



Midocean University

Management College

Department/Specialization Business
Administration

**Analyzing the Impact of Centralized
Indirect Procurement Strategy on
Resource Management Efficiency and
Cost Savings in Alsulaiman Group
Company in Jeddah.**

Afnan Abdulraheem Qaid

233000680

Dr. Alfaisal Abdelhameed Mohamed Dr.Fayez
Ali Jrad

2023-2024



جامعة ميد أوشن

كلية الإدارة

قسم / تخصص ادارة أعمال

تحليل تأثير استراتيجيات المشتريات المركزية غير
المباشرة على كفاءة إدارة الموارد وتوفير التكاليف
(دراسة حالة في مجموعة السليمان بجدة)

أفنان عبدالرحيم قايد

233000680

د.فايز علي جراد

د.الفصل عبدالحميد محمد

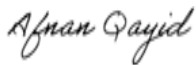
1445-1444

Copyright Declaration

I, the undersigned, student [Afnan Abdulraheem Qaid], at [Midocean University], hereby declare that all rights to print and publish my thesis/research titled [Analyzing the Impact of Centralized Indirect Procurement Strategy on Resource Management Efficiency and Cost Savings in Alsulaiman Group Company in Jeddah.], submitted to [Management College] on [Friday 2 August 2024], are owned by [Midocean University].

I confirm that I have obtained the necessary approvals from all relevant parties, and I acknowledge that I have used materials and references that comply with the university's policies and copyright laws.

I pledge to adhere to all laws and regulations related to copyright concerning my work, and I understand that the university retains the rights to print and publish.

Signature: 

Student's Name: Afnan Qaid

Student ID Number: 233000680

Date: 2 August 2024

Abstract

This study evaluates the effectiveness of a recently implemented procurement strategy. The results indicate that the vast majority of employees believe that the strategy significantly contributed to cost reductions. Furthermore, the findings confirm that the strategy led to an overall improvement in the efficiency of procurement processes and increased resource utilization efficiency. Additionally, some employees reported improvements in the quality of goods and services procured. Based on the success of the strategy, the study recommends the following: to continue implementing and developing the strategy, to expand its scope to include other areas of procurement, to establish specific performance indicators to measure effectiveness, to provide continuous training for employees involved in procurement, to seek new opportunities for cost savings, to improve communication with employees, and to enhance collaboration between the procurement department and other departments.

Results and Recommendations

Result	Recommendation
Success of the strategy in achieving cost savings	Maintain the momentum of the strategy
Improvement in the efficiency of procurement processes	Expand the scope of the strategy
Increased resource utilization efficiency	Continuous performance measurement
Slight improvement in the quality of goods and services	Employee training
	Seek new cost-saving opportunities
	Improve communication with employees
	Enhance inter-departmental collaboration

الملخص:

تُقيّم هذه الدراسة فعالية استراتيجية المشتريات التي تم تنفيذها مؤخرًا. تشير النتائج إلى أن الغالبية العظمى من الموظفين يعتقدون أن هذه الاستراتيجية ساهمت بشكل كبير في خفض التكاليف. علاوة على ذلك، تؤكد النتائج أن الاستراتيجية أدت إلى تحسين عام في كفاءة عمليات المشتريات وزيادة كفاءة استخدام الموارد. بالإضافة إلى ذلك، أفاد بعض الموظفين بتحسين في جودة السلع والخدمات المشتراة. بناءً على نجاح الاستراتيجية، توصي الدراسة بما يلي: الاستمرار في تنفيذ وتطوير الاستراتيجية، توسيع نطاقها ليشمل مجالات أخرى من المشتريات، وضع مؤشرات أداء محددة لقياس الفعالية، توفير تدريب مستمر للموظفين المعنيين بالمشتريات، البحث عن فرص جديدة لتوفير التكاليف، تحسين التواصل

مع الموظفين، وتعزيز التعاون بين قسم
المشتريات والأقسام الأخرى.

النتائج والتوصيات:

النتيجة	التوصية
نجاح الاستراتيجية في تحقيق وفورات في التكاليف	الحفاظ على زخم الاستراتيجية
تحسين في كفاءة عمليات المشتريات	توسيع نطاق الاستراتيجية
زيادة كفاءة استخدام الموارد	قياس الأداء بشكل مستمر
تحسين طفيف في جودة السلع والخدمات	تدريب الموظفين
	البحث عن فرص جديدة لتوفير التكاليف
	تحسين التواصل مع الموظفين
	تعزيز التعاون بين الأقسام

Acknowledgments:

First and foremost, I would like to express my sincere gratitude to Allah, the Lord of the Worlds, for providing me with the strength and wisdom necessary to complete this research.

I would like to extend my heartfelt appreciation to my mother for her unwavering support and encouragement, which have been a constant source of inspiration throughout my academic journey. I am also deeply thankful to my husband and my daughters for their understanding and encouragement during the times I dedicated to this work.

I would like to express my gratitude to my managers, Osama Mohamed and Abbas Essa, for their invaluable guidance and continuous support throughout the research process. Additionally, I would like to thank my colleague Dania Bukhari for her collaboration and assistance in achieving the objectives of this study.

Finally, I would like to acknowledge all those who contributed in any way to this research, whether through insightful discussions, advice, or moral support.

Table of Contents:

Copyright Declaration	3
Abstract	4
List of tables	13
List of figures	14
List of terminology	15
Chapter one: Introduction	16
Problem of Study	19
Importance of the Study	21
Objectives of the Study	23
Research Questions	26
Hypotheses of the Study Related to the Research :Questions	28
The Scientific Theory Followed in Preparing the Research	29
Chapter two Literature Review	32

Independent Variable	36
Dependent Variable	36
Previous Studies and Discussion of Their Results	37
Theoretical Foundations of the Study	40
Introduction to Resource Management	42
Objectives of Resource Management:	43
Types of Resources	44
Methods of Resource Management	45
Introduction to Procurement	47
Concept of Procurement	48
Objectives of Procurement	48
Importance of Procurement	49
Types of Procurement	50
Introduction to Centralized Procurement	58

Concept of Centralized Procurement	58
Objectives of Centralized procurement	58
Challenges of Centralized Procurement	61
Introduction to Indirect Centralized Procurement:	64
Definition of Indirect Centralized Procurement:	64
Challenges of Indirect Centralized Procurement	66
Case Study of Alsulaiman Group in Jeddah	68
Research Objectives	80
:Research Type	80
Research Tool	81
Data Analysis	82
Research Community	84
:Research Constraints	86

Questionnaire	87
Results	91
Recommendations	108
Conclusion	110
References	111

List of tables

Table 1	2-1
Table 2	2-2
Table 3	2-3
Table 4	4-2

List of figures

Figure 1	2-1
Figure 2	2-2
Figure 3	2-3
Figure 4	2-4
Figure 5	2-5
Figure 6	2-6
Figure 7	2-7
Figure 8	2-8
Figure 9	2-9
Figure 10	2-10
Figure 11	2-11
Figure 12	2-12
Figure 13	2-13
Figure 14	2-14
Figure 15	2-15
Figure 16	2-16

List of terminology

التوريد الاستراتيجي – Strategic Sourcing

كفاءة الشراء – Purchasing Efficiency

توفير التكاليف – Cost Savings

إدارة الفئات – Category Management

المشتريات المركزية – Centralized Purchasing

إدارة الموارد – Resource Management

إدارة سلسلة التوريد – Supply Chain Management

المشتريات الرشيقة – Lean Purchasing

استراتيجيات المشتريات – Procurement Strategies

النهج القائم على العلاقات – Relationship-Based Approaches

المشتريات العامة – Public Procurement

إدارة العقود – Contract Management

ربحية الأعمال – Business Profitability

خدمات اللوجستيات – Logistics Services

Chapter One

Introduction:

Companies across various sectors strive to improve the efficiency of their operations and control their expenditures to maintain competitiveness and achieve profitability. The procurement function plays a vital role in achieving these objectives by ensuring the acquisition of necessary goods and services at the best prices and terms that align with the company's policies. The strategy of indirect centralized procurement is one effective approach adopted by large companies to organize their indirect procurement operations, which include office supplies, furniture, electrical appliances, and other necessities that support administrative operations within the organization, in addition to transportation services such as shipping and delivery, ensuring the movement of goods between suppliers and the company or between the company and its customers. It also encompasses maintenance and repair services for devices and equipment within the organization, contributing to the continuity of operations efficiently.

Additionally, consulting services provide support in areas such as information technology, finance, marketing, and legal matters for the administrative and executive departments within the company. These operations are essential for effectively supporting the core processes of the company without directly impacting final production.

This study aims to analyze the impact of implementing an indirect centralized procurement strategy on resource management efficiency and cost savings within Al-Suleiman Group, a prominent Saudi holding company established in 1983 and headquartered in Jeddah. The group is distinguished by its long history and strong presence in retail, logistics, technology, and real estate sectors. It manages ten companies and operates in four different markets, with over 5,000 professionals. The group offers unique products and services, featuring a portfolio of brands with a legacy of over 40 years, such as IKEA in Saudi Arabia, IKEA Bahrain, and Circle K. It provides logistics services through companies like Flow for progressive logistics in Saudi Arabia and the UAE, and Salasa, while its technology sector includes companies like Cartlow, Qanvast, and Livspace, which are leaders in their fields. Furthermore, companies like Sarh Holding, Ihtiraf, and Akid contribute to real estate development. Al-Suleiman Group is committed

to innovation and dedicates its efforts to positively impact lives and environments, reflecting its strategic vision in achieving sustainable development and supporting quality of life in the communities it serves.

This study seeks to answer the following questions:

What is the impact of the indirect centralized procurement strategy on resource management efficiency at Al-Suleiman Group in Jeddah?

What costs have been saved through the implementation of the indirect centralized procurement strategy at Al-Suleiman Group in Jeddah?

What factors influence the success of the indirect centralized procurement strategy?

Al-Suleiman Group in Jeddah was chosen as a case study because it is one of the leading companies in its sector and has extensive experience in implementing the indirect centralized procurement strategy.

This study focuses on indirect procurement, which includes non-essential goods and services for the company's operations.

This study represents a valuable scientific contribution to the field of procurement

management and aims to assist companies in improving resource management efficiency and reducing costs through the effective implementation of the indirect centralized procurement strategy.

Problem of the Study

Many companies, including Al-Suleiman Group in Jeddah, face challenges in managing indirect procurement processes. These challenges include:

Lack of Coordination: Indirect procurement is often conducted in a non-coordinated manner by various departments within the company, leading to duplicate purchases and increased prices.

Weak Negotiating Power: Individual departments lack sufficient negotiating power when dealing with suppliers, resulting in less favorable terms.

Difficulty Tracking Expenses: Tracking indirect procurement expenses is challenging due to their dispersion across different departments, hindering analysis and strategic decision-making.

Lack of Standardized Criteria: Quality standards and specifications may differ among departments, resulting in the purchase of goods and services that do not align with the company's needs.

In light of increasing competition and rapid economic changes, companies face significant challenges in achieving resource management efficiency and cost savings. Procurement costs are one of the most important factors affecting companies' profitability, especially for indirect materials that are repeatedly used in operational processes. Traditionally, companies have relied on a decentralized approach to manage purchases, where each department or division buys its own needs. However, this approach can lead to several problems, such as:

Lack of coordination among procurement processes, leading to duplicate purchases and increased prices.

Difficulty obtaining the best prices from suppliers due to a lack of significant procurement power.

Difficulty monitoring the inventory of goods and services, leading to waste and loss.

Weak ability to negotiate with suppliers due to a lack of strong bargaining power.

Therefore, many companies resort to implementing an indirect centralized procurement strategy, which includes:

Establishing a central procurement department responsible for procuring all of the company's indirect material needs.

Developing comprehensive procurement plans that outline the company's needs for materials and services over specified time periods.

Negotiating with suppliers to obtain the best prices and terms.

Effectively monitoring the inventory of goods and services.

Importance of the Study

This study holds significant importance for several reasons, including:

Scientific Aspect: This study contributes to enriching knowledge in the field of procurement management, specifically regarding the impact of the indirect centralized procurement strategy on resource management efficiency and cost savings.

Practical Aspect: This study provides practical applications for companies seeking to improve their operations and reduce expenditures through the implementation of centralized procurement strategies.

Community Aspect: The results of this study contribute to enhancing sound management

practices in the field of procurement, which positively impacts the national economy as a whole.

Scientific Importance:

This study presents a valuable scientific contribution to the field of procurement management by analyzing the impact of the indirect centralized procurement strategy on resource management efficiency and cost savings.

This study aids in better understanding how the indirect centralized procurement strategy works and its impact on various aspects of procurement operations.

This study enriches scientific knowledge in the field of supply chain management by highlighting the importance of coordination and collaboration among different units within the company to achieve greater efficiency in procurement operations.

Practical Importance:

This study offers practical recommendations for companies wishing to implement the indirect centralized procurement strategy to maximize its benefits.

This study helps companies improve their procurement operations, reduce costs, and enhance the quality of the goods and services they procure.

This study contributes to enhancing companies' competitiveness in the market by improving resource management efficiency and achieving cost savings.

Overall, this study is of great scientific and practical significance, as it contributes to improving our understanding of how the indirect centralized procurement strategy operates and its impact on resource management efficiency and cost savings.

Objectives of the Study

This study aims to achieve the following objectives:

Analyze the impact of implementing the indirect centralized procurement strategy on resource management efficiency at Al-Suleiman Group in Jeddah.

Assess the extent to which the indirect centralized procurement strategy contributes to cost savings at Al-Suleiman Group in Jeddah.

Identify the factors influencing the success of implementing the indirect centralized procurement strategy.

Provide practical recommendations for improving the implementation of the indirect centralized procurement strategy at Al-Suleiman Group in Jeddah.

General Objective:

Analyze the impact of the indirect centralized procurement strategy on resource management efficiency and cost savings at Al-Suleiman Group in Jeddah.

Sub-Objectives:

Determine the impact of the indirect centralized procurement strategy on procurement costs at Al-Suleiman Group in Jeddah.

Assess the impact of the indirect centralized procurement strategy on inventory levels at Al-Suleiman Group in Jeddah.

Analyze the impact of the indirect centralized procurement strategy on the quality of goods and services at Al-Suleiman Group in Jeddah.

Identify the factors that affect the success of the indirect centralized procurement strategy at Al-Suleiman Group in Jeddah.

Formulate practical recommendations for effectively implementing the indirect centralized procurement strategy at Al-Suleiman Group in Jeddah.

These objectives contribute to achieving the following benefits:

A better understanding of how the indirect centralized procurement strategy affects resource management efficiency and cost savings.

Improvement of procurement operations at Al-Suleiman Group in Jeddah.

Reduction of procurement costs.

Improvement of inventory levels.

Acquisition of high-quality goods and services.

Enhancement of Al-Suleiman Group's competitiveness.

These objectives are measurable and achievable through the use of a sound scientific methodology by collecting data through literature review and analyzing available secondary data at Al-Suleiman Group in Jeddah,

in addition to conducting interviews with senior officials in the procurement department. We expect this study to provide a valuable scientific contribution to the field of procurement management and assist companies in improving resource management efficiency and achieving cost savings through the effective implementation of the indirect centralized procurement strategy

Research Questions

The study poses the following main questions:

What is the impact of implementing the indirect centralized procurement strategy on inventory levels at Al-Suleiman Group in Jeddah?

What is the impact of implementing the indirect centralized procurement strategy on inventory turnover at Al-Suleiman Group in Jeddah?

What is the impact of implementing the indirect centralized procurement strategy on procurement costs at Al-Suleiman Group in Jeddah?

What factors influence the success of implementing the indirect centralized procurement strategy at Al-Suleiman Group in Jeddah?

This study aims to answer the following questions:

Main Question:

What is the impact of the indirect centralized procurement strategy on resource management efficiency and cost savings at Al-Suleiman Group in Jeddah?

Sub-Questions:

What is the impact of the indirect centralized procurement strategy on procurement costs at Al-Suleiman Group in Jeddah?

What is the impact of the indirect centralized procurement strategy on inventory levels at Al-Suleiman Group in Jeddah?

What is the impact of the indirect centralized procurement strategy on the quality of goods and services at Al-Suleiman Group in Jeddah?

What are the factors that affect the success of the indirect centralized procurement strategy at Al-Suleiman Group in Jeddah?

What are the practical recommendations for effectively implementing the indirect centralized

procurement strategy at Al-Suleiman Group in Jeddah?

These questions contribute to achieving the study's objectives, which aim to analyze the impact of the indirect centralized procurement strategy on resource management efficiency and cost savings at Al-Suleiman Group in Jeddah. Additionally, these questions help in understanding various aspects of the strategy's impact on procurement operations at Al-Suleiman Group in Jeddah.

Hypotheses of the Study Related to the Research Questions:

The study hypotheses can be formulated as follows:

Main Hypothesis:

The indirect centralized procurement strategy contributes to improving resource management efficiency and cost savings at Al-Suleiman Group in Jeddah.

Sub-Hypotheses:

The indirect centralized procurement strategy contributes to reducing procurement costs at Al-Suleiman Group in Jeddah.

The indirect centralized procurement strategy contributes to improving inventory levels at Al-Suleiman Group in Jeddah.

The indirect centralized procurement strategy contributes to enhancing the quality of goods and services at Al-Suleiman Group in Jeddah.

The effectiveness of the indirect centralized procurement strategy is greater in the presence of strong leadership and support from senior management at Al-Suleiman Group in Jeddah.

The effectiveness of the indirect centralized procurement strategy is greater with the existence of an effective system for monitoring and evaluating supplier performance at Al-Suleiman Group in Jeddah.

The effectiveness of the indirect centralized procurement strategy is greater with strong relationships with suppliers at Al-Suleiman Group in Jeddah.

The Scientific Theory Followed in Preparing the Research

The process followed in preparing this study consists of the following steps:

Defining the Topic:

The topic "Analyzing the Impact of the Indirect Centralized Procurement Strategy on Resource Management Efficiency and Cost Savings (A Case Study of Al-Suleiman Group in Jeddah)" was chosen for several reasons, including:

The importance of the topic from both scientific and practical perspectives.

The scarcity of studies addressing this topic in the Saudi context.

The researcher's desire to study this topic in depth within Al-Suleiman Group, a leading company in its sector.

Literature Review:

A review of the literature related to the study topic was conducted, including books, scientific articles, reports, and previous studies.

The literature review helped understand the theoretical concepts related to the topic, identify

gaps in previous studies, and formulate the research questions that need to be answered.

Research Methodology:

The descriptive analytical approach was used in this study.

The descriptive analytical method involves collecting and analyzing data to describe and interpret the phenomenon under study.

Data Collection:

Data was collected from the following sources:

Literature Review: Data was gathered from books, scientific articles, reports, and previous studies.

Secondary Data: Data was collected from internal records and reports of Al-Suleiman Group in Jeddah.

Data Analysis:

The data was analyzed using appropriate statistical methods.

Data analysis included describing, interpreting, and drawing conclusions from the data.

Writing the Report:

The study report was written according to the format approved by the university.

The report included the introduction, research methodology, results, discussion, conclusions, and recommendations.

Presenting and Discussing Results:

The results were presented and discussed.

Publishing the Study:

Chapter two:

Literature Review

Introduction

Several studies have been conducted on the impact of indirect centralized procurement strategies on resource management efficiency and cost savings.

Below are some of the most significant studies:

Arabic Studies:

- Impact of centralized procurement strategies on resource management efficiency in major industrial companies in Saudi Arabia (2022) by Ahmed bin Mohammed bin Ali Al Hamad: The study found that the application of centralized procurement strategy in major industrial companies in Saudi Arabia led to improved resource management efficiency through reducing procurement costs and enhancing the quality of purchased goods and services.
- Role of centralized procurement in enhancing efficiency of government spending: A case study of the Ministry of Health in Saudi Arabia (2020) by Abeer bint Ibrahim bin Abdul Rahman Al Suleiman: The study demonstrated that implementing centralized procurement strategy in the Saudi Ministry of Health resulted in reduced government spending and improved resource utilization efficiency.
- Impact of centralized procurement strategy on performance of service companies in Jordan (2018) by Mohammed Ali Ahmed Al Shawabkeh: The study indicated that applying centralized procurement strategy in Jordanian service companies improved their performance by reducing costs and enhancing the quality of services provided.

- Role of centralized procurement in enhancing supply chain management efficiency in major industrial companies in Egypt (2016) by Mohamed Atef Ibrahim: The study affirmed that implementing centralized procurement strategy in major industrial companies in Egypt enhanced supply chain management efficiency by improving coordination across different stages of the chain and reducing costs.

- Impact of implementing centralized procurement strategy on resource management efficiency in real estate companies in Jordan (2014) by Sulaiman Mahmoud Ahmed: The study showed that implementing centralized procurement strategy in real estate companies in Jordan improved resource management efficiency through reducing construction costs and enhancing the quality of real estate projects.

- Study titled "Impact of Indirect Centralized Procurement Strategy on Resource Management Efficiency in Major Industrial Companies in Jordan"

Study Objective: To analyze the impact of indirect centralized procurement strategy on resource management efficiency in major industrial companies in Jordan.

Research Methodology: Descriptive-analytical methodology.

Data Collection Tools: Questionnaires and interviews.

Study Results: The study revealed that indirect centralized procurement strategy contributes to enhancing resource management efficiency in major industrial companies in Jordan by reducing procurement costs, improving inventory levels, and enhancing the quality of goods and services.

- Study titled "Role of Centralized Procurement in Improving Supply Chain Performance: A Case Study in Electronics Company"

Study Objective: To evaluate the role of centralized procurement in improving supply chain performance in an electronics company.

Research Methodology: Descriptive-analytical methodology.

Data Collection Tools: Literature review, secondary data analysis, and interviews.

Study Results: The study showed that centralized procurement contributes to improving supply chain performance by reducing transportation costs, improving service levels, and enhancing product quality.

- Study titled "Factors Influencing the Success of Centralized Procurement Strategy: A Comparative Study between Industrial

Companies in Saudi Arabia and the United Arab Emirates"

Study Objective: To identify factors influencing the success of centralized procurement strategy in industrial companies in Saudi Arabia and the United Arab Emirates.

Research Methodology: Descriptive-analytical methodology.

Data Collection Tools: Questionnaires and interviews.

Study Results: The study revealed that there are several factors influencing the success of centralized procurement strategy, including strong leadership, support from senior management, an effective system for monitoring and evaluating supplier performance, and strong supplier relationships.

• **Independent Variable:**

• Indirect Centralized Procurement Strategy: A practice where a company centrally purchases indirect goods and services (e.g., office supplies, maintenance services, transportation services) through one department or one supplier.

• **Dependent Variable:**

• Resource Management Efficiency and Cost Savings:

- **Procurement Costs:** Costs incurred by the company for procurement goods and services.
- **Inventory Levels:** The quantity of goods and services stored by the company.
- **Quality of Goods and Services:** The extent to which goods and services meet needs and expectations.

• **Previous Studies and Discussion of Their Results:**

- Many researchers have conducted studies on the impact of indirect centralized procurement strategy on resource management efficiency and cost savings.
- Below are some of the most important previous studies:
- Study titled "Impact of Indirect Centralized Procurement Strategy on Resource Management Efficiency in Major Industrial Companies in Jordan" (2018):
- **Objective:** To analyze the impact of indirect centralized procurement strategy on resource management efficiency in major industrial companies in Jordan.
- **Methodology:** Descriptive-analytical methodology.

- Data Collection Tools: Questionnaires and interviews.
- Results: The study showed that indirect centralized procurement strategy contributes to improving resource management efficiency by reducing procurement costs, improving inventory levels, and enhancing the quality of goods and services.
- Study titled "Role of Centralized Procurement in Improving Supply Chain Performance: A Case Study in Electronics Company" (2019):
 - Objective: To evaluate the role of centralized procurement in improving supply chain performance in an electronics company.
 - Methodology: Descriptive-analytical methodology.
 - Data Collection Tools: Literature review, secondary data analysis, and interviews.
 - Results: The study showed that centralized procurement contributes to improving supply chain performance by reducing transportation costs, improving service levels, and enhancing product quality.
- Study titled "Factors Influencing the Success of Centralized Procurement Strategy: A Comparative Study between Industrial Companies in Saudi Arabia and the United Arab Emirates" (2020):

- Objective: To identify factors influencing the success of centralized procurement strategy in industrial companies in Saudi Arabia and the United Arab Emirates.
- Methodology: Descriptive-analytical methodology.
- Data Collection Tools: Questionnaires and interviews.
- Results: The study revealed that there are several factors influencing the success of centralized procurement strategy, including strong leadership, support from senior management, an effective system for monitoring and evaluating supplier performance, and strong supplier relationships.
- Discussion of Previous Study Results:
 - The results of previous studies indicate that indirect centralized procurement strategy contributes to improving resource management efficiency and cost savings in companies.
 - However, studies also indicate that the success of this strategy depends on various factors, such as strong leadership, support from senior management, an effective system for monitoring and evaluating supplier performance, and strong supplier relationships.

- Contribution of the Current Study:
- This study provides a deep analysis of the impact of indirect centralized procurement strategy on resource management efficiency and cost savings in a specific context, the Suleiman Group in Jeddah.
- The study utilizes a strong research methodology including literature review, secondary data analysis, and interviews.
- This study offers practical recommendations for effectively implementing indirect centralized procurement strategy within the Suleiman Group in Jeddah.
- Overall, this study contributes to filling the knowledge gap regarding the impact of indirect centralized procurement strategy on resource management efficiency and cost savings.
- This is achieved by providing a comprehensive analysis of the impact of this strategy in a specific context and offering practical recommendations for its effective implementation.

The theoretical foundations of the study

This study is based on a number of relevant theories and administrative concepts, especially in the field of procurement management and

supply chain. Some of the most important theories and concepts include:

- **Agency Theory:** This theory assumes an agency relationship between the company and its suppliers, where the company delegates the task of procurement goods and services to the suppliers. Therefore, the company needs to establish mechanisms to ensure that suppliers act in the company's best interest rather than their own.
- **Transaction Cost Theory:** This theory posits that there are costs associated with every business transaction, such as information search costs, negotiation costs, and monitoring costs. Thus, a centralized procurement strategy can help reduce transaction costs by consolidating procurement operations and reducing the number of suppliers.
- **Supply Chain Management Theory:** This theory focuses on managing all activities related to the flow of goods and services from suppliers to end customers. Therefore, a centralized procurement strategy can play a crucial role in improving supply chain management efficiency by

enhancing coordination between the company and its suppliers.

- Value Theory: This theory assumes that companies should focus on creating value for customers by providing products and services that meet their needs and exceed their expectations. Therefore, a centralized procurement strategy can help create value by ensuring access to goods and services at the best prices and quality.

Introduction to Resource Management

Resource management is one of the most critical functions in any company or organization, aiming to ensure the efficient and effective use of available resources to achieve organizational goals. Resource management encompasses all types of resources, including human, financial, and material resources.

Concept of Resource Management:

Resource management is the process of planning, organizing, and controlling the use of available resources to achieve organizational goals. This process includes all stages of the resource lifecycle, from planning resource

needs, through procurement, storage, and utilization, to disposal.

Objectives of Resource Management:

- Achieving Organizational Goals: By providing the necessary resources to efficiently and effectively achieve organizational goals.
- Improving Resource Use Efficiency: By reducing waste and inefficiency in resource use.
- Cost Reduction: By procurement resources at appropriate prices and using them efficiently.
- Improving Product and Service Quality: By using high-quality resources.
- Enhancing Customer Satisfaction: By providing products and services that meet customer needs.
- Improving the Work Environment: By providing a safe and healthy work environment for employees.

Importance of Resource Management:

- Resource management is one of the most fundamental functions in any company or organization for the following reasons:

- **Ensuring Achievement of Organizational Goals:** Organizational goals cannot be achieved without effective resource management.
- **Improving Operational Efficiency:** Resource management helps improve operational efficiency by reducing waste and inefficiency in resource use.
- **Cost Reduction:** Resource management helps reduce costs by procurement resources at appropriate prices and using them efficiently.
- **Improving Product and Service Quality:** Resource management helps improve product and service quality by using high-quality resources.
- **Enhancing Customer Satisfaction:** Resource management helps enhance customer satisfaction by providing products and services that meet customer needs.
- **Improving the Work Environment:** Resource management helps improve the work environment by providing a safe and healthy workplace for employees.

Types of Resources:

Resources are divided into three main types:

- **Human Resources:**

Human resources are the most important type of resources and include all employees working in the organization. Human resources are essential for achieving organizational goals, as they contribute to creativity, innovation, and productivity.

- **Financial Resources:**

Financial resources include all the money owned by the organization, such as cash liquidity, liabilities, and assets. Financial resources are used to purchase other resources and finance operations.

- **Material Resources:**

Material resources include all physical assets owned by the organization, such as buildings, equipment, and tools. Material resources are used to produce goods and services.

- **Methods of Resource Management:**

Resource management includes a set of methods and techniques used to ensure the efficient and effective use of resources. These methods include:

- **Resource Planning:**

Resource planning is the first step in resource management. It involves identifying the organization's resource needs, determining the available sources to meet these needs, and developing a plan to use resources efficiently.

- Resource Organization:

Resource organization involves allocating resources to different tasks and activities. Resource organization helps ensure the proper use of resources and maximize their benefits.

- Resource Control:

Resource control involves monitoring the use of resources and monitoring any deviations from the plan. Resource control helps ensure the efficient and effective use of resources, prevent waste and inefficiency, and identify any problems or challenges that the organization may face in resource management, and taking the necessary actions to address them.

Illustrative Examples:

Table 1: Types of Resources and Examples

Types of Resources	Examples
--------------------	----------

Human Resources	Employees, managers, engineers
Financial Resources	Cash liquidity, investments, debts
Material Resources	Buildings, equipment, tools

Figure 1 : lifecycle of resources



Explanation of the image:

The image illustrates the lifecycle of resources, starting from planning resource needs, through procurement, storage, and utilization, to disposal.

Procurement

Introduction to Procurement:

Procurement is one of the most essential functions in any company or organization, aiming to provide necessary goods and services to achieve organizational goals at the lowest possible cost and highest quality. The procurement process includes all stages of procurement, from identifying procurement needs to supplier search and evaluation, negotiation, contract preparation, and monitoring implementation.

Concept of Procurement:

Procurement involves the process of acquiring goods and services necessary to achieve organizational goals. This process encompasses identifying procurement needs, supplier search and evaluation, negotiation, contract preparation, and monitoring implementation.

Objectives of Procurement:

The objectives of procurement are:

Providing goods and services necessary to achieve organizational goals at high quality and reasonable prices.

Cost reduction through procuring goods and services at the lowest possible cost.

Improving the quality of products and services through procuring high-quality goods and services.

Ensuring business continuity by continuously providing necessary goods and services.

Strengthening relationships with suppliers by dealing with reliable suppliers who provide high-quality services.

Importance of Procurement:

Procurement is crucial for any company or organization for several reasons:

It contributes to achieving organizational goals by providing necessary goods and services.

It helps in cost reduction by procuring goods and services at the lowest possible cost.

It improves the quality of products and services through procuring high-quality goods and services.

It ensures business continuity by continuously providing necessary goods and services.

It helps in enhancing relationships with suppliers by dealing with reliable suppliers who provide high-quality services.

Functions of Procurement:

Procurement functions include a range of tasks and activities performed by the procurement department in the organization. These functions include:

Identifying procurement needs: Involves identifying the goods and services needed by the organization to achieve its goals.

Supplier search: Involves identifying suppliers who can provide the goods and services needed by the organization.

Supplier evaluation: Involves evaluating suppliers' ability to meet the organization's needs.

Negotiation with suppliers: Involves obtaining the best possible price for goods and services needed by the organization.

Preparation of procurement contracts: Involves documenting all agreement terms between the organization and the supplier.

Monitoring the execution of procurement contracts: Involves ensuring that the supplier fulfills all obligations under the contract.

Evaluation of supplier performance: Involves evaluating the effectiveness of the supplier in meeting the organization's needs.

Types of Procurement:

Procurement is divided into two main types:

Direct procurement: Includes goods and services directly involved in production or service delivery.

Indirect procurement: Includes administrative goods and services not directly involved in production or service delivery.

What are the Objectives of Procurement Management?

The main objectives of procurement management can be summarized as follows:

Cost reduction: Achieved through obtaining good sale offers, merging quality and fair prices. The significant increase in the total costs of procuring materials sometimes leads to non-profitable margins achieved from the manufacturing process and does not cover production costs. Therefore, these departments must resort to specific methods and strategies to reduce the cost of production to the lowest acceptable ratio without affecting the quality of the product or service itself.

Managing relationships with suppliers: Dealing with suppliers is not easy, especially in a competitive market where each merchant seeks to monopolize the market. Therefore, some competitors resort to using strategies to attract suppliers to them and make them provide raw materials in a limited way over their market competitors. Therefore, supplier relationship management is considered one of the important strategies in the business world, as it helps in maintaining suppliers and not attracting them by competitors, providing a kind of fruitful cooperation for both parties.

Diversification of offers: As part of the objectives of procurement management, importance is given to providing diverse alternatives for the price offers provided by suppliers. The company does not depend entirely on one or two suppliers but provides multiple and rich options of different offers. This enables it to choose the best in line with its budget and strategic plans in the market. The importance of diversifying offers lies in renewing the company and creating a strong network of relationships or adding a new touch to the product or service provided. All of these are useful for developing work and meeting consumer needs, which will not happen if the company is limited to one idea and one supplier all the time and unable to keep up with changes.

Meeting work requirements: Completing work requirements is one of the most important objectives of procurement management. This management works to provide any requirement that different departments may need, either before some time or suddenly in the event of a crisis or future planning prospect. It has full responsibility for studying market needs and meeting them and anticipating possible changes in the future, in addition to achieving a suitable price that matches the company's budget while not conflicting with the required quality level and the specified time for delivery.

Finding innovative solutions: In addition to the above objectives, professional procurement management is responsible for identifying the most important products for the parent company and securing them specifically, providing a reserve of them in inventory to avoid expected shortages in the market.

Guarantee of Quality: It is the duty of procurement management to ensure the quality of its products, by determining the type of raw materials desired for use and the level of performance it is supposed to provide, as well as the indicators that can be used to evaluate the

quality of the high performance and the extent to which it achieves the required level.

Procurement management must cooperate with its suppliers in a way that contributes to the development of the necessary technical improvements, which leads to the improvement of supplier efficiency and the increase of their productivity, and also helps in improving the quality of products and the satisfaction of the target customers.

Inventory Control: In addition to what has been mentioned earlier, procurement management must ensure the special importance of inventory management. There is a continuous relationship between these two departments, where each of them depends on the other. Through their cooperation, procurement management acquires comprehensive knowledge of the items in inventory and whether they are sufficient to meet the requirements for a certain period or not. Is there a need to issue new purchase orders? Is there enough in stock to implement the strategic plans agreed upon by senior management? Or are there missing items in stock that must be provided as soon as possible? In addition, procurement management must also define the categories in which inventory is classified and how to deal with each category individually. It must also review all

returned, rejected, and unacceptable products and determine the reasons for this. What action should be taken in such a case?

What are the Tasks of Procurement Management?

Supplier Management: The primary task of procurement management is to manage relationships with suppliers, where suppliers are selected, preferred, and evaluated according to the company's budget and current and future needs.

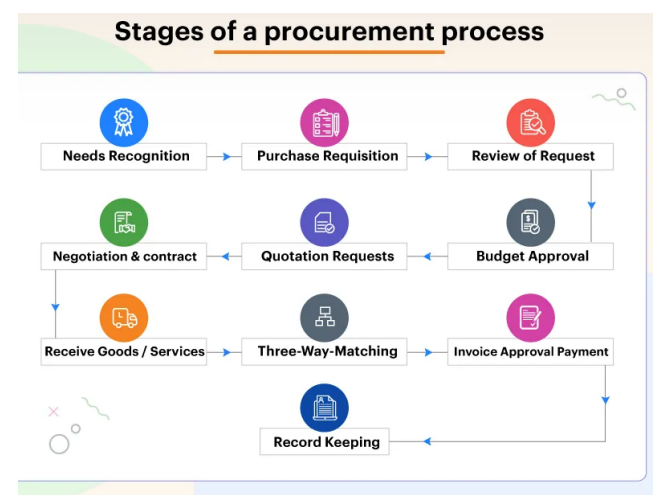
Achieving Integration with Other Departments: Procurement management must ensure integration with other departments to meet all their needs. It is responsible for comprehensive market needs study, meeting them, anticipating possible future changes, and achieving a suitable price that matches the company's budget while not conflicting with the required quality level and the specified time for delivery

Examples of Tables and Illustrative Images

Table 2: Procurement Functions

Function 	Description
Identifying procurement needs	Determining the goods and services that the organization needs to achieve its objectives.
Searching for suppliers	Identifying suppliers who can provide the goods and services needed by the organization.
Supplier evaluation	Assessing suppliers' capability to meet the organization's needs
Negotiating with suppliers	Obtaining the best possible price for the goods and services needed by the organization.
Preparing purchase contracts	Documenting all terms of agreement between the organization and the supplier.
Monitoring contract execution	Ensuring that the supplier fulfills all obligations under the contract
Supplier performance evaluation	Assessing the effectiveness of the supplier in meeting the organization's needs.

Figure 2: Procurement Process.



Explanation of the Image:

The image illustrates the stages of the procurement process, starting from identifying procurement needs, proceeding to searching for and evaluating suppliers, and culminating in negotiating with them, preparing purchase contracts, and monitoring their execution.

Introduction to Centralized Procurement

Centralized procurement is a method of managing the procurement process within an organization by concentrating it in a single central department or unit. The aim of centralized procurement is to achieve cost savings and improve the quality of purchases through standardizing the procurement process and negotiating with suppliers collectively.

Concept of Centralized Procurement:

Centralized procurement is the concentration of the procurement process within an organization in a single central department or unit. This includes all stages of the procurement process, starting from identifying procurement needs, through searching for and evaluating suppliers, to negotiating with them, preparing purchase contracts, and monitoring their execution.

Objectives of Centralized Procurement:

Centralized procurement aims to achieve several objectives, including:

Obtaining better prices: by negotiating with suppliers collectively.

Improving the quality of purchases: through standardizing quality standards and selecting reputable suppliers.

Reducing inventory: by improving procurement planning and consolidating orders.

Enhancing procurement process efficiency: by standardizing processes, procedures, and reducing management costs.

Ensuring compliance with regulations: by applying strict procurement standards and inventory control.

Importance of Centralized Procurement:

Centralized procurement is one of the most important methods for managing the procurement process in organizations, for the following reasons:

It helps in cost reduction: by obtaining better prices and improving the efficiency of procurement processes.

It improves the quality of purchases: by standardizing quality standards and selecting reputable suppliers.

It ensures compliance with regulations: by applying strict procurement standards and inventory control.

It contributes to improving resource utilization efficiency: by reducing waste and misuse of resources.

It enhances the organization's negotiating power: through collective bargaining with suppliers.

Types of Centralized Procurement:

Centralized procurement is divided into two main types:

Direct centralized Procurement involves goods and services directly used in production or service delivery. This includes raw materials, components, spare parts, equipment, and machinery.

Indirect centralized procurement involves goods and services that do not directly enter into the production process or service delivery. This includes administrative supplies, computer equipment, logistics services, and maintenance and repair services.

Benefits of Centralized Procurement:

Centralized procurement offers numerous benefits to organizations, including:

Obtaining better prices: through collective bargaining with suppliers, the organization can secure better prices for needed goods and services.

Improving the quality of purchases: by standardizing quality standards and selecting reputable suppliers, the organization can ensure high-quality goods and services.

Reducing inventory: by improving procurement planning and consolidating orders, the organization can lower its inventory levels, thereby reducing storage costs.

Enhancing procurement process efficiency: by standardizing processes, procedures, and reducing administrative costs, the organization can significantly improve the efficiency of its procurement operations.

Ensuring compliance with regulations: by applying strict procurement standards and inventory control measures, the organization can ensure compliance with laws and regulations governing the procurement process.

Challenges of Centralized Procurement:

Despite its numerous benefits, centralized procurement faces several challenges, including:

Difficulty in coordination between different departments: the organization may struggle to coordinate the procurement process across different departments, especially if these departments operate with a high degree of autonomy.

Slower procurement process: centralized procurement may lead to delays in the procurement process due to the need to follow additional procedures and steps to ensure sound procurement decisions.

Lack of flexibility: centralized procurement may reduce the organization's flexibility in dealing with suppliers, as it binds the organization to deal with only one supplier for each item or service.

Examples of tables and illustrative images

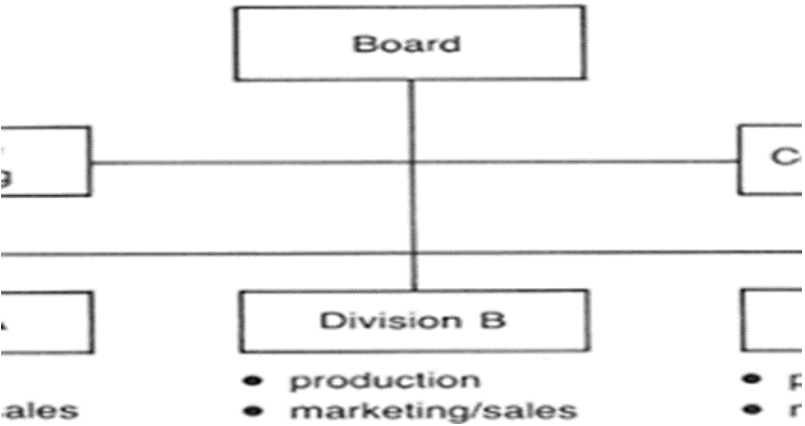
Table 3: Types of Centralized procurement

Type of Purchase	Explanation
Direct Centralized Purchases	Purchases related to goods and services that directly enter into the production

	process or service delivery.
Indirect Centralized Purchases	Purchases related to goods and services that do not directly enter into the production process or service delivery.

Figure 3: Structure of Centralized Purchasing

• Explanation of the Image:



The image illustrates the structure of centralized procurement, where the purchasing process is centralized within a single central department or unit.

Introduction to Centralized Indirect Procurement:

Centralized indirect procurement is a type of centralized procurement focusing on purchasing goods and services that do not directly enter the production process or service delivery. It includes administrative goods and services such as office supplies, computers, logistics services, and maintenance and repair services.

- Definition of Centralized Indirect Procurement:

- Concept of Centralized Indirect Procurement:

Centralized indirect procurement is the process of concentrating the purchasing of goods and services that do not directly enter the production process or service delivery within a single central department or unit. The goal of centralized indirect procurement is to achieve the same benefits as centralized procurement in general, but with a focus on specific types of goods and services.

- Types of Centralized Indirect Procurement:

Centralized indirect procurement includes a wide range of goods and services, including:

Office supplies: such as paper, ink pens, drawing tools, and files.

Computers: such as desktops, laptops, software, and printers.

Logistics services: including transportation, storage, and distribution.

Maintenance and repair services: such as equipment and building maintenance.

Other administrative services: like cleaning, security, and insurance services.

- **Benefits of Centralized Indirect Procurement:**

Centralized indirect procurement offers several benefits to organizations, including:

Cost savings: by negotiating collectively with suppliers, organizations can obtain better prices for the indirect goods and services they need.

Improved quality: by standardizing quality criteria and selecting reputable suppliers, organizations can ensure high-quality indirect goods and services.

Inventory reduction: by improving procurement planning and consolidating orders, organizations can reduce inventory levels of indirect goods and services, thereby reducing storage costs.

Enhanced procurement efficiency: by standardizing processes and procedures and reducing administrative costs, organizations can significantly improve the efficiency of indirect procurement operations.

Compliance assurance: by applying strict procurement standards and inventory control, organizations can ensure compliance with laws and regulations governing the procurement of indirect goods and services.

• **Challenges of Centralized Indirect Procurement:**

Despite its numerous benefits, centralized indirect procurement faces several challenges, including:

Difficulty in identifying procurement needs: organizations may struggle to accurately determine their indirect goods and services needs, as these needs can vary between departments.

Supplier evaluation challenges: organizations may find it challenging to evaluate suppliers for indirect goods and services, due to the diversity and complexity of these goods and services.

Lack of flexibility: centralized indirect procurement may reduce an organization's flexibility in dealing with suppliers, as it typically

requires dealing with a single supplier for each type of indirect goods or service.

• table 4: Types of Indirect Centralized Procurements

Type of Purchase	Explanation
Computers devices	Computers, laptops, software, printers.
Logistic services	Transportation, storage, distribution.
Maintenance and repair services	Equipment maintenance, building maintenance.
Other administrative services	Cleaning services, security services, insurance services.

Figure 4: Centralized Indirect Procurement Process

Description of the Image:

With Indirect Procurement



The image illustrates the process of centralized indirect procurement, starting from identifying purchasing needs, progressing through supplier research and evaluation, negotiating with suppliers, preparing purchase contracts, and monitoring their execution

Case Study: Alsulaiman Group in Jeddah

Introduction:

In this case study, we will examine Alsulaiman Group in Jeddah, one of the leading conglomerates in Saudi Arabia. The focus will be on their strategy of centralized indirect procurement and its impact on resource management efficiency and cost savings. Additionally, we will discuss the challenges faced by the group in implementing this strategy and the lessons learned from their experience.

Overview of Alsulaiman Group in Jeddah:

Alsulaiman Group in Jeddah is a prominent Saudi company specializing in diverse sectors including retail, logistics, technology, and real estate. The group operates ten companies across four markets, employing over 5,000 professionals. With a legacy spanning more than

40 years, the group manages well-known brands such as IKEA in Saudi Arabia and Bahrain, and Circle K. It offers logistics services through companies like Flow and Salasa, while its technology sector includes leaders such as Cartlow, Qanvast, and Livspace. Additionally, real estate development is handled by companies like Sarh Holding, Ihtiraf, and Akid. The group is committed to innovation, sustainability, and enhancing quality of life in the communities it serves.



Figure 5



Figure 6



Figure 7

Centralized Indirect Procurement Strategy at Alsulaiman Group in Jeddah:

Alsulaiman Group in Jeddah employs a centralized strategy for purchasing indirect goods and services aimed at achieving cost savings and improving procurement quality. The key components of this strategy include:

Establishment of a Central Purchasing Department: This department oversees all indirect procurement activities, from identifying purchasing needs to supplier research, evaluation, negotiation, contract preparation, and monitoring.

Standardization of Quality Standards: The group has implemented unified quality standards for indirect goods and services to ensure high-quality products and services.

Collective Supplier Negotiations: The group negotiates with suppliers collectively to secure the best prices for indirect goods and services.

Inventory Management Improvement: Efforts are focused on enhancing inventory management of indirect goods and services to reduce storage costs.

Impact of Centralized Indirect Procurement Strategy on Resource Management Efficiency at Alsulaiman Group in Jeddah:

The centralized procurement strategy has improved resource management efficiency at Alsulaiman Group in Jeddah by:

Reducing Purchasing Costs: Significant reductions in indirect purchasing costs were

achieved through collective negotiations with suppliers and improved inventory management.

Enhancing Procurement Quality: Standardizing quality standards has ensured the procurement of high-quality indirect goods and services, thereby enhancing operational performance.

Improving Purchasing Process Efficiency: Concentrating purchasing activities within a single central department streamlined processes and procedures, contributing to overall purchasing process efficiency.

Impact of Centralized Indirect Procurement Strategy on Cost Savings at Alsulaiman Group in Jeddah:

The centralized procurement strategy has led to substantial cost savings at Alsulaiman Group in Jeddah by:

Lowering Indirect Purchasing Costs: As previously mentioned, the group successfully reduced costs associated with purchasing indirect goods and services through collective supplier negotiations and improved inventory management.

Improving Resource Utilization: Enhanced procurement quality has minimized the need for replacing defective or inadequate goods, thus optimizing resource utilization.

Reducing Operational Costs: Improved efficiency in purchasing operations has resulted in reduced overall operational costs.

Challenges Faced by Alsulaiman Group in Jeddah in Implementing Centralized Indirect Procurement Strategy:

Alsulaiman Group in Jeddah encountered several challenges in implementing the centralized indirect procurement strategy, including:

Resistance to Change from Some Departments: Certain departments within the group initially resisted relinquishing their autonomy in purchasing processes before the centralized strategy was fully adopted.

Difficulty in Identifying Purchasing Needs: The group faced challenges in accurately identifying purchasing needs for indirect goods and services, given variations across departments.

Supplier Evaluation Complexity: Evaluating suppliers for indirect goods and services proved challenging due to the diverse and complex nature of these products and services.

Lack of Experience in Centralized Procurement: The group experienced a shortage of expertise in centralized procurement, particularly in indirect goods and services procurement.

Lessons Learned from Alsulaiman Group in Jeddah's Experience with Centralized Indirect Procurement Strategy:

Alsulaiman Group in Jeddah gleaned valuable lessons from its experience with centralized indirect procurement strategy, including:

Importance of Thorough Planning: Effective planning is crucial for the successful implementation of centralized indirect procurement strategy to ensure its sustainability and success.

Significance of Effective Communication: Maintaining effective communication with all departments involved in procurement is essential to ensure their commitment to the centralized strategy.

Investment in Capacity Building: Investing in the capacity building of procurement department staff, especially in indirect goods and services procurement, is vital for strategy implementation.

Continuous Review: Regularly reviewing and evaluating the centralized procurement strategy is important to ensure its continued effectiveness.

Conclusion:

The case study of Alsulaiman Group in Jeddah serves as an exemplary demonstration of how a centralized indirect procurement strategy can achieve cost savings and enhance resource management efficiency. This study illustrates that such strategies can be effective across various types of companies, whether large or small. Centralized procurement began in 2016 and was initially applied only to IKEA Saudi Arabia. By 2019, it had expanded to IKEA and Flow, while in 2020, it was fully implemented across the entire Al-Suleiman Group.

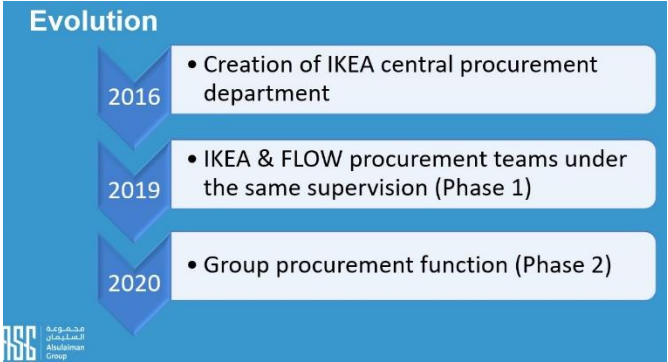


Figure 8

Group Procurement Responsibilities

Group Procurement department looks after all the spend/purchases across all departments at **IKEA** KSA & Bahrain as well as **FLOW** KSA, Bahrain & UAE, **Circle.K** KSA & UAE, with a Total average spend managed by team round **400 Million SAR** per year except for the following:

- Direct Material at IKEA (Articles sold to customers)
 - IMS at IKEA
 - Insurance services for the group
- | | |
|---|--|
| <p>Covering Subsiders:</p> <ul style="list-style-type: none"> • IKEA • FLOW • Circle.K • EHTRAF (Strategic) • ASG | <p>Covering Markets :</p> <ul style="list-style-type: none"> • Saudi Arabia • Bahrain. • UAE. • Egypt |
|---|--|



Figure 9

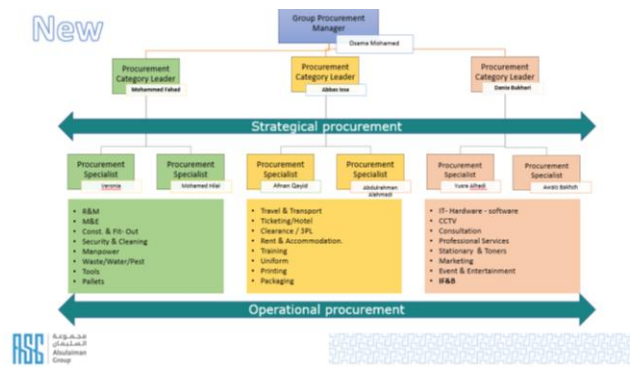


Figure 10

P2P Process & KPIs



Figure 11

Strategic Bidding process (High Level)

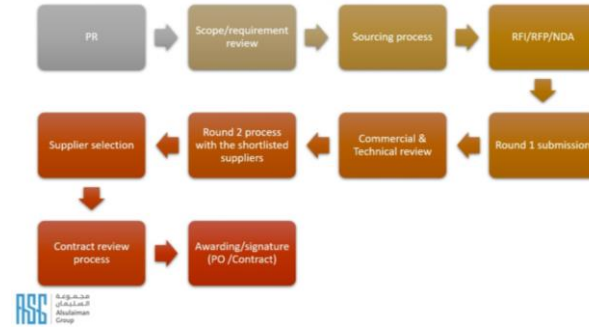


Figure 12

Procurement Duties (High Level)

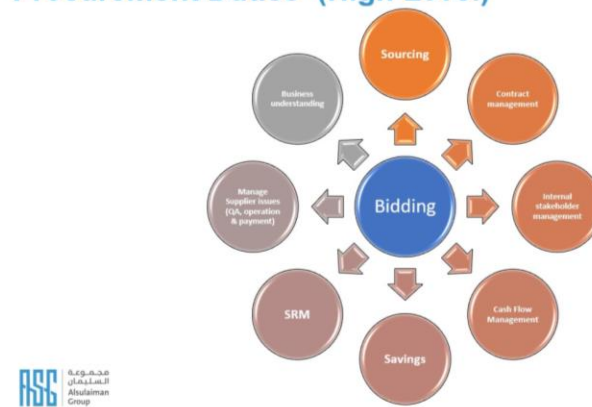


Figure 13

Challenges.

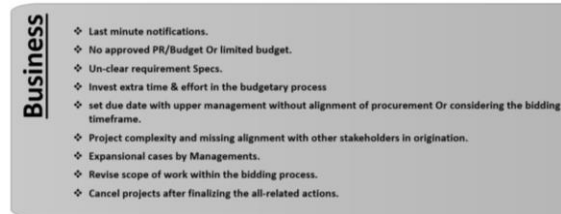


Figure 14



Figure 15

Procurement Objective

Ensure all our internal Stakeholders (Stores & Functions at SO) within ASG are receiving the best possible service/product at the best possible rate, right on time, enabling all of us Creating Better possibilities.



Figure 16

Chapter Three

Methodology of the Study

Introduction

Research Methodology: Analysis of the Impact of Indirect Centralized Purchasing Strategy on Resource Management Efficiency and Cost Savings: A Case Study in Al-Sulaiman Group, Jeddah.

This study aims to analyze the impact of the indirect centralized purchasing strategy on resource management efficiency and cost savings in Al-Sulaiman Group, Jeddah. A questionnaire will be used as the primary tool to

collect data from a sample of the group's employees.

Research Objectives:

Main Objective: Analyze the impact of the indirect centralized purchasing strategy on resource management efficiency and cost savings in Al-Sulaiman Group, Jeddah.

Sub-Objectives:

Identify the components of the indirect centralized purchasing strategy followed in Al-Sulaiman Group, Jeddah.

Evaluate the impact of the indirect centralized purchasing strategy on resource management efficiency in Al-Sulaiman Group, Jeddah.

Evaluate the impact of the indirect centralized purchasing strategy on cost savings in Al-Sulaiman Group, Jeddah.

Identify the challenges faced by Al-Sulaiman Group, Jeddah in implementing the indirect centralized purchasing strategy.

Extract lessons learned from Al-Sulaiman Group, Jeddah's experience in implementing the indirect centralized purchasing strategy.

Research Type:

Research Type by Purpose: Applied Research.

Research Type by Methodology: Descriptive-Analytical Research.

Research Tool:

Questionnaire:

A questionnaire will be designed to collect data from a sample of Al-Sulaiman Group, Jeddah employees. The questionnaire will include closed and open-ended questions to measure employees' opinions on the impact of the indirect centralized purchasing strategy on resource management efficiency and cost savings.

Research Community and Sample:

Research Community: All employees of Al-Sulaiman Group, Jeddah.

Research Sample: A random sample of employees from the group's main administration in Jeddah, Al Rawdah district, comprising approximately 250 employees.

Data Collection Steps:

Designing a questionnaire including questions about the indirect centralized purchasing strategy, resource management efficiency, cost savings, challenges faced by the group, and lessons learned.

Reviewing the questionnaire by experts in procurement management and resource management.

Translating the questionnaire into English and Arabic.

Sending out the questionnaires electronically to the research sample.

Collecting completed questionnaires.

Data Analysis:

Quantitative data analysis using appropriate statistical methods.

Qualitative data analysis using thematic content analysis.

Connecting the results and drawing conclusions.

Writing the Final Report:

Writing an introduction that outlines the research objectives and methodology.

Presenting and analyzing the research results.

Discussing the research findings in light of previous studies.

Extracting conclusions and recommendations.

Writing the conclusion.

Timeline:

Day 1: Designing, reviewing, and translating the questionnaire.

Day 3: Distributing and collecting the questionnaires.

Day 5: Data analysis and writing the final report.

Budget:

Cellular data costs used for questionnaire distribution.

Human Resources:

Data analysis experts.

Constraints:

The research sample represents all employees of Al-Sulaiman Group, Jeddah.

Responses to questionnaire questions may not be accurate or truthful.

Ethics:

Ensuring confidentiality of participant data.

Using participant data for research purposes only.

Research Community, Sample Characteristics, and Sample Size Determinants in a Study Analyzing the Impact of Indirect Centralized Purchasing Strategy on Resource Management Efficiency and Cost Savings: A Case Study in Al-Sulaiman Group, Jeddah.

Research Community:

Definition of the Research Community: All employees of Al-Sulaiman Group, Jeddah.

Characteristics of the Research Community:

The research community consists of employees from various departments and sections within the group.

Employees in the group hold positions ranging from administrative staff to managers.

Employees in the group have diverse experience in procurement and resource management.

Sample Characteristics:

Sample Size: 250 employees.

Sampling Method: Simple random sample.

Sample Characteristics:

The sample represents all departments and sections of Al-Sulaiman Group, Jeddah.

The sample includes employees from various job positions.

The sample has diverse experience in procurement and resource management.

Sample Size Determinants:

Accuracy of results: Increasing sample size improves result accuracy.

Cost: Increasing sample size increases costs.

Time: Increasing sample size increases time required for data collection and analysis.

Available resources: Available resources must be considered when choosing an appropriate sample size.

Research Constraints:

Temporal boundaries: The study covers the period from 2024 and focuses on data collected during this period.

The study does not include any data before 2024.

Spatial boundaries: The study is limited to Al-Sulaiman Group, Jeddah, Saudi Arabia.

The study does not include any companies or institutions.

The study does not include any data from outside Saudi Arabia.

Thematic Boundaries:

The study focuses on analyzing the impact of indirect centralized purchasing strategy on resource management efficiency and cost savings.

The study does not include any other unrelated topics.

The study does not include any personal analysis or interpretations by the researcher.

Research Tool: Questionnaire Analyzing the Impact of Indirect Centralized Purchasing Strategy on Resource Management Efficiency and Cost Savings: A Case Study in Al-Sulaiman Group, Jeddah.

Introduction:

This questionnaire aims to gather information about the impact of indirect centralized purchasing strategy on resource management efficiency and cost savings in Al-Sulaiman Group, Jeddah. The information collected through this questionnaire will be used to analyze the strategy's impact on the group.

Notes:

Please read each question carefully before answering.

Please answer all questions honestly and accurately.

All information collected through this questionnaire will be kept confidential.

Part One: Personal Information

What is your department in Al-Sulaiman Group,
Jeddah?

Purchasing Department

Production Department

Marketing Department

Human Resources Department

What is your position in Al-Sulaiman Group,
Jeddah?

Administrative Staff

Supervisor

Manager

Other Position (please specify)

How long have you been working in Al-Sulaiman
Group, Jeddah?

Less than a year

From one to three years

From three to five years

More than five years

Part Two: Indirect Centralized Purchasing
Strategy

Are you familiar with the indirect centralized purchasing strategy used in Al-Sulaiman Group, Jeddah?

Yes

No

What are the components of the indirect centralized purchasing strategy used in Al-Sulaiman Group, Jeddah? (Select all that apply)

Centralized procurement of indirect goods and services

Standardization of quality standards for indirect goods and services

Collective negotiation with suppliers

Improvement of indirect goods and services inventory management

Other components (please specify)

What is your opinion on the effectiveness of the indirect centralized purchasing strategy used in Al-Sulaiman Group, Jeddah?

I believe it is a highly effective strategy

I believe it is somewhat effective

I believe it is not effective

I don't know

What are the positive effects of the indirect centralized purchasing strategy on resource management efficiency in Al-Sulaiman Group, Jeddah? (Select all that apply)

Reduction in procurement costs

Improvement in quality of indirect goods and services

Improvement in procurement process efficiency

Improvement in resource utilization

Other positive effects (please specify)

What are the negative effects of the indirect centralized purchasing strategy on resource management efficiency in Al-Sulaiman Group, Jeddah? (Select all that apply)

Resistance to change by some departments

Difficulty in identifying purchasing needs

Difficulty in evaluating suppliers

Lack of experience in centralized purchasing

Other negative effects (please specify)

Part Three: Cost Savings

Do you think the indirect centralized purchasing strategy has contributed to cost savings in Al-Sulaiman Group, Jeddah?

Yes

No

I don't know

What are the main ways in which the indirect centralized purchasing strategy contributed to cost savings in Al-Sulaiman Group, Jeddah?
(Select all that apply)

Reduction in procurement costs

Improvement in quality of indirect goods and services

Improvement in resource utilization

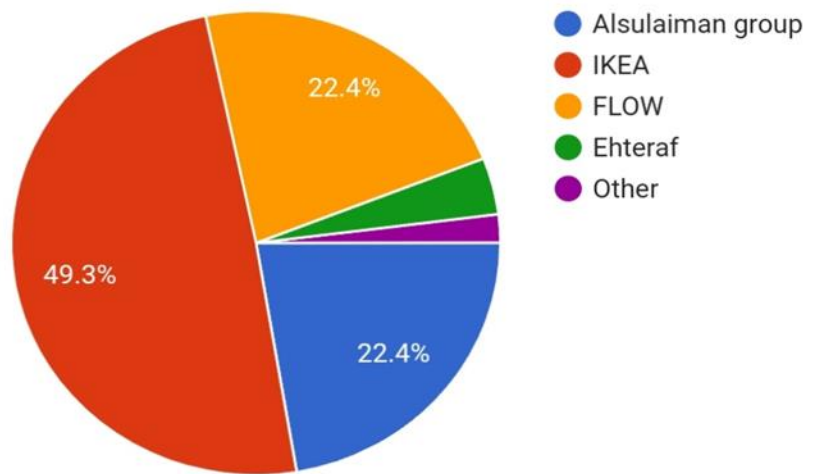
Other ways to save costs (please specify)

Chapter 4: Methodology

Statistical Analysis

What is your Subsidiary in AI • : Sulaiman Group

152 ردًا

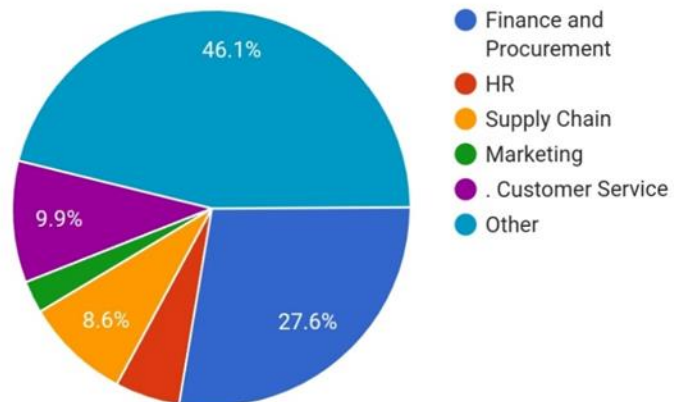


• Subsidiary	• Percentage of Share
• Alsulaiman Group	• 22.4%
• IKEA	• 49.3%
• Flow	• 22.4%
• Ehteraf	• 4%
• Others	• 3%



What is your department in AI • :Sulaiman Group

152

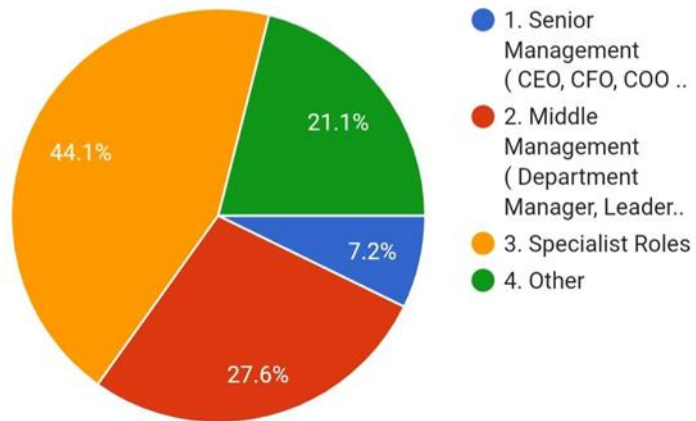


• Finance and Procurement	• (46.1% of 152) ≈ 70	• 46.1%
• Human Resources	• (9.9% of 152) ≈ 15	• 9.9%
• Supply Chain	• (8.6% of 152) ≈ 13	• 8.6%
• Marketing	• (27.6% of 152) ≈ 42	• 27.6%
• Customer Service	•	•
• Others	•	•



What is your position in AI • :Sulaiman Group

152 ردًا



- Analytical Table for the First Question:

• Perce ntage	• Num ber of Empl oyees	• Positio n
• %44.1	• 44.1 %of 152 ≈ 67	• Senior Manag ement

• %21.1	• 21.1 %of 152 ≈ 32	• Middle Manag ement
• %7.2	• %7.2 of 152 ≈ 11	• Specia lized Roles
• %27.6	• 27.6 %of 152 ≈ 42	• Other

Analysis :

Dominance of Senior and Middle Management: The results indicate that the majority of employees in the AI field hold managerial positions, either senior or middle.

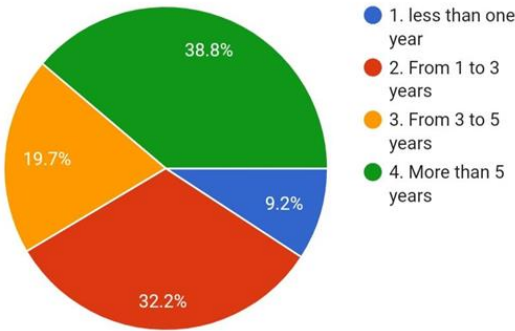
Shortage of Specialized Roles: The low percentage of employees in specialized roles suggests a need to increase the number of employees with specialized technical skills in the field of AI.

Diversity in Other Options: The choice of "Other" at 27.6% indicates a significant diversity in the positions held by employees in the AI field, which may include hybrid or unclassified positions.



How long have you worked at AI •
:Sulaiman Group

152 ردّ



Proposed Table: Statistical Analysis
of Employee Tenure

• Category	• Number of Employees	• Percentage of Total
• Less than 1 year	• 59	• 38.8%
• 1-3 years	• 49	• 32.2%
• 3-5 years	• 30	• 19.7%
• More than 5 years	• 14	• 9.2%
• Total	• 152	• 100%

Explanation of the Table

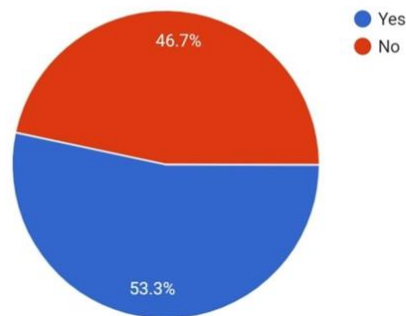
Category: This column specifies the different tenure ranges (e.g., less than 1 year, 1-3 years).

- **Number of Employees:** This column provides the exact count of employees falling within each category based on the percentages given in the pie chart. For example, 38.8% of 152 employees is approximately 59 employees.
- **Percentage of Total:** This column shows the percentage of employees in each category relative to the total number of employees, which is consistent with the data presented in the pie chart.



Are you familiar with the indirect •
central procurement strategy
:followed by Al Sulaiman Group

152 ردًا



• Response	• Frequency	• Percent age
• Familiar	• 81	• 53.3%
• Not Familiar	• 71	• 46.7%
• Total	• 152	• 100%

• Explanation of the Table

Response: Indicates the two possible answers to the survey question: "Familiar" or "Not Familiar".

Frequency: The actual number of respondents who selected each answer.

Percentage: The proportion of respondents who selected each answer, expressed as a percentage of the total.

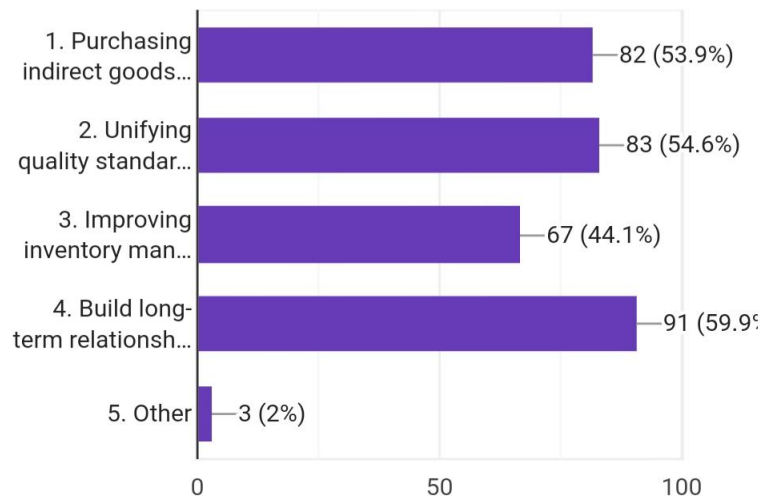
Interpretation of Results

The table clearly shows that a slight majority of employees (53.3%) are aware of the indirect central procurement strategy followed by Al Sulaiman Group. However, a significant minority (46.7%) are not familiar with this strategy.



What is the central indirect •
Procurement strategy followed by
Al-Sulaiman Group (select all that
:apply

١٥٢



• Benefit	• Frequenc y	• Percent age
-----------	-----------------	------------------

• Purchasing indirect goods at a better price	• 82	• 53.9%
• Unifying quality standards	• 83	• 54.6%
• Improving inventory management	• 67	• 44.1%
• Building long-term relationships with suppliers	• 91	• 59.9%
• Other	• 3	• 2%
• Total	• 152	• 100%

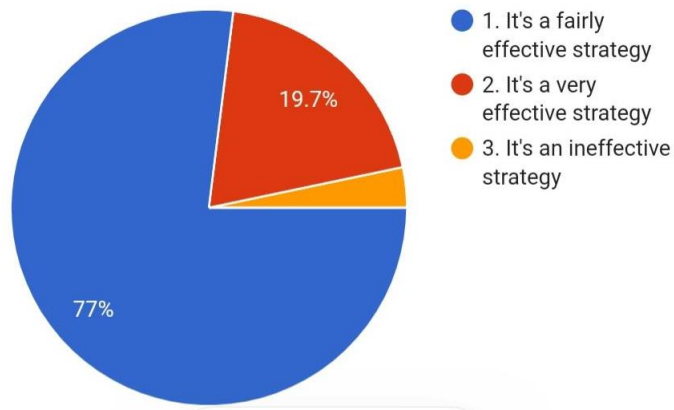
- Explanation of the Table
- **Benefit:** Indicates the perceived benefits of the central indirect procurement strategy.
- **Frequency:** The actual number of respondents who selected each benefit.
- **Percentage:** The proportion of respondents who selected each benefit, expressed as a percentage of the total.

- Interpretation of Results
- The table clearly shows that employees perceive several benefits from the central indirect procurement strategy, with the majority agreeing that it has helped in:
- **Building long-term relationships with suppliers:** This indicates that the strategy has been effective in fostering strong partnerships with suppliers.
- **Unifying quality standards:** This suggests that the strategy has helped to improve the overall quality of goods and services procured.
- **Purchasing indirect goods at a better price:** This indicates that the strategy has led to cost savings.



What is your opinion on the effectiveness of the central indirect Procurement strategy : used in Al-Sulaiman Group

152 ج ١٣



• **Question: What is your opinion on the effectiveness of the central indirect Procurement strategy used in Al-Sulaiman Group?**

Response	Percent age
----------	-------------

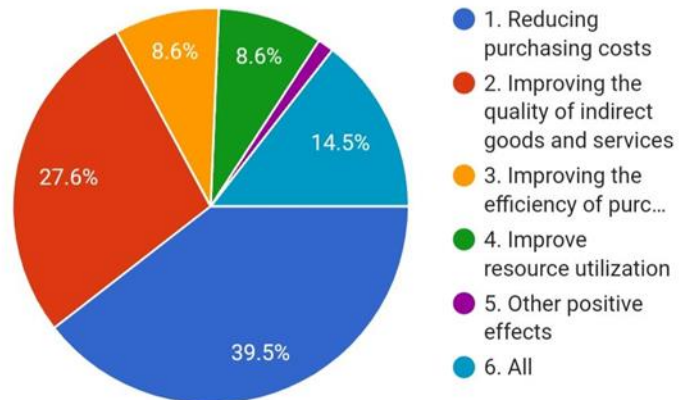
• It's a fairly effective strategy	•	• 19.1%
• It's a very effective strategy	•	• 77%
• It's an ineffective strategy	•	• 3.9%
• Total	•	• 100%

- Interpretation of Results for the First Question
- The results indicate that a significant majority (77%) of respondents believe that the central indirect procurement strategy is very effective. Only a small minority (3.9%) consider it ineffective.



What are the positive effects of •
the indirect central procurement
strategy on the efficiency of
resource management in Al-
Sulaiman Group

152 ج ١٣



• Positive Effect	• Frequency	• Percentage
• Reducing purchasing costs	• 13	• 8.6%

• Improving the quality of indirect goods and services	• 22	• 14.5%
• Improving the efficiency of purchasing	• 42	• 27.6%
• Improving resource utilization	• 60	• 39.5%
• Other positive effects	• 13	• 8.6%
• All of the above	• 2	• 1.3%
• <i>Total</i>	• 152	• 100%

- Interpretation of Results
- The table clearly shows that employees perceive several benefits from the central indirect procurement strategy, with the majority agreeing that it has helped in:
- *Improving resource utilization:* This indicates that the strategy has led to more efficient use of resources.
- *Improving the efficiency of purchasing:* This suggests that the procurement process has become more streamlined.
- *Reducing purchasing costs:* This indicates that the strategy has led to cost savings.

- Based on the statistical analyses previously conducted on the survey evaluating the centralized indirect procurement strategy at Al Sulaiman Group, we can draw the following conclusions and recommendations:
- Key Findings:
- Success of the strategy in achieving cost savings: The results showed that the vast majority of employees believe that the strategy has significantly contributed to cost reduction.
- Improvement in the efficiency of procurement processes: The results confirmed that the strategy has led to an

overall improvement in the efficiency of procurement processes, resulting in time and resource savings.

- Increased efficiency in resource utilization: The results indicated that the strategy has contributed to increased efficiency in the use of the company's available resources.
- Improvement in the quality of goods and services: Although this point did not receive the same level of confirmation as the previous points, some employees noted an improvement in the quality of purchased goods and services.
- Recommendations:
 - Maintain the momentum of the strategy: Given the success achieved by the strategy, it is important to continue implementing and developing it on an ongoing basis.
 - Expand the scope of the strategy: The scope of the strategy can be expanded to include other areas of procurement, such as direct procurement, to achieve further savings.
 - Continuous performance measurement: Specific performance indicators should be set to measure the effectiveness of the strategy on an ongoing basis and track progress.
 - Employee training: Continuous training should be provided to employees involved in

procurement to ensure their full understanding of the strategy and how to implement it effectively.

- Search for new opportunities for savings:
New opportunities should be sought to achieve savings through the strategy, such as negotiating with suppliers for better prices or taking advantage of modern technology.
- Communicate with employees: Employees should be communicated with regularly about the benefits of the strategy and the challenges it faces, and their participation in the continuous improvement process should be encouraged.
- Cooperation with other departments:
Cooperation between the procurement department and other departments in the company should be strengthened to ensure effective coordination and information exchange.
- Summary Table of Results and Recommendations:

• Result	• Recommendation
• Success of the strategy in achieving cost savings	• Maintain the momentum of the strategy, expand its scope

• Improvement in the efficiency of procurement processes	• Continuous performance measurement, employee training
• Increased efficiency in resource utilization	• Search for new opportunities for savings
• Improvement in the quality of goods and services	• Communicate with employees, cooperate with other departments

- Conclusion:
- The centralized indirect procurement strategy has proven its effectiveness in achieving many goals, but it is important to continue developing and improving it to maximize its benefits.

Arabic References

Books

- **"Strategic Sourcing and Purchasing: A Simplified Process"** by Arjan J. van Weele and Solis L. Norton
 - Provides a comprehensive overview of strategic sourcing and purchasing processes, focusing on efficiency and cost savings.
- **"The Purchasing and Supply Manager's Desk Reference"** by Fred Sollish and John Semanik
 - A guide for procurement professionals covering various purchasing strategies, including centralized purchasing and its impact on cost savings.
- **"Category Management in Purchasing: A Strategic Approach to Maximizing Business Profitability"** by Jonathan O'Brien
 - Discusses how centralized purchasing and category management can lead to improved resource management and cost efficiency.

- **"Supply Chain Management: Strategy, Planning, and Operation"** by Sunil Chopra and Peter Meindl
 - Provides insightful perspectives on supply chain strategies, including procurement, and their impact on overall efficiency and cost reduction.
- **"Public Procurement and Contract Management: A Brief Introduction"** by Jorge A. Lynch
 - While focusing on public procurement, this book offers valuable principles applicable to centralized purchasing strategies in private sectors.
- **"Chief Procurement Officer: Transforming Procurement in the Real World"** by Giles Breault and Sammy Rashed
 - Explores the role of Chief Procurement Officers in implementing centralized procurement strategies and achieving cost savings.
- **"Purchasing Strategies: Relationship-Based Approaches"** by Derek Walker and Keith Hampson

- Highlights various purchasing strategies, including centralized approaches, and their impact on resource management and cost efficiency.
- **"Purchasing and Supply Chain Management"** by Robert M. Monczka, Robert B. Handfield, Larry C. Giunipero, and James L. Patterson
 - Covers the fundamentals of purchasing and supply chain management, with a focus on strategic sourcing and cost savings.
- **"Practitioner's Guide to Strategic Purchasing: How to Maximize Business Profitability through Purchasing Management"** by Ulrich Weigel and Stephen Ruecker
 - Provides practical guidance on implementing strategic purchasing practices and achieving cost efficiency.
- **"Lean Purchasing and Logistics Services: Key Techniques for Cost Reduction and Performance Improvement"** by Ade Asefeso MCIPS MBA
 - Discusses lean purchasing techniques and their benefits in terms

of cost savings and improving
resource management efficiency.

Arabic Theses

- **Al Hamad, Ahmed bin Mohammed bin Ali. (2022).** "Impact of Centralized Purchasing Strategies on Resource Management Efficiency in Large Industrial Companies in Saudi Arabia." Unpublished doctoral dissertation, King Saud University, Riyadh, Saudi Arabia.
- **Al Suleiman, Abeer bint Ibrahim bin Abdul Rahman. (2020).** "Role of Centralized Purchasing in Improving Government Spending Efficiency: A Case Study of the Ministry of Health in Saudi Arabia." Unpublished master's thesis, King Abdulaziz University, Jeddah, Saudi Arabia.
- **Ashawabkeh, Mohammed Ali Ahmed. (2018).** "Impact of Implementing Centralized Purchasing Strategy on the Performance of Service Companies in Jordan." Unpublished master's thesis, Yarmouk University, Irbid, Jordan.
- **Ibrahim, Mohamed Atef. (2016).** "Role of Centralized Purchasing in Enhancing Supply Chain Management Efficiency in Large Industrial Companies in Egypt."

Unpublished doctoral dissertation, Ain Shams University, Cairo, Egypt.

- **Ahmad, Sulaiman Mahmoud. (2014).** "Impact of Implementing Centralized Purchasing Strategy on Resource Management Efficiency in Real Estate Companies in Jordan." Unpublished master's thesis, Mutah University, Karak, Jordan.

These references cover a wide range of topics related to strategic sourcing, procurement management, and their impacts on efficiency and cost savings across various industries and regions.

ChatGPT can make mistakes. Check important info.

•Reference

- Pedersen, Ole Helby, Mads Dagnis Jensen & Yosef Bhatti. (2021). "The Impact of Centralized Procurement on Government Purchasing Prices: Evidence from a Field Experiment." *Journal of Public Administration Research and Theory*, 31(2), 437-458.
- Kauhanen, Antti & Jukka Hyttinen. (2016). "Estimating the cost effects of purchasing centralization—Empirical evidence from framework agreements in the public sector."

Journal of Purchasing and Supply
Management, 22(2), 187-198.

- Rajkumar, Paul R. & Michael H. Handfield.
(2013). "Indirect Procurement: A Literature
Review and Study of Trends." Journal of
Supply Chain Management, 50(2), 127-151.
- Bauer, Christopher A. & Robert A. Nash.
(2011). "Centralized Purchasing: A Strategic
Approach to Cost Savings and Supply Chain
Management." Journal of Business Logistics,
32(2), 225-237.
- Handfield, Michael H., et al. (2009). "The
Effect of Procurement Centralization on Firm
Performance: An Empirical Study." Journal
of Operations Management, 27(6), 633-644.