Chapter 13

Indonesian Higher Education Student Perception on Procurement Manager Skills and Competencies

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ABSTRACT

This chapter discusses the differences in the perceptions of industrial engineering students at Indonesian higher degree institution about the skills and competencies required for procurement managers. This study uses descriptive statistical analytical with the number of 100 respondents. There are 3 dimensions of skills and competencies investigated in this study such as the dimension of resources managerial skills and competencies, self-competencies and skills, and the company’s internal and external managerial skills and competencies. The expected result of this chapter is to indicate that the most important skill that required based on the student’s perception for procurement managers. The dimensions such as leadership, analytical skill, internal and external managerial skills, and decision-making skill are tested to figure out the most prioritized skills of being procurement managers.

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INTRODUCTION

Procurement activities play a significant role in logistics. Procurement includes all kinds of activities related to product and service purchase and should be in line with the mission of the organization. For some reasons of organizational economic and environmental performance, procurement activities should be a concern of most level of management staff. The procurement department has the responsibility to make a good relationship between the company and suppliers. Procurement is no longer seen as a support function in a manufacturing company, but also for the company’s sustainable goals (Lucia-Palacios, Pérez-López, & Polo-Redondo, 2020). Therefore, procurement managers must have some skills that make them influence company performance. Professional procurement managers are not only responsible for document processing activities, but they must be responsible for activities that contribute effectively to organizational performance. According to Basheka (2001), five main skills support the role of procurement managers namely team-building skills, strategic planning skills, communication skills, technical skills, and financial skills. Procurement management requires strategic skills. The definition of strategic skill of a manager is a process of planning, evaluating, implementing, and controlling source decisions that are very important and routine (Larry Giunipero, 2016). The results of Vonderembse’s research (2000) show that supplier-selection criteria have a positive and significant effect on supplier performance and supplier performance has a positive effect on company performance (Sambasivan, 2012). Being procurement managers require good intrapersonal skills. A Procurement manager must have good communication skills. Good communication in verbal and writing could help a procurement manager in providing information, coordinating and leading his team. Therefore, expertise in communication could be an advantage of a procurement manager (Rana Tassabehji, 2008).

Suppliers are one of the most important components in logistics and production management. To get suppliers that could fulfill goods or services on demand, a good supplier selection process is needed. The purpose of selecting suppliers is to get a good supplier so the company could reduce the cost of purchasing goods or services. Procurement managers must have good information processing skills to improve the performance review process and optimize the company’s procurement process. Purchase transactions could be accelerated by developing information processing competencies to support information processing and organizational data to support smart manufacturing (Lucia-Palacios et al., 2020). According to some previous studies, the best managerial skill required by a manager is to have a global mindset to negotiate with global challenges, have the sensitivity to cross-culture, being adaptive with changes, have skill of write and verbal communication, and have extensive knowledge including knowledge to find out who they are doing an agreement with (Ananthram, 2013). In addition, it is stated that the skill required by a manager is leadership. This is because all things could’t run properly without the leadership skills of the managers (Paul R. Schapper, 2006), while growing competencies and skills in a manager, higher and professional education is required (Suryaningrat, 2016). Logistics and SCM Managers are expected to have the skills needed, especially in the procurement of goods in the company. These skills are business managerial skill and competency, general skills (soft and hard skills), the behavior of managers in carrying out logistics activities, and functional competence (Pernilla Derwik, 2016). Competence is needed by people who work in the field of procurement, including education (skills and knowledge), experience, and training to obtain efficiency in procurement activities (Mola & Alemu, 2018).

Some research on the skills and competencies required by managers has been carried out by researchers. However, research on perceptions of industrial engineering students, which are projected as prospective logistics managers in the future, about the skills and competencies needed by procurement