

THE LEGITIMACY OF THE PURCHASING FUNCTION: A CASE STUDY IN A CANADIAN MANUFACTURING FIRM

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ABSTRACT

Today's organizations evolve in a complex environment where one's competitive advantage is built around core competences. The importance of the purchasing function and its strategic contribution potential are ever growing. However, many are the cases where a negative perception associated with the image of the purchasing function (a lack of legitimacy) actually blocks its strategic contribution. Therefore, our research question is: "How can we legitimize the purchasing function so that it could fully develop its strategic contribution potential?"

To answer this question, we have conducted a case study in a medium-sized Canadian manufacturing firm. We have analyzed three distinct points of view regarding the strategic contribution of the purchasing function: the point of view of the CPO, the point of view of the operating officers of other key functions of the organization, as well as the point of view of external stakeholders.

The findings allowed us to identify: (1) the purchasing function's stakeholders (the entities toward which the function needs to legitimize itself in order to develop and prosper) [1]; (2) the effects of having a negative image perception within or outside the organization [2]; (3) the levers to be used in order to change the negative perception related to the image of the purchasing function [3].

The contributions of our paper are both theoretical and practical. On the theoretical side, the concept of "legitimacy" is relatively new to the Purchasing and Supply Management literature. Defining it in relation with purchasing is an added value to the field. Moreover, the findings of our research contribute to enrich the body of knowledge in the domain of Purchasing and Supply Management. It sets a start for future empirical research that would be capable to respond to the unanswered call launched by Ellram and Carr in 1994: "[L]arge scale research is needed to explore how the purchasing function is viewed, along a continuum from reactive to strategic. It would be helpful to explore how purchasing views itself, how it is viewed by top management, how it is viewed by other functional areas within the firm, and how purchasing is viewed by suppliers to the firm. Such a comparison could point out gaps that purchasing should focus on as it strives to elevate its role to a strategic level" [4, p. 18].

On the practical side, our research: (1) sets the stage for a proactive approach to legitimacy management within the purchasing function, and at the level of the overall strategy of the organization. As Rizzkallah and Razzouk [5] have already pointed out: it is preferable to identify in advance the legitimacy challenges an organization could face, than to try to restore lost organizational legitimacy; (2) it draws the attention on the key role purchasing managers play in the strategic contribution of their function; (3) it conceives a tool for legitimacy management within the purchasing function.

Keywords: Purchasing function, legitimacy, strategic contribution, stakeholders, case study.

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