

UNIVERSITI TEKNOLOGI MARA

**THE RELATIONSHIPS OF
INTERNAL RESOURCES AND
PROCUREMENT PROCESS
COORDINATION ON
OPERATIONAL PERFORMANCE IN
BUILDING CONSTRUCTION
INDUSTRY**

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ABSTRACT

Construction industry in Malaysia is one of the key economic sectors that has a significant contribution towards economic development of around 3-5 percent towards national Gross Domestic Product (GDP) for the past 20 years. However, despite its growth and healthy contribution to the GDP, this fragmented sector has poor coordination with its project participants, leading to bad material control with time and cost overrun. As such, there is a need to investigate the coordination aspect of the business conduct among project participants, particularly the procurement process that is considered as the initiator of construction project. At the same time, the firms' internal resources plays a significant part in determining the operational performance of construction project. Considering these issues, the research sets its direction to investigate the mediating effects of procurement process coordination (PPC) in the relationship between internal resources (human success factor and Information technology) and construction firm's operational performance. A theoretical framework adopting resource-based view was established in effort to investigate the degree of PPC's mediating effects on the relationship between internal resources and operational performance. Data for this study was gathered from G7 construction firms through electronic survey. The analysis was conducted using SPSS software by examining correlations and direct relationships between the variables. Several simple regression analyses showed that the mediating effect were possible in the relationships, and the Sobel test confirms that PPC facilitates the conversion of internal resources into operational performance. This finding supported past literature that emphasised on supply chain coordination towards other industries.

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