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THE SYSTEMATIC PROCUREMENT: EDUCATIONAL SUPPLY CHAIN MANAGEMENT SYSTEM

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ABSTRACT

Procurement is one of the functions involving in the Educational Supply Chain. It is highly important for teaching-learning process, more specifically Engineering programs that are comprised with practical teaching and theory teaching. For practical teaching, the supplies of equipment, facilities, tools and learning materials are dependent on the systematic procurement. This study is aimed to discover the procurement system of the Engineering Faculty, Universitas Negeri Padang, as a single case study. This is the qualitative research which uses semi-structured interview. Thirteen academicians and thirty five management practitioners were interviewed to gain in-depth information about the procurement existing in the case faculty. Purposive sampling method and simple random sampling method were used to select the research subjects. O'Connor & Gibson (2003)'s step-by-step qualitative analysis method was employed to analyze the data. The study resulted the regular procurement system and urgent procurement system in the faculty.

Keywords: *procurement, Education Supply Chain, regular procurement, urgent procurement*

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INTRODUCTION

Procurement is the process of getting supplies of something for an organization (Oxford Dictionary). It has become a tactic priority of factories for their competitive advantages in explosive times. It was regarded as a crucial integrative business process (Kwon and Hong, 2012). Purchasing was positioned as a firm's primary focus of contact with supply chain partners (Pani et al., 2012 as cited in Longva, 2016). Actually, procurement is not only simulated for profit organization but it is also important for non-profit organization such as healthcare sector, humanitarian sector and education sector.

Nowadays, most government around the world cut off the fully funded aid to the public tertiary institutions, but instead of it, partial funding aid is provided or self-funded is replaced. Adequate budget is needed in order to operate the institute. Therefore, the public colleges and universities need to act like the private ones. The traditional method of state funded has replaced by a self-funded (Goldsworthy, 2008 as cited in Pathak and Pathak, 2010). When the institute seeks budget itself, systematic finance management becomes a must not only to allocate budgets equally to all academic and management sections including procurement inside the institution but also to save the funding.

Procurement is a part of Educational Supply Chain Management System (Gopalakrishnan, 2015; Lau, 2007; L.Comm and Mathaisel, 2008; Makkar et al., 2008; Owusu-Bio et al., 2016; Pathak and Pathak, 2010; Rathee and Rajain, 2013). It plays an important role of short term cost reduction to long term value creation (Kwon and Hong, 2012). The university needs to merchandise the equipment, teaching materials, tools, and facilities for the teaching-learning process. Strategic procurement system can help the institute to mitigate the waste of money and add the values to the system. Value creation in the procurement function can provide such benefits to the institution.

Procurement function is a crucial part of the educational management in the vocational colleges and universities. In the engineering programs, management functions involving procurement are essential to operate the whole operation of teaching-learning process. The merchandising, the use and maintenance of physical resources through tactical structures, well-designed policies and firm processes are crucial for quality education (Mestry and Bodalina, 2015). It is very important for the Engineering institutes because Technological institutions deliver both theory teaching and practical teaching that must be done in the laboratories and workshops by using equipment, tools, and facilities.

This study aims to find out the procurement system existing in the Engineering Faculty, Universitas Negeri Padang. The faculty delivers three programs, namely diploma, undergraduate and post graduate. As the Engineering programs, practicum teaching is provided to the students. To optimize the practical teaching, faculty purchases the necessary equipment, tools, materials and so on. Therefore, this research qualitatively explored the faculty's procurement system of the case faculty as a single case study.

RESEARCH METHOD

This research is a case study used qualitative method. Researcher interviewed 13 academicians and 35 management practitioners in the academic departments and management divisions. To choose the top-tier personnel such as professor, heads of the department, and manager level management officers, purposive sampling was used whereas simple random sampling method was employed to select junior lecturers, administration staffs and technicians. Semi-structured interview was simulated to interview the research subjects. Data instruments were built based on Porter (1985)'s value chain model. The duration per interview took about 40 minutes in average. To analyze the data, researcher applied O'Connor & Gibson (2003)'s strategy in which there were six stages: organizing the data, findings and organizing the ideas and concepts, building

the themes in the data, ensuring Reliability and Validity in the data analysis and in the findings, finding possible and plausible explanations of the findings and an overview of the final steps.

RESULT AND DISCUSSION

The study resulted the systematic procurement involving in the Educational Supply Chain Management System of the Engineering Faculty, Universitas Negeri Padang. In the procurement system, there were two branch categories, namely regular procurement and urgent request procurement.

Regular procurement system

The faculty's regular procurement system for supplying necessary equipment and facility is shown in Figure 1. The first point of the material supply chain begins from laboratory. Laboratorians make the list of needs once a year. They submit it to the Heads of the Department. Department heads review and analyze the proposals. They estimate cost and check whether these proposals are actually needed or not. One technician explained that;

“I make a list of necessary items for each semester. I usually propose it once in every academic year. I just only know that I get the tools and equipment I proposed. The items include wire, scissor, A4 paper, screw, keyboard, handset, computer, and so on. The items I proposed are dependent on the needs. I submit it to the Head of the department.”

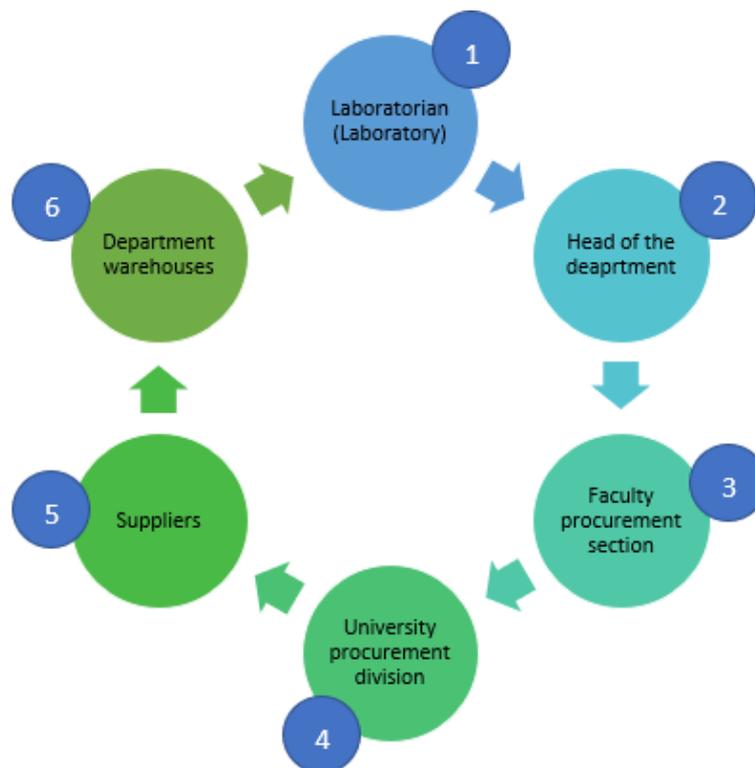


Figure. 1 Material Supply Chain for the teaching-learning process of Engineering Faculty

Department heads continue to confirm the proposals from the technicians. They review it, analyze it and discuss it with warehouse managers. Warehouse managers discuss the equipment proposals with his Heads of the department. If the proposed items are available in the warehouse, they do not need to buy because those can be directly provided from the warehouse. If not available, they proceed the procurement process. The process is continued by Department Head.

Warehouse managers' main duties are to supervise the receipt, dispatching, storage of goods and distribution of goods.

After the Department Heads finish analysis the equipment proposal with warehouse managers, proposals are submitted to the faculty procurement section. Faculty procurement practitioners and Dean II who handles faculty financial management review and analyze proposals proposed by the departments. Then, they proceed for procurement process collaborating with university procurement division. Faculty cannot directly merchandise the goods.

University procurement division works for goods and equipment supply by collaborating with . They collect the proposals, review, check, and analyze. Staffs in the State Property Division look for the price survey before they merchandise the goods. One of the staffs in that division explained an example as follows.

“For example, in the budget there is already one billion funds to buy 2 cars, so later we will survey the price; what are the prices of these cars on the market. Before it, we already had self-estimated price. And if there is an auction process, then we will choose the lowest bid. There is an auction process for elimination, as well as the procurement process which is commonly known as a tender.”

In order to perform tender, they collaborate with businesses (suppliers). They also have some partner companies for annual procurement. They focuses on low cost and good quality. Thus, they use tendering and build the relationship with suppliers. The more they save money, the more they can use these money in other important academic purposes. When they receive the proposals from the relevant departments, they also check budget allowance. If no funds, they cannot buy. Thus, they discuss the budget allowance with financial management division to check whether funding is available or not.

Regarding with the procurement, there is main Planning Division handling for activity planning and budget planning. Every academic department and management division of Engineering Faculty prepares activity and budget proposals one year ahead for upcoming academic year. These proposals are submitted to the faculty office. After approving by the faculty office, those are put forward to university planning division.

Every management division and academic department needs budget to organize all activities in their sectors. Thus, they have to propose their program proposal and budget proposal about what they need in their fields. They have to propose proposals one year ahead before the activity will be implemented. For example, activities and budgets for 2022 academic year must be submitted in 2021. They must compile programs and prepare budgets. Planning division summarizes and make a recapitulation. Then, they continue the decision-making process with university leadership team. In advanced, they are the ones who submit all proposals decided as required to the Ministry of Finance, Indonesia.

If they, because the procurement section is also a part of Planning Division, receive the equipment proposals from the Engineering Faculty, they inform to Planning Division. They also collaborate with Financial Management Division because approval of proposals depends on budget availability. Finally, they order the goods to the supplier businesses.

After they have ordered the goods to the third party businesses (suppliers), suppliers supply the ordered goods directly to the relevant academic department warehouses. When the warehouse managers receive the ordered goods, they inform to the Heads of the department, faculty procurement section, and university procurement division. One of the warehouse managers stressed the next process of procurement.

“After receiving those products preliminarily, I inform to our Department Head and faculty procurement section. We all make appointment with suppliers to inspect the conditions of equipment. After checking them and every stakeholder are satisfied, faculty procurement section and department head release the official announcement that the equipment can be distribute to the laboratories.”

Only after announcing the official letter, warehouse managers distribute the goods and equipment to the laboratories. Before laboratorians receive the goods and equipment, they also check their proposal they proposed and the number of goods received from warehouse. After all inspections have finished, they officially accept the equipment and goods.

Urgent request for procurement

When the academic faculty, sometimes, proposes urgent request, planning division serves just-in-case performance in order to facilitate the learning process. For the activities that appear suddenly are urgently needed, planning division proposes to increase the amount of budget. They request some additional budget to ministry of finance. One of the officers stated that:

“We have to do everything as much as we can to help teaching and learning process execute smoothly. We are just a supporting division here.”

If they do not have budget for activity or something material that is used a lot and it is lacking, proposal can be submitted directly to the chancellor in order to adjust the budget allocation for procuring the equipment. Each department makes Draft Budget and propose to directly to the university leadership team. With the permission of the leadership team, planning division continues the next process as long as they have budget availability.

In some urgent cases, academic faculty can use their own budget. The university allocates the annual budget to each academic faculty to utilize for academic purposes. Faculty also allocates the finance to each academic department based on the number of student. The department can apply these budget for academic purpose. If they have, thus, urgent issues like procurement case, holding international conference, etc., these budget can be used.

For some large amount of procurement that cannot be covered by department own finance, for example, buying heavy machinery, the department needs to submit the proposal to the faculty finance section and university finance division. On the other hand, that kind of budget is not provided to management divisions. Management divisions do not have own finance. They needs to collaborate with faculty and university finance division for every monetary cases.

Discussion

The systematic procurement existed in the case faculty that provides the vocational engineering programs, undergraduate and postgraduate programs. Two categories were discovered; regular procurement and urgent procurement. The target of case faculty's procurement system were low cost and good quality so that the faculty could provide the adequate equipment for leaching-learning and could save the budget by using bargaining power at the same time. The system was effective to produce the qualified graduates and research outcomes in the faculty. The productive management of physical resources dramatically impacts on the education quality (Mestry and Bodalina, 2015).

Lau (2007) also indicated the importance of procurement function in the education industry. He stated that the university needed lots of commodity. The commodity supply chain dealt with the material supply required frequent transaction. When dealing with it, supply chain targeted on the low cost. Pathak and Pathank (2010) also pointed out that procurement function in the university dealt with the inbound function existing in the Educational Value Chain. According to Owusu-Bio et al. (2015), procurement function was undertaken by University Estate Division. Their case university opened the private participations such as accommodation facilities (Hostels) for students around the university campus. L.Comm and Mathaisel (2008)'s research on the business supply chain based on secondary data also mentioned that the concept of logistics and distribution could be utilized in the educational management sector because the mentioned concepts could optimize the performance effectiveness of the education industry.

CONCLUSION

The study revealed the systematic procurement function involved in the Educational Supply Chain existing in the Engineering Faculty, Universitas Negeri Padang. The two categories, regular procurement and urgent procurement, were found in this study. These two merchandising techniques helped the case faculty's teaching-learning process operate smoothly. Therefore, it can be concluded that procurement function was highly important in the education sector, more specifically in the Engineering College or University due to the practical teaching.

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