

The impact of evolutionary and developmental metaphors on Purchasing and Supply Management: a critique

Abstract

A widespread consensus has emerged in the Purchasing and Supply Management (PSM hereafter) field arguing that purchasing and supply activities may be allocated to the categories of 'strategic' and 'non-strategic'. Whereas strategic activities are associated with higher inter-organisational status, non-strategic activities are regarded as generating low levels of status. Consequently purchasing functions can obtain more intra-organisational status by focussing their efforts on strategic activities, and they should thus be encouraged to undergo this change, which may usefully be described as following an evolutionary or developmental path from a clerical to a strategic focus. The paper seeks to demonstrate the strength of the consensus surrounding these ideas by conducting a wide-ranging literature survey; challenges the validity of that consensus and empirically tests its influence on practitioner attitudes and behaviours. Abundant evidence is found to support the proposition that a consensus has emerged. The validity of this consensus is challenged in a variety of ways, particularly with reference to the distribution of large and small companies in the economy. The pilot study confirms that practitioners have absorbed the consensus view promulgated by academia. The undesirable effects of the bias against certain types of activity on functional and overall organisational effectiveness are considered, and

recommendations are made for both practitioners and academics working in the subject area.

Keywords

Purchasing, Strategy, Evolution, Development, Bias

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Introduction – the problem

In 2005, in the process of constructing a model based on assumptions about attitudes within firms towards the role of the PMS function, Paul Cousins observed that:

...if a firm adopts a cost focused approach to its competitive position it will be unlikely to consider supply as a strategic process, because its competitive priority is to reduce cost...Whereas if a firm sees itself as a differentiator in the market place, it is likely to take a more strategic view of supply; supply will be seen as a source of competitive advantage through inter-organisation collaboration management. (Cousins, 2005, p. 422)

Logic would suggest that companies focussing on costs as their primary source of sustainable competitive advantage (SCA hereafter) would quickly identify the PSM function as central to any strategic efforts. This is the function through which up to 80% of the organisation's costs are pouring and whose continuous contact with large numbers of suppliers offers the possibility of generating many more strategically significant, cost-reducing innovations than any firm could hope to achieve from its internal resources alone. However, Cousins suggests that such companies will tend to regard the function as tactical or operational in nature only. We find this counter-

intuitive, deeply puzzling and it raises the question of why such companies should fail to recognize the PSM function's potential for cost-based contributions to overall strategic survival. This paper seeks to offer an answer to that conundrum by identifying and subsequently challenging a widely-held set of beliefs concerning purchasing activities, types of PSM function and that function's strategic contribution and status. The paper will show that there is very wide support for the claim that some activities contribute little to an organisation's 'strategic' performance and therefore generate low status. In the PSM literature these have been labelled variously as 'clerical' or 'administrative' and the like (see *Table 1* below), and include activities such as negotiation. Others, such as involvement in the generation of purchase specifications before orders are placed, are afforded the description of 'strategic' and assumed to generate high status. The paper will demonstrate the strength of, and lack of challenge to, this widely supported consensus in a variety of literatures, before critically assessing the validity of its assumptions. It is further argued that because metaphor constitutes one of the most powerful mechanisms for the transfer of ideas from academia to practice, the consensus is currently reinforced by the widespread use of the concept of the 'evolution' of the purchasing function and its supposed 'stages of development'. Both of these metaphors embody an assumed gradation of activities from low to high status and from clerical to strategic. It will be shown however, that there is no isomorphic mapping of activities and strategic contribution and that the existing allocation of a variety of purchasing activities onto 'operational' or 'tactical' status-related categories is deeply misleading. Moreover, the evolutionary and

developmental metaphors are themselves shown to be unhelpful. These conclusions are followed by an empirical pilot study designed to test the extent to which academic beliefs have penetrated practitioner attitudes and behaviours. Finally, the paper discusses the implications of the findings for PSM practitioners and academics alike.

Purchasing activity category beliefs - evidence from the literature

The arguments and explanations that unfold in this paper rest partly upon the claim that the beliefs described are sufficiently widely held to constitute a consensus on the subject of the contribution of different purchasing activities to an organisation's strategic objectives. In support of this contention, what follows is an extended exploration of the relevant literatures that draws upon a larger and more-wide ranging selection of references and quotations than might normally be expected in a paper of this kind.

It may be argued that the PSM and related literatures embrace a widespread acceptance or belief that the PSM function in many companies has still not attained the status that it deserves, and that some activities are capable of generating perceptions of high status for the function performing them, whilst others support perceptions of low status. Because of a supposed connection between certain types of activity and their contribution to SCA, high status activities are frequently, but not exclusively, linked to the word 'strategic', whilst the supposed generators of low status are frequently

associated with the term 'non-strategic'. In the 'non-strategic', 'low status' category can be found activities also labelled variously as 'administrative', 'clerical', 'reactive', 'tactical', 'non-integrative', 'short-term' and 'routine' in nature. It will be demonstrated that these beliefs are so long-standing and well established in the PSM and associated literatures that, to use Galbraith's elegant phrase, they constitute a 'conventional wisdom' in the field (Galbraith, 1977). Thus in the strategic purchasing literature:

These stages of development move purchasing from a clerically oriented function within a firm to a strategic contributor. (Reck and Long, 1988, p. 3)

Elsewhere (Leenders et al., 1994) focus on 'routine' and 'operational activities; (Ellram and Carr, 1994, p.10) highlight the terms 'administrative' and 'strategic'; (Watts et al., 1992, p. 3) summarising attitudes in other publications, compare 'overall corporate competitive strategy' with 'lower level operating function', whilst (White and Hanmer-Lloyd, 1999, p. 30) argue that few of the function's 'administrative' tasks generate 'strategic' advantage. Similar references can be found in the Marketing field where (Gebauer and Zagler, 2000, p. 102) repeat the negative use of the term 'operational' in their description of purchasing functions and their activities. (Murray, 2001, p. 407) echoes the theme in the public purchasing literature, while in the HR field, (Humphreys et al., 1998, p. 3) add the adjective 'tactical'. In the general management literature (Moody, 2001, p. 18) employs the concept of 'short-term'. One possible indicator of the point at which a general agreement on a subject matter transforms into a conventional wisdom is when it begins to appear in both the

introductions to papers, thus: (Goffin et al., 1997, p. 422), and their abstracts: (Pujawan, 2004, p. 1). Perhaps most tellingly of all, the clerical-strategic vocabulary with its implicit status allusions has been appearing for the last quarter of a century in those ultimate repositories of generally accepted opinions on a subject matter - standard PSM textbooks. Thus: (Aljian, 1982, p. 15); (Scheuing, 1989, p. 364); (Steele and Court, 1996, p. 1); (Lysons, 1996, pp. 1-9); (Gadde and Håkånsen, 2001, p. 11); (Burt et al., 2003, p. 26); (Van Weele, 2005, pp. 93-6). Illustrative examples of expressions of the conventional wisdom from all of these sources are shown in the following table:

[take in *Table 1*]

An examination of the various authorities cited above indicates that the word 'strategic' is used in at least two different manners. Firstly to refer to activities that may enhance the intra-organisational status of the purchasing function, and secondly to activities likely to contribute to overall organisational competitive advantage. In the interests of clarity, in what follows we shall distinguish between the two ideas by referring to the former meaning as contributing to 'intra-organisational status' and the latter to 'strategic advantage'.

To justify being described as the basis of a 'conventional wisdom' it is essential that the publications offered in evidence are mainstream and widely read. An indication of the respect paid by the PSM field to the works listed above is provided in

Table 2 which shows the frequency with which each work has been cited by other authors:

[take in *Table 2*]

The consensus on the desirability of avoiding ‘clerical’ activities is taken to its logical conclusion by authors who suggest that in the longer term the function may move away entirely from activities such as order-placing, that are believed unlikely to improve its intra-organisational status, and delegate them to user departments and suppliers through such mechanisms as purchasing cards and outsourcing. Ultimately, they argue, the PSM function may become a small, specialised department focussing more or less exclusively on make-or-buy decision-making and specification generation. See for example: (Cox and Lamming, 1997) and (Cavinato, 1999). (Carter et al., 2000) meanwhile, introduce the phrase ‘tactical procurement’ as a short-hand expression for clerical activities, and offer empirical evidence that PSM professionals agree with these predictions:

The future will hold tremendous changes in tactical procurement in purchasing activities and how they are accomplished. Focused strategic purchasing organizations will be a major contributor to their businesses. Key activities will continue to include supplier evaluation selection and development including cross-functional and cross-enterprise teams. However tactical purchasing activities such as ordering, quoting, expediting and so forth will be automated

and/or outsourced and headcounts will be reduced. Selected low-value, noncritical standard commodity purchases are likely to be outsourced to full-service providers. (Carter et al., 2000, p.17)

It should be noted that the literature review carried out to generate *Table 1* was not exhaustive insofar as no attempt was made to refer to *every* published work dealing with the purchasing function and purchasing activities. Only those works that dealt with links between activities and the function's contribution to strategic advantage or improved intra-organisational status were included. However, *no publications* were found arguing that activities labelled using terms such as 'administrative', 'routine', 'clerical' or the like were capable of contributing to SCA. Consequently it is argued that one may reasonably conclude that there is indeed a conventional wisdom in the PSM field which assumes that it is possible to allocate activities performed by PSM functions to the categories of 'strategic' and 'non-strategic', and that activities in the former category are generally associated with higher intra-organisational status than the latter. Before critically assessing the conventional wisdom we turn now to an examination of the way in which the literature utilizes metaphor in discussing PSM organizational development.

The reinforcement effect of verbal and diagrammatic metaphors

The categorisation of activities and the descriptions of a movement away from

'clerical' towards 'strategic' (in either usage) behaviours have been accompanied by the use of a variety of biological, metaphorical nouns such as 'evolution': (Freeman and Cavinato, 1990); (Cousins and Spekman, 2003); (Monczka et al., 2005), (Giunipero et al., 2006); 'evolutionary stages', 'stages of development', 'stages of evolution', 'level of maturity' and 'stages of maturity': (Reck and Long, 1988), (Murray, 2001), (Adolfo and Blanchar, 2004), (Baily et al., 2005), (Cousins et al., 2006) and (Schiele, 2007) respectively. Moreover, metaphorical verbs and phrases such as 'evolving': (Cousins and Spekman, 2003); 'moving upward' or 'moving towards higher stages' and 'movement up the continuum of growth phases': (Freeman and Cavinato, 1990); 'progress from stage to stage' (Keough, 1993) and the 'progression to World Class Supply Management' (Burt et al., 2003) have all been applied to the purchasing function. For example:

The purpose of this article is to define the successive stages of purchasing development in its growth toward contributing to the firm's competitive strategy – and thus becoming a competitive weapon. These stages of development move purchasing from a clerically oriented function within a firm to a strategic contributor. Understanding the characteristics of these stages can help managers assess their current position and identify the changes in attitudes, managerial practices, policies, and procedures needed to propel purchasing to successively higher levels of competitive effectiveness. (Reck and Long, 1988, p. 3)

The use of these assorted biological metaphors referring to growth and increasing

complexity of structure helps to reinforce in the reader's mind the notion that some activities are primitive and undeveloped, unlike their more advanced fellows further up the 'evolutionary scale' along which PSM functions pass en route to improved performance. This cluster of biological metaphors has been accompanied by a variety of diagrams embodying visual metaphors such as numbered stages moving upward towards the right, or evolutionary 'paths' and the like: (Reck and Long, 1988); (Freeman and Cavinato, 1990); (Cammish and Keough, 1991); (Keough, 1993); (Cavinato, 1999); (van Weele, 2005). See, for example, *Figure 1*. There is a visual convention in Western cultures that the right is 'good' and the left 'bad', whilst 'progress' is frequently represented by movement towards the right and/or upwards (Lakoff and Johnson, 1980). Moreover, it has been argued that metaphors have a more powerful effect on practitioner behaviour than other forms of academic expression:

...it is not the "puzzle-solving" activities of normal science, but the taken-for-granted paradigms and metaphorical images underlying normal science, that shape managerial frames of reference. Paradigms and metaphors convey implicit assumptions that are embodied in language. This language permeates decision makers' cognitions, forging perceptions of reality that have far-reaching effects on practical action. (Astley and Zammuto, 1992, p. 455)

It is suggested, therefore, that these linguistic and visual metaphors further reinforce the images of movement 'up' 'steps' or 'stages' and generate in readers' minds an even stronger impression of order, and a pattern of progress and improvement or 'evolution' from the clerical to the strategic.

It is quite clear from the literature that the authors of the various development models believe that they are doing more than simply describing what some companies have done; they believe that they are describing what functions *should* do. Thus:

...purchasing must also progress through various stages of evolution. (Freeman and Cavinato, 1990, p. 6)

Company managers, purchasing executives and purchasing managers must surmount many obstacles based on traditions, attitudes and outdated behavior patterns in order to advance the function along the development continuum.

(Reck and Long, 1988, p. 8)

...purchasing...must begin with an honest appraisal of how far the function has actually evolved and of what is needed to push it on to the next developmental stage... (Keogh, 1993, p. 41)

The erroneous nature of the conventional wisdom

The conventional wisdom described in the preceding section can be re-stated in the form of an argument, thus:

1. Purchasing and supply activities may be allocated to the categories of 'strategic'

and 'non-strategic'.

2. Strategic activities are associated with higher intra-organisational status than non-strategic activities.
3. Therefore, purchasing functions can obtain more intra-organisational status by focussing their efforts on 'strategic' activities.
4. Purchasing functions should be encouraged to undergo this change which may usefully be described as following an 'evolutionary' or 'developmental' path from a 'clerical' to a 'strategic' focus.

Each stage of this argument will now be submitted to critical assessment.

The categorisation of activities and their contribution to SCA

The existing lack of challenge to the conventional wisdom in this area is, perhaps, understandable. There is a certain common-sense appeal to the suggestion that clerical and administrative activities will have little or no competitive impact on SCA. This reflects the principles underlying the organisation structure in most businesses where clerical and administrative tasks are not normally carried out by those members of staff charged with the determination of corporate strategy. However, the usefulness of common-sense as a yard-stick on this subject matter is deeply questionable. Despite the strength and breadth of the current consensus on the subject, the suggestion that clerical or administrative purchasing activities are 'non-strategic' in this sense does not withstand even cursory examination. For example, although purchase order delivery

progressing is frequently regarded as amongst the lowliest of purchasing tasks, for companies whose SCA relies upon speed of response and delivery-to-customer reliability, it will necessarily assume strategic importance. In companies whose SCA depends upon a reputation for product quality meanwhile, strategic contributions will come not only from 'high-level' early purchasing involvement in the design process, but also the 'routine', 'low-level', 'administrative' pursuit of supplier compliance with quality standards and procedures. Moreover, the ability to swiftly and efficiently source orders for new products from unfamiliar suppliers may be strategically vital in companies whose strategic focus is on product differentiation and speed of innovation. At the extreme, in companies specialising in providing outsourced administrative purchasing activities, the efficient performance of the most 'trivial' activities of order-placing and invoice paying (or indeed payment delaying) will, self-evidently, be the *primary* source of SCA.

Some activities appear to be regarded by the PSM field as so lowly that they receive very little attention at all. One such is the process of negotiation, and an examination of this particular example will support the critical assessment of the validity of the more general set of academic beliefs concerning activities, status and SCA that currently dominate the discourse in the field. Negotiation is a regular topic of discussion in practitioner publications, and although it is mentioned *in passing* - see for example (Erridge and Zhabykenov, 1998); (Lawther and Martin, 2005) in this journal - the number of academic papers in the PSM field focussing on the details of the process of negotiation is small. Thus there has only been one paper in each of the

following four titles: *Journal Of Operations Management* (Gattiker et al., 2007); *International Journal of Physical Distribution & Logistics Management* (Rinehart, 1992); *International Journal of Operations & Production Management* (Das and Tyagi, 1999); *Supply Chain Management: An International Journal* (Ramsay, 2004a). Perhaps as a result of its close contacts with practitioners, the richest source of material is the *Journal of Supply Chain Management*. But even this has only fathered a total of seventeen papers in the last 42 years with three appearing this century: (Smeltzer et al., 2003); (Kaufmann and Craig, 2004); (Krause et al., 2006). The reasons for the neglect of an activity that, as we shall see, lies at the very heart of the PSM function, are rarely stated in public. However, some may mistakenly believe that the process of negotiation refers to no more than haggling over prices, viz:

The cheapest deal is not necessarily the best deal, and negotiating on price and around margins will only deliver a small percentage of potential savings. Big wins come from improving business processes and influencing how the organisation behaves at a more strategic level. (Fegent, cited in Simms, 2006, p. 2)

Others may understand, correctly, that it refers to any interaction intended to lead to agreement between parties with differing objectives or interests, but mistakenly assume that this excludes its relevance in cooperative interactions. See for example (Lewicki et al., 1999, p. 6). Alliances and partnerships remain the form of buyer-supplier interaction most commonly studied and promoted by PSM academics, and in an

environment characterised by cooperation and collaboration, one might assume that there is no *need* for negotiation. However, such an assumption rests upon a radical misunderstanding of the nature of the process. Academic researchers of this ilk, observing buyers and suppliers agreeing the terms of a partnership might not recognise the process as involving negotiation. But if the subjects of the observation are well trained, they will be applying knowledge of the integrative bargaining strategy used in cooperative negotiations, to which scholars have been contributing insights for almost half a century - see for example (Walton and McKersie, 1965); (Pruitt and Lewis, 1975); (Fisher and Ury, 1997); (Lewicki et al., 1999); (Ramsay, 2001) and (Fisher and Shapiro, 2006). Finally, in an early paper published before the emergence of IPSERA and discussing what the content of a putative academic PSM field might look like, Richard Lamming argued that because it was no more than a mixture of “commercial knowledge and psychological manoeuvring”, negotiation was not even valid “as a subject in its own right” (Lamming, 1992). The language used to discuss this topic in public may not refer to ‘strategic’ and ‘non-strategic’ activities, but it is nevertheless apparent that a prejudice against negotiation in the PSM field runs deep. However, it is unwarranted. Clearly, many negotiations yield no strategic advantage. The bargaining activities surrounding the contract for the provision of canteen services in a large company, for example, are unlikely to contribute to SCA. Nevertheless, it is extraordinarily difficult to imagine how a PSM function could contribute to an organisation’s SCA without involvement in negotiation processes. Once more, the contribution generated by the activity is contingent on a variety of factors, and the

field's current decision to allocate this particular activity to the category of 'administrative' is simplistic and likely to limit our understanding of purchasing phenomena and their contribution to the function's SCA contribution.

It should now be clear that there is no isomorphic mapping of activities and SCA contribution. Precisely the same activity may be strategic in one company, and yet of little or no strategic importance in the next. Moreover, within any given organisation, the degree of contribution to SCA generated by an activity will depend upon the nature of the purchase to which it is applied. For example, efforts made to minimise the life-time cost of a 'strategic' purchase item (Kraljic, 1983), may create a level of cost-related contribution to SCA that equivalent improvements in the purchase of an organisation's ballpoint pens will never achieve. Hence, the practice of allocating activities, in general, to strategic and non-strategic categories is shown to be invalid. Reflection on the examples above indicates that the strategic importance of any given purchasing activity owes nothing to the nature of the activity itself, but is instead contingent upon, at least, the following factors.

- 1 The overall strategic objectives of the organisation
- 2 The type of organisation
- 3 The type of purchase

The association between activities and status

The developmental models suggest that an appropriate selection of activities will have desirable effects on the PSM function's status. However, in the ultimate expression of

this argument - the aforementioned predictions of a small, specialised 'end-state' in which all 'administrative' activities have been jettisoned from the function - the net effects may conflict directly with the quest for increased functional status. In many large organisations, status and the size of departmental empire go hand-in-hand. If the function called 'purchasing and supply' delegates a significant proportion of its activities to other departments, then some of the increase in status accompanying the focus on more glamorous activities - as defined by the current consensus - will be offset by the loss of empire. Moreover, the shrinking specialism prediction may be a reasonable notion when applied to very large corporations, but the overwhelming majority of companies are tiny. Employing the Department for Business, Enterprise and Regulatory Reform definition of company sizes, the distribution of commercial organisations in the UK in 2006 was as follows:

...(99.3 per cent) were small (0 to 49 employees). Only 27,000 (0.6 per cent) were medium-sized (50 to 249 employees) and 6,000 (0.1 per cent) were large (250 or more employees). (DBERR, 2007, p. 1)

Indeed, no less than 73% of British organisations that year consisted of one person only. Putting these figures into international perspective, the number of SMEs as a percentage of all enterprises in 2004 was 99% in the USA, 99.7% in Japan and 96% in Australia. Giving an average figure, in a selection of 14 industrialised countries (excluding Russia), of 97.7% (Small and Medium Enterprise Administration Ministry of Economic Affairs Taiwan, 2004, p. 60). Very small organisations cannot normally

afford to employ a specialised buyer, and would regard a specialised purchasing department as an absurd luxury. Indeed one recent empirical study of SMEs observed that:

The empirical data supported the contention that small companies use little time to strategic purchasing. Only one company saw purchasing as a key task.

The remaining interviewees did not perceive purchasing as a distinct task.

(Ellegaard, 2006, p. 279)

The proponents of the various 'stages of development' models of functional change may argue that a movement away from clerical towards strategic purchasing activities will improve performance and functional status, but such an observation will be utterly irrelevant to companies that do not perceive purchasing as a 'distinct task'. To the extent that these models have any validity or value, they will be of interest only to the tiny minority of very large corporations in an economy.

Moreover, empirical evidence exists that contradicts the purported connection between activities and status. One of the predictions it is possible to draw from the details of Reck and Long's evolutionary model is that there should be a positive association between the development of strategic alliances and 'more advanced stages of the model' (Reck and Long, 1988). As part of an empirical study investigating the effect of the development of strategic supplier alliances on the role played by the PSM function in the corporate hierarchy, this assumption was tested and produced the finding that:

The data do not provide support for Reck and Long's (1988) strategy model. The relationship between alliance activities and strategic profile is spurious at best and virtually non-existent when longitudinal data is examined. (Stuart, 1997, p. 230)

This finding runs directly contrary to the suggestion that increased strategic involvement through the use, for example, of strategic partnerships and alliances will lead to improvements in the function's status. Indeed the author observed that:

...one could conclude that the more traditional transactional and adversarial approach to supplier management offered as much opportunity to improve purchasing reputation as did the alliance approach. (Stuart, 1997, p. 235)

This conclusion is supported by the findings of another study focusing on the use of teams in purchasing functions which confirmed the existence of the conventional wisdom relating strategic involvement and purchasing status, stating that:

...much of the research and practitioner literatures in purchasing have argued that a greater strategic role for purchasing is universally better... (Johnson et al., 2002, p. 87)

The paper goes on to observe that:

However, the strategy and organizational behavior literatures have generally argued for a context-based approach where a broad set of contingency factors contributes to firms shifting power and strategic importance to functional areas

deemed critical for success...Our empirical findings add support to the contingency theory and indicate that firms in the discrete good sector elevate purchasing's strategic role because the competitive environment makes supply-related concerns critical for firms in this sector. (Johnson et al., 2002, p. 87)

The corollary of this finding is that unless the environment demands it, there may be no benefit for the firm if the purchasing function assumes a greater strategic role. In such circumstances, functions in pursuit of enhanced status that follow the recommendations that flow from the conventional wisdom would be wasting their time. They might, for example, be better advised to abandon efforts to form 'strategic' alliances with suppliers and follow Stuart's suggestion of focussing on the 'the more traditional transactional and adversarial approach to supplier management'.

It should be noted that the study described in the last publication was based on investigations in one specific market, and it is self-evidently not valid to extrapolate from one market to a generalisation. However, the study conducted by Stuart did not suffer from the same limitation, and taken together the two papers, at the very least, suggest that this part of the conventional wisdom's argument is not universally valid.

Focusing on 'strategic' activities will enhance status

The thrust of the arguments embodied in the conventional wisdom is that intra-organisational status can be improved by moving up the evolutionary ladder away from administrative or clerical activities. However, this is only true after you have

established the worth of the function. To improve status you need to dramatically demonstrate the contribution of PSM activities to the organisation's bottom line. The failure of some functions to do this is a likely cause of continued low status in large companies. In order to perform such a demonstration the function needs to make significant cost savings on bought-out expenditure by amalgamating orders, removing personal favouritism towards suppliers and so on. In other words, one key activity for all subsequent developments is supplier selection. Unless control of that process can be transferred from the organisation's internal customers with their narrow personal and functional interests, to a PSM function charged with professional responsibility for making decisions based exclusively on the organisation's overall operating and strategic interests, many of the other benefits described in the 'developmental' models will be compromised. Despite the key importance of supplier selection however, the process is either not mentioned in the various developmental or evolutionary models, or typically appears down the 'undeveloped' end - e.g. it appears in the second lowest 'level' in both (Keogh, 1993) and (Reck and Long, 1988).

In some organisations this activity may generate little of strategic import, but in companies adopting a strategic cost focus for example, the cost reductions resulting from the employment of trained negotiators and value engineering activities as the function gains greater administrative control, may become strategically significant. Purchasing functions convinced by the current consensus that all things clerical are unworthy of management attention may thus fail to focus on first gaining control of 'routine administrative' activities and subsequently find that their strategic

contribution is severely constrained. There is little to be gained, for example, from supplier development efforts if, instead of being the best in the market, the selected suppliers are strongly preferred by internal customers but of inferior capabilities. Gaining control of the supplier selection process can however be extremely difficult. Problems frequently arise from the fact that internal customer perceptions of the most important aspects of purchases may differ from those of the purchasing function, and the resulting conflict between such customers and the function is both commonplace and hard to resolve ((Hutt and Speh, 2001); (Lonsdale and Watson, 2005). See also the description of the differences in the control of purchasing practices within different companies revealed after the merger of Sanofi-Synthélabo and Aventis in the pharmaceutical industry (John, 2005).

The accuracy, usefulness and desirability of the terms ‘evolutionary’ or ‘developmental’ paths

This part of the argument relies upon verbal and diagrammatic metaphors, and drawing on linguistic theory, one may observe that metaphors encourage us to mentally attribute characteristics of the source domains - in this case, the biological concepts of evolution, growth, development and the like - to the concept in the target domain - purchasing activities: (Tsoukas, 1993) and (Alvesson, 1994). However, authors deploying metaphors have no way of controlling which characteristics are transferred in the readers’ minds from one domain to the other. For a detailed

exploration of this transferral process in the PSM field see (Ramsay, 2004b). Readers in this topic area encountering biological metaphors thus draw upon whatever knowledge (accurate or mistaken) they happen to possess of the source phenomena, and apply it to their understanding of PSM activities. One characteristic of biological evolution that may frequently be recalled by readers and subsequently transferred to their image of PSM functions is that of a continuous, inexorable process of improvement applying, without exception, to all living species - pace the much less well publicised theory of punctuated equilibrium (Gould and Eldredge, 1977). But no empirical evidence is offered in any of the papers employing the biological metaphors to show that all purchasing functions are improving. Indeed where claims have been made that a process resembling 'evolution' or 'stages of development' is occurring, different parts of the same function can apparently evolve at different speeds:

Multi-tiered purchasing organisations often contain mixes of the four phases [of development]. That is, a field buying site that reports to a plant manager having phase 1 characteristics might exist in the same firm that has a strong central purchasing group that performs high level planning, is involved in outsourcing, and is fully integrated into product planning and performance. (Freeman and Cavinato, 1990, p. 10)

Furthermore, unlike its biological analogue, it is not clear that the process in PSM functions is necessarily a strictly one-way phenomenon. One of the authors has since observed that some of the functions they originally investigated appear, in later years, to have 'reverted back' to a lower stage of development (Cavinato, 2006). Others

meanwhile, observed that:

The purchasing function appears to move up and down the development continuum. (Reck and Long, 1988, p. 7)

Curiously these observations did not deter these authors from using the evolution metaphor. On balance therefore, the various biological growth and development metaphors may *reduce* rather than enhance reader comprehension. It is not being argued that the authors concerned were trying to mislead the field. They generated some data, then looked for and found patterns in it. The use of metaphors was presumably intended to facilitate readers' understanding of those patterns. However, metaphors, by their very nature, always simplify the patterns in the original data and abstract away from the empirical phenomena. In short, the use of metaphor involves a trade-off between improved comprehension on the one hand, and increased simplification, abstraction and possible misunderstandings on the other. In this case the balance has, it is suggested, swung away from comprehension. By implying a structural simplicity that was not present in the original data, the diagrams used in this context merely compound the potential for reader misunderstanding. Finally, by encouraging the denigration of activities such as negotiation, supplier selection and bought-out cost control that PSM functions may currently perform well, the conventional wisdom may be having a damaging impact not only on PSM function staff morale, but also on more general organisational perceptions of the value of many purchasing activities in medium and large companies. Senior management, influenced by the widespread anti-clerical bias, may fail to understand the significance of the

contribution the function is making. The apparently perverse argument that was employed by Cousins and quoted above in the introduction may be evidence of precisely such an effect. Thus the current anti-administrative bias, promoted and regurgitated by academics and consultants, and embodied in a variety of models and diagrams may well be preventing many functions from both achieving, and gaining recognition for their true strategic contribution. This misplaced stigmatising of well performing PSM functions as 'dysfunctional' may thus tend to trap them in continued low status. Ironically therefore, although the original purpose of the conventional wisdom was to help functions to *enhance* their status, the net effect of its continued existence may well be to exacerbate the problem it was intended to eradicate.

Conceptual Conclusion

It may be concluded that all four sections of the argument embodied in the conventional wisdom are of doubtful validity, and far from being generalisable, are of relevance to a tiny atypical subset of all commercial organisations. However, it is possible that these beliefs have been ignored by practitioners and are confined to the academic world where they can do little harm, and this critical assessment will be, literally, of no more than academic interest. There are tantalising hints of the influence of the conventional wisdom in the practitioner literature, viz:

Buyers have been urged to remember their business's overall strategy when trying to transform their procurement...James Gregson, head of strategic

sourcing Northern Europe at Ariba said..."Everyone seems infatuated with changing procurement from transactional to strategic. But that isn't always aligned with the organisation...If procurement cannot align itself with what the organisation wants to achieve, it will not get the support it wants." (Snell, 2007, p. 6)

However, evidence of belief in the conventional wisdom in its entirety is less than overwhelming in quantity. Clearly some empirical verification of its existence in the practitioner sphere, and thus its potential to affect or distort practitioner behaviour is needed before any kind of conclusion can be drawn.

Research Design

In planning this research the authors had three objectives in mind. Firstly a literature-based critique of models of strategic development and their relations with purchasing activities, secondly a pilot study to determine if the mistaken emphasis identified in the literature critique was reflected in practitioner attitudes and behaviour and finally a full-scale survey-based investigation of those attitudes and behaviours drawing on evidence from the pilot study. However, because the study attacks widely held beliefs in the field, the first stage of the study had to be an extensive, systematic and structured literary critique (Tranfield et al., 2003). The preceding sections of this paper discuss this critique and provide the foundation for subsequent empirical investigation. To demonstrate the value of the subject a pilot study was conducted using a sample of

sufficient magnitude to provide convincing results for the design of a test for the influence of the academic ideas on practitioner behaviour (Rynes et al., 2001). Our intent is to conduct in the future a full-scale survey of practitioners with a view to providing examining the nature and role of the current conventional wisdom pertaining to evolutionary models of PSM. Hence the research is in two parts - a thorough critical literature review and pilot study (the current paper) and a subsequent large-scale follow-up survey (future research).

The pilot study was intended to test for the existence of evidence relating to the critique of the orthodoxy articulated above, and inform the planning of the large-scale survey. The primary focus of the pilot was to examine perceptions of practitioners concerning the prevailing orthodoxy; answers were thus sought to the following questions:

- 1 To what extent have the evolutionary and stages of development metaphors penetrated the awareness of practitioner?
- 2 Do practitioners believe that different activities generate different amounts of strategic contribution?
- 3 Do practitioner beliefs on this topic match the relative strategic contribution of different activities suggested in the academic literature?
- 4 Is there a perception in practice that administrative and clerical activities are undesirable?

A short questionnaire was constructed and circulated to a number of purchasing practitioners in the UK and US using mail or email. The respondents were all

personally known to the authors. It was hoped that this would encourage comprehensive responses to open questions, and facilitate follow-up discussions if necessary (Kaplowitz et al., 2004). However, there is clearly a risk, when selecting respondents in this manner that they may know, or think they know, the researchers' beliefs and opinions and then try to provide answers that match those beliefs. In order to minimise the risk of this kind of bias, neither the questionnaire rubric nor the surrounding communications introducing the instrument and requesting a response, made any mention of the purpose of the study. This process elicited 21 useable responses.

The demographics of this pilot study are shown below:

[take in *table 4*]

In addition to demographic data, the survey instrument concentrated on the two main topics discussed in the literature critique: respondents' awareness and interpretation of the target metaphors, and the possible link between activities and both meanings of 'strategic' performance.

We employed two forms of question design. Firstly, we provided respondents with the opportunity to make open text responses, specifically to uncover their awareness and interpretation of metaphors relating to developmental or evolutionary models of purchasing. Secondly, we utilized 7 point ranking scales to *identify* the main tasks respondents undertake and to rank the *importance* of each task to their corporate

strategic performance. Seven procurement tasks were listed in the study: purchase order placing, purchase order delivery progressing, bought-out quality control, negotiating with suppliers, supplier selection, involvement in new product development, cost control. The size of the sample limits the amount of statistical analysis possible. This was a conscious trade-off in our research design; we were interested at this stage in testing the viability rather than the construction of our hypotheses. The pilot was intended to be the foundation for a more extensive study. Naturally we had to compromise between the richness of a few responses and the study's 'reach' (or sample size). As a result the data analysis is focused on descriptive statistics.

Findings

Section 1. Awareness of the target metaphors.

In response to the question: "*Have you heard of the concepts of 'The evolution of the purchasing function' or 'The stages of development of the purchasing function'?*" 11 respondents had not heard of such concepts whilst 10 respondents had. Of these 10 respondents, 9 provided open text interpretations of their understanding of the characteristics of such 'evolution' or 'development'. These are transcribed (*verbatim*) in *Table 5* below:

[Take in *table 5*]

Section 2: purchasing activities – and strategic contribution

Using a 7 point scale respondents were asked to rank their involvement in seven key operational activities (where 1 = high involvement 7 = no involvement) and to then rank the contribution made by the same activities to their organization's strategic performance (where 1 = the largest contribution and 7 = the smallest contribution):

[Take in *Table 6*]

More than half of the respondents indicated that they believed that the process of negotiation with suppliers had a large strategic impact, thus:

[Take in *Table 7*]

Section 4: Reduction of administrative and clerical activities

15 of the respondents reported that their organisation had taken steps to 'reduce administrative or clerical tasks'. The most common change involved process automation, followed by organizational improvements (i.e. centralisation/devolution of purchasing) and then outsourcing or procurement activities. Verbatim descriptions of the steps taken are as follows:

[Take in *Table 8*]

Process improvements in procurement operation have clearly been enhanced by the advent of electronic procurement and management systems – however it should be emphasized that such process improvements require a strategic lead and effective project management from the PSM and other functions. Similarly, decisions relating to outsourcing are typically considered to be of a strategic nature.

Empirical Conclusions

In answer to the first question concerning the extent to which the evolutionary and stages of development metaphors have penetrated practitioner awareness, slightly less than half of the respondents were aware of these particular linguistic constructs. This may reasonably be described as a deep level of penetration and is testament to the ability, discussed above, of metaphors to convey information from theory to practice. Given the size of the pilot study sample we naturally express caution regarding generalisation, but at this stage there is sufficient evidence to suggest further empirical study would be worthwhile. Since all of the respondents were able to rank the strategic contribution made by the seven activities offered to them, it would appear that the second question of whether practitioners believe that different activities generate different amounts of strategic contribution, has been answered in the affirmative. However, the top three activities generating the most contribution were identified as cost control, negotiation and supplier selection. This is significantly at odds with the academic consensus. The supposed lack of strategic contribution from cost control

introduced the whole debate above, and, as was mentioned earlier, the process of negotiation is poorly treated by the PSM field in general. In the group of publications cited in *Table 1* above in discussing the target metaphors the references to these three activities were as follows:

Cost control

The concept appears in the second lowest phase of development in (Reck and Long, 1988). It is in the lowest 'phase' in (Freeman and Cavinato, 1990); the second lowest stage of development in (Keough, 1993) and appears as non-strategic in (Cousins and Spekman, 2003). Meanwhile whereas it is a skill in the early stages of development in (Cousins et al., 2006) it gets no mention at all in (Burt et al., 2003).

Negotiation

There is no reference to the activity in (Reck and Long, 1988), (Freeman and Cavinato, 1990), (Cousins and Spekman, 2003), (Burt et al., 2003) or (Cousins et al., 2006). It appears in the second lowest stage of development in (Keough, 1993).

Supplier selection

There is no reference in (Freeman and Cavinato, 1990), (Cousins and Spekman, 2003), (Burt et al., 2003), (Cousins et al., 2006). It appears in the lowest stage of development in (Reck and Long, 1988) and (Keough, 1993).

Precisely why there should be such a clear and strong divergence of views between practitioners and academics is open to question. It was shown above that these three activities also appear in the top four activities practitioners are involved in. Perhaps, given the volume of published discussion concerning the need for the

purchasing function to become more strategic in outlook, they feel under pressure to justify their time allocation. On the other hand, perhaps the low opinion held of these three activities in the academic world is misguided. For a discussion of the possible reasons for the non-recognition of the importance of negotiation see (Ramsay, 2007).

Finally, the fourth question the study was intended to explore concerned practitioner perceptions of the desirability or otherwise of administrative and clerical activities. 15 of the respondents reported that their organisation had taken steps to reduce such tasks, and it may therefore be reasonable to conclude that practitioners do indeed tend to share the perception or belief that such activities are undesirable.

Conceptual and empirical discussion

It is argued that the results above provide support for the proposition that there is a widespread agreement in both practice and the academy concerning the desirability of the PSM function actively seeking to move away from 'clerical' towards 'strategic' activities. This is built upon:

- 1 The categorisation of 'strategic' and 'non-strategic' activities,
- 2 Biological metaphors of evolution and development.
- 3 Diagrams illustrating 'stages of development' and the like.

These three elements combine, complement and reinforce each other. When they are mixed in with the belief that one of the main causes of the continuing low status of many PSM functions is their failure to focus on activities capable of generating

significant contributions to the organisation's SCA, the net effect may well be to create a general consensus in both sectors of the field about the way PSM functions *should* behave. Without ever being explicitly stated in these bald terms, the current conventional wisdom - particularly the influence of the 'evolutionary' or 'developmental' models - leads to the belief that clerical and administrative activities such as order-raising and progressing, invoice payments, record filing, cost and quality control through negotiation and so on, are 'primitive' or 'undeveloped' and unworthy of attention, whilst more 'sophisticated' or 'developed' activities should be actively pursued in order to move the function from stage to stage, up an evolutionary development path leading to improved performance and enhanced intra-organisational status. These ideas are so widespread that it is reasonable to describe them as a generalised anti-administrative, or anti-tactical procurement activity bias.

Implications for practitioners

From a practitioners' perspective, in addition to the undesirable effects described above under the heading of "Focusing on 'strategic' activities will enhance status", the most serious shortcoming of the development stages approach to describing what PSM functions do and should do, is that it is wrong. The kind of organisations most likely to be adversely affected by a belief in the validity and general applicability of the process and the organizational recommendations that flow from the evolutionary models are those that rely upon administrative activities for their SCA and those that

have not yet managed to bring supplier selection and maverick purchasing under control. The thrust of the argument presented above is not that organisations cannot improve, but that there is no ‘one right way’ that is suitable for all to follow (Taylor, 1911). Although some may well embark upon strategies that ultimately prove damaging to the PSM function, the most serious risk is that organisations and their functions are misled into believing that they do not need to work out for themselves what structures and processes best suit their circumstances. The ‘right way’ for any individual organisation’s PSM function will be contingent on a host of idiosyncratic factors such as their product lines; the nature of the markets in which they trade; the behaviour of their main competitors; the abilities of their suppliers; the skills and weaknesses of their staff and so on. The risk that organisations may be tempted to ignore such factors when determining how to develop strategic advantage and follow instead the path suggested by some notional ‘stages of development’ model is all the more serious because those models now constitute the conventional wisdom. The functions most likely to be damaged will be located primarily in large companies and those small and medium-sized organisations that successfully grow and rely upon the recommendations of the developmental models in the design of their nascent PSM functions. Because the adverse effects will be concentrated in the large company sector, the total number of companies involved will be small. However, that limitation is true of much of the output of the PSM academic field which tends to focus on the interests and activities of large and very large companies.

The effects on academia

The treatment in the literature of developmental models of the type described above is a vivid illustration of the dangers of generalising from small, atypical samples. The models are only of interest and relevance to the very small number of large companies in any economy. However, this truism is rarely made explicit by the relevant authors. Since SMEs typically account for more than half of a country's total economic output and employment (DTI, 2005), from a national policy viewpoint it would therefore help businesses and the nation if experts might be persuaded to make it clear that such models are only applicable, if at all, to very large corporations, and should be disregarded by all others. More generally, when a field sees the emergence of a consensus on a subject matter that has different implications for companies of different sizes, it should try to ensure that there is a spectrum of recommendations to match those sizes. Furthermore, the discussion above clearly leads to the conclusion that the 'higher' and 'lower' categorisation of activities is deeply unhelpful. There is a wide variety of possible activities that PSM functions can become involved in, including filing manual copies of purchase orders and facilitating technological innovation in global supplier networks. However, there is no single, generally-applicable ranking of these activities in terms of their contribution to the function's intra-organisational status or SCA. Nor is there any single sequence in which they should be addressed to achieve optimal functional performance. The choice and sequencing of activities is organisation-specific. Generalisation is not possible. In diagrammatic terms, rather than a sequence of activities rising along a line to the right, it might be more useful to

visualise the PSM function sitting in the centre of a randomly arranged circle of possible activities. Different functions within different organisations will find that different groups or clusters of activities appear more or less important at different points in time. One function struggling to control the effects of corrupt interactions between internal customers and suppliers may find it advantageous to have control of the entire order-raising and supplier-selection process, but a different function working in an organisation where corrupt and maverick purchasing has been eliminated might prefer to delegate the bulk of the order-raising activity to users, and so on.

Conclusion

At the heart of the conventional wisdom lies the argument that some PSM activities are intrinsically non-strategic and that because improvements in the function's strategic contribution will enable the function to improve its intra-organisational status, it should focus on strategic activities. This argument has been shown to be unsound. Overall the potential benefits resulting from belief in this faulty reasoning may not justify the distorting effect it has on perceptions, or the perverse impact it is likely to have on some PSM function decision-making processes. Moreover, in larger companies, it may also be having an undesirable negative impact on higher management perceptions of the function's contribution and hence status. It should be noted that it is not being suggested that the function should become a passive, clerical, paper-processing department. However, in organisations where a function does not yet

exist, or is very small and struggling against widespread maverick purchasing activity, getting control of the 'low-level' clerical activities is an essential objective. Nor should the arguments above be read as an attack on the concept of a consensus, which is after all a useful heuristic that allows practitioners to quickly determine priorities and communicate complex ideas efficiently, and enables academia to move on to new, under-explored topics. However, one other effect of a consensus is that it tends to suppress critical thought on the relevant subject matter, and the academic world could serve business better by conducting periodic reviews of the type essayed here in order to uncover and correct any errors.

Future Research

This paper has provided a systematic literature review to identify the conventional wisdom in current academic thought relating to the role and nature of PSM's strategic contribution. Having critiqued the convention we then set out to test whether there is any evidence to suggest that practitioners may be influenced by 'academic wisdom' (Reynes et al., 2001). Our pilot study provided some indication that academic wisdom has 'crossed the academic – practitioner divide', but also showed some divergence in terms of how to discern between 'tactical' and 'strategic' activities. The pilot study thus provides a foundation for developing a more detailed model of the relevant managerial thought and decision-making processes involved, and thus generating new hypotheses suitable for testing with a large survey sample. Since one of the central

conclusions of the current work is that the roles played by different activities in different organisations is contingent on a range of factors thus making generalisation difficult, we hope to address this by employing a research design similar to that adopted in the investigation of the performance contingency effect between organisation design and strategy described in (David et al., 2002).

The critical evaluation of established beliefs in knowledge fields is essential to establish clarity in conceptual definitions, and in this paper we have argued that there are significant concerns around some of the concepts and metaphors currently in use (Wacker, 2004). Our future research is intended to explore in more depth the traits and character of PSM activities, and practitioner perceptions of their role in strategic competitive advantage.

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TABLES

Table 1 Purchasing Activity Category Beliefs

Low status Terms	High status Terms	Literature	Terminology	Reference
Clerical Reactive Short-term	Strategic	Strategic Purchasing	A nonstrategic purchasing function is clerical in nature, reactive to other functions, non-integrative [i.e. not integrated with suppliers with respect to e.g. new product development] and focuses on short-term issues.	(Carr and Pearson, 2002, p. 1033)
Clerical	Strategic	Strategic Purchasing	Purchasing activities can be viewed along a spectrum which ranges from tactical to strategic.	(Carr and Smeltzer, 1999, p. 44)
Routine Operational	Strategic	Strategic Purchasing	The service perspective reduces the need for staffing with High-quality personnel, by focusing on purchasing's routine, operational activities. p.41	(Leender et al., 1994, p. 41)
Clerical	Strategic	Strategic Purchasing	These stages of development move purchasing from a clerically oriented function within a firm to a strategic contributor.	(Reck and Long, 1988, p. 3)
Administrative	Strategic	Strategic Purchasing	In the early 1970s, Ammer noted that management viewed purchasing as having a passive role in the business organization. This view was supported by Ansoff, who states that Purchasing is described as an administrative rather than a strategic function.	(Ellram and Carr, 1994, p. 11)
Administrative	Strategic	Strategic Purchasing	The increasing and indiscriminate use of the phrase 'strategic purchasing' falsely suggests that 'purchasing' is routinely involved in strategically significant activity. Few, if any, of purchasing's administrative tasks are capable of achieving for the purchaser firm, a sustainable competitive advantage.	(White and Hanmer-Lloyd, 1999, p. 30)
Operating function	Competitive strategy	Strategic Purchasing	Traditionally purchasing has been treated as a lower level operating function that has little to do with overall corporate competitive strategy. Much of the available literature on the subject treats purchasing strategy and policy from the perspective of narrowly defined operating level policies and strategies.	(Watts et al., 1992, p. 3)
Tactical	Strategic	Purchasing	One important aspect of supply chain management is supplier management – organizing the	(Goffin et al., 1997, p.422)

			<p>optimal flow of high-quality, value-for-money materials or components to manufacturing companies from a suitable set of innovative suppliers.</p> <p>Consequently, what used to be thought of as a purely tactical exercise – purchasing – is now recognized as a strategic function, since “external suppliers now exert a major influence on a company’s success or failure.”</p>	
Clerical Administrative	Higher level	Public Sector Purchasing	<p>My initial observation is that for a number of years buying council purchasing was a clerical/administrative function, playing its part within a purchasing system. There was no need for purchasing to progress beyond that role. In my mind a decision was made to make a stepped change from that position to make a more ‘‘value added contribution’’. It is as though a veil separated the clerical stage from a higher level and indeed I would suggest that at a number of stages of development it is as though a veil restricted progress.</p>	(Murray, 2001, p. 407)
Short-term Operational Clerical	Strategic	Marketing	<p>While purchasing departments have traditionally covered the entire range of purchasing activities, recent trends show a shift of short-term oriented operational activities towards end-user requisitioners. The resulting reduction of clerical tasks ideally leaves the purchasing department with more time and resources to concentrate on strategic issues...</p>	(Gebauer and Zagler, 2000, p.102)
Clerical	Strategic	Engineering	<p>While traditionally supply management activities have been considered to be clerical in nature, increasingly, managers view that it has critical strategic contribution to the competitive position of the organizations in the market.</p>	(Pujawan, 2004, p. 1)
Operational Tactical	Strategic	Training	<p>...over the last 20 years a new view of purchasing has gradually emerged from that of being operational/tactical on nature and so largely a clerical function, to</p>	(Humphreys et al., 1998, p. 3)

			being considered in many companies as of major strategic importance.	
Short-term	Na	General Management	If the purchasing function controls so much corporate spending - more than 80% in the automotive industry - then why is it still stuck working on short-term problems such as processing paper and tracking orders?	(Moody, 2001, p. 18)
Routine Clerical	Na	Standard Purchasing Text	The status of purchasing roles is described by Aljian in the 'traditional' department as: Low as a routine clerical order processing function.	(Aljian, 1982, p. 15)
Clerical Reactive	Management Bottom line Contribution	Standard Purchasing Text	Over the years, purchasing has evolved from a mere clerical function that reacts to user department requests to a true management responsibility that contributes proactively to a firm's bottom line.	(Scheuing, 1989, p. 364)
Clerical	Value-conscious	Standard Purchasing Text	The clerical order placers have given way to value-conscious purchasing personnel...	(Lysons, 1996, pp. 1-9)
Routine Administrative	Strategic	Standard Purchasing Text	Traditionally there has been no body of academic thought which has been able to move the focus of the purchasing process away from routine administrative tasks to the area of understandable strategic business concepts.	(Steele and Court, 1996, p. 1)
Clerical Administrative	Strategic	Standard Purchasing Text	...what began as a clerical and administrative function has developed into a strategically significant profession.	(Gadde and Håkansson, 2001, p. 11)
Operational tactical	Strategic	Standard Purchasing Text	Purchasing and Supply managers began to see the need for two types of resources in their organizations: (1) a team of people who manage the operational and tactical activities of purchasing and materials management...and (2) supply managers who are involved in the development of broader strategic aspects of the function.	(Burt et al., 2003, p. 26)
Clerical Order Processing	Integration Customer Driven Internationalization	Standard Purchasing Text	The purchasing development model, which has been presented in this chapter, provides a picture of the stages companies may go through when they want to develop purchasing	(van Weele, 2005, p. 97)

			professionalism.	
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Table 2 *Citation frequencies*

<u>Authors</u>	<u>Citations</u>
(Adolfo and Blanchar, 2004)	5
(Aljian, 1982)	0
(Burt et al., 2003)	53
(Carr and Pearson, 2002)	21
(Carr and Smeltzer, 1999)	5
(Ellram and Carr, 1994)	77
(Gadde and Håkåansson, 2001)	140
(Gebauer and Zagler, 2000)	5
(Goffin et al., 1997)	48
(Humphreys et al., 1998)	2
(Leender et al., 1994)	17
(Lysons, 1996)	19
(Moody, 2001)	4
(Murray, 2001)	1
(Pujawan, 2004)	0
(Reck and Long, 1988)	61
(Scheuing, 1989)	17
(Steele and Court, 1996)	7
(Stuart, 1997)	19
(van Weele, 2005)	88
(Watts et al., 1992)	76
(White and Hanmer-Lloyd, 1999)	13

[Data obtained from *Google Scholar*, 18.8.07]

Table 3 Illustrative example of ‘progression’ or ‘evolutionary’ models and diagrams

<i>Purchasing Attributes</i>	<i>Stage I Basic Financial Planning</i>	<i>Stage II Forecast Based Planning</i>	<i>Stage III Externally Oriented Planning</i>	<i>Stage IV Strategic Management</i>
Concept of the Field	Buying	Purchasing	Procurement	Supply
Concept of “Strategy”	Better price on next buy	Maintain favourable price/cost variances	Support line of business	Entrepreneurial team member
Expectations	Minimization of costs	Cost minimization, cost avoidance, cost reduction, purchase for quality	Contributions through value analysis, value engineering	Involved in product development and line of business management. Line of business results.
Management approach	Reactive	Reactive but plan for future	Fit department in with plans of rest of firm	Positive pro-active
Major activities	Process requisitions into purchase orders and contracts	Management of the buying function. Make process efficient	Fit buying cycle to the line of business product cycle	Manage commercial relationships for the firm. Source for long term

NB extract only, from (Freeman and Cavinato, 1990, p. 8)

Table 4: Demographic profile of respondents

Age range (Average)	23 – 56 years (38 years)
Female = 7	Male = 14
Average experience in procurement Range (Median)	11 years 2 – 35 years (6 years)
Size of organization	
Less than 10	1
10-30	1
30-50	0
50-100	2
100-250	1
More than 250	16

Table 5 Respondent interpretations of the terms 'evolution' or 'development'

☐☐ Moving from tactical to strategic
☐☐ From order placing to managing supply chain
☐☐ Strategic contribution and involvement of purchasing
☐☐ Refers to the Req (<i>requisition</i>) to Cheque process
☐☐ Evolution from tactical and transactional function to a strategic one
☐☐ Development of function from a tactical to a strategic approach
☐☐ In theory: infancy, awakening, maturing and advanced. May have missed one
☐☐ Moving from adversarial to collaborative relationships
☐☐ From order placing to strategic direction

Table 6 Average rankings of involvement and importance of PSM activities

Activity	Purchase order placing	Order delivery progressing	Bought-out quality control	Negotiating	Supplier selection	Involvement in new product development	Cost control
Involvement	3	5	5	2	2	5	3
Importance	5	5	4	2	2	3	2

Table 7 Strategic contribution of negotiation

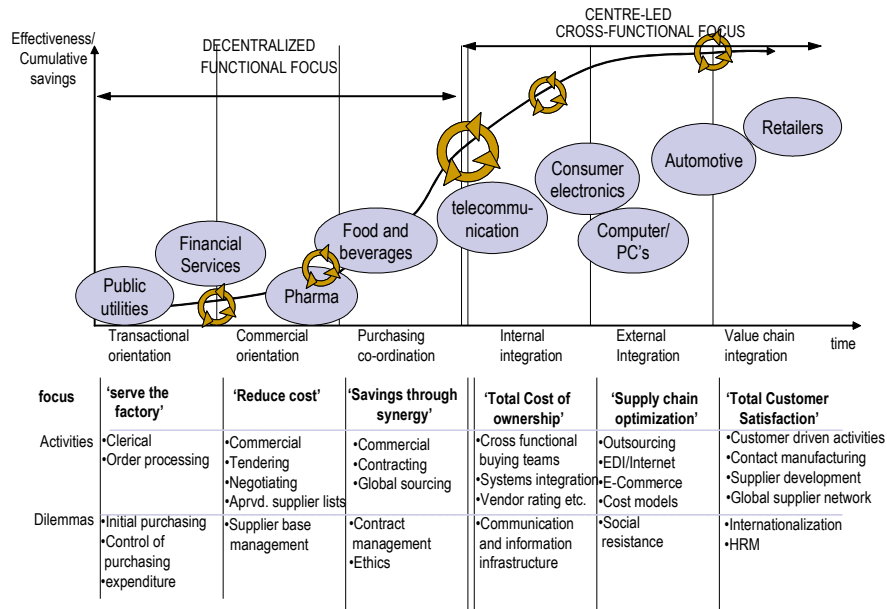
How do you rate the impact of negotiation?	Incidence
Almost none;	1 (5%)
Very little;	2 (9.5%)
Some;	6 (28.5%)
A lot	12 (57%)

Table 8 Examples of steps to reduce administrative activities

- ☐☐ Parts on contract have POs issued automatically and Subs directly buy some raw materials
- ☐☐ Catalogs, ERP purchasing, standard contract templates
- ☐☐ Purchasing new MMIS to allow users to place low value contracted orders
- ☐☐ Oracle auto sourcing
- ☐☐ Web portal to monitor purchase orders
- ☐☐ Regional shared transaction centers, SAP and p-cards
- ☐☐ On demand solutions and outsourcing to India & China
- ☐☐ Central procurement purely strategic, all transactional buying devolved to business.
- ☐☐ Automatic invoice/payments; order sent by email; consolidation of invoices
- ☐☐☐ E-procurement investment in ARIBA
- ☐☐☐ Electronic order requests and centralized order generation & issue
- ☐☐☐ Centralised purchasing
- ☐☐☐ Materials scheduling
- ☐☐☐ Direct transmission of orders to suppliers
- ☐☐☐ Online ordering, email, integrated invoice authorization.

Figure 1

Towards a coherent purchasing and supply development model



From (van Weele, 2005, p. 94)