

Purchasing and Supply Management Practices in Corporate Nigeria: An investigation into the Financial Services Industry

Temidayo Akenroye

Leipzig Graduate School of Management
HHL, Leipzig, Germany

Olawale Ojo

DLW Works Limited, Manchester, UK

Oluseyi Aju

Kogi State University
Nigeria

Abstract

In view of the rising demand for effective control over spends on goods, services, contracts, and acquisition processes, organisations need to adopt strategic purchasing practices. This paper explores purchasing and supply management practices in the Nigerian financial services industry. The study is based on a literature review and a questionnaire survey among senior management employees from various financial services firms in Nigeria. The respondents were randomly sampled from insurance, banks, investment firms, mortgage firms and pension management companies in Nigeria. The findings show that practices relating to marketing, financial and customer management are given higher priority than purchasing and supply management activities. The research reveals that purchasing and supply activities in the Nigerian financial services industry are not strategic but mostly transactional. While there are well-known purchasing departments in the firms industry, purchasing related tasks are currently handled by non-procurement professionals. Furthermore, the level of supplier development practices in the financial service industry is developing but not advanced. The findings will support a better understanding of purchasing and supply management practices from the financial services perspectives. This paper provides reliable baseline data for future research into the strategic role of purchasing and supply management in corporate organisations in developing countries.

Key Words: Purchasing, Supplier Management, Corporate Nigeria, Financial Sector

1.0 Introduction

Over the past four decades, purchasing has evolved from a clerical function in the 1960s, through being an operational activity in the 1980s to the strategic nature in the 1990s (Gelderman and Van Weele, 2005; Spekman *et al.*, 1994; Kraljic, 1993). While several organisations have transformed their purchasing capabilities into competitive advantage, others are still lagging behind. Today, proactive firms are expected to control their purchasing operations in an effort to build competitive advantage (Carr and Smeltzer, 1997). In spite of the fact that purchasing has gained recognition amongst companies in the developed countries; the reverse is the case however in the developing countries (Msimangira, 2003). Specifically, African scholars have focused more on investigating public procurement reforms while little efforts have been made in the private sector (Abeillé, 2003; Hunja, 2003; McCrudden, 2004). In view of the current global financial meltdown, It is imperative for private organisations in Africa to adopt more strategic approaches to purchasing in order to facilitate commercial gains.

The aim of this study is to explore purchasing and supply practices in the Nigerian corporate organisations while focusing on the financial services industry. Nigeria is one of the few African countries currently enjoying a democratic political and economic system. It has a prosperous economy and happens to be the most populous country in Africa with a population of over 140 million people. Although purchasing function exists in most Nigerian firms, little is known, however, about their operational perspectives. There are a number of reasons why the Nigerian financial services industry is a good case to investigate purchasing practices. Firstly, it is incontestable that the financial system is the engine of growth in any economy.

Secondly, financial services firms have been acknowledged as one of the most capitalised in the Nigerian stock exchange market (Okigbo, 1991). Thirdly, research into purchasing and supply management practices in Nigeria is limited. As such, the result of this exploratory study will aid a better understanding of purchasing and supply management practises in the Nigerian financial services industrys.

2.0 The Strategic Role of Purchasing

According to Van Weele (2000) procurement refers to all the activities in a firm that involves getting a product or service from the supplier to the final customer. Quayle & Quayle (2000 pg7) sees procurement as purchasing, contracting and logistics: where logistics is taken to be inventory control, warehousing, transport, quality assurance and control"; It is important to note that the term procurement is often used where government purchasing is involved. Several organisations in the past have viewed purchasing as much more administrative than strategic part of the organisation (Carter & Narasimhan, 1996). However, they failed to include the purchasing professionals as part of the organisations strategic decision making team (Carr *et al*, 2000). Similarly, it has been noted that organisations give more importance to issues relating to financial management, waste reduction, marketing, strategy and leadership rather than purchasing and supplier development activities (Quayle, 2005).

The strategic importance of the procurement function is well established in the literature. Mäkinen *et al.*, (2011) conducted a study on purchasing practices in the Finnish banking industry, results of this investigation revealed that banks can decrease their transaction costs and enhance competitiveness through the application of cooperative purchasing. Also, purchasing has a direct effect on the ability of a firm to compete through its impact on quality, cost, technology and supplier responsiveness (McIvor *et al.*, 1997). Aside the immediate contribution on price savings, a performing purchasing function can improve shareholders value as well (Lincoln *et al.*, 1998; Van Weele, 2002). Although there are numerous assurances that purchasing activities can influence corporate performance, little or no studies have been conducted in this context in Nigeria.

2.1 An overview of Purchasing and Supply Practices in the Nigerian Financial Services Industry

Little or no academic research work has been carried out on the purchasing and supply practises in the financial services companies in Nigeria. This however does not mean that these companies do not have purchasing and supply management functions. While there are limited evidences regarding how purchasing and supply management is being conducted by financial services companies in Nigeria, their willingness to implementing value added purchasing practices cannot be doubted. For example, it is well-known that several public and private organisations might need to accelerate their procurement practice in order to withstand the current economic crisis (European Commission,2008). Also, purchasing has evolved over the years from a clerical function into a strategic function (Ellram & Carter, 1994; Carter & Narasimhan, 1996). Even so, it looks as if companies within the Nigerian financial system will be more familiar with the term outsourcing vendor management than purchasing and supply. According to Adeleye (2002), financial services firms in Nigeria have a long history of contracting services such as training, security services, marketing and information technology to external providers.

This is not unexpected because many financial service firms have contracted their non-core functions to external vendors through outsourcing agenda. For example, Bank of America contracts her human resource function to external providers or vendors (Adeleye, 2002). Similarly, Computer Science Corporation in Switzerland (CSC) got five-year contract worth \$44 million to provide IT services for Coop Bank of Switzerland in 2001(CSC, 2000). Outsourcing is the act of contracting a range of services from a third party (Pearlson, 2001; Butler *et al* 2000). According to McIvor (2003), the number of companies that have adopted a strategy which led to the outsourcing of more activities to suppliers is rising. Nevertheless, the decision for outsourcing or purchasing services should be based on a professional procurement strategy. Companies develop their procurement strategies from various perspectives which include price/cost, product/quality, and value added point of view (Kumar *et al.*, 2005; Van Weele, 2002). Thus, it is necessary to understand the dimensions from which the Nigerian financial services organisations view their respective purchasing functions.

2.2 Supplier Evaluation

The process involved in supplier selection is lengthy, and it utilises different standards and criteria ranging from delivery time, pricing structure, service level and product quality.

These criteria are neither fixed nor standardised to evaluate suppliers. Their applications in the entire selection process vary across organisations. Therefore, the selection process has been described as a typical trade-off that allows a certain supplier to offer poor quality goods at a reduced cost while another supplier offer higher quality item at an uncertain delivery time (Bhuta & Huq, 2002). It is therefore a risk to minimise cost, and maximise quality with the wrong supplier (Araz & Ozkarahan, 2006). Furthermore, Burke *et al.*, (2006) asserted that the sourcing strategy of a firm is characterised by three key decisions, firstly criteria for establishing a supplier base. Secondly, criteria for selecting suppliers who will receive an order from the firm and thirdly the quantity of goods to order from each selected supplier.

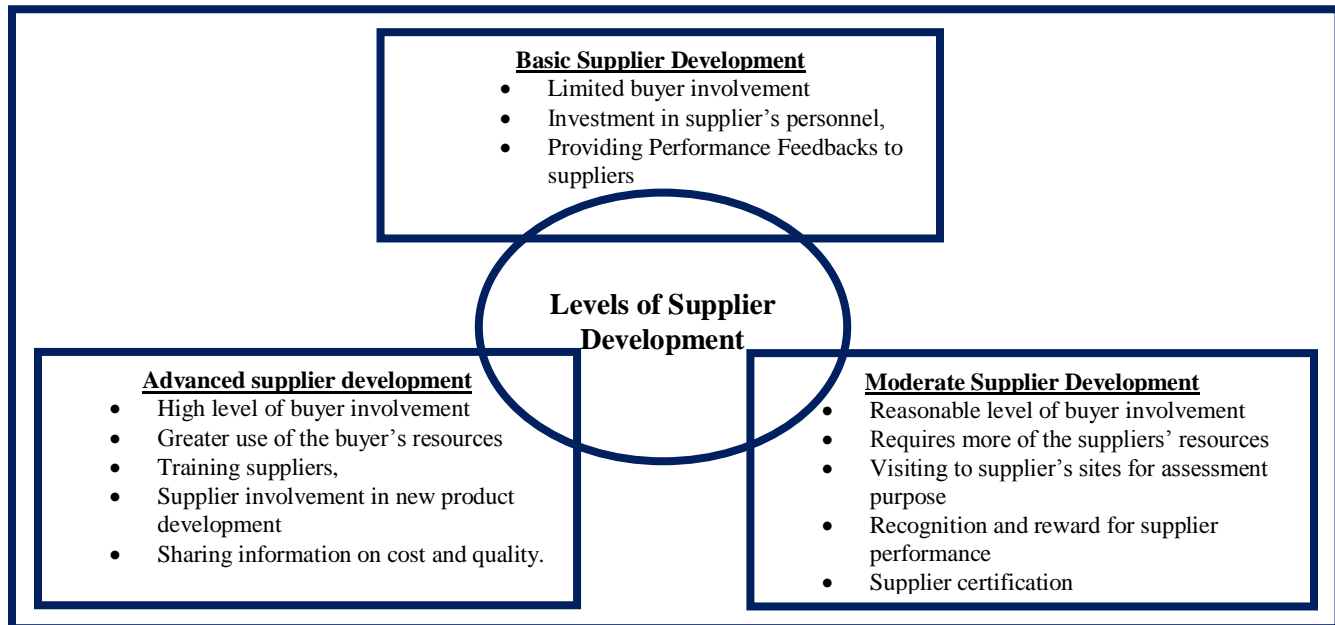
In order to overcome supply chain disruptions, excessive downtime of production and eventually a loss in revenue, firms apply effective evaluation process to select their suppliers (Cebi & Bayraktar, 2003; Burke *et al.*, 2006). Supplier evaluation can be conducted based on price, quality, delivery, flexibility, warranties, technical capability, financial position, performance history and several others factors (Cebi & Bayraktar, 2003; Demirtas & Ustun, 2006; Weber & Ellram, 1993; Bhutta & Huq, 2002). A recent publication on the supplier selection method of a Nigerian bank shows that “the bank has consistently relied on referrals, and employee contacts to identify and on-board local suppliers” (Business Day 2011). This depicts an informal sourcing practice which ends up in driving poor quality goods and services into the financial services supply chain.

Having recognised this problem, efforts are being made to improve vendor management practices within the financial services industry in Nigeria via capacity development initiatives. For instance, the Edcomm Group Banker’s Academy (EBA) recently developed sets of courses to train the staff of various financial services companies in Nigeria about the importance of good vendor selection (EBA, 2011).

2.3 Supplier development

Supplier development has been an attractive concept to managers and the academic community since the early 90s (Celly, Spekman, and Kamauff, 1999; Dyer and Singh 1998; Madhok and Tallman, 1998). This is typified by the fact that an organisation can at times decide to invest in their suppliers to achieve certain benefits. Supplier development programmes can be deployed in various forms. Buyers may share their business information with their suppliers, provide financial assistance and involve suppliers in new product development (Zajac and Olsen, 1993). It requires companies to invest in their suppliers in order to accumulate substantial benefits, and improve the performance or capabilities of their suppliers. Interestingly, the debate on supplier relationship management practices is now admired by academics and practitioners. As a result of this, managers have realised the need to move from the traditional adversarial relationship to a more strategic partnership with their providers (Morrissey & Pittaway, 2004; Veludo *et al.*, 2004). Thus, effective supplier development and supplier relationship management are vital to achieving competitive advantage (Quayle 2002).

According to Ellram (1995) firms faced with problems of deficient supplier performance and capabilities usually implement a wide range of supplier development practice, which could be deployed to upgrade the capabilities of suppliers purported to be the weak link in the firm’s supply chain. Also, firms can achieve efficiency through risk sharing within the supply chain (Handfield *et al.*, 2000). This has encouraged firms to increase investment in their supplier’s skills and competence so as to be able to achieve a world class supply chain (Liker & Wu, 2000). The diagram in figure 1 describes various level of supplier development programme.

Figure 1: The various levels of supplier development programme

(Adapted from: Sanchez-Rodriguez *et al.*, 2005; Krause & Ellram, 1997; Monckza & Trecha, 1988)

3.0 Methodology

The aim of this study is to explore purchasing and supply practices in the Nigerian corporate organisations while focusing on the financial services industry. Firstly, a literature review was conducted to help in identifying established theories, generic organizational perspectives of the purchasing function, supply evaluation and supplier development programmes. Issues identified in the literature were phrased into variables and were used as a tool to capture primary data through an empirical survey. This study adopted the questionnaire method because it enables the authors to paraphrase the research objectives into definite questions that were asked the survey participants (Davis & Cosenza, 1993). This in effect, enables the gathering of responses in an objective and standardised way (Cohen et al, 2000). The survey population comprises of senior management personnel from the banks, insurance, investment, mortgage and pension management companies in Nigeria. Afterwards, questionnaires were sent to the participants by email, and while they were expected to respond within three weeks, we made additional efforts to expedite responses.

Each section of the questionnaire was used to collect different kinds of response. The first section explores the perceived strategic role of purchasing in the respondents companies. In this instance, respondents were asked to verify the following: the presence of a purchasing department, existence of a formal purchasing strategy, numbers of purchasing experts and the perceived value of the purchasing function within their companies. The percentages of respondents' choice were calculated and reported. The second section of the questionnaire aided the collection of data on the following issues:

- i. Perceived importance of the purchasing function in the organisation
- ii. Suppliers' capability assessment priorities.

The third section of the questionnaire helped in examining respondents' views on supplier management principles that are well known in the literature. Consequently, data from section two and section three of the questionnaire were collected and evaluated using closed ended questions with *Likert Scale* items. The perceived level of importance of each items in the second section of the questionnaire were computed and reported. The statements developed in section two of the questionnaire were modelled after (Quayle, 2005). Participants were asked to rate the items in section two as follows; *Very Important, Important, Satisfactory, Not Important, Not Very Important, Have No Idea*. Section three of the questionnaire took a slightly different approach as respondents were asked to state the level of agreement with set of items using a scale: *Strongly Agree, Agree, Neutral, Strongly Disagree, Disagree*.

The level of agreement of respondents response to the statements itemized in section three of the questionnaire were computed and reported as well.

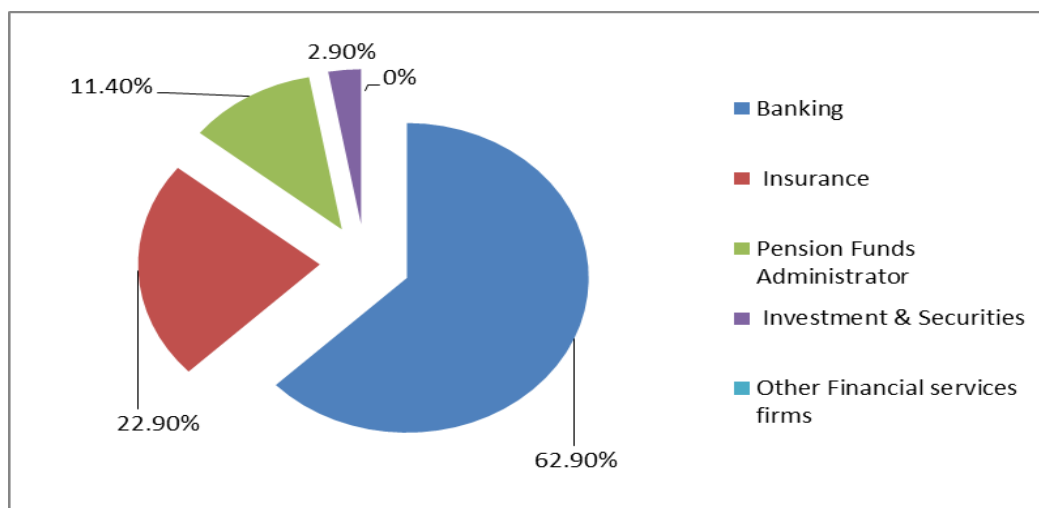
3.1 Sampling and Data Collection

Using a random sampling approach, we choose a sample size of one hundred and fifty (150) questionnaires for this survey. This sample size is not considered to be accurate but reliable for the purpose of statistical analysis (Saunders *et al.*, 2003). It has been noted that researchers do not have access to a complete statistical population of interest in most situations (Chua, 2006). In the same way, we were less encouraged to access a larger number of participants because of the problem of getting their cooperation and the time spent on expediting participants to complete and return the questionnaires. Out of one hundred and fifty (150) questionnaires sent to participants, seventy six (76) questionnaires were returned. This represents a response rate of fifty point six (50.6) percent. In order to establish a reasonable level of reliability, we further screened the returned questionnaires to identify any irregularity. Six (6) out of returned questionnaires were not fit for further analysis due to mistakes made by respondents in the process of completing the questionnaires. The authors then applied the *casewise* deletion procedure by setting aside all incomplete questionnaires from further analysis (Hair *et al.*, 1998). Hence, only seventy (70) questionnaires were subject to final analysis. The SPSS software was used to analyze the data and the results are presented below.

3.2 Results

Participants were drawn from a range of financial service organisations in Nigeria. The business characteristics for the respondents are presented in figure 2.

Figure 2: Respondents' Business Characteristics



The above results show that about sixty three (63) percent of the respondents were personnel from the banks compared with twenty three (23) percent and eleven (11) percent who were working in insurance and pension companies respectively. Respondents from investment companies are nearly three (3) percent but no response was received from other financial services firms.

Figure 3: Respondents’ Experience of Purchasing and Supply Management

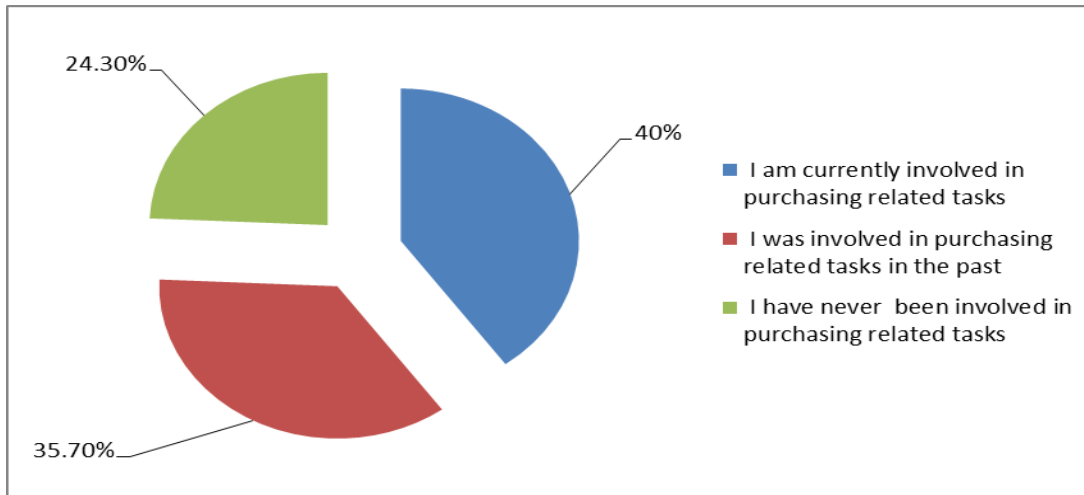


Figure 3 shows the level of experience of the respondents regarding purchasing and supply management practices. Most of the respondents have varied degrees of purchasing and supply management familiarity, forty (40) percent currently work in purchasing related functions and about thirty six (35.7) percent had been engaged in tasks relating to purchasing in the past. Only seventeen (i.e. about 24.3 percent) of the respondent had never been engaged in purchasing related activities.

Figure 4: Respondents’ Designation

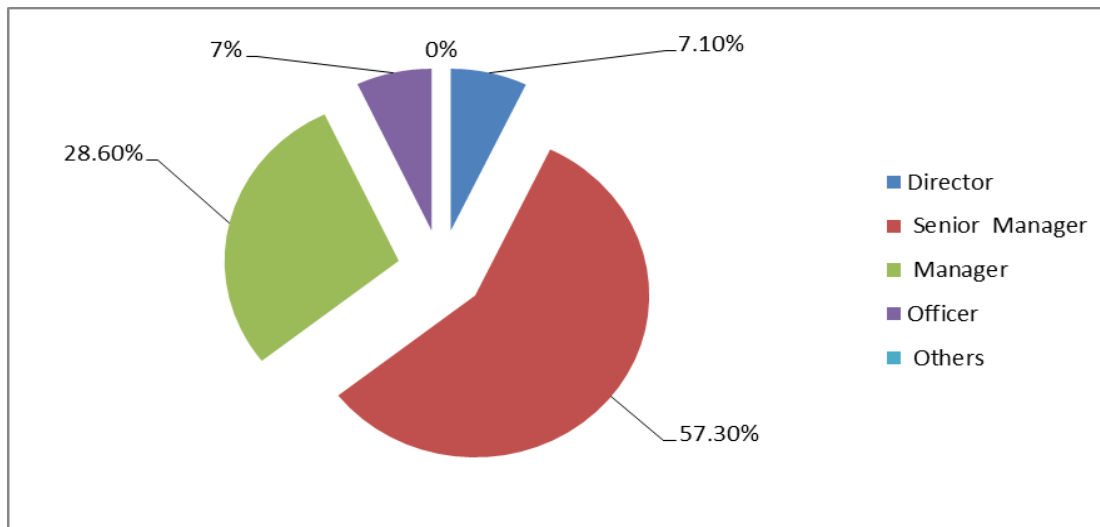


Figure 4 describes the official status of the respondents. The average purchasing experience of the respondents is seven (10) years. We consider the respondents’ views substantial for this study based on the fact that 57.3 percent were senior managers and twenty eight (28.6) percent of them occupy managerial positions in their respective organisations. While seven (7) percent of the respondents were officers, their supposed lack of experience could be compensated by the remaining seventy one (7.1) percent of the respondents who were directors.

3.3 The Strategic Role of Purchasing

This section aims at finding out the strategic status of purchasing and supply within the firms of the respondents. Using the questionnaire, respondents were asked to confirm the following: *the existence of a purchasing department; if they have a purchasing strategy; the presence of purchasing professionals; and their perception of purchasing activities.* Only Fifty two (52) out of seventy (70) respondents from the survey indicated the existence of a purchasing department within their organisation. This represents about seventy four (74) percent of the entire sample population.

Of the organisations with a purchasing department, there is an average of 15 employees with only 1/5th of them being procurement experts and the remaining non purchasing professional. The remaining eighteen respondents said that purchasing activities are conducted by non-purchasing professionals in their companies.

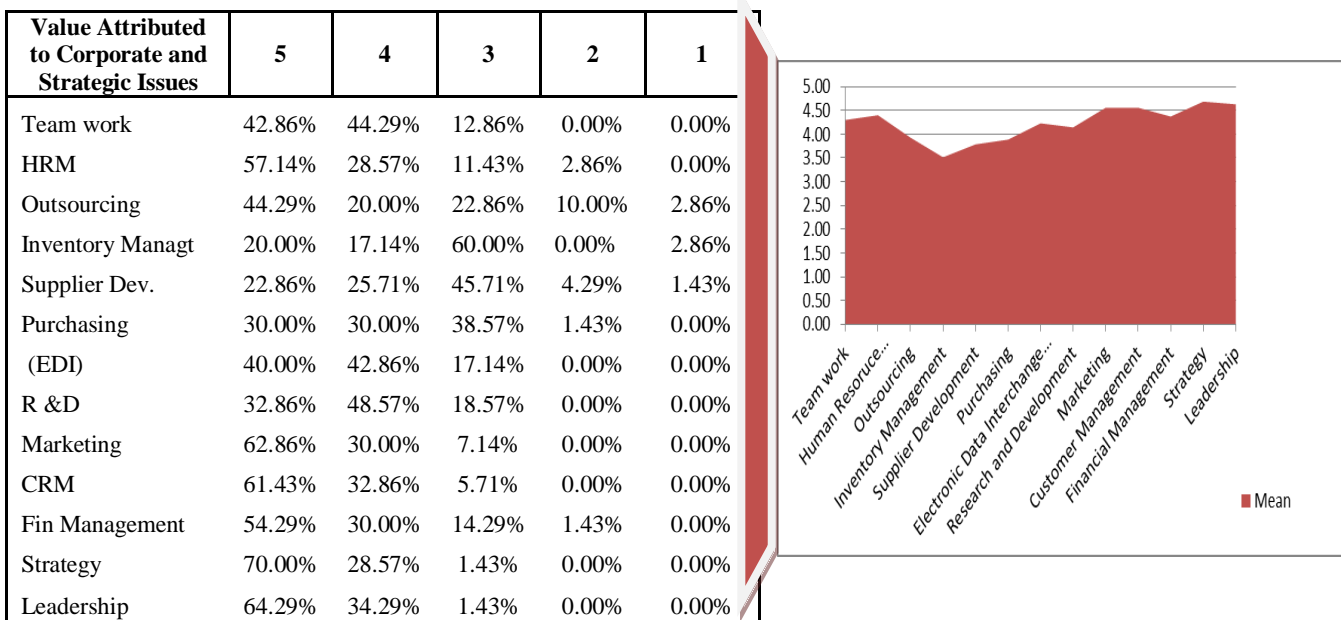
Just forty (40) per cent of the respondent held the opinion that purchasing staff has a role to play in developing corporate strategy. Meanwhile, about fifty four (53.5) percent of the respondents said they have a written purchasing strategy in their company. The remaining forty six (46.5) percent established that they are in the process of drawing up a purchasing strategy document.

With regards to the perceived value of purchasing activities, the majority (78.6 percent) of the respondents said they consider purchasing a cost centre. The remaining twenty one (21.4) percent of the respondents perceive purchasing to be a value adding function

3.4 Value Attributed to Corporate and Strategic Issues

This section examines the corporate priority of purchasing amidst other organisational practices. On a five point Likert scale, respondents were asked to state the level of importance given to the following activities within their respective organisations: Leadership, Customer Management, Marketing, Human resource Management, Financial Management, Electronic Data Interchange (EDI), Research and Development, Team work, Outsourcing, Purchasing, Supplier Development and Inventory Management. Figure...shows the results.

Figure 5: Value Attributed to Corporate and Strategic Issues



In figure 5, the respondents rated Strategy, Leadership and Customer Relationship Management as the top three priority subjects in their organisations with mean = 4.69, 4.63 and 4.56 respectively. Next to these are Human

Resource Management, Financial Management and Team Work with mean values of 4.40, 4.37 and 4.30 respectively. Of the 70 respondents about fifty percent (48.57 percent) and forty three (42.86) percent observed Research and Development (R&D) and Electronic Data Interchange (EDI) to be essential but not very significant. The low priority issues are Outsourcing, Purchasing, Supplier Development and Inventory Management with mean = 3.93, 3.89, 3.79 and 3.51 respectively. It is surprising to see that the subjects that were given low priorities characterise world class purchasing and supply practices in any organisation. We probe further to understand in what manner do the respondent rate these subject low in their responses. Sixty (60) percent and forty five (45.71) percent of the respondents said that Inventory Management and Supplier Development were given satisfactory attention despite their relatively low ratings.

3.5 Major Concerns in Supplier Evaluation

This section presents respondents opinion about the key criteria used in evaluating suppliers in their respective companies. In the literature, the most common criteria used in supplier evaluation include price, quality, delivery, flexibility, warranties, technical capability, financial position and supplier performance history (Cebi & Bayraktar, 2003; Demirtas & Ustun, 2006). An initial question was asked to establish the usage of supplier selection system, ninety (90) per cent of the respondents indicated in the affirmative. In order to gain more understanding about the important factors used in supplier evaluation, the respondents were asked to choose the level of importance ascribed to a variety of suppliers’ capabilities displayed in figure 6.

Figure 6: Key Areas of Focus in Supplier Capabilities Assessment

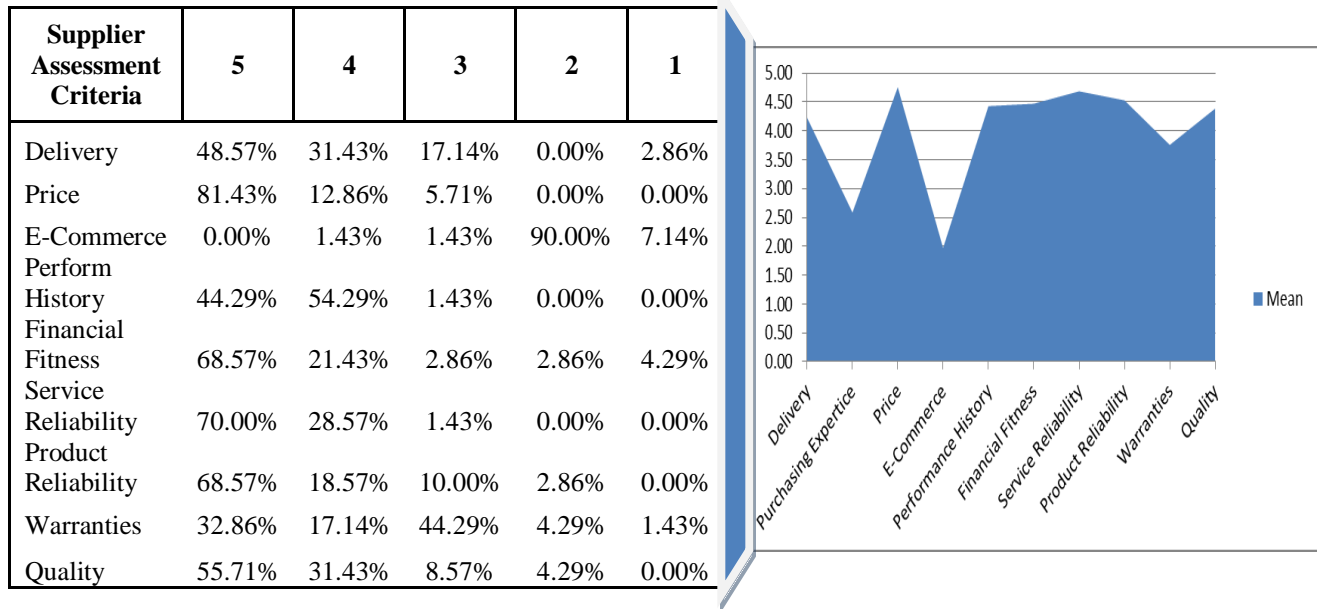


Figure 6 shows that Price, Service Reliability, Product Reliability and Financial Fitness were the top four factors regarding supplier evaluation. Not only did these factors received the top four ratings, more than sixty percent of the respondents picked them as very important. While supplier performance history was rated fifth, less than forty five (44.29) percent of the respondents said this factor as very important regarding supplier evaluation. Next to performance history, Quality and Delivery were receive the highest with mean = 4.39 and 4.23 respectively. The least rated factors with regards to supplier evaluation are Warranties, supplier purchasing skills and E-Commerce capability of the supplier. Although, suppliers Warranties was not rated very high but about forty five (44.29) percent of the respondents still believe it is given satisfactory consideration during the suppliers’ assessment programmes.

3.6 Supplier Development Variables

This section examines the attitudes of respondents regarding “Supplier Development” variables found in the literature. The percentage frequencies and strength of respondents’ agreement with each variable are presented and discussed below.

- Engaging suppliers in performance review:** this variable was tested with the question: “To what extent do you support the idea that suppliers should be engaged in reviewing their performance?” and the response showed that about thirty seven (37.1) percent and fifty four (54.3) percent of the respondents are in strong agreement and in agreement respectively that suppliers should be involved in the process of reviewing their performance. Meanwhile, seven point one (7.1) percent were neutral while only about three (2.9) percent did not agree that suppliers should be engaged in their performance review process. This means that a majority of the financial services organisations in Nigeria currently conduct joint performance review practice with their suppliers.

- **Supporting suppliers' via training and capacity development programmes:** Respondents' views were examined regarding supplier development by provision of training and capacity support programmes: "To what extent do you agree that companies should help improve their suppliers businesses via training and capacity development?" The results show that fifty seven (57.1) percent and eight (8.1) percent of the respondents answered that they disagree and strongly disagree respectively with this statement. Thus, it looks as if suppliers' training and capacity development is not a common practice amongst the respondents' organisations. However, about twenty five (25.7) percent of the respondent showed agreement with to this statement, while about ten percent of the respondents remained neutral.
- **Information sharing with suppliers:** In order to know their view on the principle of sharing corporate data with suppliers, respondents were asked the below question: *Do you agree that organisations should be making their sales and other financial information available to their suppliers?* And the result showed that there was a strong interest in sharing information with suppliers, about thirty two (31.5) percent and 30 percent of the respondents strongly agree and agree to constantly sharing information with their suppliers respectively. In contrast about eighteen (18.5) percent and twenty (20) percent strongly disagree and disagree with the idea of sharing business information with suppliers. This implies that the sharing information with the suppliers is not an extraordinary act within Nigerian financial service industry. However, there no evidence to establish the level at which information is shared with suppliers.
- **Suppliers' involvement in product/service development:** respondents were asked to describe their perspective about supplier engagement in new product/service development thus: *To what degree do you support the involvement of suppliers in new product/service development process?* Out of the seventy (70) respondents, fifty seven (57.1) percent of them said they agree and strongly agree altogether towards involving suppliers in product/service development process. While (38.6) percent of the respondents disagreed with this statement, none of them strongly disagreed. This implies that some financial services companies in Nigeria have involved suppliers in developing new products/service at one stage or the other. Generally, financial products are intangible and raw materials are not required from the suppliers in order to make them (e.g. current account, savings account, loans). Based on this, the likelihood of engaging suppliers in this context is relatively low.
- **Provision of financial support for suppliers:** According to Zajac and Olsen, (1993), proactive organisations occasionally assist their strategic suppliers with financial support. We sought the views of respondents on the need to develop supplier through financial support programmes aid issue and the response received is summarised below: *To what extent do you agree with the thought that companies should provide financial support for their suppliers when necessary?* Approximately fifteen (15.5) percent of the respondents strongly agreed. An almost equal number of the respondents were undecided. While about twenty eight (27.14) percent of the respondents agreed with this statement, thirty (30) percent of them disagreed. It is amazing to see that almost equal number of respondents share opposing views with this statement.

4.0 Summary and Discussion of Findings

The attention given to purchasing and supply management activities in the Nigerian financial service industry is increasing. There is an indication that purchasing strategy is work in progress in most of financial services. More than half of the respondents said they there is a formal purchasing strategy in their company. The findings in this study advance the argument that purchasing is still perceived as an administrative function rather than strategic (Carter & Narasimhan, 1996). About seventy five (74.3) percent of the respondents indicated the existence of purchasing department within their respective organisations. However, most of the purchasing and supply related tasks are being conducted by non-purchasing professionals. Though, this outcome is not surprising as it holds the common view that most organisations failed to include the purchasing professionals in making strategic decision (Heller, 1999 & Carr *et al*, 2000).

In the literature, the majority of organisations still recognise purchasing as non value added function (Kumar *et al* 2005; Van Weele, 2002). Similarly, just less than half of the respondents believe that that purchasing staff has a role to play in developing corporate strategy. Overall, only twenty one (21.4) percent of the respondents considered purchasing to be a value adding function. Thus, there seems to be limited engagement of purchasing experts in making strategic decisions in the Nigerian financial service industry.

Furthermore, the respondents rated purchasing, supply management and inventory management as low priority issues in their respective companies. This supports the well-known view that organisations give more attention to issues relating to financial management, customer relationship, marketing, and strategy, leadership than activities associated with purchasing (Quayle 2005). E-commerce readiness is one of the areas measured during supplier evaluation in the literature (Makadok, 2001; Easterby-Smith *et al.*, 2009). On the contrary, this study discovered that E-Commerce is perhaps not priority for supplier evaluation in the Nigerian financial service firms.

By and large, respondents' attitudes towards supplier development issues were promising. This indicates some level of supplier development practices within the financial services firms in Nigeria. The respondents showed strong agreement with the idea of supporting the suppliers through training and capacity development. The majority of them oppose the idea of provide financial support for the suppliers. The respondents also disagreed substantially with statement that relates to information sharing in the supply chain. The authors cannot examine the issue of information sharing further due to the lack of literature on purchasing practices and supply in Nigeria. While this is unsatisfying, it demonstrates existing lack of data which often hinders researchers from conducting studies in the developing counties (Heeks 2002).

4.1 Conclusion and Recommendations

This research highlights purchasing practices in Nigeria, with reference to the financial services industry. The findings show that purchasing and supply activities are not perceived to be as important as issues relating to marketing, financial and customer management. The reason for this could be traced to the fact that organisations in developing countries are just beginning to realise the strategic nature of purchasing (Msimangira 2003). Consequently it could be presumed that in the Nigerian financial services industry, purchasing has not attained a strategic role; though our review of respondent views shows that positive steps are now taken in this direction. Furthermore, most of the respondents confirmed the existence of a department in charge of purchasing activities in their firms. This indicates some progress and awareness of effective purchasing practices within their firms. Nevertheless, there are other factors which show that companies in Nigeria financial services industry require aggressive efforts to achieving world class purchasing status, this is underpinned by the way purchasing functions are being treated. They are categorised as cost centres rather than being value-added activities.

Moreover, the respondents also shared some views in support of supplier development principles. They would rather aid their suppliers through activities such as engaging them in performance review, exchanging business information with them and involving them in the development of new products, than provide monetary support and invest in training suppliers staffs. A synopsis of their views on supplier development could be termed as basic supplier development practices (Sanchez-Rodriguez *et al* 2005). This reflects their limited involvement and investment of resources on the suppliers. A gradual movement from the basic towards advanced supplier development practices is however, expected to emerge in the long run. This would further drive strategic purchasing practices within the industry. It is only then that purchasing can be integrated into the overall corporate strategy (Ammer, 1989).

In view of the rising demand for effective control over spends on goods, services, contracts, and acquisition processes, Nigerian financial services originations need to adopt strategic purchasing practices. This can only be achieved if purchasing and supply function is seen as a key component of the firm's competitiveness. According to Trent (2004) an effective organisational design aids in the provision of the foundation upon which firms can pursue progressive supply strategies. If efforts are made to facilitate strategic approaches to purchasing, the financial services companies in Nigeria can enjoy continuous cost savings, effective services and value for money.

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