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أثر إدارة المشتريات وفعاليتها في نجاح قطاع المصرفية: دراسة تطبيقية في مصرف الراجحي، المملكة
العربية السعودية

The impact of Procurement Department and its effectiveness
on the success of the banking sector: an applied study in Al-
Rajhi Bank, Kingdom of Saudi Arabia

Research proposal submitted to complete the requirements for obtaining a master's degree

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SUPERVISED BY: DR. WALID SOLIMAN

PREPARED BY: HUSSAIN ABDULLAH BAHASSAN

ACADIMIC NUMBER: 221001864

ID/PASSPORT NO: T602826 / 1067235497

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1. Abstract

One of the most important aspects of procurement is to ensure decisions are made that enable the organization to get good value for money when buying goods and services. (Katie Jarvis-Grove 2018)

This research aims to elaborate in the art of procurement and its effectiveness on the success of the banking sector by tenders and other tactic that will provide the needs and requirements with the right quantity, quality, time and TAC.

Procurement Department must be supported with role of e-procurement systems that have been verified by many leading Banks worldwide, and eProcurement is a significant tactic in most companies' e-Business strategies. The consensus is that e-Procurement benefits organizations with respect to procurement cost and process efficiency associated with procurement activities. This is due to web-based e-Procurement solutions can support four major B2B tasks in organizations: search, processing, monitoring and control, and coordination (Lagat, J. 2013)

2. Keywords ,Abbreviations and Definitions

2.1 Keywords:

E-Tendering, E-Procurement systems, Supply Management, Public procurement, Purchasing, global sourcing and Supply chain.

2.2 Abbreviations

SAMA	Saudi Central Bank
RFP	Request for Proposal
RFI	Request for Information
RFQ	Request for Quotation
NDA	Non-disclosure Agreement
SLA	Service Level Agreement
TAC	Total Acquisition Cost
CIPS	Chartered Institute of Procurement & Supply
PR	Purchase Requisition
PO	Purchase Order

2.3 Definitions

Supplier	an establishment that offers its products and services to the supplier, the distributor directly, or to the consumer.
Vendor	an establishment that supplies products or services to both other companies and consumers. This entity is the closest to the client.
Request for Proposal (RFP)	a document sent to a list of particular vendors containing technical details in order to receive a technical and financial offer.
Request for Information (RFI)	a request for information gathering to help make product and services purchasing decisions.
Request for quotation (RFQ)	a list of specific details sent to particular suppliers to receive a financial offer (BOQ).
Requesting Department	a department within the bank that wants to buy a product or service or do some work.
Concerned Department	the department benefiting from the service.
Tender Office	an office under belonging to the Department of Contracting and Procurement. It is the only authorized body to manage tenders and receive offers for analysis and evaluation.
Implementing Department	a department responsible for technical supervision and completing tasks for other departments.
The Procurement Committee	A committee that provides recommendations on all new projects or new contracts whose contractual value exceeds one million Saudi Riyal before submitting it to the financial authority owner for approval, for the purpose of review all projects that have been referred to Procurement Committee & insure its aligned with Contracts and Procurement Policy & detect the violations to the bank policies.
Financial Authorities	the maximum limit allowed for some select managers and administrators to approve of an expense in a manner consistent with specific guidelines of the Delegation of Authority.
Purchase order	An approval to be issued only by Procurement and Contracts Dept. in the Bank to a supplier or a vendor requesting supplying a product or service and its considered an initial contract and legally binding on both parties..

Non-Disclosure Agreement	a legally binding agreement between the bank and another party. The agreement stipulates that the confidential information to be shared between the two parties not to be disclosed.
Qualification	the process of meeting the prerequisites that allows the vendor\supplier to work with the bank.
Purchase Request	a request issued from the requesting department detailing its needs. The request is then sent to the Procurement and Contracts Department ..
Tender Summary	a letter sent from Procurement and Contracts Department to the Procurement Committee. A recommendation is written in it about the outcome of a tender for approval.
Contract	a legally binding document between the bank and another party (supplier\ vendor\ contractor) signed by the authorized individuals of both parties whereby a work, service or product is provided on a specified period of time & agreed prices.
Service Level Agreement	An agreement clarifying the method of providing a service and the parameters for assessing it.

3. Introduction

In this Research, we will navigate more about procurement management, its importance, responsibilities, and objectives. We also review the stages of the procurement process, in addition to the problems of procurement management and how to develop them. In the end, we share with you the most distinguished features of accounting programs in purchasing management. The success of any organizations in achieving their goals depends on several factors, the most important of which is - without a doubt - providing their needs and requirements to complete the production process, considering providing these needs ideally in terms of quantity, quality, time and price. In order for this to happen, there must be a specialized department in this regard, which is the purchasing department.

Procurement involves obtaining something. This may be *tangible*, such as goods, on *intangible* such as services. The procurement process begins by identifying a need and complete once the goods or services that meet that are

delivered. (Katie J, G 2018). Successful procurement needs to address different purchased items and buyer-supplier relationships with different purchasing strategies because the corresponding issues and challenges may differ significantly. For this reason, procurement experts in corporate practice proposed and implemented numerous purchasing portfolio models to classify items and derive effective purchasing strategies. (Brown, D. 2001)

3.1 Stages of the procurement process

Procurement is a strategic function of a business and involves a high level skill. Its includes elements such as the following:

Procurement						
Added value	Cost	Inventory	Logistics	Purchasing	Quality	Supply
				Ordering		Delivery
				Expediting		

Generally, Whenever a buyer receives a PR, he needs to convert it into a PO using a particular ERP system or make it manually. During this purchase order placement, the buyer should abide by the quantity and price as per the material requirement plans given by the planners and forecasts. A standard price is set by the company for the particular part in the system. When a buyer places the P.O he makes sure that the price per unit is equal to or less than the standard price and should not exceed it. This can lead to two conditions viz.; total price is within the limit and total price exceeds which becomes unfavorable for the latter case some companies or projects provide the purchase price limit to a particular buyer. Due to this limit, the buyers tend to avoid the due diligence process during P.O placements and negotiations and impact as well as restrict their skills. Avoiding the conversations and negotiations will worsen the already deteriorating performance, loss of professionals and organizations will continue incurring unnecessary costs (Gamare, P. S. 2021).

4. Research problem study

The procurement function has not been given the recognition it deserves in developing countries, in most public entities. (Kakwezi, P., & Nyeko, S. 2019) In most developing countries, the procurement function is transitioning from a clerical nonstrategic unit to an effective socio-economic unit that is able to influence decisions and add value (Knight, Harland, Telgen, Thai, Callender, & Mcken, 2007; and Facolta di Economia, 2006).

5. Study questions

5.1 Central question:

5.1.1 How far Procurement Department can impact on the success of the banking sector in Kingdom of Saudi Arabia?

5.2 Sub questions:

5.2.1 What's the impact of using strategic Procurement roles & regulations on the success of the banking sector?

5.2.2 What's the impact of using E-Tendring on the success of the banking sector?

5.2.3 What's the impact of using E-Procurement system on the success of the banking sector?

5.2.4 What's the impact of using E-Sourcing on the success of the banking sector?

6. Objectives of the study.

After reviewing previous studies, the researchers were encouraged to conduct this study aiming to reach the following objectives:

Objective 1: To examine the role of e-sourcing on the performance of banking sector in Al Rajhi.

Objective 2: To determine the role of e-tendering on the performance of banking sector in Al Rajhi and it's added value.

Objective 3: Describe the effect of the tools used in procurement on purchasing Al Rajhi services.

7. The importance of the research

- 7.1 Clarify the added value that can be achieved through procurement in Banks.
- 7.2 Explain the difference between procurement, purchasing and supply.
- 7.3 Procurement role in strengthening of organization regulation and control.
- 7.4 Explore the added value of procurement in cost saving and avoidance.

8. Previous Studies

The study of (Gamare 2021) aimed to show the effects of the Purchase Price Variance limit on a Buyer's, while the study is based on the sample size of 20 respondents who are working as professional buyers. The study found that the buyers who had the purchase price variance limit didn't do that much due diligence as compared to the buyers which no limits are given which made them more skilled and subsequently, since they need to place the P.O within the SLA limitation.

The study of (Lagat, J. 2013) show the benefits of e-Procurement establishments that Open system of E-tendering leads to the purchase of inferior materials and speeding up of the work. that tenders should only be called from a limited number of firms carefully selected as being capable of doing the work to standard; that the bank has a well-established E-tendering system; that Open E-tendering often lead to unscrupulous suppliers being awarded contracts; that E-tendering enables the selection of a suitable contractor at a time appropriate to the circumstances; and that bid selection is always based on lowest tender but this may not always be the most economical solution in the long term.

9. Methodology of the research.

- 9.1 I have use the hypotheses based on extant literature review theory were used by means of a survey of 16 procurement articles and research. To address the research problem, I have conducted a

literature review using the procedure suggested by Cooper (1988) for synthesizing the literature. This systematic procedure helped to (a) formulate the problem, (b) collect data, (c) evaluate the appropriateness of the data, (d) analyze and interpret relevant data, and (e) organize and present the results. Then results were compared with current issues in a large higher education institution. (Avella, J. T 2016)

10. Study tools.

10.1 The study will be based on the sample size of 5 Requisition with veracity in the initiation and procurement requirements from Al Rajhi Bank.

11. Fields of study.

The study conducted on 2023 in Al Rajhi Bank that was founded in 1957, Al Rajhi Bank is one of the largest Islamic banks in the world with total assets of SR 343 billion (US\$ 90 billion), a paid up capital of SR 25 billion and an employee base of over 9,600 associates. With over 60 years of experience in banking and trading activities, the various individual establishments under the Al Rajhi name were merged into the umbrella 'Al Rajhi trading and exchange corporation' in 1978 and it was in 1988 that the bank was established as a Saudi share holding company. Deeply rooted in Islamic banking principles, the Sharia compliant banking group is instrumental in bridging the gap between modern financial demands and intrinsic values, whilst spearheading numerous industry standards and development.

With an established base in Riyadh, Saudi Arabia, Al Rajhi Bank has a vast network of over 570 branches, over 152 dedicated ladies branches, more than 4,794 ATM's, 74,612 POS terminals installed with merchants and the largest customer base of any bank in the Kingdom, in addition to 233 remittance centers across the kingdom.

The first men's branch was opened in Aldirah in 1957, with the first ladies branch being opened in AlShmaisi in 1979.

Al Rajhi Bank operates in multiple segments and continues to grow through diversification of income resources and development of the investment and corporate banking sectors which build on the strong retail banking base.

Al Rajhi Bank also continues to develop banking programs and projects with a focus on the latest electronic services and investment products in order to offer innovative banking and investment services, especially e-banking. At Al Rajhi Bank, we have achieved leadership through offering new electronic channels that answer customers' needs and aspirations, simplifying their efforts whilst saving time. The Bank has also worked on numerous electronic governmental projects in collaboration with many official sectors. The main objective will be always the improvements in customer service and operation at both the ATM channel and the branch.

The Conclusion

The Conclusion (AR)

استعرضت هذه الورقة الأدبيات حول نجاح المشتريات من الناحية المالية والتشريعية من خلال معالجة النظام المفتوح للمناقصات الإلكترونية لقيادة شراء المواد وتسريع العمل. أن المناقصات يجب أن يتم طلبها فقط من عدد محدود من الشركات المختارة بعناية باعتبارها قادرة على أداء العمل وفقاً للمعايير ؛ أن البنك لديه نظام عطاءات إلكتروني راسخ ؛ أن المناقصة الإلكترونية المفتوحة غالباً ما تؤدي إلى منح عقود لموردين عديدي الضمير ؛ أن المناقصة الإلكترونية تتيح اختيار المقاول المناسب في الوقت المناسب للظروف ؛ ويعتمد اختيار العطاء هذا دائماً على العطاء الأقل ولكن قد لا يكون هذا دائماً هو الحل الأكثر اقتصاداً على المدى الطويل وبشكل أكثر تحديداً ، بينما يكون الموردون على علم بذلك.

بدون المشتريات لن يكون هناك شراء وبدون شراء لن يكون هناك توريد.

The Conclusion (EN)

This paper reviewed the literature on procurement success in the financially and legislation wise by addressing Open system of E-tendering to leads the purchase of the materials and speeding up of the work. that tenders should only be called from a limited number of firms carefully selected as being capable of doing the work to standard; that the bank has a well-established E-tendering system; that Open E-tendering often lead to unscrupulous suppliers being awarded contracts; that E-tendering enables the selection of a suitable contractor at a time appropriate to the circumstances; and that bid selection is always based on lowest tender but this may not always be the most economical solution in the long term More specifically, while suppliers are aware.

Without procurement there would be NO purchasing and without purchasing there would be NO supply.

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