

ENSURING QUALITY AND COST CONTROL THROUGH EFFECTIVE SELECTION AND PERFORMANCE EVALUATION OF PROCUREMENT PERSONNEL

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Abstract: Procurement personnel play a critical role in ensuring the quality and cost-effectiveness of a company's products. With the increasing importance of procurement in the modern supply chain environment, the selection and assessment of high-quality procurement personnel has become crucial for firms. This article provides insights into the selection, performance evaluation, and inspection strategy of purchasing personnel. The paper emphasizes the key abilities, including cost, value awareness, negotiation skills, and professionalism, along with moral aspects, such as responsibility, patience, carefulness, and respect, that procurement personnel must possess. The evaluation criteria used by firms to assess the procurement department's performance are also discussed, including quality, quantity, expense, and time performance. The article further highlights the need for procurement departments to operate within strict guidelines to prevent malpractice and unethical conduct. Finally, the paper underscores the importance of improving the reward and punishment mechanism, providing ethics training, and establishing credit files of purchasing personnel. The study provides theoretical references for enterprises to select high-quality procurement personnel and help them comprehensively consider the selection and assessment of procurement personnel.

Keywords: Procurement Personnel, Selection, Performance Evaluation, Ethics Training, Inspection, Supply Chain.

Introduction

Enterprises generally need the quality of "Virtue" and "talent" in the employment of purchasing personnel. In the past, enterprises took kindness as a very important condition for the selection of purchasing personnel on how to prevent purchasing personnel from taking kickbacks and getting benefits. Even for the recruitment of purchasing personnel, they rarely consider non enterprise employees, and give priority to their old employees and relatives. However, with the modern supply chain environment, the importance of procurement business is becoming more and more prominent. In addition, the management system of

modern enterprises is becoming more and more perfect, and it is more and more common to choose people with outstanding ability and high quality to take this

position outside the enterprise. The purpose of this study is to provide theoretical reference for enterprises to select high-quality procurement personnel, and help enterprises to comprehensively consider the selection and assessment of procurement personnel.

1. Selection of Purchasing Personnel

As long as the existing literature on procurement control focuses on the internal control of procurement business, it mainly focuses on the procurement risk control points, such as procurement evaluation system, improving business processes and strengthening procurement acceptance. This paper also focuses on this point. It is the foundation of procurement business management to do a good job in the selection of procurement personnel.

1.1. Ability

1) Cost, Value Awareness and Analytical Ability

The procurement cost of raw materials accounts for a large part of the total cost of the enterprise, so the personnel of the procurement department need to be careful, firmly establish the cost awareness, never spend any more money, save if you can save, and don't take an indifferent attitude. Be clear about the importance of procurement to enterprise profits, know the leverage effect of procurement, and make more contributions to the enterprise from your own work. At the same time, the purchasing personnel should also have a sense of value, "a penny, a piece of goods", only buy the right, not expensive, while considering the purchase cost, but also consider a series of ancillary costs, such as transportation costs, installation and commissioning costs, delivery period, payment ratio of deposit and balance, after-sales service, etc., and should have strong value analysis ability and give consideration on the whole.

2) Negotiation and Expression Skills

Negotiation and price negotiation between purchasers and suppliers is a very important part of procurement operations. Mastering the opportunity and initiative in the negotiation will lay a good foundation and pave the way for the smooth realization of their subsequent conditions. Whether the purchasing personnel are talking at the negotiation table or signing the contract, they should be concise and accurate. They should not only observe what they say, but also size up the situation. They should not only be reasonable, but also be emotional. They should not only strive for the greatest benefits for the enterprise, but also have a win-win strategic awareness.

3) Professional Knowledge

Every purchasing personnel must have their own professional knowledge of purchasing goods. We should have a good knowledge reserve of the source, performance, composition, cost, precautions and other aspects of raw materials and products, so as to take the initiative and not be misled or deceived by the negotiating partners.

Of course, the knowledge and ability of an excellent purchaser not only refer to these, but also have a certain basic knowledge of goods, marketing planning ability, consumer psychology knowledge, adaptability, etc.

1.2. Moral Aspect

1) Strong Sense of Responsibility

The funds purchased by the purchasing department often involve dozens or millions, and some large enterprises' funds often reach tens of millions or even billions. If such a huge amount of funds are confused by the interests of suppliers, the other party will offer tens of thousands or even millions of commissions, which is inevitably not exciting. Therefore, every purchasing personnel should treat it with a normal heart, not moved by interests, have a strong sense of responsibility, be responsible for the enterprise, the society and their own conscience, and know in their hearts that a little small profit they have obtained may bring huge losses and harm to their enterprise and society. Remember not to do: people who forget righteousness for profit!

2) Professionalism

Professionalism is an excellent moral character that people engaged in any work must have, and purchasing personnel are no exception. Having respect and professionalism is the basic requirement for doing a good job. The professionalism of the staff of the procurement department will directly affect the material supply of the enterprise. The good professionalism of the staff can not only ensure the smooth progress of supply and enterprise production, but also contribute to the cost saving of the enterprise.

3) Patience and Carefulness

In fact, procurement is a very arduous work, not only dealing with employees in different departments within the enterprise, but also dealing with personnel outside the enterprise such as suppliers. In practical work, there are often "censures" and misunderstandings from people inside and outside the enterprise. Sometimes doing good deeds may not be recognized by others. This is post psychological and ideological will inevitably be affected, so a certain psychological quality is required. Especially in the procurement of some large projects, it takes a long time to negotiate with each other, ask for instructions, and prepare materials, which requires enough patience to communicate with suppliers. When some aspects cannot meet the requirements of suppliers, they should pay attention to one of them from the emotional aspect. Sometimes some small details of human care may have unexpected effects. When negotiating with the other party, we should be good at observing words and colors, and know the negotiator's thoughts and requirements from subtle points, so as to deal with them pertinently. When signing an agreement with the other party, we should carefully consider every word and phrase, not only protect the legitimate rights and interests of our own enterprise through legal weapons, but also leave the object with a handle and an opportunity to play word games.

On the one hand, the above research information is based on the review of existing literature, and more on the basis of the author's years of experience in the procurement front line, communication with suppliers and their understanding of the mentality of different procurement personnel.

2. Performance Evaluation of Purchasing Personnel

2.1. Principles and Objectives of Purchasing Personnel Performance Evaluation

Performance refers to merit and efficacy, and also refers to the benefit and performance of completing something. Procurement performance refers to procurement benefits and procurement performance. Procurement performance refers to the comparative relationship between procurement output and corresponding input (Chen, Cheng, Jiang, & Lu, 2019). It is a comprehensive and overall evaluation of procurement efficiency. Procurement performance evaluation refers to the process of comprehensively reflecting and evaluating the functional objectives and economic effectiveness objectives of procurement policies by establishing a scientific and reasonable evaluation index system.

1) Basic Principles of Procurement Performance Evaluation

First of all, the performance evaluation of the Department staff by the purchasing director should be continuous and consistent, not an accidental event that can be achieved overnight and once and for all. We should regularly check whether employees have achieved the required goals according to the time period or project. At the same time, we should clearly let employees know that they will be evaluated, and consciously do their usual work well to improve their performance goals. Secondly, the evaluation should be combined with the overall goal of the enterprise, and the performance evaluation of the procurement department should be placed under the enterprise for evaluation. Moreover, the performance of purchasing employees will always be affected by the external environment and other factors (Ellis, Henry, & Shochley, 2009). When evaluating the performance of employees, we should consider them objectively and openly, rather than blindly copy them. This is often difficult to convince me, and will also lose the original meaning of performance appraisal. Finally, the selection of evaluation criteria and standards can be compared with industry standards, based on the original budget, or based on past performance.

2) Purpose of Procurement Performance Evaluation

Now, in many enterprises, managers still have the old concept of dominating the standards of performance appraisal, taking ability, knowledge, business volume, diligence and other contents as the main contents of the appraisal of employees, in order to aim at the personal benefits of employees, rather than putting the appraisal purpose and importance to the height and level of enterprise strategy. Often only focus on time, quality, quantity, cost and other aspects, lack of height. We should help employees avoid defects in future procurement operations through performance appraisal to better provide a basis for improving performance. It is not simply to reward and punish individuals, but to encourage purchasing personnel to continuously improve their work based on fair and objective performance evaluation, and give full play to the overall efficiency of the enterprise through teamwork and harmonious cooperation with other departments. Through an effective and fair performance evaluation system, employees' efforts will be appropriately recognized and rewarded, while their morale will be improved.

2.2. Indicators of Purchasing Personnel Performance Evaluation

Effective performance evaluation requires scientific evaluation indicators, so as to comprehensively, fairly and effectively evaluate the performance of purchasing personnel. Generally, the performance evaluation indicators of purchasing personnel include quality performance, which is mainly evaluated from the ratio of the qualified (or rejected) quantity of incoming acceptance to the inspected quantity or the ratio of the available (or rejected) quantity of WIP acceptance to the quantity used by the enterprise. If the incoming quality defect rate or rejection or rejection rate is high, it indicates that the quality performance of purchasing personnel is poor. Quantity performance is often reflected by cost indicators and loss indicators of dead materials and waste disposal. The second is the expense indicator, which is shown by the difference between the inventory interest expense and the normal inventory level interest expense. The loss indicator of the disposal of dead materials and waste materials is reflected by the difference between the income from the disposal of dead materials and waste materials and their acquisition costs. If these two indicators are higher, it shows that the quantity performance of purchasing personnel is worse. Of course, this index should not be borne by the purchasing personnel, and sometimes it has an impact on the enterprise's operating conditions, technical capabilities and other aspects. The third is the time performance index, which is expressed by the emergency procurement cost index and the shutdown material loss index, that is,

the difference between the cost of expedited transportation and the transportation mode under normal conditions and the loss of operators' salaries during shutdown. Finally, there are price performance indicators and procurement efficiency indicators. Price performance is expressed as the difference between the actual price and the standard cost. Procurement efficiency indicators include procurement completion rate, wrong procurement times and other sub indicators. Different indicators will have certain differences in different enterprises, which is often reflected in the weight of the indicator system.

2.3. Procurement Performance Evaluation Personnel

If the performance evaluation of purchasing personnel wants to be comprehensive and objective, it needs the participation of many departments and personnel involved in the work of purchasing personnel. Generally speaking, the person who participates in the procurement performance evaluation is the head of the procurement department, who is directly responsible for the work of the procurement personnel. He can deeply feel the employees' sense of responsibility and ability in daily work, and has the most say in the completion of tasks. Of course, other internal quality inspection departments, financial departments and external suppliers that are related to the work of purchasing personnel also have a say. Some enterprises also use third-party management consultants and experts to participate in the performance appraisal of their employees.

3. Audit the Purchasing Personnel

As the main member of the purchasing department, the purchasing personnel deal with money in every business. If their personal position is not firm or they can't stand the temptation of the supplier in terms of material or money, they are likely to lose public interests and make kickbacks. Sometimes, because of the interests, it may bring irreparable huge losses to the user enterprises because of the defects and quality problems of the purchased goods. Therefore, every enterprise pays more attention to the purchasing personnel, and has always been vigilant. In the eyes of the outside world, the purchasing personnel are also fat and poor, and they will always receive gossip from other personnel of the company. It is a difficult problem in purchasing management that how to make the company let down its vigilance to the purchasing personnel, and how to audit the purchasing personnel so that they can do their own work better and make greater contributions to the enterprise.

3.1. Improve Procurement Rules and Regulations

One thing is certain that the procurement personnel can do things that harm public interests and enrich private interests. That is, there are great loopholes in the company's procurement related rules and regulations. These management loopholes give relevant personnel an opportunity to take advantage of. If the company has formulated a series of perfect and rigorous procurement regulations and systems, it can largely prevent buyers from exploiting loopholes. This requires the head of the procurement department and the relevant departments of the company to formulate a more perfect and scientific procurement system, standardize the behavior of procurement personnel, and compile the procurement operation into a set of standardized procurement manuals(Ji, Lu, & Qu, 2018). Every activity of the purchasing personnel shall be carried out in accordance with the standard procedures, and no additional optional actions are allowed. In case of special reasons, the reasons shall also be reported in detail to the competent department or leaders in advance or afterwards.

3.2. Do a good Job in the Recruitment and Ethics Training of Procurement Personnel

As mentioned above, purchasing personnel need people with both "Virtue" and

“talent”. Therefore, the human resources department should take this as the criterion to select the right person in the job recruitment. At the same time, the procurement personnel should be regularly trained in business and quality before and after taking the post, so that they can do their own work without distractions from mouth to heart, from writing to behavior, from front to back.

3.3. Establish the Credit Files of Purchasing Personnel and Improve the Reward and Punishment Mechanism

In order to prevent the corruption of purchasing personnel, each company has increased the punishment for the illegal behaviors of purchasing personnel, making them stop. However, in practical applications, it is still difficult to eliminate the behavior of purchasing personnel at the expense of public interests. The reason is that the strong interest temptation makes it dare to take risks and take the edge. Therefore, in the face of the temptation of interests, enterprises should not only maintain a high-pressure punishment situation for the dereliction of duty and corruption of purchasing personnel, but also find another way. For example, establish a credit linkage mechanism for purchasing personnel. When recruiting purchasing related personnel, each enterprise must have the credit rating of the purchasing director of the original company. Once you see that a candidate has multiple purchase stains, you can refuse him to apply for the company. Moreover, this measure should be extended to other enterprises in the society to form a social linkage mechanism, so that there are many and a large number of people who have done harm to public and private interests. Once they leave the original unit, they will have no job to find and no one is willing to hire, completely interrupting his idea of corruption. In addition, enterprises should also increase the reward mechanism. For those meritorious personnel who have saved huge costs for the company's procurement business through their dedication and hard work, they should be given spiritual and more material rewards to make them motivated, happy with their jobs, and form a good mechanism that they dare not be greedy and will not be greedy to unwilling to be greedy, so as to completely put an end to collusion with suppliers and kickbacks (Ma, 2015).

4. Conclusion

Procurement is one of the important positions in an enterprise. The performance of its personnel's responsibilities is related to the smooth progress of procurement behavior, and it is also the pacesetter of the enterprise's product quality control. Only by systematically selecting the purchasing personnel in an all-round way before entering the post, standardizing the management in the work and scientific performance evaluation afterwards, can we ensure the smooth performance of this responsibility and finally do the necessary work for the quality and cost control of the enterprise. In particular, it is the most critical to the selection of procurement personnel before employment and the ability assessment in all aspects mentioned in the article, which is also the significance of this study and provides suggestions for all enterprise procurement departments to do a good job in procurement management. Of course, the procurement departments in different industries have different businesses. Some of the views in this article are also mentioned in general, and some need to be specific. This is the limitation of this article. However, the requirements for purchasing personnel's ability and quality are universal. Of course, different enterprises have different situations, and the requirements for purchasing personnel are not limited to those mentioned in this article.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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