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PROCUREMENT BECOMING INCREASINGLY STRATEGIC: HOW HAS THE GENERAL DATA PROTECTION REGULATION FURTHER AFFECTED THE FUNCTION AND ITS PRACTITIONERS?

Taoufik Samaka

ABSTRACT: The procurement function is becoming increasingly strategic in business organizations. This article explores whether the EU General Data Protection Regulation (GDPR) has further shifted the role and responsibilities of procurement within the privacy framework. This research has been conducted as a cross-sectional study with triangulation as a mixed-methods research design and pragmatism as a paradigm. The study employs a deductive approach on a sample totaling 276 participants, for which the sampling strategy consisted of a combination of the convenience and snowball methods. Data were collected using an online self-completion questionnaire. The survey was administered through the SurveyMonkey tool. Quantitative data were analyzed using IBM SPSS Statistics Version 25, while the qualitative data were analyzed using thematic analysis assisted by NVivo R1.0.

The study suggests that the procurement role has become more strategic within the privacy framework following the introduction of the GDPR. The role was found to be more significant within large businesses and firms with a centralized or hybrid procurement setup. The present study aims primarily to fill a gap in the literature by examining how the procurement function has been impacted by the recent changes in the European privacy law. The findings will also help business stakeholders to be aware of the impact of this shift on the procurement role and responsibilities. A few limitations should be mentioned. Firstly, the sampling strategy may raise concerns regarding a lack of generalizability and sample bias. Additionally, the participants predominantly work in large firms operating in the private sector.

KEYWORDS: procurement, purchasing, supply chain management, outsourcing, GDPR, privacy.

There is a consensus among scholars that the procurement function is becoming increasingly strategic in organizations because of an ever-changing business environment and the emergence of new business concepts and economic trends, such as the outsourcing
and digitalization of business operations (implying the transfer and share of personal data with business partners). At the same time, in the current e-economy, which is mainly driven by rapid technological advances and globalization, privacy has become a growing supply chain concern. However, privacy concerns are not a new phenomenon (Langenderfer & Miyazaki, 2009), but as the evolution of the concept of information privacy has followed the rapid evolution and sophistication of information technology (Langenderfer & Miyazaki, 2009; Smith, Dinev & Xu, 2011), the advent of the information age has increased concerns about information privacy (Ibid).

To strengthen control over the way personal data are used, the General Data Protection Regulation (GDPR) has placed new demands on firms and their suppliers. Scholars have argued that these new requirements and demands add a new dimension to the way procurement fits within businesses, adds strategic value, and contributes to a firm's success.

The present study explores the impact that the GDPR has on the procurement role and its responsibilities and aims to fill a literature gap by analyzing the changing role of procurement from a perspective that is poorly addressed in the literature: the privacy framework. The study also aims to help business stakeholders better understand the impact that the GDPR has on the procurement role and responsibilities.

With the purpose of guiding the research, the following research question was established:

Given the direct obligations (set by the GDPR) on business organizations, and much stricter controls for organizational supply chains (also set by the GDPR), and considering procurement as ‘the business management function that ensures identification, sourcing, access and management of the external resources’ (CIPS Australia, 2006, p.5), has there been a shift in the functional role and responsibilities of procurement (within the privacy framework) following the GDPR taking effect compared to before its enforcement?

**Article structure**

The present paper is organized as follows: The author begins with a short introduction to the problem and the purpose of the present research, followed by a literature review in which the author explores and synthesizes the previous work on the main concepts addressed in this research. At the end of the literature review, the hypotheses are presented together with the conceptual framework, which is followed by the methodology chapter. The results of the research are then presented and discussed. Following this, the managerial and theoretical implications of the research as well as the limitations and directions for future research are addressed. In the final chapter, the author shares his conclusions.

**Research framework**

The approach of this study is deductive because it commences from the supposition that the procurement function has been impacted by the GDPR. Four hypotheses are developed regarding the subsequent impact that the GDPR has had on the procurement function and its practitioners and the extent of this impact. The collection method for gathering the data to test the hypotheses and ultimately confirm or reject them is defined. These steps in the described sequence represent the deductive approach to research. A cross-sectional study design has also been used because the study aims to collect data at a single point in time as the author is interested in identifying
variations among the surveyed population (Bryman & Bell, 2011).

The sample consisted of 276 participants, using a combination of convenience and snowball methods as the sampling strategy. To gather data, the author opted for an online survey using a self-administered questionnaire. The survey was conducted between February 2019 and April 2020 using the SurveyMonkey platform.

In terms of the methodology, a mixed-methods design was selected to assist in data triangulation (concurrent triangulation) and balance the eventual weaknesses of the quantitative and qualitative methods when used separately. The validating quantitative data method was selected over other triangulation methods, as in the research design a greater emphasis was placed on the quantitative method using a structured questionnaire. The findings from the qualitative data (answers to open-ended questions) were used to validate the results from the quantitative method.

The quantitative data were analyzed using IBM SPSS Statistics Version 25, while the qualitative data were analyzed using thematic analysis assisted by NVivo R1.0. To determine the necessary sample sizes to detect medium effects for the performed tests, a priori power analyses were conducted using G*Power (Version 3.1).

**PROCUREMENT SHIFT FROM CLERICAL TO STRATEGIC FUNCTION**

There is a consensus among academics that procurement has evolved from a purely administrative and clerical function to a function of strategic importance to businesses. This evolution is well documented in the literature based on scholars’ observations during the past two decades (Ellram & Carr, 1994; Gadde & Häkansson, 1994; Spina et al., 2013; Giunipero & Pearcy, 2000; Humphreys, McVor & McAleer, 2000; Monczka et al., 2010; Tassabehji & Moorhouse, 2008; Zheng et al., 2007).

Early in the 1970s, scholars stated that purchasing could be described as an administrative rather than a strategic function. The importance of the function gained significant attention in 1973-74 during the oil crisis and related raw material shortage. The 1980s were characterized by a shift in attitudes toward a role for procurement in corporate strategies. In the early 1990s, the focus of scholars shifted toward integration and the way procurement could operate to be recognized as a key contributor to an organization’s success. Freeman and Cavinato cited in Ellram, and Carr (1994) suggested that procurement’s organization, role, and capabilities must align and follow the firm’s evolution. Monczka et al. (2010) consider that purchasing has been affected by more changes over the past few years than over the last century. They concluded that the purchasing function in the 21st century will become increasingly important and that the reshaping of its role will continue in response to the changes faced by today’s global economy and because of technological advances.

This evolution comes because of the changing business environment and the rise of new paradigms (such as outsourcing; Dhar and Balakrishnan, 2006; Kakabadse and Kakabadse, 2005; Olson and Wu, 2011, Salanta, Lungescu & Pampa, 2011) and the emergence of other macroeconomic mega-trends, for example, globalization, e-commerce, and digitalization. In addition, the growth of the Internet and the sophistication of technology that is advancing at a rapid pace have transformed both the economy and social life, presenting new challenges to business organizations which are experiencing rapid transformation (Giunipero & Pearcy, 2000; Johnson & Leenders, 2006; Kakabadse & Kakabadse, 2005; Spina et al., 2013; Tassabehji & Moorhouse, 2008; Weele & Rozemeijer, 1996; Zheng et al., 2007).
Therefore, the continuous changes occurring in the business environment and to business practices have had an impact on the role and responsibilities of procurement, hence, enacting a shift from being responsible for operational activities to become in charge of strategic and business critical ones (Zheng et al., 2007). The procurement function has been required to enlarge its scope and be more proactive with broadened skills, with the aims of achieving competitive advantage, adding value to business organizations (Carr & Smeltzer cited in Kineses (2017); Weele & Rozemeijer, 1996; Zheng et al., 2007) and embracing a broader set of objectives.

Weele and Rozemeijer (1996) consider that procurement is required to bring increased value to their organizations because of the ongoing change in the business environment. They recognize a significant shift in the role and position of procurement in many large organizations, causing particularly the primary tasks of procurement, responsibilities, and competences to be redefined.

**DISPARITIES IN THE EVOLUTION OF THE PROCUREMENT FUNCTION**

Private versus public sectors

Research on the purchasing discipline has historically been dominated by the private sector (Zheng et al., 2007). Scholars have found that procurement roles and responsibilities significantly differ when benchmarked in public and private sector firms, and that the function is poorly recognized in public organizations, though its strategic role is starting to grow as the function moves from being reactive to a more proactive approach.

Centralized versus decentralized procurement

Organizations have different approaches to the way the procurement function should be organized. Centralized, decentralized and hybrid organizational structures are documented in previous research together with their respective advantages. According to Zheng et al. (2007), the study by Johnson et al. (2002) revealed that the industry context and purchasing organizational structure were related to the strategic role played by purchasing and that the purchasing strategic role declined as procurement became more decentralized.

Large versus small and medium-sized enterprises

Zheng et al. (2007) suggested the structure and role of procurement in small and medium-sized enterprises (SMEs) was different to those in large businesses as procurement tended to be fragmented and non-strategic. They recognized a gap in the research on the PSM discipline in SMEs and suggested the function was more structured and better organized in large firms than in SMEs, where the function was generally viewed as a low priority. According to the authors, studies have reported that few SMEs have dedicated purchasing organizations and that the procurement tasks are often included in the owners/managers’ duties.

**GENERAL DATA PROTECTION REGULATION BRINGS NEW CHANGES**

Today’s e-economy, mainly driven by rapid technological advances and globalization, has created new challenges for the protection of personal data (Densmore, 2013; Regulation (EU) 2016/679). The scale of the collection and sharing of personal data has increased significantly (Regulation
(EU) 2016/679), making it impossible to imagine that in today’s digital age, one could perform any daily online transaction without sharing personal data.

Policy makers around the world, and in Europe in particular, have joined forces with privacy stakeholders to actualize and reinforce the existing privacy laws. The European GDPR, which came into effect on 25th May 2018 and that was described as the most revolutionary privacy law in recent decades, strengthens and sets out in detail the rights of data subjects and the obligations of those who process and determine the processing of personal data (Regulation (EU) 2016/679). The new regulation establishes direct obligations and much stricter controls onto organizations’ suppliers – “processors” down the supply chain – without exonerating or reducing the liability of business organizations (‘controllers’) to their customers (Williamson, 2017). According to Williamson (2017), 80% of information breaches occur within the supply chain. Jacobs (2017) shared another number, based on a survey by Opus, demonstrating that over 56% of data breaches in 2017 were caused by third parties.

Under the new law, companies have certain obligations related to their third-party management, for example, conducting due diligence of their suppliers, ensuring that appropriate contract terms are in place, and controlling and monitoring their vendors to ensure that the data processing is in line with the applicable law and the terms of the contract. While business organizations can still outsource personal data processing, they cannot outsource the liability, and thus the strict and close management of third-party relationships is extremely important (Crown Commercial Service, 2017; Ross, 2017; Williamson, 2017).

By setting stricter obligations and requirements, the GDPR redefines the way organizations and the procurement function should manage their supplier bases. As a matter of fact, the procurement function is required to directly contribute to the company’s privacy framework through its participation in a Data Protection Impact Assessment (DPIA) by providing relevant supplier information to assess potential risks inherent in the outsourcing. In addition, it must carry out adequate due diligence on the suppliers to check their GDPR compliance, ensure that selected suppliers provide sufficient guarantees to implement appropriate technical and organizational measures that meet GDPR requirements, ensure there are rights of audit within the contract and continuously monitor and audit the suppliers throughout the contact/data processing life cycle to ensure that processing is carried out according to the legal provisions and applicable regulations. The procurement function also needs to identify the recipients of personal data, including sub-processors, and ensure that sub-processing takes place only with the specific authorization of the controller (Crown Commercial Service, 2017; Jacobs, 2017; Williamson 2017).

In the case of breaches and litigation, parties, and privacy stakeholders (including the regulator) refer to the contract governing the supplier–buyer relationship and the data processing subject of the contract scope. Hence, the contract language has become extremely important, and the reason why the procurement function should ensure that it scrupulously defines each party’s responsibilities and obligations and provides clear instructions on the data processing activity to take place.

The emphasis on potential risks from suppliers places procurement in the forefront within the privacy framework for the first time (Jacobs, 2017). Consequently, the GDPR may indeed represent a platform through which procurement further raises its profile.
THEORETICAL MODEL AND CONCEPTUAL FRAMEWORK

The present study aims to investigate the impact that the GDPR had/has on the procurement function (Fig. 1).

![Diagram of GDPR and Procurement Function]

Figure 1: Research theoretical model.

The present study is particularly concerned with the impact that the GDPR has on (1) procurement roles and responsibilities and (2) the importance of the role the function plays within the privacy framework. Figure 2 represents the study’s conceptual framework.

![Diagram of GDPR and Changes in Procurement Function]

Figure 2: The GDPR and changes in the procurement function conceptual framework.

When investigating these questions, the author considers the differences between large businesses and SMEs, and between the different procurement organizational models adopted by firms, namely centralized, decentralized and hybrid modes.
The author considers the core elements of this research to be the following: (1) procurement is of growing importance and regarded as a strategic activity/function in businesses; however, the author assumes that (2) this was not the case within the privacy framework before the introduction of the GDPR. He argues that (3) the GDPR has created new challenges in the way organizations manage their supply chains, thus, placing new demands on the procurement function. These new demands have had (4) impact on the procurement roles and responsibilities and (5) lifted/levelled up the status of the function within the privacy framework compared to the before the enforcement of the GDPR.

Figure 3 represents the research problem in a tree-view nature.

**Figure 3: The tree-view nature of the problematic. Source: Adapted from Digout, Senechal & Salloum (2019, p.126).**

**THE RESEARCH VARIABLES**

**Dependent variables**

DV1: Procurement roles and responsibilities
DV2: Importance of procurement role
Independent variables
IV1: GDPR

Control variables
CV1: Business size
CV2: Procurement operating model

RESEARCH HYPOTHESES

Table 1 presents the research hypotheses and the validation method used.

<table>
<thead>
<tr>
<th>N° Hypothesis</th>
<th>Hypothesis</th>
<th>Validation method</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>H1a: Roles and responsibilities of the procurement function have <strong>changed after</strong> the introduction of the GDPR. H1b: The <strong>expectations</strong> of the privacy stakeholders of the procurement function <strong>have increased after</strong> the introduction of the GDPR.</td>
<td>Triangulation (QUANTI+quali), descriptive+inferential statistics</td>
</tr>
<tr>
<td>H2</td>
<td>The <strong>role of the procurement</strong> function (within the privacy framework) has shifted from a smaller to a <strong>more important role</strong>.</td>
<td>Triangulation (QUANTI+quali), descriptive+inferential statistics</td>
</tr>
<tr>
<td>H3</td>
<td>There is a <strong>relationship</strong> between the shift (in procurement role and responsibilities) and the <strong>size of the business</strong> (to whom the procurement belongs).</td>
<td>Descriptive + inferential statistics</td>
</tr>
<tr>
<td>H4</td>
<td>There is a relationship between the shift (in procurement role and responsibilities) and the procurement operating model (centralized or hybrid vs. decentralized).</td>
<td>Descriptive + inferential statistics</td>
</tr>
</tbody>
</table>

*Table 1: Research hypotheses.*

ORGANIZATION OF VARIABLES

Figure 4 visually summarizes the operationalization of the study’s variables.
Figure 4: Operationalization of Role, Responsibilities, and Skills variables to measure organizational change. Source: Adapted from Digout, Senechal & Charbel (2019, p.184).

QUANTITATIVE METHOD

Quantitative data coding process

To code the collected data, the coding protocol presented in Table 2 was followed.

Table 2: Quantitative data coding protocol.

<table>
<thead>
<tr>
<th>Question</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>* 1. Profession: Please specify the function you belong to today</td>
<td>Code</td>
</tr>
<tr>
<td>Legal &amp; Privacy</td>
<td>1</td>
</tr>
<tr>
<td>IT &amp; IT Security</td>
<td>2</td>
</tr>
<tr>
<td>Procurement</td>
<td>3</td>
</tr>
<tr>
<td>Audit</td>
<td>4</td>
</tr>
<tr>
<td>Sales, Communication &amp; Marketing</td>
<td>5</td>
</tr>
<tr>
<td>Human Resources</td>
<td>6</td>
</tr>
<tr>
<td>Operations &amp; Project Management</td>
<td>7</td>
</tr>
<tr>
<td>General Management</td>
<td>8</td>
</tr>
<tr>
<td>several of above</td>
<td>9</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>10</td>
</tr>
</tbody>
</table>
### 2. Industry: Please specify your sector of activity

<table>
<thead>
<tr>
<th>Industry</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecom</td>
<td>1</td>
</tr>
<tr>
<td>Banking, Finance</td>
<td>2</td>
</tr>
<tr>
<td>Business Consulting</td>
<td>3</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4</td>
</tr>
<tr>
<td>Retail</td>
<td>5</td>
</tr>
<tr>
<td>IT Technology</td>
<td>6</td>
</tr>
<tr>
<td>Healthcare &amp; Insurance</td>
<td>7</td>
</tr>
<tr>
<td>Mass Media</td>
<td>8</td>
</tr>
<tr>
<td>Hospitality</td>
<td>9</td>
</tr>
<tr>
<td>Education</td>
<td>10</td>
</tr>
<tr>
<td>Legal services</td>
<td>11</td>
</tr>
<tr>
<td>Several of above</td>
<td>12</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>13</td>
</tr>
</tbody>
</table>

### 3. Seniority Level

<table>
<thead>
<tr>
<th>Seniority Level</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>I don't have any resource reporting to me</td>
<td>1</td>
</tr>
<tr>
<td>I am head of team</td>
<td>2</td>
</tr>
<tr>
<td>I am a head of department that consists of many teams</td>
<td>3</td>
</tr>
<tr>
<td>I am executive manager (managing many departments)</td>
<td>4</td>
</tr>
</tbody>
</table>

### 4. Geography: Please specify the country where you job is located

<table>
<thead>
<tr>
<th>Geography</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>1</td>
</tr>
<tr>
<td>Americas</td>
<td>2</td>
</tr>
<tr>
<td>Asia</td>
<td>3</td>
</tr>
<tr>
<td>Africa</td>
<td>4</td>
</tr>
<tr>
<td>Oceania</td>
<td>5</td>
</tr>
<tr>
<td>Several or Global</td>
<td>6</td>
</tr>
</tbody>
</table>

### 5. Size of Business: How big is your Company (by number of employees)

<table>
<thead>
<tr>
<th>Size</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10 employees (micro business)</td>
<td>1</td>
</tr>
<tr>
<td>11-50 employees (small business)</td>
<td>1</td>
</tr>
<tr>
<td>51-250 employees (medium business)</td>
<td>1</td>
</tr>
<tr>
<td>&gt;250 employees (large business)</td>
<td>2</td>
</tr>
</tbody>
</table>
6. Outsourcing: Does your Company outsource personal data processing to a third party? (Could be even by having your data on an external cloud, or by using a third-party IT systems)

Yes 1
No 2

7. The Procurement Function in your company: Does the procurement Function stand as separate and independent department (centralized) in your Company?

Yes, Procurement is separate and independent department (centralized) 1
Hybrid setup 1
No, we don’t have separate Procurement department, each department handles its own purchases 2

8. In your company, within the data protection framework, did you notice any change in the roles and responsibilities of the procurement function in the recent years?

Yes 1
No 2
If your answer is Yes (you noticed a change), could you please describe it in few words Qualitative

9. Do you think the expectations that the stakeholders (Privacy, legal, IT Security, Internal Audit, Risk & Compliance functions) have on the procurement function increased after GDPR law introduction?

Yes 1
No 2
unanswered (question introduced after 4 participations) 999
if your answer is Yes, could you describe few new expectations that came after GDPR law introduced Qualitative

10. Which of the below statements is the closest to your view, regarding the procurement role and responsibilities in your company’s data protection/privacy framework, if we consider the period before 2016 (before GDPR introduction)

Procurement Played a central and strategic role 5
Procurement role was considered as equal as other contributors 4
Procurement played a less important role than other contributors (for instance compared to legal, privacy, IT security functions) 3
Procurement played a marginal role (provide support upon request) 2
Procurement didn’t play any role 1
11. Which of the below statements is the closest to your view, regarding the procurement role and responsibilities in the company(business) data protection/privacy framework, if we consider the period after 2018 (after GDPR introduction)

<table>
<thead>
<tr>
<th>Code</th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Procurement Plays a central and strategic role</td>
</tr>
<tr>
<td>4</td>
<td>Procurement role is considered as equal as other contributors</td>
</tr>
<tr>
<td>3</td>
<td>Procurement plays a role that is less important than other contributors (for instance compared to: legal, privacy, IT security functions)</td>
</tr>
<tr>
<td>2</td>
<td>Procurement plays a marginal role (provide support upon request)</td>
</tr>
<tr>
<td>1</td>
<td>Procurement doesn’t play any role</td>
</tr>
</tbody>
</table>

Once the data coding process was concluded, the data were analyzed using IBM SPSS Statistics Version 25.

**STATISTICAL APPROACH**

The statistical approach of this study is presented in Table 3.

*Table 3: Statistical approach.*

<table>
<thead>
<tr>
<th>Hypothesis/Testing</th>
<th>Variable category</th>
<th>Descriptive statistics</th>
<th>Inferential statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1, H2</td>
<td>One nominal variable</td>
<td>Frequency distribution</td>
<td>Chi-square test of goodness-of-fit</td>
</tr>
<tr>
<td>H3</td>
<td>Two interval scale variables</td>
<td>Mean, standard deviation</td>
<td>Dependent sample t-Test</td>
</tr>
<tr>
<td>H4</td>
<td>One nominal variable x three interval scale variables</td>
<td>Mean, standard deviation</td>
<td>One-way ANOVA</td>
</tr>
<tr>
<td>H5</td>
<td>One nominal variable</td>
<td>Frequency distribution</td>
<td>Chi-square test of goodness-of-fit</td>
</tr>
<tr>
<td>H6</td>
<td>Seven nominal variables</td>
<td>Frequency distribution</td>
<td>Cochran’s Q test, post-hoc test (pairwise comparisons), Bonferroni correction</td>
</tr>
</tbody>
</table>

For the data analysis, only participants who work for companies outsourcing personal data processing (screening question Q6) were considered (-80). Additionally, four respondents (Table 2) who responded ‘Yes’ to Q6 provided ambiguous answer to the follow-up questions, therefore, these answers were excluded from the data analysis (-4). Consequently, the final sample consisted of (360 - 80 - 4) 276 participants in total.

To determine sample sizes necessary to detect medium effects for the tests performed, a priori power analyses were conducted using G*Power (Version 3.1; Faul et al., 2007). The sample size of the current study (N = 276) exceeded the minimum sample sizes for all tests.
QUALITATIVE METHOD

The qualitative data in the present study consisted of two open-ended questions that served as follow-up questions to the close-ended questions. The two open-ended questions provided the possibility to collect some interesting insights as to why a respondent chose one pre-defined answer option over the others in relation to the close-ended questions. They also provided the respondents with the opportunity to support and discuss their choices. Both open-ended questions were designed in such a way that the participants were able to report their responses freely without space limitations.

To analyze the qualitative data, the author adopted the thematic analysis approach, which is a six-phase approach adapted from Braun and Clarke (2006 in Gray, 2017), assisted by NVivo R1.0. The same sample (276 responses) used in the quantitative method was used in the qualitative method as both data sets were collected using the same instrument. However, it is important to mention that of the 276 respondents, only 157 answered ‘Yes’ to Question 8 (there has been a change in procurement roles and responsibilities), and 190 answered ‘Yes’ to Question 9 (the expectations of privacy stakeholders have increased). The details are presented in Table 4.

Table 4: Distribution of qualitative responses for Q8 and Q9.

<table>
<thead>
<tr>
<th></th>
<th>n (yes)</th>
<th>% (yes)</th>
<th>n (no)</th>
<th>% (no)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in role and responsibilities of procurement [0 = no; 1 = yes]</td>
<td>157</td>
<td>56.9</td>
<td>119</td>
<td>43.1</td>
</tr>
<tr>
<td>Change in stakeholders’ expectations [0 = no; 1 = yes]</td>
<td>190</td>
<td>69.6</td>
<td>83</td>
<td>30.4</td>
</tr>
</tbody>
</table>

Out of the 157 who answered ‘Yes’ to Question 8, 129 provided an argument through the follow-up open-ended question for their answer, whereas 135 did so for Question 9 (out of 190 who answered ‘Yes’). After cleaning up the data, 116 responses related to Question 8 and 126 related to Question 9 were retained for further coding (see Figure 5 below).

Figure 5: Sample size of collected and retained qualitative answers.
Qualitative data coding process
Thematic mapping was used to map and visualize the themes that emerged from the coding process, that is, the themes were organized in hierarchical order under the overarching themes. The validity of the themes was checked against the relationship to the allocated codes, along with whether enough codes constituted/supported the theme. In some cases, themes were merged or broken down into separate themes.

Figures 6 and 7 represent the thematic mapping.

Figure 6: Theme hierarchy under ‘roles and responsibilities’ main category.

Figure 7: Theme hierarchy under ‘stakeholders’ expectations’ main category.

RESULTS AND DISCUSSION

Demographics
Two-thirds of the participants worked in Europe (177, 64.1%) or America (56, 20.3%), see Table 5.
Table 5: Respondents' work locations.

<table>
<thead>
<tr>
<th>Geography</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>177</td>
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<td>90,6</td>
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<td>97,1</td>
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<tr>
<td>Several or Global</td>
<td>8</td>
<td>2,9</td>
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<tr>
<td>Total</td>
<td>276</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>

Most of the participants worked in large businesses (227, 82.2%), see Table 6.

Table 6: Distribution of respondents by size of business (following OECD's definition).

<table>
<thead>
<tr>
<th>Business_Size</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
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<td>13</td>
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<tr>
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<td>16</td>
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<td>5,8</td>
<td>10,5</td>
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<tr>
<td>medium</td>
<td>20</td>
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<td>7,2</td>
<td>17,8</td>
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<tr>
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<td>82,2</td>
<td>82,2</td>
<td>100,0</td>
</tr>
<tr>
<td>Total</td>
<td>276</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>

In most companies, procurement was centralized (207, 75.0%), see Table 7.

Table 7: Distribution of respondents by procurement operation model in their respective companies.
Findings from descriptive statistics

As can be seen in Table 8, the role of procurement was descriptively rated as more important after (M = 3.86) the introduction of the GDPR than before (M = 3.20). More than half of the participants (56.9%) did notice a change in the role and responsibilities of the procurement function.

Table 8: Univariate descriptive statistics for the main study variables Note. N = 276, 1 N = 273.

<table>
<thead>
<tr>
<th></th>
<th>M</th>
<th>SD</th>
<th>min</th>
<th>max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement role before GDPR introduction [1 - 5]</td>
<td>3.20</td>
<td>1.19</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Procurement role after GDPR introduction [1 - 5]</td>
<td>3.86</td>
<td>0.95</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Change in procurement role (after – before) [-4 - 4]</td>
<td>0.67</td>
<td>1.06</td>
<td>-2</td>
<td>4</td>
</tr>
<tr>
<td>n (yes) % (yes) n (no) % (no)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in roles and responsibility of procurement [0 = no; 1 = yes]</td>
<td>157</td>
<td>56.9</td>
<td>119</td>
<td>43.1</td>
</tr>
<tr>
<td>Change in expectations of stakeholders¹ [0 = no; 1 = yes]</td>
<td>190</td>
<td>69.6</td>
<td>83</td>
<td>30.4</td>
</tr>
</tbody>
</table>

H1A: The role and responsibilities of the procurement function have changed after the introduction of the GDPR.

The findings from the quantitative analysis suggest that the role and responsibilities of the procurement function have changed following the introduction of the GDPR. According to the statistical analysis, a significantly greater number of participants (157, 56.9%) believe that the procurement role and responsibilities have changed (Fig. 8). This finding was confirmed through a chi-square goodness-of-fit test, \( \chi^2 (1, N = 276) = 5.23, p_{\text{exact}} < .05 \) (one-sided).

Figure 8: Percentage of participants who believe that the role and responsibilities of the procurement function have changed after the introduction of the GDPR law.
This confirms Hypothesis 1a (Roles and responsibilities of the procurement function have changed after introduction of the GDPR).

The findings from the qualitative analysis also support this finding. When searching the words ‘role’ and ‘responsibilities’ by using the text search query in NVivo, the search revealed that words used just before each of the searched terms were ‘procurement gained more’, ‘larger’, ‘more prominent’, ‘procurement plays a major’, ‘procurement has now bigger’, ‘procurement has a leading’, ‘procurement plays a vital’. All these words indicate that the scope of procurement within the privacy framework has been enlarged and that procurement plays a much greater role than before the GDPR enforcement in covering aspects such as compliance with the new regulation, privacy-related clauses in the suppliers’ contracts and supplier due diligence, which are words that were used immediately after the searched terms in the participants’ qualitative responses. The results of the search are presented as word trees (Fig. 9 and Fig. 10).

Figure 9: ‘Role’ word tree.

Figure 10: ‘Responsibilities’ word tree.

Quantifiers search query

This analysis consisted of examining the quantifier words because they would indicate changes (in roles and responsibilities, as well as in the stakeholders’ expectations) and the direction of those changes. In the 100 most frequently used words, quantifiers indicating small amounts (little, not much, not many, few, etc.) did not appear in the list. To determine that they were not
used by the respondents, a text query was run using each of the quantifiers for small quantities, which resulted in zero references for any of them. This result indicates that if there is a shift, it is not in the negative direction (a change to a lesser role and responsibilities or the expectations of the stakeholders being lowered). Quantifiers for large amounts were also checked (much, more, increase, high, additional, greater, and better). Some of these already existed in the list of frequently used words. In total, 57 quantifiers indicative of large quantities were counted representing almost 2% of the top 100 most frequently used words (Table 9).

Table 9: Sum of the frequencies of use of quantifiers of large quantities.

<table>
<thead>
<tr>
<th>Row</th>
<th>Quantifier</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
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<td>additional</td>
<td>16</td>
</tr>
<tr>
<td>45</td>
<td>increased</td>
<td>14</td>
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<tr>
<td>49</td>
<td>much</td>
<td>13</td>
</tr>
<tr>
<td>75</td>
<td>greater</td>
<td>8</td>
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<tr>
<td>93</td>
<td>better</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>57</td>
</tr>
</tbody>
</table>

A text query was also run to ascertain the context in which these quantifiers indicating large quantities had been used. The results of the queries are presented as a word tree in Figures 11, 12, 13, 14 and 15.

When looking at the word trees the additional responsibilities or tasks were related to the contractual process, due diligence process, privacy risk/impact assessment, cross-agency coordination, risk management and control of the suppliers throughout the supply chain.

![Figure 11: ‘Additional’ word tree.](image-url)
Figure 12: 'Increased' word tree.

Figure 13: 'Much' word tree.

Figure 14: 'Greater' word tree.
The results from the quantifier search queries and related word trees indicate that the role and responsibilities of the procurement function did contain some privacy-related aspects before the introduction of the GDPR. However, following the GDPR enforcement, these aspects were enlarged; hence, the procurement function now has additional tasks and responsibilities, and more is expected of the function by stakeholders. The answers from the respondents indicated that the shift of responsibilities (under the new law) to the suppliers (data processors) has entailed a shift of internal responsibilities to the procurement function.

From the word tree analyses, it appears that the additional procurement responsibilities or tasks are related to the contractual process, the due diligence process, privacy risk/impact assessments, cross-agency coordination, risk management and control of the suppliers throughout the supply chain. These results also suggest that the shift of responsibilities (under the new law) to the suppliers (data processors) has involved a shift of internal responsibilities to the procurement function.

Williamson (2017) and Ross (2017) detailed the new requirements and demands established by the new privacy regulation as (1) conducting due diligence of the suppliers, (2) ensuring that appropriate contract terms are in place, (3) being obliged to control and monitor one’s own vendors to ensure that data are being processed in accordance with the applicable data protection regulations and the terms established in the agreement, and (4) negotiating liability terms. They argued that these requirements added a new dimension to the issue of how purchasing fits within business organizations and how it adds strategic value and contributes to corporate success. This argument is supported by the answers of the respondents in the following paragraphs:

1. Supplier screening and due diligence. Respondent #71: ‘More responsibilities, especially concerning due diligence and data processing agreements’. Respondent #30: ‘More engaged with suppliers in ensuring the data protection requirements are carried out. Data protection is discussed as a key topic during supplier selection and due diligence’.

2. More contractual aspects and more precisely the ones related to data privacy, such as data processing agreement and negotiation of the liabilities and review of existing contract ensuring they are updated to reflect the new GDPR requirements and obligations. Respondent #327: ‘Privacy (data processing agreements) became part of the contract discussions’. Respondent #126: ‘More legal contract reviews, data processing agreements, data sharing agreements etc. Also getting involved in auditing data processors’.

4. The management, control and monitoring of the supply chain including suppliers and sub-suppliers. Respondent #127: ‘Increased involvement with third party processors to assess, negotiate and put in place DP agreements/addendum.’

5. The role also includes new responsibilities related to completing new tasks such as the privacy impact assessment (PIA). Respondent #242: ‘New responsibility to perform a PIA.’ Respondent #317: ‘The author are working with Procurement to include a Privacy Impact Assessment as part of their vendor onboarding process’.

6. The new responsibilities require greater collaboration with the stakeholders both internally and externally. Respondent #203: ‘More collaboration with data protection stakeholders.’ Respondent #330: ‘Much closer cooperation with the global IT function.’ Respondent #178: ‘There is more cooperation between Privacy, Procurement and Legal teams.’

7. The procurement function is required to put in place new procedures and additional steps in the governance as part of its new responsibilities. Respondent #197: ‘New procedures and new internal controls to ensure compliance with privacy regulations.’ Respondent #207: ‘Improved governance/due diligence.’

One respondent also highlighted that the procurement role has increased within the (mergers and) acquisition process to include supply chain compliance with the GDPR. Respondent #284: ‘Procurement gained more responsibilities in the acquisition process, responsibilities represented by: need to perform a privacy and compliance check among other KYS (know your supplier) checks, integrate within their process not only legal department but also collect opinion from privacy, compliance, risk, security’.

Studying the word tree related to ‘suppliers’ and ‘vendors’ (Figs. 16 & 17), the words used before these words were ‘collaboration,’ ‘engagement,’ ‘ensure,’ ‘minimize the risk,’ ‘more engaged,’ ‘communication,’ ‘verify,’ ‘assessment’ and ‘management,’ whereas words that followed were ‘compliance,’ ‘the GDPR’ and ‘data protection.’ These words indicate the actions that the procurement function is to undertake and what their responsibilities should include or what expectations have been established by the privacy stakeholders in relation to the procurement-supplier relationship. Based on the coded responses, the procurement function is expected to assess and control the suppliers, to manage them, ensure their compliance, and engage and communicate with them closely with the aim of minimizing supplier risk.
Figure 16: ‘supplier’ word tree.

Figure 17: ‘Vendor’ word tree.
H1B: The expectations of privacy stakeholders of the procurement function have increased after the introduction of GDPR

The findings from the quantitative analysis suggest that the expectations stakeholders have of procurement increased following the introduction of the GDPR (Fig. 18). As hypothesized, most participants think that stakeholders’ expectations have increased (190, 69.6% of respondents perceived expectations have increased). This result was confirmed through a chi-square goodness-of-fit test, $\chi^2(1, N = 112) = 15.75$, $p_{\text{exact}} < .001$ (one-sided).

![Figure 18: Percentage of participants who believe that stakeholder’s expectations on the procurement function have increased after GDPR law introduction.](image)

This confirms Hypothesis 1b (The expectations of privacy stakeholders regarding the procurement function have increased after the introduction of the GDPR).

The qualitative data also confirm this finding, as the respondents also highlighted that expectations regarding the procurement function have increased. The function is now required to increase its focus on and involvement in the privacy framework and take ownership and be accountable for specific activities and processes. Respondent #322: ‘Definitely more involvement and ownership in making sure that the onboarded vendors are compliant with the data protection requirements.’

Regarding the specific tasks that procurement is expected to perform or activities to be undertaken within the privacy framework, the respondents mentioned privacy-related clauses in the contracts, the negotiation of liabilities and the review of existing contracts and their updates. Respondent #263: ‘Procurement own the commercial relationship with suppliers, the compliance to GDPR ultimately falls on procurement. Including the negotiation of liability’. Respondent #163: ‘(...) privacy-related clauses to be embedded into contracts etc.’ Respondent #91: ‘More involvement in terms of analyzing the current contracts, making sure that they are compliant.’

When studying the coded data using NVivo, ‘contract’, ‘agreement’ and ‘data processing agreement’ (DPA) were words used with great frequency by the participants. In total, the three terms were used 140 times, representing above 4.5% of the overall counts for the top 100 most frequently
used words. This high number indicates that the contractual aspects play a central role in the efforts and work that the procurement function undertakes or must undertake within the privacy framework.

When observing the participants' feedback, the author concluded that the central role that procurement plays within the privacy framework has its roots in the recent introduction of two concepts on which the new privacy regulation is placing greater emphasis. These are (1) the PIA implying the assessment and screening of suppliers along with assessing eventual risks related to data privacy and data protection, and (2) the DPA implying additional legal clauses in the suppliers contracts related to privacy: setting the requirements, defining the obligations, and roles and responsibilities of each contracting party. These two concepts are key elements in the privacy framework and form the focal point of GDPR compliance efforts. Accordingly, as procurement is the function that is both managing and responsible for the supplier base inside businesses and considering that now the procurement function is ultimately responsible for ensuring that the DPA is included in the supplier contract and that procurement participates actively in the PIA process, all these elements place procurement at the forefront of the GDPR efforts and make it a compliance guarantor.

The respondents also emphasized that greater transparency in the supply chain and enhanced controls over third parties including the initial assessment, due diligence and the monitoring of their own suppliers and their sub-suppliers are expected from the procurement function. Respondent #310: ‘Greater transparency of suppliers controlling or processing data.’ Respondent #289: ‘Ensure that our suppliers and their suppliers comply with the GDPR.’ Respondent #13: ‘Better control of sub-processor chains including the location of processing and changes in the chain.’ Respondent #294: ‘Ensuring vendor security assessments are completed annually and all contractual obligations are adhered to.’ Respondent #163: ‘GDPR due diligence ahead of signing (contract).’ Respondent #219: ‘More thorough supplier screening and additional screening criteria.’

The participants also mentioned the expectation that the procurement function would increasingly focus on risk management. Respondent #188: ‘Increased focus on risk management and documents.’ Respondent #140: ‘Thorough vendor risk management.’

The respondents also highlighted the importance of cross-functional collaboration. Respondent #274: ‘More collaboration with legal, a new data processing team and IT.’ Respondent #204: ‘More collaboration with data protection stakeholders.’ Respondent #291: ‘More due diligence and collaboration with data security teams is now required.’

When analyzing the qualitative data using NVivo, some of the key verbs used by the respondents just before the most frequently used words are worthy of attention. These were ‘expect,’ ‘ensure,’ ‘must’ and ‘need.’ Collectively, they were mentioned 104 times and represented 3.3% of the top 100 references. These verbs were directly connected to the word ‘procurement’ in the responses (using the word tree functionality in NVivo; see Figures 19, 20, 21 and 22), thus, indicating the strong beliefs and wishes of the ‘privacy stakeholders’ regarding the actions or steps to be taken by the procurement function within the privacy framework, which are:

1. A high level of due diligence and privacy risk assessment
2. Expertise in contract management
3. Compliance of suppliers
4. Playing a gatekeeper role
5. Becoming more involved in the privacy process
6. Better understanding of the privacy contractual aspects
7. Appropriate privacy contractual documents to be in place

**Figure 19: 'Expect' word tree.**

**Figure 20: 'Ensure' word tree.**

**Figure 21: 'Must' word tree.**
H2: The role of the procurement function shifted from a smaller to a more important one

The results of the analysis confirm the trend that the procurement function is becoming increasingly strategic in business organizations, as the role is perceived by participants to be more important and increasingly strategic after GDPR introduction as compared to before GDPR.

The findings from the quantitative analysis suggest that the procurement role within the privacy framework has shifted from a less significant to a more significant one (Fig. 23), as 75.7% of the respondents perceived it to be more important after the GDPR compared to 49.6% before the GDPR. This finding was confirmed by a Wilcoxon signed-rank test. The role of procurement was rated as more important after (M = 3.86, SD = 0.95) the introduction of the GDPR than before its enforcement (M = 3.20, SD = 0.95). To confirm this, a t-test was performed $t(275) = 10.48$, $p < .001$ (one-sided).

Figure 23: Mean role of procurement before and after GDPR law introduction.

This confirms Hypothesis 2. (The role of the procurement function has shifted from a less significant to a more significant role).
The findings from the qualitative analysis support the supposition that the procurement role has shifted to become more significant than it was before the GDPR. Some of the responses (quotes below) confirm the trend that the procurement function is becoming increasingly important in business organizations, as the role was perceived to have become more strategic by the participants.

The respondents explained that the function is now playing a formal and important role within the privacy framework. Respondent #322: ‘The procurement function now is integrated in the data protection control framework, ensuring that the appropriate data protection schedules are in place.’ Respondent #328: ‘Procurement has now bigger role ensuring that our data is protected, and the author have required agreements in place with suppliers regarding data and especially regarding personal data.’ Respondent #9: ‘More responsibilities to procurement function: DPA negotiations, understanding privacy legislation, understanding DPIA.’

The fact that stakeholders believe and expect procurement to be an integral part of the team developing and implementing the privacy compliance framework and act as a gatekeeper demonstrates the prominent and pivotal role that procurement has and is expected to have within the privacy framework. Respondent #297: ‘They expect the procurement playing the gatekeeper of the company.’ Respondent #213: ‘Procurement is the gatekeeper for ensuring all vendors have been properly vetted.’ Respondent #326: ‘Part of review process and team developing compliance framework’.

Some participants recognized a more central role for procurement within the privacy framework. Respondent #23: ‘Procurement as a source of information (has the) subject matter expertise around the whole supply chain.’ Respondent #59: ‘The role (of procurement) has evolved to be first line of defense in identifying contracts that may have a data privacy/protection impact.’ Respondent #262: ‘It is more accepted now that procurement plays a vital role in ensuring data protection by the contractual set-up’.

H3: There is a relationship between the significance of the shift in procurement role and responsibilities and the business size

The findings from the quantitative analysis indicate that the shift in the procurement role and its responsibilities is significantly greater in larger businesses than in micro, small, or medium-sized businesses (Fig. 24). This trend is supported by Zheng et al. (2007), who suggested that the structure and role of purchasing in organizations appears to be different between large firms and SMEs.

A one-way ANOVA test indicated that the business size had a significant effect on the change in the procurement role (F(1,274) = 484, p < .05). The increase in the procurement role was less within micro, small or medium-sized businesses (M = 0.37, SD = 0.88) than within large businesses (M = 0.73, SD = 1.08).
This confirms H3 (There is a relationship between the significance of the shift in the procurement role and the size of the business).

Zheng et al. (2007) mentioned that the structure and role of procurement tend to be more fragmented, non-strategic and viewed as low priority in SMEs compared to large businesses where the function is better structured and organized. The authors emphasized that it was understood from the literature that only a few SMEs had dedicated procurement structures and that purchasing tasks were usually included in the owners/managers’ duties.

**H4: There is a NO relationship between the significance of the shift in procurement role and responsibilities and the procurement operating model**

The results from the quantitative analysis suggest the existence of a relationship between the importance of the role of procurement and the procurement operating model and indicate that the role is greater when the procurement function is centralized or hybrid than when it is decentralized. This finding was confirmed through a one-way ANOVA test.

- Before the GDPR (Fig. 25): The procurement operating model had a significant effect on the role of procurement before the GDPR (F (1,274) = 16.19, p < .001). The role of procurement before the GDPR was more important within centralized or hybrid businesses (M = 3.33, SD = 1.14) than within decentralized businesses (M = 2.59, SD = 1.24). The effect size $f$ = .24 indicates a small effect (Cohen, 1988).

- After the GDPR (Fig. 26): The procurement operating model has had a significant effect on the role of procurement after the GDPR (F (1,274) = 27.53, p < .001). The role of procurement after GDPR has been more important within centralized or hybrid businesses (M = 4.00, SD = 0.86) than within decentralized businesses (M = 3.24, SD = 1.11).
Figure 25: Mean of the role of procurement before the introduction of the GDPR law for centralized or hybrid businesses and decentralized businesses.

Figure 26: Mean of the role of procurement after the introduction of the GDPR law for centralized or hybrid businesses and decentralized businesses.

However, the quantitative analysis (Fig. 27) indicates the procurement operating model had NO effect on the change (shift) in the role of procurement ($F(1,274) = 0.01, p = .92$). The increase in the role of procurement was the same within centralized or hybrid organizations ($M = 0.67, SD = 1.03$) as within decentralized organizations ($M = 0.65, SD = 1.18$).
Figure 27: Mean change in the role of procurement for centralized or hybrid businesses and decentralized businesses.

Johnson et al. (2002, cited in Zheng et al. 2007) found that the industry context and organizational structure of purchasing (centralized, decentralized, hybrid) were related to the strategic role played by purchasing. Their study also revealed that purchasing’s strategic role declined as the organizational structure of the purchasing function became increasingly decentralized. The findings from this study support this theory, indicating that the procurement role and responsibilities are significantly greater in centralized or hybrid businesses than in decentralized businesses, however the significance of the shift in procurement roles and responsibilities was found equal independently of the procurement operating model.

Answering the research questions

The results of the present study (Table 10) support the assertion that the procurement function has been impacted by the GDPR, and that its role has become more strategic within the privacy framework. The practitioners have new tasks and responsibilities, and the expectations of the privacy stakeholders have increased with the introduction of the GDPR. Additionally, the business size was found to influence the significance of the shift in the procurement role and responsibilities, as this shift was more important in large organizations compared to SMEs. Finally, no significant relationship was found between the shift in procurement roles and responsibilities and the procurement operating model.
Table 10: Study results (hypotheses validation).

<table>
<thead>
<tr>
<th>Hypothesis testing</th>
<th>Variable category</th>
<th>Descriptive Statistics</th>
<th>Inferential Statistics</th>
<th>Quantitative result</th>
<th>Qualitative result</th>
<th>Final result</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: a+b (Shift in role and responsibilities + higher expectations)</td>
<td>One nominal variable</td>
<td>Frequency distribution</td>
<td>Chi-square of goodness-of-fit</td>
<td>Validated</td>
<td>Quali supports QUANTI</td>
<td>Validated</td>
<td></td>
</tr>
<tr>
<td>H2: Role became more significant after GDPR</td>
<td>One nominal variable</td>
<td>Frequency distribution</td>
<td>Chi-square of goodness-of-fit</td>
<td>Validated</td>
<td>Quali supports QUANTI</td>
<td>Validated</td>
<td></td>
</tr>
<tr>
<td>H3: Significance of the shift Vs Business size</td>
<td>Two interval scale variables</td>
<td>Mean, Standard deviation</td>
<td>Dependent sample t-Test</td>
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<td>Validated</td>
<td>Was not possible to triangulate</td>
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<tr>
<td>H4: Significance of the shift Vs Operating model</td>
<td>One nominal variable x Three interval scale variables</td>
<td>Mean, Standard deviation</td>
<td>One-way ANOVA</td>
<td>Rejected</td>
<td>Not possible</td>
<td>Rejected</td>
<td>Was not possible to triangulate</td>
</tr>
</tbody>
</table>

LIMITATIONS, CONTRIBUTION, AND DIRECTIONS FOR FUTURE RESEARCH

The present study aimed primarily to fill a gap in the literature by examining how the procurement function has been impacted by the recent changes in the privacy law. It will also help business stakeholders to be aware of the impact that this shift has had on the procurement role and its responsibilities.

A few limitations were identified: Firstly, the sampling strategy might raise questions regarding a lack of generalizability and sample bias. The author strove to address this risk through testing whether the sample was representative of the population by comparing the sample characteristics of the first wave of data collection (2019-02-06 to 2019-06-26) with the second wave (2019-12-07 to 2020-03-02). Chi-square tests of independence revealed that there was no difference between Wave 1 and Wave 2 with respect to all the cited characteristics. Moreover, triangulation was used as a research strategy to increase the reliability and validity of the study. Another possible limitation is that the participants work predominantly in large firms operating in the private sector, future research could investigate the impact that GDPR has had on the function and its practitioners in SMEs and in organizations operating in the public sector.

CONCLUSION

The present study suggests a more strategic role for procurement within the privacy framework thus positively answering the study’s research question (Has there been a shift in the functional role and responsibilities of procurement within the privacy framework following the GDPR taking effect compared to before its enforcement?). This role has proven to be more important in large businesses and organizations with a centralized or hybrid procurement function.

According to the participants, the procurement function is now more highly focused on privacy and data protection than it was before the GDPR was introduced. The function has gained recognition among the privacy stakeholders because it is considered and expected to be both a gatekeeper and privacy guarantor. Privacy stakeholders expect the procurement function to take ownership of and lead specific privacy critical processes. Within the procurement function's
new scope, there is an increased emphasis on the role that procurement plays in identifying and mitigating privacy risks by contributing to the DPIA (often confused with PIA), the thorough screening and selection of suppliers, setting proper governance and controls in place and closely monitoring the execution of supplier contracts.

The procurement function is also required to put considerable effort into the contractual process by reviewing and updating existing agreements, putting in place the DPA that is expected to be an integral part of any future agreement with the suppliers, detailing the responsibilities of each contracting party clearly in the DPA and designing hybrid contracts ex-ante. In this way, any eventual risk of opportunistic behavior by the agent (supplier) during the contract life cycle is mitigated, partly by specifying desired performance outcomes and partly by establishing incentives to the agent and incurring monitoring (and other control activities) costs, and by considering contractual safeguards (governance arrangement) meant to mitigate the eventual risks that might arise from the relationship between the buyer and its supplier. Among the governance mechanisms reported by the survey participants, penalties, and verification procedures, among others, were cited.

Additionally, the study suggests that the procurement function is expected to deepen its collaboration with the internal stakeholders. In his value chain theory, Porter (2001) has already stressed the importance of the linkages between a firm's value activities and how more coordinated and aligned work between procurement and other value activities could impact cost and performance, thus, impacting upon the firm's competitive advantage. It is also important to develop closer relationships with the suppliers with the aim of increasing knowledge of the firm's supply chain and being informed and up to date in terms of critical inputs such as the location of the data processing, subsequent changes taking place in the processor chain, and ensuing privacy breaches. The study findings also broadly support the work of Tunisini and Sebastini (2015, pp. 308-309), who concluded that the role of procurement has gained in influence leading to a broader role for the function and resulting in the emergence of the procurement function as ‘a network coordinator responsible for both inter- and intra-organizational business relationships’.

The present study aims to help procurement managers understand how the GDPR has impacted the procurement function and its practitioners. The results of the research should guide those managers and increase their awareness of the evolving expectations placed on procurement by business stakeholders as the purchasing function and the environment in which it operates changes.

BIBLIOGRAPHY


