



The Functions of Sourcing Intermediaries in Global Supply Risk Management – Findings from the Clothing Industry

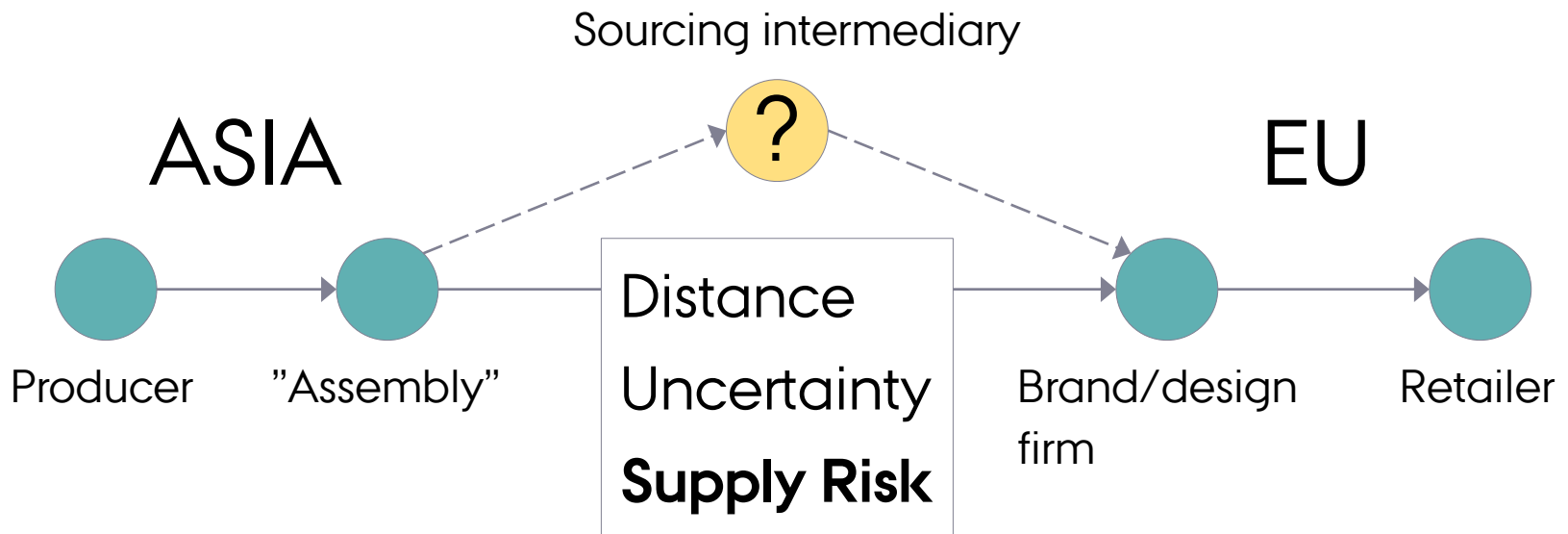
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Research problem

Clothing industry supply chain



> **RQ:** *How do buying companies use intermediaries to manage supply risks?*

SI supply risk management – in the literature

Supply risk:

The probability of loss and the significance of that loss – which is generated by up-stream events in the supply chain (Mitchell, 1995; Zsidisin, 2003a)

Supply risk management:

- Reduce **probability**
- Reduce **effect** (significance)
- Generate **information**

> Functions:

- > 1) creating new supply markets
- > 2) supplier search and selection
- > 3) supplier relationship management
- > 4) cultural mediation
- > 5) volume consolidation
- > 6) holding inventories
- > 7) organizing CMT production
- > 8) continuous supplier monitoring and follow-up

(Balderston, 1958; Belevina and Girotra, 2010; Bucklin, 1965; Casson, 1997; Ellis, 2003; 2006; Fung, Chen and Yip, 2007; Fung and Chen, 2010; Magretta, 1998; Mallen, 1976; Masson et al., 2007; Popp, 2000)

Methodology

A. The clothing industry as empirical context

- Extreme case, significant in our region

B. Respondents

Positioned in different parts of the supply chain, long experience

C. Snow-balling

- Natural interaction units, sensitive information, hard to find populations (Atkinson and Flint 2001, Biernacki and Waldorf 1981, Coleman 1958, Noy 2008)

D. Coding

1. Supply risk and intermediaries' functions in supply risk intermediation
2. Functions across respondents' experience
3. Categorization of different types of sourcing intermediaries according to functions performed

Findings

Core IM functions in mediating supply risks observed in the data

- New supply markets
- Supplier search and selection
- Supplier relationship management
- Supply/demand consolidation
- Organizing CMT production
- Supplier monitoring and follow-up

Functions with different proportions

- Capacity does not equal inventory holding - a matter of securing production capacity (hedging – investment)
- Mediating cultural distance – novel / high risk supply markets – resilience against political risks

Functions not mentioned in studies included in literature review

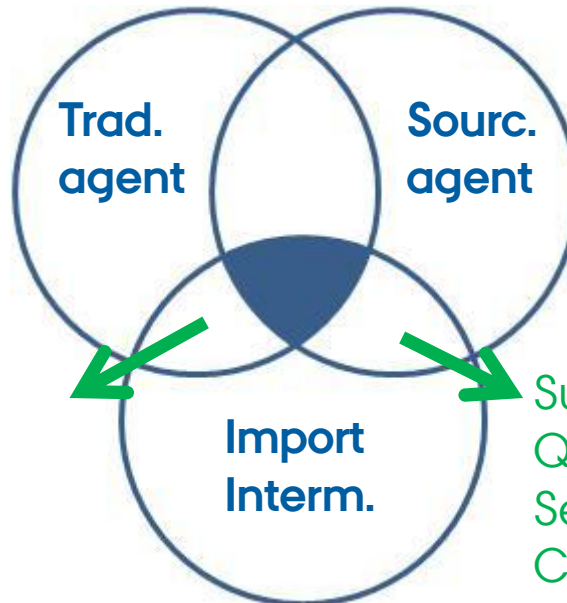
- Quality control
- Design support / availability
- Visibility / open calculations

Categorization of sourcing intermediaries

Core function performed by all three categories

Supplier search/selection
Mediating cultural distance
Supplier relationship management

High Risk
markets



Open
calculations

Creating new
supply markets

Supply/demand consolidation
Quality control
Securing capacity
Cont. supplier monitoring,
follow-up

CMT / Design