

UNIVERSITI TEKNOLOGI MARA

**THE DEVELOPMENT OF
PROCUREMENT PROCESS
FRAMEWORK FOR
PENANG HOTELS INDUSTRY**

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Thesis submitted in fulfillment
of the requirements for the degree of
Master of Science
(Hotel Management)

Faculty of Hotel and Tourism Management

July 2023

ABSTRACT

The procurement system is significant as it deals with purchases, documentation, procedures, and processes. It is one of the most essential elements to secure business return on investment. However, as the world and industry progress, it is known that hotels are vigorously trying to improve their procurement systems to minimise operating costs and maximise profit. The hotel establishment relies on a procurement system that can assist them in saving money and time to escalate profit. Some issues that will occur if the procurement systems are not controlled efficiently result as postulated that improper purchasing systems will lead to time-wasting, prolonged processes and cost addition. This assertion is further supported by research when the business enters the procurement phase, where time is money and procurement errors are common. Therefore, a solid procurement system is vital to the organisation's success. The outcome of the research question surge to introduce a procurement framework tailored to Malaysian Hotel businesses. This study explores the input from the expert and develops a procurement process framework tailored to the Malaysian hotel context. Key people in the procurement process then evaluate the proposed framework. The framework can significantly contribute to the industry by providing hotels with guidelines for managing inventory and assets.

ACKNOWLEDGEMENT

Assalamualaikum WBT.

Alhamdulillah. All praises are to Allah, the Merciful, whose Grace and Blessings have enabled me to complete my thesis.

I would like to express my most profound appreciation to all those who allowed me to complete this thesis. Special gratitude to my supervisors, Associate Professor Dr Johanudin Lahap@Wahab and Associate Professor Dr Nadia Hanin Nazlan, whose contribution in stimulating suggestions and encouragement.

Furthermore, I would also like to acknowledge my mother, who always prays the best for me. To my husband for never-ending support and encouragement. The distance between us complicates things, so I almost gave up studying, but your encouragement keeps me going.

To my housemate, thank you for being on my side and nagging at me during this journey. You make me feel at home, even if it is almost 400 km away.

Finally, many thanks go to everyone that contributed towards my journey. I appreciate the guidance, comments and advice given by other lecturers and staff and the panels during defending the proposal before this.

May Allah grant us success, health, happiness, patience, and strength.

Thank you very much.

TABLE OF CONTENTS

	Page
CONFIRMATION BY PANEL OF EXAMINERS	ii
AUTHOR'S DECLARATION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF TABLES	xi
LIST OF FIGURES	xii
CHAPTER ONE INTRODUCTION	1
1.1 Research Background	1
1.2 Background of The Study	1
1.3 Procurement	3
1.3.1 Significance of Procurement	4
1.3.2 Procurement Issues	5
1.4 E-Procurement	7
1.5 Level of Adoption of E-Procurement	7
1.6 Research Problem	8
1.7 Research Objectives	9
1.8 Research Questions	10
1.9 Overview of The Study	10
1.10 Research Process	11
1.11 The Significance of The Study	12
1.11.1 Academic Contribution	12
1.11.2 Contribution	12
1.12 Limitations of The Research	13
1.13 Structure of The Research	14
1.14 Summary	15

CHAPTER ONE

INTRODUCTION

1.1 Research Background

This chapter provides an introduction to the background of the study that will be used for the research as well as the current situation of the travel and hospitality industry in the context of Malaysia. In addition to that, the significance of procurement in the hospitality industry is emphasised in this chapter. This chapter give attention to discussing the research problems and objectives that were developed. This chapter also includes discussions on the remit of the study as well as the outcomes of the study that are anticipated to be produced.

1.2 Background of The Study

According to reports, the tourism and hospitality industry contributed RM84.1 billion to Malaysia's economy in 2018, with 25.8 tourist arrivals (Tourism Malaysia, 2022). The tourism and hospitality industry is the third largest contributor to the Malaysian economy. As the trend shows an increase in the amount each year beginning in 2015, it is anticipated that the industry will become more dominant in the coming years. However, the number of revenues generated by tourism will experience a decline in both 2020 and 2021 as a result of the Covid-19 outbreak. In the year 2021, there are only 0.13 million tourists that generate 0.24 billion in revenue. The number of tourists increased to 10.07 million in 2022, with a total expenditure of 28.23 billion.