Procurement Management Literature Review

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Abstract

The procurement process in business is important in assisting managers to achieve organizational objectives. This research reviews various articles while pointing out the authors' argument on procurement management, reviewing the processes of procurement management, and revealing the relevance of the procurement management process. The criteria for selecting articles for reviewing the procurement process involved four main steps, namely, selection of materials, description, category, and evaluation of the materials. The steps are meant to ensure that the materials gathered conform to the procurement process trends. The systematic gathering of sources for review also ensures that the information collected is up-to-date. During the material search, keywords were used to ensure the relevancy of the sources in relation to the subject of procurement. The literature review on the procurement process is expected to inform entrepreneurs and procurement officers about the ongoing trends in procurement activities and the adjustments needed for improved organizational performance.

Literature Review: Procurement Management

Procurement managers are required to formalize and ease their procurement processes to ensure a consistent flow of raw materials and products in their organizations. These commodities are in the top category, and raw materials make it important for an organization to come up with a proper procurement management plan. Influence from suppliers greatly affects an organization, either positively or negatively, in terms of implementing its overall activities. Nonetheless, coming up with key strategies for selecting appropriate and qualified suppliers makes it easier for a firm to achieve its aims, goals, and objectives. Thus, in the context of the study, excellence in procurement management is duly predicted to relay positive outcomes in the specified project, laying forth the dire need to consider the argument from key authors on matters about project management. Project management requires project managers to relay special attention to procurement management, a case that requires imperative analysis of key authors' argument, to ensure procurement as a process follows due process through following two ideal steps: selection of supplier and evaluation of the supplier, through reviewing the availed literature, pertaining project management.

Purpose Statement

The following factors were considered when describing and analyzing the nature of procurement-related articles for review. First, the study involved checking for the number of published articles, their importance, and the online distribution of the resources. This would ensure that the majority of business management and economics scholars can easily come across articles that fall under these categories and read through them. Data collected aided in portraying the way forward after discerning and affirming that the articles are updated with the required information on procurement management.

Following the completed analysis, a total of eleven articles were analyzed and rated among the best articles according to the objective of the review. Additionally, the relevance of all articles was duly critiqued on the number of times they were cited, thus showcasing their overall usage. Therefore, having selected the eleven peer-reviewed articles, the researcher was in the due position to review the articles, considering the appropriate information was relayed. From the reviewed literature, the steps of procurement will be reviewed according to the views of various authors and related articles.

3Ps of Procurement Management Process

Tripathi & Gupta (2020) dictate that procurement is a general term that indicates the process of purchasing either goods or services. It is the purchasing method used by external suppliers of commodities and raw materials to respective organizations. In addition, it is recorded as a management process that involves various ways, such as reviewing, ordering, receipting, and approval of different items from suppliers. In contrast, procurement management offers key specifications to the suppliers showcasing the process, and the relationship shall be managed as one way of cultivating positive outcomes in the entire process. Tripathi & Gupta (2020) adds that as a series of activities, the procurement process involves the application of the 3Ps as one way of promoting the management process.

Larsson & Larsson (2020) affirm that on the verge of comprehending vital procurement management processes, People, Process, and Paperwork mark the 3Ps of procurement management. Larsson & Larsson (2020) further explain that people are depicted as the immediate stakeholders who hold various positions in the firm. Procurement management is implemented following a duly confirmed cycle, whereby stakeholders hold the mantle of ensuring the cycle is not faulted at any specific point. A person, therefore, promotes authorization or initiation of each process in the procurement process. Fayezi et al. (2018) argue that in line with tasks undertaken by the stakeholders, their figure is proportional to the value and risk of a possible purchase. Tripathi & Gupta (2020) narrate that process as the second acronym, listing all possible rules and regulations to govern procurement management. The rules must be followed to the latter, more so while reviewing, obtaining, and ordering goods or services duly supplied. The process must consider the availability of checkpoints to ensure the

complexity of products and services does not alter the functionality of an organization. Finally, the paperwork is done. Every step of procurement must flow appropriately. For an effective process, paperwork must be involved to ensure the filling and storage of data for future reference and auditing services are implemented. Tripathi & Gupta (2020) sum up the factors worth configuration, arguing that following the 3Ps' shall automatically promote a comprehensive procurement management process.

Procurement Management Process

Fayezi et al. (2018) promote the essence and affirmation of the procurement management process. For decades, investors have been losing millions of dollars in illegal purchasing of goods and services, which may have been smuggled from other firms (Larsson & Larsson, 2020). Collectively, without following the due entrepreneurship code of conduct, a good number of investors have been halting and opposing the government legal procurement process as one way of promoting economic development, substituting the motive with the conduct of illegal supplying of goods and services illegally, marking a loss of tax on the side of government. Fayezi et al. (2018) narrate that the 21st century marked the evolution of key steps and processes that must be duly followed to ensure that the purchasing and supplying of products follow due process. Tripathi & Gupta (2020), in their authorship, depict that the process may be tiresome, but after its implementation, both the supplier and investor reap and record a positive outcome. To affirm the decision, Larsson & Larsson (2020) display seven ideal procurement steps that must be followed by every effective supplier, where the entrepreneurs or relevant organizations must follow the process to ensure the process is not just a structure without implementers.

Fayezi et al. (2018) display seven processes of procurement, which in advance ease the comprehensive nature of purchasing and supplying goods and services. Larsson & Larsson (2020) mark the first stage as needing recognition. Needs recognition is a vital step where the procurement process paves the way for the businesses to lay down their plan and also sketch an accurate mode of procuring both products and services ("Definitive Guide to Purchase Requisition in 2022," 2022). All these are meant to offer timely and reasonable costs, for it is a way of ensuring all possible suppliers will be vetted by a respective panel. Implementing the step also promotes attracting more suppliers, an action that ensures hiking and inflation of price will not be incurred, a positive gain for the entrepreneurs. The step requires ample time and proper advertisement to attract more bidders.

The second step is purchase requisition. As a way of promoting positive management, Larsson & Larsson (2020) showcase that purchase requisition is written and presented as a document commonly used by consumers and internal users in a firm. Internal users are displayed as procurement teams selected in every department in a reputable organization. It is meant to help the immediate team fulfil the existing needs and also configure the tastes and preferences of suppliers. The authors offer the relevance of the step, indicating that it is comprised of vital information required while procuring goods, services, or products in an organization. Failure to review the bidders promotes monotony,

whereby price as a factor may be a point of consideration.

The third step revealed by Fayezi et al. (2018) is requisition review. He argues that procurement management can only be profitable if all the due processes are followed and implemented effectively. On the verge of promoting a requisition review, the purchase requisition will be approved after the purchase requisition has been critiquing. Considering the review stage, it is vital to critique what is entailed in the step to promote and cross-check the availability of funds to best suit the budget (Bienhaus & Haddud, 2018). This step indicates the need for an organization to come up with a procurement department. Layaq et al. (2019) show the importance of the department and must be guided by a qualified, skilled person. In the review stage, there is a dire need to urge department heads and functional managers to double-check the package to ensure all probable positive aspects are recorded. The verification of funds availability is another factor worth configuring in the department. All approved requests graduate to POs, with the rejected proposals and bids sent to the requisitioned party, attached with key reasons for the rejection after the review (Fayezi et al., 2018).

The solicitation step follows the due course of procurement management implementation. Bienhaus & Haddud (2018) say that after approval of a requisition, the procurement department holds the mantle of developing an effective plan. The plan involves sketching out the corresponding plan and solicitation plan. Nonetheless, once the process is accorded a go-ahead, the budget must be approved. Quotation requests must be critiqued with the motive of selecting the best bidder (Fayezi et al., 2018). Vendors must send their bids, whereby the department involved compares the bids and afterwards selects the most appealing vendor, who must be selected after shortlisting and comparing all the bids.

Bienhaus & Haddud (2018) promote the proposal for procurement management. Evaluation and Contract fall into the category after the solicitation process. Immediately after closing the process, the procurement department, in conjunction with the selected evaluation committee, must review and evaluate quotations presented before them by suppliers. Evaluation of the whole process will, thus, determine the best supplier who shall bridge the gap of all existing key requirements. The fifth step is the credibility of action. The credibility of the action shall only be conducted by signing the contract with a purchase order presented to the selected vendor. Layaq et al. (2019) affirm the need for implementing business was, whereby the legal binding of the contract shall duly activate the rights of every respective supplier, also signing the contract ensures the vendor will always adhere to all key propositions and requirements of the firm.

Order management marks the sixth step. The step duplicates the need for time management. Tripathi & Gupta (2020) show the need for delivering the products on time. Timely distribution of products, as per the contract, duly promotes the organization to meet the objectives. Fayezi et al. (2018) discussed that time is a precious factor in any organization, but failure to supply the materials with due time indicates that the respective firm may fail to continue offering its services, showcasing a huge and total loss to entrepreneurs. Tripathi & Gupta (2020) state that the received order must be examined, and the vendor must be notified in due time whether the goods or services met the

expectations of the firm. The motive, as Layaq et al. (2019) pronounce it, must be done through writing for record-keeping as one way of promoting credibility between the two parties.

Disputes and invoice approval are also key factors to consider in the procurement management process. As a critical step, Fayezi et al. (2018) work toward promoting the use of technology in procurement as one way of ensuring the firm and the vendor collaborate and communicate effectively. Tripathi & Gupta (2020) come up with a probable solution on the matter whereby they showcase the relevance of Kissflow Procuring Cloud, software meant to offer a competitive edge in procurement management. Similarly, on the same argument, the supplier will not argue about invoices and failure to pay on time at any time. While the same takes place, a three-way mode must be complete, which promotes approval and forwarding of all payments within due time. Timely payment will positively reinforce and promote the vendor, thus supplying goods and services of high quality (Larsson & Larsson, 2020)

Lastly, Layaq et al. (2019) offer the last step worth configuration and promote procurement management. Record keeping is an important task in business activities. Tripathi & Gupta (2020), as indicated, narrate that record keeping is a vital task, more so after the payment process. Layaq et al. (2019) showcase that all documents, requisitions, and invoices must be recorded and filed to ensure their accessibility is more relevant in case of disputes. Surpassingly, Hu et al. (2021) explain that auditing and bookkeeping are two immediate tasks whose application must be accredited in every respective firm. The central placement of documents, such as the overall use of computers to store information, is thus required. Layaq et al. (2019) add that cloud computing may as well be implemented to ensure that data is not bleached.

Relevance of Procurement Management Process

In the dire need to optimize the procurement management process, Nyamah et al. (2022) promote the understanding by offering ideal steps to optimize the whole process. He begins by showcasing the need to invest in good, reliable software, a good example of Kissflow, which will greatly improve record keeping. Hu et al. (2021) portray effective mechanisms that aid in optimizing the procurement management process. Positively, every firm and vendor must be equipped with relevant knowledge, an idea that indicates the need for timely training. Benchekroun et al. (2019) promote the ideologies by defining precise strategies for procurement, for the same case shall play the role of planning and determining the plan according to the budget of the respective firm. Finally, Hu et al. (2021) define the need for establishing an effective policy, creating open communication channels, and integrating APIs with all procurement processes.

Nonetheless, procurement management plays a major role in entrepreneurship. Nyamah et al. (2022) offer key relevance of procurement management. Although distinct organizations have different management techniques, they are meant to save funds spent by an organization while purchasing the products. Rane et al. (2019) offer a summation of procurement management, possibly through the

application of key elements such as promoting effective and timely delivery of products. Promoting savings on a large scale, quality assurance for every product purchased, and finally, ensuring transparency in all activities completes an authentic procurement process. This involves enhancing the entrepreneurship relationship between the supplier and the organization involved. Adjei-Bamfo et al. (2019) conclude their statement by urging all notable entrepreneurs to always involve the duly discussed processes as one way of promoting effective workability and credibility in performing all legal business activities, with the supply of raw materials being rated among the top priorities.

Conclusion

The literature reviewed has proposed the need to implement an effective procurement process which duplicates a reliable procurement management forum. Thus, from the review, it's worth considering that while purchasing goods or services, it's worth considering following all the key steps. Similarly, an entrepreneur must have a list of probable potential suppliers who must offer a good deal to the organization, an action that may be promoted through calling for bids and selecting the supplier with whom one suits the factors aligned in the firm. Lastly, prior discussion and vetting of all suppliers must be done without prejudice, and the best supplier must be selected, mentioning all financing terms and methods of payment as a way of clarifying and affirming the credibility of a respective firm. The review, however, identified a gap where statistics may be featured to comprehend how the process is implemented in the country. This opens up a precise discussion in future studies about statistics of firms applying procurement management strategies and steps.

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