

PROCUREMENT STRATEGY FOR ORGANIC COCONUT SUGAR: CASE STUDY OF XYZ COMPANY

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Abstract: This study aimed to develop an effective procurement strategy to ensure the supply of PT XYZ's organic coconut sugar in 2023-2025. PT XYZ was a manufacturing company that focused on providing added value to natural commodities produced by farmers in Indonesia. The demand for organic coconut sugar increased every year. However, there were obstacles in procuring organic coconut sugar in terms of farmers' supply capabilities and suitability of specifications. To determine the procurement strategy for organic coconut sugar that could be developed by PT XYZ, an analysis of the sourcing strategy was carried out using the Kraljic Portfolio Matrix method. Organic coconut sugar material was in the strategic material quadrant with high supply risk and high-profit impact. The partnership strategy was the best choice for PT XYZ in 2023-2025, which solved company problems and could also be a productivity improvement solution for companies in Indonesia.

Keywords: coconut sugar organic, kraljic portfolio matrix, procurement strategy, coconut sugar productivity, supply risk

Abstrak: Penelitian ini bertujuan menyusun strategi pengadaan yang efektif untuk dapat menjamin ketersediaan pasokan gula kelapa organik PT XYZ di tahun 2023-2025. PT XYZ merupakan salah satu perusahaan manufaktur yang berfokus pada memberikan nilai tambah pada komoditas natural yang dihasilkan oleh petani di Indonesia. Saat ini permintaan terhadap komoditas gula kelapa organik mengalami peningkatan setiap tahunnya. Namun, ditemui kendala dalam proses pengadaan gula kelapa organik dari segi kemampuan pasokan petani dan kesesuaian spesifikasi. Untuk menentukan strategi pengadaan gula kelapa organik yang dapat dikembangkan oleh PT XYZ, dilakukan analisis strategi pengadaan dengan menggunakan metode Kraljic Portfolio Matrix. Material gula kelapa organik berada pada kuadran material strategik dengan supply risk yang tinggi dan profit impact yang tinggi. Strategi kemitraan menjadi pilihan strategi terbaik pengadaan gula kelapa organik bagi PT XYZ periode 2023-2025, yang dapat menyelesaikan masalah perusahaan dan menjadi solusi peningkatan produktivitas bagi perusahaan di Indonesia.

Kata kunci: gula kelapa organik, matriks portofolio kraljic, strategi pengadaan, coconut sugar produktivitas, risiko pasokan

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INTRODUCTION

The COVID-19 pandemic that has hit the entire world over the last two years has made business aware of the importance of a robust and reliable supply chain network. Various studies have shown that a good response on material sourcing can improve company resiliency (Kähkönen and Patrucco, 2022) and competitive performance (Çankaya, 2020). One of the superior raw materials that requires a guaranteed supply is organic coconut sugar. Along with the increasing public interest in consuming healthier sugar, the demand for coconut sugar, especially organic coconut sugar, is increasing yearly. The global marketresearch.com reported that the global Organic Coconut Sugar market in 2022 was valued at USD 5598.54 million and will rise to USD 7773.43 million by 2028, i.e., 5.62% annual growth forecast (Maia, 2023).

Indonesia currently has more than 100,000 coconut sugar producers, providing approximately 50,000 metric tons of coconut sugar for the domestic market per month. Along the same line, demand from the global market for Indonesian organic coconut sugar is also experiencing a rapid increase, that is, from approximately 25,000 metric tons in 2017 (valued at USD 42.68 Million) to more than 41,000 metric tons in 2021 (valued at USD 73.86 Million) (Mediaperkebunan.id, 2022). This condition can be a promising opportunity for Indonesian entrepreneurs to compete to increase organic coconut sugar's supply capability.

PT XYZ is a manufacturing company focusing on providing added value to natural commodities produced by farmers in Indonesia. PT XYZ has 8 product groups, namely: Functional Ingredients, Fruit and Vegetable, Cosmetic and Care, Cocoa and Vanilla, Essential Oil, Tea and Coffee, Seasoning ingredients, and Natural Sweetener, which makes organic coconut sugar one of the superior commodities. PT XYZ has a vision to be a leader in every product group in Indonesia and globally in providing natural raw materials and has a mission to be able to provide raw materials and solutions to leading brands in the Indonesian and global markets.

The organic coconut sugar commodity is one that highly contributes to making profits for the company. According to an interview with the Commercial Director, organic coconut sugar can contribute 20-25% of the company's yearly profits in terms of price

and demand in the commodity market if the target is achieved.

Table 1 shows that the organic coconut sugar commodity is in second place after essential oils regarding its potential to contribute to achieving the company's business plan. However, the actual sales for organic coconut sugar in 2020-2022 were merely around 60-65%, specifically due to raw material shortages. The supply chain problem of PT XYZ was mainly on the upstream side, that is: sourcing; there are no issues on the downstream side, that is: distribution and transportation to customers. This situation needed a strategic solution so that the problem would not reoccur.

Table 1. Business Plan PT XYZ 2022–2025

Business unit	Product group	Contribution
Natural Flavor & Taste	Tea	7%
	Coffee	1%
	Cocoa	3%
	Vanilla	3%
	F&V	3%
Functional & Nutrition	Essence & Essentrate	2%
	Functional	11%
Natural Food Ingredient	Honey	13%
	Coconut	20%
Customer Care & Scent	Spice & Seasoning	11%
	Essential Oil	23%
	Cosmetic & Care	4%
Business Plan (2022-2025) / year		100%

According to Sanders (2020), procurement is a business function that is responsible for all activities and processes needed to purchase goods or services from suppliers. The procurement function is responsible for every aspect of procuring goods or services, from identifying potential suppliers to negotiating, awarding contracts, and ensuring required contractual standards. A cost approach through total cost of ownership that emphasizes cross-functional teamwork can generate considerable savings in the procurement function (Bowersox et al. 2020). Supplier selection is essential in sustainable procurement (Ghosh et al. 2022). Furthermore, sustainable procurement will also positively impact the company in providing value for stakeholders (Boruchowitch and Fritz, 2022). Thus, it is pertinent to conduct an in-depth study of procurement strategies that benefit PT XYZ and enrich procurement strategy knowledge in the operations management literature.

This study employs the Kraljic Portfolio Matrix to make the procurement process more strategic and impactful. The Kraljic Portfolio Matrix is a framework that can help companies minimize the vulnerabilities of their supply chains while maximizing the purchasing power they can obtain from the goods they offer (Kraljic, 1983). This approach was selected over other procurement strategies, such as the framework by Fine and Whitney, which is more directed towards make-or-buy decisions, or the qualitative approach, which is more complex and more suitable for products with technology-turnover consideration (Simchi-Levi et al. 2021). Moreover, the Kraljic matrix is valuable in obtaining a procurement strategy that suits the characteristics of the materials needed (Ye, 2021).

The Kraljic Portfolio Matrix is concise and has four quadrants showing material typologies: Strategic Items, Leverage Items, Bottleneck Items, and Non-Critical Items (Kraljic, 1983; Simchi-Levi et al. 2021). To obtain the most fitting strategy formulation, we comprehensively analyzed two critical parameters in the procurement system: supply complexity (associated with its risks) and supply criticality (associated with its profit impact). Supply risk is related to the extent of risk the company faces in obtaining the product supply needed from suppliers. In contrast, profit impact assesses the influence of the purchased materials on company profits. In essence, this study aims to analyze the sourcing problems and formulate a strategy to ensure that PT XYZ can compete in the organic coconut sugar market and finally achieve its mission of providing raw materials and solutions to leading brands in the Indonesian and global markets.

METHODS

This study is applied research in designing PT XYZ's organic coconut sugar procurement strategy. PT XYZ is one of the companies engaged in manufacturing, focusing on producing natural raw materials. In general, PT XYZ processes raw materials and provides added value to become ready-to-use raw materials. The research was conducted for three months in the middle of 2023.

This study uses qualitative methods as the basis of research methods, namely interviews, observation, and analytical studies with existing theories. Research activities started with diagnosing current problems, especially at PT XYZ, collecting relevant data, and using management theory and analysis tools to obtain the expected procurement strategy design. Table 2 details the types and sources of data, data collection techniques, and data analysis techniques.

To solve the problem of continuity of supply of PT XYZ's organic coconut sugar raw materials, this study will identify the right strategy using the Kraljic framework. For this reason, internal data related to procurement will be analyzed according to the dimensions of the Kraljic matrix, namely supply criticality (its impact) and complexity (its risks). The Kraljic matrix will provide recommendations on the valid strategy type based on the characteristics of the raw materials/products. The next step is to detail the selected strategies in programs to ensure the continued supply of organic coconut sugar for PT XYZ.

Table 2. Methods of data collection and analysis

Research steps	Data sources	Data collection	Analysis
Supply risk	PT XYZ organic coconut sugar procurement performance data (2020-2022)	Desk research Interview: Commercial Director, Head of SQUAD Team, and SQUAD staff	Supply risk analysis of PT XYZ's organic coconut sugar procurement
Profit impact	Business plan PT XYZ (2023-2025)	Desk research	Profit impact analysis of PT XYZ's organic coconut sugar procurement
Formulation of organic coconut sugar sourcing strategy for PT XYZ	Findings from steps (1) and (2)	Desk research	PT XYZ's organic coconut sugar procurement strategy formulation refers to the Kraljic Portfolio Matrix theory

Figure 1 maps the flow of the current study, starting with obtaining the required data, profiling the results in the Kraljic Portfolio Matrix, and obtaining the best recommendation for commodity procurement strategy. Based on Kraljic (1983), we analyzed the criticality of the item (organic coconut sugar) to the company and its supply complexity (that is, the risks and issues associated with sourcing organic coconut sugar).

Despite its simplicity, Kraljic Matrix offered comprehensive strategic options for a company in procuring its main materials. The dimensions of ‘item criticality’ and ‘supply complexity’ are measured qualitatively along the low-to-high continuum. As guidance, Kraljic (1983) suggested that the criticality of an item is based on, among others, buying volume, impact on business growth, and profitability profile. Whereas the complexity of the supply is based on material availability, material qualifications, and buying or in-house sourcing. Figure 2 shows the matrix as the primary approach of this study.

RESULTS

Supply Complexity Analysis

This sub-section will explain the risk analysis process for procuring organic coconut sugar at PT XYZ. Supply complexity or supply risks are measured by three parameters: material availability, material qualifications, and buying versus in-house sourcing.

Material availability

Material availability is a critical parameter in maintaining supply chain stability. Based on the results of an interview with the head of the SQUAD (Supplier Qualification, Audit, and Development) department, the availability of raw materials for coconut sugar is relatively abundant because Indonesia is an area that has fertile land for planting coconut trees. However, the productivity of Indonesian coconut land for organic coconut sugar is still relatively low because coconut sugar farmers must meet the requirements set by various export destination countries to produce organic coconut sugar, including: (1) Meet SNI (SII 0268-85); (2) Meets the quality requirements of organic coconut sugar; (3) Has a maximum moisture content of 2%; and (4) Have a mesh size between 12-18.

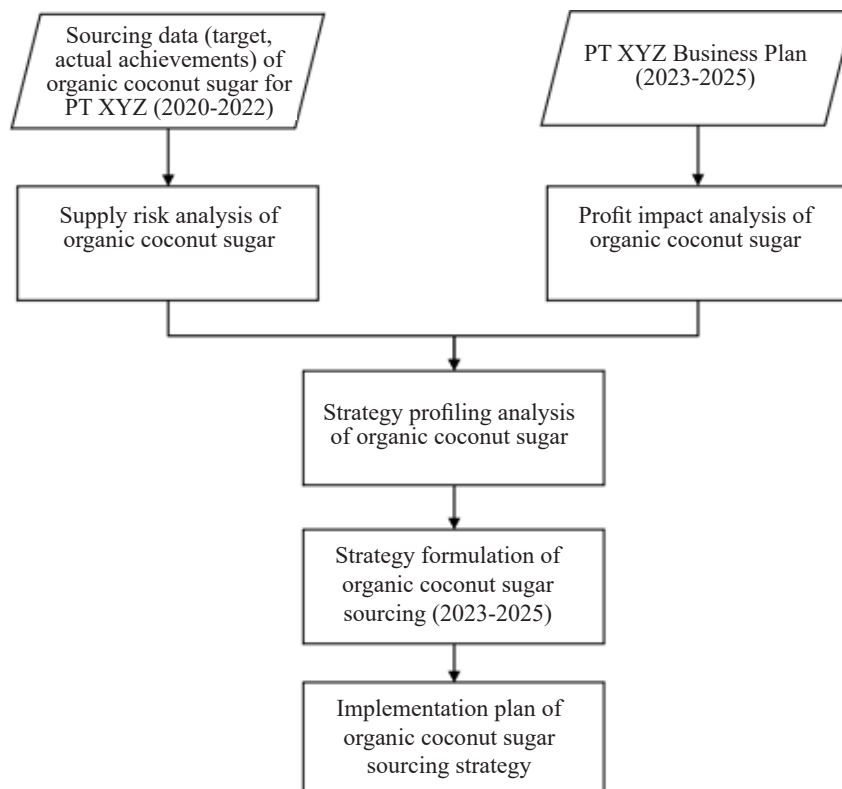


Figure 1. Analytical Framework

The challenges in fulfilling these requirements impact the availability of materials that comply with specifications. PT XYZ has collected data regarding several coconut sugar raw materials imported from several supplier vendors. Figure 3 describes the number of material arrivals compared to material PT XYZ received from five organic coconut sugar vendors in 2022. The horizontal line on the graph identifies five vendors, that is, Vendor A to Vendor E. Throughout the year 2022, each vendor delivered a certain amount of materials, and Figure 3 shows that not all materials sent by each vendor could be accepted due to material purity issues (i.e., material standard specifications will be explained further in the next sub-section). This pattern was typical in the previous years (2020 and 2021). Based on the analysis of company data, the availability of organic coconut sugar material has a high-risk profile; the material is unique, specific, and highly dependent on the harvesting expertise of each farmer.

Material qualifications

Regarding material qualifications, organic coconut sugar material has strict standard specifications in its procurement. The coconut sugar material must be certified to classify it as organic coconut sugar material. Farmers must also refrain from using a shifting cultivation system to maintain good organic coconut sugar products. Organic coconut sugar farmers may not fertilize or use pesticides and herbicides to manage their coconut plantations. Based on the references of organic coconut sugar exporters to several export destination countries, the exported organic coconut sugar must meet the standards listed in SII 0268-85. The requirements for organic coconut sugar in SII 0258-85 are shown in Table 3.

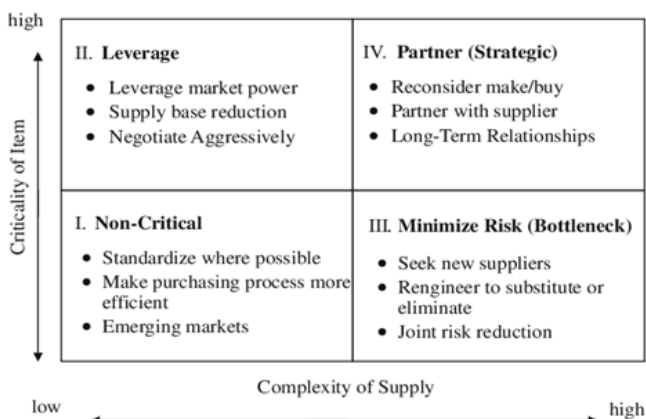


Figure 2. Kraljic Portfolio Matrix Sourcing Strategy (Kraljic, 1983)

In addition to internal specification standards and national standards as a reference in procuring organic coconut sugar, there are also standards in the international market, including:

1. Free from chemicals (pesticides, herbicides, and others), preservatives, and food coloring.
2. Pure 100% made from sap, both coconut and *aren*.
3. The fineness of the grain is 18 mesh.
4. Maximum water content of 1.5%.
5. Free from admixtures such as stones, gravel, paper, and pollution such as plastic, scorched sap, and other hazardous materials.

Based on the Kraljic Matrix, materials with a high-risk profile have particular specifications that differ from materials widely available. Therefore, organic coconut sugar material requires high specifications that limit full material acceptance. Internal data has shown that in 2020-2022, the vendors of XYZ could not achieve the supply target (Figure 3 shows the 2022 data). With the many standards that must be used as a reference in procuring organic coconut sugar material, it can be concluded that organic coconut sugar material is a material that has a high-risk profile.

Buying versus in-house sourcing

Make-or-buy sourcing is a decision made by a company to produce its product or buy it from an outside supplier (outsource) based on a cost and benefit analysis. In making this decision, the company will compare several parameters that include all costs associated with manufacturing: materials, labor, machine and space costs, storage, moving, taxes, and more. In this regard, Table 4 details a comparative analysis by PT XYZ based on 2020-2022 data.

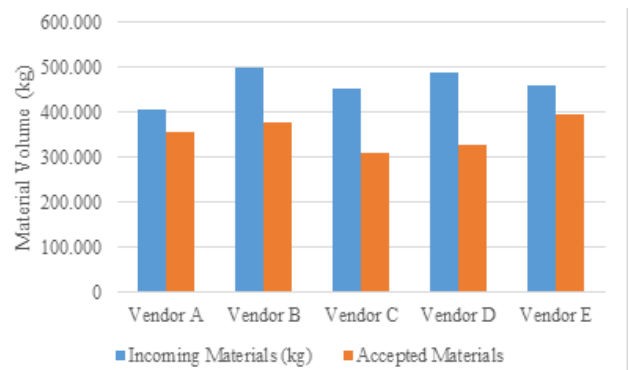


Figure 3. Incoming versus accepted materials in year 2022

Table 3. Requirements for Organic Coconut Sugar based on SII 0258-85

Component	Grade
Sugar (amount of Sucrose and Reducing Sugar)	Minimum 80
Sucrose (%)	Minimum 75
Reducing Sugar (%)	Maximum 6
Water (%)	Maximum 3
Ash (%)	Maximum 2
Parts Insoluble in Water	Maximum 1
Pigment	Permitted
Hazardous metals (Cu, Hg, Pb, As)	Negative
Starch	Negative
Form	Crystal/Powder

Source: Dewan Standarisasi Nasional Indonesia (1995)

Table 4. A Comparison of In-House Production vs Buy from Vendors

Comparison Points	In-House Production	Buy from Vendor
Manufacturing costs	11,000 - 13,000/kg	22,000 - 23,000/kg
Minimum land requirement	min 400 ha	Farmers' land
Waiting time for harvest	8–20 years (Notes: 6–8 years to produce fruits; 15–20 years peak production period)	No waiting time required because waiting time is the farmer's responsibility

Based on interviews with the Commercial Director, Head of SQUAD, and the SQUAD team, the choice to carry out the production process was not a preferred choice for the company, because the company must have a large enough coconut plantation area with potentially low chemical contamination. Planting coconut trees also takes quite a long time and requires specific skills. These requirements will increase production costs and other costs. A simple comparative analysis conducted by PT XYZ in 2021 is shown in Table 4. Based on an assessment of the company's ability to produce organic coconut sugar material, it can be concluded that it has a high-risk profile because independent production is not yet an option.

Item Criticality Analysis

This sub-section will explain the profit impact of procuring organic coconut sugar at PT XYZ. Profit impact is measured by four parameters: buying volume, impact of business growth, impact on profit, and importance of purchase.

Buying volume

Buying volume is the volume of purchases the company makes throughout the year. In the Kraljic Portfolio Matrix, this is to see how much purchasing volume influences procurement. Based on interviews with the

Commercial Director, there is a trend of increasing demand for organic coconut sugar in the global market, causing the need for organic coconut sugar to supply materials to increase. Further data from Market Research Future (2023) reported that in 2022 the value of the organic coconut sugar market is approximately USD 0.4 Billion and is estimated to expand to USD 0.67 Billion in 2032. This volume increase is aligned with consumers' awareness to consume more healthy sweeteners globally. Therefore, the greater the amount of material that PT XYZ can absorb will directly impact the potential to increase sales. An appropriate procurement strategy must support this.

Impact on Business Growth

Business growth is when a company experiences increased market reach and sustainable profits. This can happen when a company increases revenue, produces more products, or expands its customer base. Procuring organic coconut sugar material certainly significantly impacts PT XYZ's business growth, as globally, the market value of organic coconut sugar is expected to increase by 5.98% annually (Market Research Future, 2023). When the stability of the supply of organic coconut sugar material can be maximized, it will open up opportunities for PT XYZ to compete in the global market to expand its consumer base.

Impact on Profit

Impact on Profitability in the Kraljic Portfolio Matrix discusses how much influence the procurement of materials has on the profits a company can get. This product accounts for 20% of the contribution to the company (Table 1) and is expected to increase to 25% profit for PT XYZ. This percentage is more significant than most other commodities.

Importance of Purchase

The importance of purchase relates to how vital the material procurement is and how significant the impact is on business continuity. Referring to the parameters by Kraljic (1983), namely, buying volume, impact on business growth, and profitability profile of organic coconut sugar, this study concludes that procuring or purchasing organic coconut sugar material is essential. Based on the profit impact analysis results, organic coconut sugar is in the high category.

Strategy Formulation

Strategy formulation is the preparation of scenario options that can be implemented by the company based on the analysis data obtained. This process will assist the company in implementing the right procurement strategy. The Kraljic Portfolio Matrix has grouped strategic options according to supply risk and profit impact analysis results. The position of organic coconut sugar material in the Kraljic Portfolio Matrix is illustrated in Figure 4.

Based on the supply risk and profit impact analysis results from the procurement of organic coconut sugar material, organic coconut sugar has a high profile in supply complexity and criticality. Therefore, organic coconut sugar is classified as a strategic material item. In the Kraljic Matrix Portfolio, strategic items are critically important for business. These items have the characteristics of large profits but limited supply availability. This situation causes the power between buyers and suppliers to be balanced; buyers need suppliers because of the risk of ample supplies, while suppliers will try to maintain their business with buyers.

The primary strategy for companies in this quadrant is establishing a strategic partnership with suppliers. This strategy comprises long-term contracts and collaborative relationships such as development,

continuous improvement, and early supplier involvement (Kraljic, 1983). Buyers can encourage suppliers to innovate and invest to support future product and process development.

Currently, PT XYZ has two prominent vendors that work together to become suppliers for the availability of organic coconut sugar, namely Banyumas Vendor and Sukabumi Vendor. Based on the observations and interviews with the SQUAD team, the two vendors have advantages and disadvantages. Given the differences in the characteristics of the conditions of the two vendors, a sourcing strategy will be specifically designed to maximize each vendor's strengths.

Partnership Strategy – Implementation Plan

The partnership strategy will focus on the current vendors because the two vendors (Banyumas and Sukabumi) have collaborated with PT XYZ for over ten years and have good communication. However, there are still many discrepancies found in the field. By developing a partnership strategy, it is expected that PT XYZ can maximize the potential of each vendor.

Banyumas Vendor

Banyumas farmers have experience in processing coconut sugar for more than ten years so compliance with specifications is achieved. The farmers who collaborate with collectors are assisted farmers with a clear process flow; therefore, any discrepancies can be traced easily. There is quite a large potential regarding side selling and competition in purchasing prices because many competitors are looking for coconut sugar in the Banyumas area. On the other hand, there is a decline in the number of coconut farmers due to the lack of regeneration. This is due to the high risk of coconut farmers climbing coconut trees during harvest time and the lack of welfare from farming because the harvesting process takes quite a long time. Based on the conditions owned by the Banyumas Vendor, two cooperation strategies will be implemented: the Central Processing Unit (CPU) cooperative program and training in hybrid coconut cultivation. The CPU farmer cooperative program aims to overcome the problem of side selling, where CPU can sell coconut sugar processing products to competitors who offer higher prices. In contrast, hybrid coconut cultivation training was implemented to overcome the potential decline in the number of coconut farmers.

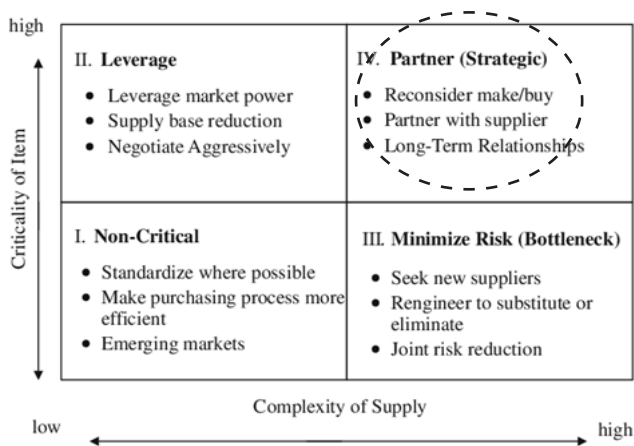


Figure 4. Sourcing Strategy for Organic Coconut Sugar based on Kraljic Portfolio Matrix (Kraljic, 1983)

Sukabumi Vendor

Sukabumi has not yet become the place of choice for competitors to buy organic coconut sugar so the potential for competition is quite small. The potential availability of raw materials is large and is still growing. The coconut sugar processing process at Sukabumi Vendors is not carried out by assisted farmers, so traceability is not easy and issues of non-compliance with specifications are often found. Based on the profile of the advantages and disadvantages of the Sukabumi Vendor, the program that will be implemented at the Sukabumi Vendor is the Internal Control System (ICS) program. ICS is an effort to control the quality of a product so that it remains per specifications. In implementing the ICS program, the company will coordinate with collectors, referred to as the Sukabumi CPU (i.e., Central Processing Unit), to collect data on farmers who will become assisted farmers.

Theoretical Implications

This study aims to develop a sourcing strategy for organic coconut sugar for PT XYZ. The analyses using the Kraljic Matrix result in a partnership strategy deemed best for organic coconut sugar as a strategic item. In strategic procurement, the procurement function shifts to a more strategic function, no longer just a part that processes material orders and is administrative in nature (Simchi-Levi et al. 2021). Specifically during the COVID-19 pandemic, procurement or supply management has gained a significant role in obtaining uninterrupted material

supply despite the chaotic situations many businesses faced (Kähkönen and Patrucco, 2023). Suppliers are not only providers of goods or services but also strategic partners of companies that lead to long-term cooperation to create value through collaboration to optimize supply, producing mutual benefits (Ellram et al. 2019).

Suppliers can also be a source of innovative ideas to support company goals with knowledge and expertise; supplier involvement at an early stage, starting with developing new product specifications and the technology that will be used, will also produce innovative products that are superior in the market (Duhaylongsod and De Giovanni, 2019). Therefore, sourcing management considers more significant procurement problem-solving opportunities for the company. It provides a competitive advantage, so the sourcing strategy requires expanding the role beyond buying and building close and long-term working relationships with selected suppliers and partners (Bowersox et al. 2020; Çankaya, 2020; Sanders, 2020).

Partnerships with key suppliers, especially farmers, are vital in supply chain management and can provide several essential benefits to a company (Islami, 2022). Moreover, there are middlemen in agriculture in developing countries, which can be a problem along the supply chain (Bila et al. 2022). By establishing solid relationships with key suppliers, companies can avoid disruptions in the supply of raw materials, components, or products, which could negatively impact production and customer service (Ellram et al. 2019).

Partnerships can also impact business continuity. Companies that engage in partnerships with key suppliers would improve their supply chain responsiveness and performance (Nenavani and Jain, 2022). Moreover, supplier partnerships could increase suppliers' social performance and eventually increase company reputation (Subramaniam et al. 2020). A supplier partnership involves open communication, risk sharing, and clear agreements regarding the expectations and responsibilities of each party. By sharing information and a long-term vision, companies and key suppliers can better plan to reduce risks (Wieteska, 2020) and support sustainability initiatives, such as using greener raw materials (Min and Choi, 2020; Ghosh et al. 2022). In this case, trust is a pertinent factor that strengthens supplier relationships (Casidy and Yan, 2022). Through strategic procurement, companies can improve their

resiliency (Mehrjerdi and Shafiee, 2021), which is prominent in this post-pandemic era (Kähkönen and Patrucco, 2023).

Managerial Implications

Procurement is an organizational function that has gained a more significant contribution toward company performance, especially during and post-COVID-19 pandemic. The challenge is managing procurement effectively to reduce costs, improve quality, and increase customer satisfaction, which, in the end, can support business performance and provide optimal economic benefits for the company. Close partnerships with key suppliers can improve the performance of a company. Continuous collaboration allows companies and suppliers to work together to improve product quality and ensure that the materials comply with established standards and expectations.

To improve partnerships with suppliers, this study suggests that managers communicate regularly and engage in ongoing negotiations, so companies can obtain better prices from critical suppliers and optimize costs in the supply chain. This practice directly impacts the profitability of the company. Long-term partnerships with critical suppliers also support innovation. Suppliers actively involved in product development or production processes can help companies adapt to market and technological changes. In addition to operational benefits, this partnership can also increase customer trust. Consistent and reliable products or services produced through trustworthy relationships with key suppliers are likely to earn customer trust, an important element in maintaining a loyal customer base.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The choice of partnership strategy is an option in determining the formulation of PT XYZ's organic coconut sugar procurement strategy for years to come. The partnership strategy is implemented with the two main vendors, who are PT XYZ organic coconut sugar suppliers. The cooperation program that will be implemented at the Banyumas Vendor is the CPU Cooperative Program and the Hybrid Coconut Cultivation Training Program, while the cooperation

program that will be implemented at the Sukabumi Vendor is the Sukabumi Vendor ICS Program.

Recommendations

The scope of this research is based solely on observation and analysis of company internal data, as well as developing strategies for vendors who have collaborated with PT XYZ. To measure the effectiveness of the broader strategy formulation steps, it is necessary to evaluate the potential of other vendors that can be developed. It is also advisable to examine the relationships between companies and their key suppliers in other industries.

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