

E-Procurement Awareness and Adoption: A Sri Lankan Perspective

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1. Introduction

At present in many Sri Lankan manufacturing and service organizations, there is plenty of manual work conducted in procurement from raising purchase request to finalising payments. Internal staff and suppliers face numerous difficulties when carrying out procurement activities in day to day business due to excessive paper work. E-procurement is used globally to avoid such additional efforts by automating much of the process. E-procurement stands for internet based platform solutions which reduce paperwork as well as minimising required time to carry out procurement efficiently and effectively. Procurement card (P-Card) is one of the emerging concepts in e-procurement. P-Cards are used as a card with a specified financial budget allocation for organisational users representing the procurement or other functions. It provides a unique gateway for the employees to procure items needed for the organisation with minimum hassle.

2. Background

Across the globe there are many upcoming technologies focused in reducing the impact of procurement related problems. But when it comes to Sri Lanka, there is a visible void in that department with Sri Lankan companies falling behind in adopting procurement cards and other e-procurement solutions. This research aims to identify the knowledge gap and understand why Sri Lankan corporate have failed to adopt to procurement cards and other e-procurement solutions. Consequently, this research would provide information to academics and industry practitioners on how to adopt e-procurement solutions and gain a competitive advantage to succeed at a local and global level.

3. Methodology

This study was conducted through semi-structured interviews at ten medium and large scale companies operating in Sri Lanka covering diverse sectors such as FMCG (fast moving consumer goods), retail, pharmaceuticals, food, beverages,

tobacco as well as services. Procurement and supply chain managers of the participating company were subjected to the above said semi-structured interviews which were built after a thorough literature review. Both qualitative and quantitative data were collected during the aforesaid interviewing process. While the qualitative data sizes up the knowledge gap and identifies the challenges faced in adopting e-procurement solutions in Sri Lanka, the pool of quantitative data which is evaluated using statistical tools reinforces the inferences made using the qualitative data pool.

4. Analysis

The research highlighted that 8 out of the 10 companies subjected to investigation are still restricted to using the outdated, manual purchasing methods which are proven to be inefficient. This is further accentuated by analysing the extensive lead times of local purchasing items at those companies. The average lead time for a Sri Lankan company to procure local items comes to around 3 to 4 weeks, as per this study. In addition to the rigours of the manual procurement process, it creates ripple effects at the downstream of the chain by creating unnecessary delays and inefficiencies at the points of invoice auditing, invoice processing and verification. Moreover, it takes time for company budgets and purchase requests to receive approval. All this affects the business operations of our organisations in a negative light. What struck the researches most was that awareness regarding the “procurement card” solution or e-procurement was present at only 30% of the case companies.

5. Conclusions

This research highlights that Sri Lankan companies have plenty of room to excel and build a competitive advantage by augmenting their efficiency using e-procurement solutions to replace outdated, manual, inefficient procurement practices. The research identifies that there is a massive gap in awareness about the functionalities of e-procurement solutions in Sri Lanka while also identifying that there is a key concern among the research participants with regard to the cost of such a service. However, the encouraging finding is that companies are eager to adopt to such a system in spite of their concerns regarding the hassle in converting all their processes and the disruptions that would be caused during the transition period. Companies that were the focus of this research which were using semi-automated procurement methods were already reaping a cost, time and quality advantage in their procurement operations - which may or may not flow along the rest of the supply chain. Changes in people attitude should also be bought up to get the exact benefit.

Further research on e-procurement awareness and adoption in the public sector as well as a case study on the implementation of such services at one or more Sri Lankan companies would enrich the knowledge sphere. It would also be beneficial to find out what would constitute a successful e-procurement system in Sri Lanka and to what extent companies and its employees would be willing to change their operations and processes to conform and adopt to such an e-procurement system.

Keywords: *e-procurement, procurement card, supply chain management, e-procurement adoption, e-collaboration*