



## **Analysis of Challenges Faced by Procurement of Goods, Work and Services Using Centralized Procurement. The Case of a Five-Star Hotel in Malawi – Umodzi Park & Resorts**

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### **ABSTRACT**

The research questions seek to address the challenges faced by Umodzi Park & Resorts in their centralized procurement system in order to bring efficiency and effectiveness in their day to day operations.

The project used empirical and explanatory research methods which included collection of primary data through a questionnaire and interviews with the procurement personnel and observations from procurement documents which provided the guidelines and process of procurement. A secondary source of data is from written and electronic sources. The survey will look at the effectiveness of the centralized procurement system at Umodzi Park & Resorts by comparing the centralized model to decentralized model, and centralized model to the combined centralized and decentralized models.

The sampling type used is the Quota sampling as we will only work with the procurement personnel from head office and its other two branches in the country.

The study concludes with a recommended combined system of centralized and decentralized procurement and guidelines to follow for a successful procurement system.

**Keywords:** Procurement, Centralized system, decentralized system, primary data, quota sampling.

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### **INTRODUCTION**

This project investigates the hurdles encountered by organizations in procuring goods, services, and work within a centralized procurement framework. Specifically, it delves into the challenges faced by Umodzi Park & Resorts in this domain, identifies the root causes behind these issues, and proposes actionable solutions to enhance the efficiency of its procurement system. By addressing these challenges head-on and implementing the recommended solutions, Umodzi Park & Resorts can streamline its procurement processes, optimize resource allocation, and ultimately achieve greater operational effectiveness and cost savings.

Standing is situated in the central business district of the capital city of Lilongwe in Malawi, Umodzi Park, 25 kilometers from the Lilongwe International Airport. Umodzi Park built opened in 2015 encompasses the world-class Bingu Wa Mutharika International Convention Centre (BICC) and the 5-star 130-key President Hotel, the first 5-star hotel in Malawi. Located in the bustling central business district of Lilongwe, the capital city of Malawi, Umodzi Park stands as a prominent landmark just 25 kilometers from the Lilongwe International Airport. Established in 2015, Umodzi Park is an expansive complex that comprises two distinguished entities: the world-class Bingu Wa Mutharika International Convention Centre (BICC) and the prestigious 130-key President Hotel, the very first 5-star hotel in Malawi.

Bingu Wa Mutharika International Convention Centre (BICC). At the heart of Umodzi Park lies the Bingu Wa Mutharika International Convention Centre, renowned for its state-of-the-art facilities and unparalleled infrastructure. With its expansive spaces and modern amenities, the BICC serves as a premier venue for hosting international conferences, conventions, and events of various scales. Equipped with cutting-edge technology and versatile spaces, the BICC caters to the diverse needs of both local and international clientele, further enhancing Malawi's position as a hub for global gatherings and discourse.

President Hotel: Adjacent to the BICC stands the illustrious President Hotel, a quintessential symbol of luxury and sophistication. Boasting 130 exquisite guest rooms and suites, the President Hotel offers discerning travelers a haven of comfort and elegance. With its impeccable service, opulent amenities, and unparalleled hospitality, the President Hotel sets the standard for luxury accommodation in Malawi. Whether for business or leisure, guests are treated to a truly unforgettable experience, enveloped in the epitome of refined luxury and hospitality.

Umodzi Park represents the epitome of excellence in hospitality and conferencing in Malawi.

Through its world-class facilities, strategic location, and unwavering commitment to quality, Umodzi Park continues to elevate the standards of hospitality in the region, attracting guests and delegates from across the globe. As a beacon of luxury and sophistication, Umodzi Park stands as a testament to Malawi's thriving tourism industry and its unwavering dedication to excellence.

## RESEARCH METHODOLOGY

### Population of the study

Target population refers to the entire group of individuals or objects to which researchers are interested in generalizing the conclusions. The target group usually has varying characteristics and it is also known as the theoretical population. "Sachdeva J K, 2011" defines a target population as a large population from whom a sample population is selected

The target population for this study comprised the Human Resources department, procurement department, Administration, and IT and this study is mainly focuses on procurement department on how it is procuring its goods, services, and work. In the procurement department, it has 35 employees working under it. It was important to target Umodzi Park & Resorts because they are the ones who are involved directly in the centralized type of procurement. Out of the total population of 35, 17 of respondents formulated the designated sample size

NO	Type of respondents	Total Population	Sample Size
1	Umodzi Park & Resorts, procurement department	15	7
2	BICC	10	5
3	The President Hotel	10	5
	<b>Total population of Study</b>	35	17

### Sample Technique

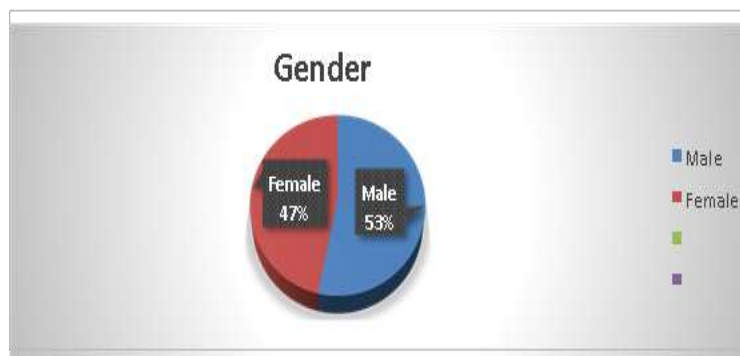
The sample size was extracted from the total population of the of the employees that are working at Umodzi Park and Resorts of which a sample population of 35 as an aggregate of various departments constituted to a sample size of 17. The sampling technique that was utilized in this circumstance was stratified sampling as the sample size were obtained from various unique departments.

### Data Collection Method

The researcher used primary data for the study. The use of primary data was of importance to the researcher because primary sources allow comparability (Smith, 2010). **Surveys and Questionnaires:** Surveys involve administering standardized sets of questions to a sample of individuals or respondents. Questionnaires are self-administered surveys completed by respondents. Surveys and questionnaires are efficient for collecting large amounts of data from a diverse population but may suffer from response bias or low response rates

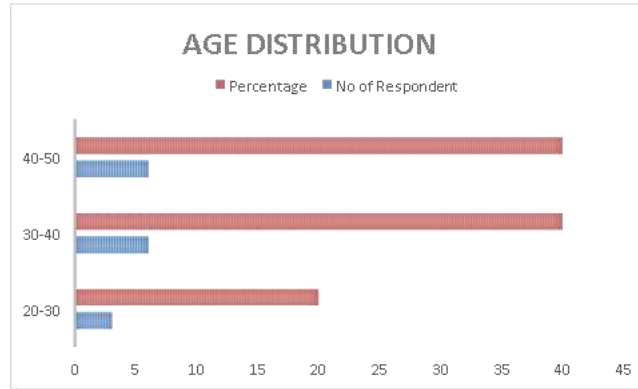
### Gender of the respondents

This study had a total number of 17 respondents of which 15 answered the questions. Out of 15, 46.7% were female and 53.3% were males.



### Age of the respondents

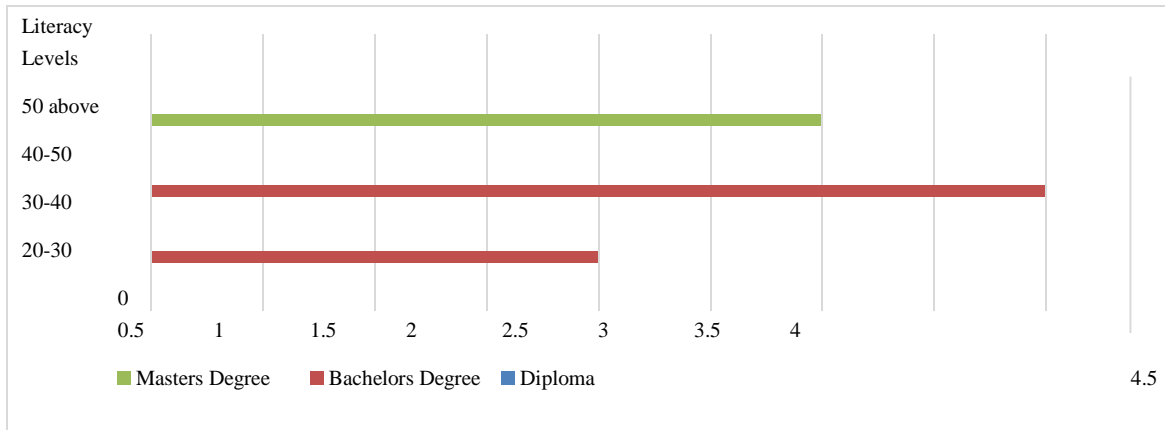
The age bracket that contained most of the respondents was from 40 to 50 years and 30 to 40 years of age that had 40% each of the respondents and the least was those between the ages of 20 to 30 years which had 20% as shown in Figure 6 below.



**Literacy Levels**

The research used Microsoft Excel to see how the sample size was composed based on Age and highest level of education attained. The results showed a total of 3 respondents were holders of

Masters’ Degrees, 8 respondents were holders of Bachelor’s Degree and 4 respondents were holders of a Diploma.



**The effects of centralized procurement on inventory management**

This question sought to investigate whether centralized procurement has an effect on inventory management on branches as well as head office. Without the specific values provided in Figure 8, I can't interpret the frequencies and percentages directly. However, based on your description, it seems that the figure presents the results of the investigation into whether centralized procurement has an effect on inventory management at both branches and the head office.

Typically, such figures present data in a tabular or graphical format, showing the frequency of responses or occurrences for each category or response option, along with the corresponding percentage.

For example, if the research objective questions were related to the effects of centralized procurement on inventory management, the figure might display the frequency and percentage of responses indicating positive effects, negative effects, or no significant effects. The Figure 8 below shows the frequency (FY) and percentage of the findings in relation to the research objective questions.

Q1			Q2			Q3			Q4		
Response	FY	%	Response	FY	%	Response	FY	%	Response	FY	%
Strongly Agree	0	0	Strongly Agree	0	0	Strongly Agree	0	0	Strongly Agree	2	13

Agree	4	53	Agree	1	7	Agree	1	66	Agree	2	34
Not Sure	3	20	Not Sure	4	27	Not Sure	4	27	Not Sure	6	40
Disagree	8	27	Disagree	10	66	Disagree	10	7	Disagree	5	13
Strongly Disagree	0	0	Strongly Disagree	0	0	Strongly Disagree	0	0	Strongly Disagree	0	0

**Key:** *Q1. Centralized procurement affects the distribution of goods in good time. Q2. The system helps in the procurement of services, goods, and works of the best quality. Q3. Centralized procurement is regarded as cost-effective way of procuring goods and services. Q4. Centralized procurement creates losses to the organization when wrong quantities of materials are purchased.*

As illustrated above, in Figure 8 none of the participants strongly agreed that centralization affects the distribution of goods in good time, however, 27% disagreed that it has that effect, nevertheless the majority of the respondents, 53%, agreed to the fact with 20% of the respondents being not sure if it does or not. None of the participants "strongly agreed" that centralization affects the distribution of goods in good time.

27% of the participants "disagreed" that centralization affects the distribution of goods in good time. The majority of respondents, accounting for 53%, "agreed" that centralization affects the distribution of goods in good time. 20% of the respondents were "not sure" if centralization affects the distribution of goods in good time. This information suggests that while there is not strong agreement among participants regarding the effect of centralization on the timely distribution of goods, a majority of respondents still agree that it does have an effect. Additionally, a significant portion of respondents are uncertain about this effect. These findings highlight the complexity of the relationship between centralization and the distribution of goods and indicate the need for further investigation and analysis to better understand the dynamics at play.

1. When asked if the system helps in the procurement of high-quality goods, 66% of the respondents disagreed 7% agreed and 27% of them were not sure. A similar response was recorded when respondents were asked if centralized procurement is regarded as a cost-effective way of procuring goods and services.

#### **Procurement of High-Quality Goods:**

- 66% of respondents disagreed that the system helps in the procurement of high-quality goods.
- 7% of respondents agreed that the system helps in the procurement of high-quality goods.
- 27% of respondents were not sure about whether the system helps in the procurement of high-quality goods.

#### **2. Centralized Procurement as Cost-Effective:**

- Similar responses were recorded when respondents were asked if centralized procurement is regarded as a cost-effective way of procuring goods and services.
- 66% of respondents disagreed that centralized procurement is regarded as a cost-effective way of procuring goods and services.
- 7% of respondents agreed that centralized procurement is regarded as a cost-effective way of procuring goods and services.
- 27% of respondents were not sure about whether centralized procurement is regarded as a cost-effective way of procuring goods and services.

These findings suggest that the majority of respondents do not perceive the system or centralized procurement as effective in procuring high-quality goods or as a cost-effective approach. The significant percentage of respondents who are unsure indicates a lack of consensus or clarity among participants on these issues. Further analysis and investigation may be needed to understand the reasons behind these perceptions and to address any concerns or misconceptions among stakeholders.

On a question that sort to understand if the centralized procurement system creates loses to the organization considering the fact that wrong quantities of materials maybe purchased, 47% of the respondents agreed whilst 13% disagreed. A total of 40% of the respondent were not sure. **Centralized Procurement System Creating Losses due to Wrong Quantities Purchased:**

- 47% of respondents agreed that the centralized procurement system creates losses to the organization due to wrong quantities of materials being purchased.
- 13% of respondents disagreed that the centralized procurement system creates losses to the organization due to wrong quantities of materials being purchased.

- 40% of respondents were not sure whether the centralized procurement system creates losses to the organization due to wrong quantities of materials being purchased.

These findings suggest that a significant portion of respondents agree that the centralized procurement system may lead to losses for the organization due to incorrect quantities of materials being purchased. However, there is also a substantial percentage of respondents who are unsure about this aspect, indicating uncertainty or lack of information among participants. This highlights the importance of further investigation and analysis to understand the potential risks and challenges associated with centralized procurement and to develop strategies to mitigate these risks effectively.

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## CONCLUSION

In Conclusion, serves as a roadmap for Umodzi Park & Resorts to enhance its procurement system, optimize inventory management practices, and strengthen policy adherence. By implementing the recommendations provided, the organization can improve operational efficiency, mitigate risks, and drive sustainable growth and success in its procurement processes. Conclusions Drawn from the Study Synthesize the findings to draw overarching conclusions about the current state of inventory management and policy adherence within the organization's procurement system and reflect on the implications of the findings for organizational performance, efficiency, and effectiveness in procurement processes.

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