

Procurement Business Partnering: An Applied Critical Perspective

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ABSTRACT

This study validates a commonly found assumption concerning procurement business partnering in an organization and recommends management actions that could enhance the procurement function. The assumption is that there are critical challenges pertaining to control over resources and decision-making that constrain procurement business partners in enhancing their respective performances within the organization. This assumption is validated through a thematic analysis resulting to five critical challenges. Each critical challenge is then subjected to a transformative redefinition that, in turn, leads to certain recommended solutions.

Keywords: Procurement Business Partnering; Transformative Redefinition; Thematic Analysis; Critical Approach

1. INTRODUCTION

1.1 Background

Business partnering is a functional structure of an organization in which professionals work closely with business leaders and/or line managers to achieve shared organizational objectives, in particular, while designing and implementing systems and processes in support of strategic aims (Taylor and Woodhams, 2011). The structure involves formal designation of “business partner” as a strategist professional who is embedded within the business (CIPD, 2013). A review of related studies indicates that there is a knowledge gap on the applicability of business partnering in the context of the procurement function. An important concept in this respect relates to the Human Resources (HR) function as defined by Ulrich (1997). The concept of business partnering in HR has now become quite popular as evident from the numerous citations (Long and Ismail, 2008; Bashir and Azfal, 2009; Lambert, 2009; Moran, 2012; Reid & Sargeant, 2012). Although the concept was not developed directly from the context of procurement, it is generally accepted that it reinforces the importance of identifying the critical challenges faced by procurement business partners. For instance, the concept has already led to the identification of several professional challenges associated with business partnering and procurement (Jaeckle, 20016; Kid, 2007; Batenburg and Versendaal, 2008; Jenkinson, 2011; Financial Review Business Intelligence and Tenderlink , 2012; KPMG, 2012; Proxima, 2012).

1.2 Problem Statement

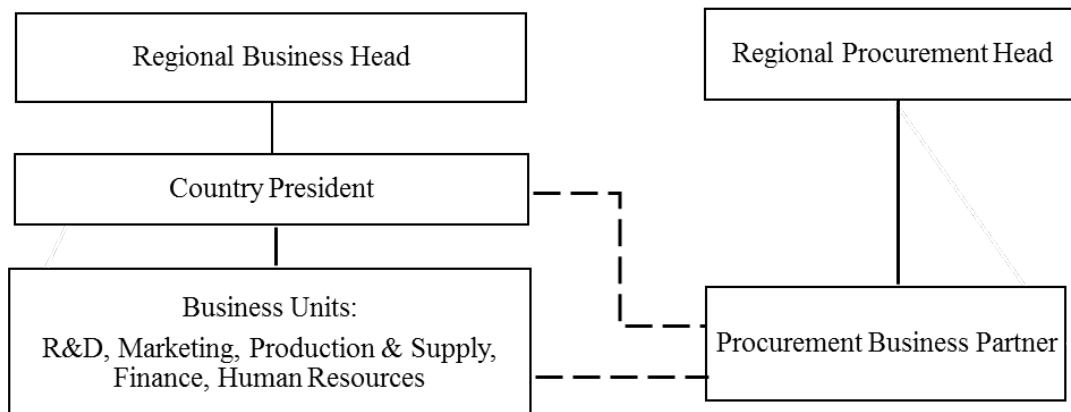
Almost all research works addressing procurement have focused on the power and status of procurement within organizations (Financial Review Business Intelligence & Tenderlink, 2012; KPMG, 2012; Proxima, 2012). Although studies such as the paper of Jaeckle (2006) have showcased the benefits of implementing business partnering, they have neither clarified how it could be implemented nor what factors need to be considered while seeking to enhance functional performance. In short, there continues to be a need to clarify the organization-level challenges associated with procurement business partnering. This paper seeks to fill this gap. Specifically, it seeks to answer two questions:

- (i) What are the critical challenges of procurement professionals in their respective business partnering roles?
- (ii) How should management overcome these critical challenges to empower procurement business partners in the organization?

1.3 Organizational Context

Figure 1 shows the organizational structure of procurement business partnering as viewed in this study. In this structure, country procurement business partners are stand-alone individuals, functionally reporting to the regional procurement head. They are responsible for the implementation of the procurement policy as well as the provision of procurement business needs of each of the business units under their charge. Each business unit has its procurement staff reporting directly to the business unit head and not to the procurement business partner. Further, the partners are under the authority of the country manager in exceptional situations relating to periodic reporting, approval requirements, and the like.

Figure 1. The Roles of Procurement Business Partners in the Organizational Structure under Consideration

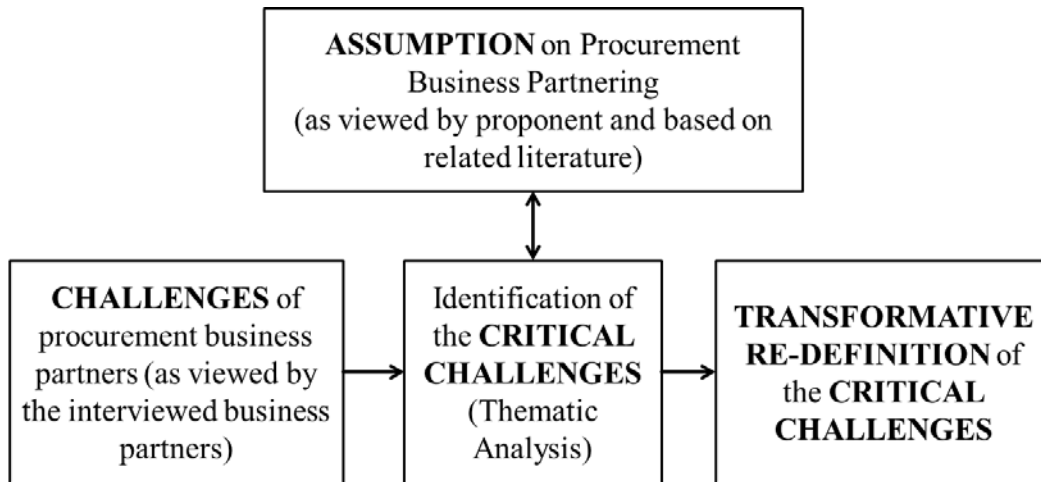


1.4 Conceptual Framework

The conceptual framework underpinning the present study (Figure 2) starts from the challenges of procurement business partners as viewed by the participating business partners. From these challenges, the authors identify those that are critical from the viewpoint of enhancing the performances of the partners within the organization. Finally, each critical challenge is subjected to a transformative redefinition through the application of new concepts and practices (Alvesson and Deetz, 2000) to enhance the understanding of the critical challenges themselves and thereby recommending ways of

addressing them.

Figure 2. Conceptual Framework



2. METHODOLOGY

Drawing upon the conceptual framework, the study followed the critical approach of management research based on the concepts of Alvesson and Deetz (2000). In this context, the assumption on procurement business partnering was helpful in identifying the significant phrases that can be subjected to subsequent thematic analysis aimed at identifying the critical challenges. In the process, the critical challenges themselves were subjected to transformative redefinitions. The redefinitions, in turn, led to recommendations concerning management solutions addressing the critical challenges identified. Finally, the findings and recommendations were validated by presenting them to an independent reviewer as well as seeking feedback from the participants.

The participants in the study were three procurement business partners working for a multinational organization. The first participant had been working in the industry for more than 10 years in the procurement function. The second participant had a Masters degree in Marketing. The third held a Masters degree in Business Administration and was a researcher studying for a Doctorate degree in Business Administration. In view of the high qualifications and experience of the participants, we hoped to collect rich data through our interviews.

The researcher conducted a key informant interview (KII) with each participant to gather information. Unstructured, open, and relational questions were used to elicit the business partnering challenges faced by the participant. The interviews were audio-recorded and transcribed into an MS Word document for thematic analysis. Before the actual interview, the researcher discussed the background and objectives of the study with the participants. The unit of observation was the individual participant, while the unit of analysis was the totality of the transcribed interviews with the participant. The three transcribed interview sets were examined individually and were not compared with each other.

During the phase of thematic analysis, the researcher used the assumption

mentioned earlier as the lens of interpretation to identify the critical challenges of business partners. First, the researcher identified the emerging challenges of procurement business partners via coding of the highlighted significant phrases from the interview manuscript. The codes were arrived by selecting keywords describing the phrase, specifically on the potential words that could describe why the selected phrases are related to the challenges of procurement business partners. Once the codes were identified, the contexts of the phrases belonging to each code were further analyzed. Codes that were related to each other—for example, a code that is an implication of another code or set of codes—were grouped together and considered as one emerging challenge. Put together, these individual challenges formed the list of critical challenges, i.e., challenges pertaining to control over resources and decision-making that constrain business partners while seeking to enhance their own performances within their organization.

Finally, the challenges were identified in two steps. In the first step, the researcher involved an independent reviewer to assess the validity of the thematic analysis process. The reviewer assessed the phrase selection and keyword coding as well as the data display, analysis, and conclusions reached. In the second step, the researcher reviewed the results with the participants to get their feedback on the alignment of the result with their answers during the interview. Thus, the researcher was able to further refine the conclusions reached. Moreover, the researcher conducted a review with one of the participants to comment on the transformative redefinition proposed by the researcher.

3. RESULTS AND DISCUSSION

The following items constituted the initial list of challenges of procurement professionals in a procurement business partnering role: 1) education of stakeholders on procurement business partnering, 2) reinforcement of the execution of business partnering in the operations, 3) non-membership of business partners in the management committee, 4) tactical or operational perception of line managers in the role of business partners, 5) incomplete skills of the business partners to undertake a business partnering role, 6) insufficient leadership support to empower business partners, 7) controlled and delayed cascade of information needed by business partners, 8) preferences of line managers in procurement decisions, 8) relationship building with line managers, 9) lack of business partners' authority and independence as a business unit, 10) influence of line managers on business partners' decisions, and 11) lack of control for the business partners over the method of performance measurement. From this list, the researcher identified five critical challenges for the purpose of transformative redefinition; see Table 1 for a summary.

Table 1. The identified critical challenges and their corresponding transformative redefinitions.

No.	Critical Challenges	Transformative Redefinition
1	Positioning of business partners as non-members of the management committee	Non-membership to the management committee should be seen as an indication of functional independence
2	Business partnering is considered as a tactical function in the organization	Redirection of organizational mindset on business partnering from tactical to strategic levels and putting it into practice
3	Business partner performance depends on the relationship with stakeholders	Upfront articulation of procurement activities and priorities with stakeholders
4	Leadership support to business partners is weak	A wider degree of freedom in decision-making within the procurement function hierarchy
5	Business partners do not have the authority over and independence from stakeholders	Reinforcing the procurement policy to optimize business-partnering power.

The findings from our research were reviewed again with other related studies to compare the challenges identified. The critical challenges identified in this study are found to be broadly similar to those identified in other studies. However, the strengths of this lie in its focus on procurement business partnering and the richness of data gathered from the manager level participants.

4. RESEARCH IMPLICATIONS

The following are the major recommendations emerging from this research study with regard to the procurement function in a business partnering structure:

1. Business partners should develop feedback and escalation mechanisms on non-compliance issues to business partnering. This can be done by recording instances of bypassing the procurement process or deviations from the procurement policy as a part of the documentation produced during procurement audits. Once a feedback mechanism has been put in place and the functional unit heads have become aware of the associated documentation, there would be a tendency to interact with procurement business partners so as to avoid procurement deviations.
2. Business partners should close the gaps identified between the procurement policy and actual implementation by reinforcing the implementation of the policy through education, awareness and consistent implementation.
3. Business partners should segregate tactical activities from strategic ones by deploying tactical activities to stakeholders and executing strategic activities evaluated through prioritization themselves. Prioritization tools, such as ABC Analysis, Pareto Analysis and Supplier Portfolio Analysis are procurement's best practices that business partners can use to demonstrate prioritizations to functional heads in getting project buy-ins.

4. Procurement leaders should support business partners by reinforcing a consistent implementation of the procurement policy and empowering them with a wider degree of decision-making with respect to the procurement function.
5. Business partners should initiate agreement on upfront procurement plans with line managers and measure their performances periodically in the interest of rational performance management.
6. Business partners should have a deep understanding of the organization's procurement policy. This can be accomplished by finding ways for making the procurement policy more visible, e.g., by summarizing approval thresholds and sourcing procedures, printing them, and posting them at work areas for quick access.

Optimization of procurement business partnering performance can improve the contribution of procurement in the operations cost efficiency. This can be realized by pursuing the following operational advantages of addressing the critical challenges of procurement business partnering: 1) functional unit heads are empowered to involve business partners in formulating procurement strategies, thus enabling business partners to contribute their professional expertise; 2) business partners' performance measurement can become more quantitative and relate directly to the profit and loss statement of the company in the form of savings; and 3) business partners are more empowered to reinforce the procurement policy in the organization through good governance.

As for the knowledge gap identified through the review of related literature, this research has proposed a set of critical challenges facing procurement business partnering. Future researchers will do well by considering these as factors in establishing a model for procurement business partnering. Moreover, an organization planning to establish procurement business partnering can address them in advance by considering these critical challenges, thus helping to enhance the performances of business partners with regard to delivering organizational values.

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