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The Impacts of Strategic Sourcing in an Organization

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Abstract

The research was basically concern with the impacts of strategic sourcing on Goldfields Ghana Limited, Tarkwa-Mine. The following specific objectives were set for the study; to identify the impact of strategic sourcing to Goldfields Ghana Limited, Tarkwa, to assess the time frame which purchasing professionals use in a particular method of strategic sourcing, to assess whether Goldfields Ghana Limited awards contracts to qualified suppliers, to determine how strategic sourcing criteria used in awarding contracts by Goldfields Ghana Limited, to examine whether Goldfields Ghana Limited achieves cost effectiveness when they source, and to identify the major suppliers of Goldfields Ghana Limited, Tarkwa. A convenient sampling method was used to select a sample size of twenty (30) respondents. The data derived has been analyzed and presented in this project work using tables and pie charts. This has led to the finding that, the effectiveness of Goldfields Ghana Limited strategic sourcing has helped in the growth of the company. However, the researcher has made certain vital recommendations for the consideration by management of Goldfields Ghana Limited, Tarkwa and other organizations in order to make its strategic sourcing more effective.

Keywords: Strategic Sourcing, Procurement Sourcing, International Sourcing

1.0 INTRODUCTION

Strategic Sourcing is a disciplined process aimed at reducing total cost and improving product quality and service levels from suppliers by fully leveraging the organisation enormous buying power in the marketplace. To achieve maximum results, the focus of strategic sourcing has been the transformation of traditional purchasing practices towards more strategic and value-add practices. This has involved significant organizational changes in three key areas, Best-in-class procurement environment was developed to enable end users to buy from strategic suppliers, experienced strategic sourcing professionals have been hired to upgrade internal capabilities of organization purchasing departments to become more analytical and value-adding organizations, and Strategic Sourcing organization was established to lead organisation Strategic Sourcing Initiative.

2.0 LITERATURE REVIEW

Strategic sourcing is an institutional procurement process that continuously improves and re-evaluates the purchasing activities of a company or organization. In a production environment, it is often considered one component of supply chain management. By A.T. Kearney, Booz Allen Hamilton, KPMG, PricewaterhouseCoopers, and PRTM in the late 80s and early 90s. The sourcing plan is the result of all planning efforts on strategic sourcing. Into this planning all sourcing events are organized and detailed with all tactical and operational information such as, the sourcing team responsible for each event, when is supposed to begin and end each RFX steps (RFI, RFP, RFQ), the requirement, specifications of all services or materials and negotiations/cost goals. The objective of sourcing plan is to manage time and quality of the all sourcing events in the strategic sourcing program. According to a survey conducted by Greenspan Robyn (1994) organizations' reason for sourcing were mostly to benefit customers, as more than two-thirds cited "to improve services offered to customers": as their target objective for sourcing. More than three-quarters of the small businesses that were surveyed reported the same customer-related objective, compared to only 58% of medium-sized businesses. Nearly 80% of Asian businesses and 70% of North American organizations indicated service improvements for customers as the primary sourcing objective, while more than two-thirds of European respondents were using sourcing as a way to lower purchasing costs. The steps in a strategic sourcing process

are: Assessment of a company's current spending (what is bought, where, at what prices?), Assessment of the supply market (who offers what?), Total cost analyses (how much does it cost to provide those goods or services?), Identification of suitable suppliers, Development of a sourcing strategy (where to purchase, considering demand and supply situations, while minimizing risk and costs), Negotiation with suppliers (products, service levels, prices, geographical coverage, etc.), Implementation of new supply structure, Track results and restart assessment (continuous cycle), Negotiate payment terms with vendors.

2.1 Definition of Strategic Sourcing

Strategic sourcing is an approach to supply chain management that formalizes the way information is gathered and used so that an organization can leverage its consolidated purchasing power to find the best possible values in the marketplace. Strategic sourcing requires analysis of what an organization buys, from whom, at what price and at what volume. Strategic sourcing differs from conventional purchasing because it places emphasis on the entire life-cycle of a product, not just its initial purchase price. Ref Margaret Rouse in April 2012. Strategic sourcing is a systematic and fact-based approach for consolidating an organization's spending with high-quality vendors to achieve pricing efficiencies. What it is, focused on the Total Cost of Ownership (TCO) incorporating customer needs, organizational goals, and market conditions, getting the best product/service at the best value, driven by a rigorous and collaborative approach, addresses all levers for savings, based on fact based analysis and market intelligence, and a continuous process. What is not? Focused ONLY on cost, Getting the cheapest product/service, ad-hoc activities involving only purchasing, focused on "beating up suppliers", decisions on opinion preference based opinion, unjustified preference, or complacency and a one-time project or decision

2.2. The Seven Stages of a Sourcing Strategy.

Step One - Fully Understand the Spend Category: This step, along with the next two, is conducted by the sourcing team. At this stage, the team needs to ensure it understands everything about the spend category itself. For example, if the category is corrugated packaging at a consumer products company, the team will need to understand the definition of the category, usage patterns and why the particular types and grades were specified. Stakeholders at all operating units and physical locations would need to be identified. For example, logistics, which may need to know about shipping specifications, or marketing, which may need to understand certain quality or environmental characteristics, where applicable. The five key areas of analysis are: total historic expenditure and volumes; expenditure categorized by commodity and sub-commodity; expenditure by division, department or user; expenditure by supplier; and future demand projections or budgets.

Step Two - Supplier Market Assessment: Concurrently run supplier market assessment for seeking alternative suppliers to existing incumbents. Understand the key supplier marketplace dynamics and current trends. Prepare 'should-cost' information from the major components of the key products. Take a view on the key suppliers' sub-tier marketplace, and analyze for any risks as well as opportunities. Should-cost analysis is not appropriate for every item. In many cases, traditional strategic sourcing techniques work well. But in those cases where strategic sourcing cannot be applied, should-cost analysis provides a valuable tool that can drive cost reductions and supplier continuous improvement efforts.

Step Three - Prepare a supplier survey: Next, develop a supplier survey for both incumbent and potential alternative suppliers. This survey will help evaluate the supplier capabilities. At this point, consider verifying spend information using data that incumbent suppliers have from their sales systems. The survey is to assess the capability and capacity of the market to meet your requirements. It enables you to assess at an early stage whether your proposed project is feasible and can be delivered by the identified supply base. It also provides an early warning of your requirements to the market, and enables suppliers to think about how they will respond. The key aim here is to encourage the right suppliers with the right structure to respond to you. Look to gather knowledge in these key areas: Feasibility, capability, maturity and capacity

Step Four – Building the Strategy: This step involves developing the sourcing strategy. The combination of the first three steps provides the essential ingredients for the sourcing strategy. However, for each area or category it will depend on: *How competitive the supplier marketplace* is armed with the supplier information, you can build the competitive landscape in the supply marketplace. This can help demonstrate the 'size of the prize' to alternative suppliers, and communicates the seriousness of a potential sourcing exercise to incumbent suppliers. *How supportive your organization's users are to testing incumbent supplier relationships:* a sourcing team has two sets of internal stakeholders: the people who use the things that are bought, and the executives who manage overall costs. The people who consume the spend category will accept cost reductions as long as the process is: started in another department; doesn't mean a change in suppliers; and doesn't jeopardize a good relationship with the supply base, generate complaints or affect issues such as delivery reliability, service or payments. For executives, cost and service

competitiveness is a key objective, but they too are users of various corporate services, so are often caught between the pursuit of cost improvement and a user mentality of resisting change. To mobilize users' and executives' support for the category sourcing strategy, it is vital to communicate all the benefits and overcome any potential risks. *What alternatives exist to competitive assessment?* If the supply base is competitive, you can harness those forces to leverage better pricing or terms owing to increased volume of a streamlined product specification. Once the result of the competitive sourcing effort is determined, it will be useful to set up a collaborative programme that will run until the next competitive sourcing event takes place. If a competitive approach to sourcing isn't a viable option, it's worth considering what the alternatives are, such as collaborating with suppliers: to reduce complexity and in turn increase productivity; to create corroborative process improvements that reduce the cost of doing business; and to change the way the relationship is structured. For example, firms may invest in supplier operations to guarantee access to supply, new technology or process improvements. These alternatives are pursued typically when a buying company has little leverage over its supply base. They will be relying on good faith that suppliers will share the benefits of a new approach. The sourcing strategy is an accumulation of all the drivers thus far mentioned.

Step Five - Competitive Approach: Where a competitive approach is used, which is the general case for most spend categories, a request for proposal or bid will need to be prepared (RFP, RFQs, eRFQs, ITTs). This will define and make clear the requirements to all prequalified suppliers. It should include product or service specifications, delivery and service requirements, evaluation criteria, pricing structure, and financial terms and conditions. A communication plan should also be implemented at this stage to attract maximum supplier interest. Ensure that every supplier is aware they are competing on a level playing field. Once the RFP is sent out to all suppliers, make sure they are given enough time to respond. Follow-up messages should also be sent out to encourage a greater response.

Step Six - Selection: This is about selecting and negotiating with suppliers. The sourcing team should apply its evaluation criteria to the supplier responses. If extra information beyond the RFP response is required, don't be afraid to ask for it. If carried out manually, the negotiation process is conducted first with a larger set of suppliers, then narrowed to a few finalists. If the sourcing team uses an electronic negotiation tool, a greater number of suppliers may be kept in the process for longer, giving more diverse suppliers a better chance at winning the business. Compare outcomes in terms of total value or implementation cost differences. Departments directly affected can be brought into the final selection process. Senior executives should be briefed on the final selection, to gain their approval and also be given the rationale behind the decision, to prepare them for any calls they receive from disappointed suppliers.

Step Seven - Communicate with your new Suppliers: Once the winning supplier(s) are notified they should be invited to participate in implementing recommendations. Implementation plans vary depending on the degree of supplier switches. For incumbents, there will be a communication plan that will include any changes in specifications, improvements in delivery, and service or pricing models. These ought to be communicated to users as well. Since the company may have significantly benefited from this entire process, it's important that this be recognized by both company and supplier. For new suppliers, a communication plan has to be developed that manages the transition from old to new at every point in the process that is touched by the spend category. Department, finance and customer service are affected by this change, and their risk antennae will be particularly sensitive during this period. It is particularly important to measure closely the new supplier's performance during the first weeks of performance. Being able to demonstrate that performance matches, or is superior to, that of the former supplier will be vital during this sensitive time. It is also important to capture the intellectual capital your sourcing team has developed during the seven-step process so it can be used the next time that category is sourced.

2.3 Categories of Sourcing

There are basically three categories of sourcing outlined below by the Institute of Purchasing and Supply;

Reactive Sourcing: CIPS defines reactive sourcing as being the procurement approach where no proactive sourcing strategies have been put in place and so the purchasing and supply management function has an entirely reactive role, example, responding to requisitions or other unexpected requirement from the business.

Tactical Sourcing: Tactical sourcing is to some extent reactive as it covers those business requirements that cannot be planned in advance, but are provided within a framework of strategic sourcing. It is however, proactively managed and so resources and processes are set aside to manage it within the purchasing and supply management strategy. An example of tactical sourcing is working with colleagues in marketing and sales providing a bid support activity within fast-moving technology areas. Notwithstanding the above, CIPS suggests that there should be no unplanned or unexpected capital expenditure as all organizations have capital investment plans which purchasing and supply management professionals should obtain and incorporate in the strategic sourcing strategy.

Strategic Sourcing: Strategic sourcing is a core activity in purchasing and supply management. It is a complex commercial process requiring extensive knowledge and competence. It can be defined as "satisfying business

needs from markets via the proactive and selection of suppliers with the objective of delivering solutions to meet predetermined and agreed business needs”.

2.4 Strategic Goals of Sourcing

Ask anyone in procurement "What is the goal of strategic sourcing?" and their reply is likely to include the phrase "to save money." And that is commonly the number one goal of strategic sourcing. But it's problematic when procurement departments treat it as the only goal. For sourcing to be truly strategic, it must accomplish more than just saving money. It must bring value to the organization in many other ways. Here are four goals commonly missing from strategic sourcing initiatives by Charles Dominick, purchasing certification blog (2011)

To reduce risk: The international news constantly reminds us that natural disaster, political upheavals, and other events make doing business exclusively in certain parts of the world a risky approach. Strategic sourcing should enable you to sustain continuity of supply in the face of unexpected disruption to the operations of one or more suppliers.

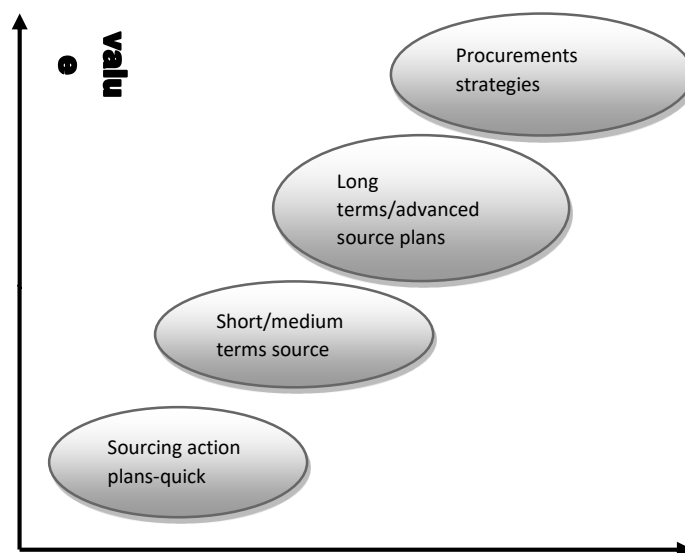
To improve supplier performance: Reducing the unit price you pay on purchase orders is nice, but it is meaningless if your organization has to deal with frequent late deliveries, an unacceptable number of quality defects, and poor supplier service. Strategic sourcing is only truly successful when you achieve both cost reduction and an improvement in supplier performance.

To bring in innovations from the supply base: in today's competitive business environment, organizations need a constant flow of innovative ideas in order to keep their competitors from stealing their market share. Suppliers can be a great source of innovative ideas and a good strategic sourcing process will ensure that the flow of such ideas is facilitated.

To support the organization's social responsibility goals: Today's organizations support diversity, environmental responsibility, and other philanthropic goals. Decisions made as part of strategic sourcing should consciously help move the organization towards those goals and not away from them. Saving money is therefore not the only goal of strategic sourcing. It is one of several important goals. (Charles Dominick: next level purchasing and supply 2011.)

2.5 Strategic Sourcing Strategies

According to the office of government commerce (OGC) strategic sourcing process is an iterative cycle, in which a number of distinct stages of maturity can be identified. Strategic teams will go through several stages of development. This is normal, as continual iteration is part of the strategic sourcing process. The level of maturity ranges from development of short-term tactical plans to long-term sourcing strategies. Each of these stages is described in more detail below. Depending on the nature of the category, it may never be necessary to develop a three-year strategy. However, categories with technical and strategic characteristics will need longer term development plans and strategies. Sourcing may not always involve a procurement activity e.g. if there are existing, effective contract vehicles in place



Quick Win Plans: A category that has not previously been managed by purchasing will start off the process with a quick win plan (i.e. easy opportunities can be delivered in a 4-6-month period) whilst gathering facts and data with which to create a longer term plan. Quick Win plans are actions, typically with existing sources of supply, e.g. negotiations, simple specifications changes, consolidation of volumes etc, and should be a one-sheet milestone summary-supported with a detailed action plan. Each owner of a milestone should have their own action plan. Quick wins may also arise in second and third cycles of Strategic Sourcing cycle.

2.6 Strategic Sourcing Process

Strategic Sourcing is a structured process which optimizes the organisation supply base while reducing Total Cost of Ownership (TCO) and improving mission delivery. Strategic Sourcing solutions are based on a robust analysis of spending patterns, the clear definition of business needs and requirements, and the alignment of government needs with supply market capabilities and commercial best practices. Strategic Sourcing solutions are developed and implemented collaboratively with stakeholders. Strategic Sourcing is a rigorous, analytic process. The first step is to identify the set of commodities that may benefit from a Strategic Sourcing implementation. This Opportunity Assessment Analysis can take many forms, but key elements include: Assessing the alignment between customer needs and market capabilities, analyzing how well current purchasing practice meets cost and performance criteria for users and identifying savings potential, strategic alignment, implementation feasibility, and other criteria used to assess the commodity. Once those commodities are identified, three steps are taken to develop a Strategic Sourcing strategy:

Commodity Profile Analysis: The Commodity Profile analysis details spending patterns and trends for the commodity, usage patterns and high level business needs. The Commodity Profile is developed through stakeholder interviews and in-depth quantitative analysis using data from multiple sources.

Market Analysis: The Market Analysis defines supply market trends and commercial best practices for the commodity. Components of this step often include: Analysis of market share, trends, and projections (in both the commercial and government markets) Identification of cost drivers throughout the extended value stream Identification of practices used by commercial firms to lower acquisition costs and to reduce total cost of ownership.

Commodity Strategy Development: The Commodity Strategy builds and synthesizes the findings of the Commodity Profile and Market Analyses by explicitly defining a strategy and rationale that can be used to lower costs. The Commodity Strategy also includes cost savings estimates and implementation plans. Strategic Sourcing solutions are managed throughout their life-cycle through ongoing engagement with stakeholders, the collection and analysis of detailed usage/ spend data, and the identification of opportunities for improvement in subsequent solution that are developed in the future.

2.7 Benefits of Strategic Sourcing

Strategic Sourcing promotes an effective acquisition system that meets government needs and ensures the prudent use of taxpayer dollars. Specifically, Strategic Sourcing:

2.7.1 Drives Efficient Organizational Operations.

- Provides visibility into spending habits.
- Lowers Total Cost of Ownership through data analysis.
- Creates commodity expertise.
- Enables better and more informed decisions by employees.
- Minimizes complexity for end-users.

2.7.2 Improves Vendor Performance

- Increases clarity of requirements.
- Optimizes supplier relationships.
- Encourages new and innovative solutions.
- Improves competition & contract structures.
- Improves vendor ability to meet performance goals.

2.7.3 Supports Administration Goals

- Helps agencies and organization achieve savings.
- Enables right sizing of the acquisition workforce by minimizing redundant contracts & activities.
- Uses acquisitions to drive sustainable and socio-economic goals.
- Increases transparency & accountability.

When implemented government-wide through the Federal Strategic Sourcing Initiative (FSSI), Strategic Sourcing also encourages cross-agency collaboration and allows the government to aggregate requirements and reduce redundant contracting activities.

3.0 METHODOLOGY

The research methodology explains into detail the methods used in gathering and analyzing the data for the study.

3.1 Research Design

A descriptive case study was adopted for the research. This is because the researcher sought to evaluate the impact of effective strategic sourcing in an organization, specifically Goldfields Ghana Limited, Tarkwa.

3.2 Research Population and Sample Size

For the purpose of the study, I limited myself to the Goldfields Ghana Limited, Tarkwa site, with a population of about 30 employees. Due to the fact that I could not cover all the workers on the mine because of time limit I only concentrated on one department that is the supply chain department (Stores department, Contract department and the Procurement department) where I selected my sample size to be ten people from each section.

3.3 Sampling Technique

A convenient sample procedure was employed in gathering information for this report so as to ensure a convenient form of interviewing respondents and administering the questionnaire.

3.4 Research Instrument

For the purposes of this work the researcher relied heavily on personal interviews, questionnaires, observations and records from Goldfields Ghana Limited.

Questionnaires: This is a set of printed list of questions used in the research. The questions for this purpose were designed by the researcher in accordance with research objectives. Twenty-two questions were constructed and administered in the supply chain department of Goldfields Ghana Limited, Tarkwa. The questionnaires were designed to include both open-ended and close-ended questions.

Personal Interview: An interview is a conversation with the purpose of obtaining information from the interviewees. The target population which comprises of the stores, contract and procurement section were interviewed.

Field Observation: This method allows the researcher to undertake personal analysis on the subject matter either in the media or other relevant sources. The researcher visited the site of Goldfields Ghana Tarkwa where he was introduced to how things are done in the supply chain department, that is, the stores contract and procurement section.

3.5 Data Collection

Primary Data: This is the name given to data that are used for specific purpose for which they were collected. Such data contains known quantities in respect to the method of collection.

Secondary Data: This is the name given to data that is being used for some purpose other than that for which they were originally collected. This type of data is documentary sources out of which information relevant for the current research will be extracted from different types of data sources. This includes lecture notes, text books and internet.

3.6 Administrative Procedures

Thirty (30) questionnaires were personally distributed to the respondents by the researcher and collected later. In the case of top management, appointments were booked for interviews with the Head of Supply Chain Department and other management members. These interviews lasted for about twenty (20) minutes.

3.7 Method of Data Analysis

The researcher used specific analysis of data collected from primary sources by distributing the designed questionnaires to employees in the procurement and stores section. Structured interviews were also undertaken. Problems as identified were stated and interpreting of the data forms the basis of describing what actually happens on the field. The researcher examines the data to ascertain differences and the similarities. These were classified and counted to determine their frequencies before being presented in their appropriate frequency distribution tables, thus

responses from respondents were coded and presented in simplified forms. Charts and tables were used in the analysis of data because it simplifies and makes it clear and understandable for a layman.

4.0 DATA ANALYSIS

The data collected from the questionnaires and interviews are presented and analyzed using descriptive statistics. Goldfields Ghana Limited, Tarkwa is one of the Goldfields Group Companies which is one of the world's best precious metal producers, with annual attributable gold production of 4.1 million ounces. The group has operations in South Africa, Australia, Europe, North America and South America. The company employs approximately 49, 499 people across its operations. Goldfields is one of the world's largest unheeded gold companies providing direct exposure to both the gold price and the underlying value and performance of the company. Its shareholders are based all over the world and increasingly in the United State. The company has grown from strength to strength since it's foundation through the combination of gold assets of Goldfields South Africa Limited and GenCorp Limited. The principal trading market for the company's ordinary shares are listed on the New York stock exchange. The company's ordinary shares are also listed on the London stock exchange in Europe next in Paris and Brussels, as well as the Swiss exchange.

4.1 Gender of Respondents

Table 1: Distribution showing the gender of respondents

RESPONSE	FREQUENCY	PERCENTAGE
Male	20	60
Female	10	40
TOTAL	30	100

Source: Field Survey: 2012.

Out of a total number of thirty (30) employees sampled from the research population, twenty constituting sixty percent 60% were male while the remaining ten representing forty percent (40%) were female. This goes to show that the views presented in this study has the full representation of the genders and does not have any bias in it.

4.2 Age Group Of Respondents

Table 2: Distribution showing the age group of respondents

AGE	FREQUENCY	PERCENTAGE (%)
21 – 30	6	20
31 - 40	12	40
41 - 50	9	30
Above 50	3	10
TOTAL	30	100

Source: Field Survey: 2012.

The table above reveals that three (6) respondents representing twenty percent (20%) are between the ages of twenty-one (21) to thirty (30) years. Seven (12) respondents representing forty percent (40%) of the total respondents are between the ages of thirty-one (31) to forty (40) years. Six (9) respondents constituting thirty percent (30%) are between the ages of forty-one (41) to fifty (50) years whereas four (3) respondents out of the twenty respondents are above fifty (50) years of age representing 10%. This implies that majority of the workers of Goldfields Ghana Limited, Tarkwa falls between the ages of thirty-one (31) to forty (40) years. The pie chart below illustrates the distribution per the respondents of this research.

4.3 Number of Years Spent with Goldfields Ghana Limited

Table 3: Distribution showing the number of year's employees had work in Goldfields Ghana Limited, Tarkwa.

RESPONSE	FREQUENCY	PERCENTAGE
Under 5 years	6	20
5 – 10 years	12	40
11 – 15 years	9	30
Above 15 years	3	10
Total	30	100

Source: Field Survey; 2012

Out of twenty (30) respondents, six (6) spent below five years, twelve (12) spent 5 to 10 years, nine (9) spent between 11 to 15 years and the remaining three (3) respondents spent above fifteen years working with Goldfields Ghana Limited. These represent 20%, 40%, 30% and 10% respectively. It was realized that there is relatively low labour turn-over at Tarkwa mines. The pie chart below illustrates this distribution.

4.4 Level of Education

Table 4: Distribution showing the level of education of employees

RESPONSE	FREQUENCY	PERCENTAGE (%)
'O' or 'A' Levels	0	0
Polytechnic Graduate	12	40
University Graduate	18	60
TOTAL	30	100

Source: Field Survey, 2012.

Goldfields Ghana Limited believes in the acquisition, utilization, improvement and retention of employees in order to become the market leader in the sustainable gold mining industries. This is reflected in the caliber of people employed. Table 4 above shows that none of the respondents have 'O' or 'A' Level certificate. However, Twelve respondents representing Forty (40%) percent of the total respondents are Polytechnic graduates whilst the remaining Eighteen respondents representing sixty percent (60%) are products from various universities in and out of Ghana. This is represented on the pie chart above.

4.5 Criteria's Used an Awarding Contracts

Respondents revealed that Goldfields Ghana Limited, as a matter of corporate policy always award contract to well qualified and certified suppliers based on the following criteria's:

1. Tender for suppliers to bid
2. Contract administrators open the bids on the closing date
3. Evaluate and present the final report to the tender committee to approve of the best bidder or advice otherwise and
4. Award contract as per condition of the contract

4.6 Officer in Charge of Strategic Sourcing

Sourcing is an important subject area which needs not to be taken for granted since it can make or break the organization. At Goldfields Ghana Limited, the sourcing of materials is the sole responsibilities of the members of the Supply Chain Management or Purchasing and Supply department the team of expertise who have acquire both academic and professional qualification in Supply Chain Management.

4.7 Objectives of the Procurement Department

The procurement section is like a heart of Goldfields Ghana Limited. The company relies so much on its activities in order to run and achieve a higher degree of production. Since the various departments and units in the company look on to the procurement section for all their needs in terms of goods, spares services among others to enable them run an uninterrupted production flow, the procurement section has got various goals to help achieve this. The research revealed the following main objectives of the procurement department of Goldfields Ghana Limited, Tarkwa: To liaise with all service department to ensure that procurement function positively impact on operations, timely acquisition of cost – effective and appropriate quality materials and services to minimize the impact of production, and to ensure vendor compliance to the safety and environmental policies.

4.8 Priority of Sourcing

All thirty respondents representing one hundred percent (100%) revealed that, the main concern of Goldfields Ghana Limited in the selection of suppliers is the one with the ability and capability of providing high quality products or services, timely delivery and in the right quantity. They also made mention of the following:

1. Credibility
2. Previous work handled

3. Experience in relevant field of business
4. Staff expertise
5. Cost

4.9 Functions of the Procurement Department

The followings are some of the functions carried out in the procurement department of Goldfields Ghana Limited. The department is responsible for receiving request to purchase items needed for production. Responsible for replenishing the stock item. Work hand in hand with the inventory department to set up the minimum, maximum and the re-order level in the system based on the users request so that they can monitor stock level for every item in the stores. Responsible for buying all goods and services requested for production. Responsible for sourcing for those items needed. Responsible for putting items on contract through tendering. Responsible for processing purchase orders both foreign and local. Liaise with shipping lines, freight forwarders and the clearing agent to ensure foreign orders are shipped, cleared and delivered to site on time. Liaise with stores and account to ensure goods delivered are received into the stock and account process payment for the suppliers. The procurement department also plays a major role in tender committee to evaluate contracts or suppliers who have bid for contracts. It also responsible for supplier's performance appraiser.

4.10 Benefits of Effective Strategic Sourcing

Respondents revealed the following benefits of sourcing to Goldfields Ghana Limited, Tarkwa: Its offers the buyers the opportunity to get good deals for the company (best prices), Best quality goods are procured to enhance production, It helps buyers to know more alternatives to the products they procure, It helps establish good relationship between buying company and the suppliers (win-win relationship), and It helps identify reliable and credible suppliers who can meet the company needs at any time.

4.11 Suppliers of Goldfields Ghana Limited

The major suppliers of Goldfields Ghana Limited include the following: Ghacem, Richbay chemicals, Citland international, Unatrac/Mantrac, Dreggh Company, Barbex Company, Wisdan Company, Direct Material Supplies

5.0 CONCLUSION

This chapter entails summary of findings drawn from the data presentation, conclusion and recommendations made on the basis of these findings. It has been found from the research that: There is low labour turn-over at Goldfields Ghana Limited, Tarkwa – Mine. 85% of respondents are University graduates while the remaining 15% are Polytechnic graduates. None of the employees holds 'O' or 'A' level certificates. Goldfields Ghana Limited as a matter of corporate policy award contract to well qualified and certified suppliers. The company applies the following criteria's in awarding contracts to qualified suppliers: Tender for suppliers to bid, Contract administrators open the bids on the closing date, Evaluate and present the final report to the tender committee to approve of the best bidder or advice otherwise and Award contract as per condition of the contract. Strategic sourcing of materials at Goldfields Ghana Limited is the sole responsibility of the members of the purchasing and supply department headed by Mr. Kevin Butler. The research revealed the following main objectives of the procurement department of Goldfields Ghana Limited, Tarkwa: To liaise with all service department to ensure that procurement function positively impact on operations, Timely acquisition of cost – effective and appropriate quality materials and services to minimize the impact of production and to ensure vendor compliance to the safety and environmental policies. The ability to provide quality products or services is the main concern of Goldfields Ghana Limited, Tarkwa in selecting suppliers. Others include best price, delivery, source, reliability of the supplier, credibility of the supplier.

The procurement department is responsible for receiving request to purchase strategic items needed for production. The following benefits of strategic sourcing to Goldfields Ghana Limited, Tarkwa were identified: Its offers the buyers the opportunity to get good deals for the company (best prices), Best quality goods are procured in order to enhance production, It helps buyers to know more alternatives to the products they procure, It helps establish good relationship between buyer and the suppliers (win-win relationship), It helps identify reliable and credible suppliers who can meet the company needs at any time. The findings reveal the following as major suppliers of Gold fields Ghana Limited: Ghacem, Richbay chemicals, Citland international, Unatrac/Mantrac, Dreggh Company, Barbex Company, Wisdan Company and Direct Material Supplies

Strategic Sourcing is meaningless if its foundation is not put in place. These foundations are planning for what to buy and what time of the year and allocating resources for that purchases, identifying the method of procurement to be used and the procedures they will use during the procurement and finally the tendering procedures they will use also. Goldfields Ghana Ltd is one of the organizations which is well established and leading producer of

Gold in Africa, and Strategic Sourcing within the mine makes all their purchases very effective and value-add practices.

The following recommendations are made for consideration by management of Goldfields Ghana Limited, Tarkwa: There should be fairness in the tendering process to avoid any form of conflict between bidders, if any. In-service training should be organized for staff, more especially junior staff to sharpen their knowledge skills. Management should put adequate measures in place to establish cordial relationship between Goldfields Ghana Limited and its suppliers so as to minimize cost and maximize profit. Adequate monitoring mechanisms should be put in place to assess the performance of suppliers.

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