

QATAR UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

STRATEGIC SOURCING IN CONSTRUCTION COMPANIES: STUDY IN QATAR

BY

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## ABSTRACT

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Title: Strategic Sourcing in Construction Companies- A Case Study in Qatar.

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Sourcing is a key success for modern business, it is a continuous process based on business analysis and market intelligence to incorporate customer needs and organizational goals; thus, improving overall value of the business. If sourcing is done properly with a systematic and fact-based approach; then it will become "strategic sourcing"; presenting comprehensive and determined goals. An effective strategic sourcing can result into getting the best product or services at its best value and addresses all patterns for savings; and re-investing those savings in the company's operation.

This study specifically represents core ideas related to strategic sourcing for construction companies in Qatar. It highlights issues relevant to companies that implement tactical procurement standards and enforce a successful strategic sourcing process. The results from this study can be generalized to any company in Qatar or in the Middle East. Data was collected from various procurement officers/managers in construction companies in the supply chain department. A semi-structured questionnaire was used to collect the required data, which helped better analyze and determine the issues that are vital for improving the partnership with suppliers, decrease cost, maintain or improve the required quality standards; leading to improving the overall operation of the business and supporting in achieving the long-term objectives of the organization.

The results showed a positive relationship between strategic sourcing and outcome for the supply chain performance in addition to cost saving and improving relationship with key suppliers. The results of the study indicate that implementing strategic sourcing process will improve the performance of the sourcing team and reduce cost.

## DEDICATION

*“Every great dream begins with a dreamer. Always remember, you have within you the strength, the patience, and the passion to reach for the stars to change the world.”*

*– Harriet Tubman -*

*To my mother who is the reason that I am standing where I am now by her consistent motivation and support which enabled me to reach my dreams. I would like to thank my Mom for being in my life, for believing in me and supporting me to achieve my goals. I would like to thank my family and friends for their unconditional love and support which gave me the strength to accomplish my study and this research.*

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## CHAPTER 1: INTRODUCTION

One of the most important challenges in nowadays economically challenging era for any organizations is to create efficient procurement process (UCOP, 2004). Companies struggles to maximize their resources and reduce their costs. Procurement is one of the most important elements that support the operation of any business and it became more crucial in supply chain management due to factors like maintaining or increasing product and service quality, cost reduction and obtain better service levels from its suppliers (Rafati, 2015).

Standard procurement process is the approach to purchase the component, raw material, supplies and services which are required to run the business. Sourcing in a modern business begins with a successful supply chain, thus a successful business. If it is done right and per a plan, sourcing becomes a "Strategic Sourcing" with clear and defined goals. An effective sourcing with an established practice and sound theory, a company can both save money and re-invest the money saved in the sourcing strategy. Planning plays a key success role in both cases. The role of procurement process has become increasingly recognized due to the accelerating importance of supply chain management, this emphasizes the transform of processes from a standard purchase process into a strategic sourcing (Rafati, 2015), thus becoming a vital element in the strategic management of the supply chain (Rafati, 2015). Sourcing is considered strategic due to its effect on both structures; operational and financial (Kausik, 2011). If we consider the current several developments in Qatar, we recognize operationally the great need of sourcing, and the spend analysis reveals that organizations spending over 70% on

Supplies and services, this identifies the importance of strategic sourcing to focus on the total cost of ownership. The procurement personnel are facing a great challenge for the cost pressure of material and their main goal has become to maintain or increase product and service quality in a cost-effective manner. This emerges the importance of "Strategic Sourcing" as a critical factor for the success of any business.

This study presents a development of a model to understand the concept in which research and literature and provide some important recommendation for further study and research in strategic sourcing. The main goal of this study is to suggest a classification outline to direct the efforts of this research in the field of strategic sourcing, to support companies to achieve competitive advantages through transforming the organization into a strategic sourcing decision making. This study is organized as follows: the next section we develop an outline for analyzing characteristics and advantages of strategic sourcing. We then study the literature review post the developed framework. In chapter 3, we explain the methodology for this research, measurement and data collection to reach the solution developed for the problem. Results of data collected are proposed in chapter 4 and result was analyzed to highlight on the major findings. In chapter 5, we presented some case studies as an example of successful strategic sourcing plans in some companies and then we conducted a face-to-face interview with two executives from two different organizations to study their procurement process that is utilized at their companies. We propose some recommendation for future research in the field of strategic sourcing and finally we conclude in the last chapter. The result of the analysis opens a few points of research relevant to strategic sourcing, knowing that some points found in the study that needs to be tackled in further future studies.

# Strategic Sourcing Process

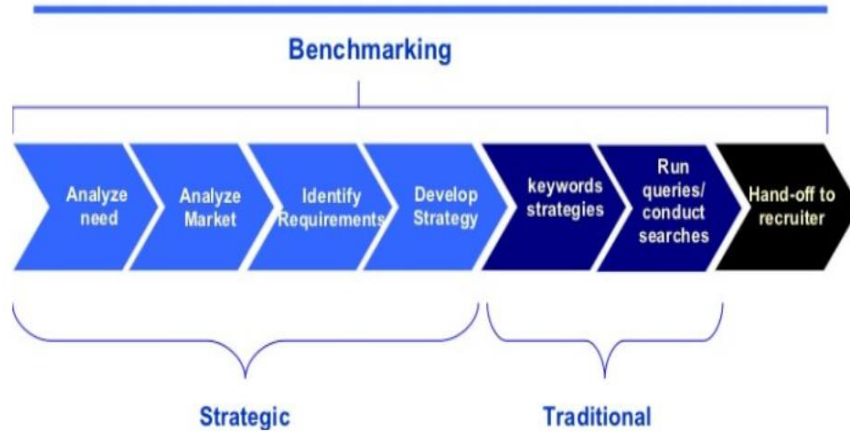


Figure 1: Strategic Sourcing Process.

## 1.1 Statement of the Problem

Companies spend between 60-80% on sourcing products and services (Steffen Fuchs, 2013), so organizations are exposing themselves to failure if they don't have a strategic sourcing plan. On the other hand, organizations that perform an effective strategic plan for sourcing will have a great opportunity to lead in term of supply chain management. Failing to set a strong plan and effective implementation of strategic sourcing, will lead the project to failure or to the demise of the company (Lee, 2016). Since June 5, 2017 Saudi Arabia and its allies Egypt, United Arab Emirates and Bahrain imposed all kind of border blockade on Qatar. Although Qatar's economy is strong enough to survive this air, land and sea sanction; yet the local market of Qatar didn't freeze or surrender just because this problem occurred and people and companies still

need products and solutions to their problems (Kanady, 2017). If companies operating in Qatar still want to succeed in such a financial, economic and political crisis; they must plan unique ways to stay competitive, even with the shortage of liquidity and consumers less spending power (Lee, 2016). Maintaining or improving quality of products; delivered in a timely manner, better shipment conditions and affordable prices; all these factors affect the daily operation of the business (Lee, 2016). Although the sourcing of material seems simple and straightforward, yet there is always a risk that should be lessened. Layman once advised generally 'not to have all your eggs in one basket', so sourcing of material shouldn't select the easiest option, which is to source locally thinking that its easier; instead, any organization shall have a well-planned and clear strategy. Companies by doing so will minimize the risk, for example, instead of having your own factory or machine, you can build a partnership with the required factory and outsource the needed material. This way company shall minimize the risk of overstock, inventory and many more, while maximizing elasticity.

It is surprising that there is a scarcity of studies that focus on strategic sourcing and few studies found tackling this vital element in the success of businesses. The absence of hypothetical outlines is perhaps one reason why strategic planning of sourcing is found to be disregarded in the field of supply chain management (Ventovuori, 2007).

### *1.2 Objective of the Study*

The main objective of the study is to develop an understanding of the importance of strategic sourcing, the advantages that accrue from strategic sourcing and the status of strategic sourcing in the construction sector in Qatar.

### *1.3 Definition of Terms*

Supply Chain Management: activities to maximize customer value and achieve a sustainable competitive advantage through product development, sourcing, production, and logistics, as well as the information systems needed to coordinate these activities (University, 2017).

- Sourcing: Sourcing, also known as procurement is the practice of locating and selecting businesses or individuals based on set criteria to find the most appropriate suppliers.
- Strategic Sourcing: is a type of procurement process that continuously improves and re-evaluates the purchasing activities of a company.
- Performance Management: data that empowers sourcing that supply chain managers can use to improve their sourcing strategy.
- Cost Savings: practices to reduce expenses in businesses.



#### *1.4 The Scope of Study*

The study focuses on exploring the strategic sourcing and its impact on the performance of supply chain in construction companies in Qatar. It focuses on the construction sector as one of the most booming business in Qatar, knowing that this study is valid and can be generalized to all sectors or businesses in Qatar or in the region. Subscribers are chosen from the construction sector only and the ratio is proportionally chosen from both male and female gender and from different managerial levels.

#### *1.5 The Model of Study*

The study investigates the importance of strategic sourcing on the supply chain management and company cost saving in addition to enhancing the relationship with suppliers that leads to customer satisfaction. Moreover, this study enlightens the reader on the main goals of strategic sourcing, which is to leverage buying power through strategic alliances, create more efficient procurement process and demonstrate significant on-going cost savings.



*Figure 2: Scope of Strategic Sourcing.*

## CHAPTER 2: BACKGROUND AND LITERATURE REVIEW

### *2.1. Introduction*

The most well-known meaning of sourcing is the way toward distinguishing potential sellers, leading arrangements with at that point, and afterward concurring supply contracts with these merchants. There is various diverse meaning of sourcing however for the most part there are two noteworthy definitions: global sourcing and strategic sourcing (Definition of Sourcing, 2017).

Global sourcing will be sourcing items and personnel regardless of national limits. It is especially well known predominantly in Europe and Asia. Both territories are less worried about geographic limits.

The rise of Chinese and Indian assembling abilities has implied that sourcing from these nations has enormously expanded in the previous couple of years. Obtaining organizations are looking for low work and creation costs which are not countered by high conveyance costs. Many enhancing nations likewise offer appealing assessment and duties to empower obtaining from them.

Strategic sourcing is an idea that was advanced by real consultancy organizations in the late 1980's 1990's and is currently viewed as a standard acquiring technique utilized by many organizations.

Notwithstanding, the most well-known meaning of sourcing is strategic sourcing. Strategic sourcing was first settled by General Motors in the 1980's and is presently a typical business buying instrument. Strategic sourcing is regularly utilized for high esteemed administrations, specially categorized material and center huge esteems

procurement. There are a few procedures inside the strategic sourcing process and these are:

- Evaluation of the organization's present buying cycles.
- Evaluation of what is as of now accessible in the supply chain.
- An evaluation of the money saving advantage examination of utilizing different providers.
- An audit of potential sellers.
- A refresh of the present acquisition technique.
- Negotiations with potential merchants to guarantee that they meet the new procedure and money saving advantage examination.
- Implementation of the new buyer/ supplier relationship (Definition of Sourcing, 2017).

Strategic sourcing is a systematic, long term and complete approach to acquiring current and future needs of an organization at the lowest total cost of ownership (TCO) and lowest risk to the supply line. Its focus is the customer, where many purchasing actions are bunched together to support the supply chain vision. This process creates a closed loop link between customer and the supplier to ensure continuous improvement in quality, delivery, cost and service, while providing the means to achieve optimal efficiencies in both; customer & supplier for the organization. There are many factors that form the whole perception of strategic sourcing; spend analysis, market research and supplier evaluation/selection and relationship management. It will allow for analyzing those spending through categorizing and prioritizing the top of the list material that

dominates most of the company's expenses in term of procurement. This new activity will support the whole process in identifying the most suitable supplier and assist in monitoring and enhancing suppliers' interrelation with the organization (Kumar Vimal, 2017). The goal of strategic sourcing is to support all supply chain activities to serve the customer and it works in complete partnership with the operations to serve the overall organizational vision and strategy (Canan Kocabasoglu, 2006). Another important objective of strategic sourcing is to enroll in a steady and long-term relationship with suppliers; this is achieved through assigning the required capabilities to support the company's strategy (Canan Kocabasoglu, 2006). The process of selecting the suitable supplier shall consider a long-lasting relationship that achieve a mutual benefit and plays an important role in evaluating the supplier performance. This leads to a continuous process for improvement which leads in some cases to involve in supplier trimming events (Tomas, 1998). The competitive profile of the company is supported by the strategic sourcing structure and is responsible of linking and managing the various sections of the company's supply chain (De Toni, 1994).



*Figure 3: Advantages of Strategic Sourcing.*

### *2.2 Seven Steps of Strategic Sourcing*

Thinking strategically about sourcing and utilizing a demonstrated procedure, for example, A.T. Kearney's Seven Steps for Strategic Sourcing, experts can effectively source or renegotiate suppliers for data item and reduce any issues with suppliers. This technique can be connected to sourcing all sorts of data items and administrations for various sorts of organizations particularly those where data has a key an incentive to them. Following the procedure prompts ideal arrangements because the certainties have been assembled and separated and the associations have a firm base from which to lead negotiations with suppliers.

Experience has demonstrated that the seven stages of key sourcing process created in 2001 has stood the trial of time and with varieties, has turned out to be best practice. The fundamental goal of strategic sourcing is to save cash yet different reasons

incorporate enhancing the obtaining procedure, provider execution and elimination risk (Montgomery, 2005).

#### Stage 1- Profile the Category

Comprehend everything about the spend class as the initial phase in the vital sourcing process. This implies characterizing the class and items in it. What is the present amount utilized, sorts and sizes. Who are, where are they found, what are the procedures utilized and who else is associated with the production network. Information must be reported in however much detail as could be expected as changes might be required.

#### Stage 2- Select the Sourcing Strategy

Distinguish potential new worldwide and local suppliers. Concentrate the cost parts of the item or benefit, and investigate the providers' commercial center for risk and opportunities. Key basic material costs and different factors, for example, work and transportation must be evaluated and computations done of the providers' cost components.

#### Stage 3- Establish the Supplier Portfolio

Choosing where to purchase while limiting risk and expenses is the means by which you build up the strategic sourcing system. Utilizing a cross useful undertaking group is an absolute necessity. The system will rely upon what genuine options there are to the present providers, how focused the provider commercial center is and essentially, how open the clients are to new providers

#### Stage 4 Select the Sourcing Procedure

The most well-known strategy for sourcing is to utilize a Request for Proposal process for requesting offers. It incorporates item or administration determinations,

conveyance and administration necessities, estimating breakdown and lawful and budgetary terms and conditions. Regularly the assessment criteria are likewise expressed.

#### Stage 5- Negotiate and Select Providers

The first round of the arrangement procedure, in the wake of diminishing the offers to the substantial ones, is led with numerous suppliers requesting clarifications and more detail where required. A decent strategic sourcing methodology is to direct various rounds of arrangements to get to a short rundown. The last choice is normally done by the group and closed according to the endorsement procedure .

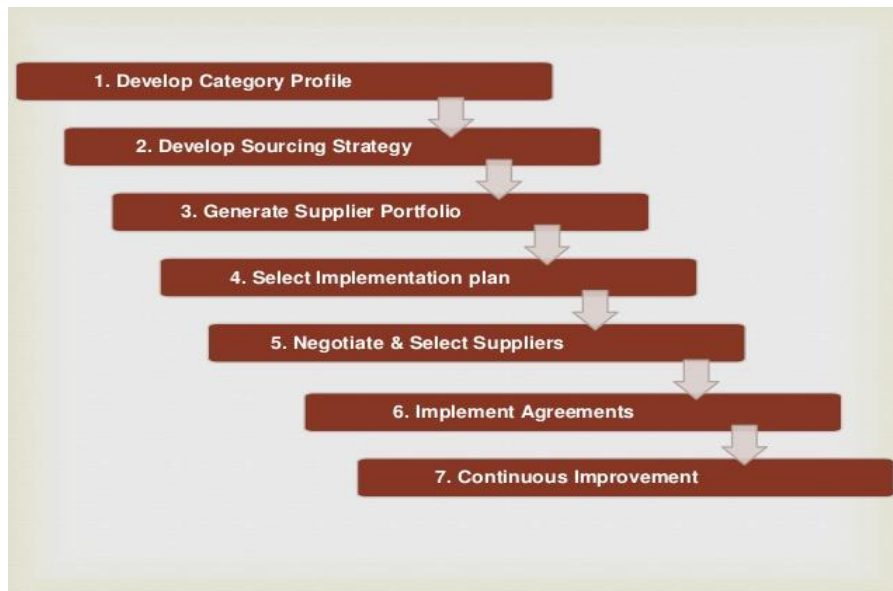
#### Stage 6- Implement and Incorporate

Inform the fruitful providers and guarantee that they are associated with the execution procedure. Execution designs shift contingent upon the level of changes. The correspondence design in the strategic sourcing methodology will incorporate any change to determinations or process, changes in conveyance or administration prerequisites or estimating.

#### Stage 7- Benchmarking and Following Outcomes

This is a key component of the sourcing administration process. It is the begin of a consistent cycle, beginning with benchmarking the present status of the product or class, observing the outcomes and guaranteeing that full esteem is being accomplished. Back to Step 1 to survey the supply showcase again and restart the procedure in an always developing commercial center.





*Figure 4: 7 Steps of Strategic Sourcing*

### *2.3 Strategic Sourcing Capabilities*

It is quite challenging to balance the relationship between the buyer and seller with regards to the cooperation and pricing criteria. To make this relationship easier, we need to shape the total cost of the supply chain, making efficient sourcing, structuring endless relationships, involving the supply web and taking advantage of the involvement of the supplier (McGinnis, 1999). Moreover, this will enhance the company's supply chain and make it more competitive to transform into an organization that is using strategic sourcing, which will certainly improve the procurement, targets and achievements of the communications technology (Yusuf, 2003).

Operative communication system that works as mutual benefit is an added value to support the cutting cost, eliminating unnecessary inventories, maintaining quality and sometimes assist in cancelling existing not required deals or agreements (Fawcett, 1992).

Supplier creates an online system to expose and link in a real-time manner to make use of excess amount of data relevant to the latest in product design, manage inventory surplus and help in manufacturing, delivering and ordering in a timely manner.

#### *2.4 Supply Chain Strategic Sourcing Risk and Supplier Evaluation*

Supply chain issues are exposed to risk due to possible fluctuation in macroeconomics, bankruptcies, catastrophes which lead to higher risk. Estimation and identification of risks forms the risk management of the supply chain plus the excess failure in the chain, and execution of defined plans via a matched method among supply chain team (Manuj, 2008). Strategic sourcing risk that occurs during ambiguity demands creates a competition among suppliers and leads to one supplier increase their production on the expense of other suppliers that hesitates to deliver. This is a clear alert for a fail supplier that creates additional cost due to delivery failure and thus to putting restriction on the mentioned supplier (De Toni, 1994)

Sourcing risk takes so many appearances, starting from variation of currency rates, unexpected delays in shipment of products and time of port clearance, variation in quality across different products such as chemical products that has expiry dates; all these are considered as the sources of sourcing risk (Manuj, 2008)

Validation of supplier evaluation and the strong relationship with suppliers; both play an important role in the supply chain sourcing as it clarifies suppliers that don't add value to the organization (Christy, 1997). Based on the vendor reports, organizations are usually eliminating key suppliers and moving towards focusing on lower level of suppliers. Strong buyer- supplier relationship achieves a mutual benefit and result in a better performance provided by the suppliers to the organizations. Sourcing plays an important role in forcing the supplier to reduce time response during unstable demand situation in the market, and maintains the performance of the supply chain team (Sislian, 2000).

### *2.5 Flexibility in Strategic Sourcing*

Flexibility is considered a vital sign for competitiveness in today's difficult circumstances and strategic sourcing team are forced to create ways and put plans to increase flexibility if they require overcoming this tough situation (Zhang et al., 2002). Companies with flexible systems that work to expedite process in a cost-effective manner at which new products can be designed and displayed; enables organizations to respond to uncertainty and market variation. Sourcing flexibility is the ability of the strategic sourcing team to respond to change and cope with the market fluctuation and differences in a timely and cost-effective manner; moreover, its highly recommended to create plans to enrich their information system to face the need of information change (Nelson, 1998). Flexibility enables the company to comply with the new variation or new demand for the business due to new ideas or innovation, and gives them a great chance to reply to new

requirement in the market and support a foundation plan for implementation (Brancheau, 1995). Flexibility in strategic sourcing reflects a great benefit considering delay in order processing, respond to uncertainty in demand, enhance ability in refill orders and chasing and controlling supplies (Saraf, 2007).

### *2.6 Trust under Strategic Sourcing*

Trust plays an important role to emphasize on a strong relationship among the different team members of the strategic sourcing group, differentiating between interactive and within the same organization trust (Johnston, 2003). Creating a balanced atmosphere of strong trust in a strategic sourcing process to effectively balance the process, shall consider the key factors by creating a strategic sourcing uniqueness and creating a clear plan and interactive fairness (Duane, 2006). (Mcdermott, 2004) Highlights that expert economists identify trust as a driver for cost effectiveness and advanced instruments to a better coordination. Social capital theory view trust as an opportunity to share information, mutual benefit of learning and exchanging risks and costs accompanied with exploring and take advantage of opportunities (Inkpen, 2001). Trust is the intellectual and sensitive decision to count on a partner with the hope that the partner will act according to a common agreement. In strategic sourcing situation, trust encounter the firm to share a minimum deal of resources and time to an inter-organizational partnership to accomplish efficiency and the benefits of trust most likely to result in exceeding the expected costs and result in a successful strategic sourcing processes (McCarter, 2007).

## *2.7 Strategic Sourcing Agility*

Strategic sourcing agility represents the capability of a firm's internal sourcing performance to reply to marketplace uncertainty to offer a strategic advantage. Firms must use different methods and plans to accomplish competitive advantages and strategic sourcing agility can be achieved in multiple approaches. While agility is relevant to quickness, skills; flexibility is relevant to coping and changeability (Kidd, 2017). Flexibility is considered a firm's response and ability to change, while agility is the measure of company's effective time to modification when required.

(Goldman, 1994) stated that agility is naturally accompanied with the firm's overall capabilities, while (Gupta, 1992) and (D'Souza, 2000) consider that flexibility is relevant to operational abilities especially those relevant to production procedures. Strategic sourcing agility is measured as a vital driving force of a firm's successful approach (Bantel, 1994) and (Goldman, 1994). Its developed gradually by maintaining competences.

## *2.8 Measuring Firm's Performance under Strategic Sourcing*

Measurement and advanced performance of the organization requires collecting a great deal of information, suggestions and comments; accompanied with effective planning and maintaining of business procedures; all help the firm in analyzing and solving its problems.

Academically, there is been always a shortage of researches and studies that focus on the effect of strategic sourcing on the overall outcome of organization (Beamon, 1999). Sourcing has a direct influence on the performance of the firm especially when associated with strategy, and planned as combined structure where sourcing must be viewed as corporate level and reject on single departmental level (Lau, 2003). Measuring of firm's successful business from the profit point of view depends on return on assets (ROA), operating income, and cost per sales (Venkatraman, 1990).

Furthermore, the writing additionally advocates the utilization of piece of the overall industry and deals volume measures to reflect a specialty unit's viability to compete for deals inside the business, while profit edges reflect the general viability of an association (Marr, 2003). Survey of writing on aggressive business execution depict measures, for example, return on resources; piece of the overall industry; deals volume; profit edges; working pay; add up to cost/add up to deals and aggregate deals/add up to number of representatives (Chan, 2003).

### *2.9 Strategic Sourcing Driven Performance Measures*

Inventory network driven hierarchical execution falls into three classifications: assets, yield, and flexibility (Gunasekaran, 2001). Asset execution reflects esteem expansion through accomplishing efficiency. Yield execution reflects esteem expansion as the firm's capacity to give large amounts of client benefit, while flexibility execution reflects esteem expansion as the firm's capacity to react (Yusuf, 2003). The chain of command of these esteem expansion measures comprises of the levels of operational, strategic, and key measurements. For instance, one part of significant worth chain

execution concerns the client benefit measurement, which is affected result accessibility and conveyance execution (Beamon, 1999). A study on inventory network execution measurements gave the execution measures specifically on-time conveyance of client orders, delay purchase level, rate stock-outs, conveyance lead endless supply of client arrange, producing process duration, store network process duration, limit use, time to advertise (Canan Kocabasoglu, 2006). The first four measures catch how viably the esteem tie conveys items to meet client demands and the rest reflects the capacity to react auspicious to showcase. General conveyance time for existing items is influenced by assembling process duration and conveyance lead-time, while conveyance time for new items is additionally a component of the time required to build up an item from an underlying idea to fulfillment.

### *2.10 Internal Role of Strategic Sourcing*

While receiving vital sourcing, the part of the acquiring capacity both inside the firm and in buyer– merchant connections ought to be plainly defined. It is vital to be sharp of the interdependency between these parts and critical changes in buyer– vender relationships start from inside through "purchaser centered" exercises.

Strategic sourcing influences a few capacities inside an association, and in this manner, requires cross-useful correspondence. The subsequent need of inward coordination is overseen through more grounded mix among capacities and an expansion in cross-practical groups (Kraljic, 2016). (Cavinato, 1999) guaranteed that reconciliation with different capacities was prove as often as possible in organizations where a proactive approach is taken toward buying. (Reck, 1988) stated that when obtaining

played a more proactive part in supporting hierarchical methodologies, cross-utilitarian correspondence expanded. Likewise, various examinations concentrated on the significance of cross practical correspondence and support in making a sourcing system (Anderson, 1998; Sislian, 2000).

(Eng, 2005) experimentally showed that between useful collaboration enhanced consumer loyalty and inventory network responsiveness. (Reck, 1988) contended that the accompanying practices would be found in organizations with solid between practical correspondence: built up lines of correspondence amongst obtaining and different capacities, supply supervisors being incorporated into deals proposition groups and buying administrators being broadly educated to comprehend the requirements of different capacities.

### *2.11 Building Effective Relationships with Suppliers*

Strategic sourcing relies upon building viable associations with providers to enable the association to fulfill its acquiring and supply needs. While these connections might be more direct for the acquirement of standard support, repair and operations things, where taken a toll minimization is the essential goal, many-sided quality increments when the obtained material is rare or of significant incentive to the purchasing association. Market vulnerability has been expanding during the most recent quite a few years due to risk of asset consumption, intensified rivalry and quickened mechanical change (Kraljic, 2016).



Consequently, developing long-term relationships has become an alternative to vertical integration in responding to market uncertainty (Williamson, 2008). The main challenge in long-term relationships is that unless the buyer and supplier are mutually interdependent, companies place themselves at risk of opportunistic behavior by their partners (Badaracco Jr., 1991; Kaufman, 2000).

In their experimental examination, (Sanchez-Rodriguez, 2005) found that distinctive types of provider advancement exercises were interrelated. There are various investigations on the connection between provider improvement exercises and execution. (Krause, 1998) Observationally contemplated the effect of four provider improvement activities on provider execution. They presumed that inclusion in provider's practices was the main activity that specifically influenced execution, while formal assessment and motivating forces influenced execution change by implication.

Focused offering did not seem to have any influence on execution. (Stanley, 2001) and (Sanchez-Rodriguez, 2005) concentrated on provider advancement exercises barring aggressive offering and found a positive connection amongst them and obtaining execution. Provider advancement programs have been considered broadly. A few issues that have been of conspiracy are the normal attributes of successful provider advancement programs (Handfield, 2000), association attributes that influence the choice to partake in provider improvement programs (Watts, 1993; Krause, 1998) and the forerunners to provider advancement programs (Krause D. G., 1999). As far as immediate association, (Handfield, 2000) gave business cases of how organizations give preparing, mechanical help to their providers.

Some of the risk can be lessened by data sharing and provider advancement procedures. Data sharing is the concentration of "Information Sharing with Key Suppliers," while provider improvement techniques are talked about in "Direct Involvement." Prior investigations propose that the potential for sharp conduct is diminished when the two gatherings consent to share data all the time (Pint, 1997). Correspondence and data trade are basic to long haul connections (Monczka, 1998). (Handfield, 2000) gave cases from a few organizations on how data sharing decidedly influences supplier enhancement programs. There is likewise a developing push to diagnostically demonstrate data sharing between production network accomplices. The findings of these investigations propose that the benefits of data sharing are circumstance specific and reliant on the item sort, request designs, the level of centralization in basic leadership and the attributes of the connection between the store network accomplices in addition to other things (Sahin, 2002).

### *2.12 Summary of the Literature Review*

Based on the above extensive literature review on the strategic sourcing and supply chain, this research expects a positive association between strategic sourcing and supply chain performance to lead the organization into operational excellence; and claims that:

- Strategic sourcing significantly enhances the supply chain outcome of the firms.
- Greater strategic sourcing leads to greater organizational performance.
- Strategic sourcing help maintain or enhance product and service quality

- Create more efficient procurement processes
- Develop a best-in-class procurement environment through strategic sourcing to enable end users to buy from strategic suppliers

## CHAPTER 3: METHADODOLOGY

### *3.1. Introduction*

The objective of this study is to discover how strategic sourcing can enable an association for a situation to organization and to discover approaches to be competitive and more focused through strategic sourcing. The primary method for inquire about that will be utilized as a part of this proposition will be the qualitative research technique. The viewer hence can find that the strategy utilized as a part of this examination will be the qualitative research technique.

After the correct method for the study is chosen, the time has come to start to gather information. The information gathering implies that data will be gathered for the exploration study. The information ought to be significant to the study along these lines helping the analyst accomplish the research objectives.

"Information in an exploration venture are data or proof that the specialist accumulates to have the capacity to investigate the wonder under scrutiny or to demonstrate or invalidate the examination theory. The information assembled enable you to construct a photo on the marvel under the study" (Quinlan, 2011).

In this study, the essential information was gathered through face to face meetings in addition to a questionnaire distributed to personnel, mainly occupying positions in construction companies and specifically performing at procurement departments with both junior and senior employee levels. This information was gathered from existing methods and research from web based quests and in addition printed copies of writing from libraries.

The exploration will be led utilizing a deductive approach utilizing for the most part qualitative research. The research methods, used in the study are discussed. First a quick review of the design of the study, as well as methods, sample, and measuring procedures were presented. In second part, the way that data was collected and analyzed, are discussed. A review related to the reliability of the tools, assumptions and sample size, and the actions to protect participants' rights will be discussed in the last parts of the chapter.

### *3.2. Research Design*

The data collection of this exploration was a questionnaire and interviews. Since it includes gathering data straightforwardly from the members and the inquiries were asked on paper took after by short meetings with a few members. The number of participants in this investigation refers to members from the sourcing team. Questionnaire of 18 questions and demographics were distributed to 52 participants, which was addressed and collected. The data gathered will be utilized to answer investigate questions, descriptive statistics, including frequencies, rates, means and standard deviation, will be utilized to break down data from part of questionnaire.

Information from survey were handled by excel program in term of descriptive analysis. The thorough insights will be utilized to examine the research questions proposed in the model. This contextual analysis decided the individuals who answer the inquiry ought to be individuals from the sourcing group or senior managers in the organization. The main concept of this study is the "Strategic sourcing" and the outcome leads to some figures not limited to; create more efficient procurement processes,

maintain or increase product and service quality, effective internal coordination between supplier and purchasing, strong relationships with key suppliers and demonstrate significant ongoing cost savings. This study developed the questionnaire by integrating the knowledge derived from the review of literature.

An 18 questions survey was developed based on the author's experience after establishing what the main question or problem was, the theoretical data collection began, based on the thesis literature. The measurement assesses the core areas of strategic sourcing of attention to the transformation of company processes from standard procurement process into a strategic sourcing one, the second concern was to address the advantages of this transform from the department's point of view, and the last part of the questionnaire highlights the importance of strategic sourcing especially on the procurement- supplier mutual benefit relationship. The questionnaire was adjusted to five categories scale; "strongly agree, agree, neutral, disagree and strongly disagree".

### *3.3. Questionnaire Design*

Data about different factors discussed in the model were collected through a questionnaire which was developed with four different parts. The first part of questionnaire demonstrated the respondent's demographic characteristics including their age, gender, education level, purchasing budget annually, years of establishment of business, expat partnership percentage in the organization, type of employment, and direct question about the position of each participant. In this part, we primarily tried to understand the mentioned characteristics among respondents to include some of them as predictor variables in this research.

The second part consists of the first five questions related to employees'/ participants understanding of strategic sourcing and the potential to implement such a process in the organization. The scales are ranged from “strongly agree” with highest score to “strongly disagree” with lowest score.

The third part of questionnaire consists of 10 statements which evaluate the importance of strategic sourcing and the positive impact on the organization, this part is based on the concerned employee’s concept about the process and difficulties seen when transforming the standard procurement process into a successful strategic sourcing process.

The last part of questionnaire comprises of three statements related to the importance and advantages foreseen by participants for implementing strategic sourcing process and specifically enhancing the relationship between the organization and suppliers.

#### *3.4. Procedures to Connect with Participants*

The population of the study consist mainly of employees working as procurement personnel at construction companies based in Qatar. The expert staff in sourcing consists of junior and senior positions, who were asked to fill up the survey. The sample questionnaire was distributed and collected manually to the mentioned participants.

### *3.5. Participants*

The research sample consists of 52 participants, working in a regional construction companies based in Qatar. (Leedy, 2005) Recommend that if populations are small with 100 or fewer persons, whole population should be used as research sample. In cases, with a population of 500 and 1500, a sample of 50% and 20% should be used as sample respectively. They mentioned that populations larger than 5,000 are irrelevant and a sample with 400 individuals is sufficient. The participants were randomly chosen from different supply chain positions from assistant buyers, buyers, procurement officers and managers, working in supply chain departments in construction field. The reason that we chose only participants from supply chain department as our sample was to study the research subject using a controllable and homogeneous collection (Jarman, 2013).

### *3.6. Ethical Precautions*

One of the important issues that should be taken into consideration for every research study is ethical guidelines used in that study. They generally comprise of informed consent, confidentiality and repercussions (DiCicco-Bloom and Crabtree, 2006). In this study, the Ethics of Qatar University was applied to establish the ethical guidelines. Based on informed consent letter, the purpose and procedure of the data collection through survey must be informed to each participant before responding to questionnaire (DiCicco- Bloom, 2006) The letter was distributed to all participants manually to introduce the researcher, explain the background and the purpose of the study. All participants were asked to participate in the study if they were willing to do so.



Before distributing the papers and conducting each interview, the questionnaires were sent to participants by email a few days before the distribution time to enable them to go through the questionnaire and understand the concept of the questions, in this way they would answer the questionnaire smoothly.

### *3.7. Pilot Test*

To examine the reliability of the survey, the examination led a pilot test to guarantee the dependability of the survey by utilizing the investigating the reliability. The outcome of the reliability investigation showed that Cronbach Alpha Coefficient was 0.837. It was translated that the survey was legitimate for the utilization of information collected. The surveys were utilized to totally gather information from the organization's supply chain of the construction organizations (52 members). Information accumulation was occurred from 12<sup>th</sup> October 2017, to 12<sup>th</sup> November 2017; 31 days). The information gathered by the survey was incorporated and broke down by utilizing the basic features of the SPSS program in addition to office excel system. Descriptive analysis measurements such as percentage, mean, standard deviation was utilized as a part of this contextual investigation to define the features and state of mind of the specimens.

### *3.8. Data Collection*

Employees from supply chain department of construction companies in Qatar were contacted from 12<sup>th</sup> October 2017 through 12<sup>th</sup> November 2017. Involved participants were informed for survey participation. To achieve a higher response rate, participants were requested to forward invitation to their colleagues by email.

The response rate via email was very weak, so it's been decided to distribute the survey manually. The time required to complete the survey was about 10 to 15 minutes. The participant's answers were recorded in the Type form file. When the required number of participants was recorded, the data was transferred from the Type form file to an Excel sheet. After the data were cleaned, they were imported into SPSS for data analysis. The data file was kept on an isolated disk with a secured password known only to the researcher.

### *3.9. Conclusion*

This chapter presents the research methods on the effect of strategic sourcing on the supply chain performance and to organizations as a whole. A subjective research has communicated the connection between strategic sourcing and the performance of sourcing management. The research design and sample size including selection of sample were described. The self- report survey consisting of 18 items questionnaire was developed to acquire information directly from the participants by posing questions. The number of inhabitants for this study examine was increased by interviewing a couple of managers on strategic sourcing of construction companies based in Qatar. A set of precautions were given to ethical issues and the participant's rights.

## CHAPTER 4: RESULTS

### *4.1 Introduction*

The main result that resulted from the data collected in the survey and meetings conducted with senior managers is that there is no clear sourcing strategy for the organizations in Qatar working in construction industry. There being no certain sourcing technique persuades that in the most worst-case scenario one hasn't been made. This prompts the following issue, if there is no sourcing procedure at that point there is likewise no sourcing arrangement or usage of such.

The author interviewed 10 individuals, arbitrarily picked, straightforwardly in charge of the sourcing sector and all are previous representatives in the sourcing division, so they all have informative data to give, in this way giving the meetings great legitimacy. Every interviewee addressed that even though there is no certain course given to them from top management aside from don't commit errors and with regard to purchase, always go with the cheapest offer, they had created their own system of handling responsibilities. Mostly based on past procedure or processes.

What the author discovered confusing were the responses to the following inquiry on risks. The interviewees didn't perceive that no sourcing technique was a risk, rather they said things like, "I see no risk", or different factors outside the association or their domain of control, while these are risks, they are outer and influence each business similarly.

The following inquiry made the interviewees awkward and simply after confirmation of anonymity did they reply. The primary issue that they saw was in their own work, being not having enough time to complete things, and wearing too much

"caps". Another amazing answer was that there is almost no correspondence between various offices, for example, inside in the sourcing division and to different divisions. This makes the purchasers need to do to a great degree a lot of work which causes delays. Relatively every exchange needs endorsement and they believe they don't have the expert to make strategic decisions on their own.

#### *4.2. Demographic Data of the Respondents*

The demographic characteristics of the sourcing personnel participated in this study was consisted of age, gender, education level, company annual purchase budget and years of establishment of business. The study focuses on middle class and upper-class organizations based on their annual budget allocated for annual purchasing of materials. Years of establishment of business was also considered in the demographic measure as a tool to classify the presence of company in the construction market in Qatar. Level of education was coded with numbers as follow: 1 = High school, 2 = Bachelor Degree and 3= Master Degree. Almost 18 participants' age was between 20 to 30 years old which accounts for 34.6 % of total number of participants. Next group populations belonged to age groups 31- 40 which occupies 30.6% of the population at 16 participants while the last population group 41-50 accounts for 34.6% of the total population counting 18 participants. Age group 51-60 which was an option didn't record any participants. Majority of participants with 61.5% of the population holding a bachelor degree (32 out of 52); that majority of the population mainly occupies "officers' position in the sourcing team. Only 8 participants were holding a high school degree (around 15%) and those are mainly.

Holding 'assistant buyer' positions in their companies. The last educational level group accounts for 23% of the population with 12 participants holding a master degree and occupy a senior position in the supply chain department.

Other demographic characteristics addressed in this study were the annual purchase budget for the companies that participants belong to. We witnessed only two groups in this demographic, where we have 53.8% of participants their company's annual budget for the source of material and services goes to QAR 51 million and above, while the other group accounts between QAR 21 and 50 million occupying 46.2% of this group.

Participants took approximately 10 to 15 minutes to answer the survey. A total of 52 respondents fully completed the survey. The submitted surveys were 100% complete. Missing data are assumed to happen very often in research studies. However, there was no missing data recorded.

Table 1

*Demographic Information of Research Participants*

	<b>CHARACTERISTIC</b>	<b>FREQUENCY</b>	<b>PERCENTAGE</b>
<b>AGE</b>	20 – 30	18	34.61 %
	31 – 40	16	30.76 %
	41 – 50	18	34.61 %
	51– 60	0	0
<b>EDUCATION</b>	High School	32	61.53 %
	Bachelor	8	15.38 %
	MBA	12	23%
<b>GENDER</b>	Male	40	77%
	Female	12	23%
<b>ANNUAL</b>	≤ 5 million QAR	0	0 %
<b>PURCHASING</b>	5-20 million	0	0 %
<b>BUDGET</b>	21-50 Million	24	46.2%
	> 51 Million	28	53.8%

#### *4.5. Data Analysis Results*

The data analysis in this study was the Office Excel in addition to Software Package for the Social Sciences (SPSS) to arrange the collected data and to perform the descriptive analysis. Information related to demographic characteristics were obtained by self-administered questionnaire, the same procedure was practiced collecting data about strategic sourcing and the implementation process to reach for operational excellence. Each interview was transcribed soon after being completed and data was analyzed against the literature review and divided into several themes constructed post-research.

The data collected from the survey questionnaires were fed into a Microsoft Excel spreadsheet for data cleaning and the Statistical Package for Social Sciences (SPSS) 22 software was employed for data analysis.

Table 2

*Gneral Statistics of Survey*

ITEM	COMPONENET													
	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14
<b>VALID</b>	52	52	52	52	52	52	52	52	52	52	52	52	52	52
<b>MISSING</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>MEAN</b>	1.54	1.35	1.65	2.65	4.69	3.96	1.73	1.92	2.54	1.38	2.19	2.23	1.96	3.58
<b>MEDIAN</b>	1	1	2	2	5	4	2	2	2	1	2	2	2	4
<b>MODE</b>	1	1	2	2	5	4	2	2	2	1	2	2	2	4
<b>STD. DEV</b>	0.851	0.683	0.48	1.083	0.466	0.949	0.66	0.555	0.939	0.491	1.085	1.096	0.989	0.893
<b>MIN</b>	1	1	1	1	4	2	1	1	1	1	1	1	1	2
<b>MAX</b>	4	4	2	4	5	5	4	4	4	2	4	4	4	5



#### 4.6. Major Findings

The findings of this study are consistent with (Kumar Vimal, 2017) studies relevant to the impact of strategic sourcing in identifying the most suitable supplier and assist in monitoring and enhancing the mutual benefit relationship between suppliers and the sourcing team.

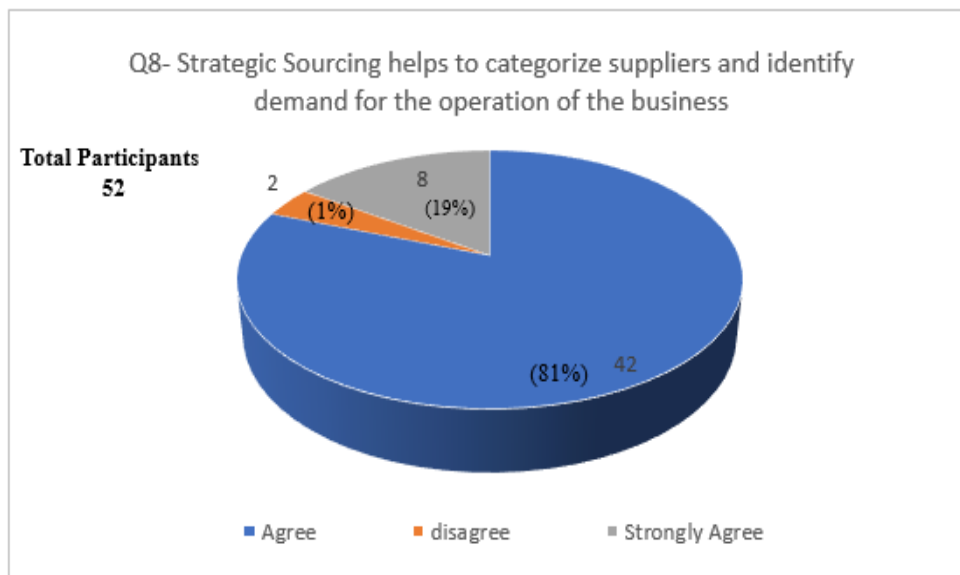


Figure 5: Question # 8 from Survey Result.

The above figure describes the participant's point of view in strongly supporting the impact of strategic sourcing in building a strong relationship with supplier to support the demand of the operation of the business.

Another important finding that is consistent with (Canan Kocabasoglu, 2006) theory in terms of recognizing a leading goal of strategic sourcing which is to support the activities of the supply chain and working in complete partnership with the operations to serve the company vision and strategy (see Figures below).

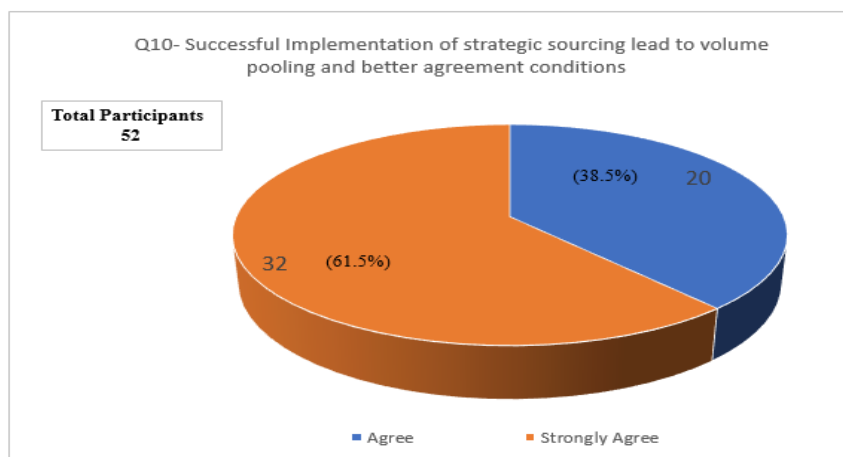


Figure 6: Question # 10 from Survey Result.

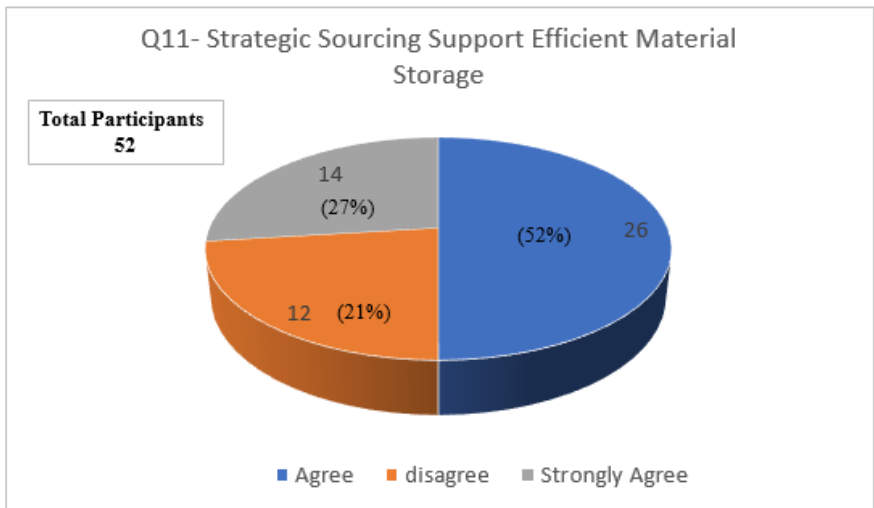


Figure 7: Question # 11 from Survey Result.

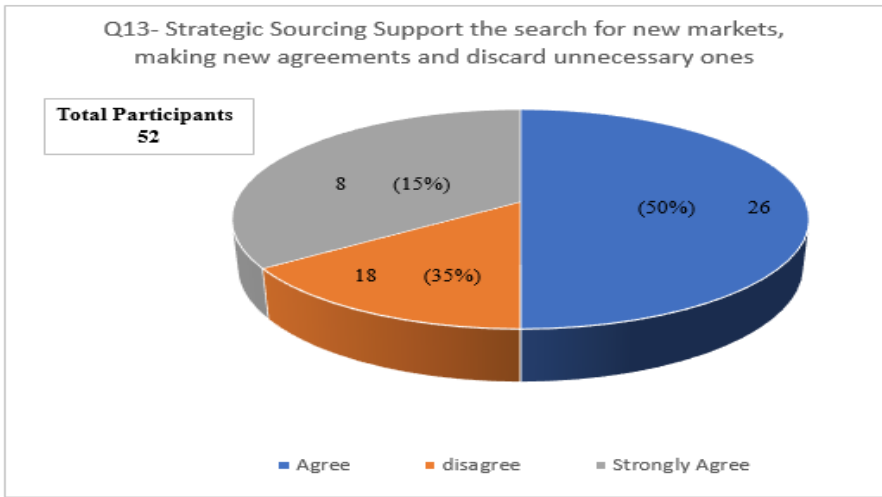


Figure 8: Question # 13 from Survey Result.

The above three figures (6, 7 & 8) that are related to questions (10, 11 & 13) of results from the conducted survey strongly support the notion that strategic sourcing have a positive impact on supply chain performance management in so many means especially

in titles such as but not limited to volume pooling that leads to cost savings, efficient material storage and support better and new markets and set up new agreements and discard unnecessary ones.

The survey highlighted some negative point of views proposed by sourcing personnel participating in the survey. Those members raised the concern about that transforming their standard sourcing procedure into a strategic sourcing required a long-term planning and its time consuming in additional to their need for extra resources and bigger teams, moreover, it certainly requires a long- term planning to efficiently implement a strategic sourcing process within the procurement department

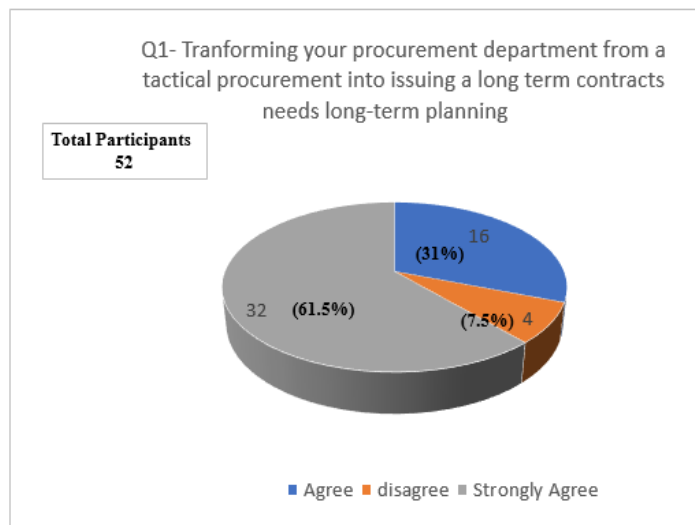


Figure 9: Question # 1 from Survey Result

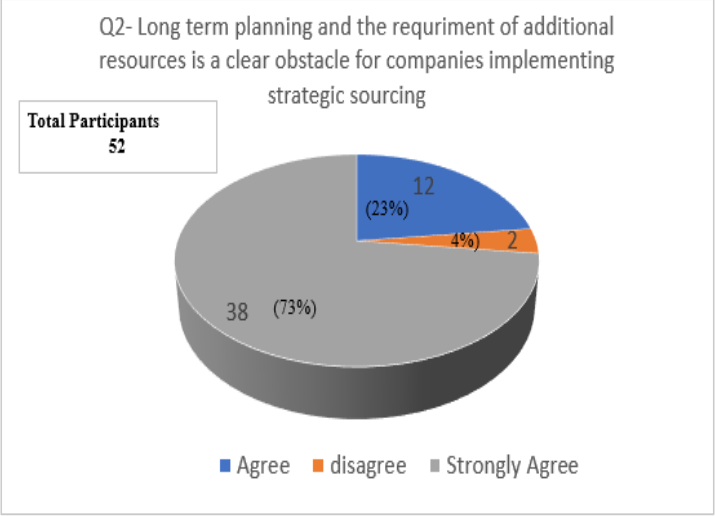


Figure 10: Question # 2 from Survey Result.

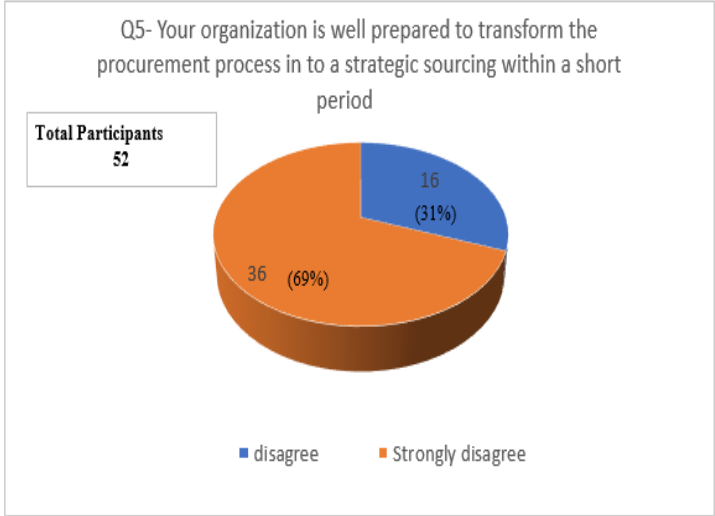


Figure 11: Question # 5 from Survey Result.

#### *4.7 Summary of Results*

- Many present businesses acknowledge strategic sourcing as a powerful activity in enhancing buying and firm level performance.
- Firms that actualize strategic sourcing acknowledge noteworthy improvement in their inventory procurement performance management, particularly as far as responsiveness and customer satisfaction.
- Building a strategic sourcing environment will enable end users to buy from strategic suppliers.
- Creating of strategic sourcing organization leads to an efficient system wide strategic sourcing initiative.
- Strategic sourcing advances the examination of information aimed at deciding the requirements and past obtaining history.
- Strategic sourcing encourages development of long-term buyer and supplier relationships.

## CHAPTER 5: CASE STUDY

### *5.1 Introduction*

A case study is an exploration technique including a very close, inside and out, and determined examination of a subject of study, and also its related appropriate conditions.

In doing case study examine, the "case" being considered might be an individual, organization, event, or activity. However, when "case" is utilized as a part of a theoretical sense, as in a claim, a suggestion, or an argument, such a case can be the subject of numerous examination techniques, not simply case study research. Case studies may include both qualitative and quantitative research techniques (Milfs, Durepos, & (Eds.), 2010) & (Yin, 2014).

Case study research can mean single and different case studies can incorporate quantitative proof, depends on various sources of evidence, and advantages from the prior improvement of hypothetical suggestions. Case studies ought not to be confused with qualitative research and they can be founded on any blend of quantitative and qualitative proof.

In our case, the construction organizations in Qatar is experiencing some arrangement of evaluation with respect to their procurement planning and the change that is required to transform the standard procurement process into a strategic sourcing. Since the blockade on Qatar in June 2017, these organizations are perceiving the enormous extension for streamlining procedures and cost savings. In the beginning of the blockade, construction sector in general was facing a strict difficulty in sourcing materials due to the sole reliant on the countries of the blockade. As such, construction organizations are

endeavoring to set objectives to reduce the cost relevant to sourcing. For an organization of such sizes, if procurement cost reduction planned well and efficiently; it would constitute a significant aggregate and it would go straight to all that really matters. The result of this cost reduction should prompt to enhancing the performance of the organization and increase productivity.

In such a scenario, it is generally critical that we examine with the goal that we can realize what the issue is and what is the capability of the construction organizations to implement strategic sourcing. This must be accomplished through means that will enable us to locate the reasonable data that will help in preparation of the action plan to propose a solution. The best strategy to be utilized here is that of face-to-face interviews with concerned officials in the procurement divisions. The organization ought to have the capacity to apply along these lines since they will have the capacity to get adequate data which relates to their performance to achieve operational excellence.

One of the advantages is that the organization will have the capacity to get feedback from some significant personnel whole will be able to answer the questions which will pertain to the operation and therefore a solid input will be accomplished.

Case studies are used to interpret methodologies or relationships, to create sets of "best practices", or to break down the outside impacts or the interior collaborations of a firm.(Klonoski, 2013).



## 5.2 Sample Case Studies on Strategic Sourcing

**Table 3**

*Strategic Sourcing Case Studies*

<b>CASE</b>	<b>AUTHOR</b>	<b>YEAR</b>	<b>TITLE</b>	<b>REFERENCES</b>
1	Mahindra Satyam & Steel Company	N/A	Strategic sourcing at one of the largest steel companies	MAHINDRA SATYAM Consulting and Enterprise Solutions
2	Prof. Jyoti Singhal	2015	Cost Reduction Through Strategic Sourcing: A Case Study Of Wall Mart	NBR E-journal, volume 1, issue 1 (Jan-Dec. 2015)
3	Bt Education & Local Government	2002	Strategic Sourcing: Transforming Procurement In Local Government	Bt Education & Local Government Website
4	Wincel Jeffrey	1998	Best Practice- Donnelly Corporation	Supply Chain Management Review: "A Practitioner View Of Strategic Procurement"
5	Reilly Christopher	2002	Best Practice: Dial Corporation	Purchasing Magazine, January 15, 2002.

### *5.2.1 Case 1 Summary: Mahindra Satyam & the Steel Company*

One of the world's biggest steel organizations had grown big by acquiring other steel companies. As it absorbed organizations, it additionally retained their different procurement processes, and in addition their suppliers.

All things considered, they set an objective to reduce sourcing costs by 10 percent. For an association of such size, this decrease would constitute a significant sum—and it would go straight to the main issue. They washed down, ordered and investigated more than \$100 million of spend information. This data empowered the group to recognize and send the privilege sourcing strategy and arrange more positive terms with providers.

Consequently, the organization is to be sure saving between 10 and 20 percent in its procurement. Indeed, the total recognized savings for the company was about \$15 million a year. The steel organization is additionally working with far less providers, which streamlines various activities while reducing expenses.

### *5.2.2 Case 2 Summary: Cost Reduction via Strategic Sourcing*

#### *A Case Study of Wall Mart.*

Strategic sourcing is implemented with the goal of applying purchasing savings to some other aspect of the business. About 81% of Walmart merchandise passed through distribution centers. The retailer also instituted cross-docking at its warehouses, a method that moves inventory directly from arriving or departing trucks. Products are taken from an arriving truck and packed in a truck bound for a store without lengthy storage in the warehouse. The result is lower costs for inventory storage, reduced transportation costs and products spend less time in transit.

*5.2.3 Case 3 Summary: Strategic Sourcing: Transforming Procurement in Local Government.*

A local authority typically spends around 30% of its budget on the procurement of bought in goods, services and works. Typically, cashable and sustainable savings of 4 to 6% are achievable but only through adopting a program of 'Strategic Sourcing' can the full potential be realized as follows:

- Driving down the Costs of Goods and Services: through rationalizing and renegotiating contracts.
- Resource Savings: Automation of processes means it is possible to operate with fewer administration staff, freeing them up to be deployed more effectively.
- Tighter Control of Spend: Full control over the internal approval process ensuring only approved suppliers are used; centralized data showing who's spending what.
- Pricing Benefit: ease of obtaining the best price possible from a number of suppliers; achieving economies of scale by concentrating spending with approved suppliers.

*5.2.4 Case 4 Summary: Best Practice - Donnelly Corporation*

Donnelly Corporation, a worldwide organization situated in Holland, fabricates a various scope of items and is centered on creating, outlining and delivering the modern electronic equipment and programming, and exterior systems that will shape the car of the new millennium. After an investigation of its worldwide structure, Donnelly

confirmed that it was essentially expanding its quality in the Tier One car world and it expected to address its sourcing and purchasing operations.

Donnelly made its first strategic arrangement, the "Donnelly Procurement Plan". Following one year, Donnelly could see a 5.2 percent swing in anticipated materials cost, a 25 percent change in provider quality measures, and was on focus for a 50 percent lessening in the extent of its generation supply base.

#### *5.2.5 Case 5 Summary: Best Practice- Dial Corporation*

Dial Corp., the Scottsdale, AZ, based maker of soaps and detergents items and consumer goods, split from Viad Corp., its parent organization, and became independent to better focus on its core competencies. Going with that change was a rebuilding of Dial's corporate capacities, which incorporated a rebuilding of the purchasing function from a decentralized association working at the site level, to a central body headed by a Chief Procurement Officer (CPO).

The move changed the structure of the organization as well as changed the way its representatives viewed total costs. By evaluating its supply base, working closely with its key suppliers, utilizing its purchasing power with key providers over the different business units, and building up a system for implementing creative cost-saving ideas, thoughts, purchasing could drive \$100 million in total cost from the system in five years, including \$10 million in 2001.

### *5.3 Case Study: Face-to-Face Interviews*

This part of the research was aimed at digging deep into live data from executives occupying senior positions in the supply chain department in two different organizations. I conducted a face to face interviews with two executives in two different organizations; the first one will be defined as sample "A" and they implement strategic sourcing system in their organization. The second sample will be defined as sample "B" and they implement a normal standard procurement process in their organization.

#### *5.3.1 Interview with Sample "A"*

In this part we explore some of the most important data from a senior strategic sourcing manager in one of the leading oil and gas companies in Qatar that implements strategic sourcing process. Sample "A" is a male with age range between 40 & 50 years. He has been 7 years working in the same company. It was an open session remained for more than two hours and we discussed all aspects of procurement and specifically about his successful experience as a head of the strategic sourcing team.

The author opened the session stating that it took them one-and-a-half-year time to transform the procurement process from a tactical process into a strategic sourcing process. The transform took lot of planning and effort from the large big sourcing team. First step was analyzing spending of the organization by categorizing spending through structuring the categories which will result to dividing spending as per the categories. This will identify the highest spending category which will enable to set the demand plan for the highest category spending. The second stage was to analyze the supply market by defining the main suppliers to evaluate the current agreements and start a better

negotiation through volume pooling that gives a better price. The outcome will enable the strategic sourcing team to look for new market, review current agreements and sometimes cancel existing unnecessary contracts. Strategic Sourcing will also give a better situation to enhance the supplier relationship by building a strategic long run relation. The process of the transform from tactical procurement into a strategic sourcing saved the company between 10% to 20% in total cost of purchasing.

### *5.3.2 Interview with Sample "B"*

The second interviewee occupies a position of procurement manager in one of the leading construction companies in the GCC. He is a male with age range between 35 and 40 years old, and more seven years of experience in the same company. This company is running three huge projects in Qatar worth total of more than QAR 15 billion.

The author opened the session by illustrating a brief explanation about the strategic sourcing and discussed thoroughly with the interviewee about the potential opportunity of implementing this process in their organization. The interviewee stated that they are using a tactical procurement process in their organization due to the difficulty implementing the strategic sourcing procedure. Although he admits the benefit of implementing strategic sourcing, yet he highlighted the obstacles; starting from top level management decision and the requirement of large teams for implementation. Executives believe that in the construction section, they are running a time frame projects between three to five years maximum, in addition to the fluctuation in the prices of building materials especially all items of 'steel', which might be an obstacle to transform

into a strategic sourcing as it requires to build big teams and long planning of more than one year and this is approximately half of the project time. The interviewee clearly mentioned that the procurement process approach is not viewed by upper management as a competitive advantage and they believe that strategic sourcing a time and source consuming and it's not suitable for construction companies

## CHAPTER 6: DISCUSSION, IMPLICATIONS AND RECOMMENDATION

### *6.1 Reviewing the Research Objectives and Questions*

The chances in this segment will concentrate on what can be accomplished through great sourcing practices and what happens when openings are lost because of either awful choices or a terrible sourcing methodology. Moreover, this will clarify what happens when openings are increased through the execution of good and taught worldwide sourcing strategy. What can have finished up is that development organizations need a sourcing strategy and support and preparing of the sourcing staff. This is the reason the author settled on the examination inquiries for this.

The point of this study is to come up, yet in no methods farthest point to, a procedure that can be effortlessly comprehended by the greater part of the sourcing team with its objective being easily executed. To begin the sourcing methodology there ought to be a system set up, or essential rules, which are said all through this postulation: Find the issue or question that should be tended to, thought of a statement of purpose, arrange, detailed and characterize the procedure, illuminate the association, and development. To begin it must be resolved what the advantages and disadvantages as of now are in the construction companies as per the information gathered.



## 6.2 *Implications for Future Research*

The challenge of the study was to educate the viewer on why strategic sourcing a decent methodology in the operations office and how construction companies in Qatar can profit by implementing a strategic sourcing process. If companies main concern or target is to maximize profits, then there should be always think of manage the supply chain through a valuable strategic sourcing initiative. The technique ought to be sufficiently simple so the entire association comprehends what the main concept of the mission. Construction companies in Qatar can profit from strategic sourcing by actualizing a sourcing methodology in view of the proposals and hypothesis of this study. The substantial advantages are, however are not constrained to, bring down buy costs, bring down logistics' costs, higher net revenues, better quality, and better control, by the day's end more joyful clients.

These findings can be a starting point for future in- depth research into the specifics of strategic sourcing and the effectiveness of the implementation. Moreover, the results highlight the importance and the urgency of strategic sourcing in changing the business culture and mindset of people towards sourcing. This finding can be a starting point for future in-depth research to help select the most effective ways of and implementing this effort at construction companies in Qatar.

### *6.3 Limitations of Research*

The characteristic of this research has certain limitations which may impair the applicability of the findings. First, the empirical evidence was limited only to a relatively small number of construction companies in Qatar to gain access to their real experiences on current role of sourcing team. Scarcity of researches on strategic sourcing in Qatar and specifically in construction companies is considered a vital limitation for the study as it doesn't allow for benchmarking and appropriate evaluation of the study in Qatar. Poor, experienced participants and their weak knowledge of strategic sourcing didn't add great value to the study, instead, the author must have focused more on senior positions who are more expert in the supply chain and specifically in strategic sourcing. As a result, the study was very challenging to the researcher as most of construction companies were not familiar or expert in strategic sourcing, moreover, the researcher was unable to find any valuable literature and data available publicly that matches this study on state level. Finally, a larger sample size and a more detailed questionnaire with more specific questions could have provided a deeper exploration into the topic and therefore richer research study overall.

### *6.4 Implication for Policy*

The present study provides significant implications for reviewing and updating the sourcing processes in construction companies in Qatar. By demonstrating the influence of strategic sourcing on the supply chain performance in the organizations. It is of the creator's conclusion that this theory touches the most superficial layer of the everyday business operations at any size organization. The study concentrates on the

sourcing portion of the operation of running a business and recommends that construction companies shall focus on transforming their procurement process into a strategic sourcing one. This will be only achieved when the current procurement processes at firms shall be viewed by upper management as a source of competitive advantage to their organization that leads to operational excellence. When the sourcing team properly adopt a strategic plan, a systematic approach for optimizing an organization's supply base to improve the overall value proposition of the organization. This fact emphasizes the importance of strategic sourcing for all organizations to achieve operational excellence.

#### *6.5 Conclusion and Recommendations*

As strategic sourcing is turning into a standard in effective organizations, it is more critical than any time in recent memory to have an arrangement to execute a strategic sourcing program, particularly now, after the world is completely recovered from the economic crisis and the nations of the Far East are winding up costlier yearly. Therefore, the main objective of this thesis was to educate the viewer on what strategic sourcing is and how it can be utilized to the benefit of an organization.

All through the examination, and composing of this proposition, a deductive technique was utilized with the assistance of a qualitative research approach. It was the sentiment the creator that there was sufficient material, hypothesis, and demonstrated ideas set up that a subjective approach would not have given any more esteem or knowledge to this proposal. The auxiliary information was investigated from books, solid web destinations, and existing research questions that have been put into utilization by various sourcing associations. There were a couple of critical ideas talked about all

through the proposal, the most important was 'the seven stages sourcing procedure'. This can be utilized as an analysis while making a strategic sourcing plan to increase comprehension of the entire procedure for the best outcomes.

All in all, the theory plainly expressed the examination questions and hence accomplished the objective of noting these inquiries through graphic investigation and suppositions of working experts. It is with the sincerest hope of the author that construction companies in Qatar takes this thesis seriously, without reservations, and starts to think about why some things happen the way they do and think about a great potential to make changes in the operation of the supply chain department.

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## APPENDICES

### APPENDIX (A): QUESTIONNAIRE SAMPLE

#### Participant Demographics:

Age Group	20-30	31-40	41-50	51-60
Gender	Male			Female
Level of Education	High School		Bachelor	Master
Purchase Budget Annually	≥ 5 million	5-20 m	21-50 m	Above 50m
Establishment of Business	3-5 years	5-7 years	7-10 years	10 years & Above
Expat Partnership share by %	≤ 10%	11-20%	21-30%	31-49%
Employment	Full Time		Part time	

Strategic Sourcing Questionnaire:

For each statement, please tell us if you strongly agree, agree, neutral, disagree or strongly disagree. Please add comments where you feel necessary;

		Strong ly Agree	Agree	Neutr al	Disagr ee	Strong ly Disagr ee
No.	Item	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	Transforming your procurement department from a tactical procurement into issuing long term contracts needs long-term planning.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Long term planning and the requirement of additional resources and staff, is a clear obstacle for companies implementing strategic sourcing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Transforming your procurement process into a strategic sourcing will reduce cost and achieve	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	savings.					
4	Your current procurement process approach is viewed by upper management as a source of competitive advantage.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Your organization is well prepared to transform the procurement process in to a strategic sourcing within a short period.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Your organization is well prepared to transform the procurement process in to a strategic sourcing within a short period.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Strategic sourcing support the department to categorize products for dividing spending.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Strategic sourcing helps to categorize suppliers and identify demand for the operation of the business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9	Implementation of the strategic sourcing process will help the department to evaluate the performance of the suppliers easily.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Successful implementation of strategic sourcing will lead to volume pooling and better agreement conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Strategic sourcing support efficient material storage.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	Strategic sourcing efficiently manage the relationships with suppliers and improve the response time for inquiries and material delivery as well.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Strategic sourcing support the search for new markets, making new agreements and discard unnecessary ones.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Strategic sourcing is beneficial for all categories of products and	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



	services.					
15	Product category analysis in the strategic sourcing helps you focus on what products or suppliers are most important.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	Implementing strategic sourcing is a time and resource consuming.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	Successful implementation of strategic sourcing affects the productivity of the procurement personnel and leads to employee downsize at a later stage.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	Implementing strategic sourcing enables you to select the best supplier with best conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Face to Face Interview Questions

What is the sourcing process you are using at your department

What are the difficulties you are facing during your current sourcing process

Are you aware of the "Strategic Sourcing Process"?

Do you think your company has the capability to shift into a strategic sourcing and what do you think can be the obstacles?

What do you think could be the benefit of implementing the strategic sourcing plan?

APPENDIX (B): COSENT LETTER

Dear Participants,

The MBA student Samer El Sibaii of Qatar University invites you to participate in a research study entitled: "Strategic Sourcing in Construction Companies: A Study in Qatar".

Your participation in this research project is completely voluntary. Completing this survey shouldn't take more than fifteen minutes. Kindly rest assured that your answers will remain confidential and will be only used for this study.

If you agree to participate in this study, please answer the questions below to the best of your knowledge.

Should you require any question or clarification, please don't hesitate to contact the student by email: [se1304619@qu.edu.qa](mailto:se1304619@qu.edu.qa).

Thank you for your support in this important endeavor.