

**“EVALUATING THE STRATEGIC POSITIONING OF THE PROCUREMENT
FUNCTION & ITS IMPACT ON OPERATIONAL EFFICIENCY: A STUDY ON
PRIVATE COMMERCIAL BANKS IN BANGLADESH”**

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A thesis submitted to the BRAC Institute of Governance & Development in partial
fulfillment of the requirements for the degree of
Masters in Procurement & Supply Management

BRAC Institute of Governance & Development

BRAC University

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Declaration by Student

This is to be certify that

1. This is an unique research that I did as part of my master's degree
2. The thesis exclude all previously published material, except where proper citation and referencing have been provided.
3. The thesis has not been issued for any other degree at any university or institution.
4. All sources of help have been properly acknowledged.
5. I request that my thesis be kept under a 12 month embargo from the date of submission.
Because it has original research findings that I want to publish in a peer reviewed journal.

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Declaration of Research Ethics

I, as a sole author of this research paper, confirm that the study was carried out in accordance with established ethical standards throughout the process. The primary data were compiled through approved survey questionnaire. Later it was distributed to procurement professionals and executives from 52 private commercial banks in Bangladesh. Participation was completely voluntary and respondents were explicitly informed of the study's purpose before providing their responses. Data were collected without any pressure or influence.

My study did not identify any individual respondents in order to maintain confidentiality. The results were shown in such way that no one could be identified. The dissertation utilized only general and non-identifiable insights. Sensitive information regarding procurement methods were also handled with care.

My study did not gather any personal or financial data. The data was kept safe which is only used for this research. I have done everything in line with honesty, openness and respect for respondent's rights and professional duties.

There was no risk for the people who took part in the study. It looked at how banks work, not at people's private information. They made sure that company information stayed private as procurement in banks is sensitive.

The research followed ethical standards for academic studies. Participation was voluntary. All information was kept confidential. Data was managed with care. The study aims only to add knowledge about procurement and supply management in the banking sector.

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Abstract

Procurement in the private banking sector of Bangladesh is gradually moving from a support role that focuses on transactions to a more strategic role that contributes directly to efficiency, compliance and competitiveness. This study examines the positioning of procurement function within private commercial banks (PCBs) and how it impacts on operational outcomes. Data were collected through a structured survey of 52 banks, complemented by open ended responses. The analysis was also guided by five core objectives that is assessing the current strategic positioning of procurement, examining its role in workflow and compliance, evaluating its effect on operational efficiency, finding obstacle to strategic integration and suggesting ways to make things better.

The results indicate that procurement is progressively involved in strategic planning, aligned with long term objectives and often has access to senior management discussions. However, top management recognition of procurement remains inconsistent and in many banks procurement is still regarded as administrative rather than strategic function. Procurement plays a strong role in operation perspective by ensuring deliveries are on time, suppliers follow compliances and risks are managed through contract clauses. At the same time, it helps to improve vendor performance, make workflows more efficient & improve quality.

This research also shows that banks that strategically place procurement report better efficiency, better coordination between departments and fewer delays. But due to lack of right procurement skills, progress do not reach the satisfactory level. Enough training or cooperation between departments seems very low. However, there didn't seem to be a big problem with senior management support regarding the procurement decisions making process when needed. This shows that leaders are starting to understand the importance of procurement.

My study finds that structured professional training, knowledge of digital tools like e-procurement, ERP and better cooperation's between departments are all clear priorities for making procurement's role stronger. The results also show that procurement function in private banks is changing from a purely transactional model to a partly strategic framework. It is necessary to realize the potential of procurement function to make businesses more competitive & drive efficiency. In this connection, private banks need to focus on building capacity, invest on digital systems and influence departments to work together.

Keywords: Strategic Positioning, Operational Efficiency, Private Commercial Banks, Risk Management, Compliance, Digital Procurement.

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List of Acronyms

BB	Bangladesh Bank
PCB's	Private Commercial Banks
KPI's	Key Performance Indicator
AML	Anti Money Laundering
CFT	Combating Financing of Terrorism
CIPS	Chartered Institute of Procurement & Supply
ERP	Enterprise Resource Planning
HSBC	Hongkong & Shanghai Banking Corporation Limited
GDP	Gross Domestic Product

Chapter 1: Introduction

“EVALUATING THE STRATEGIC POSITIONING OF THE PROCUREMENT FUNCTION & ITS IMPACT ON OPERATIONAL EFFICIENCY: A STUDY ON PRIVATE COMMERCIAL BANKS IN BANGLADESH”

1.0 Introduction

Procurement is one of the most important part of supply chain management, which is very crucial for running a business. The most important part of procurement is to ensure technological innovation, infrastructural growth and providing uninterrupted services which support banking operations are run smoothly on time (Donovan, G n.d.). Without a good procurement practice, every organization would have a hard time getting the right resources on time and at the right price (Ceycoder, 2022).

According to the Kumar, L. (2025) in today's banking, procurement is not just about getting the best deal. It ensures the work is done on time and meets quality and safety standards. Procurement is becoming more and more known as a strategic enabler on a global scale. But private commercial banks in Bangladesh are still in the state of changing. Procurement is also important for consistent services and products from reliable suppliers. This helps banks in cuts down on operational issues. In addition, banks are also required to abide by stringent rules and regulations. Procurement in this manner ensures that the vendor contracts and purchases comply with these rules and regulations.

My ongoing study will be to assess the strategic positioning of the procurement function and its impact on the performance of the operations in the private banks operated in Bangladesh. It also discovers how procurement enhances workflow and reduces risk by adhering to the rules and regulations. It is also to establish what makes it difficult to act strategically and gives ideas on how it can improve its contribution to organizational performance.

1.1 Background of the Research

Lyson and Farrington, 2020 state that the role of procurement has been significantly evolving over the years. It has earlier been considered as a back office job. Procurement involved mostly in routine purchase. However, today procurement is important in the development of organizational strategy and competitive advantage through the generation of value (Kraljic, 1983; Tassabehji and Moorhouse, 2008). The recent studies refer to procurement as a critical organizational function of significant strategic importance (Humphreys, 2001; Paulraj et al., 2006). Some other studies also indicated that procurement continues to be perceived as support function, performing largely operational or day to day jobs.

In the case of the banking industry, procurement cannot be viewed as the process that assists in the acquisition or purchase of things. Instead it makes sure that value is added through the reduction in costs and maintenance of healthy relations with suppliers. It complies with the rules and regulations so as to ensure that all purchases are within the objectives of the business and compliance.

The private commercial banking sector is very significant to Bangladesh's economy. It contributes directly to GDP, creates jobs and convenient banking services. So how this sector spends public money is essential for its overall growth. Procurement is responsible for getting IT infrastructure & branch facilities to run business smoothly. However, most of the banks still don't consider procurement as a function of enhance operational outcomes. As a result, procurement team has fewer impact on risk management & strategic planning in those banks.

For more efficient operations process, banks all over the world have started using strategic procurement methods. It includes e procurement systems, vendor performance analytics and category management (World Bank, 2023). However, these practices in private banks are not recognizes significantly. Procurement still perceived as a supportive role rather than a strategic ally.

This study focuses on how procurement functions are strategically positioned in private commercial banks. It also examines whether it influences operational outcomes.

1.2 Problem Statement

The procurement function in private banks is very important for both costs & operational perspectives. Generally, procurement is restricted to routine buying in most private banks. This narrow focus makes harder and keeps procurement from being more strategic. This limited role causes following problems:

- When procurement fails to play strategic roles, it misses chance to save money and create value.
- Weak workflows & collaboration among departments are slow & broken.
- Not using digital tools like ERP systems or analytics can lead to inefficiencies in operations. These technologies streamline processes and provide better data insights.

These inefficiencies stop private banks to get competitive edge and prevents from long time growth. Inefficiency in procurement function reduces the capacity of risk management & supplier relationship.

The role of procurement in improving operational efficiency remains misunderstood. Both in practice and academic discussions. There has been limited research on how procurement directly impacts the performance of operations in private commercial banks operated in Bangladesh. The sector has failed to fully leverage procurement function in order enhance efficiency and performance. It is essential to address this gap to make procurement strategic ones.

1.3 Research Objectives

This study aims to examine how strategic positioning of the procurement functions impacts on operational effectiveness in the private commercial banks. There are some other specific objectives which are discussed below:

- a) To assess the current strategic positioning of procurement functions within private commercial banks in Bangladesh.
- b) To examine how strategic procurement effects on workflow, reducing risk and following the rules or compliance
- c) To evaluate how strategic positioning of procurement function effects on performance of operations in the private banks operated in Bangladesh
- d) To determine the obstacles preventing procurement functions from achieving strategic integration.
- e) To suggest strategies to enhance procurement's contribution in improving operational efficiency.

1.4 Questions for Research

- How much do private commercial banks in Bangladesh consider procurement as a strategic function?
- What are the procurement strategies ensures operations more efficient?
- What are some challenges that hinder procurement to perform greater strategic role in private banks?
- What are the impacts of strategic positioning on service quality, cost effectiveness and compliance?

1.5 Purpose & Relevance of the Study

The purpose of the study is to get my master's degree in Procurement & Supply Management. This study is also significant for following reasons:

- **Filling a Knowledge Gap:** There are a lots of research on strategic role of procurement in manufacturing and retail sector. But not much research has been conducted in the Bangladeshi banking industry.
- **Practical Information for Banks:** The study will provide useful guidance to bank management on how to integrate procurement strategies with operational goals.

- **Policy Relevance:** The results may help policymakers and regulators create rules that promote strategic procurement in the financial sector.
- **Future Research Foundation:** It will set the stage for future studies on digital procurement, managing supplier relationships and making banking more sustainable.

1.6 Scope and Limitations of the Study

➤ **Scope:** This study investigates the strategic positioning of the procurement function and its influence on operational efficiency in private commercial banks in Bangladesh. The scope is limited only to private commercial banks in Bangladesh, which have been separated into three groups comprising a total of 52 private banks (source: Bangladesh Bank):

- 33 Conventional PCBs.
- 10 Islamic Shariah Based PCBs.
- 09 Foreign PCBs.

This research demonstrates how the procurement improves cost efficiency, streamlines workflows & strengthens supplier relationships. Both quantitative and qualitative data were gathered using survey questions & interviews with 52 procurement professionals from 52 banks. This research also examines the role of procurement function in private banks operated in Bangladesh.

➤ **Limitations:** This research aims to enhance the understanding of the procurement function in private commercial banks. It has processes some limitations too.

- Data reflects what procurement professionals or executives perceive regarding procurement of their organization. These views may not always be accurate. They might overstate or understate how well things work.
- This study lacks of the insights of senior executives of the bank. Their insights could have helped to better understand how procurement fits into strategic decision making.
- The study is only focused on private commercial banks in Bangladesh. This means the results might not be useful for state owned banks or banks operated in other countries.
- Some respondents may be reluctant to share sensitive procurement information because they are worried about privacy.
- Data collection time was short. Thus the study could not explore how the role of procurement has changed over the years in private commercial banks.

1.7 The Layout of the Research

This dissertation is organized into nine chapters. Each addressing a specific part of the research process.

- ❖ Chapter 1 provides overall scenario of the research. It includes background, problem statement, objectives, research questions, relevance, scope & limitations of the study.
- ❖ Chapter 2 describes theories and relevant studies on procurement and operational efficiency are discussed.
- ❖ Chapter 3 describes the research design, data collection techniques and analytical techniques.
- ❖ Chapter 4 provides a general picture of the procurement practices in Bangladesh,
- ❖ Chapter 5 explains how procurement supports strategic planning and helps achieve organizational objectives
- ❖ Chapter 6 discusses how procurement improves workflows, manages suppliers and reduces risks.
- ❖ Chapter 7 represents the survey results and analysis of the collected data.
- ❖ Chapter 8 offers suggestions for procurement professionals, bank managers and policymakers to strengthen the strategic role of procurement.
- ❖ Chapter 9 summarizes the core results and contributions of the study. It also provides areas for future research.
- ❖ References & Appendices: This chapter represents sources materials, survey questionnaire and extra data tables.

Chapter 2: Literature Review

2.1 Theoretical Framework

2.1.1 Procurement & Supply Chain Management Theories: Procurement has been examined through multiple theoretical frameworks. Procurement as a crucial part of supply chain management, is responsible for acquiring goods and services that an organization needs (Lysons & Farrington, 2020). There are several theories that help us understanding the role of strategic procurement:

- The Kraljic Portfolio Purchasing Model (1983) explains that organizations should not treat every purchase in the same way. It suggests dividing goods and services into four categories (i.e. strategic, bottleneck, leverage and non-critical items). This helps buyers choose the most suitable sourcing approach for each group. In the case of banks, this model is very useful because it helps them manage both essential IT systems and day to day supplies more efficiently. It also supports better decision making by balancing cost, risk and value in the procurement process.
- The Resource Based View (Barney, 1991) suggests that an organization gains an advantage when it controls their resources that are valuable, rare and difficult for others to copy or replace. In this context, strong supplier relationships, market knowledge and negotiation expertise can serve as unique capabilities for a company. These strengths not only support to cost savings but also plays an important role in building sustainable business success.
- Transaction Cost Economics is the theory pioneered by Ronald Coase & Oliver Williamson. It suggests how organizations can reduce the hidden costs involved in doing business with external suppliers. In banking, goods and services such as IT systems and infrastructure are required to be delivered in time & at the right price. Procurement plays a key role by designing clear contracts and setting up governance processes. Through these efforts procurement function help banks operate more efficiently and provide consistent services.

2.1.2 Theories of Operational Efficiency: Operational efficiency is the ability of a business to use least amount of resources without sacrificing the quality. This ensures that resources are used in the best way possible when providing services (Slack, Brandon-Jones & Burgess, 2022). Some of the most popular theories are discussed below:

- Lean Management is a method to improve work processes by eliminating unnecessary activities that do not add value to get efficiency and value for the customer (Womack & Jones, 2003; Ohno, 1988).

- Total Quality Management encourages a culture of ongoing improvement and customer orientation. It ensures that goods and services consistently meet quality expectations. The aim of the process is to reduce rework, saves costs and strengthens compliance (Deming, 1986; Juran, 1992).
- Process Integration Theory stresses collaboration among departments within an organization. In the banking environment, procurement team must coordinate closely with IT, operations and compliance teams. This modern practices helps banks to prevent duplication & ensure smooth processes through maintaining regulatory alignment (Christopher, 2016).
- Theory of Operations Strategy provides a structured way to align procurement goals with broader organizational strategies. The theory determines in what way procurement contributes to efficient service delivery, effective risk management and cost optimization. These key drivers of success are essential for service oriented sectors such as banking.

2.2 The Role Procurement in Organizations:

Procurement is changing over the years. In past it was solely focus on buying things and routine paperwork. But we have seen some shift in this regard. Now it contributes to manage costs, bring innovation and support competitiveness (Monczka et al., 2020)

In the private banking sector, procurement plays a crucial role in many ways. Banks need technology and ongoing services to keep operations on going. It also ensure that all required items must be delivered on time to maintain service quality and the customer experience. Through following ways procurement can add values in the operations:

- Working closely with suppliers, procurement team can save money and add value to the organizational operations.
- Procurement team checks supplier compliance and manages contracts to keep operations stable & running
- It promotes innovation through new technologies and responsible sourcing.

For these above reasons, procurement is no longer just a back office function. It becomes key part of business strategy and sustainability. Private Banks rely directly on effective procurement function to get the resources they need to run customer oriented operations.

2.3 The Strategic Position of Procurement Function

Strategic positioning demonstrates how well procurement fits into an organization's objectives and decisions making structure (Carr & Smeltzer, 1997). Effective procurement helps in choosing efficient vendors & making risk free policies. These decisions directly affect performance.

➤ **Procurement plays a stronger role when:**

- It takes part in top level planning process and aligns with long term goals.
- Provides input in vendor management, sustainability and compliance policies
- If procurement goals are aligned with overall business performance.
- If procurement staff are trained in negotiation, data analytics and supplier management technique.
- If procurement teams have access to digital tools like ERP, e-contracts to improve control and transparency.

In Bangladesh, procurement in many private banks is still considered as simple administrative job. A lack of recognition from top management often restricts its influence on broader business outcomes.

2.4 Procurement in the Private Banking Sector:

Procurement in banks is different from that in factories or retail sectors. Bank procurement focuses more on buying services & systems that support financial operations. Banks depend on procurement for IT systems, networks and professional services that keep them running (Basheka, 2018)

Many global banks now use digital systems to track suppliers and improve compliance (Deloitte, 2022). These digital tools make procurement more efficient and transparent.

In Bangladesh, some private banks have ERP systems, but many still rely on manual paperwork. This administrative view of procurement function reduces its visibility. Bangladesh Bank does not issue any procurement regulations for private banks. As a result each private bank follows its own procurement policy.

Private Banks must follow strict internal regulations including AML and CFT rules. Procurement teams also need to ensure that suppliers must follow ethical standard and contract terms as specified in the contracts. To stay competitive, private banks need to make procurement more strategic and technology driven.

2.5 Efficiency in Banking Operations:

Smooth operations means providing good & services through efficient use of resources and keeping costs under control (Deloitte, 2022). Supply goods and deliver services on time and at the right price is the vital role of procurement (Sadiqeen et al., 2023).

The following way procurement can provide efficient services:

- It reduces lead times for essential goods and services.
- Monitoring supplier compliance and performance.
- Leveraging centralized purchasing for economies of scale.
- Implementing digital tools to streamline approvals and documentation.
- Including risk clauses and supplier due diligence in contracts.
- Ensuring timely availability of banking infrastructure and systems that improve customer service.

To provide better service and customer satisfaction, procurement goals must be match with business goals. In simple sense, procurement connects resources and service delivery. Effective procurement practice does not just save money but also makes the company more adaptable and creative. It helps banks work smoothly and stay competitive.

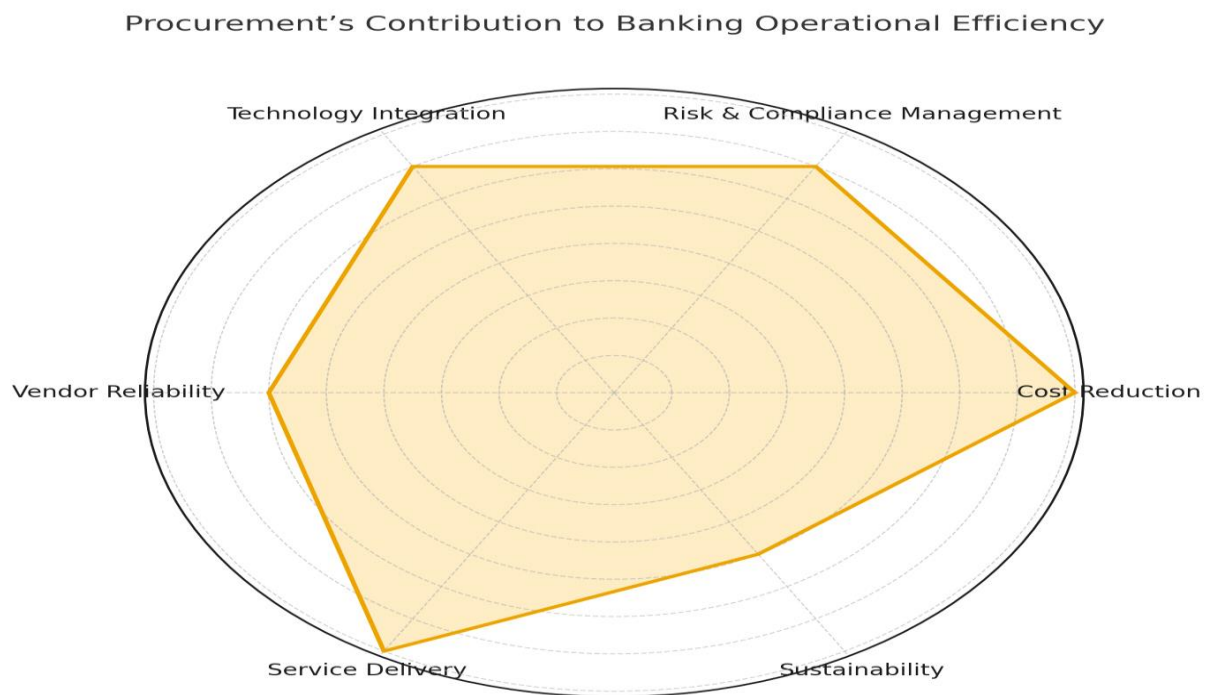


Fig 1: Procurement Contribution to Operational Efficiency

2.6 Issues with Buying Things in Developing Economies

Private Banks in Bangladesh face many challenges in terms of procurement jobs. Many still treat it as part of administration rather consider as strategic. Professionals often lack training in negotiation, supplier management and risk control.

Limited technology uses also noticed in this sector. Few banks started using ERP systems. But large number of private banks still rely on paper based methods. Long approval processes also hinders taking prompt decisions, especially for IT and service contracts.

In Private Banks they have to balance between compliance and efficiency. When you give focus on compliance, it may limits innovation. These issues are common in developing countries (Basheka, 2018). But are seen more serious in Bangladeshi private banks because of regulatory constraints.

2.7 Shortcomings in Current Literature

Many global studies show that procurement has positive impact on improving business performance. But there are very few research on Bangladeshi private commercial banks.

The main research gaps are:

- No empirical studies linking strategic position of procurement function with operational outcomes in banking.
- Insufficient study about procurement' role in risk management and regulatory compliance.

My current research aims to fill these above gaps by examining how procurement's strategic position improves operational efficiency in private commercial banks in Bangladesh.

Chapter 3: Research Methodology

3.1 Design of the Research:

This research examines the strategic positioning of procurement & its influence on the performance of operations in private commercial banks operated in Bangladesh. The primary approach is quantitative. A structured survey was given to procurement professionals of 52 private commercial banks operated in Bangladesh Bank as per Bangladesh Bank websites.

There are few open ended questions such as other, please specify types, where participants could input short comments. Later, a few semi structured interviews were conducted with procurement professionals from different banks. Later responses were carefully analyzed to understand real experiences and practical insights.

After analysis, the study gives a clear and realistic picture of how procurement's strategic position influences efficiency in the banking sector.

3.2 Methods of Data Collection:

3.2.1 Collection of Primary Data

Main sources of data was obtained through an online google forms, physical survey questionnaire and semi structured interviews with the professionals. The questionnaire included:

- Likert style questions (from Strongly Agree to Strongly Disagree) to measure opinions on strategic role of procurement.
- Questionnaire about procurement's effect on workflow and compliance to match the study objectives.
- Multiple choice questions are also used to gather insights into current buying practices & for technology usage
- Optional open ended questions are asked to gather non-quantitative information.

The respondents were procurement professionals, senior managers and decision-makers employed in procurement at private commercial banks.

3.2.2 Secondary Data

- We used the annual reports and procurement policy documents of various private commercial banks to obtain secondary data.
- We consulted articles, journals and case studies that shed light on the procurement practices in the banking industry.
- Global consulting firms such as Deloitte and KPMG provided reports on strategic business positioning and the effectiveness of procurement.

3.3 Alignment of Survey Questions with Research Objectives:

This research questionnaire are methodologically valid. It was designed in such way that fits with the research objectives. All the set of the survey questions are directly associated with one or more objectives. So the collected data will fully answer the main research question.

Research Objective	Survey Questions
a) To assess the current strategic positioning of procurement functions within private commercial banks in Bangladesh.	Q5 – Procurement involvement in strategic planning Q6 – Finding the Top management recognition Q7 – Finding the Alignment with long term goals Q8 – Access to senior management Q9 – Consultation during policy/vendor decisions
b) To examine how strategic procurement effects on workflow, reducing risk and following the rules or compliance	Q10 – Procurement role in daily operations Q11 – Improvements due to procurement practices Q12 – Contribution to cost reduction Q13 – Role in compliance and risk management
To evaluate how strategic positioning of procurement function effects on performance of operations in the private banks operated in Bangladesh	Q10 – Support in smoother operations Q11 – Operational improvements Q12 – Cost savings and efficiency Q14 – Use of digital tools in procurement
d) To determine the obstacles preventing procurement functions from achieving strategic integration.	Q15 – Limited support from senior management Q16 – Skill gaps among staff Q17 – Lack of collaboration from service-requesting departments Q18 – Budget limitations
e) To suggest strategies to enhance procurement's contribution in improving operational efficiency.	Q19 – Investment in procurement training and capacity development Q20 – Adoption of advanced technologies (AI, e-procurement, etc.)

Table 1: Representing the mapping of objectives to survey questions.

The above structured alignment is showed to strengthen the validity of the study. In this research, you can see some questions covered more than one objective. This overlap was intentional since these areas are closely linked in real banking operations. One minor shortcoming was that risk management and compliance were compiled together in a single question. Still, the responses gave useful information regarding procurement contribution to these key domains.

3.4 Sampling Techniques

The study focused on procurement professionals working in all 52 private commercial banks in Bangladesh. A purposive sampling method is used. This means respondent consisting only people who work in procurement function to ensure accurate and relevant responses.

3.5 Data Analysis Methods

Data was analyzed in two ways:

- **Quantitative Analysis** includes statistics such as percentage, mean and frequency which were used to study responses from the survey. Results were shown through bar and pie charts. Cross-tabulation was used to see how procurement's strategic position affects efficiency indicators.
- **Qualitative Analysis:** Open ended responses and interview notes were evaluate carefully to find common themes such as barriers, challenges and best practices in procurement.

Application software such as Microsoft Excel was used for the first round of data tabulation and later SPSS software was also used for statistical analysis for more reliable results.

3.6 Ethical Consideration:

The study maintains strong ethical standards to ensure research integrity:

- Participation was completely voluntary and respondents are being informed about the study's purpose.
- Keeping the identities and information of all respondents private.
- Only using the information for research work.
- Always ask questions in a way that could not lead people to give biased answers.
- The study was formally approved by the Supervisor before data collection started.

3.7 Limitations of the Methodology

This research has encountered the following specific limitations:

- Self-reported information could result in response bias. Respondents may provide socially acceptable answers.
- The sample size is limited to procurement professionals. It might have an effect on how general the findings are or how widely they can be used.
- This research does not collect top management's view about what they think about procurement.
- We couldn't do in-depth interviews with all the banks due to time constraints, which weakened the qualitative depth.

Chapter 4

Review of Private Banking Sector in Bangladesh

4.1 The structure of private commercial banks:

The banking sector is very important for any country for making trade easier and getting people to save money for investments. It triggers businesses, encourages people to save and supports investments. The Bangladesh Bank as the main regulator ensure all banks follow the country's financial laws and monetary policy. They also ensure that banks remain stable and operate responsibly.

Private commercial banks are the largest and most active part of the banking system in Bangladesh. They work alongside state owned banks & financial institutions. Through combined efforts they make the financial system more diverse and competitive.

There are 52 private commercial banks are currently allowed to operate in the country. These banks are grouped into three main categories based their operations methods:

➤ **Conventional Private Commercial Banks (33 banks):**

- They use traditional methods of lending money based on interest. They offer services like savings and current accounts.
- They also trade financing, letters of credit and remittances.

➤ **Shariah Based Islamic Private Commercial Banks (10 banks):**

- They follow Islamic Shariah laws which do not allow interest (riba).
- They use profit and loss sharing methods like Murabaha (cost-plus financing), Musharaka (partnership) and Mudaraba (trust financing).

➤ **Foreign Commercial Banks (9 banks):**

- These are subsidiaries or branches of international banks.
- They focus on foreign trade, remittances and services for multinational companies.
- They also introduce modern banking technology and higher service standards in Bangladesh.

This structure shows how strong and varied Bangladesh's financial sector is. The coexistence of traditional banks, Shariah based Islamic banks and foreign banks means that the industry can serve a vast range of customer. Customer includes small businesses, small retail depositors, large corporate clients and international investors etc. At the same time, the competition in the industry encourages new ideas and better service.

4.2 How Bangladeshi Private Banks Practice Procurement

In most private commercial banks, procurement generally considered as the function of routine purchase. When they require to acquire goods or services, procurement team focuses on short term goals instead of long term goals or sustainability. The main focus is on buying things like office supplies, furniture, IT hardware etc. at lowest price. They are also responsible for outsourced services such as security of the building and cleaning of premises.

❖ **Procurement Structures in Banks:** There are clear structural differences in how banks manage procurement activities. Few modern banks have set up separate procurement departments or divisions. This shows that procurement is now becoming important part of strategic decision making and efficiency improvement. However, most banks still manage procurement activities through their general administrations or operations departments. This shows a traditional approach that limits strategic involvement. This practices reflects how procurement is slowly moving from a support role to a recognized strategic function in private banking sector.

❖ **Procurement Practices in Banks:** Every private banks follow its own policies to make procurement transparent, efficient and accountable. Some common practices include:

- a. **Through Request for Quotation (RFQ)** banks invite suppliers through official websites or newspapers to ensure fair competition and good pricing.
- b. **Centralized Purchasing focuses** expensive items such as core banking software, branding items & security systems are often purchased centrally to maintain quality and uniformity.
- c. **Through Effective Supplier Evaluation Process** vendors are regularly assessed based on quality, reliability and timely delivery. Their compliance with terms & conditions written in the work orders are also reviewed.

❖ **Use of Digital Tools in Procurement:** Some banks have started using digital tools to improve their procurement systems & save time for procurement activities.

- A few local & foreign banks are adopting digital procurement platforms and strategic sourcing methods. They also focus on how to build building supplier relationships and managing risks through effective management.
- However, most banks still rely on manual paperwork. They follow traditional operational activities such as manual supplier evaluation, costing materials. As a result, most procurement activities in private banks are still focus on cost savings rather than innovation or supplier development.

4.3 Problems that Procurement Professionals Face

Procurement professionals in private commercial banks face several practical challenges:

- In many banks, procurement is still not included in strategic decision making. This limits its ability to improve efficiency.
- Most procurement staffs never get formal training in important areas such as negotiation, supplier management or strategic sourcing. This hinders their limit to make effective decisions.
- **Departmental Silos:** Cross silos between the departments cause delays, duplication and inefficiency.
- **Budgetary constraints:** Many banks can't afford to invest in advanced procurement systems like ERP or e-procurement platforms.
- **Pressure to follow the rules:** Procurement professionals have to deal with strict rules set by both internal audit teams and outside oversight bodies.

Because of the reasons mentioned above, the shift of the procurement function from operational facilitator to a strategic contributor is taking a long time.

4.4 The rules and regulations by the regulators:

Bangladesh Bank does not have any specific rules for private commercial banks about how to buy things. But they regularly conduct audit activities to examine the transparency. So, each private bank must follow their own rules or policies for buying things. In addition to following their own rules and policies for buying things, they also have to obey the rules of a number of regulatory bodies and frameworks:

- **Public Procurement Rules (PPR 2008):** Although mainly for government organizations, some private banks voluntarily follow parts of these rules to maintain transparency and fairness.
- **International Standards:** Some foreign banks follow global standards such as **ISO 20400** Sustainable Procurement, which promote responsible sourcing and sustainability.

Regulators emphasize compliance, accountability and risk management. Because of this, many banks are now adopting more structured procurement practices. Still, private commercial banks enjoy flexibility in choosing vendors and setting their own procurement policies to ensure fairness and reduce risks.

Chapter 5

Strategic Positioning of Procurement Function

5.1 The Role of Procurement in Making Strategic Decisions:

Procurement in the banking industry today is no longer just about acquiring goods and services. It now plays a vital role in achieving strategic goals. Most banks are starting to involve their procurement teams in planning, selection of vendors and risk minimization.

In this research, procurement personnel were asked to identify whether banks are engaged them at the time of making procurement related major decisions or policy making. The result is most procurement personnel agreed that they have been regularly invited for those types of strategic meetings. This shows that procurement is moving from a routine support role to a more strategic position. However, this shift is not common for all banks. Only modern thinking private banks are leading the way and larger number of smaller banks still treat procurement as an administrative job.

5.2 Procurement as a Function That Adds Value:

Procurement is beneficial to banks in numerous aspects not only by saving costs. It enhances the quality of services, minimizes risk and encourages innovation (Tassabehji and Moorhouse, 2008). The other studies show that procurement also contributes to encouraging sustainability and social responsibility in services based industries such as the bank (Walker and Brammer, 2009). The Procurement professionals can create value by following ways:

- By integrating & simplifying the administration of suppliers and streamlining the work processes.
- By making sure the suppliers satisfy compliance standard and introducing risk closure in the contract clause.
- Through adopting sustainability criteria in the selection of suppliers. An example is recycled materials or fair labor practice. This method is gaining popularity in the world. However, the adoption of it in Bangladeshi private commercial banks has not yet been fully implemented.

In this research, surveys data indicated that the procurement function contributes in achieving better service delivery, less disruptions and establish positive relationships with the suppliers. This is evidence that procurement is currently a contributor to efficiency and competitiveness.

5.3 How to Make Procurement Fit with Business Goals:

Procurement must align with the long term objectives of the bank. Some private banks have started doing this by linking procurement strategies with digital transformation & sustainable economic growth. They are using ERP systems and other analytics platforms in order to improve efficiency.

This research results revealed that most procurement professionals agree that their procurement activities are match with bank's strategic goals. Professional's also agreed that procurement ensures strict regulatory compliance, which is vital in banking industry. However, many personnel mentioned a gap between procurement teams and top management, especially in smaller banks. The above data shows that while some banks are making progress, there is still many banks who need to strengthen their strategic alignment.

5.4 Examples of successful procurement strategies in banks:

Although real case studies in Bangladesh are limited. Survey responses and interviews highlight several good examples of how banks are integrating procurement strategies to improve operational outcomes. Following are some example from different types of banks operated in Bangladesh.

Example 1: Digital Procurement Transformation

An ERP based procurement system was introduces by a foreign commercial bank in Bangladesh. Before this transformation, personnel had to check documents and evaluate tenders manually. Now, the process became faster and more transparent. According to the one procurement officer, it reduced paperwork and made procurement more visible in the bank.

Example 2: Supplier Risk Management

One of the top private bank brought its procurement and risk management teams together. Earlier, vendors were chosen mostly based on cost. Provide less or minimum focus on financial or compliance checks. This caused huge problems when a supplier failed to deliver required items during a shortage. Later, the bank started evaluating vendor stability and compliance before signing contracts. Procurement manager mentioned that this approach provided them greater degree of confidence and decrease in supply risk.

Example 3: Cost Savings through Long Term Contracts

A mid-sized bank used to issue frequent tenders for routine items. Now he procurement team developed a long term framework agreements with vendors. This approach save both tender time and cost. As prices were fixed for a certain period. One manager shared that this change allowed personnel to spend less time on paperwork and more on planning.

Example 4: Capacity Building through in-House Skills Teaching:

None of the Bangladeshi private banks has so far collaborated with any university in the area of procurement certification. But some of the large banks provide an internal training program. Top level procurement officer train workshops on bidding, vendor assessment and compliance. According to staff, such programs made them more familiar with regulations and minimized audit problems. Such small programs have made a difference and enhanced professionalism as well as made procurement more respected in the bank.

The above examples clearly indicates that banks are now beginning to recognize procurement as more than merely paperwork and price negotiation.

5.5 A summary of Chapter 5

This chapter shows that procurement function in private commercial banks are gradually shifting to strategic ones. Modern thinking banks are beginning to view procurement for effective decision making in related matters and risk management.

However, progress is uneven. A large number of banks still face barriers such as limited management support, lack of digital tools and inadequate staff training. These challenges stop procurement from reaching its full potential as a strategic driver.

Generally, procurement in private banking sector is evolving. With better leadership support, modern technology and skilled professionals, it can become a central part of strategic planning and long term efficiency.

Chapter 6

Procurement in Enhancing Operations More Smoothly

6.1 Getting the best price through Procurement:

Procurement in private commercial banks should be seen as more than just a way to cut costs. Private Banks are starting to use more than just the usual methods of negotiating cheaper prices. For example, they are starting to use long term supplier contracts to lock in stable rates as well as lowering the tender cost. It also prevents duplication and save money through economies of scale. Use ERP and analytics solutions to keep an eye on and control costs through spend analysis. The results of the survey shows that most people who work in procurement function think that controlling costs is one of their best skills. They mostly agreed that “Negotiating better deals or long-term contracts” immediately lowered operational costs.

6.2 Managing Relationships with Suppliers:

In the private banking industry, strong ties with suppliers are necessary for service to continue without interruption. Better procurement strategies for evaluating vendor performance and working together have made quality and reliability better. Introducing scorecards for IT & high value items are some examples. Building connections based on cooperation instead of just contracts is newly formed procurement function. It leads to greater service and more chances for innovation. A collaborative relationship ensures that banks get better service and greater value for money. The organization where collaborative relationship with supplier exists, better innovation and continuous improvement found in the operations.

6.3 Technology Adoption in Procurement:

Technology smooth services faster and more transparent. Through ERP systems banks handle purchase approvals and payments. Banks use different types of digital tools to reduce paperwork and speed up communication.

Analytical software also use for track spending and evaluate vendor performance. Few modern thinking private banks have already invested in ERP modules. It allows them to monitor real time procurement activities and generate updated reports easily. However, large number of private banks still depend on manual processes. For reasons discussed above, banks are deprived of the benefit from digital transformation and efficiency gains.

6.4 Risk Management in Procurement:

Through effective procurement function banks manage risk and maintain compliance standard. A single procurement mistake can harm the reputation or interrupt operations. Through different key steps bank can manage & reduce risk

1. The procurement team ensures that suppliers must follow all relevant policies and legal rules mentioned in the contract.
2. Procurement team can prevent loss or delays through inclusion of penalty or liability clauses in contracts.
3. Collaboration between procurement & risk management team helps assess & review supplier performance.

Procurement team also monitors supplier credentials and ensuring policy compliance. It helps bank from supply disruptions and compliance breaches. The above all mentioned processes make procurement an important part of keeping the organization stable and trustworthy.

6.5 How Procurement Affects the Delivery of Services:

Effective procurement function ensure timely delivery goods & services. Timely delivery of essential goods (i.e. Note counting machines, IT system and office supplies) ensures that branches can operate without interruption.

According to the survey data, Procurement teams helps resolving vendor related issues quickly. Procurement teams with strategic recognition also reduces service delays and improves reliability. Collaboration between procurement and other departments also helps maintain smooth front line operations.

Procurement not only used in saving money or ensure compliance. It plays a key role in maintaining service quality and customer satisfaction. By working efficiently with suppliers and departments, procurement supports the overall performance.

6.6 Summary of Chapter 6

This chapter showed that procurement may greatly improve the operational efficiency of private commercial banks in many ways. Lowering costs, managing supplier relationships, going digital, managing risk and providing better services are a few of them. Larger banks are advancing with digital tools and strategic supplier management. Other hand smaller banks still struggle with budgetary and organizational constraints. Overall, procurement has become considered a critical enabler of operational efficiency. But procurement function in private banking sector has not yet reached its full potential.

Chapter 7

Findings and Analysis

7.1 Introduction:

This chapter provides an examination of primary data gathered from 52 private commercial banks in Bangladesh using a structured survey questionnaire. The results are structured in alignment with the study objectives and survey themes:

- To assess the current strategic positioning of procurement functions within private commercial banks in Bangladesh.
- To examine how strategic procurement effects on workflow, reducing risk and following the rules or compliance
- To evaluate how strategic positioning of procurement function effects on performance of operations in the private banks operated in Bangladesh
- To determine the obstacles preventing procurement functions from achieving strategic integration.
- To suggest strategies to enhance procurement's contribution in improving operational efficiency.

Descriptive statistics are analyzed to show tendencies across different types of banks and ways of buying things.

7.2 Respondents Details:

- **Bank Types:** 63.5% of the 52 respondents were from Conventional banks, 19.2% respondents were from Shariah Based Islamic banks and 17.3% respondents were from Foreign Commercial banks.

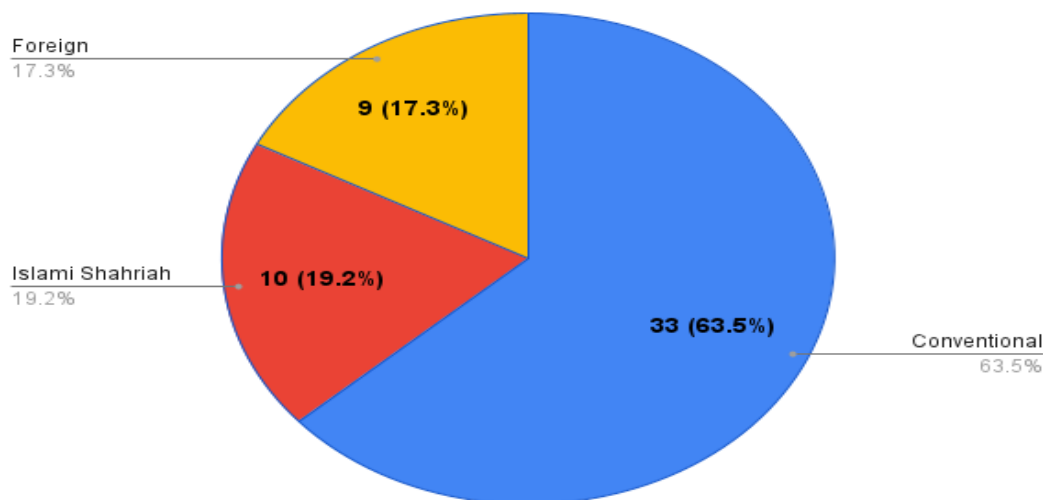


Fig 2: Bank-wise respondent profile

- **Procurement Structure:** We questioned respondents about their Banks Procurement function as to whether it worked as a separate division or as part of another division. Then, 11.5% said that procurement was a separate division, while 78.9% said that procurement worked under another division, like the general or support services division. It is also revealed that 9.6% or Five (05) banks have distinct IT division to purchase IT products & other products like equipment's, stationery etc. are purchased by separate divisions or under the general or support services division.

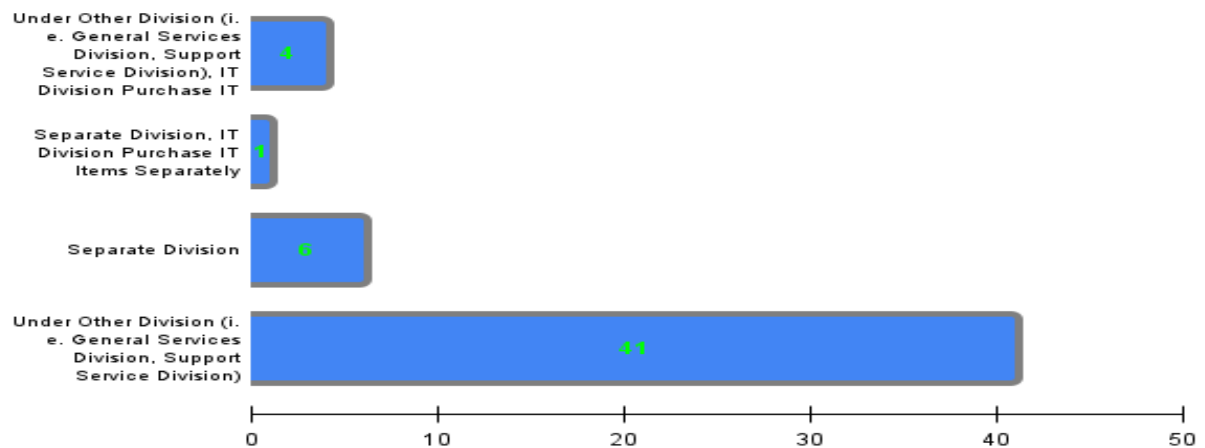


Fig 3: Procurement Structure of different PCB's

7.3 Findings Consistent with Research Objectives:

7.3.1 Objective 1: To assess the current strategic positioning of procurement functions within private commercial banks in Bangladesh.

- **Strategic Involvement:** Most banks said that procurement is involved in strategic planning. About 57.7% agreed, 11.5% strongly agreed, 26.9% stayed neutral and only 3.9% disagreed.

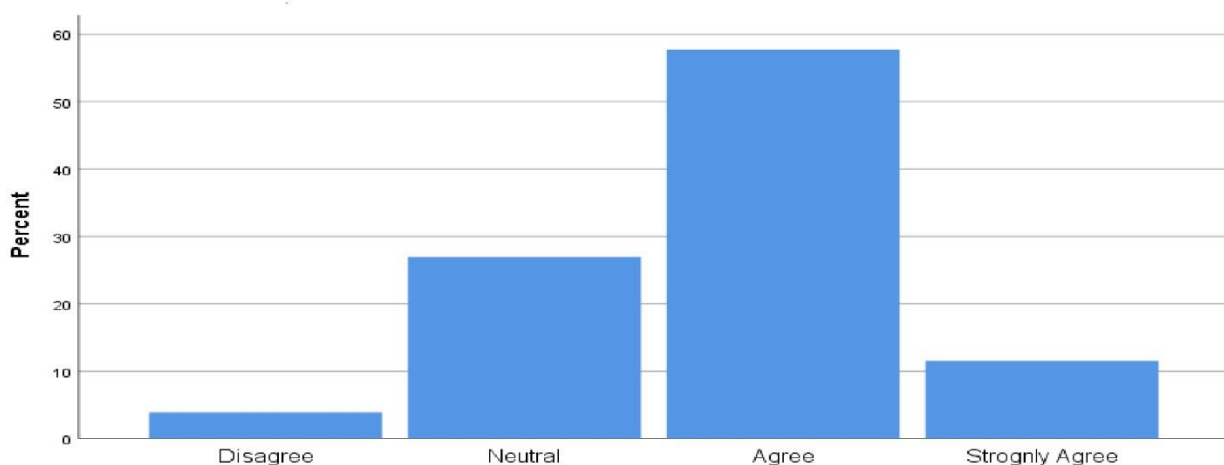


Fig 4: Involvement in strategic planning & decision making

- **Top Management Recognition:** 46.2% respondents agreed and 9.6% respondent strongly agreed that procurement is considered strategic in their organization. However, over forty 40.4% respondents remained neutral and only 3.8% respondent disagreed regarding recognition.

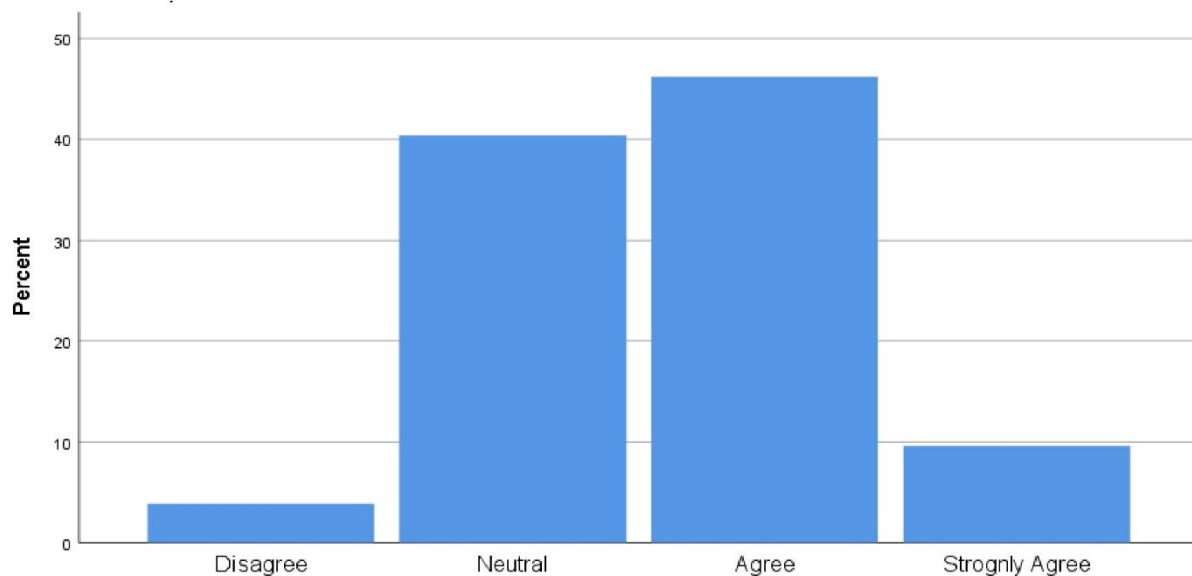


Fig 5: Management reorganization as strategic function

- **Alignment with Goals:** 55.8% respondents agreed and 13.5% respondents strongly agreed that procurement is aligned with long term goals. Only 3.8% respondents disagreed, while a moderate respondents 26.9% remained neutral regarding the issue.

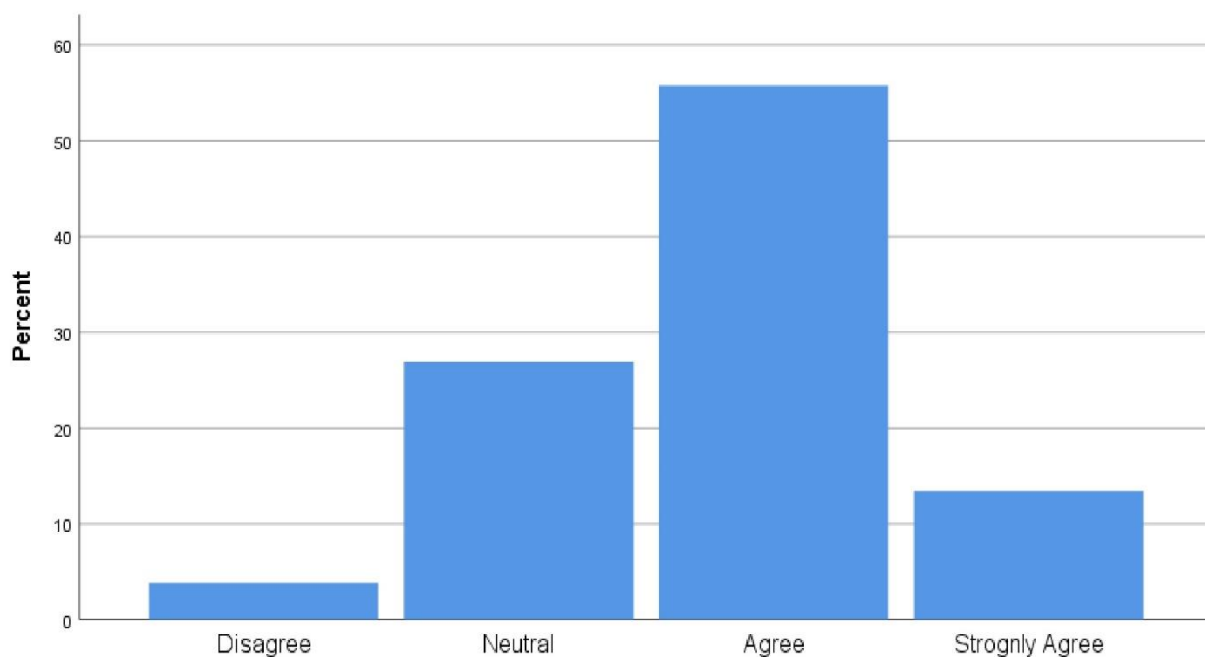


Fig 6: Aligning with long term strategic goals & vision

- **Access to Senior Management:** An astounding 92.3% (65.4% agree & 26.9% strongly agree) indicated that procurement has access to senior management regarding important policy or vendor issues.

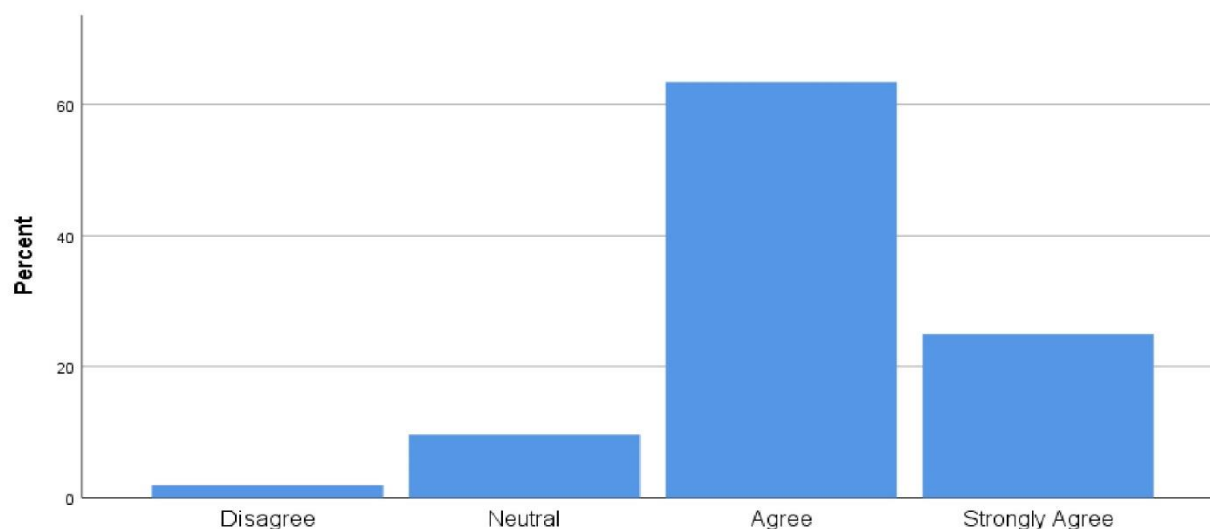


Fig 7: Represents access to senior management for major policy decisions

Indicators	Agree & Strongly Agree (%)	Neutral (%)	Disagree & Strongly Disagree (%)
Does procurement function of your bank is actively involved in strategic planning and decision making?	69.2	26.9	3.9
Does top management recognizes and supports procurement as a strategic function?	55.8	40.4	3.8
Does the procurement function is aligned with your bank's long term strategic goals and vision?	69.3	26.9	3.8
Does the procurement team has access to senior management when needed like major policy decisions related to procurement?	92.3	5.8	1.9

Table 2: Positioning of Procurement Function in the organization

Interpretation:

The results demonstrate that procurement in private banks is becoming more visible at the strategic level in Bangladesh. However, this change is not seen across the industry. A large number of respondents informed that their procurement team is involved in strategic planning. This means the function is moving beyond basic purchasing tasks. But some participants stayed neutral. This means in many banks procurement function is still unclear.

Top management in several banks recognizes procurement as a strategic activity. However, this recognition is not widespread. Large number of respondents agreed that their top management support their procurement team when needed. Few respondents remained uncertain about how much it truly contributes to business success. This suggests that procurement is still treated as a support function rather than a strategic driver in many private banks.

Large number of respondents agreed that their procurement function is being linked with long term business goals. This means banks are beginning to include procurement in their overall strategies. However, the level of alignment varies among institutions.

A moderate number of respondents agreed that they have access to higher management. Their procurement team is involved in board level or senior policy discussions when needed. This access shows that private banks are realizing how important procurement is. Overall, the evidence shows that procurement is going through a transitional period in Bangladeshi Private Banks. The function is becoming more visible and accessible. In many cases, it is aligning with strategic goals. The continued neutrality in replies, however, underscores that the complete institutionalization of procurement as a strategic partner remains a work in progress.

7.3.2 Objective 2: To examine how strategic procurement effects on workflow, reducing risk and following the rules or compliance

- **Optimizing Workflow:** This research result shows that procurement guarantees timely delivery, as confirmed by nearly all institutions (98.1%). Whereas 55.8% of respondents believed that procurement effectively coordinates with other departments and only 48.1% observed that procurement manages workflows efficiently.

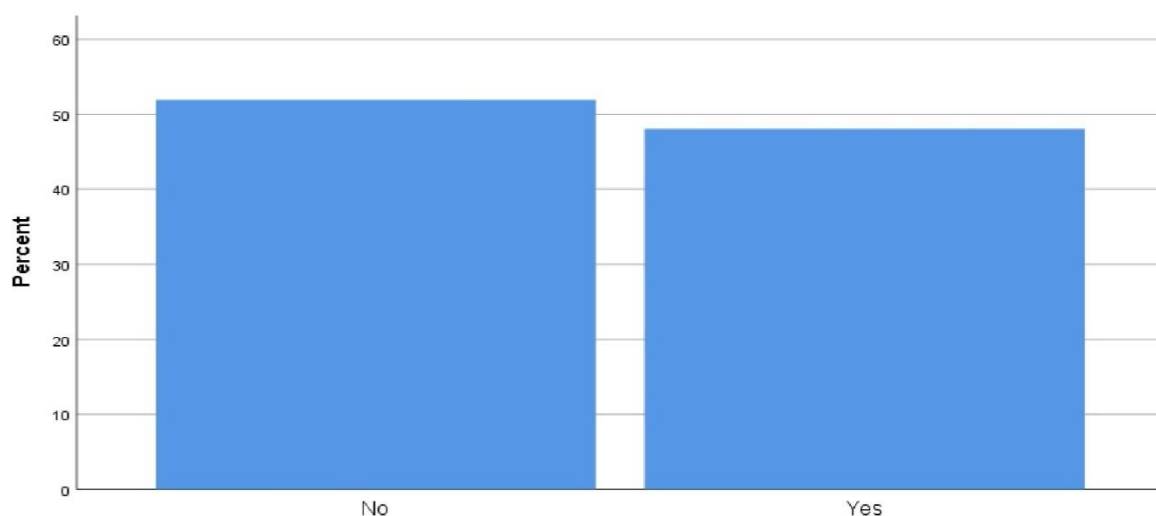


Fig 8: Level of Workflow Efficiency

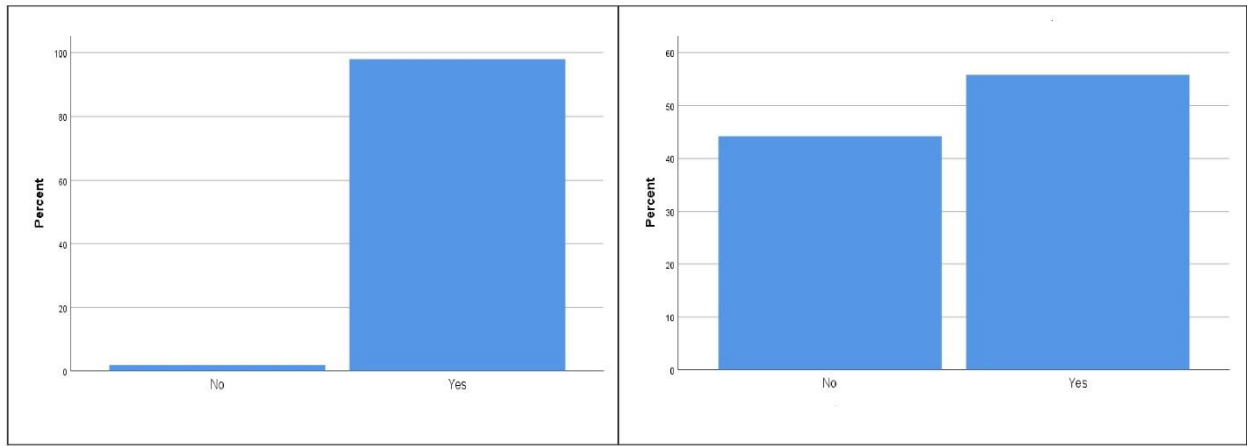


Fig 9: Percentage of Timely Delivery of Goods & Coordination across Departments

- **Vendor Issues:** According to the survey 48.1% of procurement professionals observed that vendor issues were resolved promptly, while 51.9% did not.

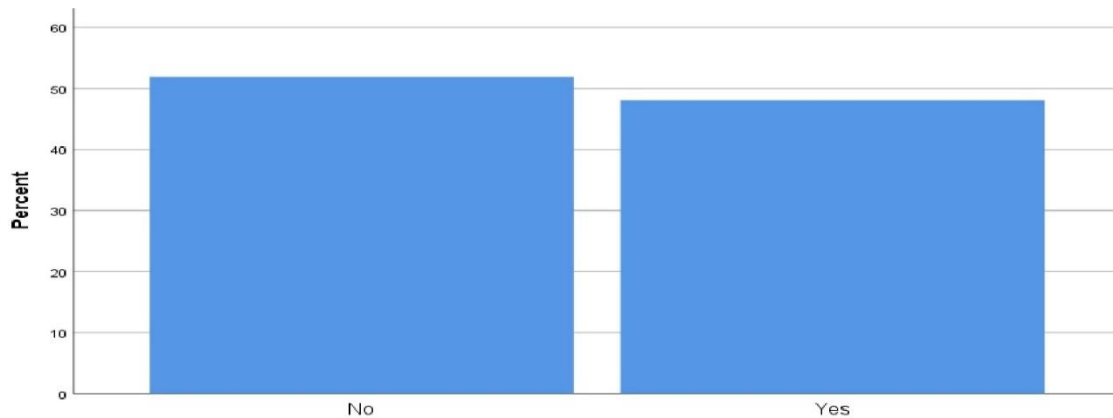


Fig 10: Shows Timely Delivery of Goods & Coordination across Departments

- **Risk and Compliance:** According to my thesis 98.1% of respondents agreed that procurement ensures supplier compliance with rules and policies. This means procurement team prioritize regulations efficiently. On the other hand 84.6% procurement professionals mentioned that they include risk clauses in contracts. In this instance, only 9.6% of respondents reported collaborating with audit/risk teams to their procurement activities. 7.7% respondents also reported that their procurement team monitors vendor performance to enhance efficiency.

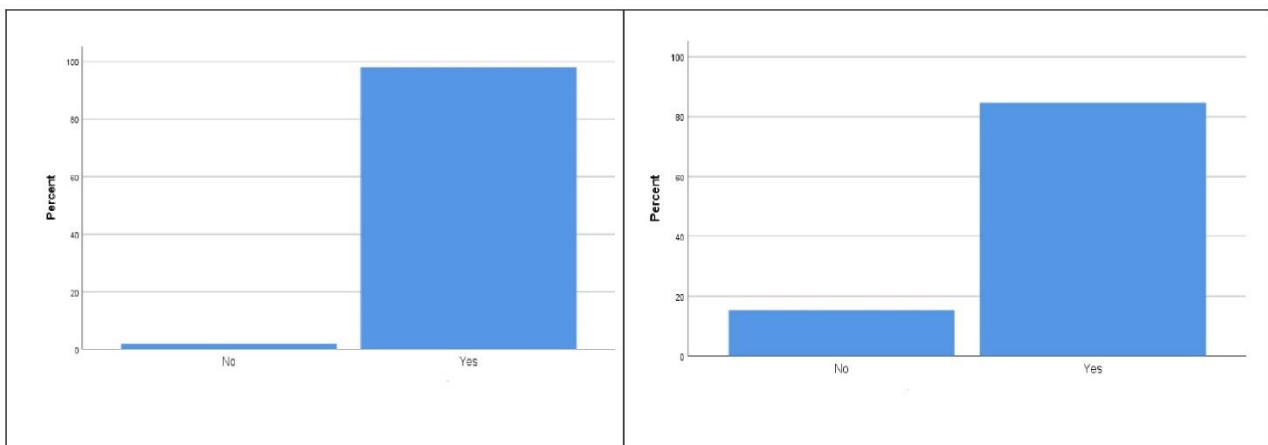


Fig 11: Represents risk & compliance through procurement in banks

Interpretation: The interpreted data reveal that procurement function plays a key role in improving operational efficiency. However, its effectiveness is not equal in all areas. Procurement ensures effectiveness through delivering goods and services on time. The report regarding coordination between departments & workflow management are not equally strong. More than half of the respondents informed that their procurement team coordinates well with other departments. Fewer respondents notice that procurement function actively manages workflows in their banks. This results suggest that procurement performs well in achieving short term results but deeper integration across the organization is still limited.

There are found mixed opinions about vendor management criteria. Around half of the respondents said procurement handles vendor issues quickly. However, most participants confirmed that procurement plays an important role in managing risk and maintaining compliance standard. Respondents also said they include risk clauses in contracts. These practices show that procurement helps protect banks from compliance and contract related risks. Nevertheless, this strength is counterbalanced by the low percentage of banks that actively monitor vendor performance and the extremely limited involvement of procurement in collaborating with audit or risk management teams. Risk management initiatives may be reactive rather than proactive in the absence of these components.

In general, these results suggest that procurement in private commercial banks is most effective in assuring timely delivery and compliance. But it is less developed in its implementation of advanced risk management practices, cross-functional collaboration and workflow optimization. Procurement must evolve from the mere delivery of products on time and the assurance of compliance to the active management of workflows. In order to fully optimize operational efficiency, the procurement function requires integration of structured risk and vendor management systems and the collaboration of departments.

7.3.3 Objective 3: To evaluate how strategic positioning of procurement function influences operational efficiency in private banks operated in Bangladesh.

The operational outcomes are genuinely influenced by procurement's status as strategic or administrative. The following indicators are discussed to assess the correlation between strategic positioning & efficiency:

1. Indicators of Strategic Positioning:

- Procurement is involved in strategic planning and decision-making, according to a significant number of banks (57.7% agreed, 11.5% strongly agreed).
- However, the recognition of procurement as a strategic function by top management is inconsistent. Nearly half of respondents 46.2% agreed and 9.6% strongly agreed, while 40.4% remain neutral.

- In terms of alignment with long term objectives, 55.8% of respondents agreed, while 13.5% strongly agreed, indicating that integration is increasing but not yet universal.
- The most established aspect of positioning is access to senior management. In my research, 92.3% of respondents acknowledged involvement of procurement function in board level or policy discussion when required.

2 Indicators of Smooth Operational Improvements:

- According to this study 98.1% respondents are perceived well in the areas of ensuring supplier compliance. 98.1% respondents also clearly observed that they enhance smooth operations through negotiating better deals or long term contract. 98.1% believes that they ensures timely delivery of products and services through effective procurement function.
- It is also observed that operational delays were reduced by 86.5%, departmental coordination was enhanced by 55.8 % and 84.6% mentioned that they incorporated risk clauses into contracts.
- However, several areas still need improvement. According to the study 34.6 % respondents believe procurement enhances vendor performance. Also shows enhance workflow efficiency by 48.1% & vendor issue resolution by 48.1%. Most importantly 17.3% respondent agree that they contribute in enhancing the quality of goods/services.

The above results demonstrates that the correlation between the strategic positioning of the procurement function and its effects on operational efficiency in private banks operated in Bangladesh. Now I am going to present **cross tabulation analysis** in two sections to further clarify this relationship:

1. This section focuses on finding the degree to which the procurement function is actively engaged in strategic planning and decision making. It will be measured by key smooth operations indicators. Such as the timely delivery of goods and services, effective coordination across departments. And also the prompt resolution of vendor related issues and the efficient management of workflows.

Cross Tabulation 1:

The role of procurement in the smooth operations and strategic planning:

This cross tabulation shows a clear connection between procurement's involvement in strategic planning and smooth operations. Banks that involve procurement in planning reported better performance in timely delivery, coordinates with other departments, solved vendor issues and enhance workflow efficiency. In banks where procurement's role was unclear or limited, operational improvements were less consistent.

Indicators		Involvement %	Ensures timely delivery of goods and services	Coordinates effectively with other departments	Quickly solves vendor related issues	Manages workflow efficiently	Total
The procurement function in your bank is actively involved in strategic planning and decision-making	Disagree	Count	2	0	0	0	2
		% within	3.90%	0.00%	0.00%	0.00%	
	Neutral	Count	14	6	6	9	35
		% within	27.50%	20.70%	24.00%	36.00%	
	Agree	Count	30	21	15	14	80
		% within	58.80%	72.40%	60.00%	56.00%	
	Strongly Agree	Count	5	2	4	2	13
		% within	9.80%	6.90%	16.00%	8.00%	
Total		Count	51	29	25	25	130

Table 3: Strategic Planning Involvement Vs Operational Efficiency

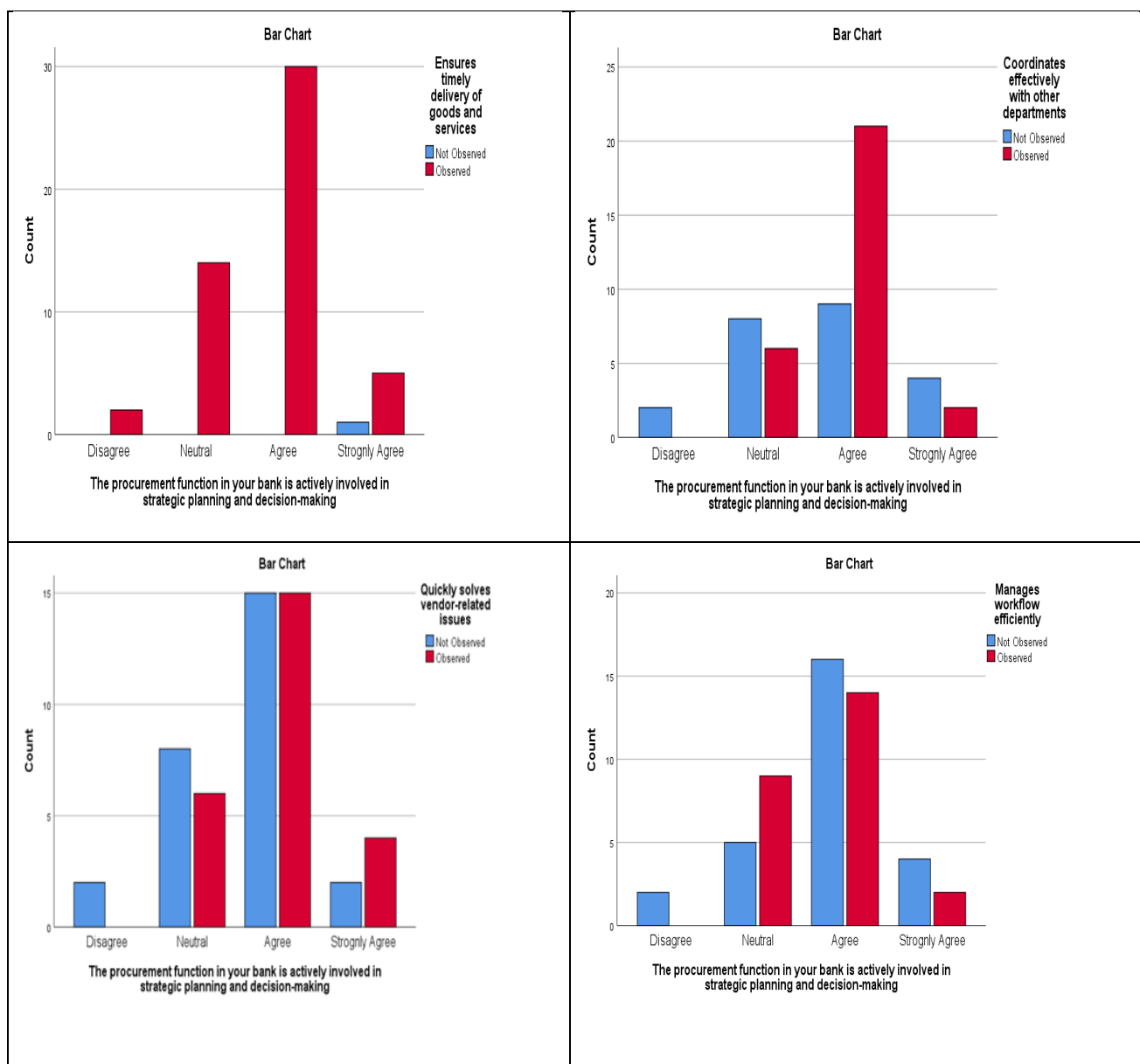


Fig 12: Strategic Planning Involvement Vs Operational Efficiency

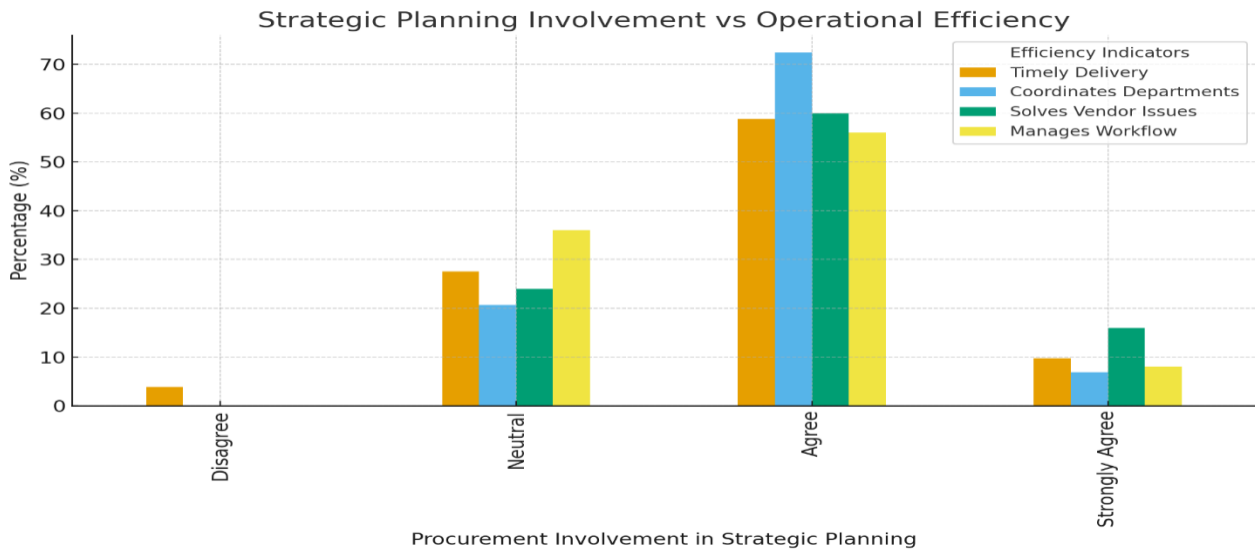


Fig 13: Strategic Planning Involvement Vs Operational Efficiency (Combined)

- In this section, we are analyzing correlation between the recognition of procurement by top management as a strategic function & operational improvements indicators. Factors including reduced operational delays & improved vendor performance. Enhanced coordination across departments and higher quality of goods and services are the another operational improvements indicators used to analyzed.

Cross Tabulation 2: Top management recognition of procurement and operational improvements

After analysis we observed a similar trend between top management recognition and operational outcomes relationships. Banks where procurement was recognized by top management reported reduced operational delays & improved vendor performance at the highest level. Accordingly they also reported better interdepartmental coordination and higher quality of goods and services. But banks where procurement lacked such recognition reported fewer improvements. Most results clustered under neutral or negative observations.

Indicators		Involvement %	Less operational delay	Better vendor performance	Improved coordination across departments	Higher quality of goods/services	Total
Top management recognizes and supports procurement as a strategic function	Disagree	Count	2	0	1	0	3
		% within	4.40%	0.00%	2.30%	0.00%	
	Neutral	Count	19	4	17	1	41
		% within	42.20%	22.20%	38.60%	11.10%	
	Agree	Count	21	12	23	5	61
		% within	46.70%	66.70%	52.30%	55.60%	
	Strongly Agree	Count	3	2	3	3	22
		% within	6.70%	11.10%	6.80%	33.30%	
Total		Count	45	18	44	9	116

Table 4: Top Management Recognition Vs Operational Outcomes

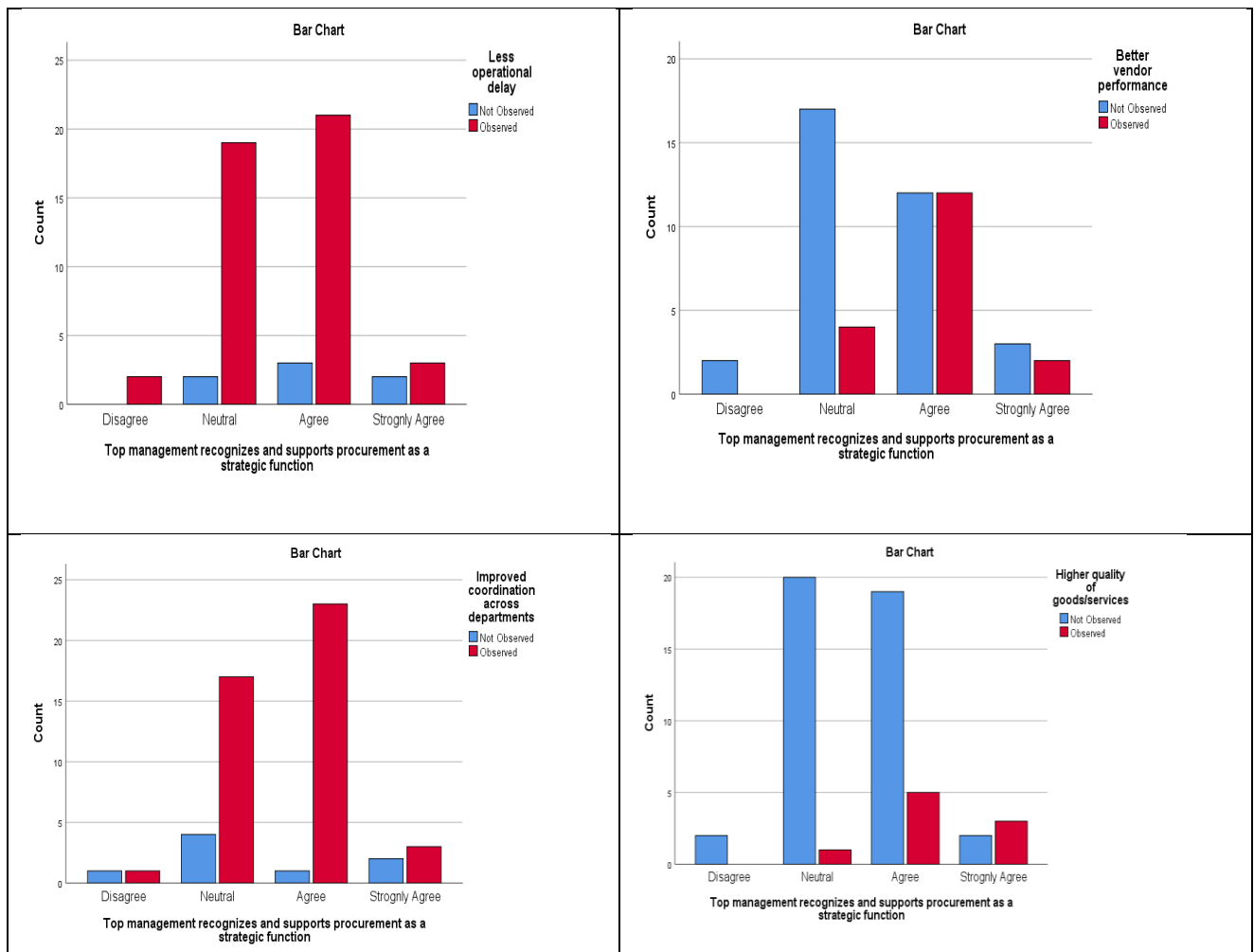


Fig 14: Top management recognition of procurement and operational improvements

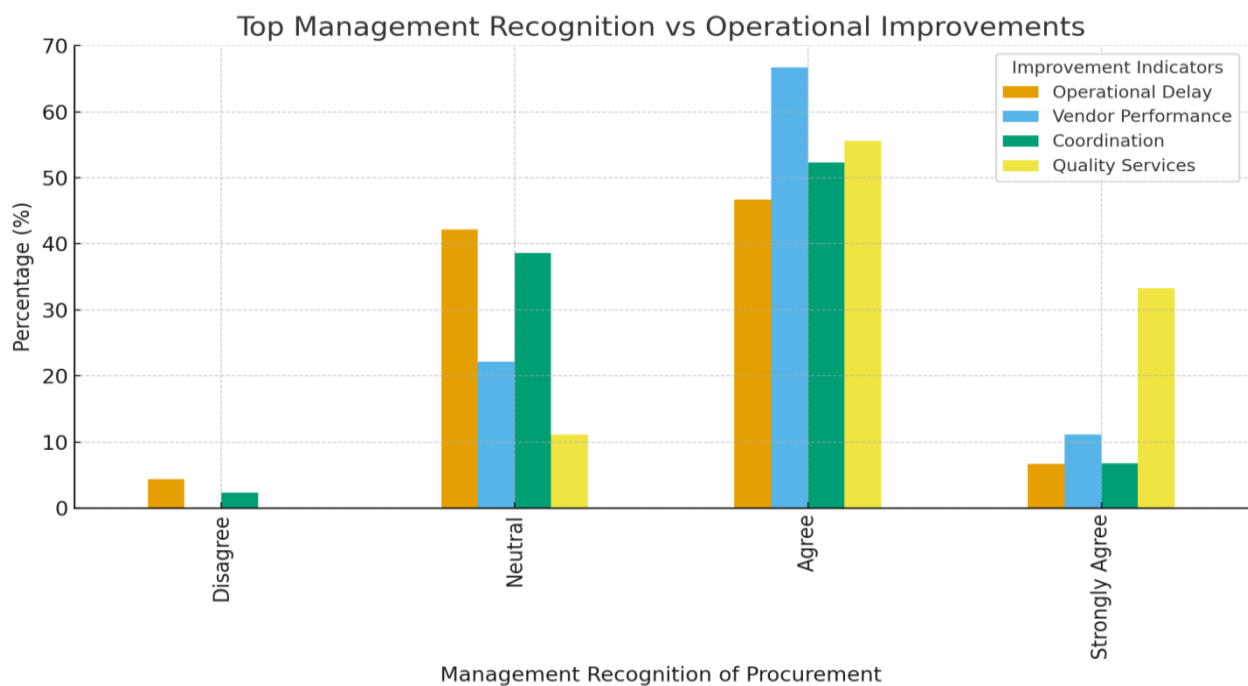


Fig 15: Top management recognition and operational improvements (Combined)

Interpretation:

The findings unequivocally indicate that the effectiveness of procurement's contribution to operational efficiency is directly influenced by its position within private commercial banks in Bangladesh. Banks that place a greater emphasis on procurement's involvement in strategic planning and decision-making tend to report improved operational performance. For example, respondents were more likely to observe improvements in on time delivery of goods and services, better coordination across departments and more effective handling of vendor related issues in institutions where procurement is thoroughly integrated into planning processes. Opposite scenario was observed where procurement's involvement in planning was either neutral or restricted.

My research data also shows that where top management formally acknowledges procurement as a strategic part, banks are more likely to report improvements in operational delays, vendor performance and departmental coordination. Results shows that banks with stronger management recognition also associated procurement with the delivery of higher quality products and services. Conversely, operational enhancements were less apparent in institutions where respondent mentioned inadequate or neutral management support.

This research also indicates that recognition of strategic procurement is not common in every banks. The results shows that in order to enhance competitiveness, private commercial banks in Bangladesh must elevate procurement to a strategic position.

7.3.4 Objective 4: To determine the obstacles preventing procurement functions from achieving strategic integration.

Indicators	Mean	Median	Mode	Standard Deviation
Do you think support from senior management make it harder for procurement to play a bigger role?	2.8654	3.0000	2.00	0.84084
Do you think the procurement team needs more training or skills to perform better	4.1154	4.0000	4.00	0.32260
Lack of collaboration from service-requesting departments makes it difficult for procurement to coordinate tasks	3.9615	4.0000	4.00	0.44110
Do budget limitations stop your bank from investing in better systems or staff development for procurement?	3.3654	3.0000	3.00	0.76770

Table 5: Analysis for Finding Barriers

- Most of the respondents (88.5%) agreed that the lack of training and skills and 80.8% agreed the lack of teamwork are the two biggest things keeping the procurement function from taking on a strategic role.
- Budget constraints constitute a major impediment (about 38%, encompassing Agree and Strongly Agree). Insufficient backing from top management represents the least significant obstacle (roughly 25%, comprising Agree and Strongly Agree).

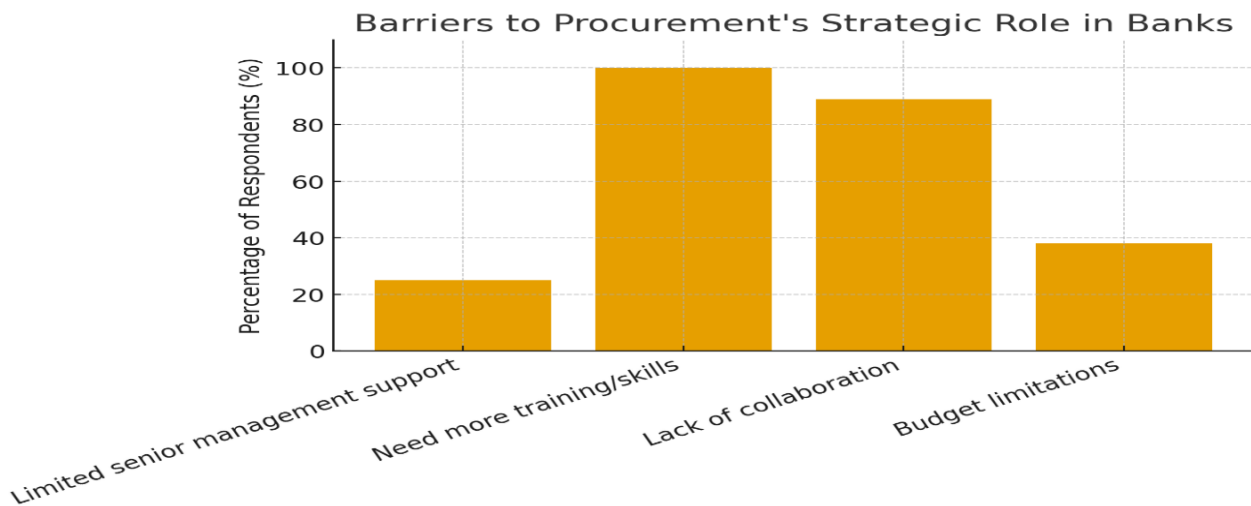


Fig 16: Barriers to Strategic Roles in Bank

Interpretation: My interpreted data revealed that the main barriers preventing procurement from taking a larger strategic role are lack of required skill and weak collaboration across departments. This limits their ability to move from administrative duties to strategic work that adds value.

Poor collaboration between procurement and service requesting departments is another major challenge. Effective procurement depends on close cooperation with internal teams. Without their support no procurement activities can achieve long term goals.

In the research, we did not see any major issue related to budget limitations. There are some banks that have lack of funds for technology or training. According to the survey data, this challenge is less critical than the skill and collaboration problems. Interestingly, lack of top management support was reported as the least serious barrier. This means that leaders of private banks generally understand the importance of procurement.

Only awareness is not enough to get the value derive from procurement function. Without investment in training and stronger teamwork across departments, procurement will not reach its full potential. Private Banks must focus on developing skills and building collaboration within the organization to make real progress.

7.3.5 Objective 5: To suggest strategies to enhance procurement's contribution in improving operational efficiency

Indicators	Mean	Median	Mode	Standard Deviation
Should your bank invest more in training and developing the procurement team?	4.4231	4.0000	4.00	0.53674
Using technologies such as e-procurement, e-invoicing and e-contracts improves procurement efficiency and overall organizational operations	4.5769	5.0000	5.00	0.57210

Table 6: Descriptive Analysis for Making Procurement Better in Future

My thesis results also provide clear opportunities for improvement. It includes what should be done in order realize the strategic value through effective procurement function.

- According to my survey data, 98% of the respondents agreed that their organization should spend money on training and improving skill for procurement team.
- 96% respondents also agreed that digital tools like ERP & other analytical tools can make operations more efficient.

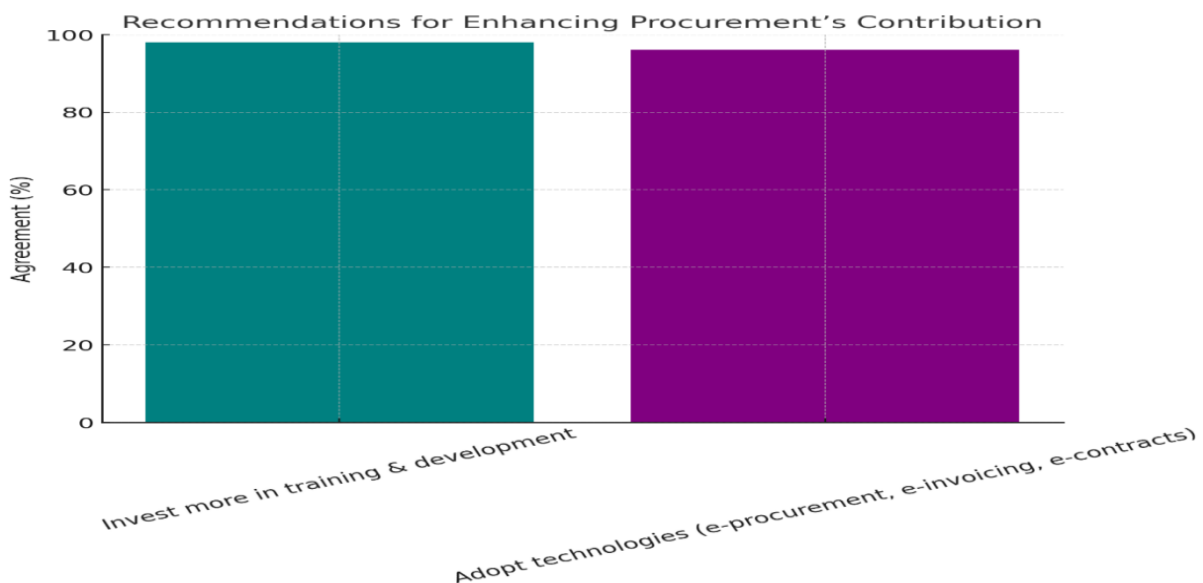


Fig 17: Strategies for Future of Procurement

Interpretation:

According to the study results, we found strong agreement on the need of investing in professional development. Almost all participants mentioned that formal training and continuous learning will make procurement more effective and respected.

The research result also shows a strong push for digital adoption. Most respondents agreed that using digital tools makes procurement faster & more transparent. This systems also improve vendor analysis and help banks make data based decisions.

Collaborative coordination between departments is essential to achieve strategic value. Procurement must work closely with service requesting departments. Through setting up joint planning sessions & shared performance goals, banks enhance operational efficiency in terms of procurement job.

In simple sentence, the best way forward is to invest in procurement professionals, use digital systems, strengthen leadership support and improve collaboration. These actions will help procurement move from a support function to a key strategic partner that drives efficiency and competitiveness in Bangladesh's banking sector.

7.4 A summary of the most important findings:

This research demonstrates that the strategic relevance of procurement is slowly increasing in the case of the private banks operated Bangladesh. Although it is becoming more and more involved in decision making and planning, the degree of integration is not yet uniform in all institutions.

The research also reveals that procurement is critical in enhancing operational efficiency. Effective procurement can ensure goods and services are delivered on time. Risk clauses are incorporated in the contract. Procurement team also ensures that compliance requirements are adhered to by suppliers.

Banks which consider procurement a strategic function shows higher operational efficiency. They enjoy less delay, enhanced intra departmental co-ordination and improved performance of suppliers. Conversely, the ones that view procurement as a back office operation normally do not achieve all the potential of procurement in enhancing efficiency and mitigating risk.

The research also establishes the main issues that restrict the strategic development of procurement. The barriers are most often a deficit of professional training and lack of cooperation between departments. A large number of respondents are agreed that their top management understands the significance of procurement, which is good news for the sector.

The research mentions that there are a number of ways to enhance the role of procurement. The increased investment in capacity building programs and training is highly supported by the respondents. As the further emphasis on the skills development, the use of technologies and cross-departmental collaboration, procurement can emerge as a major source of innovation, cost reduction and operational efficiency in the banking industry.

Chapter 8

Recommendations

This chapter contains the helpful recommendations that were offered according to the results of this work. This is aimed at ensuring that procurement in the Bangladesh private commercial banks (PCBs) is enhanced to such an extent that it ceases to be a support activity, but a means to achieve operational efficiency, risk management and competitiveness. The recommendations may be applied to three groups of people: the bank management, procurement professionals and policymakers.

8.1 Suggestions for Procurement Professionals:

1. Skill Development and Training: Procurement professionals are encouraged to actively pursue education of new skills by getting certifications, workshops and training programs. They will have an opportunity to enhance their strategic thinking skills through taking international professional qualifications such as CIPS or specialty courses in contract management, negotiation and supplier relationship management.

2. Employing Digital Tools: The procurement personnel are expected to employ digital solutions such as e-tendering, e-contracts and e-invoicing to reduce paperwork and make things run smoother. The familiarity with the use of ERP systems, expenditure analytics and vendor performance tracking tools will open and hold people more accountable.

3. Collaborating and forming relationships: In order to eliminate departmental silos, the procurement professionals must concentrate on establishing positive relationships with individuals within the corporation. The departments can be able to work together through regular meetings to coordinate, plan together and set common goals of performance.

4. Promoting Fair and Sustainable Procurement: Procurement officers ought to emphasize fairness, openness and long term sustainability in the process of selecting suppliers. The introduction of social and environmental considerations in the process of making procurement decisions will render the profession more plausible and in tandem with the international best practices.

8.2 Suggestions for the Bank Management:

1. Appreciate procurement as a strategic activity: The top management ought to officially transform procurement into a strategic activity in the bank and have a voice in decision making teams. This awareness will give the procurement greater strength to assist long-term objectives of the bank and mold policy.

2. Capacity Building Investment: Banks ought to reserve funds to train their staff, develop them professionally and certify them. A skilled procurement team will find it easier to negotiate a contract, with suppliers and ensure that all people abide by the rules.

3. Digital Transformation: Bank should invest on digital procurement systems such as ERP integration & other analytical tools in order to enhance vendor performance & make procurement transparent and faster.

4. Performance Measurement: Performance of procurement must be measured regularly. Procurement KPI's should not limited to cost savings. This may involve such aspects like compliance by suppliers, delivery timelines and contributions to sustainability.

8.3 Suggestions for the Policymakers:

1. Establish National Procurement Rules to Banks: Bangladesh Bank should establish clear regulation on how private banks should make purchase. This would ensure that every private bank is accountable, transparent and stable.

2. Promote Digital Procurement: The adoption of digital procurement systems should be encouraged and incentivized by policymakers across every banking sector. Unified platforms can also contribute to the reduction of wastage and the simplification of monitoring the compliance.

3. Enforce Risk Management and Oversight of Compliance: Regulators are to ensure that the banks are mandated to have monitoring of the performance of the suppliers, risk terms in contracts and routine audits of the procurement services to ensure that all is transparent and that risks are limited.

4. Promote Sustainable Procurement: Policymakers can compel banks to adopt environmentally friendly and socially responsible purchasing through encouraging them to disclose their sustainability performance and incentivize them to purchase environmentally friendly products.

Conclusion

9.1 Summary of the Study

This research was focused on determining the strategic positioning of the procurement function and its impact on performance of the operations in private banks operated in Bangladesh. The results of the study indicate that the banking industry is slowly transforming its traditional transactional procurement to a more strategic procurement. However, this is changing at varying rates in varied banks. Few banks are integrating procurement in top management. Most people continue to regard procurement as a supporting unit.

The findings reveal that procurement is a major aspect that can help in streamlining operations through ensuring that products and services are delivered in time by observing regulations. Simultaneously, the issues related to such aspects as the functionality of workflows, the effectiveness of monitoring the vendors and the collaboration of the departments remain. These loopholes show that even though procurement is starting to gain recognition, its full potential has not been realized yet.

The research also established several factors that make it difficult to make procurement a fully strategic process. The skill gaps, the absence of working with other departments and the lack of enough money were the most crucial issues. The fact that lack of backing by the top management was perceived as a minor obstacle in comparison to other issues is positive. This indicates that the leadership of most institutions is now open-minded to the importance of procurement. The research renders it self-evident that the strategic orientation of the role of procurement will imply the importance of investing into the training process and the necessity of utilizing digital tools and promoting the enhancement of the coordination among departments. The recommendations also highlight the importance of the need to view procurement as a strategic partner capable of assisting in the areas of efficiency and sustainability in operations.

9.2 Contributions of the Research:

This study contributes to academia and practice. To the scholars, it complements the scanty literature on procurement in the banking industry of the emerging economies, particularly Bangladesh, with empirical data on its strategic positioning and performance outcomes. It provides practitioners and policymakers with ideas of what is impeding and what it can do and recommendations on how to enhance procurement functions to become more efficient and competitive over the long term.

9.3 Opportunities for Future Research:

The research not only provides a critical analysis but at the same time finds out the effective paths to further research. Future studies might be:

1. Compare research between the public and the private banks to demonstrate the difference in procurement approaches of the two kinds of banks.
2. Get deeper into the significance of digital transformation and in particular, the impact of ERP, data analytics and automation on the quality of procurement performance.
3. Research the long-term impacts of sustainable and ecological friendly procurement practices in the banking sector.
4. Increase the scale of research to include other sectors of services in Bangladesh so as to have cross sectoral insights.
5. Longitudinal research will be used to observe how the significance of procurement will vary with time as additional banks begin to employ strategic approaches.

In conclusion, private commercial banks in Bangladesh are at a turning point in their procurement processes. The groundwork has been prepared for a bigger role by making strategy talks more visible and accessible. But for complete integration to happen, banks need to invest in their capacity, digital systems and enhance collaboration. If these actions are completed, procurement can become a key factor in the private banking sector in terms of operational excellence, risk management and long term growth.

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Appendix A

Conventional Private Commercial Banks (33 banks)		Source: www.bb.org.bd
SL	Name of the Bank	Web Address
1	AB Bank PLC	http://www.abbl.com
2	Bangladesh Commerce Bank Limited	http://bcblbd.com/
3	Bank Asia PLC.	http://www.bankasia-bd.com
4	Bengal Commercial Bank PLC.	https://bgcb.com.bd
5	BRAC Bank PLC	http://www.bracbank.com
6	Citizens Bank PLC	https://www.citizensbankbd.com/
7	City Bank PLC	http://www.thecitybank.com
8	Community Bank Bangladesh PLC.	http://www.communitybankbd.com
9	Dhaka Bank PLC	http://dhakabankltd.com
10	Dutch-Bangla Bank PLC	http://www.dutchbanglabank.com
11	Eastern Bank PLC	http://www.ebl.com.bd
12	IFIC Bank PLC	http://www.ificbank.com.bd/
13	Jamuna Bank PLC	http://www.jamunabankbd.com
14	Meghna Bank PLC	http://www.meghnabank.com.bd
15	Mercantile Bank PLC	http://www.mblbd.com
16	Midland Bank Limited	http://www.midlandbankbd.net/
17	Modhumoti Bank PLC	http://modhumotibankltd.com/
18	Mutual Trust Bank PLC	http://www.mutualtrustbank.com
19	National Bank PLC	http://www.nblbd.com
20	National Credit & Commerce Bank PLC	http://www.nccbank.com.bd
21	NRB Bank PLC	http://www.nrbbankbd.com
22	NRBC Bank PLC	http://www.nrbcommercialbank.com/
23	One Bank PLC	http://www.onebankbd.com
24	Padma Bank PLC	http://www.padmabankbd.com/
25	Prime Bank PLC	https://www.primebank.com.bd/
26	Pubali Bank PLC	http://www.pubalibangla.com
27	SBAC Bank PLC	http://www.sbacbank.com/
28	Shimanto Bank PLC	https://www.shimantobank.com/
29	Southeast Bank PLC	https://www.southeastbank.com.bd
30	The Premier Bank PLC	http://www.premierbankltd.com
31	Trust Bank PLC	http://www.trustbank.com.bd
32	United Commercial Bank PLC	http://www.ucb.com.bd/
33	Uttara Bank PLC	http://www.uttarabank-bd.com

Foreign Commercial Banks (09 banks)		Source: www.bb.org.bd
SL	Name of the Bank	Web Address
1	Bank Al-Falah Limited	http://www.bankalfalah.com
2	Citibank N.A	http://www.citi.com/domain/index.htm
3	Commercial Bank of Ceylon Limited	http://www.combank.net/bdweb/
4	Habib Bank Ltd.	http://globalhbl.com/Bangladesh/
5	National Bank of Pakistan	http://www.nbp.com.pk
6	Standard Chartered Bank	http://www.standardchartered.com/bd
7	State Bank of India	https://bd.statebank/
8	HSBC Bank	http://www.hsbc.com.bd
9	Woori Bank	http://www.wooribank.com

Shariah Based Private Commercial Banks (10 banks)		Source: www.bb.org.bd
SL	Name of the Bank	Web Address
1	Al-Arafah Islami Bank PLC	http://www.al-arafahbank.com/
2	Export Import Bank of Bangladesh PLC	http://www.eximbankbd.com
3	First Security Islami Bank PLC	https://www.fsiblb.com
4	Global Islami Bank PLC	http://www.globalislamibankbd.com
5	ICB Islamic Bank Ltd.	http://www.icbislamic-bd.com/
6	Islami Bank Bangladesh PLC	http://www.islamibankbd.com
7	Shahjalal Islami Bank PLC	http://www.sjiblb.com/
8	Social Islami Bank PLC	http://www.siblb.com
9	Standard Bank PLC	http://www.standardbankbd.com
10	Union Bank PLC	http://www.unionbank.com.bd/

Questionnaire for Dissertation:

“EVALUATING THE STRATEGIC POSITIONING OF THE PROCUREMENT FUNCTION & ITS IMPACT ON OPERATIONAL EFFICIENCY: A STUDY ON PRIVATE COMMERCIAL BANKS IN BANGLADESH”

Instructions: Please fill in the details or select the most appropriate answer. All responses will be kept private and used only for research purpose within this study.

Section 1: General Information

1. Name of the Bank (Optional): _____
2. Your current designation: _____
3. Number of years of experience in procurement: _____
4. Types of bank: ☐ Conventional ☐ Islami Shariah-based ☐ Foreign Commercial Bank
5. Is Procurement function of your bank performed separately as Division or performed under other division?
☐ Separate Division ☐ Under Other Division ☐ IT Division Purchase IT items separately

Section 2: Strategic Positioning of Procurement Function

Please select one option: Strongly Agree – Agree – Neutral – Disagree – Strongly Disagree

6. The procurement function in your bank is actively involved in strategic planning and decision-making.

☐ Strongly Agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

7. Top management recognizes and supports procurement as a strategic function.

☐ Strongly Agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

8. The procurement function is aligned with your bank's long-term strategic goals and vision.

☐ Strongly Agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

9. The procurement team has access to senior management and is involved in board-level discussions when needed like major policy decisions related to procurement.

☐ Strongly Agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

Section 3: Operational Efficiency and Impact of Procurement

10. Does procurement function helps your bank's daily work run more smoothly?

If yes, then how of the following: (You may select more than one)

☐ ensures timely delivery of goods and services

☐ coordinates effectively with other departments

☐ quickly solves vendor-related issues

☐ Manages workflow efficiently

☐ No noticeable contribution

☐ Other (please specify): _____

11. What kind of improvements have you noticed in the bank's operations due to better procurement practices? (Select all that apply)

☐ Less operational delay

☐ Better vendor performance

☐ Improved coordination across departments

☐ Higher quality of goods/services

☐ No noticeable improvement

☐ Other (please specify): _____

12. How procurement team helps reduce or manage costs?

(Select all that apply)

☐ Negotiations or long term contracts

☐ Avoiding unnecessary purchases

☐ Using digital tools to cut costs/time

☐ Manage procurement budgets effectively

☐ No major role in cost management

☐ Other (please specify): _____

13. What roles procurement plays in compliance or risk management?

(Select all that apply)

- ☐ Ensures suppliers follow rules and policies
- ☐ Works with audit or risk teams
- ☐ Includes risk clauses in contracts
- ☐ Tracks vendor performance to reduce risk
- ☐ No involvement in compliance or risk
- ☐ Other (please specify): _____

14. Which digital tools or systems are used in your bank's procurement activities?

(Select all that apply)

- ☐ ERP system (e.g., SAP oracle, etc.)
- ☐ E-procurement or e-tendering platform
- ☐ Data analytics tools (for vendor evaluation, spend analysis, etc.)
- ☐ Document automation (e.g., e-invoicing, e-contracts)
- ☐ We don't use digital tools
- ☐ Other (please specify): _____

Section 4: Barriers and Challenges

15. Does limited support from senior management make it harder for procurement to play a bigger role in strategy?

- ☐ Strongly Agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

16. Do you think the procurement team needs more training or skills to perform better?

- ☐ Strongly Agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

17. Lack of collaboration from service-requesting departments makes it difficult for procurement to coordinate tasks.

- ☐ Strongly Agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

18. Do budget limitations stop your bank from investing in better systems or staff development for procurement?

- ☐ Strongly Agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

Section 5: Recommendations and Future Outlook

19. Should your bank invest more in training and developing the procurement team?

- ☐ Strongly Agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

20. Do you believe using more technology (like AI, e-procurement or blockchain) will help improve procurement in the future?

- ☐ Strongly Agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree