

## Guest Editorial

# The global purchasing challenge: A look back and a look ahead

## 1. Introduction

Despite the critical and still increasing importance of purchasing in a majority of globalizing industries, international purchasing remains a neglected research field. To date, it is largely unclear how the international context impacts on purchasing internationalization and organization, and how international purchasing brings return to the company. The aim of this special issue is to compile state-of-the-art research on the topic of global (international) purchasing. In this guest editorial, we look back at the roots of the field and look forward to the contributions in this special issue.

## 2. Looking back

Global purchasing is a young research topic. It has grown out of three main fields: international business, marketing management and purchasing and supply management. Each of these research streams has influenced and shaped the global purchasing literature.

### 2.1. International business

Global purchasing emerged gradually since the early seventies when potential advantages of purchasing abroad were noticed from an international business point of view. [Leontiades \(1971\)](#) discussed the use of ‘satellite plants’. These are foreign subsidiaries of multinational firms founded in foreign countries because of low-cost production and seen as a special form of global purchasing. [Leff \(1974\)](#) indicated that such a shift towards production in less developed countries was due to the ability of these countries to export products at competitive prices, which could be used to serve the American market. [Buckley and Pearce \(1979\)](#) presented four types of variables to describe an international sourcing policy: the degree of multinationality of production, the degree of multinationality of sales, the export behavior and two sourcing output ratios. Finally, [Hefler \(1981\)](#) put forward three types of global purchasing based on the ownership of the supplying plant: from arm’s length over joint venture to fully owned plant.

In the international business literature global purchasing is thus seen as a special case within internationalization

where it is used as a tool to achieve better positions against competition. Global purchasing is examined mainly from a multinational point of view. Although, global purchasing is seen as the accumulation of all the purchases abroad, there is a strong tendency to focus on international intra-firm purchasing. Such intra-firm purchasing includes a major part of international trade. The United Nations indicate that about one-third of world trade, and as a consequence also of global purchasing, is indeed intra-firm trade ([Kotabe and Murray, 2004](#)).

### 2.2. Marketing management

Starting from the publication of [Kotler and Levy’s \(1973\)](#) seminal article ‘Buying is marketing too!’ the purchasing function has also been approached from a marketing point of view. This marketing point of view assumes that companies could benefit in terms of (international) sales increase if they have a thorough understanding of the purchasing practices of their industrial customers. Three points of attention dominate this marketing perspective. First, there is a tendency to focus heavily on buyer–supplier relationships in an international context. Although, the relationship in the dyad is mainly seen from a supplier perspective (e.g., [Haugland, 1999](#); [Leonidou and Katsikeas, 1996](#)), a growing number of articles look at the dyad from the buyer perspective as well ([Katsikeas and Kaleka, 1999](#); [Andersen and Buvik, 2001](#); [Buvik and Andersen, 2002](#)). [Andersen and Christensen \(2005\)](#) identify a typology of subcontractor roles in global production networks. Secondly, various authors focus on pure import, so without a manufacturing component ([Katsikeas and Al-Khalifa, 1993](#); [Katsikeas and Dalgic, 1995](#); [Skarmas et al., 2002](#)). Finally, a somewhat distinct research stream that is also closely linked to international business deals with the inward–outward nexus of international knowledge transfers within a company. The core idea in this intertwined nexus is that global purchasing and global marketing within a company are linked ([Korhonen et al., 1996](#); [Karlsen et al., 2003](#)). [Welch and Luostarinen \(1993\)](#) suggest that inward internationalization (global purchasing) might precede the outward internationalization (global marketing) as companies buy products from foreign suppliers.

### 2.3. Purchasing

Global purchasing is considered as a special case of purchasing management. Per se, global purchasing is not different from local purchasing (Carter and Narasimhan, 1990). A thorough search for goods and services is believed to enhance the competitive position of the company and to improve its functioning. Already in the 1970s, Davis et al. (1974) derived seven points of attention that have to be taken into consideration when the decision between a local and a global supplier is to be taken. Overall, this third stream of literature brings two major messages. The first is the role of global purchasing in creating competitive advantage. As such, several studies are to be considered strategy papers (Carter and Narasimhan, 1990; Alguire et al., 1994; Arnold, 1999), or strategy process papers (Arnold, 1989; Bozarth et al., 1998). The second message is that (global) purchasing is part of a large international supply chain and actions of global purchasing should be considered in a broad perspective of total cost of ownership. Issues such as logistical problems and costs (Min and Galle, 1991; Zeng and Rosetti, 2003) and the relationship between global purchasing and just-in-time (Das and Handfield, 1997) have been covered well in this respect.

Without doubt, these three research fields have substantially contributed to the knowledge creation on global purchasing. By focusing on the multinational character of many firms, the special relationship between marketing and purchasing and the role of purchasing in the supply chain, insights on why companies engage in global purchasing have expanded significantly. These studies give an answer to the question why and how firms purchase abroad, even though it is generally seen as a more complex and a more risky undertaking. Unfortunately, a true multidisciplinary perspective is currently lacking since references to the other research fields are currently rather exceptional.

### 3. A look ahead

In this special issue, all five articles pay attention to future paths for global purchasing research. The opening article “Global purchasing: State of the art and research directions”, written by the guest editorial team, brings an overview of the global purchasing literature. The antecedents, drivers, success factors and performance outcomes are described and an emphasis is laid on the process of global purchasing. The article furthermore identifies challenges for future global purchasing research. The second article “The purchasing market entry process—A study of 10 Swedish industrial small and medium sized enterprises” by Henrik Agndal focuses on the process of international purchasing by SMEs. The author zooms in on how SMEs enter new international purchasing markets and how this engagement evolves over time in particular patterns. Therefore, he builds on the outward-inward internationalization analogy and on a dynamic and network view of (purchasing) internationalization. This

case-based study shows that Swedish SME managers are rather reluctant to source abroad, that their attitude is rather reactive and with a preference for closer markets. Invitations for future research are apparent as this paper formulates doubts on the applicability of the internationalization process model (Johanson and Vahlne, 1990) in the context of purchasing. In the third article “Organizing international supplier relations: an exploratory study of Western purchasing in China”, Asta Salmi addresses the experiences of Finnish-based companies that are purchasing in China. In this case-based study, companies stress the importance of having a long-term perspective on sourcing in China. This is specifically necessary for gaining trust. In fact, frequent information exchanges and intensive communication backed by a tight personal relation are critical to overcoming entry problems. This study shows the importance of thorough knowledge on the relationship with foreign suppliers. The fourth article “Managing the global supply base through purchasing portfolio management” by Kees Gelderman and Janjaap Semeijn illustrates the importance of developing and sharing knowledge in multinationals with a focus on purchasing and supply management. The authors describe how in a chemical company the buying approaches for different affiliates are managed and streamlined. The key tool here is Kraljic’s portfolio matrix, which compares the purchasing positions of thirty plants worldwide in cooperation with headquarters, R&D and finance. The company also coordinates three recognized buying roles for its affiliates lead, main and local buying. Their findings urge for more research on the gap between intended and achieved purchasing behavior and the relation with performance. The final article of this special issue “Offshoring: dimensions and diffusion of a new business concept” by Christopher Jahns, Evi Hartmann and Lydia Bals is conceptual. It brings clarity in the terminological jungle regarding the offshoring phenomenon. The authors propose a typology and describe drivers for offshoring. Jahns and his colleagues seek explanations for the phenomenon from three managerial perspectives: transaction cost economics, the resource-based view, and the market-based view of the firm. The paper does not only offer conceptual clarity to researchers, it also invites for future research, in particular on the relationship between offshoring and core competencies.

In sum, these five papers highlight various points of attention within global purchasing literature. Although, we do not claim to cover every single aspect of global purchasing, these papers offer a good representation of major research themes, including internationalization, knowledge creation, relationships and terminological clearance. For each of these themes, particular foci are developed and, on their turn, they generate even more dedicated questions. The articles in this special issue all indicate that global purchasing research is in full development and global purchasing research would significantly benefit from more dedicated yet thorough conceptual and analytical contributions.

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