

Purpose in Procurement: Much Discussed, Less Conceptualized - An Exploratory Study of CPO Perceptions Based on the Gioia Methodology

Authors : Laurin Zemmrich, Nicolai Stickler

Abstract : With the ongoing debate over how to incorporate sustainability, resilience, and value creation into business strategies, many procurement departments are put under pressure by governments, consumers, non-governmental organizations, and other stakeholders to disclose more information about their supply chains. According to practitioners and experts, procurement benefits the supply chain by increasing transparency and accountability, recruiting new suppliers, and supporting sustainable and ethical sourcing strategies. While most procurement departments establish these objectives, the bulk of activities are not carried out or are not regularly monitored. With the full potential of targeted sourcing still to be realized, procurement executives, in particular, are seeking for short-term cost-cutting impacts to appease external shareholders. We overcome this limitation by using an abductive approach to research and integrating empirical data from a Gioia methodology study design with relevant literature. Our analysis demonstrates that the procurement department has six essential levers aligned with sustainability, resilience, and value creation objectives and contributes to developing a new intra- and interorganizational purpose within the supply chain. Three enablers are identified as having a value-creating effect on supply chain interactions. Additionally, we discovered two impacts that alter the power balance between buyers and suppliers during transactions and have a cost-cutting or cost-avoiding effect. While cost-cutting, cost-avoidance, and dependency-reduction impacts are desirable, redistributing power may also have negative consequences. The article establishes a first strategy framework for evaluating the influence of the procurement department on supply chain transactions, allowing managers to understand better and apply the sourcing function inside a supply chain and embed it throughout the business.

Keywords : supply chain management, resilience, sustainability, value creation, purpose

Conference Title : ICCMP 2022 : International Conference on Commercial Management and Procurement

Conference Location : Paris, France

Conference Dates : December 29-30, 2022