



# VALUE OF SOURCING IN THE SUPPLY CHAIN

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## **1.0: Introduction**

### **1.1 Background**

The administration of materials, data, and money as they flow through a process from supplier to manufacturer to wholesaler to retailer to customer is known as supply chain management (SCM).

The history and source of Supply Chain Management (SCM) has developed over a 100 years from labour-intensive processes to the current management of global networks, which was known to have its origins in logistics management. In the earliest part of the years of the 1980s, because of development and increase in computer technology, Supply Chain Management was recognized more (*Olasupo, Okafor & Igbokwe, 2018*).

According to *Vrijhoef, (1999)* the concept of Supply Chain Management is an idea that originated from supply schemes of Toyota motors, in which the concept or idea was perceived as a means of synchronizing and managing of supplies, with their main goal being the decrease of inventory as much as possible significantly, and regulating suppliers' interaction and communication with production line further more effectively. It is now and then closely associated to lean production.

Its basic concept consists of other tools like the Just-In-Time (JIT) delivery and logistics management. In the manufacturing trade Supply Chain Management has become a firm conception though the terminology has been modified or been altered overtime (*McCaffer and Root, 2000*). As repeated by *Croom et al. (2000)*, Supply chain management has received due responsiveness in early 1980s, however to this date, management of the supply chain has not been theoretically and mainly understood, and due to that lots of authors have emphasized

the necessity of brief definitional constructs and theoretical frameworks on Social Chain Management.

A supply chain is a series of steps that companies use to transform raw materials into finished products. The supply chain consists of four major elements. They are: planning, sourcing, making and delivery.

According to *Corporate Finance Institute. (2022, June). Management/supply-chain*. A supply chain is an entire system of producing and delivering a product or service, from the very beginning stage of sourcing the raw materials to the final delivery of the product or service to end-users. The supply chain lays out all aspects of the production process, including the activities involved at each stage, information that is being communicated, natural resources that are transformed into useful materials, human resources, and other components that go into the finished product or service.

According to *Tech Target. (2021, November). Supply Chain*. The product flow, the information flow, and the financial flow are the three primary flows of the supply chain. These take place during the three key phases of strategy, planning, and operation. These flows must be coordinated and integrated as part of Supply Chain Management both within and between businesses.

### **1.1.1 Planning**

This is the very first step in the supply chain process. It usually involves creating a plan or strategy to ensure that the products accomplish the reasons that they were produced. i.e. satisfying the demands and necessities of the customers. It is the forward-thinking process of coordinating means to optimize the delivery of goods, services and information from supplier to client, balancing force and demand. An SCP suite sits on top of a transactional system to give planning, what-if script analysis capabilities and real-time demand commitments, considering constraints.

According to *Tutorials Point. (2022). Supply Chain Management Process*. The initial stage of the supply chain process is the planning stage. Managers develop a plan(s) or strategy in order to address how the products and services will satisfy the demands and necessities of the customers. In this stage, the planning should mainly focus on designing a strategy that yields maximum profit. For managing all the resources required for designing products and providing services, a strategy has to be designed by the companies.

### **1.1.2 Sourcing**

Sourcing processes entail various functions move far beyond traditional perception that sourcing main role is acquiring works or services from outside sources for replenishing organization needs. *Mlinga (2007)*, describe sourcing as activity of assessing, buying of works, goods and service. According to *Nditi (2014)*, Public sourcing expenditure is the largest volume of expenditure in the annual development budget for Tanzania as about 75% of its budget during the particular financial year is spends in public sourcings. Sourcing is the process of getting the goods and accoutrements your company needs, while force chain operation is the process of transubstantiating those goods into products and distributing them to clients as efficiently as possible.

After planning, the next step involves developing or sourcing. In this stage, we mainly concentrate on building a strong relationship with suppliers of the raw materials required for production. This involves not only identifying dependable suppliers but also determining different planning methods for shipping, delivery, and payment of the product.

According to *Tutorials Point. (2022). Supply Chain Management Process*. Companies need to select suppliers to deliver the items and services they require to develop their product. So in this

stage, the supply chain managers need to construct a set of pricing, delivery and payment processes with suppliers and also create the metrics for controlling and improving the relationships.

Finally, the supply chain managers can combine all these processes for handling their goods and services inventory. This handling comprises receiving and examining shipments, transferring them to the manufacturing facilities and authorizing supplier payments.

### **1.1.3 Making**

The third step in the supply chain management process is the manufacturing or making of products that were demanded by the customer. In this stage, the products are designed, produced, tested, packaged, and synchronized for delivery.

According to *Tutorials Point. (2022). Supply Chain Management Process* the task of the supply chain manager is to schedule all the activities required for manufacturing, testing, packaging and preparation for delivery. This stage is considered as the most metric-intensive unit of the supply chain, where firms can gauge the quality levels, production output and worker productivity.

According to the demand of the consumer, the establishment will perform all the necessary activities related to the metamorphosis of raw material to the final product. Different steps similar as assembling, testing and packing occur at this stage of the supply chain management. Feedback from consumers creates a Win-Win situation for both (manufacturer and user) as for the establishment, it continues to perfect their product operations.

### **1.1.4 Delivering**

The fourth stage is the delivery stage. Here the products are delivered to the customer at the destined location by the supplier. This stage is basically the logistics phase, where customer orders are accepted and delivery of the goods is planned. The delivery stage is often referred as logistics, where firms collaborate for the receipt of orders from customers, establish a network of warehouses, pick carriers to deliver products to customers and set up an invoicing system to receive payments.

Another important element of the supply chain operation is contributing to direct and/or indirect integration with the consumers. It is saddled with the responsibility to launch the brand image of the establishment. Depending on the demand by consumers, finished goods and services have to meet prospects through the company's delivery channels and logistics services. To have a flawless delivery, the establishment utilizes colorful freights – road, air and rail.

### **1.1.5 Return**

The last and final stage of supply chain management is referred as the return. In the stage, defective or damaged goods are returned to the supplier by the customer. Here, the companies need to deal with customer queries and respond to their complaints etc.

This stage often tends to be a problematic section of the supply chain for many companies. The planners of supply chain need to discover a responsive and flexible network for accepting damaged, defective and extra products back from their customers and facilitating the return process for customers who have issues with delivered products



## **1.2 Problem Statement**

There are varying hazards associated with each strategy, depending on the different types of sourcing. In general, bad sourcing practices can have a negative impact on the entire supply chain and possibly be catastrophic. Companies may opt to outsource, depending on the agreements made. You cannot take this lightly. Sourcing Processes plays significant role in facilitating overall success of organization in view of acquiring goods, works or services from outside sources for attaining value for money. Even though Public Sourcings has been studied extensively through *Smith and Trybus, (Eds 2008) and Casanova, (2013)*. Impact of challenges affecting these processes in Public organizations has not received much attention, as most of the study focused in central government sourcing whereby Government is directly involved through taxpayer's monies.

## **1.3 Aims and Objectives of the Study**

The purpose of this study is to elucidate sourcing. The individuals in charge of sourcing may have various justifications for their selection of sourcing strategy depending on where the organization is located. The results of the entire supply chain would then be significantly impacted by this. This highlights how crucial proper sourcing is to the supply chain.

## **1.4 Research Questions**

- i. How sourcing is important to the supply chain's operation?
- ii. What methods are there for enhancing sourcing in the perspective of the supply chain?

## **2.0: Literature Review**

### **2.1 Introduction to Sourcing**

Sourcing is the process of procuring products or services for your supply chain management. Sourcing is more than just buying a product from someone because many steps must take place to find a good source

To properly do product or service sourcing you must do these important steps:

- i. Identify and evaluate potential suppliers
- ii. Engage with those suppliers
- iii. Select the supplier that best fits your needs.

Proper sourcing is about identifying, engaging, and selecting potential suppliers. Sourcing is about doing all of the steps to procure the product that you need to purchase.

Sourcing is more than just purchasing a product and service; sourcing is more complicated than just buying a product. Proper sourcing has many extra steps that need to take place in the buying process. This is because sourcing is about making sure you have the best product, from the right supplier, at the right price.

Sourcing is about procuring a product or service for your supply chain management.

When sourcing, you must identify potential sources, engage with the sources, and select the sources you will buy from. To source a product or service, there are several key steps and areas you must understand as understand your needs, understand the market supply, develop a sourcing strategy, implement your sourcing strategy, engage with potential suppliers, evaluate potential suppliers, and finalize the agreements and purchase.

## **2.2 Different Methods of Sourcing**

There is a wide range of sourcing methods and one should bear in mind three key points: sourcing options are often not mutually exclusive, sourcing methods can be applied to both front and back office functions, and strategic sourcing as a sourcing process can be seen as finding the appropriate solution for your short and long-term goals.

When it comes to sourcing, there are many types and models used by different companies for their supply sourcing needs. What is of relevance here is that each type has certain advantages as well as drawbacks, and strategic sourcing is all about choosing the type that best suits the requirements.

A few strategic sourcing methods are:

### **2.2.1 Global Sourcing**

Global sourcing involves buying services, products or materials from suppliers or manufacturers from service providers across the globe. A similar sourcing method as to the previously mentioned low-cost country sourcing; however, this type of sourcing is not strictly about benefiting from cheap production. The aim may be to get a taste of the international market and the way to carry out business there.

*Trade-Wiki. (2022). Sourcing Methods.* Highlights, the focus could be on tapping into a new range of skills or resources which would otherwise be unavailable domestically. Rather than risk dependence on Low-cost Sourcing from a single country, a better alternative is Global Sourcing, selecting vendors from different geographies. This type of sourcing supplies may not result in the lowest price, but is less prone to disruptions while also avoiding reliance on a single country. This also automatically incentivizes vendors to be more quality conscious as they now have to compete with other countries, while also keeping costs under check. India is a good example of a strong

player in the global sourcing scenario, with a sound manufacturing base and advantages of large labor pool as well as technical skills to be globally competitive.

### **2.2.2 Low-Cost Country Sourcing**

A method of sourcing which focuses on benefiting from the competitive advantage of other countries which are able to offer lower labor and production costs. According to *Trade-Wiki*. (2022). *Sourcing Methods*. The method focuses on cutting overall operating expenses for a firm, and is in itself a sourcing strategy. Most companies which look towards China are following this sourcing method.

According to *ESSNPS*. (May, 2019). *Different Types of Sourcing*. The trend supply sourcing started when the advanced economies – North America and Western Europe – found manufacturing everything in their countries had become uneconomical due to high costs, and looked at Asian countries – most notably China, but also India – as the low cost alternative. The vendors in these countries capitalized on the low labor and material costs and scaled up manufacturing activities creating huge capacities in the process, and thus became reliable suppliers to OEMs in Europe and the US. While this worked to their advantage, the Industry 4.0 era has changed the equation as developed countries, especially the US, are now keen on On shoring to create local jobs. The disruption in supply chains caused by Covid-19 has further brought home the disadvantages of vendors in distant countries.

### **2.2.3 Prime/Sub Arrangements**

An outsourcing method in which a client works direct with an established outsourcing provider to arrange sourcing; the outsourcing provider contracts out the work to a smaller company. All contracts are dealt under offshore law, as the agreements are between 2 offshore entities.

This can reduce the burden of dealing with import and export restrictions upon the company, and make the process itself smoother. According to *Trade-Wiki. (2022). Sourcing Methods*. Companies are always looking to maximize gains while minimizing the hassles, and hence on the lookout for opportunities to do so. Prime/Sub Arrangements fall in this category, something companies adopt in order to overcome the drawbacks of Low-cost Country Sourcing and Global Sourcing. According to *ESSNPS. (May, 2019). Different Types of Sourcing*. In this type of supply sourcing, a company uses the Outsourcing model, but with a difference – the job is sub contracted by the outsourcing agency to another company and the actual transactions are between them, saving the parent company of all the hassles of regulatory compliances which happen between the outsourcing provider and the sub arrangements company. This smoothens the sourcing process, but on the flip side, may not be the most economical type of outsourcing, and quality may also suffer in the process.

### **2.2.4 Captive Service Operations**

This occurs when the outsourced services being provided are performed by a company the customer owns or are from within the same group. This creates a greater level of control, as well as addresses questions that may arise about confidentiality, security and infringement rights. However, the

same level of economies of scale may not be achieved as well as the opportunity to take advantage of supplier's expertise as described by *Trade-Wiki. (2022). Sourcing Methods.*

For companies looking for better control on their equipment sourcing and sourcing service, Captive Service Operations offer an alternative. As described by *ESSNPS. (May, 2019). Different Types of Sourcing.* In supply sourcing of this type, it is a group company or subsidiary that is doing the sourcing and sourcing and hence allows greater control and trust on the entire process. This also addresses the concerns about patents, and intellectual properties, also maintaining the necessary confidentiality about product launches and future plans. Like other types of sourcing, this too is not free from disadvantages and the obvious ones are cost escalation as well as lack of all-round expert.

### **2.2.5 Conventional Agreements**

The traditional way to outsource parts of a company's operations. Two companies create a simplified agreement to allow for maximum cost reduction through utilizing economies of scale and expertise. However, there is a significant loss of control and there needs to be a high degree of trust as sensitive data may be at risk as described by *Trade-Wiki. (2022). Sourcing Methods.*

Shorn of all the jargon, Conventional Agreements are well, the conventional way companies conduct business to buy or procure something they need. According to *ESSNPS. (May, 2019). Different Types of Sourcing.* The agreement involves addressing the same requirements – cost, quality and delivery schedules, meeting all the relevant standards in the sourcing process. Unlike outsourcing which involves multiple parties, the agreement in this case is between two parties and hence a simplified process. The drawback in conventional agreements is the company does not

have much control once the agreement is signed and there could be a breach of trust where confidential information, designs and data are at risk.

## **2.3 Benefits of Sourcing**

Although sourcing domestically has several advantages such as faster logistics, improved production control and a shorter time to bring goods to market, overseas sourcing offers numerous advantages too. However, you'll likely find that you are reaping the benefits of global sourcing and supply chain management. Benefits include:

### **i. Reduce Direct and Indirect Costs**

Cost savings is certainly an important benefit, if not the most important benefit derived from strategic sourcing efforts. Many sourcing and procurement leaders point to the fact that realized cost savings from sourcing activities drop directly to a company's bottom line. Accordingly, the savings has a positive impact on financial profitability. When compared to sales revenue, keep in mind that sales revenue is reduced by commissions, cost of goods sold, overhead costs and other costs resulting in a remaining net profit. For example, if a manufacturer sells a product for \$1,000 with a 7% net profit margin, this sale puts \$70 dollars into the bottom line. Comparatively, if a sourcing effort saves \$1,000, the entire amount drops to the bottom line and improves profitability.

### **ii. Boost Long-Term Supplier Relationships**

The global and disruptive nature of sourcing makes effective procurement management with suppliers more complex. Making the right supplier selection plays a key role in creating synergy between manufacturers and suppliers – and this is where sourcing has a role. By fully understanding the sourcing objectives and focusing on the supplier's core capabilities – along with

cost factors – manufacturers can select high-value suppliers with a greater degree of certainty that a long-term and collaborative relationship develops.

Suppliers can better mitigate any issues and maintain focus where efforts are working well. For the sourcing team, the goal of mutual success is better supported and performance data is readily available for future decisions to ensure the right supplier is selected whenever required.

### **iii. Gain Efficiency and a Systematic Approach**

It's still common for manufacturers to manage sourcing activities with a mix of spreadsheets, emails, phone calls and buyers' memories to track hundreds of supplier details. Resulting issues from this reliance on manual efforts include a lack of process governance and overlooked supplier insights. The missed opportunities for manufacturers include an inability to identify the best suppliers with the best overall price, accurately monitor supplier performance and enhance supplier development that could add business value.

Strategic sourcing is one area that is not getting overlooked by the wave of digital transformation efforts. By automating sourcing activities and introducing sourcing standards across the organization, manufacturers gain a systematic approach for accurately selecting the lowest cost and optimal source of supply for the many raw materials, products and services they procure. Automation removes the guesswork and over-reliance on buyer memories to assess and compare costs, quality, capacity, services and other important factors associated with a variety of suppliers. This helps ensure a standard sourcing process results in the right contract with the right supplier.



#### **iv. Mitigate Supplier Risk**

As business requirements and compliance needs become more extensive and complex, so do the risks associated with supplier relationships. One of the top risk priorities for sourcing and procurement organizations continues to be ensuring business continuity by avoiding disruptions with key suppliers. As more digitalization takes place and digital information is increasingly relied upon between businesses, sourcing and procurement groups must include the ownership, management, and use of information into their negotiations with vendors and suppliers. The security of information is now a high priority for many sourcing and procurement teams' risk management and compliance efforts. In today's digital world, sourcing activities now play a critical role in ensuring that supplier business continuity remains an area of focus and that cyber security is utilized to protect the data shared between the manufacturer and supplier.

Procurement executives are increasingly seeking innovative ways to maximize sourcing efforts and address supply disruption at many levels. Integrated supplier management is a key approach for sourcing to better connect manufacturers with suppliers. The result is a foundation for direct material and strategic indirect cost reductions, efficiency improvements, risk mitigation and improved go-to-market times.

#### **v. Reduce Total Costs Across the Supply Chain**

First and foremost, implementing an efficient and effective procurement process can provide timely and tangible cost improvements to increase the quality and movement of the supply chain. Value is delivered by lowering operational costs through purchasing supplies and materials at the best available price. Professionals in procurement roles find these prices through warranties and discounts that are either forgotten or not managed.

Outside of direct purchasing, procurement departments seek total visibility of an organization's purchasing activity to gain insight into potential reductions in purchasing, sustain trust with stakeholders and better understand purchasing patterns to improve financial wellness. Controlling costs allows procurement to make products more cost competitive when they arrive in the market.

#### **vi. Create Greater Efficiency**

To gain a competitive advantage, procurement professionals utilize the external market and suppliers. This means every sourced product, including price and quality, should contribute to competitive positioning.

To optimize efficiency, a procurement strategy should provide the following:

- Eliminate redundancies in operations and create beneficial collaborations with suppliers to create a robust portfolio of suppliers that align with an organization's overall purpose and intention
- Provide an organization with economies of scale that reduce costs of supplies and production
- Determine a supplier's capabilities, interests, competitiveness and financial viability, which weeds out under-performers

## **Vii. Incorporate Innovation**

In addition to the many duties required of the role, procurement professionals find innovative ways to gain a competitive edge. In our increasingly technology-reliant world, the amount of available data information seems endless. A lot of innovation within procurement departments seeks to improve communicating the insight derived from gained data using intelligence tools.

In a recent report from the Chartered Institute of Procurement & Supply, 95% of the firms involved in the study reported adapting to cloud computing and Internet of Things (IoT) technologies to enhance innovation, efficiency and productivity.

## **viii. Decrease Supplier Risk**

Supplier risk is the potential that a supplier will fail to deliver their commitments in the agreed-upon contract. Typically, supplier risk events happen in four general areas:

- Operational
- Financial
- Compliance
- Strategy

To manage risk, procurement departments incorporate risk mitigation strategies that are continuous and evolving in order to address all risks associated with an organization's activities. Without a sustainable method of identifying and solving these risks, an organization's ability to compete can be compromised.

## **2.4 Challenges Associated With Poor Sourcing**

Supply risk has always been a major challenge in the sourcing practice since centuries ago. Managing organizational expenditures, understanding the importance of sourcing in delivering your customer value proposition; optimizing supply chains; reducing cost and creating value while enforcing proper sourcing policies is always a constant concern for sourcing team.

Amid the pandemonium, every organization will face some challenges in their sourcing processes. The challenges are often overlooked by even the most experienced leaders. Sometimes due to these challenges, an organization seizes new opportunities by discovering that fundamental changes are necessary. Failure to manage sourcing processes effectively can have a significant negative impact on organizations. When sourcing function faces a major challenge, solving it as soon as possible not only shows the efficiency of the department, but also financial and competitive health of the company.

Sourcing leaders wear multiple hats and manage an array of responsibilities—from needs identification to vendor management and payment processing. A day in the sourcing department is never slow. This makes a sourcing manager's job riddled with challenges and difficulties. If you're a new sourcing manager, here's a complete guide to help you shine in your role.

It also means that identifying and overcoming sourcing challenges is time, money, and effort well spent since sourcing has a direct impact on an organization's bottom line. While sourcing challenges can vary based on an organization's size, line of business, etc.

Here are some sourcing challenges that haunt businesses of all sizes:

### **i. Risk Mitigation**

Supply risk is always a major challenge in the sourcing process. Market risks, potential frauds, cost, quality, and delivery risks constitute the most common type of risks. Additionally, compliance risks like anti-corruption, policy adherence, and more keep your sourcing leaders up all night.

### **ii. Dark Purchasing**

Purchases that are made outside the defined sourcing process fall under dark purchasing. Such uncontrolled spending can ultimately be expensive for businesses. When items purchased cannot be justified using capital outlay or material inventory, the resulting loss of revenue and control is a significant challenge for organizations of all sizes to tackle. A great way to reduce maverick or rogue spend is to bring your spend under management.

### **iii. Lack of Transparency**

Spreadsheets were a terrific place to start when it came to organizing data, but when you need a lot more out of them, they start to fall apart. The first issue you may encounter is data access. It can be tough to locate information and track it across several spreadsheets. The speed with which you can access information diminishes as the volume of data grows. You must also deal with security risks and avoid disclosing too much information to too many people. Small mistakes and omissions can result in incorrect data, costing you deals, clients, and vendor relationships. Automating your sourcing process is the best way to improve transparency. It has a whole lot of other benefits too. Like improving your process efficiency.

#### iv. **Inaccurate Data**

In order to make sound sourcing decisions, organizations need accurate and reliable data. Making purchases based on inaccurate sourcing data can lead to inventory shortages, excess inventory, and other additional sourcing challenges that have the potential to impact an organization's bottom line directly.

#### v. **Failure to Adopt Technology**

Managing your sourcing processes manually may appear simple at first, but as processes become more complex, they become the largest roadblocks to success. This is why one of the sourcing challenges is to see technology as a helpful hand, a partner who helps a company create value. To achieve future goals, becoming an expert in how digital sourcing solutions can decrease costs and foster innovation is critical.

#### vi. **Supplier-Related Issues**

One of the greatest challenges in sourcing is supplier management. From identifying the right supplier to keeping track of vendor performance and ensuring a stable supply of quality products, the whole process is filled with complications. Especially with the Covid-19 pandemic, the importance of having a steady supplier base has increased multifold. To help you navigate the pandemic, we have put together a handy guide.

#### vii. **Mistakes in Orders**

The product and/or services specifications can often be misinterpreted during the ordering process. Each misinterpretation may cost the company an average of \$150 per delivery. For an order of 10,000 or more per year, it would be costly to the company because of the misinterpretation. There are three stages where it can result in inaccurate transactions. First,

buyer's purchase order, secondly supplier's invoice and lastly inventory delivery. It very often happens from missing paperwork, inadequate visibility, fraudulent invoice to inventory delivery. Depending on the situation, you might not be able to prevent mistake from happening beyond double-checking your orders and exerting caution. The principle severity of the error, and the delay or interruption caused will also be considered. Consequently, the products and/or services do not meet the standards that your clients set and may result in losing their trust, denting reputation, and impacting sales.

#### **viii. Problematic Suppliers**

In the procurement industry, developing a solid working relationship with vendors are the important key to ensuring that the business runs smoothly. Dealing with suppliers without any method of assessment can create irregularities in product specifications and bad experiences. Good communication is extremely necessary for many aspects of the business. If suppliers do not understand the organization's strategic goals or motto, it may not fulfill the needs and requirements due to poor results. Suppliers typically deal with many organizations at once. The delivery is often delayed due to the product that is out of stock. Insufficient product knowledge will also cause suppliers to provide wrong supplies and offer incorrect product. As such, the expectation levels cannot be met and in turn affects the relationship. This will further reduce the working confidence on future deals.

## **ix. Ineffective Strategies**

Majority of the organizations do not have the luxury of having a corporate strategy team in providing feedback to the top management as they determine their strategies. In a fast-paced business world in which everyone is primarily interested in performance, operational problem solving is a core competency and top priority of the modern business. Failure to analyze and identify the organization's expenditures can gain visibility that results in increased procurement costs, poorer efficiencies, and lack of ability to forecast spend. Unable to determine internal needs will be a challenge in formulating a strategy for the future. An organization cannot transform this into direction and requirements with no target sets for what needs to be procured.

## **x. Poor Organizational Structure**

Many equally important procurement systems are often neglected by an organization, such as sourcing, management direction and/or supplier development. Poor organizational structure increases the likelihood of miscommunication, thereby causing work delays. The absence of clear direction is one of the most common problems. Leaders seldom discussed a deliberate direction, or they fail to pass down a coherent message about the decision to all the organization members.

Lacking of synchronization in the organization also has a significant effect on the performance in every aspect of the supply chain. Lacking of adequate knowledge in procurement may leads to serious implications including breaches in the codes of conduct. The best staff, products and marketing cannot benefit a business if an organization is not organized to capitalize on their strengths. Poor organizational structure can destroy companies that ought to have been successful and profitable.



## **xi. Ignorance of Practices and Regulations**

When it comes to procurement, ignorance is unacceptable and poor practices can have tragic consequences. It can range from low impact issues by disgruntled consumers through a written feedback to high impact issues that could tarnish the organization's reputation and brand image. These issues frequently ruin the procurement proceedings or eradicate the opportunity for future bids. The fundamental misunderstanding may lead to non-compliance with regulations. Amid the COVID-19 pandemic, the seemingly overnight implementation of the Personal Protection Equipment (PPE) export restriction threw the logistics industry into chaos. All the PPE suppliers are speeding up to obtain an export license to fulfill the global market's high demand. In response to the impact of climate change, authorities established stricter environmental regulations to governing emissions and the imposition of new carbon taxes. The most significant effects of these policies are expected in China, where strict regulations have been introduced to reduce emissions from the burning of coal, which resulted in forced shutdowns and closures of production plants.

## **Xii Ambiguity on Roles and Responsibilities**

Undefined clarity on roles and responsibilities can make employees feeling de-motivated and devalued, whereby ambiguity kills performance. They do not understand how to fit into the team, resulting in the inability to find their individual strength and create an ineffective working environment. Conflicting role descriptions will end up wasting employees' energies understanding their roles within their teams rather than focusing on their productive tasks. They often get involved in unnecessary office politics and arguments. Lack of responsibility and authority delegation can also paralyze a company or waste resources that will eventually cut into their profits.

There have been widely published unethical procurement practices ranging from the deaths of low waged safety garment workers to fraud. Procurement personnel could face serious penalty by an authority for their immoral behaviors. The consequences could result in far beyond costs that can ruin the organization's reputation.

### **Xiii    Lack of Oversight and Audit Trails**

When there is no proper infrastructure to monitor the oversight of the procurement process, the organization will not know what is happening in their supply chain. Uncontrolled spending and accidental orders will eventually result in the loss of revenue. As these purchased items cannot be readily accounted for in financial and inventory records, it complicates procurement policy, budget's forecast, inventory records and financial audits.

Consolidated financial statements could not be fully reconciled when there is a lack of verifiable audit trail data. Without proper audit documentation, it increases the chance for fraudulent financial transactions. Breaches through unethical actions can cost an organization direct damage in profits and reputation. The lack of audit trails can cause an organization not being able to rectify or solve the suspicious transactions in time.

### **3.0: Methodology and Research Strategy**

Research methods very clearly explained; excellent justification of methods (and corresponding implications) against alternatives; research instrument very well-chosen and fully justified

#### **3.1 Introduction**

This section describes the research approach and plan, the tools utilized for data collecting, and the analysis that was done. Here, the study's shortcomings and any ethical concerns that were made will also be noted.

#### **3.2 Research Methodology and Design**

According to *Kothari (2004)*, a research design is the plan and structure of investigating so conceived as to obtain answers to research questions. A research design functions as the research blue print for measurement and analysis of data (*Creswell, 2003*). The design is used for analyzing the major part of the research project such as the samples, measurement of variables, treatments or controls, and methods of assignment work, all these elements endeavor to address the key research questions. The purpose of this study being to illustrate challenges affecting sourcing processes it intended to describe observations as it exist. In this aspect descriptive research design has been used as it is considered to be suitable for the study. *Jackson (1994)*, through understanding educational research argues that all research is partly descriptive in nature, insofar as the descriptive aspect defines and describes the researchers who, what, when, where, why, and how, which are exactly some of the questions raised in the study. The descriptive research design also assisted in saving both time and money.

The study used a qualitative research design, notably desk research. The desk research design includes drawing conclusions about a certain issue using pre-existing data. Desk research is focused on reviewing the secondary sources that are available in order to derive significant information that can assist in addressing the study's objectives. It was the best research technique for the study since it allowed for quick, reliable background information on the subject, which made the research's goals much easier to complete. The research approach was also acceptable for addressing the study's research objectives because it helped generate proper answers for those questions by providing enough data. Due to the study's primary interest in secondary data rather than primary data, alternative techniques and case study designs were taken into consideration but rejected.

### **3.3 Sample**

Human subjects were not included in the study since the pertinent data was secondary rather than primary. Search terms were created to locate relevant publications in different databases, and inclusion and exclusion criteria were made to guarantee that the materials examined met the goal of the study.

### **3.4 Study Procedure**

The data gathering process started after the sample size was determined. Since all of the articles were electronic files, the data was gathered online. The articles were examined, and the pertinent details were recorded for later examination.

### **3.5 Data Analysis**

According to *Kombo and Tromp (2011)*, data analysis procedure includes the process of packaging the collected information putting in order and structuring its main components in a way that the findings can be easily and also effectively communicated. Theme analysis was employed in the study to help analyze the collected information. It involved reviewing the articles and highlighting the information relevant to the topic and the research questions.

### **3.6 Limitations**

Due to the use of secondary data, the current study unintentionally carried over the mistakes committed in the earlier researches. Without completing their own independent validity and reliability tests, the researcher also relied on the authors' declared validity and reliability scores. As a result, the study's validity and reliability were highly dependent on the researcher from whom the data was gathered. The researcher did not oversee the data collecting because the study was desk research, which could have had an impact on the study's caliber. The difficulty of access was another drawback. Due to access problems, several of the articles that met the inclusion criteria had to be changed. The articles were not easily accessible, and the authors either withheld permission to access them or granted it after it was too late to contemplate include those articles in the analysis. As a result, the study's usage of sources was constrained while drawing its conclusions.

### **3.7 Ethical Considerations**

Ethical are principles and acts defining our behavior in conducting goods or bad actions or manners in accordance to our perceptions and beliefs. Ethical procurement prohibits employees from any attempt to realize personal gain through conduct unmoral/inconsistent act during proper discharge of the employee's duties. Should organization succeed in upholding ethical values in

procurements the intended purpose of value for money in public procurement shall be achieved. Since there weren't any human participants in the study, the research was meaningless when it came to creating consent forms. Furthermore, as the study did not entail gathering private data from human participants, confidentiality was also not a significant issue. The study did note, however, that using materials created by other writers raises ethical questions. In the study, for instance, only papers that had been made openly available by their authors were used. In order to protect the publishers of the relevant papers' intellectual property rights, it was decided to make sure the study adhered to their guidelines. Making sure to provide proper acknowledgment to the authors of any information taken from other sources was another ethical consideration noted.

It was essential to give credit to the original authors for any information used in the study that was borrowed in order to eliminate plagiarism incidents that contribute to unethical research practices. Another ethical aspect was to guarantee that the study adhered to ethical research guidelines by reporting the data from the sources utilized exactly as they were without any alteration.

## **4.0: Findings and Discussion**

### **4.1 Introduction**

This chapter covers data analysis, presentation and findings in regards to the case study. Data presented entail response rate, background information of respondents as well as presentation of findings in regards to each study objectives. Analyzed data is based on responses to the items as presented in questionnaires.

### **4.2 Findings**

The discussion part involve comparing the finding of this study with findings from other authors and discussing on what are the differences or similarities and reasons behind those differences or similarities. From the findings it has come out clearly that the mentioned objectives has enormous effects in procurement processes. A brief analysis for each objective is hereunder described. Procurement methods were one of the specific objectives of this study, the study worked out to establish if this factor had effects in procurement processes. Though responses from the study population this study revealed that procurement method has significant effects in regards to public procurement processes in Organizations. Furthermore the results indicate that if there is good procurement methods usually help to have good procurement process and if bad methods are used it directly affects procurement process. It has been found that although the Public Procurement Acts defines procurement methods for the type, magnitude and the circumstance of procurements, Procurement entities are not only confirmed to competitive tendering method but they are also allowed for selection of other defined method in case the described process through competitive tendering is not of the economic and efficient manner, but due to rigid rules regulating public procurement the defined approach sometimes use to complicate the matter for the reasons

such as failure of reaching conclusion due to avoidance of accountability for decision reached. In view of that, this study assent that procurement methods are momentous in affecting procurement processes. Majority of respondents 43% in this segment they think that procurement methods to the large extends affects negatively the procurement process especially if this involve some obstacles such as long process, The findings of this study relates with previous findings through literature review whereby *Musanzikwa (2013)*, in his study emphasized for continuous improvements for procurement processes including procurement methods for elimination of all possible shortfalls in view of improving procurement related functions. Training in procurement related expertise was among of specific objectives of this study whereby the learning out work to authenticate its significance if it has impact or not in procurement processes. Through respondent's data, the majority of respondents concur with the importance of training in regards to procurement processes. Through this study has further learned that due to various challenges encountered in procurement processes, this professions has been undergoing various reforms including adjustment of different legislatives and Acts for addressing observed shortfalls/loopholes in procurement related processes. In view of translating and application of existing procurement laws, trainings is unavoidable factor for better performance of concerned office, hence this study found that the majority of respondents 72%, admit that lack of regular training on procurement related functions impair procurement process as procurement laws and regulations keep on changing for addressing emerged challenges. Hence training has paramount importance in affecting procurement processes. The findings of this study concur with previous empirical findings through *Dalton (2005)*, who demonstrate that training is the process of acquiring specific skills to perform a job better and helps people to become qualified and proficient in doing some jobs. The study learned that both employer and employees recognize the importance of training. Record Keeping



or management of procurement information was also investigated in view of finding out if record keeping affects procurement process. In this study the researcher found that record keeping was a significant factor that affects procurement process. This was evident through acknowledgment of majority of respondents (64%) advised that improper record keeping affect procurement process, whereby on the other way confess that better record keeping has positive effect in facilitation of procurement processes.

### **4.3 Ethics in Sourcing Process**

Ethical is one objectives in regards to this study whereby challenges effecting procurement processes are examined. Questionnaires were distributed to respondents so in regard to requesting information relating to effectiveness of ethical matters in conducting procurement process. Ethical issues are important factors which are necessary to be observed in procurement process. This entails keeping secrecy to information regarding procurement to someone who is not authorized to see that information. Regarding procurement procedures, majority of respondents (50%) responded that indeed to the large extent ethical issues in procurement is an important factor and a direct challenge that may positively or negatively affect procurement process

## **5.0: Conclusion**

### **5.1 Introduction**

This chapter presents summary of key data findings, implication of the study conclusions drawn from the findings of the highlighted issues, recommendations made in regards to the study, limitations of the study as well as suggested areas for further studies. The conclusion drawn focused in assessing challenges affecting Sourcing Process.

### **5.2 Conclusion**

Sourcing process is still a problem in most public and non-public organization. Further effort in solving problems associated with procurement process in our institutions should focus on the regular training on how to keep records moreover ensuring staffs are aware with ICT use in E-procurement.

### **5.3 Recommendation**

The findings of this study suggest that sourcing process is directly related to limitations such as lack of frequency in training, methods used, ICT usage, record keeping and ethical issues. Further emphases should be placed on improving these factors as an intervention for enhancing better and easy sourcing process. Strategies for minimizing factors affecting sourcings should involve improving ethical issues and making sure availability of computers and proper skills for the modern record keeping and enhancement of ICT application for sourcing related functions for all sourcing departments' staffs.

## **5.4 Implications of the Findings**

The findings from this study have given the insight and shaded light on the factors that negatively affect procurement process in most of our institutions. Generally the finding suggests that if staffs has been exposed or are regularly been given seminars, workshops or refresher course in procurement field this has a very positive impact in enhancing and facilitating easy procurement process. It was further found that if staffs keeps procurement records this facilitate easy procurement process in the future while if there is poor record keeping results in negatively or difficult in future procurement.

## **5.5 Recommendations of the Study**

The findings of this study suggest that procurement process is directly related to limitations such as lack of frequency in training, methods used, ICT usage, record keeping and ethical issues. Further emphases should be placed on improving these factors as an intervention for enhancing better and easy procurement process. Strategies for minimizing factors affecting procurements should involve improving ethical issues and making sure availability of computers and proper skills for the modern record keeping and enhancement of ICT application for procurement related functions for all procurement departments' staffs.

## **5.6 Limitations of the Study**

This study was carried out with constraint of time and money hence its scope was limited to enable flexibility and affordability whereby the researcher was unable to conduct in depth analysis for more organizations. Due to time constraints it was difficult to conduct interview with officers as it involves a series of protocols including setting up appointments and approval for conducting interrogations from higher authority, furthermore due to difficulties in setting the

appointments the researcher analyzed that apart from time consuming it also involves other logistics such as transportation which entail financial resources.

## **5.7 Suggested areas for further**

Studies Future research should concentrate on determining the causes of elements that effect firms' procurement processes not performing well.

There is a need for additional research in the following areas despite the study's objectives:

- (i) Studying the causes and effects of how ethical issues impact procurement in companies
- (ii) A thorough investigation into the reasons why ICT and computerized systems are used so infrequently in procurement-related duties for businesses is necessary in light of the study's discovery that there was very little ICT and computerized system application.
- (iii) Since this study found that organizations still primarily rely on paper-based record keeping systems, which not only require additional storage space but are also challenging to maintain the records in cases where an organization is engaged in numerous procurement transactions, more research must be done into contemporary techniques for record keeping with regard to procurement-related documents.

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