

## A Precise Description of the Economic Responsibility of the Department of Purchases and Storehouses According to The Concepts of Effectiveness and Efficiency: A New Initiative to Enrich the Thought of CSR

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### Abstract

**Purpose:** This study aims to identify and describe the economic responsibility of PWD, based on the concepts of effectiveness and efficiency.

**Method:** To determine and describe the economic responsibilities of the departments that make up the FOS in any corporation, the concepts of effectiveness and efficiency in accomplishing the tasks assigned to those departments were chosen, taking into account the criteria for evaluating the level of quality of effectiveness and efficiency.

**Result:** Through the concepts of effectiveness and efficiency in completing tasks, this study was able to determine and describe the economic responsibility for PWD that was chosen to be the subject of this study, as follows: Providing the tangible and intangible needs for other departments included in the corporation's FOS in a timely manner, with the specified specifications and at the lowest possible cost.

**Originality/Value:** The idea of this study, which depends on the concepts of effectiveness and efficiency in performing tasks, can be adopted in defining and describing the economic responsibilities of the departments included in the FOS of any for-profit corporation. The economic responsibility of the departments lies in the extent of their commitment to the standards of effectiveness and efficiency in the performance of the tasks assigned to them. This study is an enrichment of the thought of CSR and it will be considered the starting point for many studies and research in this field.

**Keywords:** Corporate Social Responsibility. Economic Responsibility. Effectiveness and Efficiency. Functional Organizational Structure. Purchasing and Warehouse Department.

### Abbreviations

Corporate Social Responsibility (CSR). Functional Organizational Structure\ Structures (FOS\ FOSs). Purchasing and Warehouse Department (PWD).

### Introduction

Every corporation has goals that it strives to achieve. Achieving these goals can only be achieved through the combined efforts of all the departments included in the FOS of that corporation. Each department has its own allocations of economic resources such as money, fixed assets and human resources, which must be managed effectively and efficiently to achieve the objectives of the corporation within the limits of the powers granted to carry out the tasks

assigned to it. Commitment or non-commitment of these departments to their social responsibilities (economic, legal, ethical and philanthropic), its positive or negative effects will appear in the final result when reporting on the social responsibility of the corporation as a whole. In the CSR evaluation reports that are addressed to stakeholders, it will be mentioned that the corporation is or is not committed to its social responsibility and not the department or departments in that corporation are committed or not. CSR reports are issued in the name of the corporation, not its departments. Depending on the concept of responsibility and accountability in the business world, social responsibilities must be defined for all corporation departments.

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In practice, stakeholders such as society, investors, customers, suppliers, government, protection organizations, etc. are often not interested in the results of the evaluation of social performance of the departments that make up the FOS of the corporation being evaluated. They look at the social performance of the corporation as a whole. They don't care about the details. Strictly speaking, they do not pay any attention to evaluating the social performance of departments. They form their general idea of the corporation's commitment to its social responsibility through what is published of reports and news in the means of communication about the performance of that corporation. Attention to detail is the responsibility of the corporation's management. Evaluating the social responsibilities of the departments is within the competence of the corporation's management. For example, to evaluate the extent to which a corporation is committed to its economic responsibility, they will focus on the achieved profit figure, which represents the extent of the corporation's commitment as a single unit to this responsibility without evaluating the extent to which the departments- that make up the FOS of this corporation, are committed to their economic responsibility. Attention to details is the responsibility of the corporation's management.

The profit figure that appears in the financial statements of any corporation, several departments contribute to achieving it in different ways and methods. The profit figure in the thought of CSR is an indication of the extent to which corporation is committed or not committed to its economic responsibility. This number, whether large or small, does not reflect the quality of the company's commitment to its economic responsibility. The economic responsibility of companies, as described by scholars, means maximizing profit. Through profits, corporations can survive in the environment in which they operate and fulfill their other responsibilities such as legal, ethical and philanthropic. The profit figure that appears in the balance sheet is to evaluate the economic responsibility of the corporation as a whole. This number does not come out of nowhere, but is produced through the concerted efforts of all the departments included in the corporation's FOS. Each department in the corporation has a specific role in the process of making a profit. This role may be direct or indirect. The economic performance of the departments included in the FOS of the corporation contributes to the enhancement or deterioration of the profit figure for that corporation. Accordingly, and in light of the concept of responsibility and accountability, the economic responsibilities of those departments included in the FOS of those for-profit corporations must be defined and described in accordance with their basic tasks and functions. The evaluation of the economic responsibilities of the company's departments is for the purpose of determining the extent to which they contribute to maximizing the profit of the company as a whole.

### **Evaluating the CSR and Judging the Corporation's Performance**

When evaluating CSR, the result of the evaluation- whether it is a failure or a distinction, is attributed to the corporation as a whole,

while the evaluation through which the report is issued is a result of evaluating the social performance of all the departments included in the FOS of that corporation. This means that all the departments included in the corporation's FOS have social responsibilities. Making a judgment about the extent to which the corporation as a whole is committed to its social responsibility will depend on the extent to which its departments are committed to their social responsibility. Also, the quality of the company's commitment to its social responsibility will depend on the quality of its departments' commitment to their social responsibility. Based on the fact that each department included in the FOS of any corporation has a special task that differs from the tasks of other departments, it will be necessary to determine and describe the social responsibilities of the departments. With regard to determining and describing the social responsibilities of the departments included in the FOS of the corporation, it can be said that, the philanthropic, ethical and legal responsibilities of the departments are clear and there is no problem with them. The meanings of these responsibilities for departments are not different from their meanings for the corporation as a whole. As for the economic responsibility, it is not specified for the departments. The economic responsibility of the corporation as a whole means profit maximization. As for the departments, this responsibility needs to be defined and described accurately according to logical criteria that must correspond to the nature of the various tasks of those departments. The thought of CSR did not specify the nature of the economic responsibility entrusted to the departments included in the corporation's FOS. This problem is considered one of the failures of the thought of CSR, which this study tries to solve.

The results of the evaluation of the social responsibility of any corporation are a summary of the commitment and non-commitment of its senior management and executive departments to their own social responsibilities. The commitment or non-commitment of the corporation to its social responsibility is in fact the commitment or non-commitment of one or some or all of the departments included in the FOS of that corporation to its \their social responsibilities entrusted to it \ them under its statute. In a more precise sense, the evaluation of CSR is in fact an evaluation that includes all the departments listed in the corporation's FOS, but the final evaluation result is attributed to the corporation as a whole. For example, assuming that, the human resources department in the General Electricity Company of Libya is not committed to its social responsibility towards workers in the field of training on safety and security precautions. This failure "non-compliance" will be attributed to the corporation as a whole, and not to the human resources department.

### **Social Responsibilities of the Corporation's Departments**

The content of the social responsibilities (economic, legal, ethical and philanthropic) of the departments included in the FOS of the corporation is the same as the content of the CSR except for the economic responsibility whose meaning is different for the departments. The economic responsibility of the departments means the

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effective and efficient completion of tasks and functions in order to contribute to maximizing the profit of the corporation. The economic responsibility of the departments " *be effective and efficient when completing work tasks* "; The legal responsibility of the departments " *obey the laws and Regulations.* "; The ethical responsibility of the departments " *be ethical when completing work tasks.* "; The philanthropic responsibility of the departments " *be committed to the corporation's philanthropic policies and strategies.* "

### Description of the Study Problem

Since the idea of CSR came into existence until the present time, all the literary writings about this thought were and are still talking about the social responsibilities of the corporation as a whole without reference to the social responsibilities related to the departments included in the FOS of the corporation. Based on the following fact, the commitment or non-commitment of the corporation's departments to their social responsibilities will have a positive or negative impact on the evaluation of social responsibility performance of the corporation as a whole, it will be necessary to define and describe the social responsibilities of the corporation's departments, especially with regard to the economic responsibilities of the departments **that are considered unclear**. As for legal, ethical and philanthropic responsibilities, they are clear. All departments whether senior management or executive departments contribute to enhancing or deteriorating the social responsibility of the corporation as a whole. If the talk is devoted to economic responsibility, all departments in any corporation can contribute directly or indirectly to the enhancement or deterioration of the economic performance of that corporation through their obligation or non-commitment to their economic responsibility. Accordingly, the economic responsibilities of these departments should be determined, with an indication of how those responsibilities affect the economic responsibility of the corporation as a whole. The economic responsibility of the corporation as a whole is profit maximization. As for the departments included in the corporation's FOS, it means contributing to profit maximization by performing their functional tasks effectively and efficiently.

Corporate economic responsibility is a specific and clear responsibility that means profit maximization. As for the corporation's departments, the economic responsibilities are not clear, but they can be determined. They may mean contributing to maximizing the corporation's profit through the effective and efficient completion of the tasks assigned to them. To judge the quality of this contribution, it must be evaluated and measured with reasonable standards. For every administrative job, there are criteria to measure the level of effectiveness and efficiency of its performance to the fullest. To adopt the concept of responsibility and accountability in the thought of CSR, it will be useful to define and describe the social responsibilities of the departments included in the FOS of the corporation. Evaluating the social responsibility of the corporation as a whole without considering the performance of departments as

independent units is a violation of the concept of responsibility and accountability, especially with regard to economic responsibility. Each department contributes a certain amount to enhancing the economic performance of the corporation as a whole. This contribution will be obliterated if the evaluation of the economic responsibilities of the departments included in the FOS of the corporation is neglected. Commitment or non-commitment of corporations to their social responsibilities is the result of the commitment or non-commitment of its associated or subordinate departments. Evaluating the social responsibility of any corporation and issuing the final judgment about it is the outcome of the successes and failures resulting from the commitment or non-commitment of its departments and sections to its social responsibilities. Commitment or non-compliance with social responsibilities by the departments and sections in any corporation will be reflected positively or negatively in the evaluation of the social responsibility of the corporation as a whole. For this reason, the social responsibilities of all departments and sections included in the corporation's FOS must be determined.

Evaluating the economic performance to judge the extent of the corporation's commitment to its economic responsibility focuses mainly on the profit number achieved during the financial period subject of the evaluation, without evaluating the contribution of the departments listed in the FOS of that corporation, while the increase or decrease of this number depends on the extent to which the corporation's departments are committed to their economic responsibilities. They are departments that have their powers and economic capabilities to accomplish the tasks entrusted to them to contribute to achieving the corporation's goal related to profit maximization, whose performance must be evaluated according to the principle of responsibility and accountability. The lack of commitment of any department to its economic responsibility may be hidden by the success of another department, if the economic responsibility of the corporation as a whole is evaluated without looking at the contribution of its departments included in its FOS.

The researcher presented the following argument, which is that, making a profit is not a sufficient indicator of the corporation's commitment to its economic responsibility. The profit figure appearing in the financial statements indicates that there is a commitment by the corporation to its economic responsibility, but it does not reflect the level of quality of that commitment "whether the commitment is weak /or is good/ or is excellent." For this reason, the researcher suggested the necessity of evaluating the economic responsibilities of the departments that make up the organizational structure of the corporation and that contribute to achieving that profit. Unfortunately, the idea of CSR did not provide a clear approach through which to describe the economic responsibilities of the departments included in the FOS of any institution.

The nature of the economic responsibilities of the departments included in the FOS of any corporation varies from one department to another due to the different nature of their work and the tasks as-

signed to them. The difference in the nature of economic responsibility results in a difference in the criteria for measuring the quality of effectiveness and efficiency of performance. For example, the nature of the economic responsibility and the criteria for measuring the quality of effectiveness and efficiency of performance of marketing department is different from the nature of the economic responsibility and the criteria for measuring the quality of effectiveness and efficiency of performance of production department, and so on. Also, there are economic responsibilities that are clear in some departments- and have a clear impact on economic performance of the corporation as a whole, and are not clear in other departments, but it can be fulfilled in a different way. For example, the economic responsibility of the PWD in any corporation is a clear responsibility, as it is focused on providing goods and services to other departments in a timely manner, with the required specifications, and at the lowest cost. While the economic responsibility of the legal department in that corporation is not clear, but it can be identified and described as follows: Preserving fixed assets such as cars and furniture from damage, "good use of economic resources"; Optimal utilization of human resources working in that department; as well as economic rationality regarding spending from financial allocations to meet the petty expenses of that department, and so on. In fact, all the departments included in the FOS of the corporation must abide by their economic responsibilities regarding the preservation of the economic resources allocated to them in addition to their other economic responsibilities.

The commitment of any corporation to its economic responsibility is the commitment of its departments to their economic responsibilities (contribution to maximizing the profit figure for the corporation as a whole) by performing their job duties effectively and efficiently. As job duties differ from one department to another, the criteria for measuring effectiveness and efficiency for those departments will vary. As a first experience in the field of defining and describing the economic responsibilities of the departments included in the FOSs of corporations, this study is devoted to determining and describing the economic responsibility of the PWD as one of the departments affecting the economic performance of corporations. The quality level of the company's commitment to its economic responsibility may be negatively or positively affected by the performance of this department.

**Problem:** The economic responsibility of any for-profit corporation means profit maximization. As for the departments included in the FOS of that corporation, it means contributing to profit maximization by performing the tasks assigned to them effectively and efficiently. The PWD is considered one of the important departments in the for-profit corporation, as it may contribute to the enhancement or deterioration of the economic performance of that corporation. By relying on the concepts of effectiveness and efficiency in defining and describing the economic responsibilities of the departments included in the corporation's FOS, how can the economic responsibility of the PWD be defined and described, and what are the necessary criteria by which the effectiveness and ef-

iciency of the performance of this department can be evaluated? This is what can be considered the problem of this study.

**PWD** plays an important role in enhancing or deteriorating the economic performance of the corporation as a whole. Proceeding from the following fact, which is that the economic performance of any corporation as a whole is a reflection of the negative and positive economic performance of all the departments included in the FOS, so the economic responsibility of this department must be determined. The economic responsibility of any administration included in the FOS of any for-profit corporation is to accomplish tasks effectively and efficiently. Based on this fact, how can the economic responsibility of PWD be defined and described by relying on the concepts of effectiveness and efficiency and what are the criteria for evaluating the quality of effectiveness and efficiency in the performance of this department's tasks?

### **The Purpose of the Study**

Evaluating the social performance or social responsibility of the departments included in the FOS of any corporation in a separate and independent manner will contribute to determining which departments whose social performance contributed to the enhancement or deterioration of the social performance of that corporation as a whole. To this end, the social responsibilities of the departments within any corporation must be defined and described in a manner consistent with the functions of those departments. In order to show how to achieve this goal, this initiative came as a literary contribution to enrich the thought of CSR, and to open the way for thinkers and writers in this field. This initiative -as a proactive step, is devoted to identifying and describing the economic responsibility of the departments - as one of the types of CSR, relying on the concepts of effectiveness and efficiency as logical concepts that are closely and directly related to the economic performance of any corporation. In this study, the PWD was chosen to determine its economic responsibility to be a role model for the rest of the other departments. Accordingly, this study aims to show how to define and describe the economic responsibility of the PWD in any corporation based on the concepts of effectiveness and efficiency in the performance of administrative tasks as a general logical approach through which the economic responsibilities of the rest of the other departments in that corporation can be determined. In short, this study aims at the necessity of adopting the concepts of effectiveness and efficiency in the performance of jobs and tasks - as a logical approach, when defining and describing the economic responsibilities of the departments that make up the FOS of any corporation. This logical approach is the path through which the economic performance of those departments should be evaluated. *This study aims to determine and describe the economic responsibility of PWD by relying on the concepts of effectiveness and efficiency.*

### **The Importance of Studying**

The importance of this study lies in its idea. Where the economic responsibilities of the departments included in the FOS of any cor-



poration can be determined by describing the criteria of effectiveness and efficiency in performing the functions assigned to those departments. The profit figure appearing in the financial statements does not reflect the quality of the company's commitment to its economic responsibility. To evaluate the quality of the company's commitment to its economic responsibility, it is necessary to evaluate the economic performance of the departments that contributed to making that figure. This means that there is an economic responsibility that falls on the shoulders of those departments, which must be defined. These responsibilities can be measured and evaluated through the criteria of effectiveness and efficiency in performing the tasks assigned to those departments. The idea of this study can be considered an enrichment of the thought of CSR.

## Method

*an innovative approach to determining the economic responsibilities of the departments included in the corporation's FOS "*

This study adopted the concepts of effectiveness and efficiency in performing functional tasks as an approach to identify and describe the economic responsibilities of the departments included in the FOS of any for-profit corporation. Since the functions of the departments in any corporation are different, the criteria for measuring and evaluating the quality of effectiveness and efficiency in the performance of functions will differ from one department to another. Each administrative job has logical criteria to measure the quality of effectiveness and efficiency of its performance - through which the effectiveness and efficiency of the department in performing its job duties can be evaluated. For the PWD, the evaluation of effectiveness is measured by comparing the quantities purchased\ purchased services with the quantities required\ the required services. As for efficiency, it can be measured by time, specifications and cost (in a timely manner, with the specified specifications and at the lowest possible cost).

## Findings and Discussion

### Corporate Social Responsibility

The researcher defines CSR in line with the content of this study as follows: CSR is to achieve the desired economic goals effectively and efficiently to enhance the corporation's economy and achieve the well-being of the community in which it operates through a package of tasks, duties, activities and initiatives that must be performed by the departments included in the corporation's FOS, in harmony with the applicable laws, codes of ethics and professional code of conduct. The desired economic goal that must be achieved effectively and efficiently is a clear reference to profit maximization. Profit maximization and corporate economic responsibility are two sides of the same coin. Maximizing profit - as a desired goal, is achieved only through the effective and efficient performance of the departments included in the corporation's FOS. Effectiveness and efficiency are requirements that must be adhered to by the corporation's departments. From this point of view, it is necessary to define and describe the economic responsibility of all the corporation's departments, based on the concepts of effectiveness and efficiency in performing the functions.

The FOS in any corporation is the organization through which the corporation can achieve its desired goals. The FOS of any corporation is a group of departments that each have a special function, through which they contribute to achieving the goals of the corporation as a whole. In practice and in the presence of FOSs in corporations, it is not possible to judge the extent to which any corporation is committed to its social responsibility towards stakeholders in a correct manner unless the social performance of the departments that make up the FOS of that corporation -subject of the evaluation, is evaluated.

### Economic Responsibility

The researcher divides the corporate economic responsibility according to their impact into:

1) Corporate Economic Responsibility at the Level of the Corporation's Economy.

Economic Responsibilities: "Be profitable, maximize revenues and minimize expenses" Economic responsibilities relate to business's provision of merchandise and services in community. Earnings result from this activity and are necessary for any other responsibilities to be carried out. It is assumed that corporations will be as profitable as possible, maintain a powerful competitive position and maintain a high level of operating efficiency. It is well known that many developing countries suffer from a shortage of foreign direct investment, as well as from high unemployment level and widespread poverty. It is no surprise, therefore, that the economic contribution of companies in developing countries is highly prized, by governments and communities, alike [1, 2].

2) Corporate Economic Responsibility at the Level of the Country's Economy as a Whole.

This concept should be strengthened and adopted in developing and poor countries, which particularly states the following: " when seeking to maximize profits, corporations must not harm the national economy of the state, even if the laws do not criminalize this. " Corporations should contribute to strengthening the national economy of the state, "strengthening the state's national wealth." Corporations are one of the main components of any country's economy, and they can influence it, either positively or negatively. We may applaud the profitable corporation" the company that made the highest profit, " and at the same time we may regret the negative effects that this corporation has left at the level of the country's economy as a whole. For example, hiring foreign workers and ignoring national workers. This behavior or action contributes to increasing unemployment rates in society and also contributes to the exit of hard currency outside the borders of the state. Another example, reducing sales prices in order to sell a larger quantity of products may contribute to pushing another competitor out of the market. Corporate economic responsibility can be viewed from two angles: maximizing the company's profit and strengthening the national economy of the state [3].

3) The Economic Responsibilities of the Departments "Be Effective And Efficient When Completing Work Tasks."

The economic responsibility of the corporation as a whole is profit maximization, which is measured by the profit figure. As for the

departments included in the corporation's FOS, it means contributing to profit maximization. This contribution can be measured and determined according to the concepts of effectiveness and efficiency in performing the functions assigned those departments.

### Accountability as one of the principles of CSR

According to ethics activist Geoff Hunt, accountability is the readiness or preparedness to give an explanation or justification to relevant others (stakeholders) for one's judgments, intentions, acts and omissions when appropriately called upon to do so. It is [also] a readiness to have one's actions judged by others and, where appropriate, accept responsibility for errors, misjudgments and negligence and recognition for competence, conscientiousness, excellence and wisdom. It is a preparedness to change in the light of improved understanding gained from others [4]. In fact, "accountability as a concept is closely related to responsibility. There can be no accountability- in its true sense, regarding any issue unless there is a specific and clear responsibility" [5]. In the business world, stakeholders are not entitled to accountability for performance until after the assignment of responsibilities, granting powers and allocating economic resources. The main goal of accountability is not to praise or punish, but to correct deviations. Accountability is a control process that aims to obtain explanations and justifications about the actions carried out, or decisions taken or measures followed that the other party (stakeholders) deems to contradict what is described and specified. Based on the evaluation of those explanations and justifications, certain actions and reactions will be taken against non-compliant officials or departments. Corporate accountability can be defined as the ability of those affected by a corporation to hold corporations to account for their operations [6]. Corporate accountability means that the corporation is responsible for the results of its work and for any deviations that may occur from its goals and values to stakeholders such as shareholders, customers, employees, government agencies, etc. Accountability is very important and necessary to ensure that corporations adhere to their social responsibility towards all concerned parties and redirect that commitment in the right direction in case of deviation.

### Effectiveness and Efficiency

Effectiveness is the power to produce the desired result. Efficiency is defined as the ability to do something or produce something without wasting materials, time, or energy [7]. Effectiveness and efficiency are terms that have a great meaning in evaluating and measuring the performance of organizations. The continued presence of business organizations in the environment in which they operate depends on the extent to which their goals are effectively and efficiently achieved. Effectiveness and efficiency are not the same thing; each has a different meaning. In the business world, in light of the existence of the FOS in business organizations, each department has special tasks and functions to achieve the goals of the organization as a whole. **Administrative effectiveness** is the ability of the department to carry out its functions to achieve the desired results or planned goals for the organization as a whole.

**Effectiveness** means the extent to which the administration accomplishes its specific tasks entrusted to it to contribute to achieving the objectives of the organization. Effectiveness means the achievement of the desired goals, as well as the accomplishment of the assigned tasks. It can be measured by comparing the achieved result\performance with the desired result\ performance. For departments included in the corporation's FOS, it can be measured by the percentage of completion of the specified tasks. Effectiveness is related to the ability to achieve the intended goals, not to how those goals are achieved. While, **efficiency** refers to how goals are achieved or tasks are accomplished. In a more precise sense, it refers to the material and immaterial costs incurred in order to achieve the goals and accomplish the tasks. For departments included in the corporation's FOS, efficiency means accomplishing those specific tasks in the right way " with the least amount of wasted time, money, and effort or competency in performance." According to Nelly, performance measurement is the process of quantifying the efficiency and effectiveness of past action [8]. It is the gathering of information about the work effectiveness and productivity of individuals, groups, and larger Organizational units [9]. It involves systematically collecting and strategically using information, on an ongoing basis, in an intra- and inter-organizational fashion, and for a variety of internal and external purposes (Omosa,2005) [10].

### The Importance of the FOS in Evaluating the CSR

FOS refers to the structure in which different departments are created on the basis of main functions accomplished in the organization. Organizational structure is a way or method by which organizational activities are divided, organized and coordinated [11]. Functional organizations contain specialized units that report to a single authority, usually called top management.

Every corporation has goals that it strives to achieve. These goals can only be achieved through a set of various functions, which differ in nature from one job to another. This diversity of tasks and functions requires the corporation to create what is known as the FOS, which usually consists of several departments, each department has its own tasks and duties, that it must undertake in order to contribute to achieving the goals of the corporation as a whole. In large institutions, in order for these departments to be able to perform their tasks to the fullest, they must be given the powers, authorities and economic resources necessary to accomplish those tasks, with the need to evaluate the results of the work of those departments to determine the extent of their impact on the performance of the institution as a whole, and try to correct deviations if any. In the field of CSR, the FOS is very important, through which the social performance of the corporation can be accurately evaluated. Each department included in the FOS of any corporation has a mission and a role in that corporation, which must be carried out in accordance with the requirements of CSR. Through evaluating the social performance of the departments (the extent to which the departments adhere to their social responsibilities: economic, legal, ethical and philanthropic), it is possible to know the areas of

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excellence and failure regarding the commitment of the corporation's departments to their social responsibilities, and thus correction of deviations. The final result (obligation or non-compliance) - which is attributed to the corporation as a whole, is the result of an assessment of the social responsibilities of its departments.

### **The Function of PWD**

Purchasing and Warehouse Department (PWD) has a key strategic role in many contemporary business organizations [12-15]. As firms increasingly rely on suppliers' inputs and contributions, the strategic importance of the PWD function as the interface managing these inputs has also increased [14, 15]. In the current global economy, PWD is under increased pressure to find additional value generation beyond efficiency seeking behavior and to search for effectiveness; for example, by bringing in supplier product or process innovations, ensuring sustainability, and participating in product innovation activities (Turkulainen and Swink, 2016) [12, 15-18]. The function of the PWD in any corporation is to provide the tangible and intangible needs and requirements that the departments included in the FOS of that corporation need in a timely manner and with the required and specified specifications and at the lowest possible cost. This function will contribute to adding value to the corporation if it is performed to the fullest.

### **Criteria for Evaluating the Efficiency of the PWD**

According to Omosa (2005) the Procurement function can hardly be ignored in any manufacturing enterprise. Modern manufacturing thinking highly associate prudent procurement practices to profitability of the enterprise. This is because most financial commitments an organization makes pass through a procurement process. Available literature indicates that the efficiency and effectiveness of the procurement function is the least measured in many enterprises despite its contribution to the profitability of enterprises. Efficiency means providing needs in a way that contributes to strengthening the economy of the corporation. The efficiency of the PWD's performance can be evaluated through three criteria. They are time, quality and cost.

**At the Right Timing:** The PWD must provide all the material and non-material needs required by the other departments included in the FOS of the corporation in a timely manner. Providing the needs and requirements at the wrong time - after the specified time or before the specified time, will result in undesirable economic losses. Providing the needs and requirements needed by the requesting departments after and before the specified time has negative repercussions on the results of the economic activity of the corporation as a whole. This failure may lead to a decrease in the volume of revenues or an increase in the volume of costs such as the cost of storage.

**With the Required Specifications:** Specifications of needs and requirements must be consistent with the specifications specified by the requesting departments so that these departments can perform

their functions effectively and efficiently. In many cases, the violation of the required specifications contributes to causing undesirable damages that affect the economic performance of the corporation as a whole. Failure to comply with the required specifications- or what is known as the required quality level, may result in wasting materials used in the production of goods or service provision. The procurement of bad needs and requirements by the PWD results in the production of bad goods and services that do not satisfy the customers. This failure affects the reputation of the corporation and thus the loss of customer loyalty in the environment in which it operates.

**At the Lowest Cost:** Efficiency also means accomplishing tasks and achieving goals at the lowest possible cost. The cost may be material such as money or immaterial such as effort and time. The PWD must provide the needs of other departments included in the FOS at the lowest possible cost. Purchasing decisions taken by the PWD must be characterized by economic rationality. In other words, the purchase must be in economic quantities. Those quantities at which inventory costs are at their lowest level. PWD must take into account the following costs when making purchasing decisions: Out of stock cost; the cost of inventory obsolescence; the cost of lost opportunity; the storage cost; the costs of orders; benefiting from discounts such as cash discounts and quantity discounts.

Based on the foregoing, the contribution of the departments included in the FOS of the corporation to profit maximization can be determined as follows: Departments contribute to maximizing the corporation's profit by committing to performing their functions effectively and efficiently. The departments' commitment to performing their functions effectively and efficiently- in line with the requirements of CSR, leads to reducing costs and increasing profits, thus enhancing the competitive advantage of the corporation.

### **The Economic Responsibility of the Departments**

The economic responsibility of the corporation as a whole is profit maximization, which is measured by the profit figure. As for the departments included in the corporation's FOS, it means contributing to profit maximization. This contribution can be measured and determined according to the concepts of effectiveness and efficiency in performing the functions assigned to them.

**How to Determine and Describe the Economic Responsibilities of the Corporation's Departments:** To determine and describe the economic responsibilities of the departments included in the FOS of the corporation, the following must be specified: 1) The function of each department is included in the corporation's FOS; 2) Determining the function relationship with the corporation's goal (profit maximization)- whether it is a relationship with direct or indirect impact; 3) How to measure the effectiveness of performance or effectiveness of completing job tasks. It is mostly measured by comparing actual performance with planned performance; 4) Stan-

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standards for efficient performance of job duties such as cost, effort, time, quality, etc.

**The Content of the Idea:** In this theoretical study, the content of the idea proposed by the researcher to determine the economic responsibility of any department in any corporation depends on the answer to the following three questions: What are the functions of the department included in the FOS of the corporation? How do the functions of that department affect the economic performance of the corporation as a whole? How can the functions of that department be performed effectively and efficiently? What are the standards necessary to measure the quality of effectiveness and efficiency in performing the tasks of that department? For example, the function of production department in any industrial enterprise is the production of goods. Effectiveness is related to department's performance of its specific function, which is the production of goods. It can be measured by comparing the actual production with the planned production. As for efficiency, it means, how does production department perform its function? The criteria can be determined to judge the efficiency of the production department's performance by: the percentage of materials wasted during the production process; the quality of production; and the appropriate timing of production that supports the marketing department in performing its function, etc.

### **The Economic Responsibility of the PWD**

The economic responsibility of the PWD is to provide all the needs and requirements -such as materials, supplies, equipment, devices, services, etc., needed by the other departments included in the FOS of the corporation, in a timely manner, with the required specifications, and at the lowest possible cost.

**The Meaning of the Concept of Effectiveness in the Functions and Tasks of PWD:** Effectiveness is the ability of the PWD to provide the needs and requirements of other departments included in the corporation's FOS. In other words, it is the department's ability to accomplish its task, which is to provide the needs and requirements of other departments to help them perform their functions and obligations. Regardless of any criteria that were set to measure the efficiency of the PWD in performing its assigned tasks. Performance effectiveness can be measured by the percentage of tasks completed during a specified period. As for the effectiveness of the PWD in performing its tasks, it can be measured by comparing the needs and requirements required by the departments with the needs and requirements actually purchased by the PWD during a specific period of time.

**The Meaning of the Concept of Efficiency in the Functions and Tasks of PWD:** Efficiency means the extent to which the PWD adheres to the criteria established to measure the quality of performance such as time, specifications and cost.

### **Conclusion**

The idea of CSR determined the economic responsibility of the

company as a whole, which is to maximize the profit figure, and did not address the identification of the economic responsibilities of the departments that contribute to achieving that figure. To address this shortcoming, this study adopted the following logical argument, which is: The economic responsibility of any for-profit corporation means profit maximization. As for the departments included in the FOS of that corporation, it means contributing to profit maximization by performing the tasks assigned to them effectively and efficiently. To clarify the idea of this study, the Purchasing and Warehouse Department (PWD) was taken as an example to show how to determine its economic responsibility based on the concepts of effectiveness and efficiency.

Depending on the concepts of effectiveness and efficiency, this study was able to identify and describe the economic responsibility of PWD in any corporation. The economic responsibilities of the departments included in the FOS of any corporation are the optimal contribution of those departments in maximizing the profit of the corporation as a whole by performing their assigned tasks effectively and efficiently. For the PWD, the effectiveness is represented in performing the task entrusted to it, which is to provide the needs and requirements needed by other departments included in the FOS of the corporation. As for efficiency, it is represented in how to perform this task in a correct economic manner according to the following criteria: the appropriate time criterion, the required specifications criterion, the lowest- cost criterion.

The economic responsibilities of the departments included in the FOS of the corporation can be defined and described based on the concepts of effectiveness and efficiency according to the following scenario: 1) Defining the main job duties that must be performed by these departments to achieve the corporation's goal of "maximizing profit"; 2) The commitment of the departments included in the corporation's FOS to accomplish their functional tasks during the financial period can be considered as an indicator of the effectiveness of the performance of these departments." the level of effectiveness can be measured by the percentage of completion of the tasks assigned to these departments"; 3) As for how the tasks are accomplished, it reflects the efficiency or inefficiency of those departments in accomplishing their tasks. This means the need to define standards to describe how tasks are to be done in the right way. The level of efficiency can be measured by comparing how the tasks were accomplished with the specific method that is described in those standards.

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