

Procurement as Tool towards Organizational Development, a Study of Ghana Bauxite Company Limited (GBC), Sefwi Awaso in the Western Region of Ghana

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Abstract

This research sought to study into Procurement, as a tool towards organizational development with reference to Ghana Bauxite Company Limited. The researcher has identified various ways by which procurement can help organizations achieve their goals. The study has been undertaken to find out the trend of procurement activities in the organization. Secondly, to assess the contribution of procurements activities specifically towards reducing costs, thirdly to determine the benefits or impact of procurement to the company and lastly to assess the perception of respondents regarding the efficiency or effectiveness of the procurement activities in Ghana Bauxite Company Limited. Finally, the researcher has made a number of recommendations or solutions for Ghana Bauxite Company Limited. The researcher hopes that, this study would be useful to all industries by way of helping them to maximize profit and reference point for future research.

Keywords: *Procurement Tools, Organizational Development, Supply Chain Development, Procurement Strategy*

I. GENERAL INTRODUCTION

The study will involve the use of books, internet, interviews and the administration of questionnaires. Ghana Bauxite Company is one of the foreign exchange earners to Ghana's economy. Ghana Bauxite Company's Strong adherence of procurement standards and processes are prerequisite for efficient mining industry because several individuals and groups base their resources allocation decisions on material procured. Ghana Bauxite Company has played a key role in assuring that high standards of business and ethical practices permeate throughout the activities surrounding the custody and use her resources under the strict directives of procurement procedures. The procurement policy of Ghana Bauxite Company is to enabling its suppliers to be treated in a transparent and ethical manner. Therefore this question seeks to answer whether the functions of procurement can help Ghana Bauxite Company to cope with the new challenges of ensuring quality delivery.

Knowing what procurement responsibilities are, it is helping to provide reasonable assurance that their activities can adequately be operated in an efficient and effective manner. The organization with it comprehensive policy created by its previous mother company (RIO TINTO GROUP in 2006) a manual for procurement department called "*the way we buy*" which spells out the role, standards and guidelines of procurement department within the organization. This is a mechanism for procurement practitioners to identify and make necessary improvements for the success of the organization.

A. Statement Of The Problem

The effective and efficient of procurement department is one of the problems being faced by Mining firms presently due to, the lack of knowledge on the benefit of effective and efficient in terms of growth and ensuring procurement functioning effectively. Therefore the focus of this research is to assess the degree to which the effective and efficient procurement activities can help in growth and ensuring procurement effectiveness. To put control measures in place, the company should analyze that the cost of procurement should not exceed the benefit to be derived from it, since the degree of control employed should be a matter of good business judgment.

II. LITERATURE REVIEW

A. Procurement In Perspective

Procurement itself is a very wide concept, defined differently by almost every author of different purchasing books. As for procurement, definitions can vary a lot or the two terms can even be used interchangeably. Donald Waters state in his book that "Procurement and purchasing are often taken to mean the same thing. Usually, though, purchasing refers to the actual buying, while procurement has a boarder meaning." (Donald Waters, 2003, 228). He reminds that in purchasing not all transactions are simple purchases, but it includes rental, leasing, contracting, gifts etc. In his opinion, procurement includes, in addition to purchasing, also supplier selection, negotiations, quality assurance, materials handling, transport, warehousing and so on. It is an important link between organizations, largely concerned with information processing and distributing it to the supply chain.

According to Arjan J. Van Weele's (2005, 12) purchasing is defined as the management of the company's external resources in such a way that the supply of all goods, services, capabilities and knowledge which are necessary for running, maintaining and managing the company's primary and support activities is secured at the most favorable conditions". Water's describes purchasing only as a message informing the supplier that the company is ready to receive the goods on the terms discussed. Wheele's description of purchasing covers almost the whole process starting with determining the need. His definition for procurement only adds to the definition of purchasing actions needed for getting the items from supplier to its final destination, actions in stores, traffic and transport, incoming inspection and quality control and assurance. There is one definition seeing the difference not in material handling but in relationship management. Elliott-Shircore and Steele defined the difference in 1985 in the following way: "Purchasing is more concerned with establishing and managing a commercial relationship, whereas procurement ialso concerned with the more physical material or service delivery control aspects after the contract has been let or the order placed." (Quayle 2006, 3)

In short, the best way to combine all these definitions is to describe procurement as a function including everything from planning the purchases and material needs to checking the received item and taking it into inventory. Purchasing, instead, includes the chain of events from planning the time for each purchase and choosing the supplier, keeping in mind the required quality and quantity of goods, to placing the order, whether it is actual buying, rental or something else, and agreeing on the form of the transportation.

B. Organization Of Procurement

In order to control and manage procurement activities in a company it is helpful to view them divided into three different levels; strategic, tactical and operational, (Kitching, 2001). Strategic planning includes the most money worth decisions; forecasting and analyzing long term risks, choosing most important suppliers, making make-or-buy decisions, setting tactical objectives and making sure that people being responsible for them are up to the task. Strategic planning is done by managers who rarely are involved with everyday purchasing actions. (Kitching, 2001.) Tactical level focuses then on medium-term issues, usually approximately one year ahead. This means decisions are about major contracts, new suppliers are sought, new contracts are negotiated, big purchases are taken care of and current market analysis is made. Tactical level is handled by purchasing "supervisors", those who answer straight to managers. The most practical level is the operational level. It includes the day-to-day actions such as placing quotations and orders to familiar suppliers, monitoring quality and expediting. It looks ahead only weeks or a couple of months. Sometimes some areas can be even taken care of by people from different departments. (Kicthing, 2001)

If the staff of the purchasing department is divided into these levels, it does not require every employee to be trained fully competent to manage all responsibilities of the level. It is enough if there is one person in charge taking care that everything is given enough attention. Clear division of tasks helps making sure everything is being taken care of.

C. Procurement Basics

a. The Five Rights

“The five rights” is a principle that gives a simple description for the traditional goals of procurement. It is formed by the chain of events of getting the right goods, from the right suppliers, to the right place, at the right time, for the right price. In modern business life, this is not entirely accurate though, and it is hard to base your purchasing actions on it alone. For some purchases, for example, getting the goods at right time is more important than the right price. This means that the five rights are not always equally important, and for purchaser it will soon be hard to see them all as a set of things to consider when money is often the most important indicator for purchasing performance. Also it is good to remember that too early delivered goods are not on-time, but increasing warehousing expenses, (Kitching, 2001). In theory though, the five rights is a good base for purchasing. Inside the company the management might put them into order and each of them could be given an importance factor. This helps the purchasing department to make the final decisions on where to buy and at what price. (Kitching, 2001.)

b. Kraljic's Model (1983)

Peter Kraljic presented his method of analyzing the company purchasing portfolio in 1983 and the model has been very popular ever since. The whole approach consists of four steps in order to define the proper purchasing strategies for strategic products. The first step is classifying the purchased materials of the company in two dimensions, profit impact and supply risk. This can be done either on product or product group level. Profit impact can be calculated in purchasing costs and amounts, impact on product quality or business growth; supply risk can be assessed by availability, number of suppliers and their on-time delivery rates, possible substitutions and make-or-buy opportunities. These factors create a matrix with four categories where all material can be placed. For each of these categories there is a purchasing strategy that suits the nature of the items best. (Kraljic, 1983.)

Leverage products have an effect largely on the profit of the company and they are easily available with multiple suppliers and possible substitutes. For these products a good purchasing strategy is competitive bidding that targets at short-term deals with suppliers by improving knowledge of the markets, searching constantly new products and suppliers, reallocating purchasing volumes over suppliers, optimizing order quantities and target-pricing. By paying attention to supply and demand changes, prices can be followed and by making small savings in each purchase, annual savings can be remarkable. (Van Weele, 2003.). Strategic products are critical for the profit and production and the number of suppliers is low, sometimes even just one. The high tech, high volume items can be custom-made for the buyer and play great a role in the final product. With these items, a performance based, long term partnership with a committed supplier is the most beneficial strategy to apply in order to secure on-time deliveries with a reasonable price. Activities required are careful forecasting of up-coming requirements, supply-risk analysis, and thorough investigation when choosing the supplier, definition of the appropriate price, effective change-order procedure and vendor rating. (Van Weele, 2003.)

Leverage product and strategic products together create eighty percent (80%) of the turnover, and therefore success in purchasing of these products can result in lower cost of the final product. (Van Weele 2003.). Non-critical, so called routine products are standard quality items that have a large product variety, multiple suppliers, a small value per item and they produce few technical or commercial problems. Challenge with these products is that time spent acquiring them becomes easily more valuable than the product itself. In most cases, eighty percent (80%) of the time and energy of the purchasing department is used for products having no significant role in the final price of the product. That is why the purchasing of the items in question should be organized effectively, so that time could be spent on more essential products. Strategy to achieve this is category management and e-procurement solutions. Actions required are subcontracting per product group/product family, standardizing product assortment, designing effective internal order delivery and invoicing procedures and delegating order handling to the internal user. The most important target is to reduce logistic and administrative actions concerning low cost standard parts and gaining more time to contribute to make big savings in more expensive items. (Van Weele, 2003)

Bottleneck products are rather low-cost but challenging due to the fact they can be purchased only from one supplier. If the supplier faces problems in delivering their product, the buyer might be forced to even stop production until the items are received. The situation is very supplier dominant and results in high prices, unreliable and long lead times and bad customer service. Otherwise the impact on financial results is low. To avoid zero stocks and production stops, the right strategy to use is secure supply. It requires careful planning of materials need, supply-risk analysis, determination of ranking in the suppliers' customer list, developing preventative measures as buffer stocks and consigned stocks and constant search for alternative products and suppliers. The aim is to reduce the dependency on the suppliers by carefully defining bottle-neck products, both short-term and long-term, and making sure there are enough items available at all times. (Van Weele 2005); (12manage, Krajlic Model 2009); (Krajlic, 1983).

When purchased items are classified into the four categories, the next phase, step two, is to analyze the supply markets and determine the company's overall strategic supply position. This is done by evaluating the bargaining power of the supplier and company's strength as a customer.

The third step is to position the defined strategic products into a purchasing portfolio matrix to determine whether they should use an aggressive or defensive strategy, or if the situation is balanced. The matrix has two indicators, supply market strength and company strength, and they both have three levels: low, medium and high. If the supplier has strong position and company's role is insignificant, the company should go into defensive strategy and look for substitutes. If the supplier has no special position in the market and the items have no major role a defensive role can easily become too expensive to maintain. In this case a balanced strategy is well functioning. The last possibility is if the supplier is dependent on the orders of the company. The possible strategy is exploitation. With this one the company must be careful not to exploit the supplier out of business. (Krajlic, 1983.)

The last step in the supply strategy definition is to develop action plans for the strategic items. A short term strategy is to consolidate the orders of diversification items to one supplier and gain power over the supplier by this, even if it means paying higher prices occasionally. When becoming a more important customer for the supplier, the position of the company improves. (Krajlic 1983)

c. Materials Requirement Planning (MRP)

Purchasing needs to be one step ahead of production at all times. Components and raw material need to be purchased and received before they are needed in order to secure steady manufacturing. This is why the need of material must be defined accurately. If a company wants to be able to meet the customer demand effectively and by that keep up a high level of customer satisfaction, without having huge amount of money tied up in big inventories, some planning must be done carefully. The simplest way of calculating the need of material is looking back on certain time period to see how much was consumed and relying on estimated forecasts. For small, steady companies this might work on some level, but ability to adjust on possible changes in demand is too important to risk for bigger ones. Even though forecasts can see possible increases or decreases on markets they are just what they are called: forecasts. Not accurate and likely to be wrong, (Waters, 2003).

Optimum situation for a company is to actually know precisely how much material they need and exactly when. This facilitates low inventories by just-in-time deliveries and time for purchasing department to negotiate prices with suppliers. To get the information on the needed materials is when the material requirement planning comes. Material requirement planning collects a lot of data and combines it to show the actual need of material. Data comes from three different sources; master schedule, bill of materials and inventory records. Master schedule is the production plan made by management that shows what is done and how much. Bill of materials is the specified list of different materials and components needed to produce an item telling also the order what they are needed in and inventory records give the information of what is already available.

The biggest difference between conventional planning of material need and material requirement planning is looking at the demand as individual or depended demand. When planning is made conventionally, the overall demand is seen to be formed by many individual demands from multiple sources whereas material requirement planning does not consider one demand independent from another. When a company uses same components to manufacture same products, the demand is seen to dependant on production plan of the final product. Basically, material requirement planning opens up the master schedule to see each component needed and plans the deliveries do that products can be manufactured as efficiently as possible. (Waters, 2003).

Depending on whether independent on dependent demand approach is used the stock levels differ remarkably. When independent demand stock are not dependent on production plans stock level is kept high in the beginning to make sure it can answer any possible demand. When production ends, the stock is calculated and replenished to match the estimated future need. Dependent demand approach has a low basic inventory, it calculates what is needed to manufacture what is planned to manufacture in certain planning circle and stocks up what is needed. Delivery date might even change depending on time when the components are needed. This keeps stocks low at all times, and when production ends, stock level is same low as it was in the beginning. (Waters, Donald, 2003), (Van Weele, 2005)

d. Supplier Assessment and Quality Control

For effective cooperation with the suppliers it is important to evaluate them regularly to see if there is room for improvement that require special attention. Even though current situation might be enough to fulfill the demands in quality and quantity, situation can always change rapidly. Sometimes even the awareness of the evaluation might result in better performance of the supplier. Assessment can be done in four different levels. The first is the narrowest, the product level. The quality of the products is checked by incoming inspections and quality controls to ensure degree of quality conformance of incoming goods. This means training the employees receiving the goods in the company to look for defects and other poor quality.

The second is the process level. In this, the product itself is not examined, but the manufacturing of it. The machinery and quality control methods of the supplier are audited to make sure they are up to the quality standards. Having state-of-the-art machinery might lower the manufacturing expenses remarkably and result in lower prices. Third is the quality assurance system level that evaluates the whole quality organization from procedures and guidelines to development of inspections and keeping them up to date. This level evaluates the overall attitude of the company towards quality, how keen they are on keeping the level as high as possible. The highest level of investigation is the company level. It evaluates not only quality aspects, but also the financial situation. The ultimate goal is to determine whether the company will be competitive in the future or is the management incompetent to run the company successfully. As the quality assurance system level, this level is rarely used, as the two first ones are easier to implement.

When assessing a supplier two different types of methods are used. When personal opinions of employees are used in evaluation the term subjective method is used. It does not use any concrete measures, but for example experiences on customer service and level of co-operation and is therefore a qualitative method. Objective methods take closer look on performance issues by trying to make them quantitative. The most used tools and techniques to assessment are spreadsheets, personal assessment, vendor rating, supplier audit and cost modeling. The three first ones are invisible for the supplier and are just for the company's own information, supplier audits and cost modeling target on improvement by co-operation with the supplier. Spreadsheets are simple but effective way of analyzing suppliers by using quotations received. The data is put into matrix with different columns of information and comparing different aspects becomes easier as data is clearly visible. The most important factors are defined inside the company and suppliers are put in order according to these requirements.

Personal assessment uses also pre-made form that is filled out; in this case the data is personal experiences of the people working with the supplier in question. The information collected might be response time to queries, assistance when possible problems occur and negotiation manners. Seeing the several opinions of employees working in different departments and positions helps defining the weakest points of the supplier.

Vendor rating is assessment tool limited to quantitative data: price, quality and delivery reliability. Making this assessment requires a lot of data analyzing. If the supplier has been used considerably often, the price history, number of rejected items and the amount of deliveries late or early might consider significant amount of data that needs to be collected from number of sources and sorted in desired way. Nowadays, though, most materials planning systems keep records of all the useful information and therefore the assessment is easier and faster to carry out. Supplier audit is an assessment with concrete actions visible to the supplier. A specialist from the company is sent to suppliers facilities to evaluate the processes and quality organization in person. Visits include discussions about the weaknesses and improvement prospects. Doing audits regularly gives the opportunity to follow up the implementation of desired improvements and helps keeping the supplier concentrated on issues at hand.

The last method of assessment is cost modeling. It takes the most work and should be done only if the buyer-seller relationship has developed to be strong enough. In short this method is carried out by having a specialist from buying company calculating the real cost of goods bought from supplier. This includes material costs, warehousing, and distribution, manufacturing costs etc, in other words all direct and indirect costs. This already gives insights to be discussed with the supplier, but the analysis can be taken even further. The specialist can calculate the optimum cost of the goods, if the supplier would have state-of-the-art machinery, effective production strategy etc. This is where the need of good buyer-seller relationship comes in at the latest. Discussions for development need to include the trust that buyer will not try to cut the profit of the seller and possible investments on machinery are really profitable. Usually buyers offer long-term buying contracts in compensation to encourage the seller for improvements.

Being well prepared for the supplier performance assessment is really important. Knowing the facts of the company clears out the subjects needing the attention. For this financial assessment becomes handy. The information is easy to get, at least in European countries where legislation requires financial reports on regular basis. It should be kept in mind though, that these reports are based on historical data, and situation might have changed remarkably and the future could be totally different. For example when the financial report shows the company has not used money on research and development during past six months it does not mean they have not invested in it remarkably a year before and if they are investing in it currently. But it helps to define the subjects to have a closer look on while for instance making an audit. Comparing the seller with other companies in the same field of business gives idea of the situation in the industry.

(Van Weele, 2003)

B. Procurement Functions

In general, the scope of the procurement function is far wider than the activities of the procurement department. In many companies, various goods and services are bought without intervention of the procurement department. This is especially true for the facilities areas, where a growing number of management consultants have found interesting prospects, (Arjan, 2000).

a. Procurement Cycle/ Procedures

The basic procedure of the procurement cycle are essentially standard, be it local or international. C K Lyson (1996) defines procedures as a system of sequential steps or techniques describing how a task or job is done or executed. Although modifications by some companies are incorporated, it depends on the philosophy of top management and the nature of the company's procedures. Perlman (1994) identifies the basic procedures (Cycle) of both Domestic and international procurement as:

- i. Ascertainment of the need*
- ii. Approve and transmit the requisition*
- iii. Review the requisition*
- iv. Request and Analyze Quotation*
- v. Source Selection*
- vi. Issue of purchase order*
- vii. Receipt of incoming consignment*
- viii. Payment and completion of purchase order records.*

Due to technological advancement and the introduction of information technology, most organizations shift their manual means of doing business to the mechanized one in order to eliminate most of the paper work that creates unnecessary cost to the organization and the face-to-face activities to improve professionalism and to maximize profit by the use of computers. Perlman (1994) and Lyson C. K (1996) also identify some basic benefits that firms might gain from the computerized purchase whether in the short run or long run as:

- b. About 35% savings in buyer's time as a result of availability of constant and updated information and fast response to changes in priorities, price, etc.*
- c. There is adequate control over all material handling techniques and operations are improved.*
- d. There is also about 40% reduction in overall clerical work and time as a result of virtually eliminating the time of input, recording their retrieval, computation, response etc. Also, the handling of routine and repetitive procedures is mechanized. (Dr. Marathi Mohammed in a conference held in America on the topic 1st century communication would be in the year 2000)*

b. Ascertainment of the Need

The need for an item originates in one of a firm's operating (user) departments. The presence of a need generates a required requisition issued so as to cater for the particular need, Perlman (1994). The procurement department is usually notified of the need by one of two basic methods. They are the standard purchase requisition and the material requirement-planning (MRP) schedule. Restriction of authority is given to certain persons to sign requisition and this helps to avoid irresponsible and unneeded requests. Problems are created for the procurement department when there is a large number of rush or emergency needs, Perlman (1994). At this time procurement staffs are loaded with too much work in trying to justify the demand for prompt action to reduce the emergency.

c. Requisition Approvals

In most companies, there are two types of requisitions that are normally used. These are stock requisition and the purchase requisition. The stock requisition is an internal document for items stocked in the storeroom. It is a requisition for a needed item and is filled by user departments for the supply of the needed item or by transferring such goods from a surplus stock located in another department, (Pearlman, 1994). The purchase requisition on the other hand, is an external requisition that requires action by the procurement department to inform suppliers to supply the particular goods and services on the purchase order / requisition form. It reduces the clerical work of both the user department and the procurement department. This is because, the purchasing requisition lists the article code (stock keeping unit number), provides a general description of the item, the quantities required, the desired delivery date etc, (Arjan, 2002).

d. Requisition Review

When procurement department receives stock requisition, it is however, a good procedural policy to have such requisitions; time-stamped in and examined for completeness. It must be carefully checked and should contain such information as: Date of issuance, Department's name and its accounts number, Item description, quantity and unit of measure, Date of required delivery, Justification of request, if warranted, Signature of authorized person. If careful examination is conducted and there is information missing, the requisition is returned to the requisitioner for

completion and returned to the procurement department where it is again time stamped to ensure that there are no mistakes. In case of purchase requisition form, the buyer should have reasonable knowledge of the goods requested for and know what their functions are to be. This is because with real knowledge, the buyer can at times suggest some modifications or alternatives that can help improve the organization's savings without reducing the function demanded, Perlman (1994), Leenders et'al (2002)

e. Request and Analyze Quotation

After the review of requisition, inquiries are then made in accordance with the prescribed procedures. The request form is prepared in such a way that it is tailored to give uniformity of information thus making it easier for the buyer to analyze, Perlman (1994). The quotation form is usually composed of three main copies. The potential supplier retains one copy and the other two to the procurement department or the buyer. The analysis of this quotation is where a clerk tabulates the uniform information to enable the buyer to make selection of the most responsible source, is a very important step in the procurement cycle. Alan (2001)

f. Source Selection

Once a need is ascertained and the necessary activities or steps completed, the buyer has the responsibility to find or look for a source for such goods and services under the best terms and conditions. It is a major rule of the procurement department to have an up-to date history of all available sources for all the commodities. A firm can select suppliers using a variety of mechanisms including competitive bids, request for quotes, or direct negotiations. No matter what mechanism is used, supplier selection should be based on total cost of using a supplier and not just the purchase price, Chopra and Meindl (2004). However, in an ongoing business activity, established suppliers may be the best source, but also, the buyer should never fail to investigate new or potential sources as they enter market, Zenz (1994).

g. Issue of Purchase Order

The next procedure in the procurement function is the issue of purchase order or formal information to the supplier to supply products. The purchase order or form is a legal document that can serve as an offer to contract for sale or as an acceptance form of a quotation. A purchase order issued by the buyer and accepted by the supplier constitutes a legal binding contract. It is therefore, a bilateral contract whereby the supplier promises to deliver certain goods as indicated by the buyer and the buyer on the other hand promises to pay for such goods and services depending on the terms and conditions in the quotation, which have been accepted by the purchaser.

h. Expedite, Receipt of Incoming Consignment

After the purchase order has received an acceptance from the supplier, the necessary follow-ups are initiated in order to ensure timely delivery of consignments. This is done to prevent long delivery or lead-times. As a matter of fact; it is possible to check incoming goods for quality as well as for identification. Sometimes there are shortages due to loss in transit or there is visible damage or tampered goods.

In most cases, new consignments are checked to ensure quality or standards. Moreover, this practice is not in place nowadays due to buyer-seller relationships or buyers establishing long-term relationship with their suppliers and since there are trust, buyers may have the merits of zero (free) defect concept rather than the reactive procurement practices. Pearlman (1994), Leenders & Fearon (1993)

i. Payment and Completion of Purchase Order Records

As a general rule, there should be an established procedure for the approval of payment and before payment is made, the buyer must check the supplier's invoices, which is an important document that establishes legal claims of payment against the buyer's company. After carrying out everything successfully, there is the need for proper keeping of records in the files depending on the procedure used by the procurement department for maintaining files and records. All records should be retained for a specified period of time in case of unforeseen legal actions and also for management

considerations. For example, purchase order copy and acknowledgment forms may be kept as evidence that actually a contract exist between the buyer and the supplier. Zenz (1994)

III. CONCLUSION AND RECOMMENDATION

A. Summary of Findings

The research set out first, to find out the trend of procurement activities in the organisation. Secondly, to assess the contribution of procurements an activity specifically towards reducing costs. Thirdly to determine the benefits or impact of procurement to the company and lastly to highlight the contribution of procurement towards the company's development in terms of profitability. It also assesses the perception of respondents regarding the efficiency or effectiveness of the procurement activities in the company.

The general observations were that simple the traditional procedures of purchasing are maintained in the chain of events of getting the right goods, from the right suppliers, to the right place, at the right time, for the right price. All levels of control and management planning of purchasing/ procurement activities in the company including the strategic, tactical and operational levels are observed in all decision making including the long term and short term inclined decisions. Procurement activities are vibrant and active involving Materials Requirement Planning (MRP) among others. Purchasing control is based majorly on the criteria of profit impact and supply risk therefore is reflected in most respondents identifying with total cost control as the dominating criteria for supplier selection.

B. Conclusion

Procurement procedures and processes are practiced and adhered to in the company.

- a. The general impact of the procurement department on the organisation is positive. More respondents indicated that the impact is somewhat ok. It suggests that there are lapses and gaps in the system which will need attention to improve the efficiency of the department's functions. At least, eighty percent (80%) of respondents rated the procurement department's impact in each facet to be high including cost control, ensuring a continuous improvement in supply service quality and adequate internal control and quality assurance.
- b. The trend of procurement activities hence the perception of efficiency of the procurement department is seen to be averagely high. The tactical level of planning activities and expenditure by the procurement department is perceived to be most dominant or pronounced. The rate of supplier assessment is considered to be very regular among most respondents. The supply base management indicates prompt goods delivery, a consistent and adequate materials supply which has sustained continuity over time.
- c. The observed performance and efficiency of the procurement department is satisfactory. This is seen in the general high rating of respondents of supplier assessments as very regular.
- d. The contributions of the procurement towards cost control and hence profitability of the company is satisfactory. The dominating perception of respondents regarding criteria for supplier selection is that total cost assessments. All other respondents regarded the criteria as a blend of all others. Most respondents categorized materials purchasing to be a win - lose situation.

C. Recommendations

- i. There needs to be further and frequent enlightenment of staff of the need for early requisition of needs to help the procurement unit with the facilitation of enquiries from different sources of suppliers. This could be in the form of internal company workshops or forums
- ii. Some other interactive inter-company procurement inclined activities could be organised with other similar companies
- iii. The procurement department should be consistent and maintain the high standards of procurement procedures and ensure no loop holes are entertained to ensure a smooth running of the company since the procurement department determines the pace at which production is sustained for sales and supply of the company's core product for foreign exchange.

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