Operation .....	78

Figure 27. Percentage on different channels of communication in Company X...	78
Figure 28. Overview of the findings.....	93

## TABLES

Table 1. Initial names, position titles and interview dates of all interviewees .....	41
Table 2. Coding of categories according to framework in model of analysis .....	45
Table 3. Software and Programs in use in Company X.....	58
Table 4. Summary of findings on new characteristics.....	86
Table 5. Summary of bold difficulties and barriers .....	90