

The study on "Material Purchasing of Manufacturing Industries in the Northern Industrial Estate" was conducted on purpose to understand process and problems in material purchasing of manufacturing industries in the Northern Industrial Estate. Data were collected through questionnaires that were distributed throughout the group of 56 operating factories in the Northern Industrial Estate area, and analyzed by mean of statistical approach in term of frequency and percentage. The results were grouped in 4 areas as followed :

According to purchasing policy, centralized purchasing policy and mixed purchasing policy were preferable in most companies. Purchasing function was under top executive's control.

According to material purchasing principle, the right quality was the most considerable factor for purchasing department. Then came the right quantity and the right price.

Material purchasing process consisted of 10 activities as followed.

- Material forecasting activity was accomplished by production control department in most companies, by the use of customer demand determination.

- Material quality establishing activity was under controlled of the quality control department by establishing a set of specification, which were participated by purchasing staffs from the beginning.

- Identification of quantity and time between order, most companies determined safety stock approach. Orders were placed close to the current demand with an extension of a considerable amount to prevent stock shortage scenario. Material requirement planning was conducted to determine the right quantity and time between order. Factor most concerned in material requirement planning was material requirement.

- Identification of supplier, most companies decided to establish connection among several suppliers to prevent supplies shortage in case of problems occurred with the main one so that others could supply material continuously. Supplier determination was made by the purchasing department and the most critical factor was the availability of supply.

- Price determination was made under proactive strategy, by analyzing the current pricing structure that revised continuously from negotiations and compared with the recent information. A fixed price contract should be made if the material cost varied from time to time.

- Purchasing orders were prepared in a formal form with executive's authorization signature and send to suppliers by telex.

- Telephone was the most preferable way in tracing orders. This would be done if there were no reply from suppliers within the deadline indicated in the order.

- Material inspection activity, statistical control by mean of sampling approach was used in checking up material on arrival and the right quality was the main criteria for most companies. Any defects found were informed to and replaced by the suppliers.

- Purchasing filing activity, purchasing invoice was the most considerable document in most companies in order to use as a database for the following purchase transaction.

- Purchasing assessment activity, six months was the average period for purchasing performance appraiser by mean of internal auditing under the quality assurance criteria.

Problems in material purchasing confronted by purchasing department was the delay in transaction processing due to the centralized purchasing policy. In term of quality, many defected materials had been found out which effected production plan. Uncertainty in production plan caused the problem in term of quantity ordered and time between order in purchasing process. Higher cost and longer delivery period occurred from the suppliers' longer distance location. Currency exchange fluctuation also effected the material price. Lastly, purchasing staffs' insufficient technical knowledge caused the problem in purchasing material process.