

**THE CRITICAL SUCCESS FACTORS OF  
E-PROCUREMENT ADOPTION**

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## **ABSTRACT**

E-Procurement is electronic used system for making the purchases through online by a single click. Some of the companies all over the world implement E-Procurement and succeed while some companies was failed. There are two main objectives of this research study; To identity the critical success factors influencing the success of E-Procurement and at the same time to establish the challenges that face E-Procurement adoption in Top Glove Sdn. Bhd. With the rapid changes in dynamic society, organizations must adopt and adapt with the new paperless procurement process to be on par with the competitors. This research is a qualitative research study and it involves interview session with expert and experience staffs particularly from a manufacturing industry which produces its own products. Information and data are some first and secondary data which were collected and compiled from the particular organization. At the end of the research, it is indeed the embracing of new procurement process has increased the performance of procurement in the industry. Organizations are able to minimize cost, supply chain players, on the other hand, are able to share information at real time to avoid future production line down which will cost much on the changeover. The longer the changeover duration in production line, the higher the loss to the organization. In addition, the paperless way of work flow will reduce bureaucracy which means it will result in less time consumption. In a nutshell, the adoption of E-Procurement in manufacturing industry will exert higher procurement performance. Managers, buyers, planners, schedulers, suppliers, and master planners are able to foster stronger bond and understanding to achieve the common ultimate goals and aims.

**Keywords: E-procurement, Online procurement, E-Procurement in manufacturing industry, Traditional purchasing, Critical Success Factors of E-Procurement**

## **ABSTRAK**

E-Perolehan adalah sistem elektronik yang digunakan untuk membuat pembelian melalui talian internet. Beberapa syarikat di seluruh dunia telah melaksanakan E-Perolehan dan ada antaranya berjaya manakala ada beberapa syarikat yang telah gagal melalui pelaksanaan ini. Terdapat dua objektif utama kajian penyelidikan ini; Untuk mengetahui faktor kejayaan kritikal yang mempengaruhi kejayaan E-Perolehan dan pada masa yang sama untuk mengetahui cabaran yang dihadapi melalui penggunaan E-Perolehan di syarikat Top Glove Sdn. Bhd. Dalam masyarakat yang dinamik, organisasi hendaklah melaksanakan dan menyesuaikan diri dengan proses perolehan tanpa penggunaan kertas. Kajian ini merupakan satu kajian penyelidikan kualitatif dan melibatkan sesi temu bual dengan pakar dan staf yang berpengalaman terutama daripada industri pembuatan Top Glove Sdn. Bhd yang menghasilkan produk sendiri. Maklumat dan data daripada beberapa data utama dan kedua telah dikumpul dan disusun daripada organisasi tersebut. Pada akhir kajian, dapat disimpulkan bahawa memang perlu melaksanakan proses E-Perolehan yang boleh meningkatkan prestasi industri. Melalui pelaksanaan ini, organisasi dapat mengurangkan kos, pemain-pemain dalam rantai bekalan, boleh berkongsi maklumat pada masa yang tepat untuk mengelakkan kos-kos yang merugikan keuntungan organisasi. Di samping itu, perniagaan tanpa kertas dalam aliran kerja akan mengurangkan birokrasi yang akan menyebabkan kurang penggunaan masa. Kesimpulannya, penggunaan E-Perolehan dalam industri pembuatan akan memberi prestasi perolehan yang lebih tinggi. Pengurus, pembeli, perancang, penjadual dan pembekal dapat memupuk ikatan dan pemahaman yang lebih kukuh untuk mencapai matlamat.

**Kata Kunci: E-Perolehan, Perolehan Online, E-Perolehan dalam Industri Pembuatan, Pembelian Tradisional, Faktor Kejayaan Kritikal dalam E-Perolehan**

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## ABBREVIATIONS

NO.	ABBREVIATION	PHRASE
1	B2B	BUSINESS-TO-BUSINESS
2	B2C	BUSINESS-TO-COMMERCE
3	CM	COMMODITY MANAGEMENT
4	CSCM	COLLABORATIVE SUPPLY CHAIN MANAGEMENT
5	ERP	ENTERPRISE RESOURCE PLANNING
6	MRP	MATERIAL REQUIREMENTS PLANNING
7	OEM	ORIGINAL EQUIPMENT MANUFACTURER
8	PO	PURCHASING ORDER
9	SCM	SUPPLY CHAIN MANAGEMENT
10	WIP	WORK IN PROCESS
11	E-Mail	ELECTRONIC MAIL
12	E-Procurement	ELECTRONIC PROCUREMENT
13	IT	INFORMATION TECHNOLOGY

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# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Background of study**

Most of the companies nowadays can be seen as being composed of three primary processes which are purchasing, manufacturing and distribution based on the overall flow of materials (Thawiwinyu and Laptened, 2009). So, in order for the companies to remain competitive in the market, it's must reduce the costs of their components or parts and materials by sourcing from cost saving suppliers. Nowadays most of the organizations are increasingly doing E-Business using information and communication technologies and the additional use of internet too. The traditional procurement which is lowly, back-end process has been transformed into E-Procurement with the emerging technologies that make everything possible and within reach. Furthermore, with increasing on competitive pressures, supply chain management professionals must continually find solution to reduce costs, increase efficiency, and also to reduce the longest lead time. Procurement now is seen as a core player in supply chain focus on time to market, product quality based competition, cost efficiency, inventory management, and customer uncertainty.

According to Monczla and Morgan (2000), this can be solved by the key competitive priorities for the 21<sup>st</sup> century is the maximization of Internet-based technologies such as E-Procurement. In 1990's along with rapid growth of the Internet, Electronic Commerce (EC) in traditional market was founded. Before E-Procurement

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