

©KY PUBLICATIONS  
RESEARCH ARTICLE  
Vol.3.Issue.4.2016  
Oct-Dec.



ISSN:2349-4638

<http://www.ijbmas.in>

**INTERNATIONAL JOURNAL OF BUSINESS, MANAGEMENT  
AND ALLIED SCIENCES (IJBMAS)**  
A Peer Reviewed International Research Journal

**EFFECT OF STRATEGIC SUPPLY CHAIN MANAGEMENT ON PERFORMANCE OF HOTEL  
INDUSTRY IN RWANDA**

**FRANCINE D<sup>1</sup>, Dr. KULE JULIUS.W<sup>2</sup>, Dr. MBABAZI.M<sup>3</sup>**

<sup>1</sup>Researcher scholar, Department of Business Administration, Jomo Kenyatta University of Agriculture and Technology

<sup>2</sup>Co-Chair, Department of Management and Social Sciences, Jomo Kenyatta University of Agriculture and Technology

<sup>3</sup>Lecturer in Department of Economics, Jomo Kenyatta University of Agriculture and Technology



**FRANCINE D**

**ABSTRACT**

Hotel industry in Rwanda experiences challenges in increase of cost in form of high distribution costs, stock out costs and poor information sharing. The increase of cost affects the performance in terms of providing high quality of service delivery. This is due to the poor transportation, inventory control, planning and forecasting customer demand. In the same view of the last line, the effect of strategic supply chain management practices on performance of hotel industry in Rwanda is analysed, where a qualitative and quantitative approach is used for the primary data collection within the questionnaires at Serena Hotel Company limited. To establish relationship between research variables frequency, mean and standard deviation were employed to interpret findings. Findings shows that strategic supply chain management practices improve performance of hotel industry performance where it improves timely customer service delivery, quality of products and reduces costs of operations. This recommends to the hotel industry in Rwanda to be more pro-active and provide regular training programs to their staff with required skills to perform strategic supply chain practices.

**Keywords:** Hotel industry, supply chain management, performance, inventory control, transportation, customer service delivery.

©KY Publications

**INTRODUCTION**

Supply chain management is a process combining internal and external organization environment to deliver a timely good service to the end customer. Strategic Supply Chain Management assists hotel managers in breaking down the operations and understand the supply and demand side of their business better, in order to save time, energy and in turn generate profit. Hotel industry both big and small is now focusing on effective

Supply Chain Management in order to provide efficient services to their customers. Meaning that they have to offer the quality service at the right time and cost to their customers in order to increase sales volume and increase profitability accordingly since profitability and cost cutting is the major objective of any corporate organization.

The research focused on how supply chain management practices on performance of Serena Hotel Kigali Rwanda. The Serena group of companies is collection of resorts, safari lodges and hotels spans which evocative and exotic in service delivery. The Serena Group comprises a collection of 32 luxury resorts, safari lodges and hotels, which are located in East Africa (Kenya, Tanzania, Rwanda, Uganda and Mozambique) and Southern Asia (Pakistan, Afghanistan and Tajikistan). The Serena service profile guarantees unprecedented luxury, extensive amenities and unrivalled warmth of personal attention.

Serena hotel is one of the largest hotels in the country with attractive services for both local and international clients. In order to meet the demand of the customers the hotel needs to provide quality services and this will make them compete favorably in the hotel industry and this can be done by use of effective strategic supply chain management system in place. In order for Serena hotel to operate effectively they should have material requirement planning (MRP) system in place which will help them collect data and forecast the organization activities basing on previous collected data. Inventory management techniques like annual based consumption (ABC), First in first out (FIFO), last in first out (LIFO), XYZ and many others, so that they are able to control movement of goods in and out of the ware house for efficient service delivery. The hotel should also be able efficient and effective means of transport which should be able to deliver the right product, at the right time, at the right quantity and quality, at the right cost and the right place. The above supply chain components will improve on the performance of the hotel hence effective service delivery in the organization, in that the organization will be able to provide quality service, at a required timely and cost. It is upon the above background that is why the researcher was prompted to analyze the effects of strategic supply chain management system on performance of Serena hotel.

#### **MATERIALS AND METHODS**

Supply chain performance focuses on the ability of the supply chain to satisfy the needs of the ultimate customers of the supply chain. Supply chain performance plays an important role in any organization [6] the high quality of products and services from each level of the supplier network is a major part of successful supply chain management [1] and An improved supply chain management process leads to cost reductions, optimum resource utilization and improved process efficiency [1] as argued [3] that supply chain management strategy correlates positively and significantly with market performance, as identified [5] that supply chain management strategy influences firm performance, as discussed [2] how quality can be managed in supply chain. Their case study indicated that the whorl supply network could improve its ability to meet the expectations in quality of the final customer through the joint definition and co-management of quality practices and procedures [4].

#### **METHODOLOGY**

The researcher used a descriptive research design basing on a case study, where qualitative and quantitative approaches were used. In quantitative approach the researcher employed data in form of numbers collected from employees on strategic supply chain management and performance of hotel industry in Rwanda. Qualitative was used through questionnaire in order to describe the activities of strategic Supply Chain Management on performance. The case study of this research was Serena hotel Kigali Rwanda. Data were collected from 30 respondents; census and purposive sampling technique was used to determine sample size of the research population. Survey questionnaire was used to collect data, this enabled the researcher to collect large amount of data within a short time period and also provided opportunity for respondents to give frank, anonymous answers. A set of questionnaire was designed, it included both open and closed ended set of questions that to be answered. In data processing and analysis, data coding, editing and tabulation especially quantitative data where by the findings was interpreted by use of frequency, mean and standard deviation and Pearson correlations were employed to make the information clear and understandable for other people.

#### **DATA ANALYSIS AND DISCUSSION**

It is clear that the strategic supply chain management elements have a positive effect on performance of Serena Hotel and on service delivery at all. To ensure the accuracy of the information, the profiles of respondents were considered. The gender; male: 56.67%, female: 43.33%, age; 30.0%:31 – 40 years, 16.67%: 21 – 30 years and 26.67%: 41-50 years and 51 years, educational level; 56.67%: first degree holders, 23.33% advanced level certificate holder, 13.33% masters holders and 6.67% professional certificate holders and experience; 30.06%:3-4years, 26.67%:2-3years, 16.67%:5 years and above.

**Table 4.2 Effect of Material Requirement Planning System on performance of Serena Hotel**

Effects Material Requirement Planning System on performance of Serena Hotel	Response					Comments
	SA	A	D	Mean	Std. Dev	
	%	%	%			
Planning system improves on timely decision making in the hotel	63.3	27.7	10	4.5	0.77682	Very Strong Heterogeneity
Planning system improves on lead time in the hotel	53.3	33.3	13.3	4.3667	0.80872	Strong Heterogeneity
Planning system improves on stock out in the hotel	43.3	46.7	10	4.3333	0.66089	Strong Heterogeneity
Planning system improves on quality of goods in the hotel	53.3	36.7	10	4.3667	0.85029	Strong Heterogeneity
Planning system improves on budgetary control in the hotel	50	36.7	13.3	4.3333	0.8023	Strong Heterogeneity

Source: Primary Source, 2016

**Table 4.5 Effect of Inventory Control System on performance of Serena Hotel**

Effects of Inventory Control System on performance of Serena Hotel	Response					Comments
	SA	A	D	Mean	Std. Dev	
	%	%	%			
Inventory control improves on holding cost	36.7	53.3	10	4.2667	0.63968	Strong Heterogeneity
Inventory control improves on stock out cost	46.7	43.3	10	4.3667	0.66868	Strong Heterogeneity
Inventory control improves on quality of the products	50	40	10	4.4	0.67466	Strong Heterogeneity
Inventory control promotes customers loyalty	40	53.3	6.7	4.3333	0.60648	Strong Heterogeneity
Inventory control promotes proper planning	50	43.3	6.7	4.4333	0.62606	Strong Heterogeneity

Source: Primary Source, 2016

**Table 4.8: Effect of Transportation Management system on Performance of Serena Hotel**

Effects Transportation Management system on Performance of Serena Hotel	Response					Comments
	SA	A	D	Mean	Std. Dev	
	%	%	%			
Transportation system reduce on customers product costs	36.7	56.7	6.7	4.3	0.59596	Strong Heterogeneity
Transport system ensures good conditions of goods in transit	43.3	56.7	-	4.4333	0.50401	Strong Heterogeneity
Transportation system ensures goods to reach the destination timely	36.7	56.7	6.7	4.3	0.59596	Strong Heterogeneity
Transportation ensures the goods reaches the right destinations	33.3	53.3	13.4	4.1333	0.81931	Strong Heterogeneity
Transportation system ensures the security of the goods	20	63.3	16.7	3.9333	0.82768	Strong Heterogeneity

Source: Primary Source, 2016

The data tabulated above shows that strategic Supply Chain Management practices have effect on performance of hotel industry in Rwanda whereby material requirement planning system improves on timely decision making in the hotel at 91%, on lead time in the hotel at 86.6%, on stock out cost in the hotel at 90%, on quality of goods in the hotel at 90% ,on budgetary control in the hotel at 86.7% .Inventory Control System improves on holding cost and stock out cost at 90%, quality of the products at 90%, promotes customers loyalty and proper planning at 93.3%.Transportation Management system reduces customers product costs at 93.4%, ensures good conditions of goods in transit at 100 %, goods to reach the destination timely at 94.3% , the goods reaches the right destinations at 86.6% and the security of the goods at 83.3%.

#### **CONCLUSION**

In conclusion, the strategic supply chain management has a positive effect on performance of hotel industry in terms of timely service delivery to customer, high quality of products and operational cost cutting. For effective performance, hotel industry in Rwanda should adopt a more pro-active approach through effective material requirement planning, inventory control and transportation system.

#### **ACKNOWLEDGEMENT**

The grateful acknowledgement is dressed to Jomo Kenyatta University of Agriculture and Technology that proved all necessary means required this research and the management of SERENA Hotel Company limited for their contribution and facilitation for data gathering.

#### **References**

- [1]. Beamon BM (1998) supply chain design and analysis: models and methods. International journal of production Economics
  - [2]. Chai, J Y., Zhang, D Li. (2008). Business Performance Management: Concepts, Methods, and Applications, Tsinghua University Press, Beijing, China.
  - [3]. Lambert DM & Pohlen TL (2001) supply chain metrics. The international journal of logistics management 12(1): 1-19.
  - [4]. Wagner, B A., Macbeth, D K. and Boddy, D. (2002). "Improving supply chain relations: an empirical case study", Supply Chain Management: An International Journal, 7 ( 4), 253-64.
  - [5]. Wisner, J. D. (2003). A structural equation model of supply chain management strategies and firm performance. Journal of Business Logistics, 24(1), 1-26.
  - [6]. Zebst, P. J., Green, J. K. W., Sower, V. E. & Baker, G. (2010). RFID utilization and information sharing: the impact on supply chain performance. Journal of Business & Industrial Marketing, 25(8), 582–589
-