ANALYSIS OF PURCHASING PRACTICES IN MALAYSIA SMALL-SIZED RESTAURANT INDUSTRY

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Abstract. Small-sized restaurants play a vital role in Malaysia's food service industry, yet their purchasing practices remain underexplored. Purchasing is a critical operational function that directly influences cost control, inventory efficiency, and service delivery. This study aimed to investigate the purchasing practices of small-sized restaurants in Malaysia by focusing on three objectives: (1) to assess current purchasing practices implemented, (2) to examine purchasing behavior based on company characteristics, and (3) to identify key factors influencing purchasing decisions. A quantitative survey was conducted among management-level personnel responsible for procurement activities. Using a mixedmode distribution strategy, data were collected from 100 valid responses and analyzed through descriptive statistics and correspondence analysis using SPSS Version 27. The results revealed that while most restaurants engaged in essential purchasing activities, such as inventory control and supplier evaluation, formal procurement procedures were more prevalent among establishments operating for over 10 years or with monthly sales above RM100,000. Price emerged as the most influential factor affecting purchasing decisions, particularly among lower-revenue businesses. Overall, the study highlights the functional yet informal nature of purchasing in small-sized restaurants, with practices shaped by organizational maturity and sales performance. These findings offer valuable insights for enhancing procurement strategies in Malaysia's SME food service sector.
Keywords: *purchasing, foodservice, restaurant, small-medium enterprise, correspondence analysis*

Introduction

The food service industry in Malaysia has emerged as a vital and rapidly expanding sector within the national economy. This growth is evidenced by the increasing number of food outlets and the sector's substantial contribution to the country's gross output value. As reported by the Department of Statistics Malaysia (DOSM), food services accounted for RM67.1 billion (81.1%) of the gross output in 2017. The upward trajectory of this industry is closely linked to the country's economic progress, rising income levels, urbanization, and evolving consumer lifestyles and preferences. By 2021, the Malaysian food service market was valued at USD 15.2 billion, underlining its significance within the broader economic framework. Despite the robust expansion and diversity of the food service industry, which encompasses restaurants, cafes, and food trucks offering a range of local and international cuisines, challenges persist, particularly among small and medium-sized enterprises (SMEs). A core operational component in food service management is purchasing, often encapsulated in the adage "You have to buy right to sell right" (Reynolds et al., 2021). Effective purchasing is crucial for ensuring inventory efficiency, cost control, customer satisfaction, and overall business performance. However, small-sized restaurants, which represent a significant proportion of the industry, often lack the necessary knowledge, expertise, and resources to implement effective procurement strategies. Limited access to information, inadequate training, and weak supplier networks have been consistently identified as

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obstacles for SMEs (Aziz et al., 2017). These shortcomings can lead to poor decision-making, suboptimal supplier selection, and cost inefficiencies, ultimately threatening business sustainability.

The literature suggests a scarcity of empirical research focusing on the purchasing practices of SME restaurants in Malaysia. This knowledge gap limits the development of targeted interventions and best practice guidelines that could support SMEs in enhancing their procurement functions. Moreover, empirical findings have indicated that deficiencies in purchasing practices are among the key reasons for business failure in SMEs, particularly when associated with poor management and internal theft. Additional studies have highlighted common operational challenges, such as limited financial resources, inadequate supply chain management, and a shortage of skilled labor, which further hinder purchasing effectiveness. Given these challenges, there is a critical need to investigate the current purchasing practices of small-sized restaurants in Malaysia. Understanding how different company characteristics influence purchasing behavior and identifying the factors that significantly affect purchasing decisions can offer valuable insights for improving business outcomes. Therefore, this study is guided by the following research objectives: (1) To investigate the current purchasing practices implemented by small-sized restaurants in Malaysia; (2) To examine whether different company characteristics influence purchasing practices among small-sized restaurants; and (3) To identify the key factors influencing purchasing decisions in small-sized restaurants in Malaysia. By achieving these objectives, the study aims to provide data-driven recommendations to support small-sized restaurants in adopting more effective and sustainable purchasing strategies, thereby enhancing their operational performance and long-term viability.

Literature review

Optimal purchasing in food service

In the rapidly growing Malaysian food service industry, optimal purchasing is a strategic necessity, particularly for small-sized restaurants operating with limited resources and expertise. Optimal purchasing involves selecting appropriate ingredients and products based on factors such as cost, quality, availability, and sustainability, with the goal of ensuring operational efficiency and customer satisfaction. Supplier selection, in particular, plays a crucial role in procurement success. Previous study identified several key criteria for supplier selection in Malaysia's foodservice industry, including product quality, price, delivery reliability, supplier reputation, and sustainability. Among these, product quality emerged as the most critical, followed by price and consistent delivery. As consumer expectations rise alongside economic development, these supplier-related factors become increasingly significant for small-sized restaurant operators aiming to remain competitive. Inventory management is also a foundational element of optimal purchasing. For small-sized restaurants, which often face constraints in storage and capital, estimating accurate order quantities is vital for balancing customer demand with cost control and waste reduction. Previous study emphasized the importance of methods such as the par stock and Levinson approaches, which rely on forecasting models and expert judgment. Past study found that the par stock approach improved inventory control in fast-paced environments, while another study comprehensive procurement model, ranging from needs analysis to contract negotiation, helped enhance purchasing efficiency. Complementary findings support the adoption of

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systematic inventory strategies to stabilize supply, reduce waste, and optimize costs, critical aspects in SME restaurant operations seeking sustainability and profitability.

Purchasing challenges in small-sized restaurants

Small-sized restaurants in Malaysia face several operational challenges that affect their purchasing practices. Issues such as food spoilage, unrecorded sales, theft, and inefficient portioning can disrupt procurement and affect overall business performance. Moreover, the volatile nature of customer demand and intense market competition requires small operators to develop efficient purchasing strategies. In the Malaysian context, past study noted that rising costs and currency fluctuations increase the burden on restaurants reliant on imported ingredients. Previous study further reported that the depreciation of the Ringgit Malaysia increases the purchasing budget for imported goods. These economic pressures underscore the need for SME restaurants to develop robust procurement systems that are responsive to financial volatility and supplier dynamics. In addition to financial and operational pressures, small-sized restaurant operators often lack formal systems for supplier evaluation and inventory management. A study observed that SMEs commonly struggle with financing access, supplier vetting, and procurement expertise. These limitations hinder decision-making and lead to suboptimal purchasing outcomes. Kamal et al. (2020) echoed these concerns in a study of SME restaurants in Klang Valley, identifying supplier selection, inventory control, and cost management as recurring challenges. They recommended the implementation of structured purchasing procedures, adoption of inventory technologies, and strategic supplier negotiations to address these gaps. These findings support the present study's focus on understanding how internal characteristics and external market conditions shape procurement behavior in small-sized restaurants.

Factors that affect the purchasing decision

Purchasing decisions in small-sized restaurants are influenced by multiple interrelated factors, with price being one of the most critical considerations. Price reflects not only the monetary value of a product or service but also directly impacts purchasing budgets, cost control, and profitability. In the food service context, pricing strategies such as volume discounts and co-op purchasing can significantly reduce costs. Research has consistently shown that pricing affects buyer behavior due to its role in value perception and differentiation (Anderson and Wynstra, 2010). Buyers must carefully plan and negotiate prices to maximize value while maintaining product quality and operational efficiency. Product quality is equally fundamental to purchasing decisions, as it influences customer satisfaction, brand reputation, and regulatory compliance. High-quality raw ingredients ensure consistency, enhance the final product, and reduce costs associated with waste, rework, and complaints. Moreover, quality is closely tied to food safety standards, which are crucial in food service operations. Multiple studies have reinforced the link between product quality and purchasing decisions, suggesting that organizations are willing to pay a premium for superior ingredients to gain long-term advantages. Beyond price and quality, supplier reliability and brand image also shape purchasing decisions. A reliable supplier ensures consistent delivery, quality assurance, and cost savings while fostering long-term business relationships. The ability to meet contractual terms, maintain dependable lead times, and communicate effectively enhances buyer confidence. Simultaneously, brand image

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serves as a proxy for quality and safety, reducing perceived risks in procurement. A strong brand can build customer trust and differentiate an organization's offerings in a competitive market. Together, these factors form the foundation upon which small-sized restaurants make informed, strategic purchasing decisions.

Materials and Methods

Research design

This study adopted a quantitative research design to examine purchasing practices among small-sized restaurants in Malaysia. Quantitative research is appropriate for studies that aim to collect measurable data and perform statistical analysis to draw generalizable conclusions. Given the study's objectives: to investigate purchasing practices, examine the influence of company characteristics, and identify key purchasing decision factors; this approach enabled structured data collection and empirical validation. Survey research was used as the primary method because it allow for systematic collection of information from a specific population to explore patterns and relationships. In this context, structured questionnaires were distributed to management-level employees, such as owners, managers, or supervisors, to ensure accurate insights into the purchasing functions of their respective establishments. This method was suitable due to the need for a large and diverse respondents base across multiple locations. The decision to employ a quantitative, survey-based design was also motivated by the practical need to quantify current purchasing practices, identify variations based on organizational characteristics, and measure the influence of specific decision-making factors. This alignment ensured that the study's findings would be grounded in data that reflect the realities of small-sized restaurant operations within Malaysia's dynamic food service industry.

Study sample

The target population comprised management-level personnel in small-sized restaurants: namely owners, managers, and supervisors; who were deemed most knowledgeable about their organizations' purchasing processes. This criterion was critical to ensure data accuracy and relevance. The sampling region was limited to central Malaysia, including Selangor, Wilayah Persekutuan (Kuala Lumpur), and Negeri Sembilan. A sample size of 100 respondents was determined to be adequate, consistent with recommendations for quantitative studies. Although larger sample sizes enhance statistical power, well-structured research instruments and clearly defined sampling frames can yield reliable results even within smaller populations. The study employed a convenience sampling technique, a non-probability method that allows data collection from readily accessible participants. While it may limit generalizability, this approach facilitated efficient access to relevant respondents during both field visits and online outreach.

Data collection

Data collection was conducted using a structured survey questionnaire, which served as the primary research instrument. This tool was designed to capture detailed information on respondents and restaurant profiles, current purchasing practices, and the factors influencing purchasing decisions. The questionnaire was administered using a mixed-mode strategy: (1) online distribution via platforms such as Google Forms and social media apps (e.g., WhatsApp, Facebook), and (2) offline distribution through inperson visits to restaurant outlets. This hybrid approach increased accessibility and response rates across different respondent groups. The questionnaire was developed based on established literature and adapted from prior studies (Kamal et al., 2020; Anderson and Wynstra, 2010). It comprised three main sections: (i) demographic and company profile; (ii) purchasing practices; and (iii) purchasing decision factors. All data collected were primary data, considered more valid and reliable due to their direct origin from the target population.

Pretesting

Prior to full-scale data collection, the questionnaire underwent pretesting to ensure clarity, relevance, and alignment with the study's objectives. Two approaches were used: respondent-driven and expert-driven. For the respondent-driven pretest, 10 individuals from the target population reviewed the instrument to assess question comprehensibility and formatting. Their feedback informed revisions for improved clarity and user-friendliness. The expert-driven pretest involved two academic reviewers from Universiti Putra Malaysia. Their feedback focused on the questionnaire's alignment with the conceptual framework, appropriateness of the constructs, and technical wording. This dual-stage pretesting enhanced both content and face validity of the instrument, strengthening its reliability for the main study.

Data analysis

Data analysis was carried out using SPSS Version 27 and Microsoft Excel 2016. The analysis began with descriptive statistics to summarize demographic profiles, company characteristics, and purchasing practices using frequencies, means, standard deviations, and percentages. Reliability and validity tests, including Cronbach's alpha, were used to ensure internal consistency of the questionnaire items. To address the study's objectives, inferential statistical methods were applied. Chisquare tests were used to examine associations between company characteristics and purchasing practices. Additionally, correspondence analysis was employed to explore relationships between categorical variables, such as monthly sales and purchasing decision factors. This technique enabled a visual and statistical understanding of associations, enhancing interpretation of complex interdependencies within the data.

Results and Discussion

Demographic analysis

Out of the 130 questionnaires distributed, 118 were returned, yielding a response rate of 87.4%. After data screening and cleaning, 100 valid responses were retained for analysis. The demographic characteristics of the respondents are presented in *Table 1*. The majority of respondents were female (56%), with male respondents accounting for 44%. In terms of ethnicity, the sample was predominantly Malay (73%), followed by Chinese (18%), Indian (6%), and others (2%). Regarding educational attainment, 40% held a bachelor's degree, followed by 32% with SPM, 23% with STPM/foundation/diploma, and 5% with other qualifications. In terms of job roles, managers (44%) and owners (34%) formed the largest group, with the remaining

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comprising assistant managers (15%) and supervisors (7%). Experience-wise, a total of 37% respondents had over 10 years of service in the food service industry, with another 36% reporting 6–10 years. For tenure in their current restaurant, 43% had worked between 1–5 years, and 31% for 6–10 years. Regarding procurement-related experience, 35% had 1–5 years, and 28% had 6–10 years. These findings suggest that most purchasing decisions are made by relatively experienced professionals with formal education and managerial responsibilities.

Table 1. *Respondent demographics profile.*

Category	Frequency (N)	Percentage (%)
Gender		
Male	44	44.0
Female	56	56.0
Race		
Malay	73	73.0
Chinese	18	18.0
Indian	6	6.0
Others	2	2.0
Highest Educational Level		
UPSR / PMR	0	0.0
SPM	32	32.0
STPM / Foundation / Diploma	23	23.0
Bachelor Degree	40	40.0
Others Job	5	5.0
Title		
Owner	34	34.0
Manager	44	44.0
Assistant Manager	15	15.0
Supervisor	7	7.0
Assistant Supervisor	0	0.0
Length of Service in Food Service Industry		
Less than 1 year	8	8.0
1 – 5 years	19	19.0
6 – 10 years	36	36.0
More than 10 years	37	37.0
Length of Service in Current Restaurant		
Less than 1 year	8	8.0
1 – 5 years	43	43.0
6 – 10 years	31	31.0
More than 10 years	18	18.0
Working Experience in Procurement-related Job Scope in Current Restaurant		
Less than 1 year	7	7.0
1 – 5 years	35	35.0
6 – 10 years	28	28.0
More than 10 years	22	22.0
Pension System	8	8.0

Company profile

The business profiles of the participating restaurants are summarized in *Table 2*. All establishments employed between 5 and 30 staff, consistent with the SME classification. In terms of operational age, 41% had been in business for 1–5 years, while 26% each had operated for 6–10 years or over 10 years, and 7% were newly established (less than a year). Regarding customer volume, 57% served fewer than 100 customers on weekdays, while 75% served between 100–500 customers on weekends, reflecting increased demand during non-working days. Most restaurants operated with static menus (85%) and fixed menus (83%), while cycle menus (66%) and à la carte options (15%) were also offered. The average sales per customer indicated that 35% spent RM10–14, followed by 31% spending RM20 or more, and 27% spending RM15–19, suggesting modest but varied spending patterns among patrons.

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Table 2. *Company profile.*

Variables	Percentage (%)
Business Operating Years of Restaurant	
Less than a year	7.0
1 – 5 years	41.0
6 – 10 years	26.0
More than 10 years	26.0
Average Customer per Weekday	
Below 100 people	57.0
100 – 500 people	40.0
Average Customer per Weekend	
Below 100 people	21.0
100 – 500 people	75.0
Above 500 people	4.0
Type of Menu	
A La Carte Menu	15.0
Static Menu	85.0
DuJour Menu	34.0
Cycle Menu	66.0
Fix Menu	83.0

Purchasing activities

The results (*Figure 1*) indicate that most restaurants performed a wide range of purchasing activities. All respondents were involved in determining what and when to order, while 98% managed inventory levels, and 96% arranged for storage. Additionally, 89% surveyed suppliers, and 73% oversaw deliveries. Activities such as obtaining competitive bids (72%), negotiating costs (65%), reviewing supplier performance (63%), and handling financial adjustments (60%) were also practiced, albeit less consistently. Notably, only 60% arranged financial terms, and the lowest engagement (below 60%) was seen in determining purchase specifications. In terms of personnel involved, managers (36%) were the primary decision-makers, followed by owners (27%) and joint roles between owner and manager (17%). This reflects a centralized decision-making process often typical of SMEs, where management-level staff hold purchasing authority due to operational control and limited staffing (*Figure 2*).

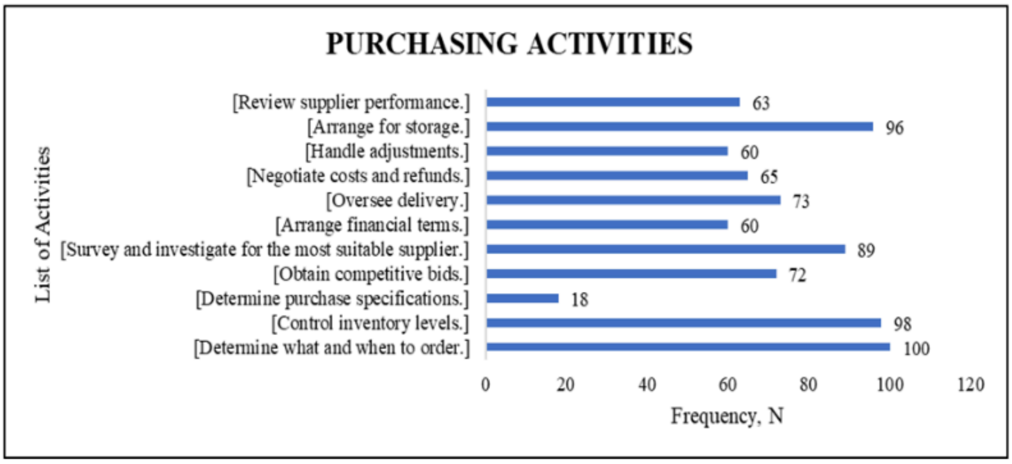

Figure 1. *Frequency analysis of purchasing activities.*

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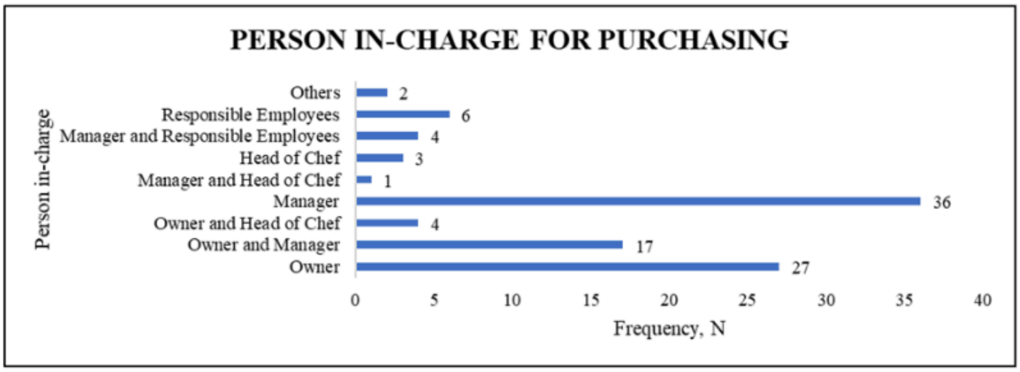

Figure 2. *Frequency analysis of person in-charge for purchasing activities.*

Optimal purchasing strategies

The restaurants employed various strategies to lower their actual purchase (AP) prices (*Figure 3*). The most commonly used method was providing their own supplier services or economic value additions (52%), followed by make-or-buy analyses (40%), and frequent supplier comparisons (37%). Other methods included evaluating edible portion (EP) costs (35%), substitutions (32%), and introductory offers (31%). Techniques such as negotiation (27%), promotional discounts (19%), blanket orders (19%), and cost-plus purchasing (18%) were also practiced. Least utilized methods included bartering (3%), odd-hour deliveries (8%), and lowering quality standards (8%), indicating an overall reluctance to compromise on quality. Regarding payment methods, paid-outs (78%) were the most frequently used among the restaurants, followed by invoice on account (55%), bill-paying services (27%), and credit card payment (15%). This pattern suggests a preference for flexible, cash-based transactions over formal credit systems (*Figure 4*). *Figure 5* illustrates the criteria for selecting suppliers among the restaurants participated in the study. Supplier selection was primarily based on delivery schedule (83%), ordering procedures (59%), and lead time (52%). Other considerations included minimum order requirements (47%), merchandise variety (46%), and long-term contracts (40%). Less common criteria were return policy (26%), substitution capability (25%), and case price (23%). The least cited factors included firm size (7%) and willingness to barter (6%), suggesting a prioritization of logistical and reliability concerns over supplier flexibility. Inventory control was primarily managed using the FIFO method (95%), followed by FEFO (52%), while LIFO (7%) was rarely used (Figure 6). In terms of inventory systems, physical inventory (34%) and perpetual inventory (19%) were the most commonly adopted, indicating a preference for traditional methods among smaller operations with limited digital infrastructure (*Figure 6*).

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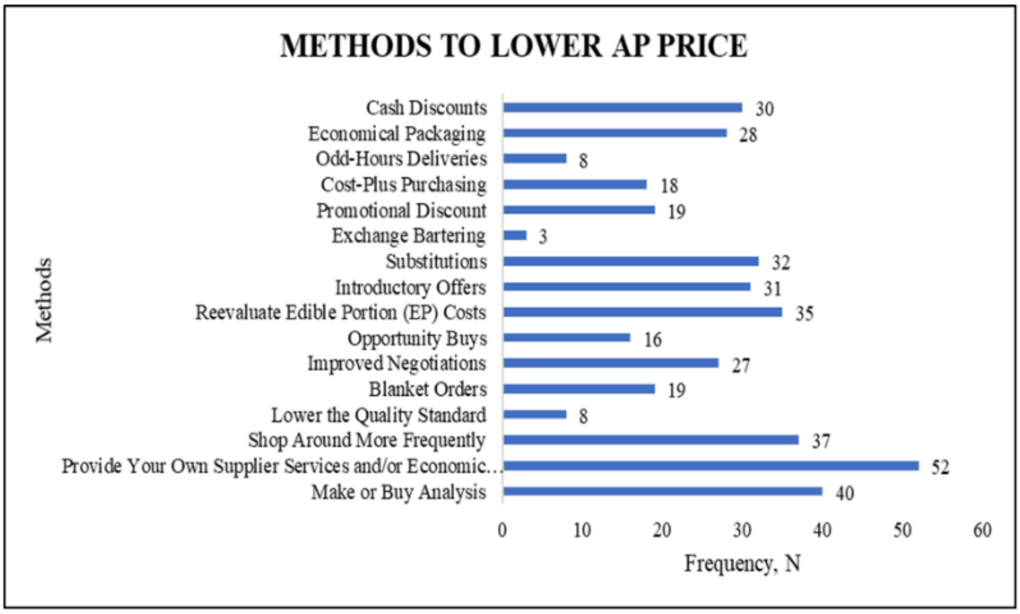

Figure 3. *Frequency analysis of method to lower AP price.*

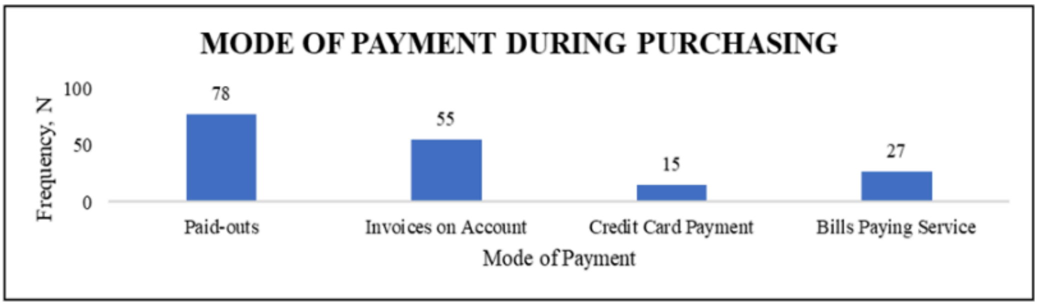

Figure 4. *Frequency analysis of mode of payment during purchasing.*

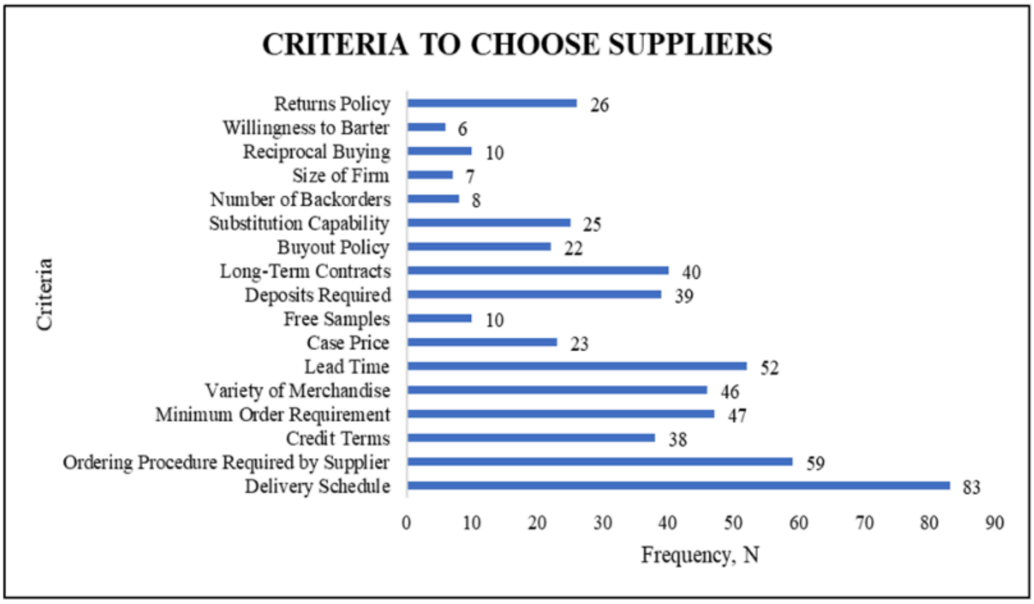

Figure 5. *Criteria to choose suppliers.*

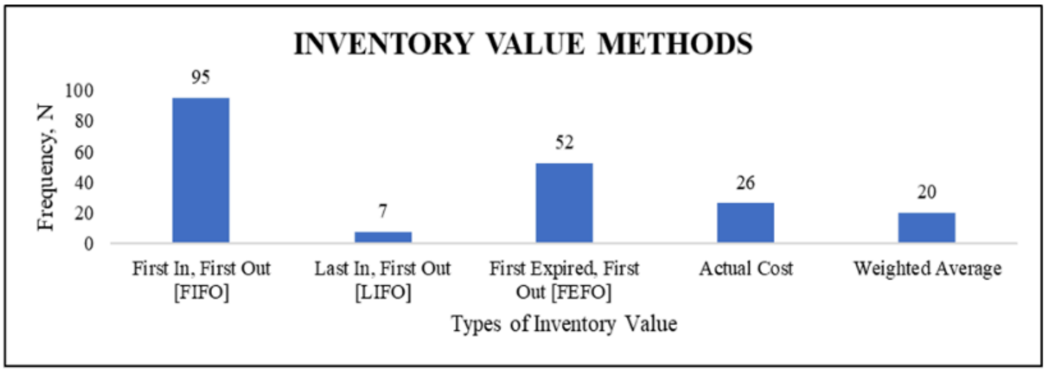

Figure 6. *Frequency analysis of inventory value methods.*

Correspondence analysis of purchasing factors

To better understand how organizational characteristics influence purchasing priorities, correspondence analysis was conducted using two variables: monthly sales performance and monthly customer volume, cross-tabulated with four purchasing decision factors: price, quality, supplier reliability, and brand image. This method allows for visualization of associations between categorical variables, offering insights into how different operational profiles shape procurement preferences. The results in *Figure 7* shows how purchasing priorities varied by monthly sales. When grouped by monthly sales, price and quality were strongly associated with restaurants earning RM50,000–RM100,000, while supplier reliability was more strongly linked to those earning over RM100,000. In contrast, brand image was more commonly emphasized by restaurants with sales below RM50,000. This pattern suggests that pricesensitive purchasing dominates among mid-tier revenue establishments, whereas more profitable restaurants prioritize reliability to maintain consistency and service standards. When analyzed based on monthly customer volume, price and supplier reliability were most relevant for businesses serving over 10,000 customers monthly, while quality was prioritized by those serving fewer than 5,000 customers (*Figure 8*). Restaurants serving a moderate customer base (5,000–10,000) leaned more toward brand image, possibly to differentiate themselves in a competitive market. These analyses underscore that purchasing decisions are context-specific, influenced by the scale of operations and financial performance. Larger or more mature businesses tend to prioritize supply chain reliability and quality, while smaller ones may lean toward cost-saving strategies. Taken together, the correspondence analysis reveals that purchasing priorities among smallsized restaurants are context-dependent. Restaurants with higher sales or larger customer bases tend to focus on reliability and efficiency, while smaller or mid-level operators emphasize price and quality as key determinants. Brand image, though present, plays a relatively minor role across the board, suggesting that most small-sized restaurants make purchasing decisions based on operational necessities rather than branding considerations. These insights are consistent with the broader literature on SME procurement behavior, which emphasizes that organizational maturity, sales turnover, and customer flow are major determinants of strategic decision-making (Kamal et al., 2020). The correspondence analysis thus adds depth to the descriptive findings by quantifying how contextual variables shape purchasing behavior, offering practical implications for supplier engagement, procurement training, and policy support targeting the SME restaurant sector.

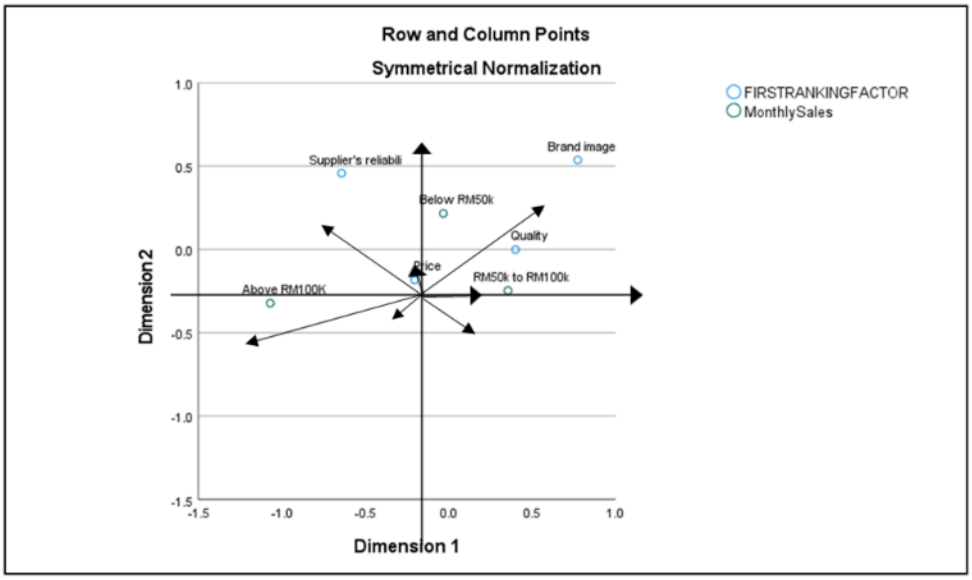

Figure 7. *Corresponding analysis of monthly sales performance and purchasing factors.*

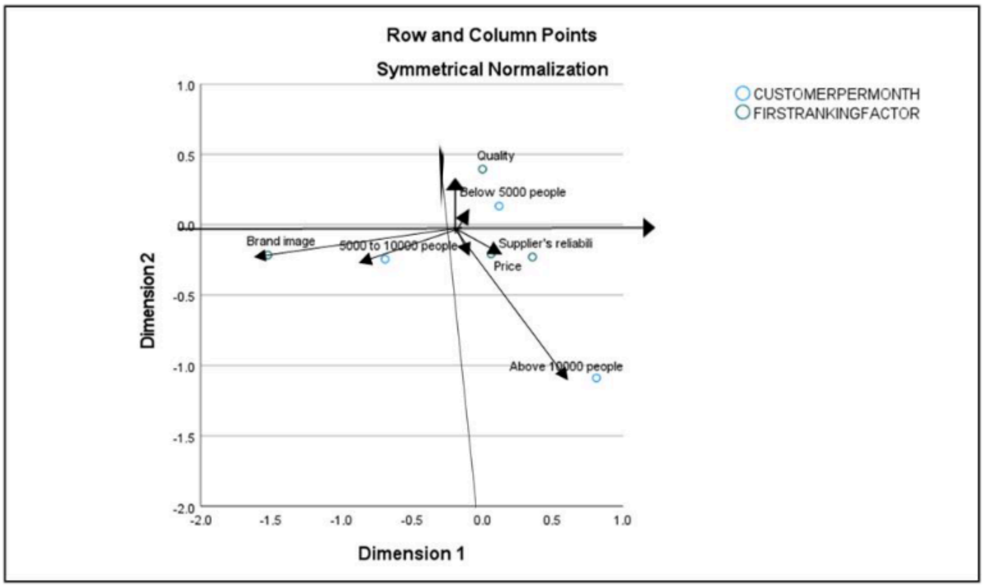

Figure 8. *Correspondence analysis between customers per month and purchasing factors.*

Generally, this research study was conducted to evaluate the purchasing practices of SMEs restaurants in Malaysia. The objectives of this research are three folds: (1) to investigate the current purchasing practices maintained, (2) to further analyze the purchasing practices of SME restaurants based on the company characteristics and, (3) to characterize the restaurants based on the factors that affect their purchasing decision. A quantitative study was conducted and a survey questionnaire was used for data collection. The study population of this research are the management-level employees in the small and medium-sized restaurants, who are involved in executing three functions in purchasing activities. Convenience sampling techniques were used and the survey questionnaires were distributed to the target respondents through mixed modes, using online survey Google Form and face-to-face paper-based questionnaires. From the results, it can be seen that all of the respondents did the purchasing activities of 'determine when and what to order', and majority of them did 'control inventory

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levels', 'arrange for storage' and 'survey and investigate for the most suitable supplier'. Inventory management is part of purchasing. Steveson and Koontz (2012) define inventory management as a framework employed by firms to control their inventory holdings. It involves activities such as controlling inventory levels, forecasting future demand, and making decisions to determine what and when to order inventory. Similarly, past studies describe inventory management as a method used by companies to monitor the level of stocks and frequently arrange for storage, with the goal of maintaining an adequate supply of goods while minimizing costs. Inadequate inventory management practices can have significant implications for customer service and the financial performance of operations. A study highlights that inventory shortages lead to the inability to offer certain menu items to guests, while excessive inventory creates opportunities for theft. Thus, Choi (2012) emphasizes the importance of effective inventory management for the smooth operation of any business. Restaurants have to utilize inventory as a key strategy to meet customer demands without the risk of frequent shortages, while ensuring high service levels. 'Survey and investigate for the most suitable supplier' are important in the purchasing process. The significance of the supplier function in purchasing management is widely acknowledged in the literature. According to Ellram and Carr (1994), purchasing plays a crucial role in the strategic success of a company through its primary functions of supplier selection and supplier development. These strategies support the firm's long-term strategy and competitive positioning in the market. Florez-Lopez (2007) emphasizes that supplier selection is a strategic component of the purchasing function, aiming to enhance competitiveness and customer satisfaction. Thus, with the literature from previous studies, it supported the results of this study that most of the restaurants did maintain the necessary purchasing activities in their purchasing practices of restaurants.

Optimal purchasing

For the criteria to choose suppliers, most of the respondents consider their 'Delivery Schedule', 'Ordering Procedure Required by Supplier', 'Lead Time', 'Minimum Order Requirement', and 'Variety of Merchandise'. According to a study by Kannan and Tan (2002), the results showed that a positive relationship exists between evaluating a supplier's delivery, service and quality performance and the product quality and competitive position of the buying firm. For supplier's delivery, it included the variables of 'Delivery Schedule' and 'Lead Time' in this study. Delivery is defined as the supplier's capacity to fulfill designated delivery schedules encompasses various factors such as lead-time, punctuality in meeting deadlines, fill rate, returns management, location, transportation, and incoterms (Thanaraksakul and Phruksaphanrat, 2009; Wu et al., 2009; Yu and Tsai, 2008; Sarkar and Mohapatra, 2006; Shyur and Shih, 2006). For supplier's service, it included the variable of 'Minimum Order Requirement' in this study. Service is defined as the supplier's competence lies in offering intangible products, encompassing aspects such as customization options (size, shape, color, design, OEM, label service), minimum order quantity, ordering procedures, communication effectiveness (response time, information provision, language proficiency), industry knowledge, flexibility, and adaptability to changes (Kim et al., 2010: Wu et al., 2009; Yu and Tsai, 2008; Chan and Kumar, 2007). For supplier's quality, it included the variables of 'Variety of Merchandise' in this study. Quality is defined as the supplier's capability to consistently meet quality specifications encompasses several aspects, including quality features (material, dimensions, design,

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durability), variety of offerings, production quality (production lines, manufacturing techniques, machinery), quality system implementation, and commitment to continuous improvement (Thanaraksakul and Phruksaphanrat, 2009; Wu et al., 2009; Sarkar and Mohapatra, 2006).

Inventory control method

For the inventory control method, most of the respondents use 'First In, First Out [FIFO]', 'First Expired, First Out [FEFO]' and Physical Inventory. The study findings are supported by a study by Baylen (2020), it concluded that FIFO method is the most used inventory management method among the small-sized restaurants in Quezon Province by the restaurant owners. According to Mendes et al. (2020), the FIFO method can be applied for all categories of products, whether they are perishable or nonperishable, food or non-food items, as it disregards the product's deterioration and price fluctuations based on its shelf life. A study suggested that the implementation of FEFO approach can enhance the optimization of perishable goods' flow by considering the anticipated shelf life of the product. According to a study conducted by Pirani and Arafat (2016), numerous hotels that offer food services have established protocols to minimize food wastage caused by product spoilage or expiration. These procedures include adhering to the FIFO (First-In, First-Out) principle and strategically planning the utilization of ingredients with shorter best before dates. However, in certain situations, it may be less effective to follow a FIFO policy, and instead, adopting a FEFO (First Expiration, First Out) approach could be more favorable to reduce waste. Lastly, a study also concluded that restaurants did use the method of physical inventory count on items like canned goods, bottled water, soft drink and canned juice daily, whereas other inventory counts could be done weekly.

This study was conducted to evaluate the purchasing practices among small-sized restaurants in Malaysia. A quantitative survey method was employed, targeting management-level employees involved in purchasing functions across small and medium-sized restaurant establishments in central Malaysia. The results offer insights into how procurement strategies are developed and executed within resource constrained food service environments. The findings indicate that nearly all respondents were actively involved in core purchasing activities such as determining what and when to order, controlling inventory levels, arranging storage, and surveying suppliers. These results confirm that purchasing in small-sized restaurants is often handled directly by managerial staff or owners, reflecting the lean organizational structures of SMEs. Inventory management emerged as a central function within purchasing, with most respondents engaged in activities related to stock monitoring and planning. This aligns with the assertions by Steveson and Koontz (2012) who defines inventory management as a system that enables firms to forecast demand and determine optimal ordering strategies. Similarly, a study emphasizes inventory control as a cost-saving mechanism, particularly important in foodservice settings where perishable goods dominate. Ineffective inventory practices can lead to adverse operational outcomes such as stockouts or wastage, impacting profitability and customer satisfaction. Therefore, Choi (2012) suggested, effective inventory management is fundamental to ensuring uninterrupted service delivery in restaurant operations.

The study also explored criteria used by small-sized restaurants when selecting suppliers. Respondents placed strong emphasis on delivery schedule, ordering procedures, lead time, minimum order requirements, and variety of merchandise. These

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preferences reflect a focus on ensuring logistical reliability, manageable ordering systems, and access to a diverse product range, critical concerns for businesses operating with limited storage space and lean staffing. The importance of supplier selection is consistent with the findings of Ellram and Carr (1994), who argue that purchasing is a strategic function that contributes directly to organizational competitiveness. Florez-Lopez (2007) further reinforces the notion that supplier evaluation plays a critical role in improving service consistency and customer satisfaction. Specifically, delivery performance and lead times, as highlighted in this study, are recognized in the literature as key determinants of supplier reliability and buyer satisfaction (Thanaraksakul and Phruksaphanrat, 2009; Sarkar and Mohapatra, 2006). In terms of supplier services, attributes such as flexibility in ordering procedures and low minimum order thresholds are highly valued, as they allow small restaurants to adjust their orders frequently in response to fluctuating demand. This finding is consistent with the perspectives of Kim et al. (2010) as well as Chan and Kumar (2007), who highlight the importance of supplier adaptability and service-level responsiveness in buyer-supplier relationships. The inclusion of merchandise variety as a quality indicator supports previous research asserting that product range and innovation are essential to sustaining menu diversity and satisfying evolving customer preferences (Wu et al., 2009).

When examining inventory control strategies, the most frequently adopted methods were First-In, First-Out (FIFO), First-Expired, First-Out (FEFO), and physical inventory counts. FIFO was reported as the most commonly used system, especially for dry, canned, and non-perishable goods. This method's dominance corresponds with the findings, who concluded that FIFO is the preferred inventory method among small restaurants due to its simplicity and alignment with general food safety practices. Mendes et al. (2020) also affirm the versatility of FIFO, noting its applicability across both perishable and non-perishable food categories. However, for highly perishable items such as dairy, meat, and produce, some respondents adopted the FEFO method. This finding is consistent, who advocate for FEFO as an effective approach to managing shelf-lifesensitive products. By prioritizing items nearing expiration, FEFO helps reduce spoilage, a crucial factor in maintaining profitability and ensuring compliance with food safety standards. The study also observed that while FIFO is generally effective, FEFO may be preferable in contexts with high perishability or frequent product turnover. Physical inventory counts were reported as a routine practice, particularly for highturnover items such as beverages and dry goods. Daily inventory checks help reduce losses due to pilferage and support demand forecasting. These findings are echoed in previous study, which identified frequent inventory reviews as a common practice among SME restaurant operators seeking tighter financial control and operational accuracy.

Conclusion

In conclusion, the analysis of purchasing practices in small-sized restaurants in Malaysia can be concluded according to the three research objectives which are: current purchasing practices maintained, analysis of purchasing practices based on company characteristics and the most rated factor that affect the purchasing decision among the small-sized restaurants. In Malaysia, the current purchasing practices implemented by the small-sized restaurants are functional in terms of purchasing activities done and

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purchasing documents used. From the study, there is new information obtained on the purchasing practices of small-sized restaurants in Malaysia. Some of the respondents did apply self-purchasing in their restaurants for certain raw ingredients, mostly for perishable ingredients such as: vegetables and fruits to ensure their freshness. For purchasing activities, most of the restaurants focus on determining what and when to order inventory, controlling inventory levels, arranging for storage, surveying and investigating for the most suitable supplier. For purchasing documents, most of the restaurants used purchase orders and request for quotation. The analysis of purchasing practices based on company characteristics such as business operating years and monthly sales performance concluded that restaurants operating more than 10 years and have monthly sales above RM 100K have more structured purchasing practices in terms of comprehensive purchasing activities done and purchasing documents used. Whereas, for the method to lower AP price and inventory control method during purchasing, restaurants with monthly sales below RM 50K did use a lot of methods compared to restaurants with monthly sales within RM 50K to RM 100K and above RM 100K. Lastly, for the most rated factor that affects the purchasing decision, price is rated the most among the respondents, followed by quality, supplier's reliability and brand image. Thus, it can be concluded that the ascending sequence of the influential factors that affects the purchasing decision is Price>Quality>Supplier's Reliability>Brand Image.

This research includes the current purchasing practices maintained by the small-sized restaurants. It could be the reference and guidance related to purchasing practices for those entrepreneurs who wish to kickstart their business in the food services. In this paper, they can understand the importance of purchasing in the restaurant's operation, some basic procedures and also documents needed throughout the purchasing process of an establishment. Besides, the purchasing practices between different company characteristics such as business operating years and monthly sales performance will be analyzed in this study. This helps the entrepreneurs to identify which company characteristics they should focus on in maintaining a good purchasing practice to their restaurants. In short, the entrepreneurs can get the information related to purchasing comprehensively and quickly from the outcomes of this study. This research includes the related factors that would affect the purchasing decision. In this paper, few factors such as price, quality, supplier's reliability and brand image will be rated among the small-sized restaurants in Malaysia. From the results of rating, the most rated factor can be identified and categorized with the company characteristics such as monthly sales performance and number of customers per month. Besides, the data of purchasing practices of small-sized restaurants in Malaysia were collected and analyzed. Therefore, it can be part of the reference for the organization of small-sized restaurants in developing their purchasing practices. This research gathers all the findings, information and data that are related to the purchasing practices of the small-sized restaurants in Malaysia. So far, there is only little and limited research study can be found based on this topic in Malaysia. Thus, this research provides the data related to the purchasing practices of small-sized restaurants in Malaysia for future researchers to further investigate in this topic theoretically and comprehensively.

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Conflict of interest

The authors declare that no conflicts of interest exist with any individuals or entities concerning this research study.

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