

Literature review of the relationship between E-procurement and cost reduction

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Abstract

The purpose of this desktop study was to examine the efficacy of e-government technologies and the obstacles to their efficient use. The researchers assessed how well e-government affected service delivery, how it might result in cost savings and the advantages and difficulties of adopting and using it. The study also looked at the advantages of using e-government to investigate this. E-efficiency in providing services was demonstrated by greater citizen involvement and interaction with the local government, increased openness and accountability, and cost savings. The study revealed that the use of e-government improves traditional methods of conducting business and providing services while also enabling access to information and services online, reducing the need for rework, increasing transparency and accountability, and encouraging citizen participation. The ineffective use of e-government in local authorities was hampered by a lack of funding, inadequate enabling infrastructure, low ICT literacy levels, and the digital divide, among other factors. It was evidenced in this study, that e-procurement leads to cost savings, thus it affects cost reduction strategies positively. Thus, e-procurement reduces inventory costs.

Keywords: E-procurement, cost reduction, service delivery, local government