

Evaluate Factors That Influence Procurement Performance in the Malaysian Army

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Abstract

This study aims to evaluate factors on procurement performance in the Malaysian Army. The study was guided by the following specific objectives: to identify the current issue procurement performance, to analyse internal factors that influences procurement performance, to analyse external factors that influence procurement performance and to propose the new Standard Operations Procedure. To achieve these objectives, 91 Centre Ordnance Depot was chosen as the case study location. This study was designed to adopt mixed method by means of questionnaire survey and semi structure interview. The data gathered was analysed using index scale analysis and content analysis. After various observation and analysis, it is recommended that to improve procurement performance and a few Standard Operating Procedures are to be implemented. The recommendations are the organization should try to give great emphasis for contract management and consumption management of procurement activities in order to develop those practices with great extent as they are the major objective of procurement practices. In order to avoid the major challenging factors coming from users and requesting units the procurement unit should invest on staff awareness through training should be carried out to achieve superior knowledge in entire procurement process in the organization.

Keywords: Procurement performance, Standard operating procedure.

Introduction

Procurement may be described as the acquisition of goods, labour, and services. This includes not just acquisition (the purchase of commodities), but also contract or consultation service selection. Procurement requires high-quality service, economy, and competitiveness, as well as fairness to competitors. The process must be followed and is applicable to all goods and services contracts. Procurement procedures are a collection of actions carried out by an organization to ensure the supply chain runs smoothly (Fred Sollish, 2012). It is the foundation for the expansion of a private business. Their good practises result in improved items and competitive purchasing. The primary procurement aims are to enhance the uniformity of the specification base, raise financial expenses, establish corporate reputation, and fight against competition

(Walter et al., 2015). Procurement is required for the entity, and its preparations have been incorporated into the group's performance. It enhances efficiency and competition, and in order to do so, it is important to emphasis the strategic elements that have an impact on the procurement function's performance. The day-to-day administration of procurement is carried out by line departments or the Public Works Service, which are known as executing agencies but are overseen by the Prime Minister's Department. The procurement authority and the executing agency are mostly (with the exception of high-value contracts) one and the same, and both are known as contracting authorities. Malaysia's public procurement standards, forms and procedures conform with essential international criteria, but also reflect the special democratic ideals and norms of Malaysia. The main aim is to, on the basis of fair competition,

ensure value for capital. The other objective is to develop business potential for both local and Bumiputera companies and to generate opportunities for local jobs, thus making it a way to boost the Malaysian economy. In the form of the Government of the Malaysian Army, in order to achieve the goals, set, procurement refers to the purchasing of equipment in accordance with the current laws and regulations of Malaysia (Khairul Naim & Siwar, 2012). The Malaysian government has emphasised the importance of ensuring that all government procurement is carried out in accordance with the principles of public honesty, transparency, greater value for money, free and equitable competition, and fair dealing, all of which are consistent with good governance practises (MOF, 2007). Each private company and corporate entity that plans to participate in government procurement of goods and services shall register with the Ministry of Finance of Malaysia to facilitate the planning and control of government procurement.

Literature Review

The effectiveness of the current procurement system in improving the efficiency of evaluating and selecting suppliers, evaluating prices, quality and delivery and evaluating weaknesses in the current system and identifying identified causes and weaknesses. Examine each weakness of each procurement process that may occur in the event of neglect of Standard Operating Procedure in the current procurement process.

Methodology

Following consideration of the study's objective, research questions, and literature reviews on current issues, internal and external factors influencing procurement performance, it is best to use a mixed method of data collection that includes both qualitative and quantitative data, such as a questionnaire and semi-structured interviews. A mixed method design gave more data to work with, resulting in a more accurate evaluation (Krivokapic-Skoko & O'Neill, 2011).

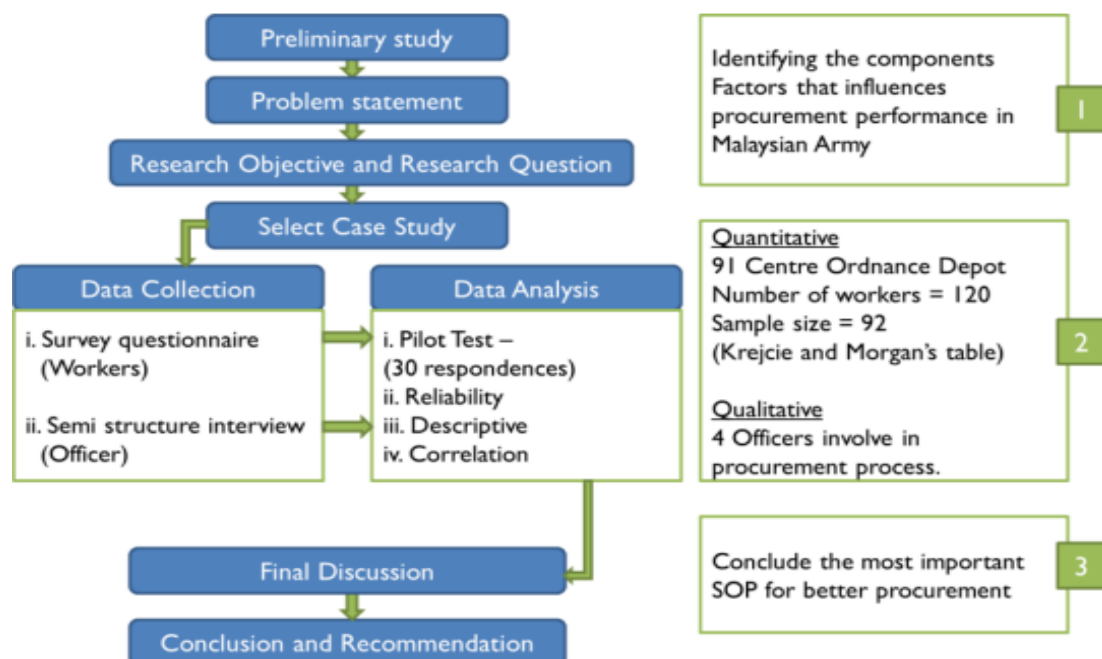


Figure 1. Flow of operating frameworks used to achieve a defined goal.

The validity of the data must be evaluated in the following ways:

1. The first of which is document review, questionnaire design, and sample size.
2. The second step consists of data collecting and data analysis.
3. The last stage entails developing a new standard operation procedure.

Results and Discussion

The results divided by two data collection which included quantitative and qualitative. The resulted base on the quantitative analysis:

- a. Current issue procurement performance in Malaysian Army, the overall mean score is 4.10 which indicated that respondents quite agree with the statements and conditions of Current issue procurement performance in Malaysian Army.
- b. Projected the mean score on internal factors that influence procurement performance in Malaysian Army. The overall mean score is 4.02 which indicated that a respondent agrees with the statements and conditions. The survey question was accorded highest degree of agreed with the mean values.
- c. Descriptive analysis of new standard operation procedure at Malaysian Army was depicted in table 4.5, The overall mean score is 4.20 which indicated that an overall respondent was responded quite agree with the statements and conditions of new standard operation procedure.
- d. The overall mean score is 4.07 which indicated that respondents quite agree with the statements and conditions of procurement performance in Malaysian Army. The mean score for all the statements also ranged from 4.10 to 4.03.

The resulted on the qualitative, it can be summarized that:

- a. The procurement performance is important in Malaysian Army because of value for money when purchasing, long period of product use and good and quality of product.
- b. Selection of supplier in the procurement must be considered about right quality, right supplier and reliability of product deliver.
- c. Selection of supplier also need implement in the Malaysian Army with focus on capability of supplier, expertise, reasonable price with specification stated.
- d. E-Procurement system can generate and choose the supplier where it can find the result who the winner.
- e. There are several things that need to emphasized for selection of supplier. The first is

early filter. It involves about financial of supplier. The second is need third party is non-government to inspect and evaluate the product before enter bidding session.

- f. Supplier sources is important in procurement performance process whereby it including quality of raw material, finding good and quality of product and delivery in short time.
- g. The delayed delivery is due to import the product from oversea.
- h. All the supplier that involve in Malaysian Army are using technology in workplace.

Conclusion

In conclusion, this study looks at the factors influencing procurement performance in the Malaysian Army to propose new standard operating procedures to improve procurement performance. From the analyzed data, it can be said that the problem with the lack of current standard operating procedures. Key issues that facing in procurement performance range from the e-procurement process to receipts in inventory. Overall, this study has achieved its objectives and has contributed to the basic knowledge of new standard operating procedures in improving procurement performance covering stakeholders who are the Malaysian Army.

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