



**THE EFFECTIVENESS OF PROCUREMENT
DEPARTMENT TOWARDS THE PROCESS OF
PURCHASING GOODS AT PETROFAC MALAYSIA**

AHMAD ADIPUTRA BIN SELAMAT

2006115777

**BACHELOR OF BUSINESS ADMINISTRATION (HONS)
(INTERNATIONAL BUSINESS)
UNIVERSITI TEKNOLOGI MARA
MELAKA CITY CAMPUS**

APRIL 2009

LETTER OF SUBMISSION

09 April 2009

**Associate Professor Mariamah binti Mohd Ali
Bachelor of Business Administration with Honors (International Business)
Universiti Teknologi MARA
Malacca City Campus
Historic City of Malacca**

Dear Madam,

SUBMISSION OF PROJECT PAPER (IBM 662)

Attached is the project paper titled **“THE EFFECTIVENESS OF PROCUREMENT DEPARTMENT TOWARDS THE PROCESS OF PURCHASING GOODS AT PETROFAC MALAYSIA”** to fulfill the requirement of Bachelor of Business Administration with Honors (International Business), Universiti Teknologi MARA.

Thank you.

Yours sincerely,

AHMAD ADIPUTRA BIN SELAMAT

2006115777

Bachelor of Business Administration with Honors (International Business)

DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION (HONS) (INTERNATIONAL BUSINESS) UNIVERSITI TEKNOLOGI MARA MELAKA CITY CAMPUS

“DECLARATION OF ORIGINAL WORK”

I, AHMAD ADIPUTRA BIN SELAMAT, (I/C Number: 820601-06-5787)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
- This project-paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____ Date: _____

ABSTRACT

This study is conducted as a partial fulfillment of the coursework of Project paper (IBM 662). Title of the study is “The Effectiveness of Procurement Department towards the Process of Purchasing Goods at Petrofac Malaysia”. The main objective of the study is to compare the current process of purchasing goods at Petrofac Malaysia with what was suggested by MDT International in their training manual “Procurement and Supply Chain Management – How to Manage the Successful Contracts” produced in 2007 whether there was gaps identified or not. Besides, the researcher also would like to identify any deficiencies that might occur during the process of purchasing goods at by Procurement Department at Petrofac Malaysia.

The study was conducted under two types of data collections; Primary data and Secondary data. The primary data was collected from the series of discussions with inter-department’s staffs at Petrofac Malaysia such as Human Resource, IT, Drilling, Subsurface, Production, Finance and Corporate Affairs. In the other hand, secondary data was collected from various source like internet, Petrofac’s Annual Report, magazines, newspapers, journals, books and articles that related to the topic of the study.

As for the findings, the current practice at Petrofac Malaysia concerning the process of procuring goods are found similar with what was suggested by MDT International. Anyhow, the methods used by Petrofac Malaysia on selecting bidders are based on the rules and requirement by national oil company, Petroliam Nasional (Petronas) which from the database of bidders’ list called List of Licensed and Registered Companies (LLRC). The researcher also pretty sure the

other countries also have their own methods on bidders' selection in line with what was suggested by MDT International.

The researcher also identified some deficiencies during the procuring process; time consuming, outsourcing activities and Approved Contract Values (ACV) monitoring. Therefore, there are few suggestions by the researcher in order to minimize the deficiencies and to increase the effectiveness of the procurement process by Procurement Department at Petrofac Malaysia.