

Assessing the Effect of Procurement Planning on End User Requisitions for Operational Efficiency in Insurance Companies: Evidence from Zambia

Anastasia Nkhuwa^{1*}, Dr. Chikusela Sikazwe¹

¹Graduate School of Business, University of Zambia

* Corresponding Author

African Journal of Commercial Studies, 2026, 7(2),71-75

DOI Link: <https://doi.org/10.59413/ajocs/v7.i2.7>

Abstract

Procurement planning plays a critical role in ensuring operational efficiency by aligning organizational needs, budgets, and procurement activities. Despite the existence of formal procurement plans, many organizations continue to experience deviations that negatively affect service delivery and cost control. This study examined the effect of procurement planning on end-user requisitions and operational efficiency within insurance companies in Lusaka, Zambia, using Madison Life Insurance Company as a case study. Guided by stakeholder theory, the resource-based view, and transaction cost economics, the study adopted an explanatory sequential mixed-methods research design. Quantitative data were collected from 90 respondents across procurement, finance, IT, and end-user departments and analyzed using descriptive and inferential statistics in SPSS, while qualitative data were obtained through semi-structured interviews and analyzed thematically. The findings reveal that although 85% of respondents confirmed the existence of formal procurement plans, adherence remains inconsistent, with urgent operational needs, budget constraints, and communication gaps driving off-plan requisitions. Procurement planning was found to significantly improve time management, cost savings, and resource allocation while reducing emergency purchases and transaction costs. The study concludes that procurement planning positively influences operational efficiency; however, its effectiveness depends on strengthened implementation, stakeholder coordination, and system integration. The study recommends automation of procurement processes, enhanced end user training, and closer alignment between procurement planning and budgeting to improve compliance and efficiency.

Keywords: Procurement Planning; End User Requisitions; Operational Efficiency; Insurance Companies; Stakeholder Coordination

1. Introduction

Procurement planning is a foundational component of effective supply chain and operations management, enabling organizations to anticipate demand, allocate resources efficiently, and coordinate procurement activities in line with strategic objectives. In service oriented organizations such as insurance companies, procurement planning is particularly important due to reliance on timely acquisition of services, information technology, and operational support functions.

Despite the recognized importance of procurement planning, many organizations continue to experience misalignment between approved procurement plans and end user requisitions. Such misalignment often results in delayed service delivery, increased procurement costs, and operational inefficiencies. In the Zambian insurance sector, limited empirical evidence exists on how procurement planning influences end user requisition behavior and operational efficiency. This study addresses this gap by examining procurement planning practices at Madison Life Insurance Company in Lusaka.

2. Literature Review, Theoretical Framework and Research Gap

2.1 Literature Review

Procurement planning is widely recognized as a strategic mechanism for aligning organizational needs, budgets, and procurement execution, thereby improving value for money, reducing reactive purchasing, and enhancing operational performance (Monczka et al., 2020; Lysons & Farrington, 2020). In many organizations, weak procurement planning is associated with delayed procurement cycles, budget overruns, and inefficient service delivery, particularly where demand forecasting and cross-departmental coordination are limited (Obura, 2020; Kihara & Ngugi, 2013).

Empirical studies show that procurement planning influences performance outcomes through improved scheduling, needs identification, cost estimation, and stakeholder participation (Udoba & Mwalukasa, 2025; Oenga et al., 2022). Studies also emphasize that end-user involvement in procurement planning and decision-making significantly affects purchasing performance, including specification quality, planning accuracy, and compliance (Onchiri & Kwasira, 2016; Torvinen & Ulkuniemi, 2016).

However, much of the literature is concentrated in public sector and manufacturing contexts, with limited evidence from private service organizations such as insurance companies in developing economies. This creates uncertainty regarding how procurement planning influences operational efficiency in insurance firms where services, technology, and operational support drive requisition patterns (Croom et al., 2018; Institute, 2022).

Research gap: While prior studies confirm that procurement planning improves performance, limited empirical work examines the interaction between procurement planning, end-user requisitions, and operational efficiency within insurance companies in Zambia. This study addresses that gap.

2.2 Theoretical Framework

This study is anchored on three complementary theories:

Stakeholder Theory argues that organizational performance depends on effective coordination among stakeholders whose interests affect decisions and outcomes (Freeman et al., 1984). In procurement planning, coordination between procurement, finance, end-users, and suppliers determines adherence, responsiveness, and service continuity.

Resource-Based View (RBV) explains that sustained performance advantage is driven by unique organizational capabilities such as procurement skills, systems, routines, and technology (Barney, 1991). Therefore, digitization, staff capability, and standardized planning routines influence whether procurement planning translates into operational efficiency.

Transaction Cost Economics (TCE) posits that organizations structure transactions to minimize uncertainty and costs such as emergency buying, re-work, monitoring and negotiation costs (Williamson, 1979). From this lens, strong procurement planning reduces emergency purchases and improves cost predictability through standardized processes.

2.3 Hypothesis

In this study, Procurement Planning (planning frequency, plan communication/familiarity, perceived effectiveness, and adherence mechanisms) influences Operational Efficiency outcomes (time management, cost savings, resource allocation, and reduced emergency purchasing). Accordingly:

- Higher procurement planning frequency and familiarity are positively associated with procurement plan adherence.
- Higher perceived effectiveness of procurement planning is positively associated with end-user satisfaction and operational efficiency outcomes.
- Higher adherence to procurement plans is associated with reduced emergency purchasing (transaction cost reduction).

3 Research Methodology

The study adopted an explanatory sequential mixed methods design guided by a pragmatic research philosophy. Quantitative data were collected through structured questionnaires administered to 90 employees from procurement, finance, IT, and end user departments at Madison Life Insurance Company. Descriptive statistics and correlation analysis were used to examine procurement planning practices, adherence levels, and efficiency outcomes.

Qualitative data were collected through semi structured interviews with selected key informants to explain and contextualize quantitative findings. Ethical considerations including informed consent, confidentiality, and voluntary participation were strictly observed throughout the study.

4 Results and Discussion

4.1 Response Rate

A total of 90 questionnaires were valid for analysis (n=90). Item-level missing responses resulted in minor variation in

valid N for some correlation tests.

4.2 Procurement Planning Practice and Awareness

Most respondents confirmed that the organization has a documented procurement plan (85%). Respondent familiarity with procurement plans was 45% very familiar, 35% somewhat familiar, and 20% not familiar.

4.3 Frequency of Procurement Planning and Perceived Effectiveness

Procurement planning frequency was reported as always (52.2%), often (38.9%), with a small minority indicating rare/never. Perceived effectiveness was rated effective (39%), very effective (31%), and ineffective (6%).

4.4 Adherence and Drivers of Off-Plan Requisitions

Adherence was inconsistent: 28% reported plans are always adhered to, while 47% reported often adhered to. Key drivers of deviations included budget constraints (56.7%), unforeseen operational needs (53.3%), and communication breakdowns (38.3%). Reasons for off-plan requisitions were led by urgent operational needs (71.7%), lengthy approvals (30%), and limited awareness (26.7%).

4.5 Inferential Results (Correlation Tests)

Spearman correlation showed:

Perceived effectiveness ↔ End-user satisfaction: $\rho = 0.563$, $p < 0.001$, $N=84$

Planning frequency ↔ Adherence: $\rho = 0.505$, $p < 0.001$, $N=88$

Familiarity ↔ Adherence: $\rho = 0.449$, $p < 0.001$, $N=82$

Pearson test indicated adherence was significantly associated with agreement that planning reduces emergency purchases ($r = 0.309$, $p = 0.003$, $N=88$).

Table 1: Summary of Key Descriptive Results

Measure	Key Result
Existence of procurement plan	85% confirmed
Planning frequency	Always 52.2%; Often 38.9%
Adherence	Always 28%; Often 47%
Top deviation drivers	Budget 56.7%; Unforeseen needs 53.3%; Communication gaps 38.3%
Top off-plan reasons	Urgent needs 71.7%; Long approvals 30%; Low awareness 26.7%

Table 2: Significant Correlation Results

Relationship	Statistic
Perceived effectiveness ↔ Satisfaction	$\rho=0.563$, $p<0.001$
Planning frequency ↔ Adherence	$\rho=0.505$, $p<0.001$
Familiarity ↔ Adherence	$\rho=0.449$, $p<0.001$
Adherence ↔ Reduced emergency purchases	$r=0.309$, $p=0.003$

4.6 Discussion

The results demonstrate that procurement planning is institutionalized (high plan existence and frequent planning), yet adherence remains inconsistent, suggesting that implementation, not plan formulation, is the primary constraint. This aligns with procurement literature showing that procurement plans can exist without guaranteeing compliance where enforcement, coordination, and responsiveness are limited (Lysons & Farrington, 2020; Obura, 2020).

The finding that urgent operational needs and budget constraints drive deviations supports arguments that procurement planning must be integrated with budgeting and reviewed periodically to reflect changing operational demand (Udoba & Mwalukasa, 2025; Yornu et al., 2021). From a Stakeholder Theory perspective, communication gaps and lengthy approvals reflect stakeholder coordination failures between end-users, procurement, and finance (Freeman et al., 1984).

The positive association between planning effectiveness and satisfaction, and between planning frequency/familiarity and adherence, suggests that improving planning quality and communication increases compliance. This is consistent with end-user involvement studies which show that when users understand plans and are engaged, compliance and purchasing performance improve (Onchiri & Kwasira, 2016; Torvinen & Ulkuniemi, 2016).

Finally, the significant association between adherence and reduced emergency purchasing supports Transaction Cost Economics: structured planning reduces costly reactive procurement and uncertainty, improving operational efficiency (Williamson, 1979). RBV further indicates that adopting integrated e-procurement systems and strengthening procurement capabilities can institutionalize these gains (Barney, 1991).

5 Conclusions and Recommendations

The study concludes that procurement planning has a significant positive effect on end user requisitions and operational efficiency within insurance companies. While formal procurement plans exist, their effectiveness is constrained by implementation challenges and weak stakeholder coordination.

The study recommends automation of procurement planning and requisition processes, regular training and sensitization of end users, integration of procurement planning with budgeting processes, and streamlined approval workflows. These measures can enhance adherence, reduce transaction costs, and improve operational efficiency. Future studies may expand the scope to multiple insurance companies or adopt longitudinal designs to assess long term effects.

Declaration of Competing Interests

The authors declare that they are not aware of any competing financial interests or personal relationships that may have influenced the work described in this document.

Funding

This research did not receive specific grants from any public, commercial, or non-profit sector funding bodies.

Acknowledgements

The author would like to offer my heartfelt gratitude to everyone who made a contribution to this research

Ethical considerations

The article followed all ethical standards appropriate for this kind of research.

References

- Arredondo, C. R. & Tanco, J. A. A., 2021. Supply Chain Management. Some reflections to improve its influence in business strategy.
- Bailey, P., farmer, D., Crocker, B. & Jessop, D., 2018. Procurement Principles and Management. 12th ed. s.l.:Pearson.
- Bals, L., & Turkulainen, V. (2017). Achieving efficiency and effectiveness in purchasing and supply management: Organization design and outsourcing. *Journal of Purchasing and Supply Management*, 23(4), 256–267. <https://doi.org/10.1016/j.pursup.2017.06.003>
- Bals, L., Schulze, H., Kelly, S. & Stek, K., 2019. Purchasing and supply management (PSM) competencies: Current and future requirements, *Journal of Purchasing and Supply Management*.
- Barney, J. B., 1991. Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), pp. 99-120.
- Creswell, J. & Creswell, J., 2017. Research design: Qualitative, quantitative, and mixed methods approach. s.l.:Sage Publications.
- Croom, S. & al, e., 2018. Impact of social sustainability orientation and supply chain practices on operational performance. *International Journal of Operations & Production ..*
- Crotty, M., 1998. The foundations of social research: meaning and perspective in the research process. 1st ed. London: Sage Publication.
- Denzin, N. & Lincoln, Y., 2011. The sage handbook of qualitative research .. s.l.:Thousand Oaks.
- Farrington, K. & Leiyan, K., 2016. Procurement Process and organizational performance among state corporations.
- Freeman, R., Gadde, P. & E, S. L., 1984. Strategic management: A stakeholder approach. s.l.:Pitman.
- Guba, E. G. & Lincoln, Y. S., 1994. Competing paradigms in qualitative research. *Handbook of qualitative research*, 105(2), pp. 163 - 194.
- IAZ, 2022. Industry Report, s.l.: Insurers Association of Zambia.
- Institute, S. R., 2022. World Insurance Report; 2022, Zurich : Swiss Re Institute Sigma, .
- Kihara, R. M., & Ngugi, G. K. (2013). Role of procurement planning on performance: A case at Nyayo Tea Zones Development Corporation. *International Journal of Social Sciences and Entrepreneurship*, 1(5), 714–727. [https://ou...essageItem | Outlook]
- Leenders, M. R., Fearon, H., Flynn, A. & Johnson, P., 2018. Purchasing and supply management. 16th ed. s.l.:McGraw-Hill Education.
- Lysons, K. & Farrington, B., 2020. Procurement and Supply Chain Management. 10th ed. London: Pearsons.
- Mitchel, R., Agle, B. & Wood, D., 2015. Stakeholder theory: Impact and Prospects. s.l.:Edward Elgar Publishing.
- Monczka, R. M., Handfield, R., Giunipero, L. & Patterson, J. L., 2020. Purchasing and Supply Chain Management. 7th ed. South-Western: Cengage Learning.
- Monczka, R., Handfield, R., Giunipero, L. C. & Patterson, J., 2021. Purchasing and supply chain management.

s.l.:Cengage Learning.

- Naylor, J., 2012. *Introduction to Procurement Management*. 3rd ed. s.l.:S.I Prentice Hall.
- Obura, C. O. (2020). Procurement planning: The principle of sound balance between procurement control and achieving value for money. *International Academic Journal of Procurement and Supply Chain Management*, 3(2), 19-27. https://www.iajournals.org/articles/iajpscm_v3_i2_19_27.pdf [scholar.google.com]
- Oenga, N. O., Thogori, M., & Wabwire, J. M. (2022). Influence of procurement plan on the effectiveness of procurement process among public universities in Eastern Region, Kenya. *International Journal of Economics, Business and Management Research*, 6(2). <https://doi.org/10.51505/IJEBMR.2022.6207> [scispace.com]
- Onchiri, B. M., & Kwasira, J. (2016). Influence of end users involvement in procurement decision making on purchasing performance at Kenya Police College, Kiganjo. *Journal of Investment and Management*, 5(6), 115-121. <https://doi.org/10.11648/j.jim.20160506.14> [article.sc...encepg.com]
- Onyango, C. J., 2012. effects of Procurement Planning on Institutional Performance: A case study of Mombasa Law Court. *International Journal of Science and Research*, 358(3), pp. 2319-7064.
- PPADA, 2012. *Public Procurement and Disposal General Manual (PPADA)*. s.l., Government Press.
- Samuel, A., 2012. "Design-Build Procurement Approaches". In Shorney-Darby, Holly. *Design-build for Water and Wastewater Projects*. Public Procurement and Disposal General Manual (PPADA); s.l.: American Water Works Association.
- Schapper, R., 2012. Benchmarking in public procurement. *An International Journal*, 15(6), pp. 782-793.
- Slack, N., Brandon-Jones, A. & RJ, A., 2018. *Operations Management*. 8th ed. s.l.:Pearson.
- Torvinen, H., & Ulkuniemi, P. (2016). End-user engagement within innovative public procurement practices: A case study on public-private partnership procurement. *Industrial Marketing Management*, 58, 58-68. <https://doi.org/10.1016/j.indmarman.2016.05.015> [oulurepo.oulu.fi]
- Udoba, B. N., & Mwalukasa, B. E. (2025). The effects of procurement planning on public procurement performance. *Asian Journal of Management Entrepreneurship and Social Science*, 5(1). [https://ou...essageItem | Outlook]
- Walker, D., 2013. *Procurement systems: A cross-industry project management perspective*, London.
- Williamson, O. E., 1979. Transaction-cost economics: The governance of contractual relations. *Journal of Law and Economics*, 22(2), pp. 233- 261.
- Yornu, I., Yamoah, L. E. & Dadzie, E. B., 2021. Evaluating how procurement planning affects cost reduction. *African Journal of Procurement, Logistics & Supply Chain Management*, 4(2), pp. 15-46.
- Zacharia, M. S. & Smith, Z. G. &, 2019. *Defining Supply Chain Management: In the Past, Present, and Future*. *Journal of Business Logistics*.