1.  
  
Transaction cost economics 3 concepts:  
1. Transaction costs  
2. Asset specificity  
3. Opportunism

The TCE theory describes the make-or-buy decision as one based on contracts and not so much on supplier relationships. Therefor it aims to reduce the transactions costs to a maximum. Asset specificity refers to the customization of products. If a product is highly specialized it has a high asset specificity and wouldn’t likely be outsourced since it’s most probably a core competence of the firm. Finally, an organization aims to reduce opportunism or self seeking interest in transactions in it’s make-or-buy decision. TCE theory says however that when opportunities arrive, company’s usually go for the lowest cost option. Opportunism can be reduced in ways of a hybrid approach, tackling an organization’s opportunism through penalties for breaking contract agreements.

2.

Resource Based View determines a firms success based on its resources and the core competences of the resources it owns. These can be skills or products or other inputs. In order to answer this question correctly one must determine whether or not the printing divison is a resource that is a core competence StudentBooks thrives on. Since knowledge is the prime reason for the company’s existence this can be seen as its core competence. Contracting authors, updating books to new editions by continuous examination of latest updates in scientific fields are differentiating skills in this sector. Printing can be seen as a necessary evil to translate these core competences into feasible products. Consequently, printing can be seen as so called ‘low hanging fruit’. It’s not going to determines the firms success and can be outsourced from the RBV perspective.

3.

- To cut costs  
- To circumvent trade barriers  
- To expand to new markets

**Question 2**

**a)** Transaction costs – costs incurred through transactions, mainly bureaucratic costs. For example negotiation.

Opportunism – The moment that a supplier takes advantage of an opportunity but by doing that breaks its contract with a buyer

**b) Strategic level:** Orientation & Continuity, Environmental postures  
**Operational:** Innovation lens, Collaboration, Risk management, Pro-activity

**c)** Communication tool – So that every manager in the supply chain knows what’s going on  
To find bottlenecks/constraints – Since these maps are very clear you can identify gaps more quickly  
Supplier information/transparency – So that everyone is aware of their role in SC

**Question 3   
a)** Procurement is more comprehensive than purchasing. Purchasing focuses mainly on getting goods or services from one place to another in a dyadic relationship. Procurement also contains the pre-contracting, storing, inspection, traffic, transport and quality management. Therefor it’s more comprehensive.

**b)** Purchasing should be divided into 3 levels. Strategic, tactical and operational purchasing. Strategic should focus on what to achieve in the supply chain. Does the police force care most about cutting costs or do they want good quality of their products. There should be an overall framework and competitive values that the force operates from, focus on relationships. On a tactical level of purchasing the police force should be concerned with contract management. On an operational level they should look at finding the right suppliers and the process of contracting those suppliers. Requests for information and requests for quotation make up a large part of this selection process. But also expediting, monitoring. Basically day-to-day operations on this level.

**Question 4  
a)**How many suppliers do I source from? Depending on network of suppliers  
What type of relationship do I want? Based on dependency, trust and cooperation  
For what products do I source? According to Kraljic there’s 4 types op products  
Where to buy from? Global or local

**b)** I would choose a parallel sourcing strategy. According to Kraljic, a hinge like that would be a bottleneck item, because it’s not a product that gives the laptop manufacturer a competitive advantage but it’s crucial to manufacturing of the laptop itself. Because it’s such a crucial component you can’t risk losing a supplier by single-sourcing, since there is always a risk of opportunism or legislation depending on the country you source from, or unexpected circumstances such as natural disasters. Multi-sourcing won’t be very effective, because theirs is only a few suppliers world wide, so they can easily drive up the price if they want. In this case the buyer is not in control and does not have a lot of power. It would be better to build a relationship with a reliable supplier and to have a back-up in case of emergencies through parallel sourcing.

**Question 5**The purpose of eco efficiency is to create as much output possible with the least amount of stress on the environment

**Question 6**Transformation of people refers to transformation in health care, education etc. It also applies to transportation of people in mass transportation or personal transportation. You can see health care as an example. When someone enters an emergency room (input), there are various complications one person may have and this person may have a background of illness that changes an operation from a standardized procedure. So already from the input the doctors know they need a very tailored approach towards this person. This affects the time schedule (throughput) and amount of employees (throughput) that work on the case. Because of unknown conditions that the patient has, there might be unexpected outcomes (outcome). So in sum, it’s very hard to predict a situation because every person entering a hospital is different. You can have standard operating procedures for some patients and on some places, but still, everyone needs a tailored approach.

**b)** Input: What quality should the food have? What is the location going to look like?  
Throughput: How often should the food be replaced? Are there going to be enough cashiers?   
Output: What food is going to be sold? At what price?  
Outcome specifications: Right prices for the product, happy consumers