# COMPARING THE PURCHASING PROCESS IN FINNISH AND CHINESE UNIVERSITY LIBRARIES

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ABSTRACT

Bachelor's Thesis:
Comparing the purchasing process
in Finnish and Chinese University libraries

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Increasing competition in the global environment has forced managers to find competitive advantages inside or outside of their organizations. Purchasing and supply is an essential part of doing business and being competitive. As a result, the importance of purchasing and supply management has been recognized in recent years. The process has started from product-centred, moved to process-centred and is now called performance-centred.

The library is the information and literature centre of a school and it undertakes many responsibilities. Thus, the purchasing and maintenance of a library's literature collection has always been important and difficult for a library to manage. Therefore, improving the quality and quantity of purchased literature with limited funds and satisfying every customer is of utmost importance.

The aim of this thesis is to study and compare the purchasing processes of the chosen Finnish and Chinese university libraries in order to find out the similarities and differences and at the same time to develop an improvement plan for the chosen Chinese University library.

The chosen Finnish university and its library is Helsinki School of Economics (HSE), the largest and leading business school in Finland which produces international research of high standard, teaching based on research, and serves business and society. Its main building is centrally situated in Helsinki. The HSE Library has also acted as a repository of economic research since the 1910s. It is also called Helecon Information Centre. It is Finland's leading library in economics, and it specializes in the follow-up of the latest international research and in communicating its results.

The chosen Chinese university and its library is the new Wuhan University of Technology, (WUT) which was established in May 27, 2000. The three predecessors of the new University include: the former Wuhan University of Technology (WUT) founded in 1948, Wuhan Transportation University (WTU), founded in 1945 and Wuhan Automotive University (WAU) founded in 1958 under the China National Automotive Industry Corporation. The WUT library system has a centre library, three Campus branch libraries, two branch libraries and 22 faculty libraries.

Key words: purchasing processes, university libraries, similarities and differences, improvement plan

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# 1 INTRODUCTION

## 1.1 Background

Increasing competition in the global environment has forced managers to find competitive advantages inside or outside of their organizations. Purchasing and supply is an essential part of doing business. It is essentially required for both production and satisfaction of consumer needs, the relationship between is indispensible. Furthermore, considering the amount of money and resources that has been spent on purchasing and supply. It is not a surprise that the importance of purchasing and supply management has been recognized in recent years.

Due to the change of production and management philosophies, the effect of globalization, the development of information society and changing of consumer patterns, the purchasing process has changed. The process started from product-centred, moved to process-centred, relational to what is now called Performance-centred. The characteristic of Performance-centred purchasing process as stated by Stannack and Jones are: first, focused on best product management methods; second, employs an integrated methodology to manage relationships, processes and outcomes; and third, jointly resources this methodology to with suppliers, (Stannack, 1996, p31).

## 1.2 Specification

The library is the information and literature centre of a school, it undertakes the responsibilities to provide knowledge and information from text books and literature that professors need for teaching and research. At the same time, it should provide students with the ability to sustain the increase and development of information (books, computers, databases, etc.) in the study environment. Thus, the purchasing and maintenance of a library's literature collection has always been an emphasis and a difficulty for library's management. Furthermore, a library is a service organization, especially school libraries which have their annual finance budget controlled by a school. Therefore, improving the quality and quantity of literature purchased using the limited funds and to satisfy every customer would be an important mission for school library managers. The idealist unrealistic prefect state would be that every book can find the readers that need it and each reader can find the books they need too.

## 1.3 Objectives

The objectives of this thesis are to compare the purchasing process of Finnish and Chinese university libraries in order to find out the similarities and differences and to develop an improvement plan for the chosen Chinese university library.

### 1.4 Structure

The structure of this whole project follows the basic guidelines set for the Bachelor's Thesis of Laurea University of Applied Sciences. Firstly, the introductory chapter consists of the background of the thesis, specification of the project, objectives and limitations. Followed by the second chapter where the theoretical background has been presented, as well as the universities' and libraries' presentation. After that, the third chapter explains the research methods used by this project. Then, the fourth chapter describes the practical purchasing process of both libraries and pictures of the blueprints. Later on, the two purchasing processes will be analysed and compared in detail. The thesis is concluded with an improvement plan for WUT library's purchasing plan that is based on the pre-chapter and the evaluation is followed by conclusions.

### 1.5 Limitation

After discussing with the thesis supervisor and the two libraries that are represented in this thesis, the limitations have been set as follows: only the purchasing process of printed materials (books and journals) of both university libraries will be studied but the main focus will be the comparing of the process and the improvement plan for the WUT library' purchasing process.

### 1.6 Theoretical Terminology

In this project, all the terminology that has been used will be explained in chapter 2.1. Others that have been used during the interviewing in order to define the elements of the purchasing process are both translated and explained in Chinese or English during the interviews. And the terminologies that have been mentioned by interviewees have been replaced with understandable word or if used the original word, it has been explained in details.

## 2. THEORETICAL BACKGROUND

### 2.1 Theoretical Terminology

#### 2.1.1 Process

A process is a set of sub-processes or stages directed at achieving an output. The various tasks or stages can be depicted as a process chain. (Lysons, 2006, p11)

#### 2.1.2 Blueprinting/Flowcharting

"Flowcharting, Blueprinting is a method of describing a process in pictures, using symbols – rectangles for operation steps, diamonds for decisions and so on. Arrow lines connect the symbols to show the 'flow'." (Oakland, 2007, p119-123)

2.1.3 Purchase

The classic definition of purchasing is as follows: To buy materials of the right quality, in the right quantity from the right source delivered to the right place at the right time at the right price. (Lysons, 2006, p10)

2.2 Purchasing Process

Purchasing can be depicted as a sequential chain of events leading to the acquisition of supplies. (Lysons, 2006, p212)

Those events are defined as follow: recognition of needs, specification, make or buy decisions, source identification, source selection, contracting, contract management, receipt, possible inspection, payment and fulfilment of needs. In order to identify the main activities in which purchasing might be involved, the process can be seen as a cycle as shown in the following picture:

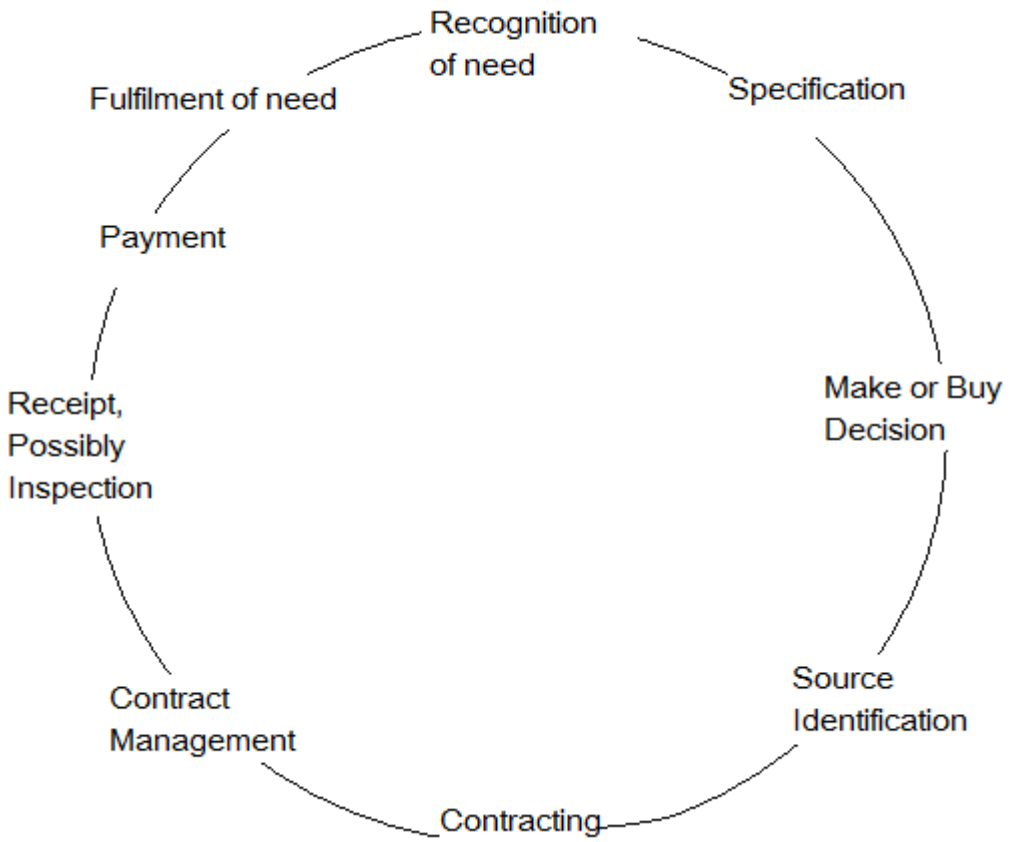


Figure 1 Purchasing Process (Lysons, 2006, p213)

The activities included in the cycle do not include all of those that purchasing staff might be involved with there are many activities such as; negotiation, vendor rating and source development that are not specifically included. It will be noticed that the early and late

stages in the cycle may not necessarily involve specialist purchasing staff, the core purchasing contribution to the cycle being the item included in the central part of the list. The limitation of the cycle concept is that it does not recognise the strategic contribution made by modern purchasing. (Baily, 2005, p62)

### 2.2.1 Purchasing as organizational buying

Organizational buyers have been defined by Marrian reference properly year page as: Those buyers of goods and services for the specific purpose of industrial or agricultural production or for use in the operation or conduct of a plant, business, institution, profession or service. (Lysons and Farrington, 2006, p45) Further more organizational buyers can be divided into: Industrial/producer organizations, Intermediate organizations, Government and public-sector organizations and Institutions. In additional, University libraries could be put into the catalogue of institutions.

### 2.2.2 Future of purchasing

According to the research in the USA, it indicates that in the future of PSM (Purchasing and Supply Management):

1. The strategic importance of SRM (Supplier Relationship Management) will be increasing.
2. Organizations will try to classifying their suppliers and full-service providers will be more preferred. And win-win negotiation will be an emphasis, good suppliers means competitive advantage and price cutting.
3. Alongside the development of IT programmes and the World Wide Web, a lot of purchasing activities can be done through the internet, EDI or even Computer-to-Computer.
4. Supplier and supplier may become a strategic alliance and information, resources might be shared between each other.
5. Environmental factors might become increasingly important.
6. Global suppliers' development will bring more global penetration.

### 2.2.3 Evaluation of the purchasing process

In order to evaluate purchasing process, one has to use a model or methods. The method that was for this project was designed by Stannack and Jones, the method is shown in Table 2.

| *STAGE* | *CHARACTERISTICS* |
|---|---|
| Stage 1<br><br>Product-centred purchasing | Product-focused – concerned with the five 'rights', which concentrate exclusively on the purchasing of tangible products and outcome dimensions by means of which this product can be described and |

| | |
|---|---|
| | mentioned. |
| Stage 2<br>Process-centred purchasing | Process focused – moves beyond a concern with outcomes and begins to measure the process via which the outcome is delivered. |
| Stage 3<br><br>Relational purchasing | Process- and relationally-focused – expanded to include purchaser-supplier relationships and how these might be used to manage the quality and nature of the supplier. |
| Stage 4<br><br>Performance-centred purchasing | Focused on best product management methods. Employs an integrated methodology to manage relationships, processes and outcomes. Jointly resources this methodology with suppliers. |

Table 2 The Evolution of Purchasing (Kenneth Lysons and Brain Farrignton 2006, p.10)

2.2.4 Developing the purchasing process

Reck, R.F., and Long, B. has identified four stages of development that purchasing must pass through to become competitive weapon for the company in the market. It is shown in table 3:

| STAGE | | DEFINITION AND CHARATIRSTIC |
|---|---|---|
| Stage 1<br>Passive | Definition | Purchasing function has no strategic direction and primarily reacts to the requests of other functions |
| | Characteristics | • High proportion of time on quick-fix routine operations<br>• Functional and individual communications due to purchasing's low visibility<br>• Supplier selection based on price and availability |
| Stage 2<br>Independent | Definition | Purchasing function adopts the latest purchasing techniques and processes but its strategic direction is independent of the firm's competitive strategy |
| | Characteristics | • Performance based primarily on cost reduction and efficiency disciplines<br>• Coordination links are established between purchasing and technical disciplines<br>• Top management recognizes the importance of professional development |

| | | |
|---|---|---|
| | | • Top management recognizes the opportunities in purchasing for contribution to profitability |
| Stage 3 Supportive | Definition | The purchasing function supports the firm's competitive strategy by adopting purchasing techniques and products, which strengthen the firm's competitive position |
| | Characteristics | • Purchaser is included in sales proposal teams<br>• Suppliers are considered a resource, with emphasis on experience, motivation and attitude<br>• Market, products and suppliers are continuously monitored and analysed |
| Stage 4 Integrative | Definition | Purchasing strategy is fully integrated into the firm's competitive strategy and constitutes part of an integrated effort among functional peers to formulate and implement a strategic plan |
| | Characteristics | • Cross-functional training of purchasing professionals and executives is made available<br>• Permanent lines of communication are established with other functional areas<br>• Professional development focuses on strategic elements of the competitive strategy<br>• Purchasing performance is measured in terms of contribution to the farm's success |
| Source: adapted from Reck, R.F., and Long, B., 'purchasing: a competitive weapon', Journal of Purchasing and Materials Management, Vol.24, No.3 1998, pp.2-8 | | |

Table 3 Strategic stages of the development of a purchasing function (Kenneth Lysons and Brain Farrignton 2006, p.11)

2.3 Presentation of the organization

2.3.1 Helsinki School of Economic (HSE)

Helsinki School of Economics (HSE) is the largest and leading business school in Finland which produces international research of high standard, teaching based on research, and serves business and society. Its main building is centrally situated in Helsinki. (http://www.hse.fi/EN/abouthse/introduction/content.htm )

The academic degrees offered by HSE are the Bachelor, Master and Licentiate of Science in Economics and Doctor of Science in Economics or Doctor of Philosophy. Since the founding of

HSE in 1911, more than 22 000 students have graduated from the school into the employment of Finnish and international economic life. Each year, more than 600 new students enter into HSE's two campuses to enrol in HSE's Bachelor and Master of Science degree programs. (http://www.hse.fi/EN/abouthse/introduction/facts/ )

In recent years, there have been about 4,000 students and over 400 researchers, teachers and service personnel operating in HSE. The annual report of year 2006 shows that there are 371 students in the doctoral programme, 3955 students in the MSc and BSc programmes and 2547 Open University students. The number of graduating students is 20 from doctoral degrees, 247 from MSc degrees and 403 from MBA degrees. In addition, HSE published 94 articles in refereed scientific journals and had 70 partner universities.
(http://www.hse.fi/EN/abouthse/introduction/annualreport/ )

2.3.2 General Information (Library of HSE)

The HSE Library has also acted as a repository of economic research since the 1910s. It is also called Helecon Information Centre. It is Finland's leading library in economics and is specialized in following-up the latest international research and in communicating its results. The library's printed collections and the extensive electronic materials of the digital campus library make up the core of the Helecon Information Centre.
(http://www.hse.fi/EN/services/library/)

The services of the library are open to all, only 30% of the customers are HSE students and staff. It has 80 work stations, 100,000 books, over 5,000 electronic periodicals, annual reports in printed and digital format, master's and doctoral theses from HSE, company information sources and about 100 other electronic services. Furthermore, the library orders about 900 titles of printed journals. The JOURNALS database contains more than 5,000 electronic publications. (http://www.hse.fi/EN/services/library/loan/)

Helecon electronic research follow-up services are part of the library's own content production and a special service for our customers. HSE's Library offers a top-class database and information search service for individuals, companies and libraries, some of which are fee-based and some free-of-charge. (http://www.hse.fi/EN/services/library/loan/)

Helecon information channels are automatically updated lists on different subjects, such as leadership, small businesses and entrepreneurship, logistics, advertising, the Baltic area, bio business, forestry and organizational communication.
(http://www.hse.fi/EN/services/library/corporate/)

2.3.3 Wuhan University of Technology

The new Wuhan University of Technology (WUT) was established in May 27th, 2000. The three predecessors of the new University include: the former Wuhan University of Technology (WUT, founded in 1948) under the Ministry of Education, Wuhan Transportation University (WTU, founded in 1945) under the Ministry of Communications and Wuhan Automotive University (WAU, founded in 1958) under the China National Automotive Industry Corporation. All were strong in engineering and had multiple disciplines.
(http://public.whut.edu.cn/outweb/General%20Information.asp)

The total area of the campus is 450 acres. WUT has a building floorage of 1,100,000m2 and possesses three libraries with a stock of 2,720,000 books. Bordering the South Lake, the new university is situated on the south bank of Changjiang River in Wuhan, a famous historical and cultural city in China. It has two main campuses respectively situated at Mafangshan Hill and Yujiatou in Wuchang. WUT is nestled in luxurious foliage and remains evergreen throughout the year. (http://public.whut.edu.cn/outweb/General%20Information.asp)

The Board of Trustees of WUT has been made up mainly of the large or medium sized enterprises, institutes of engineering, scientific research and designing as well as lines of construction, building materials, transportation and automotive industry.
(http://public.whut.edu.cn/outweb/General%20Information.asp)

The new University has eight major disciplines including natural sciences, engineering, humanities, economics, management, law, philosophy and education. It is authorized to confer fifty-five bachelor's degree programmes as majors, fifty-one Master's degree programmes, and fourteen Ph.D. degree programs and there are three post-doctoral mobile stations for scientific research. There are 6,500 employees which includes 2,400 academic faculty members. In the year 2007 there were over 40,000 students with 3,370 postgraduates included, which ranked amongst the fourth largest in China.
(http://public.whut.edu.cn/outweb/General%20Information.asp)

2.3.4 General Information (Library of WUT)

The library of Wuhan University of Technology (WUT) was established on May, 2000. It is the combination of the three former libraries that belongs to the three former universities, which are: Wuhan University of Technology (WUT, founded in 1948), Wuhan Transportation University (WTU, founded in 1945) and Wuhan Automotive University (WAU, founded in 1958).

The library implements headquarter to sub-library management system. The managing departments are set up and assigned to the library in the west institute, divide into General Office, Institute sub-library Manage Department, Acquisition and Cataloging Department, Technical Support Department, Digitalization Department, Consultation Department,

Research and Development Centre, Circulation and Reading Department. The library system has achieved the unison of management, services, development and the use of resources. It forms an information service network which covers the whole school. The structure is shown in the following chart (see page 12).

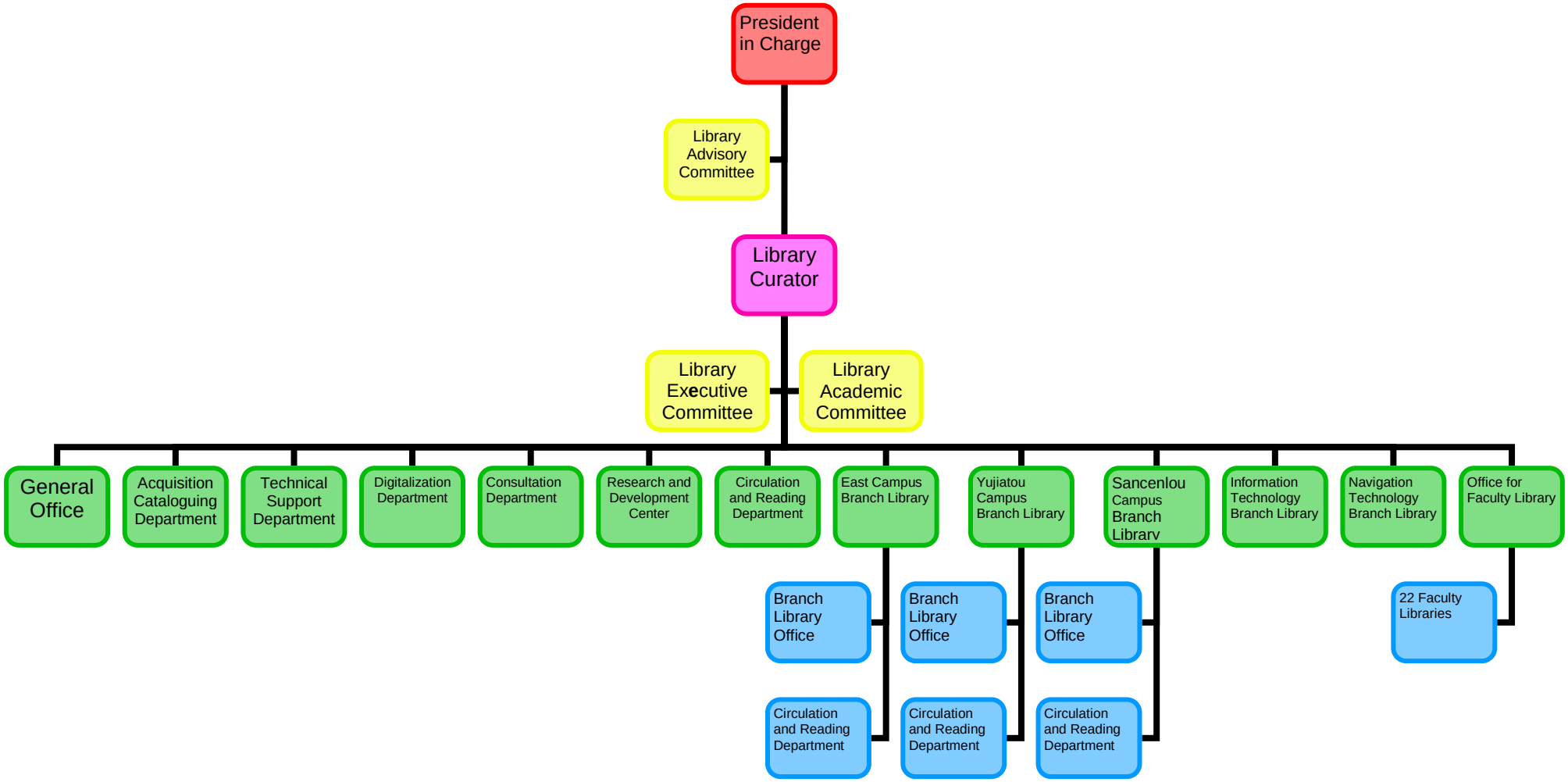


Figure 4 WUT LIBRARY STRUCTURE CHART

The WUT library system in all has a centre library, three Campus branch libraries, two branch libraries and 22 faculty libraries. The total area of all the Libraries is 48598.75 square meters, in which the centre library and the three campus branch libraries contribute 43500.5 square meters and the others accounts for 5098.25 square meters. There are in total 5144 seats for readers.

The WUT libraries have in all 234 employees, 201 people are working in the centre library and the four synthetically libraries s, and 33 people are working in the institute sub-libraries and the fourteen documenting rooms.

At the end of year 2006, there were 3.50 million printed literature and 3000 different kinds of printed magazines and journals which had been subscribed from both domestic and overseas. In Addition, there were 0.91 million domestic and overseas' electronic books with 25.60 thousands domestic and overseas' magazines and journals. Nevertheless, this literature, magazines, journals and electronic books have been combined into 16 computer databases.

There are more than 600 computer stations with internet connections in the library media room. The successful use of the University intranet and INTERLIB library's integrated administrative system has built a unified systematic platform of interior business for the libraries. It has achieved the automation and network base of library's and institute's sub-libraries' daily official work, literature information resources construction, management and service. These resources have really enabled the sharing of information and resources throughout the whole University.

Due to the sporadic location of campuses and institutes as well as the number of readers, the WUT library decided on the following mission statement; where there are readers, where there is a library service. At the moment, the library's weekly opening hours are up to more than 92 hours. Besides offering the service of borrowing of the books, it also offers collected books list checking and requesting, counselling, search of the network data base, the literature transmits, subject searching, new science and technology inquiry, question serving, telephone consultation, mail customization etc. Definitely, the network service is round-the-clock every day, readers can pass the information portal of library of access to networks at any time, any place, inquiries utilizes various information resources in storage.

Recently, WUT has been planning and preparing to build a new Morden Centre Library which will be as big as thirty thousand square meters also hoping that their services quality would increase to a whole new level on a full-scale.

## 3. RESEARCH METHODS

The aim of this project is to examine and compare the quality of two purchasing processes, which means that detailed information has to be gathered, qualitative research methods have to be chosen.

Qualitative research can be mainly divided into two types — group interviews and one-to-one interviews. Its techniques includes: Focus groups (Exploratory groups, Clinical focus groups, experiencing focus groups, Employing focus groups and Industrial focus groups), Depth Interview, Projective techniques and Electronic Interviewing. Those techniques can be used either separately, or combined.

There are two limitations of qualitative research which are mentioned in many books. First of all, qualitative research does not pick out small differences as well as large-scale quantitative research, but on the other hand it can detect minor problems that are not apparent in a quantitative study. Secondly, the quality of a qualitative research depends very much on the skills and opinions of the researcher.

Personal depth interviews are the chosen methods for this project. The whole research process has been designed as following: First of all, as there are two chosen University libraries, it has been decided that there will be two interviews. The second step will be contacting each library's purchasing manager to ask for permission and to book the interviewing time. And then, both universities' libraries and theoretical background should be checked, so that a question outline could be prepared, in order to ensure the outcome of each interview. Fourthly, a depth interview will be done according to the question outline. And finally, the answers will be analysed and compared to produce an improving plan.

## 4. PURCHASING PROCESS IN PRACTICE

The link in the purchasing process chain is information. Thus, each sub-processes in the chain are responsible for capturing or otherwise processing information that enables us to answer the questions "What are we required to purchase?" and "Where and how the required supplies can be obtained?" (Kenneth Lysons and Brain Farrington, 2006, p26)

### 4.1 Library of Helsinki School of Economic (Helecon Information Centre)

Before the interview took place, emails have been sent in-between to book the interviewing time and introduce a briefly question outline of the interview. The personnel who have been interviewed are two acquisition specialists of HSE library. This interview took 1 hour.

HSE library are Voyager-library as all of the university libraries in Finland, but HSE library do not use Voyager acquisition system. For several years HSE library have been using the Finnish library system called PrettyLib.

According to statistical data, 6000 books are purchased each year. The number of journals sold is even more shocking — more than 100 kinds of domestic journals and 362 kinds of international journals each year.

Thanks to the development of information technology, nowadays, more and more books, journals, reports, especially articles are in e-forms, such as firms' annual reports and some of the research publications from local labs, etc. Usually, firms' annual reports are automatically sent by firms, there is no need to order. Moreover, there are also gift books from other universities, formal students, teachers, etc.

All the information through the Library's purchasing process is passing through the internet, using e-forms, which saves not only time but also personnel efforts. In order to have more efficient purchasing process, the HSE library has abandoned the old departments system, as showed from the following blueprints, it is clear that the responsibilities are addressed to each person instead of department so that everybody would have to make some efforts in order to speed up the process.

One more point to be indicated, HSE library do not have a finance department or financer so all the payments are done by the finance department of The HSE.

The purchasing process of printed books and journals are presented separately in Figure 5 and Figure 6 as following: (figures are given by interviewees)

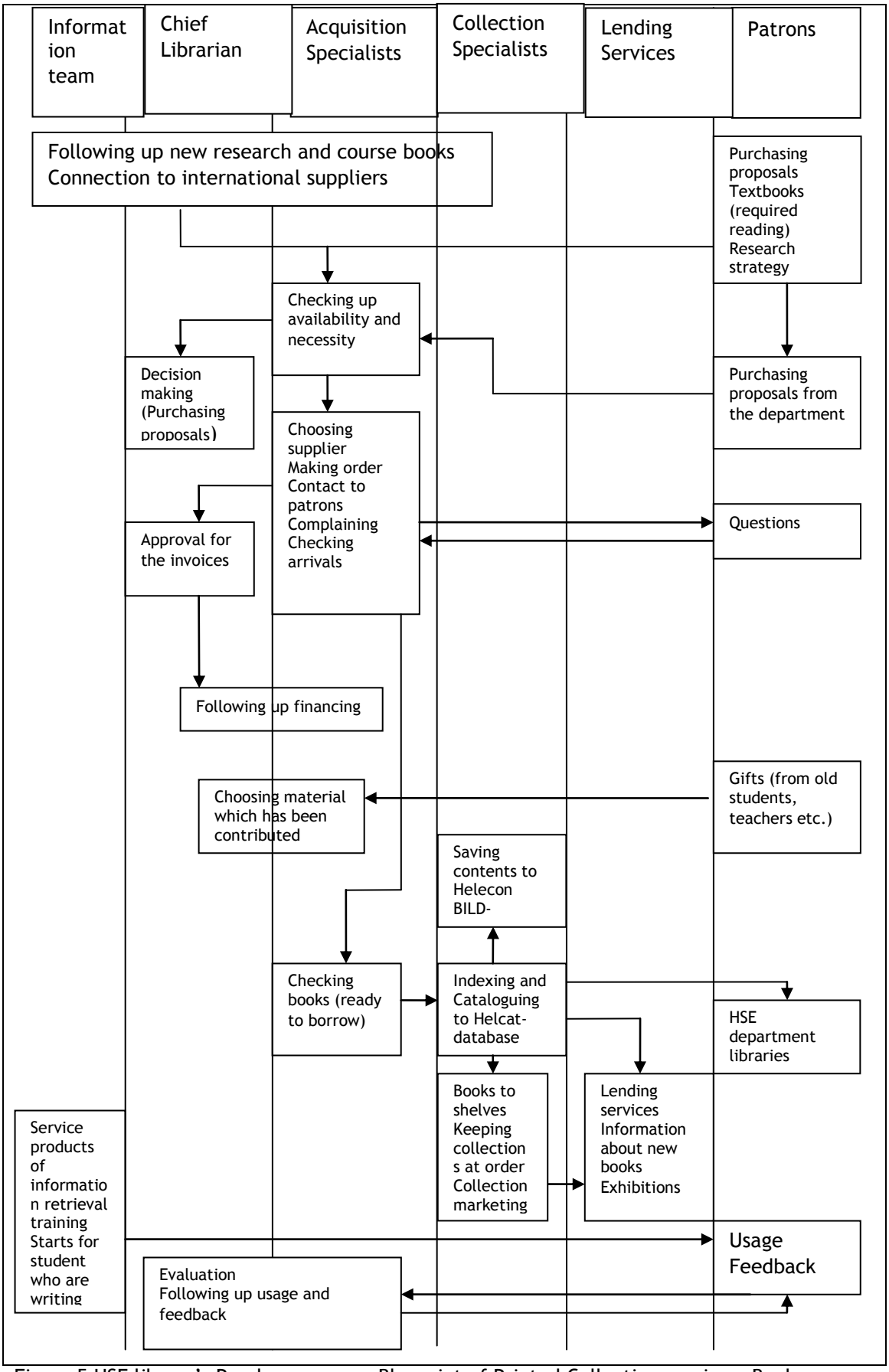


Figure 5 HSE library's Purchase process Blueprint of Printed Collection services: Books

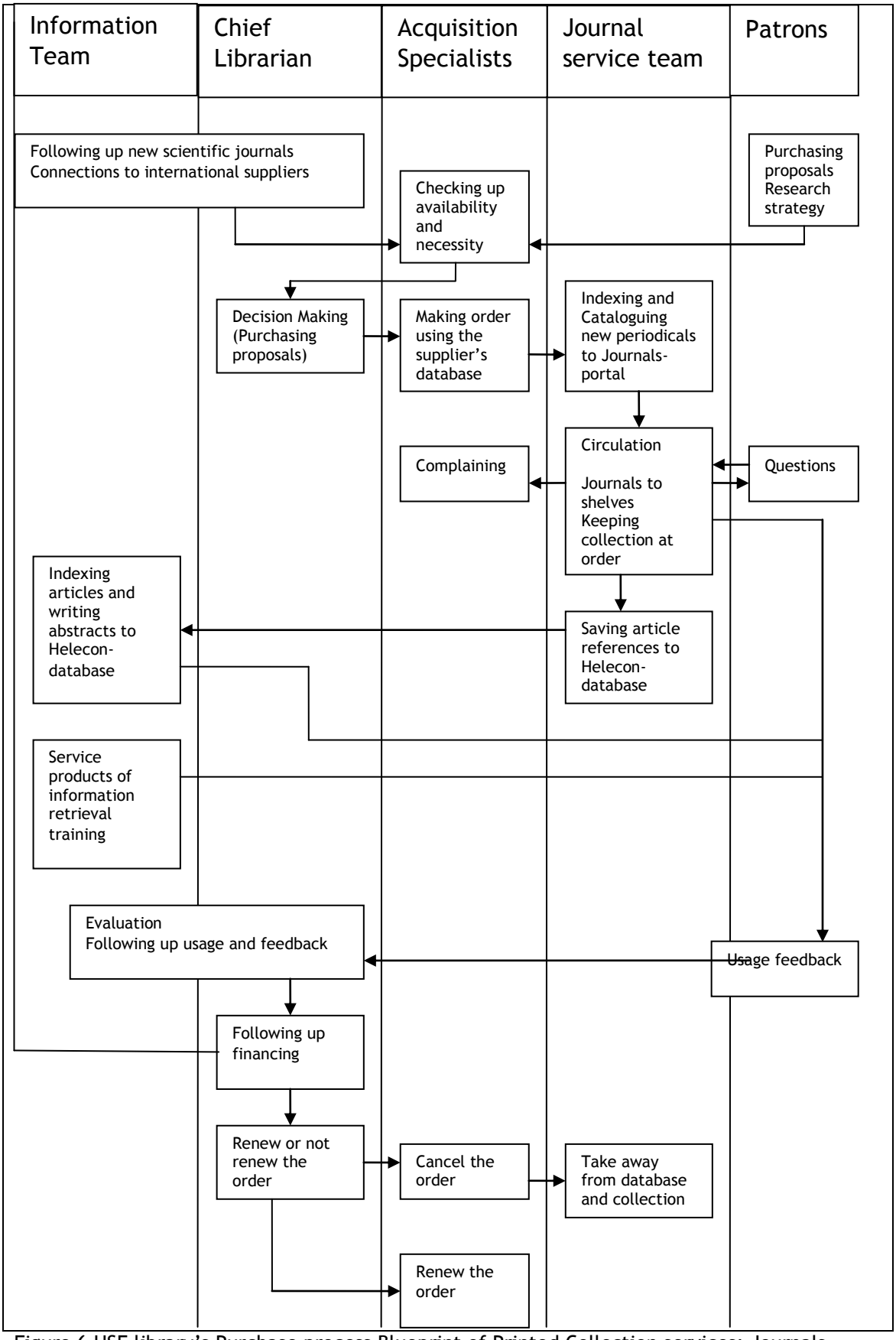


Figure 6 HSE library's Purchase process Blueprint of Printed Collection services: Journals

1. Recognition of need / Specification/ Borrow or buy decision

   Each year, after the financial budget is decided by the financial department of HSE, the lists of a new book release are received. Schools check the availability of the books, acquisition specialist creates the purchase plan based on the subject needs. Purchasing proposals from library's customer (mainly through internet form) are considered too. Sometimes specialists also search directly from the book stores.

   Normally, books used as a textbook have at least 35 copies. This number can be recommended by HSE teachers if he/she is ordering them for one course, which will be measured according to the number of participating students in that particular course. Common collections usually have one copy. Electronic versions are more preferable than printed copies.

   When purchasing proposals are sent by one customer, normally, the library sends the order right away, as it has been indicated by the interviewees — it's better to buy than borrow anyway, especially for journals and articles. Only if the book is old or (like history books which don't change much through time) it not belongs to the school's subject area, the library will consider to use the interlibrary system to borrow it from a nearest library.

2. Source identification / Source selection/ Contracting

   No stress competition in the book suppliers' market, as there are only 3 suppliers in Finland. Even though it is allowed for the libraries to purchase directly from publishers, but because of the delivery speed and other inconvenience, especially from international book publishers, most libraries choose to use book Supply Companies in Finland. All the order information is passing through the internet, and usually books from suppliers arrive at the library within 3 weeks time, after an order has been placed. In addition, if it's urgent, acquisition specialists can choose either to pick up the book by themselves, or ask the suppliers to send the book by express.

   Before the year 2007, HSE library has tried to sign contracts with each supplier directly by themselves, and one contract normally lasts for 3 or more years. But as Hansel (which is the central procurement unit of the State of Finland) has put out, tender concerning printed books and journals – separately domestic and international. After negotiating between Hansel and HSE library, they have agreed that Hansel will be responsible for finding the best suppliers suitable for the Library. After that, HSE's library have connected the Hansel's agreements and chosen the suppliers which are more appropriated: domestic books supplier is Suomalainen kirjakauppa (Finnish),

International books suppliers' are Dawson Books and Starkmann Ltd (Both from Britain), while Swets for all the Journals.

3. Receipt, possibly inspection / Withdraw / Fulfilment of need/Payment
   All books and journals will be sent to the library, except those which might be picked up by personnel as urgent. After arriving, the acquisition specialists check the receipts and books to ensure that they match, at the same time, they input the data into the PrettyLib system and inform those customers who needs the books. After that, those books and journals are passed to patrons to do the indexing, cataloguing and then they are put on the shelf to fulfil customers' needs.

   At the same time if everything is alright, the acquisition specialists sends the payment information to the financial department of HSE, and the financer makes the payment and sends back the information to HSE library's Chief librarian. Also, if there is anything wrong with a book, the information needs to go through Chief librarian and the Financer in order to make withdraw.

4.2 Library of Wuhan University of Technology

The in-depth interview was done together with WUT library's purchasing manager through the web phone. It took 2 hours to cover all the questions and sub-questions. It was understood that libraries in China cannot purchase direct from book publishers due to the result of small quantity. The purchasing has to go through retailer companies. This market was absolute buyer's market, which means that libraries have prodigious powers upon book retailers.

There are from 30 000 to 40 000 printed books, being purchased each year, and international books include only couple of hundreds (mainly English, others are Japanese, French, German and Russian). The change of purchasing journals number is very strict, it has to be suggested by the teachers' consultant group and then discussed and decided by the Library Academic Committee. As a result, normally there is no change in the purchasing list for journals every year. Furthermore, as international journals are much harder to purchase than domestic journals (as well as the development of IT techniques) during the recent years, Intentional journal and article databases had been purchased instead of printed journals.

The purchasing process of printed books and journals are presented separately in Figure 7 and Figure 8 as follows:

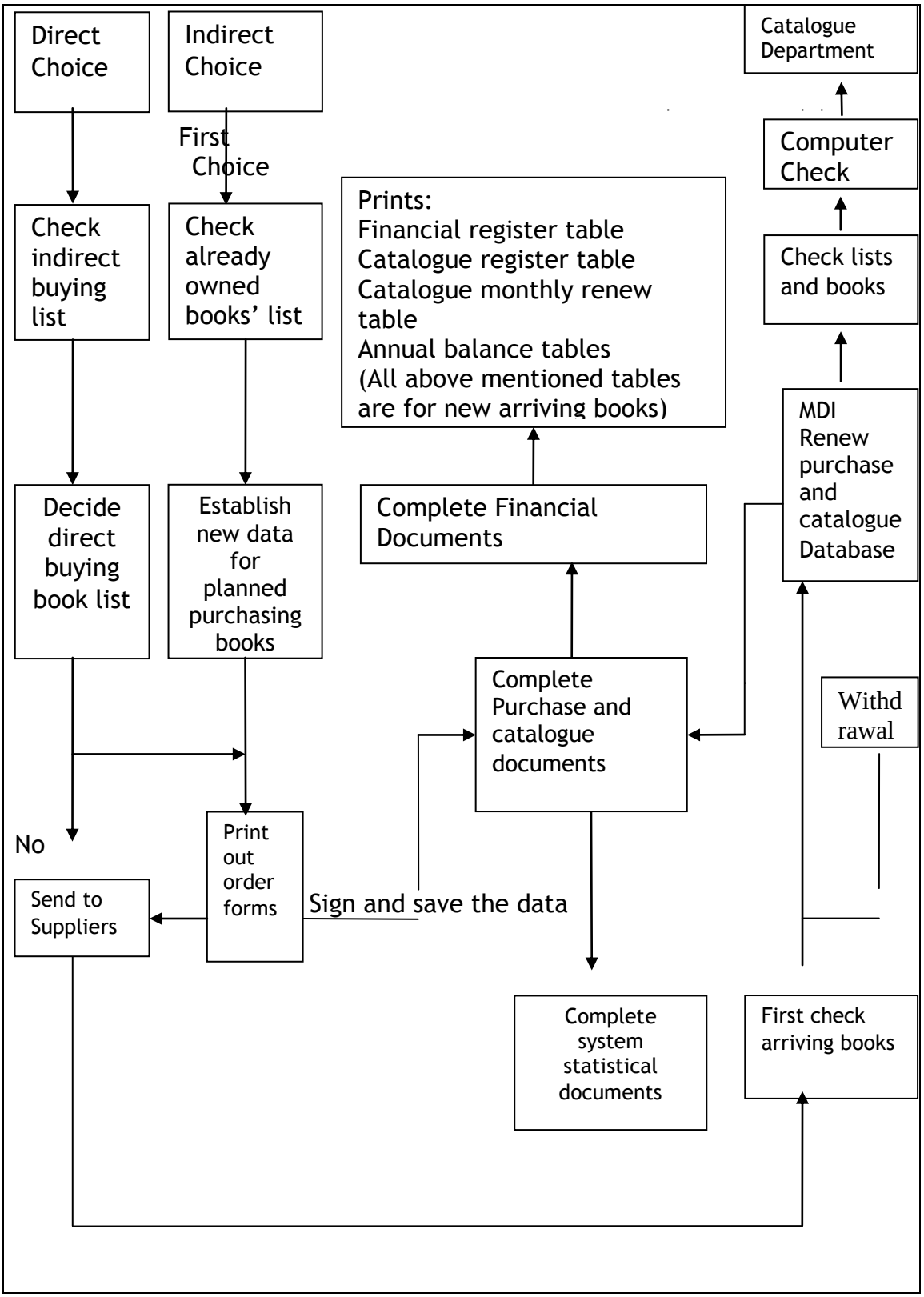


Figure 7 WUT library's Purchase process Blueprint of Printed Collection services: Books

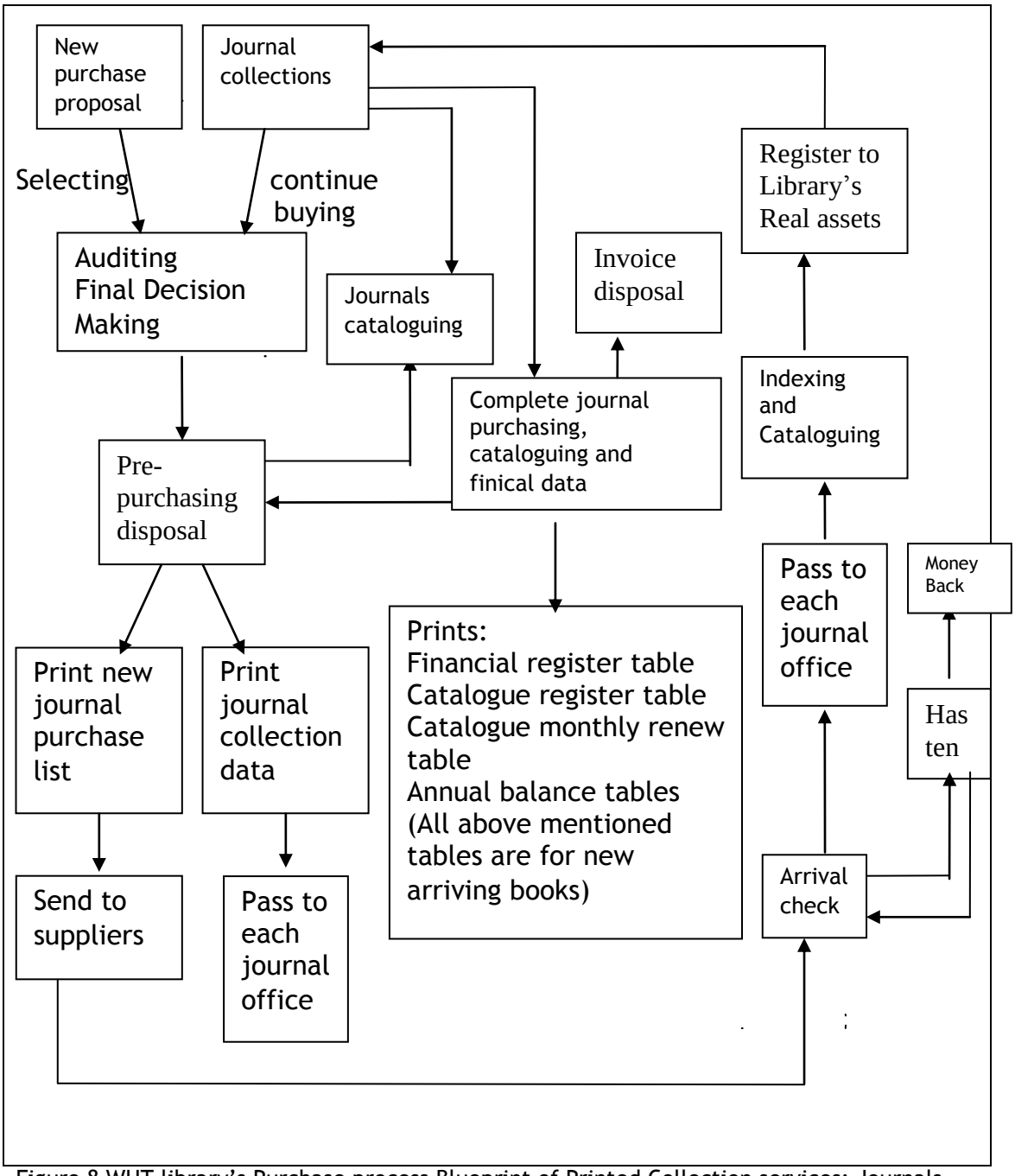


Figure 8 WUT library's Purchase process Blueprint of Printed Collection services: Journals

1. Recognition of need / Specification

   At the beginning of each year, according to the annual reports, the budget is decided by the WUT and then passing to the WUT library's finance department. According to this budget, a one year purchasing plan is be made briefly. Every year there are new book release lists published countrywide. Book shops, book publishers and suppliers have private book lists because the countrywide list is not free.

After all the lists arrive, the library checks through the list to select books that are connected to school's subjects and then puts the selected list onto library's website, so that both students and teachers could make their suggestions. On the other hand, customers can fill the purchasing proposals online anytime as long as the suggested book is within the subject of the university's education.

However in China, as there are many students in the university, students have to buy their course books by themselves. Library books are used as common collections after school readings. Therefore, when there is a decision to be made between quantity and variety, the library will insure the variety first.

2. Borrow or buy decision

Interlibrary system is also available between all libraries inside China, but normally if both libraries are in the same city, customers will have to go to the library by themselves, the WUT library do not provide the service of ordering a requested book to WUT libraries. Moreover, if a requested book is located in other city's library, the time will be quite long and the price quite expensive for post. Another system called 'Interlibrary document transform' will be used, and the requested books will be transformed by e-form through the internet, and this will be taken care of by the specific office. Therefore, if one book can be found in the market, the library will buy the book to substantiate its collection and cut the service time of borrowing from the other library.

In case of books in the foreign language (books in Latin, Arabic, etc. for foreign language major students) which might be rare in the market, the interlibrary loan could be arranged if strongly requested.

3. Source identification / Source selection / Contracting

Each year WUT library use biding to find their new suppliers. After WUT library discussed the purchasing list, a bidding requisition is put onto WUT library's official website. On the other hand, according to the saved data and evaluation of formal contracted suppliers in previous years, WUT library invites one or two formal contractors to attend the bid.

Library is acting like Monopsony. There is no need for the library to do any advertising, because first of all, book acquisition market is ruled by the customers, so the suppliers will be highly motivated to pay close attention to each potential customer, and the time of bidding is always the same each year, so the bidding

requisition will not be missed; secondly, China has big markets, as a result, the suppliers amount is large too, so the library can choose freely.

After the first selection, there will be ten to eighteen participants left to enter the bid. And after the consideration of the service quality and discounts, ten suppliers will be selected. The quantity of demanded books is very large each year, and the books widely cover a huge subject scope, so in order to ensure the service quality ten suppliers is needed at least. Then, the negotiation takes place in WUT library, where all the selected suppliers participate. The purchasing list is then divided into subject scope, and given to each supplier separately, and then the time and the quantity of the books to be sent during a year are planned. Finally, the contract is signed for one year. At most, one contract could last for two years, but it's quite rare, when considering the speed of changing price in this book market.

Aside of the already planned contract purchasing, WUT library also purchases directly from the book stores as well as from the books exhibition which has the advantage that all the books are tangible. So as a matter of fact, order forms are sent every month during the year and books are received almost every week in different quantity.

4. Receipt, possibly inspection / Withdraw / Fulfilment of need

All books and journals arrive at the WUT library. First of all, all the receipts and books are checked by personnel, and after inputting the data into computer, before passing books to cataloguing department, it is checked again by computer system. It is required that personal checking list and the computer checking list would match each other. After indexing, cataloguing and processing are done in the catalogue department, books and journals are ready to meet the customer on the shelf.

Because of the huge quantity of the books and journals received each month, it is not possible to check the whole book page by page. So most of the misprints inside the books can only be found by customers after the books are already on the shelf and inside the contract, it is already agreed with the suppliers that books with stamps could still be returned if there are any misprints.

5. Payment

Tasks like payments are register to library's real assets and all the other financial activities are managed by the WUT library's finance department.

For journals, as there is normally no change for the purchasing list, the payment is usually done in August in the previous year, and if the price changes the next year, it is arranged (after the journals are received) — either to pay more or receive a refund.

For books, the payment is usually paid within one month after the book's arriving. If the suppliers' need for the payment is not urgent, it might be delayed to two months after the book's arriving, but not longer than two months after the book's arriving.

Suppliers within the Hubei Province are paid through transfer check, and the other suppliers are paid through the bank account transfer.

## 5. ANALYSIS AND COMPARISON

After detailed describing of the purchasing process, printed books and journals in HSE and WUT library, we can connect WUT library's purchasing process with Stannack and Jone's evaluation model in chapter 2.2.4, which shows that WUT library's purchasing process can be seen as process focused.

Similarities and Differences can be easily identified after analysing and comparing. It is concluded as follows:

### 5.1 Similarities

1. Both HSE and WUT libraries are using capable IT programs to support libraries' daily work.
2. Thanks to the development of the internet, database system and popularization use of the computer, e-books and e-journals are occupying both libraries.

### 5.2 Differences

1. The book acquisition market in China can be seen as buyer's market. Opposite in Finland, it is ruled by suppliers.
2. WUT library signs a contract each year with every chosen supplier, and all the suppliers are domestic ones; HSE library choose to sign an agreement with Hansel first, and then with the help of Hansel have found total of 4 suppliers, who included domestic and international suppliers.
3. WUT library is still using the department operation structure; HSE library had abolished the department system and turned to their personnel.

4. The students, teachers and staff members are the major customers in WUT library, while HSE library's customers include 30% of HSE students, teachers, staff members and 70% of out comers.
5. The journal collections in WUT library are much smaller than HSE library, especially international journals (HSE library: more than 300 / WUT library: about 100)
6. Every year, the amount of international books purchased in WUT library is much smaller than HSE library's (HSE library: more than 2,000 / WUT library: hundreds)
7. WUT library's collections do not include annual reports of firms, however HSE library does.
8. In WUT library the 'Interlibrary' service is not offered in the whole country, only inside the Wuhan City; HSE library's 'Interlibrary' service is available in the whole country.
9. WUT library have the 'Interlibrary document transform system' using e-forms to transfer the books through the internet, because the library is outside of the Hubei province and the distance between provinces is long.
10. Through the purchasing process of WUT library, documents still have to be signed by the curator after the decision has been made. However, In Finland, there is no such process.

## 6. IMPROVEMENT PLAN

A perfect purchasing process is defined as follows: focuses on the best product management methods; employs an integrated methodology to manage relationships; improves processes and outcomes; shares those resources and methodology with suppliers. According to chapter 2.2.3, WUT's purchasing process is process-centred purchasing, after considering, suggestions are:

### 6.1 Finding international suppliers

From statistics, WUT library's annual acquisition volume of books is 40,000 in which international books include only couple of hundreds. The percentage is 0.25 percent which is significant lower than the international books in HSE library. This complexion can be changed, and my suggestions for WUT library would be to seek out for international suppliers, especially from UK and USA, so that the volume of WUT library's annually acquisition for both international books and journals could be increased. There could be more than one supplier if needed. The contact information could be found using the internet search as well as recommendations from the other university library's contacts in China (e.g. Hong Kong University's Library).

The advantages are: First of all, when the suppliers would be from UK or USA, the availability of the English books and journals would be far more wider than what a Chinese suppliers

could find; both UK and USA book suppliers could provide much more details on international books. Secondly, If the suppliers are successful in international operations, an approved level of service quality must be ensured, it would be better if the service could be negotiable, but the basic would not change through time; Thirdly, according to an opinion from HSE library's acquisition specialists, books' and journals' price is comparable more stabilized than it's in China; Finally, according to point two and three, longer period, for example, two or three years contract could be considered if the agreements would be negotiated.

On the other hand, there are disadvantages too: Firstly, the time gap between ordering and receiving is too long, but it could be adjusted by advanced ordering. Then, the negotiations would have to be done face-to-face, or at least through online meetings, so either travelling would be needed or technical support. According to Chinese business culture, face-to-face negotiations are more preferred. After that, the language skills would have to be considered when it comes to the decision.

### 6.2 Supplier Relationship Management

The most developed purchasing is aiming for manage relationships, processes and outcomes. WUT library recently, have not had any plan or strategy for Supplier Relationship management. In my opinion, WUT library should do more relating supplier relationship management. To find the new suppliers and negotiate to more then 10 suppliers every year is not convenient for the library. If WUT library would have longer contracts and longer relationships with their suppliers, it would save time in the long term.

Detailed plan could be as follows: First of all, WUT library need to build a suppliers database, in order to have old suppliers' contact information, product catalogue and also service quality evaluation. In addition, new suppliers' information could be found and inputted to the database for further use. After the evaluation of the library's old suppliers, the most valued fifteen to twenty suppliers could be selected. After that, a meeting could be organized and WUT library could try to find ten suppliers who are interested to co-operate with them. WUT library could also have common resources of their purchasing process' methodology with the chosen suppliers. The problem caused by the frequently changing prices and unstable service quality could be easier and more quickly known by WUT library, so that there would always be time for the library to discuss matters with the chosen suppliers. And because of the information and resource sharing, the purchasing process would be crystal clear, viewed by both suppliers and buyers. The agreement on details would be easier to make and if anything occur, both of them could react to it timidly.

The only disadvantage in this plan is that the pre-information searching, decision making and negotiations are time consuming. Also to input a programme (so that the information and resource could be shared between the library and chosen suppliers) takes a lot of time.

6.3 Combining the department structure vs. personal responsibilities

Department structure has been used all over the world, but only after the explanations received from HSE library's acquisition specialists. In my opinion, the purchasing process could be more efficient if everyone in personnel, in one department would work as a group and at the same time work efficient as personnel.

WUT library have 201 employees, which compared to HSE library's is a much bigger number, so the department structure is necessary for WUT library. But as the books and journals are coming every week during whole year in different quantities, to ask every person in one department to work as one team is not efficient. For example, one person is finished with his/her work, but others still have a lot to do, new personnel have to wait just because the previous ones are not done yet, and that's why not everyone is busy at the same time.

My suggestion would be to divide a large department into the sub-departments, so that everyone would be responsible for speeding up the process. Since the programme used in WUT library records every move and it is inputted in computer and can be viewed by every staff member, even working in small groups would not disarrange the process as every employee would know what they are doing and what the others are doing.

6.4 Improving citywide interlibrary service

As mentioned in chapter 5.1, WUT library do not offer 'Interlibrary' service inside the Wuhan city, customers have to go to other linked library in order to borrow books from there. Considering the customer satisfaction, in my opinion, WUT library could make a customer satisfaction research, or just put the questionnaire on their official website, to see if an improvement is necessary. If it is, WUT library should consider changing their 'Interlibrary' service inside the Wuhan city.

6.5 Increasing collection catalogue

The world is changing, and in order to follow the steps of the globalization, WUT library should consider purchasing more international books and journals. Information and opinion from other countries could open students' mind, and help them to adapt better to the changing world when they graduate. For the same reason, firm's annual report could be a good choice, not only for Business school studies, but also for other students who are trying to get a successful career.

### 6.6 Open up service

WUT library's customers are all from WUT, so an open up service might be a good idea. In China, reputation and society impression is very important. University can be seen also as an educational service company. Opening up the service to other personnel, especially to other companies would help WUT library and the University to increase the reputation and to build relationships with the companies.

## 7. EVALUATION OF THE PROJECT

At be beginning, this project was planned to be very pleasant. But as time went on, it turned out that the plan and realism not always match. After the agreement of the first interview has been done through emails, the result has not reached the anticipated outcome. So, another interview through the net phone has been arranged, and the interview had been done all over again.

Secondly, after another interview has been done with Library of Laurea University of Applied Sciences, the second problem revealed. Due to the fact that Laurea library's acquisition is managed by the each institute's library separately, the annual purchasing quantity of one institute's library was too small to compare with WUT library's annual purchasing quantity. A new comparative library had to be found. After discussing, HSE library has been chosen.

Otherwise, this project has gone as planned. The both interviews have gone very well, the detailed information given was very helpful and interviewees were both willing to help.

## 8. CONCLUSIONS

In addition, it was found that outside environment and culture had impacts on the purchasing process too, which cannot be changed. Besides, the technique and personal effects to the quality of the purchasing process were the other factors that had to be considered.

The power distance is very high in China, as a consequence in WUT there are many documents that have to be signed by the curator before they can be passed to other functionaries. Even though it would be better if this procedure could be changed, it is difficult to change it because of the operation culture.

The contract with the suppliers could not be longer, due to the frequent change of book prices and the service quality of the suppliers (depends on customer's request and suppliers' capability), as well as the payment methods, the WUT library could not change to use the internet bank as this service is still a new service, and company's do not fell safe enough to use it on daily business-to-business transactions, as it concerns huge amount of money.

But as time pass on, the purchasing will face more trends, because of the competition in the world market, companies will be compelled to develop their purchasing process. As in this business world, everything changes so quickly (even the operation environment), that the WUT library's purchasing process can be improved.

LIST OF APPENDICES

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THE FIRST INTERVIEW APPENDICES 1

Interview question:

1. What is the relationship between the Library and all the small libraries which are operated in each Institutes of WUT?
2. Are there any connection or database and resources sharing between other universities libraries and WUT Library?
3. From the general information about WUT library which has been gathered from the web pages, it is clear that the materials have been collected by one library and can be divided as all kind of text books: journals, newspapers and magazines, electronic books, electronic journals and magazines, electronic databases. Is the process of purchasing all this material is the same? And is there any difference between purchasing in China and from international suppliers? If there is any difference, please point it out during your explanation of the purchase process. And please tell me step-by-step who is responsible for that by every department of the WUT library.
4. Purchasing process
    1. Recognition of need (This answers the question: what to buy? Know from where? From whom? How to know? How much time the information gathering will need? Who will ask, collect and conclude this information)
    2. Specification (This answers the question: What kind? Because of the limited time, resources, space, money, availability. It's not possible to buy everything in one category. Then, "What? How many?" have to be decided? And who will make the choice, when and how, depending on which standards?)
    3. Make or buy decision (There is no need to buy every book that is required from the customer. If it is a short time requirement, could it be possible to borrow it from the other libraries? Borrow from whom? How much time is needed for contacting and transferring the item? Borrow for how long? Etc.)
    4. Source identification (Where, when, how and who will gather the information of the suppliers? Who are the suppliers? Is there a suppliers' database? Etc.)
    5. Source selection (There must be a lot of suppliers, thus comes the questions: buy from whom? How to choose, in other words, how to evaluate suppliers – e.g. transfer time? Pre-experience, service quality, product quality, stock quantity, etc.)
    6. Contracting (After selecting the supplier/suppliers, How to sign the contract, face-to-face or through fax or email? Who will sign it? How long after the decision? Normally how long the contract would be signed for? What if they already had a contract before?)
    7. Contract management (Is there a database of every supplier that is known by the library? Has the information been separate, contact information, service quality, etc. is that information have been gathered and managed? When there

will be new products or supplier, who will inform the library / or how does the library know? )

8. Receipt, possibly inspection (After the order is sent to the chosen supplier/suppliers, how much time is needed to have the product delivered? Sent where? Who and how will it be checked? Check what? What if there is anything wrong with the products?)
9. Payment (When, where, how to pay?)
10. Fulfilment of need (How much time does it need to receive the products and deliver it to the customers? Process?)
11. Withdrawal (How is the withdrawal process being done?)

THE SECOND INTERVIEW APPENDICES 2

Interview question:

1. The percentage of HSE library customers who not belongs to Helsinki School of Economic?
2. From the general information about HSE library, which has been gathered from the web pages, it is clear that the materials have been collected by one library and can be divided as all kind of text books: journals, newspapers and magazines, electronic books, electronic journals and magazines, electronic databases. Is the process of purchasing all these printed books and journals is the same? And is there any difference between purchasing in Domestic and from International suppliers? If there is any difference, please point it out during your explanation of the purchase process. And please tell me step-by-step who is responsible for that by every department of the HSE library.
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