EFFECTIVE PROCUREMENT MANAGEMENT AND ORGANISATIONAL PERFORMANCE: PERSPECTIVES OF THE SUPPLY CHAIN PERSONNEL

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Abstract:
Although the concept of procurement practices has been studied, the relationship between strategic procurement management and organizational performance has yet to be discovered. Informed by this besetting reality, solid evidence that validates the connection is required to conceptualize procurement management. Thus, the study sought to assess the relationship between procurement management and organizational performance at the leading organization in the health sector in Zimbabwe. The study adopted a descriptive research design and quantitative research approach. The data was collected from 40 respondents who comprised the supply chain leaders of a global public health organization in Zimbabwe. The respondents were randomly selected, and data were collected using a closed-ended questionnaire. The study's key findings indicated that sound procurement management improves organizational performance at a global public health organization in Zimbabwe. The study established that promoting e-procurement system management and strategic buyer-supplier relationships significantly contribute to organizational performance. Therefore, the study recommends that management adopt an electronic procurement system and e-procurement management and forge robust strategic buyer-supplier relationships to improve organizational performance.

Keywords: Procurement management; Procurement mechanisms; Government procurement agencies; Organisational performance; Supply chain management systems; Zimbabwe.


INTRODUCTION

According to Tanwar, Parekh, and Evans (2020), inadequate availability of and access to essential health commodities are significant barriers to delivering critical health care in developing countries. Efforts to address this challenge focused on seeking additional and diversified funding sources and procurement channels. Adequate funding to purchase commodities and functional procurement mechanisms are prerequisites for any public health program. However, according to Awan and Khan (2021), these efforts have resulted in a more complex procurement environment, involving more choices and requiring greater coordination. They increase the burden on existing systems that already need more human and organizational capacity (Bienhaus & Haddud, 2018). In this context, it is crucial to understand how to strengthen procurement management systems and untangle the options and strategies available to public health sector procurement programs. Sound procurement procedures are fundamental to any organization's prospects because of how intrinsically intertwined supply chains are and organizations' success. Procurement management has a positive effect on any organization's financial performance. Eckerd, Handley, and Lumineau
1860 (2022) argue that the success of a new product depends on procurement practices and supplier involvement. Most organizations invest a sizeable portion of their income in purchasing, so they know the need to employ strategic procurement practices (Ghadimi et al., 2018). Routine, efficient procurement for health programs requires specialized knowledge of and expertise in essential medicines, consumables, and the markets where quality products can be obtained. It involves careful selection of products and development of specifications, accurate forecasting, precise tender preparation, and a capacity for testing (Kouhizadeh & Sarkis, 2018).

The main challenges to the public health sector performance in Zimbabwe involve inadequate availability of and access to essential health commodities, inefficiency in operations, enormous financial losses, and the provision of poor products and services (Kristensen et al., 2021). Challenges are still emerging in the public sector performance even if the public procurement law has been implemented. These challenges involve inadequate funding to engage functional procurement mechanisms of health commodities. Furthermore, public officials in the central government and numerous government agencies need more efficient management of public funds, wasteful bureaucracy, and corruption (Liu et al., 2018). In the context of the public health sector, there are complexities in coordinating government ministries such as the Ministry of Public Service, Labour and Social Welfare Zimbabwe and Ministry of Health and Child Care Zimbabwe, Zimbabwe National Pharmaceutical Company, other government agencies, funding sources, suppliers, and manufacturers, especially regarding delays in delivering essential public health care. It is against this background that, therefore, this study focuses on the relationship between procurement management and organizational performance of the global public health sector, with a leading international non-governmental organization operating in Zimbabwe as a case study.

This study is informed by resource-based theory. According to Ordanini and Rubera (2008), resource-based theory identifies and analyses organisations' strategic advantages that, in turn, become a source of competitive advantage. Mahoney (2001) argues that these competitive advantages may be organizational, human, or financial, and their benefits are conferred based on their rareness, uniqueness, and value. Lorentz, Kumar, and Srai (2018) emphasize that organizational competitive advantage is determined through proper planning and functioning of procurement. A resource becomes a competitive advantage when it is inimitable. McWilliams, Van Fleet, and Cory (2002) state that if all organizations in an industry have the same resources, there would not be any competitive advantage available. Hitt, Xu, and Carnes (2016) postulate that resource efficiency enables procurement to achieve more with less. Resources would allow firms to improve efficiency and save on unnecessary costs. They further state that procurement practices should be difficult to imitate and uncommon, for example, sourcing processes. Distinctive resources keep away the competition and enable organizations to achieve much higher profits, such as organizations that purchase internationally and function well at the business level. According to Khan, Ajmal, Jabeen, Talwar, and Dhir (2023), Enterprise Resource Planning (ERP) systems are expensive to install, and not all organizations have embraced their use. Thus, companies that have already installed ERP are a step ahead of the competition. However, Soto-Acosta and Moreno-Cerdan (2008) state that effective collaboration contributes to sourcing performance by capturing additional value for end users through effective partnerships with suppliers and supplier involvement in developing product specifications. As products mature and value shifts, innovation takes place.

The concept of procurement management. Procurement begins with selecting, forecasting, and quantifying product requirements (Mohammed et al., 2019). It includes the development of exacting product specifications, identification of financing, and a budget process to secure that
financing. Procurement is obtaining services, supplies, and equipment in conformance with applicable laws and regulations that occur locally, nationally, and internationally among several public, private, national, and local entities (Sönntichsen & Clement, 2020). The procurement process is inherently complex because it involves the coordination of agencies, funding sources, suppliers, and manufacturers. In low-income countries, the process is often constrained by limited human resources, inadequate financing, absence of information on prices and suppliers, lack of awareness of government and donor regulations, overlapping systems, and unsynchronized or outdated rules and guidelines (Abdel-Basset et al., 2018). These constraints can contribute to delayed shipments, high prices, and reduced consumer access to essential medicines. The lack of capacity to select, forecast, and quantify product requirements and to manage the procurement process disrupts the distribution of health commodities to the client. In this context, commodity security cannot be strengthened unless procurement functions are more effective.

The procurement process begins with determining which products to order, estimating needs, quantifying purchases, and ensuring that finance is available. Procurement planning is identifying and consolidating requirements and determining the timeframes for the procurement to have it as and when it is required (Banaeian et al., 2018). A good procurement plan entails the process of the identification and selection of suppliers, contractors, and consultants. The procurement process requires the coordination and management of numerous individual steps that must be orchestrated chronologically to achieve a successful result: the on-time delivery of high-quality health commodities at a competitive price (Cavalcante et al., 2019). Managers should remain informed on the status of each step. The process of a single procurement is lengthy. According to Centobelli, Cerchione, Del Vecchio, Oropallo, and Secundo (2022), lead times from selection to delivery can be 12 to 30 months. Program managers should routinely monitor and evaluate the effectiveness of each step in the procurement process (from selection to the receipt and inspection of products) to determine what actions, if any, need to be taken to maintain the system (Luan et al., 2019). This may include establishing baseline indicators and milestones for each step in the procurement process. A formal mechanism should be established that consistently evaluates the efficacy of each component and ongoing functions, including order status and inventory management.

The concept of organizational performance. Harb, Antoun, Kassem, and Baena (2019) define organizational performance as the overall effectiveness and efficiency of achieving its objectives, goals, and mission. It measures how well the organization performs regarding its operational, financial, and strategic outcomes. According to Giathi, Abayo, and Muhoho (2021), procurement performance is tied to resources’ innately varying degrees of efficiency, allowing businesses to improve delivery to customers at a fixed cost or to maintain benefits at a lower price. Mafini, Dhurup, and Madzimure (2020) add that results are achieved when the procurement efficiency of the resources is directly proportional to the operational output. According to Agyabeng-Mensah, Ahenkorah, and Osei (2019), procurement efficiency can be measured by critical organizational performance indicators such as the return on investment, return on capital employed, and market share.

On the other hand, Deshpande, Roy, Dhingra, and Gupta (2020) point out that accurate specifications of the works, services, and products are paramount in the procurement process. Kalaitzi and Tsolakis (2022) concur by postulating that exact specifications are equivalent to customer satisfaction levels, and pitfalls in specifications result in losses. The user's accurate fundamental needs and specifications must be well understood to acquire the right products or services that meet the required quality standards. Najmi, Maqbool, Ahmed, and Rehman (2020) point out that the procurement function entails anticipating needs, locating resources, and keeping
tabs on their status, all of which improve the efficiency of an organization. According to Rehman-Khan, Yu, Sarwat, Godil, Amin, and Shujaat (2022), public sector procurement involves acquiring goods, works, and services that should be undertaken within the jurisdiction of the procurement law and approved budget. Mafini, Dhurup, and Madzimure (2020) argue that procurement staff skills, ethics, and policy compliance enable high-quality service delivery to all stakeholders. Organizations must set clear objectives and ensure compliance with high-quality standards (Utete, 2022; Adanlawo et al., 2023). Utete (2023) postulates that organization performance is measured by determining quality, productivity, market share, increase in customer base, profitability, return on equity, customer satisfaction, management efficiency, and growth in the branch network.

**Buyer-supplier relationships and organizational performance.** Matopoulos, Didonet, Tsanasidis, and Fearne (2019) refer to buyer-supplier relationships as business relationships and interactions between a buyer and supplier in a supply chain business firms are striving to secure different ways of controlling procurement by integrating and evaluating the significance of suppliers in the activities of the firms. These relationships are crucial in enabling the seamless flow of information, goods, services, and payments between the parties. Alghabbsheh and Galleear (2020) indicate that organizations increasingly build cooperative relationships with their supply chain partners to attain efficiencies, flexibility, and competitive advantage. However, Awan and Khan (2021) argue that the relationship between a buyer and supplier can be complex as each endeavors to maximize returns on investment and return on capital employed. Butt (2019) suggests that collaborative relationships are instrumental in enabling firms to adopt long-term contract strategies that allow the supply chain partners to generate unique value. Eckerd, Handley, and Lumineau (2022) point out that relationships between organizations and their suppliers are designed to leverage each supply chain partner's strategic and operational capabilities to help them achieve significant ongoing benefits. Leveraging supplier experience through preferred customer status and effective buyer-supplier relationships is widely recognized as a strategic lever for attracting superior treatment from suppliers. Ghadimi, Ghassemi-Toosi, and Heavey (2018) identify three central buyer-supplier relationships: transactional, collaborative, and alliances. According to Jajja, Asif, Montabon, and Chatha (2019), transactional is the most common and basic type of buyer-supplier relationship. Kouhizadeh and Sarkis (2018) point out that it is commonly known as the arm's length relationship, where neither party is concerned about the other party's well-being.

**E-procurement and organizational performance.** Public e-procurement is a specific set of instruments, technologies, and organizational solutions supporting public procurement processes, particularly considering the possibility of managing tendering procedures and auctions online (Kristensen et al., 2021). However, it can be evaluated in its complexity, which encompasses numerous goals such as rationalization of expenditure, reduction in "administrative confusion" and costs, fostering operational efficiency, empowerment of the organizations' network visions and technological collaboration with their supply chain partners, even to automate certain procurement activities completely (Mohammed et al., 2019). According to Rungsithong and Meyer (2020), to achieve these goals, the implementation of e-procurement has to be carried out alongside a complete revision of procurement processes, which would include an accurate selection of suppliers, strategic bargaining of contracts, monitoring of performance, both of buyers and suppliers. Moreover, moving towards a systemic usage of this technological innovation is necessary, with a continuous flux of electronic purchasing activities affecting significant expenditure volumes (Sönntichsen & Clement, 2020).

The organization's efforts to promote the widespread use of this technology are the driving force behind the success of e-procurement (Tanwar et al., 2020). The company should invest more
in its employees' education and training to ensure they can make the most of the possibilities presented by introducing this technology. Many obstacles associated with the procurement team's skill and knowledge development, as stated by Matopoulos, Didonet, Tsanasis, and Fearne (2019), can be traced back to external and internal cultural factors. This is especially true when workers resist using electronic systems out of concern for losing their jobs due to automation, which removes some of their negotiating power when working with regular suppliers. Supply performance can indirectly or directly impact the supply chain, as indicated by Luan, Yao, Zhao, and Song (2019), who view it as the flow of goods, money, and information between buyers and sellers that occurs through various internal business processes. Businesses can better support business functions and contribute to the company by utilizing e-processes and network-based communications efficiently and effectively. In the procurement process, having a friendly relationship between buyers and sellers helps build trust. It reduces the transaction costs arising from the interactions between the two parties due to the information asymmetry between them (Giathi et al., 2021). By working more closely with vendors, businesses can gain insight that would otherwise be difficult to come by in-house, leading to more informed choice-making (Jajja et al., 2019).

METHODS
The study adopted makes use of the deductive method and quantitative data approach. The target population of this study consists of 45 leaders engaged in the supply chain department of a leading international non-governmental organization in Zimbabwe. These are the best personnel to evaluate the impact of procurement management on organizational performance and possess in-depth knowledge of both variables. These are procurement officers, project managers, finance officers, store officers, logistics officers, and country directors. Under probability sampling, simple random sampling was utilized. Determining the accurate sample size was difficult, so the Krejcie and Morgan (1970) table was used to determine the appropriate sample size for this investigation, which comprised 40 participants, equivalent to 88.8 percent of the total population. Hence, the sample of this study was n=40. The survey included a closed-ended questionnaire to collect the data, and those with predetermined answers were hand-delivered to the respondents.

RESULT AND DISCUSSION
The study distributed 40 questionnaires. From the distribution, 35 were fully completed, returned, and usable for the analysis, thus translating to a response of 87.5%. Therefore, this means that a response rate of 87.5% recorded in this study is adequate to produce valid results. In terms of reliability, Cronbach's Alpha was used. The results indicated that the 'buyer-supplier relationship scored 0.99', 'e-procurement practices scored 0.93', and 'organizational performance scored 0.91'. From the results, it is evident that the measurement instrument was highly reliable. This stems from the fact that the respective Cronbach's Alpha values were well above 0.7 for all variables used in the study. Spathis Petridou and Glaveli (2004) agree that a minimum threshold of 0.7 is enough to prove the reliability of an instrument.

In this study, several demographic attributes of respondents were collected. These were in the form of gender, age, work experience, rank, and academic qualifications. The demographic profile of study respondents is beneficial in that it forms the basis upon which the researcher can ascertain the respondents' ability to appreciate the aspects of research that are entirely under inquiry. Male respondents dominated the respondents, accounting for 71% of the total respondents. This demonstrates that many duties are still regarded as masculine, so the bulk of the workforce is male. In addition, results show that the respondents were in the 31-40 years category. This result claims
that adults between the ages of 31 and 40 have a thorough grasp of the procurement procedures employed by organizations. The respondents fit for the study under consideration. Most of the respondents were degree holders. Academic qualifications are critical enablers for one to occupy these positions. Because they had higher qualifications and a skilled workforce, the procurement department could carry out their duties in a manner that ensured the value of money and sustainability and reduced negative impact on the surrounding environment. The educational backgrounds of the respondents give the impression that they were familiar with the subject matter and could provide valuable and concise responses.

Awan and Khan (2021) state that survey responses from respondents with at least a high school education are more likely to produce reliable and objective results. Consequently, the investigation successfully obtained data from the less biased respondents. Furthermore, the results revealed that 78% of employees have been in the organization long and are knowledgeable about all facets of the enterprise. This means the organization can devote less time and resources to training, saving money. A study conducted by Mafini, Dhurup, and Madzimure (2020) found that respondents with prior experience with the subject matter of the study are more likely to provide factual findings than respondents who lack such experience. Because of this, the individuals who participated in this investigation had a great deal of relevant experience and expertise, which contributed to the investigation's overall credibility.

The results presented in Figure 1.1 show that 86% of respondents agree that indicators of supplier quality play a significant role in the selection of suppliers. Most (88%) respondents believed suppliers were chosen mainly based on their ability to meet specifications. Ninety-one percent (91%) of respondents deemed it unimportant to investigate the financial stability of potential vendors. At the same time, 89% of the respondents rated the ability of a supplier to make last-minute deliveries as very important.
The relationship between supplier selection procedures and organizational performance. A survey asked participants about the factors that were important to them when selecting vendors. For each question, one was placed in the "no extent" category, two in the "less extent" category, three in the "moderate extent" category, four in the "great extent" category, and five in the "very great extent" category. The results of the data analysis are presented in the figure that can be found below.

Most respondents (80%) who participated in the survey indicated that joint improvement activities improved business operations. Most respondents (57%) believed sharing data would improve business outcomes. At the same time, 76% of the respondents believed that keeping tabs on suppliers does not improve the company's performance. Three-quarters (75%) of respondents indicated they were confident that the company benefited from supplier competition. Most respondents (60%) believed that the company had a good grasp of its suppliers' operations.

The relationship between procurement practices and organizational performance. This study sought to learn how increasing organizational capacity affects and improves the purchasing process. Indicating the degree to which each of the following approaches to procurement boosted organizational performance, respondents provided their ratings. A visual representation of the findings is provided in the figure below.

**Figure 2.** The relationship between buyer-supplier relationship on organizational performance

[Diagram showing the relationship between buyer-supplier relationship and organizational performance]
Most respondents (93%) agree that e-procurement practices (ERP) have made the procurement process quicker, cheaper, and more transparent. Most respondents (59%) agreed that integrated procurement systems boost organizational performance and accountability. There is some disagreement among the respondents as to whether or not all employees at the company submit requisitions electronically, with 54% believing it is not. Most respondents (76%) indicated that prospective vendors should wait to submit proposals through the online portal.

In terms of the first objective, which sought to determine the relationship between supplier selection procedures and organizational performance, the findings revealed that supplier selection procedures influence organizational performance. The results indicated that supplier quality plays a significant role in the selection of suppliers. The findings also indicated that suppliers were selected primarily based on their ability to meet specifications. The results revealed that the ability of a supplier to make last-minute deliveries is essential. However, in some instances, it may create poor performance and promote the listing of general and non-specialized suppliers, also known as 'briefcase suppliers.' The findings of this study align with those of Abdel-Basset, Manogaran, Gamal, et al. (2018), who studied the DEMATEL method for developing supplier selection criteria and found that quality is the most influential criterion in the selection of suppliers. The results of this study are incongruent with those of Rungsithong and Meyer (2020), who found that supplier evaluation significantly impacted efficiency. The results of this study concur with those of Amann, Roehrich, Ebig, and Harland (2014), who studied sustainable supply chain management in the public sector and found that public procurement is more effective in influencing socially responsible goals than environmental goals. The findings of this study are also incongruent with those of Awasthi, Govindan, and Gold (2018), who studied multi-tier sustainable global supplier selection using a fuzzy AHP-VIKOR-based approach and found that global risks are still not considered a significant criterion for supplier selection. However, Rungsithong and Meyer (2020), Amann, Roehrich, Ebig, and Harland (2014), and Awasthi, Govindan, and Gold (2018) still need to show how
supplier selection procedures affect organizational performance. Hence, the study extends the body of knowledge in supply chain management.

About the second objective, which sought to find the relationship between buyer-supplier relationship and organizational performance, the results indicated that a sound buyer-supplier relationship improves organizational performance. The findings revealed that sharing data would lead to improved business outcomes. The findings showed that keeping tabs on suppliers does not improve the company's performance. The findings indicated they were confident that the company benefited from supplier competition. The results revealed that the company understood how its suppliers' operations are carried out. Organizational success is highly reliant on the success of its procurement efforts; as a result, the process of selecting suppliers is crucial. This study's results align with those of Alghababsheh and Gallear (2020), who studied social capital in buyer-supplier relationships and found that social capital generates benefits in the buyer-supplier relationship. The findings of this study concur with Butt (2019), who studied antecedents of knowledge hiding in a buyer–supplier relationship, and the results revealed that managers across firms intentionally hide knowledge from each other when there is a lack of personal relationship between them. Alghababsheh and Gallear (2020) and Butt (2019) did not show how the buyer-supplier relationship affects organizational performance. Hence, the study extends the body of knowledge in the field of supply chain management.

In terms of the third objective, which sought to determine the relationship between e-procurement practices and organizational performance, the findings revealed that e-procurement practices improve organizational performance. The results indicated that e-procurement practices (ERP) have made the procurement process quicker, cheaper, and more transparent. The study findings also revealed that integrated procurement systems boost organizational performance and accountability. Although the findings revealed that e-procurement practices are crucial for organizational performance, the organization under this study needed to embrace e-procurement practices as requisitions were still submitted manually and fully. The outcomes also demonstrate how ERP has improved the procurement department's ability to assist internal and external customers. ERP has facilitated the procurement department's work by streamlining interactions with internal and external customers. The results of this study are in congruence with those of Bienhaus and Haddud (2018), who studied procurement 4.0 factors influencing the digitization of procurement and supply chains and found that digitization of the procurement process can yield several benefits. The findings of this study concur with Ahsan and Rahman (2017), who studied green public procurement implementation challenges in the Australian public healthcare sector and found that the most critical challenges are the lack of legislation on green procurement and senior management support for green. Bienhaus and Haddud (2018) and Ahsan and Rahman (2017) did not show how e-procurement practices affect organizational performance. Hence, the study extends the body of knowledge in supply chain management.

CONCLUSION

The study concluded that sound procurement management results in better organizational performance. An effective procurement system allows businesses to differentiate themselves from competitors by providing better customer service and reducing delivery times. Since the study addressed the influence of procurement management on organizational performance, the key objective of this study has been accomplished. The study concludes that proper procurement management improves organizational performance. However, the study found poor buyer-supplier relationship management and manual procurement processes in global health organizations
negatively affect organizational performance. Hence, the management must continuously train and guide employees in utilizing new technologies and information technology systems. The organization should establish strategic collaborations, partnerships, and alliances with suppliers to enhance service delivery efficiency and quality standards. The main limitation of this study is that it focused on a quantitative research approach. Hence, future studies may be carried out on this subject using a qualitative research approach.

REFERENCES


