



**ST. MARY'S UNIVERSITY SCHOOL OF GRADUATION STUDIES  
DEPARTMENT OF MASTER OF BUSINESS ADMINISTRATION**

**THE EFFECT OF SUPPLY CHAIN MANAGEMENT ON HOTEL  
SERVICE DELIVERY IN THE CASE OF HILTON ADDIS HOTEL**

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GRADUATION DEPARTMENT OF BUSINESS ADMINISTRATION**

**JUNE 2024**

**ADDIS ABABA ETHIOPIA**

**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
FACULTY OF BUSINESS**

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## **STATEMENT OF CERTIFICATION**

This is to certify that Netsanet Wubatie has carried out his research work entitled: “The effect of supply chain management on hotel service delivery in the case of Hilton Addis Hotel”. It is his original work and is suitable for submission for the award of Master of Business Administration.

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Advisor: Temsesgen Belaynh (PHD)

Date: JUNE 2024.

## **DECLARATION**

I hereby declare that the effect of supply chain management on hotel service delivery in the case of Hilton Addis Hotel is fully the work of Netsanet Wubatie. I did the research independently with the guidance and support of the research advisor, Temesgen Belaynh (PHD).

The source of the referenced materials is referenced or is listed in the acknowledgments together with the nature and the scope of their contribution.

This study has not been submitted for award of any Degree or Diploma Program. This research is made in partial fulfillment of the requirements for the award of Master of Business Administration.

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## **ACKNOWLEDGEMENTS**

First and foremost, I would like to thank the almighty God for helping me in this research journey. I would also like to thank Hilton International Hotel Management for allowing me to research the company. In addition, I am thankful for the staff who helped me in collecting data, and the staff who were cooperative for the interview.

My deepest gratitude and appreciation go to my advisor Temesgen Belaynh. (PHD) for his guidance constructive comments and suggestions throughout the research project work.

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## **ACRONYMS**

AT- Agency theory

CRM-Customer relation management

CT-Critical theory

DV- Dependent Variable

EFY- Ethiopian fiscal year

ISO-International Standard Organization

IT- Institutional theory IV-

Independent Variable

JIT –Just in Time

LIS-Level of information sharing

NT-Network theory

OP-organizational performance

PLC- Private Limited Company

QIS-Quality of information sharing

RBV-Resource-based view

RDT- Resource dependence theory

ROI- Return on Investment

SC- Supply Chain

SCA-Socio-cognitive approach

SCM-Supply Chain Management

SCMP-Supply Chain Management Practice

SCT-Strategic choice theory

SPSS - Statistical Package for the Social Sciences

SSP- Strategic Supplier Partnership

ST- Systems theory,

TCE-Transaction cost economics,

TECT- Transaction Economics Cost Theory

TVET- Technical and vocational education and training VIF- Variance inflation factor

## ABSTRACT

*Supply chain management practice effective engagement is crucial for businesses to succeed. Business-to-business competition has now changed to supply chain management competition. This study has tried to assess supply chain management practice and its effect on the organizational Hilton Addis Hotel. The research had three specific objectives. These are:*

*(1) Assess the effect of practicing supply chain management on organizational performance.*

*(2) Identify the relationship between SCM practice and organizational performance in the case company context, and (3) Reflect how organizational performance is improved in Hilton Addis Hotel by practicing SCM. In this regard, supply chain management's four constructs/ dimensions, namely strategic supplier partnership, customer relation, level of information sharing, and quality of information sharing were used as independent variables. The four supply chain management dimensions' correlation with the dependent variable organizational performance was analyzed. The research is descriptive in its type, and the data was collected by distributing a questionnaire to the employees of the company by using a purposive sampling technique. The data was analyzed using frequency, mean, Pearson correlation, and regression, and the findings were presented in the table the major findings were that the case company implements supply chain management practices highly and strategic supplier partnership and customer relationship practices of the company need improvement as they are implemented in medium level. What is more, the findings show a positive correlation and relationship between the four-supply chain management practice dimensions and organizational performance. As there are different dimensions of supply chain management, and there are different contexts and nature of business, the effect of supply chain management practice can also be researched on other businesses collectively and individually.*

**Keywords:** *Supply chain Management, Supply chain Management practice, Organizational Performance, Supply chain management dimensions/constructs, Strategic Supplier partnership, Customer Relationship, Level of Information Sharing, Quality of InformationSharing*

# CHAPTER ONE

## INTRODUCTION

The purpose of this introductory chapter is to present an overview of the Thesis which is depicted in the following pages. this introduction starts by presenting the background of the Thesis, followed by; the research aims and objectives, research problems, purpose and significance, and a summary of the structure of the Thesis.

### 1.1 Background of the study

Hence good supply chain management has a substantial influence on cost, efficiency, effectiveness, and quality service delivery by the hotel industry the right things at the right place and at the right time help the industry appropriate quality service at minimum cost; as a result, the operational profit will be maximized. supply chain management is not only the management of the physical movement of raw materials and finished goods but also is a related flow of information through the organization.

It is the process of strategically managing the procurement, management, and storage of materials parts and finished good inventory (and the related flow of information) through the organization and its materials channels in such a way the current and future profitability are maximized through the cost-effective fulfillment of orders. those logistics and supply chains are inseparably connected, and both can assist the cost-effective, efficient and quality in the end customer service delivery of demand

The system deals with a web of interconnected actors such as suppliers of products to customers who have their suppliers and sub-suppliers, and often also intermediaries in the field of service. Efficient and effective end-customer service delivery of demand. This is because other supply chain actors take part in this service and the production company may not have the option to identify, recognize, coordinate, and work with all these value chain actors. This study will be conducted concerning the effect of supply chain management practices on hotel service delivery. It aims to describe the proper practice of supply chain management in service delivery and the problem of misunderstanding supply chain management in hotel service. It also examines the way customers are satisfied with the service and how the hotel minimizes the cost by using effective supply chain management and its importance in service delivery to the customer and maximized revenue. If we use it in the hotel industry to help improve efficiencies and reduce costs, hotel companies will not only save money but also position themselves to be leading players in the industry. As hotel companies manage and operate their products, they should focus on several aspects such as

service quality, core competency, management commitment (leadership) internal flexibility, and cost.

## **1.2 Background of the company**

As per Montgomery (1995), the word hospitality comes from the Latin root meaning hostel or hospital. The first hotels were nothing more than private homes open to the public. Most, unfortunately, had poor reputations. Under the influence of the Roman Empire inn hotels began to be created to please travelers and to encourage visitors. The first inn located in America was recorded in the year 1607 and led the way with many other firsts in the hospitality industry. The first publicly held hotel (the City Hotel) opened in New York in 1792. The first modern hotel (The Tremont) opened in Boston in 1890 and the first business hotel (Buffalo Settler) opened in 1908. From there a surge of hotels flooded America and the rest of the world with prominent names such as Radisson, Marriott, and Hilton. Cooper (1988)

Hotels can be classified into different categories or classes, based on their operational criteria. For example, the types of accommodation they provide, the location of the property, the type of services provided, facilities given, and so on.

A relative increase in investment has recently been observed in the hotel and tourism sector. The hotel industry consists of many different services, including accommodation, restaurants, café and catering. The market of the hotel industry, especially classified hotels in developing countries like Ethiopia, is closely linked to the tourism industry because most consumers for the sector services come from international tourists. According to the United Nations Statistical Commission, tourism comprises the activity of the person traveling to and staying in a place outside their usual environment for not more than one consecutive year and staying at least 24 hours in the country visited. The total number of international tourists arriving in Ethiopia is steadily increasing. As the gateway of all international inbound, outbound, and transit tourists/passengers. Addis Ababa has been taking the lion's share in the country's tourist arrivals, hosting an estimated 95-99% of the total international tourist arrivals. (Ebisa & Andualem 2013).

Addis Ababa is the capital city of the country which is the heartbeat of Ethiopia. Emperor Menelik II and his wife Taitu founded the city in 1889 by constructing his place Entoto. Addis Ababa is now the diplomatic city where many international institutions are located. The first hotel was also founded by two couples and named Taitu Hotel in 1889 exists to date, this footstep in the hotel industry followed by many standard hotels in the country. Many other hotels like Ras Hotel. Bekele Mola, Ghion, Guenet, Wabi Shebelle, Hilton, and Ethiopian Hotel are among some that followed the tread of Taitu Hotel. From 1970-1975

there are many hotels from small to medium range were developed throughout the country. Especially in the Northern part of the country, many government hotels flourished following the tourist attraction of Ethiopia. (Ministry of Tourism, 2012)

Hilton Hotels and Resorts, formerly known as Hilton Hotels is an international chain of full-service hotels and resorts. The flagship brand of Hilton Worldwide, the original company was founded in 1919 by Conrad Hilton. As of 2010, there were over 530 Hilton-branded hotels across the world in 78 countries across six continents. Hilton hotels are either owned by, managed by, or franchised to independent operators by Hilton worldwide. The Hilton hotel brand remains one of the company's flagship brands and one of the largest hotel brands in the world. The companies place marketing emphasis on both business travel and leisure travel with location in the majority city center. Near airports, convention centers, and many vacation resorts and leisure-oriented hotels in popular vacation destinations around the world 'company overview of Hilton Worldwide Holdings Inc'. investing business week.com Retrieved 21 August 2014.

Hotel Addis Ababa Hotel is a Hotel that provides suitable Room ranging from standard to Presidential Rooms, Apartment for extended stays, a studio, one or two bedroom Apartment with their own kitchen, and Recreation facilities in which one can enjoy the geo-terminal outdoor swimming pool, a squash court, an 18 holes mini-golf course and after a day work or sightseeing, retreat to the health club for a soothing sauna or steam, or Book a relaxing massage, parking is available for more than 650 cars, six distinctive restaurant, and bars, Hilton Addis Ababa offers an enticing range of cuisines and setting, include the popular poolside Sunday brunch with live music and rustic wood-fired specialties from II for no. Meeting facilities that give a first-class banquet event ranging from hosting a board meeting for 25 delegates in one of three meeting rooms, or for a larger event, the ballroom accommodates more than 800 Guests.

Hilton is made with architecture that represents the historical and astonishing church which is registered as a UNESCO World Heritage site and is carved into a giant rocky massif.

### **1.3 Statement of the Problems**

Literature indicates that companies are now seeking to integrate their decisions across the supply chain partners globally because of increasing awareness about the financial and financial impact of supply chain management processes on business companies. In Ethiopia, the concept of supply chain management and measuring its performance for improvement is at the infant stage except very few multinational and international companies investing in Ethiopia. The existing supply chain performance measurement systems are problematic because they commonly use cost as the primary measure, and they do not reflect the strategic goals of the



organization nor consider the effect of supply chain disruption due to uncertainty (Tielman Nieuwoudt, 2010). According to my literature review, most of the research assessments of supply chain management performance were conducted on service companies in developed countries and very few in developing countries, like Ethiopia. Specifically, the research conducted on the supply chain process performance in hotel industries was very rare in Ethiopia in particular, as a result, there will be little insight into the performance of supply chain management in hotel companies of Ethiopia. This knowledge gap in the subject of this proposal in this competitive industry caused the researcher to be inclined to conduct this research study. The hugely awaited star-rating program led by a team of assessors from the United Nations World Tourism Organization (UNWTO) has been revealed, leaving Hilton Addis with three stars out of five stars. This shows that Addis Ababa Hilton is facing problems. Considering that the apparel sector encounters the problem of demand uncertainty, Supply chain management allows the companies to communicate with their retailers; this feature of Supply chain management enables them to forecast product demand jointly Bruce, M., Daly, L. & Towers, N (2008). According to the research conducted by (the Ministry of Industry, 2003E.C), even though the industry benefits from duty-free privileges for the importation of machinery and spare parts, it has limited value since the manufacturers are not productive enough. This shows that the garment industries are facing problems beyond finance or capacity. Among the major problems for the poor performance of this research seeks to bring the effect of supply chain management on hotel service delivery. In summary, this research seeks to bring out the effect of supply chain management practice effectiveness through quality service, cost, internal flexibility, core competency, and leadership that affect service delivery. This study aims to fill the mentioned gaps. The research proposes to evaluate the implementation of supply chain management and to identify the performance parameters or challenges that can mean success for the Ethiopian service delivery industry. Although Supply Chain Management practice in our country is still in the infancy stages, there are several supply chain managements in service delivery integrating it into their organizational system

#### **1.4 Research Question**

This research is guided by the following research questions.

1. What is the dominant driver of supply chain management for service delivery at Addis Ababa Hilton Hotel?
2. What is the significance of the independent variables affecting the hotel's operational services delivery?

3. What is the relationship between supply management drivers and operational services delivery drivers?
4. What is the supply chain challenges in the Hotel

## **1.5 Objective of the Study**

### **1.5.1 General Objectives**

The study aims to understand the effect of supply chain management practices in the hotel industry and their contribution to the performance of service delivery in Addis Ababa Hilton hotel.

### **1.5.2 Specific Objectives**

1. To understand key dominant drivers for the effect of supply chain management practices on services delivery of Addis Ababa Hilton hotel
2. To explore determinate independent variables that affect a hotel's operational Service delivery
3. To measure the relationship between supply chain management and operational services delivery of the hotel.

## **1.6 Significance of the study**

As different literature points out, the supply chain management concept and strategy have a significant role for any services company, if companies implement the supply chain management successfully. Effective and efficient supply chain management creates value for customers as well as the rest of the supply chain actors and enables the supply chain firm to maintain or gain a competitive advantage over its competitors. Besides, in the temporary business environment, individual firms will not perform and compete independently. There is no more competition among individual firms, but it is among the supply chain networks.

There for conducting research on supply chain practices performance and identifying gaps enables firms to plan improvement action and to their gaps. The finding of this study will give insight into the effect of supply chain management practices in the hotel services delivery order to plan for the improvement of hotel industries under the study. The finding will also give an insight to other supply chain partners. In the driver of the SCM to scrutinize they're on effect on services delivery. As this research study has its scope limitation, other researchers can also use it as a starting point to capitalize on the different aspects of supply chain performance analysis that have not been addressed in this study.

## **1.7 Scope of the study**

From a conceptual stand point, this article exclusively concentrates on the effect of supply chain management practices on Hilton Hotel -specific organizational performance. Only the following management of supply chain practice dimensions considered in the study: strategic supplier partnerships, customer relationships, and the level and quality of information exchange.

Geographically, Hilton Hotel this study only covers Addis Ababa. This is considering the financial and time it may take encompassing the entire firm in the country. Hilton Hotel departments namely Administration and human resource, marketing, purchasing, finance, production, and quality control, are covered in the study.

The study's focus was solely on supply chain management practices and business organizational performance as measured by SCMP dimensions. The study used the SCMP dimensions as an independent variable and the organizational performance of the company as a dependent variable. The study concurrently assessed the performance of the business in terms of its market share, sales, profit margin on sales, return on investment, and overall competitive position.

## **1.8 Limitations of the study**

Just like any research study, this thesis also has the following limitations the study focused only on limited supply chain variables mentioned above and there are other variables to measure the performance of supply chains like sustainable or green supply chains, strategic alignments, outbound SCM ...etc. are out of the limit of this study.

This study does not comprehensively capture all aspects of supply chain practices as applicable to the hotel, rather it made emphasis on assessing the effect of in-bound SCM practice of the hotel service delivery from the perception of the employees.

The other most important limitation of the study is the fact that though the unit of analysis was only the SCM functional unit and marketing department of the hotel, the study was purely conducted based on the responses obtained from the employees of the hotels since it assumed those perspectives.

## **1.9 Organization of the Study**

The research thesis has five chapters. The first chapter deals with research preliminaries including background, statement of the problem, objectives, scope of study, and outline of the paper. In the second chapter, the conceptual framework of the study and review of related literature is presented in a detailed manner. In the third chapter, the research design and methodology are discussed. The fourth chapter discusses the findings of the study. Based on the fourth chapter, conclusions and possible recommendations are made in the fifth chapter.

## **CHAPTER TWO**

### **RELATED LITERATURE REVIEW**

#### **Introduction**

The world is becoming a more complex business environment where offshore production, partnership, time to market, customization and cost reduction, risk mitigation, etc. are essential for survival in the competitive market. In the modern era of technology, service providers are looking forward to increasing their efficiencies and performances using advanced information technology in supply chain management. Supply chain management is one of the major tools that plays a vital role in enhancing organizational efficiency. Nowadays, business companies compete on supply chain management rather than competing individually with internal competencies. Any organization can get a competitive advantage over its competitors through effective and efficient supply chain management (Hassini, 2008). According to this author, supply chain management is the basis for all business organizations to compete. It also means supply chain management enables companies to survive through supply chain effectiveness and efficiency.

#### **2.1 Supply Chain Management**

The concept of supply chain management was introduced in the 1980s and today due to the attention given to supply chain management the definition has gone through a significant number of changes. The Council of Supply Chain Management Professionals (CSCMP, 2011) defines supply chain management in the following way:

“Supply chain management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers. In essence, supply chain management integrates supply and demand management within and across companies”

There is higher competition and customer expectations in the supply chain market in areas such as product availability and flexibility in operation, due to many companies focusing on how their supply chain can make them competitive in the market. As the definition of supply-chain management continues to gain attention from companies, and academicians, many corporations are applying supply-chain management practices in Hotel managers just as any other service industry managers sensed the growing trend of informed customer expectations brought about by the advent of technology and WEB, ease of travel,

and also media and were forced to put extra attention and investment into managing the complete value creation system with the help of SCM principles (Basu and Wright, 2008).

“Supply chain management (SCM) was introduced as a common scientific and managerial term in 1982 to describe a hierarchical control system for material, information, and financial flows in a potentially multidirectional network of autonomous decision-making entities” (Agrel and Hatami-Marbini, 2010,). It has gained a lot of attention in the manufacturing and service industry for the reason that suppliers play a very important role in maintaining the cost and quality of the purchasing firms in the SC (Fantasy, *et al.*, 2010). There are several definitions of SCM. Christopher (1998) defined SCM as managing upstream and downstream relationships with suppliers and customers to improve value in the final marketplace at less cost and to the entire SC. Chandrashekar and Schary (1999) described it as a management process to integrate and coordinate activities across organizational boundaries. Mentzer *et al.* (2000) defined it as the management of close inter-organization relationships while Lummus *et al.* (2001) describe SCM as the process that coordinates the different entities participating directly and indirectly in the delivery of product to the final customer.

Moreover, innovation commences through the examination of new opportunities (Drucker, 2002). In his famous book, *Discipline of Innovation* (2002), Drucker identifies several sources of

opportunities within the company and the industry that could be an initial step for SC’s new product and service development process.

## **2.2 Supply Chain in the Service Industry**

“A service business is one where the perceived value of the offering to the customer is determined by the service rendered than the product offered” (Basu and Wright, 2008,). In a service, customer intimacy has led to the idea that service cannot be stored and has to be produced and consumed simultaneously. Services can be grouped into isolated or direct services. Isolated services such as in a hotel business, contrary to direct services such as emergency Medical treatment can be managed using the methods used in manufacturing operations (Basu and Wright, 2008).

Unlike manufacturing industries, output in the service industries is intangible. In addition, qualitative measurement of performance is a more common practice. (Basu and Wright, 2008) Many of the manufacturing-based SC models have been modified to show the central contribution of customers to become applicable to the service industry (Aitken *et al.*, 2012).

Their time-sensitive nature and the fact that their capacities cannot be stored easily lead to the possibility of service deterioration and queue-forming in peak times. (Aitken *et al.*, 2012)

It should be emphasized that cycle time, costs of logistics, and inventory are the focus of SC in manufacturing industries whereas in the service industry, they prove to be less relevant since the service provided is nontransferable and intangible (Tigu and Calaretu, 2013). The focus of SCM in the service industry is finding the most efficient and effective way for value creation. This can happen through cross-functional solutions to major issues related to meeting customer needs efficiently and effectively at the lowest cost. This cross-functionality can happen in an internal or external environment. (Fearneet *et al.*, 2001).

### **2.3 Supply Chain Management in the Hospitality and Hotel Industry**

The success of each company and firm depends on that of the other organizations in the chain as they enter partnership relationships to supply products, goods, and services. The concept of SCM can also be applicable in the hospitality and hotel industry as an amalgam of factions, functions, businesses, and stakeholders that together form the distinct SC. (Harewood, 2008) As the competition increases in the accommodation industry, the pressure to find new ways to create and transfer value to the customers rises as well. The growing realization of the importance of SCM led to more emphasis on management and study of contributing agents such as service quality, communication, technology, supplier relationship, and financial performances (Fantasy, *et al.*, 2010). In hospitality and hotel operations, the consumption and creation part usually happen at the same time; as the end-product is not physical and is comprised of various services presented by different suppliers at different points of the SC (Harewood, 2008).

Fawcett *et al* (2007), argue that open communication which allows effective information flow has a significant role in managing supplier relationships. For instance, sharing long-term hotel forecasts that are produced by the hotel revenue management department with key hotel suppliers paves the way for robust and dynamic relationships between hotel and key suppliers.

The relationships established between hotel and focal companies such as wholesalers and retailers have a transactional nature, however through time improved to strategic collaborative relationships. (Díaz *et al.*, 2006).

### **2.4 Internal Variables**

#### **2.4.1 Leadership and Core Competency**

Having excellent leadership and a core competency within the hotel industry is vital for SCM. These two key internal variables help a specific hotel to excel in its SCM endeavors. The success of the hotel business is very much dependent on the technical skills, integrity,

hard work, attitude, and behavior of its personnel (Lai and Baum, 2005). The writer first discusses leadership as an internal variable followed by core competency.

### **2.4.2 Leadership**

To succeed in supply chain management, one requires strong leadership. Also, successful and committed leadership considers the long-term interest of a given organization. Leadership is essential and plays a key role in galvanizing employees to be completely involved in reaching the already set objectives of an organization. Moreover, it is important to pay attention to appropriate leadership styles that are responsible for sustaining supply chains and managing their performance and improvement (Sharif and Irani, 2012). In addition, leadership is believed to be a key contributor to organizational strategic sources of competitive advantages (Bass, 1991; Waldman *et al.*, 2001).

Backstrom *et al.* (2010) define leadership in the context of SCM as “[...] the ability to influence one’s organization and the suppliers’ organizations to establish and accomplish common goals and objectives.” In addition, Defeat *al.* (2010) extended the definition to “[...] a relational concept involving the supply chain leader and one or more supply chain follower organizations that interact in a dynamic, co-influencing process.” Furthermore, Lambert *et al.* (1998) point out that unless one organization takes the leadership role for strategic supply chain decisions, risk will occur throughout the chain and lead to chaos. This indicates that the role of leadership in SCM extends to establishing sound relational structure at individual, departmental, and organizational levels. Also, improving relational capabilities with suppliers and other stakeholders will improve the competitiveness of the hotel (Diaz *et al.* 2006)

### **2.4.3 Core Competency**

At the center of a hotel SCM, maintaining a strong core competency is required to strengthen and maximize the hotel’s ability to benefit from the supply chain. The hotel management must understand its strengths and where its core competency lies. This will assist the SCM to focus on its strength within the hotel and design strategies which will help to increase market share and profits. Vickery *et al.*, (1999) define core competency as “any function which a firm does well at performing.” He further defines it as a process which are primary business activities that enable companies to obtain a better average degree of business success over the long term.” Any long-term plan or strategy in SCM that did not take into consideration the core competency of a hotel requires revision and needs to devise a new strategy that understands its comparative advantage. However, according to Clement



(2013), Shub and Stonebraker (2009), and Jayawardena (2013) the main common shared problem in most hotels is a lack of understanding of the effect of core competency. Hotels must align and strengthen their core competency skills about customer needs. Customer satisfaction should take center stage in assessing the core competency of a given hotel. Moreover, the hotel must come up with a communication channel that could assist in gathering feedback from its customers (Saeed *et al*, 2014). In addition, the core competence paradigm is based on companies understanding what internal skills and resources they should own and control through internal contracts to sustain their business success. Therefore, maintaining core competency is an underlying factor that contributes to effective supply chain management in the hotel industry.

#### **2.4.4 Operation Cost of Supply Chain Management**

Hotels should offer products and services while keeping costs low. Also, the hotel industry can profit from complete and integrated practices of logistics and supply chain management, by delivering a reliable and high-quality service at the best costs. CSCMP (2011) implies that supplychain management is successful when the goal of getting the right product to the right customer at the lowest costs is achieved. SCM is successful when the condition for delivering a product to a customer with the lowest competitive price is possible (Kotari *et al.*, 2007). This can be achieved by using the right logistics and supply chain strategies that improve the quality and service of the hotel and drive down costs.

Empirical studies show that having a reliable and speedy procurement process has helped hotels purchase supplies with larger discounts. This discount led to obtaining supplies at a low cost. A hotel can speed up the procurement process and reduce the time necessary for ordering by using technology that helps the flow of important information within each department of the hotel (Kothari, Hu, & Roehl, 2005). Moreover, any hotel needs to improve its relationship with vendors and increase the accuracy of orders to save time and reduce costs.

#### **2.4.5 Internal Flexibility**

In the current marketplace, where the need for a customer fluctuates frequently, flexibility is an important differentiator since it helps the hotel management to adjust and align their services in line with the needs of customers. In the 1950s and 1960s, the traditional supply chain was merely technology-driven: great emphasis was put on minimizing unit production costs with little product or process flexibility (Tan, 2001). However, these traditional supply

chains were not able to react to sudden changes in demand. At this time and age equal or more emphasis should be given to internal flexibility to succeed in the SCM of a hotel.

To keep pace with the ever-changing needs of a customer, the role of marketing is immense. This is because, without proper marketing strategies and activities, it will be hard for SCM to find out what customers' needs and value (Rainbird, 2004). Some empirical studies show that companies that are ready to design their services and products based on real-time information do well compared to those companies that are slow to adjust to the needs of customers. For this reason, the SCM in hotels must incorporate flexibility to react to ever-changing customer demand.

#### **2.4.6 Quality**

The hotel industry, like other industries, is concerned with management and provision of service quality. The problem of poor service is interpreted differently based on the perspectives that it is looked upon. Regardless of the perspective, if the customer is not satisfied with the service presented, it means there is a problem somewhere along the service process (Riley, 2007) Elements of service are difficult to assess since quality exists as it is perceived and understood by the customers. Every customer sees quality as fulfillment and satisfaction of expectations. However, it should be noted that service quality relates to consumers' subjective perception of experience which varies depending on the specific and unique situation and circumstance. A businessman has different service criteria for a five-star hotel than a holiday tourist; nevertheless, they both have sets of expectations built upon their notion of five-star service standards. (Eccles and Durand, 2007).

### **2.5 External Variables**

#### **2.5.1 Resource Commitment of Chain Actors**

Commitment between chain actors is very crucial for the flow and quality of supplies. A hotel should strive for a long-term commitment with its chain actors as long as the supplies are of quality and can be obtained at a minimum price. According to La Londe et al. 1994, a supply chain strategy must include "two or more firms in a supply chain entering into a long-term agreement; the development of mutual trust and commitment to the relationship; the integration of logistics events involving the sharing of demand and supply data; the potential for a change in the locus of control of the logistics process."

When it comes to commitment between chain actors, a full exchange of information, and

more importantly a commitment to improve quality is paramount (Ellram, 1999). In other words, each party needs to have the same interest and commitment that target quality, continuity, and a long-lasting relationship that is based on mutual trust. It is necessary that in today's competitive environment, hotels need to look for chain actors that add value to their brands. Having trust and a strong commitment between chain actors will improve efficiency across the supply chain (Ragatz et al. 1997).

## **2.5.2 Trust and Partnership Development**

Trust is defined as “the extent to which one believes that others will not act to exploit one's vulnerabilities” (Morrow, Hansen & Pearson, 2004). This definition indicates that the two parties are simultaneously trustors and trustees. Trust is considered to exist if one party believes that the other party is honest or benevolent (Doney and Cannon, 1997). Similarly, this shows that trust can be positively affected by shared values and communication among supply chain partners. In supply chain management trust has been a determinant factor for establishing a long-term partnership (Cannon, Doney, Mullen, & Petersen, 2010). Trust can exist at the interpersonal level or inter-firm level (Johnston, McCutcheon, Stuart, & Kerwood, 2004).

According to Croom, 2001; and Zsidisin & Ellram (2001), companies that are involved in long-term transactions have less tendency to engage in untrustworthy behavior. Partnership is a more advanced state in a relationship between chain actors than mere involvement or sharing of activities between the chain actors. Moreover, a company must focus on establishing supply chain partnerships to manage its suppliers and reduce the cost of supplies (Flynn, Huo, & Zhao, 2010; Sheth & Sharma, 2006). Furthermore, developing closely integrated and mutual relationships leads to partnership which results in enhancing supply chain performance (Lambert 2006).

## **2.5.3 Information Flow**

In supply chain management, information flow is a key factor in managing and coordinating the supply chain. If there is a smooth information flow between supply chain members, then all members can easily achieve their objectives. It is important to share the right information at the right time to improve the performance of each chain actor (Chopra & Meindl, 2004) by reducing the bullwhip effect (Hav, Padmanabhan, & Whang, 1997). Also, sharing information between chain actors encourages transparency. Moreover, information flow is

necessary to strengthen the relationship between different chain actors (Tiedemann et al., 2009). In addition, Fawcett et al (2007), argue that open communication which allows effective information flow has a significant role in managing supplier relationships.

Leaders in hotel management should coordinate and communicate well for information to flow between different departments such as marketing, customer care, supply, and operational management departments of a hotel (Kothari, 2005). Moreover, internal and external information sharing helps in gauging customers' responsiveness towards the hotel service. According to Tiedemann et al., 2009, this will help the management of a hotel to design new products and improve existing products to increase customer satisfaction and loyalty. Technology and social media must be the tools to collect information from customers. By using technology in different parts of SC, hotels can have real-time information about their inventory condition, availability of products and requirements, and shipment conditions (Kothari and Hu c, 2005). Thus, internal and external information flow is vital in supply chain management.

#### **2.5.4 Financial Flow**

Managing financial flows in supply chains is key to increasing profit and reducing unnecessary costs. A hotel that addresses its financial flow issue will make a tremendous stride by increasing supply chain efficiencies, reducing lead times, lowering inventories, more responsiveness, increasing variety, collaborating with partners, and improving customer service. When it comes to financial flows in SCM, there are many challenges that a given company might face which might require higher working capital than expected. However, if that given company can overcome these challenges, the money saved can be used for more valuable uses (Andrea Klein, 2004).

#### **2.5.5 Flow of Goods and Services**

Supply chain management includes operational management of the flows of physical materials, goods, and services for the transformation of the final products and distribution to the end user (Forrester 1958; Forrester 1961). The efficiency of the SCM is measured by how quickly goods are channeled with a minimum cost through all chain actors. The flow of goods will be accomplished by trading, sales, and logistic service through the coordination of person, location, and information.

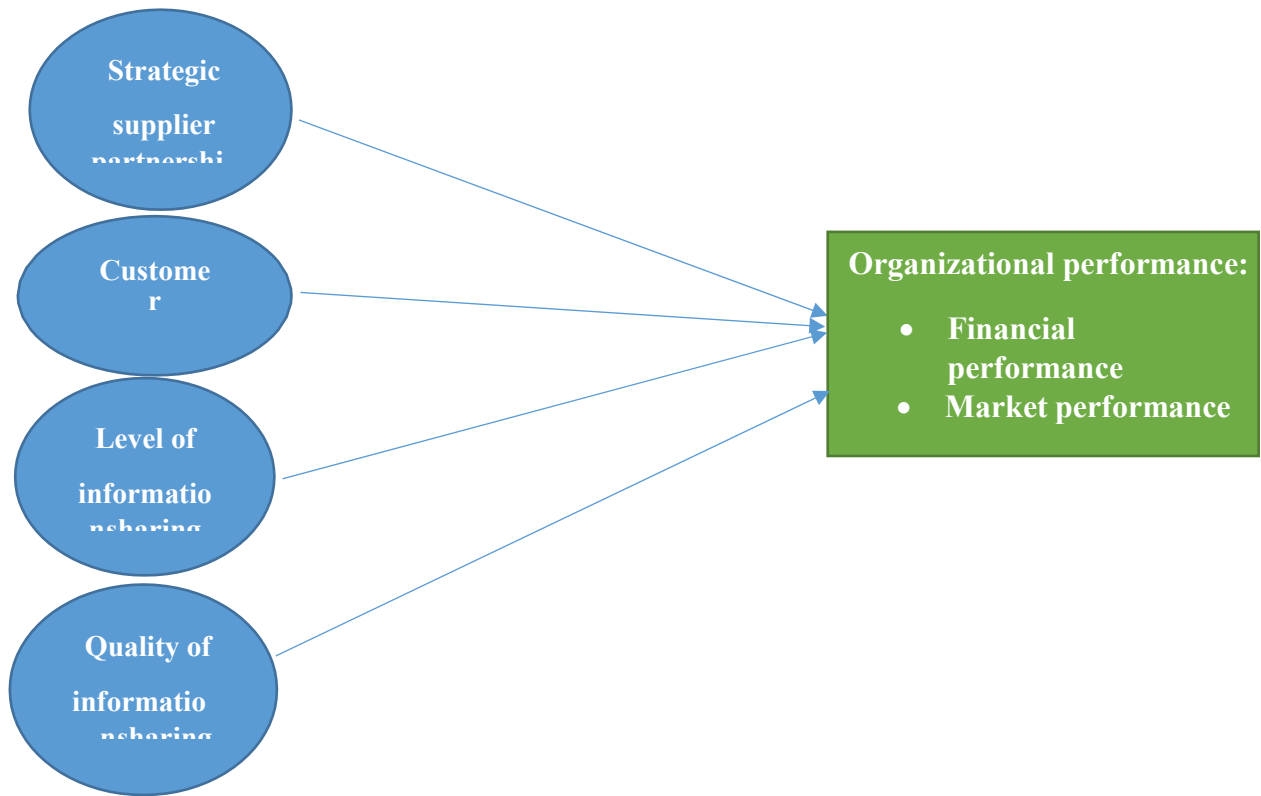
Also, the supply chain encompasses all organizations and activities associated with the flow

and transformation of goods from the raw materials stage, through to the end user, as well as the associated information flow (Handfield and Nichols, 2002). This description is used because it includes both organizations and activities within the supply chain and its focus is on the flow and transformation of goods. Goods that are purchased as input from suppliers are used to render hotel services. This shows that goods are used to produce tailored service that complements the overall activity of the hotel. Because of this, the demand for hotel services translates into demand for goods or services from other sectors that supply hotels, as well as demand for goods or services provided by suppliers of hotels' suppliers (Cooper 2008). Thus, mastering the flow of goods that translates into services in the hotel industry must be the heartbeat of the SCM of a hotel.

## **2.6 Research framework**

This section provides the research study conceptual framework. Supply chain management practice expressed in: Organizational performance is significantly influenced by the level and quality of information sharing, customer relationships, and strategic supplier partnerships.

The association between supply chain management practice dimensions and organizational performance is the research hypothesis. Accordingly, the conceptual research approach for this study is follows:



**Independent Variable**

**Dependent Variable**

**Figure 1: Conceptual Framework**

*(Sources Developed based on models and literature review)*

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **General Overview of the Study Area**

In this chapter, the research design and methodology used in the study will be described. The geographical area in the study will be conducted, the research design, the research approach, the subject of the study, the case of the companies, the participant of the study, the type of data sources, the type of research, the research instrument used to collect data, the method of data collection, method of data analysis, validity and reliability of the instrument, the ethical consideration will be discussed in this part of the proposal. Determining an appropriate research methodology is considered an important element in this research study. Establishing the research methodology involves an approach to the entire process of a research study.

#### **3.1 Research Approach**

There are three different sorts of research methodologies: mixed, quantitative, and qualitative (Creswell 2014). This study used a hybrid methodology, using both quantitative and qualitative data at the same time. Because either quantitative or qualitative data by themselves cannot fully address the study issues, thus a hybrid strategy is employed.

The two types, quantitative and qualitative research methods were used in this study. When using a quantitative method, data must be generated in a quantitative format that can withstand in-depth quantitative examination. In the qualitative method, which deals with the subjective assessment of attitudes, opinions, and behavior, focus group techniques and semi-structured interviews are used. The study also implemented a quantitative technique, which is used to look at how factors relate to one another. These variables can be measured, frequently using instruments, to allow statistical analysis of numbered data.

## **3.2 Research Design**

The study's objective is to ascertain how Hilton International Hotel's organizational performance is impacted by supply chain management practices. The study focused on the four SCM practices that have been chosen, especially the strategic supplier partnership, customer relationship, information sharing level, and information sharing quality elements.

To assess the real effect of SCMP on the case company, the study relies on SCM theories and principles that are meant to serve as useful benchmarks. The research is descriptive in form as determined by the case firm and the type of data collected. As a result, analysis of both qualitative and quantitative data was done. Because descriptive research is important for precisely characterizing the variables under observation within a given sample and for summarizing the data collected in the research study, it was employed for this study. In addition, it has evaluated and described how the case company's supply chain management practices affect its organizational performance.

To evaluate the connection between SCMP and Hilton International Hotel's organizational performance, the study employed a cross-sectional field survey design. Using a single questionnaire, factors that are independent and dependent are assessed concurrently in the research.

## **3.3 Unit of analysis**

Employees of the Hilton International Hotel who are randomly chosen from the purchasing and property administration, marketing, human resource development, administration, finance, sales, production, and quality control departments serve as the units of analysis for this study.

## **3.4 Variables of the study**

### **3.4.1 The dependent variable**

The dependent variable for this study is Hilton International Hotel's organizational performance. The organization's ability to grow market share, revenue, ROI, and profit margin on sales is used to demonstrate this.

### **3.4.2 The Independent Variables**

In this investigation, the following independent elements are looked at: collaborations with strategic suppliers: Strategic supplier partnerships: typically refer to a company's capacity



to develop partnerships with other businesses, use criteria to choose suppliers, inform them, and include a few significant vendors in the planning. Second, customer relationship: this includes regular customer engagement, gauging and analyzing customer happiness, and figuring out what the consumer expects in the future. Thirdly, the level of information sharing: this includes communicating with trading partners regularly about changing demands, sharing confidential information continuously, and exchanging business knowledge of key business procedures. The final factor is information quality, which includes the currency, accuracy, sufficiency, credibility, and timeliness of information exchanged between trading partners.

### **3.5 Population and Sample**

#### **3.5.1 Target population**

Employees of the Hilton International Hotel who possess a TVET+ Certificate or higher make up the study's population. This is thought to aid the study by providing knowledgeable information from staff members who are familiar with the company. Data gathering that assisted in addressing the study questions was done using a purposeful sample size determination. To find the cases, people, or groups most suitable to respond to the research questions, purposeful sampling is employed.

#### **3.6 Sampling**

Purposive sampling was used to pick the respondents through nonprobability sampling. Purposive sampling is used as it helps to identify the cases, individuals, or communities best suited to answer the research questions. Using Carvalho's sample size calculation, a sample was chosen from the target population. Samples were taken from Purchasing and Property Administration, Marketing, Human Resource Development and Administration, Finance, Marketing, Sales, Production, and Quality Control Departments.

Table 3.1 : Carvalho Sample size determination

Population Size	Small	Medium	Large
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1200	32	80	125
1201-3200	50	125	200
3201-10000	80	200	315
10001-35000	125	315	500
32001-150000	200	500	800

According to the factory's Administration and Human resource development directorate, the total number of employees of Hilton Hotel Addis is 320 (data of January 30, 2016, E.C). Therefore, the research sample size in line with Carvalho's sample size determination is 80. The reason why a sample of 80 was taken is to get an average number of representative sample respondents. Furthermore, the sample size is 80 compared to the small 32, and the larger 125 comparatively is less costly and time-consuming in the data analysis and interpretation.

To conduct the research, the study was done by Purposive sampling technique. It employed different departments as a stratum, which are key informants of the study subject matter.

### **3.7 Data Sources and Types**

The full analysis of this study was conducted using data that are both primary and secondary. The questionnaire employed to gather data for the study was created by other researchers (Ayalew, B. 2018, and Desalegn, B. (2017). The questionnaire is adjusted for this research setting. As secondary sources, journal articles, written documents, information from the internet, and document reports from Hilton International Hotel were consulted and used in addition to the data collected through questionnaires from the selected sample of respondents/employees of Hilton International Hotel.

### **3.8 Data Collection Procedures**

Data from primary sources was gathered through focus group interviews, questionnaires, and observations. secondary data gathered from the examination of many documents.

Surveys of a chosen sample of respondents/employees of the Hilton Addis Hotel served as the primary and secondary data sources for this study. The supportive information was gathered via observation and interviews. Each respondent received a questionnaire from the researcher. The questionnaire was sent to some of the respondents who were very busy at work, and an appointment was set up to collect the surveys. The researcher distributed the questionnaire to respondents based on their availability and followed up on any requests for clarification. The questionnaire was filled out with the help of the respondents, who also responded. The questionnaire is also used by the researcher to keep track of the entire data collection process.

There are open and close-ended questions in the questionnaire. The close-ended questions have a 5-point Likert scale. and 5 rating scales ranging from 1- very low to 5- very high. In addition, there are some open-ended questions used to collect data.

### **3.9 Data Analysis**

Both qualitative and quantitative methodologies were used to analyze and evaluate the acquired data. Qualitative analysis was done on the data gathered by open-ended questions. Using SPSS Version 20, to demonstrate the influence of independent variables on the dependent variable, the responses to closed-ended questionnaires were quantitatively examined using mean, frequency, Pearson correlation, and regression analysis. Tables and bar charts are used to better analyze the data. To determine whether there were any variations in the responses, ANOVA was also performed. Multiple regression estimate was also carried out to evaluate the relative influence of independent factors on the dependent variable.

Six assumptions were analyzed by SPSS Version 20. The assumptions were:

1. The relationship between the independent variable and dependent variable is linear
2. There is no multicollinearity in the data
3. The value of residuals is independent
4. The variance of the residuals is constant

5. The value of the residuals is normally distributed
6. no influential cases are biasing the model.

### **3.9.1 Quantitative Data Analysis**

The researcher has checked the completeness of the data by employing sanity checks on the replies to the questionnaires. The questionnaires which are found complete were then checked for analysis by coding the answer and all the data entered and SPSS Version 20 was used to analyze. A descriptive statistic with mean and frequency was employed to analyze the overall data and investigate supply chain management practices. To ascertain how supply chain management practices impacted the organizational performance of the case company, Pearson correlation and a regression model were also used.

### **3.9.2 Qualitative Data Analysis**

By combining the data, the open-ended questionnaire data were qualitatively analyzed.

## **3.10 Data validity and reliability**

### **3.10.1 Validity**

Targeting dependent and independent factors, the questionnaire includes both closed- and open-ended questions. The survey was adapted to ensure that the questions were representative, they were based on the data acquired throughout the literature research. Consistency in the way the questions are administered further ensures content validity. The researcher individually distributed each questionnaire to the individuals. For clarity and understanding, the questions were written in plain language, and there are detailed instructions on how to complete the responses.

When filling out the surveys in front of the researcher, every respondent was there. This is carried out to stop respondents from entrusting others to complete the questionnaires on their behalf.

### 3.10.2 Reliability

A measurement tool (questionnaire) is considered dependable if it yields repeatable results. When the same subject of the study is measured repeatedly using the same instrument and a trustworthy data collection questionnaire, the results are consistent. Reliability is the consistency with which an instrument measures the constructions it is designed to measure.

When a second study is conducted using the same research methodologies, the reproducibility of study findings is referred to as reliability. (Ritchie and Lewis, 2003). This implies that the measure (data collection instruments) must yield the same result when used again, or a different researcher must receive a comparable result while using the same measuring equipment (Saunders et al., 2007).

Regarding internal consistency, Cronbach's Alpha is found to be .877, which is Good. This indicates acceptable internal consistency of the variables.

Table 3.2: Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.877	.730	5

Source: Own calculation using the SPSS version 20 software

The below table from SPSS Version 20 Item-Total Statistics table shows the "Cronbach's Alpha if Item Deleted" in the last column. Accordingly, the result of Cronbach's alpha decreases if a certain item has been eliminated from the scale. As a result, we did not delete any item.

Table 3.3 : Item-Total Statistics

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected if Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Strategic Supplier Partnership	15.0299	5.848	.748	.	.844
Customer Relationship	14.8806	5.107	.679	.	.863

Level of Information Sharing	15.0299	5.848	.748	.	.844
Quality of Information Sharing	14.8806	5.107	.679	.	.863
Organizational Performance	15.0448	5.862	.778	.	.840

Source: Own calculation using the SPSS version 20 software

The researcher is willing to provide a copy of the study paper before it is made public, if necessary and requested by the organization. Additionally, it was made clear to everyone involved in the data collection process that the research was being done in the academic context.

### **3.11 Ethical Consideration**

This is done to maintain the company's marketability. The identities of the people who fill out the questionnaire and the workers who participated in the survey are also always kept a secret. Respondents were informed of the nature, goal, and importance of the study during the data collection procedure. The survey

Participants were informed that the activity would be carried out depending on their willingness to participate.

## CHAPTER FOUR

### DATA ANALYSIS INTERPRETATION AND DISCUSSIONS

#### INTRODUCTION

The study's interpretation of the data gathered through questionnaires is presented in this section. The association between organizational performance and SCM practice is analyzed and investigated using SPSS version 20. Employees at Hilton Addis Hotel were given a total of 80 questionnaires; 67 (or 83.7%) of those were completed, returned, and were therefore valid for analysis. The presentation of the data analysis, interpretation, and discussion is provided below.

#### 4.1 General Information

##### 4.1.1 Educational qualification

From the questionnaire data, the respondent's level of education is summarized in the table below

Table 4.1 : Analysis of Educational qualification of respondents

Educational Qualification					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	College Diploma	10	14.9	14.9	14.9
	First Degree	30	44.8	44.8	59.7
	MA/MSc/MBA or above	21	31.3	31.3	91.0
	Other (TVET +)	6	9.0	9.0	100.0
	Total	67	100.0	100.0	

Source: Own calculation using the SPSS version 20 software

Out of the 67 respondents, there were 6 (9.0%) TVET + education level employees of Hilton Addis Hotel. Respondents with college diplomas are 10(14.96%), and respondents with First-degree holders from the 67 respondents are 30(44.8%). There are also employees with MA/MSc/MBA or above education level, and they account for 21(31.3%). Accordingly, most of the respondents are first-degree holders and MA/MSc/MBA or Above accounts for the second in quantity.

### 4.1.2 Work Position of Respondent in the Organization

The respondent's work position is an important factor affecting the data collection. Accordingly, the respondent's work position in the organization is summarized in the below table.

Table 4.2 Analysis of the respondent's position in the organization

Your Position in the Organization					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Department Manager	10	14.9	14.9	14.9
	Division Head	9	13.4	13.4	28.4
	Senior Officer	7	10.4	10.4	38.8
	Officer	29	43.3	43.3	82.1
	Other	12	17.9	17.9	100.0
	Total	67	100.0	100.0	

Source: Own calculation using the SPSS version 20 software

Out of the 67 respondents, 9(13.4%) are division heads, and 10(14.9%) of them are department managers. Whereas 7(10.4%) of the respondents are Senior officers. 29(43.3%) are employees working in positions of an Officer. 12(17.9%) are working in other positions of support activity to the organization.

### 4.1.3 Respondent's Tenure of service in the organization

Table 4.3 : Analysis of length of service of respondents

How long have you worked at Hilton Addis Hotel?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 3 years	21	31.3	31.3	31.3
	3 to 6 years	20	29.9	29.9	61.2
	7 to 10 years	16	23.9	23.9	85.1
	10 years and above	10	14.9	14.9	100.0
	Total	67	100.0	100.0	

Source: Own calculation using the SPSS version 20 software



Ten (14.9%) respondents identified themselves as longer-tenured employees, or those who had worked for the organization for more than ten years. 16 responders (23.9%) have 7 to 10 years of service. Out of the 67 replies, 20 employees' service years, or 29.9%, fell between three and six years. The remaining 21 respondents, or 31.3% of Hilton Addis Hotel employees, have fewer than three years of employment history.

Table 4.4 Sector or Functions of the Respondents

				Cumulative
	Frequency	Percent	Valid Percent	Percent
Logistics and Supply Chain	54	80.5	80.5	80.5
Management activities				
Marketing Management	13	19.5	19.5	100
Activities				
Total	67	100	100	

As above describe 80.5% of the respondents are in the area of supply chain management and 19.5 are in the area of marketing.

## 4.2 Descriptive statistics

Since parametric testing assumes that the data are normal as a basic premise, many statistical tests demand that the data's normality be established. The assumption made by parametric analysis is that data are roughly regularly distributed. The normality test determines if the input data and any supporting statistical hypotheses for any estimation procedures used in the study are adequate.

Continuous data with a normal distribution are necessary for parameter estimation. Running descriptive statistics to obtain skewness and kurtosis is a typical way to check for normalcy. According to (Hair, et al., 1998), skewness and kurtosis should be between +2 and -2 when the data are regularly distributed.

Table 4.5: Descriptive Statistics

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Strategic Supplier Partnership	67	2.00	5.00	3.6866	.60825	-1.386	.293	1.576	.578
Customer Relationship	67	2.00	5.00	3.8358	.84561	-.761	.293	.298	.578
Level of Information Sharing	67	2.00	5.00	3.6866	.60825	-1.386	.293	1.576	.578
Quality of Information Sharing	67	2.00	5.00	3.8358	.84561	-.761	.293	.298	.578
Organizational Performance	67	2.00	4.00	3.6716	.58745	-1.633	.293	1.687	.578
Valid N (listwise)	67								

Source: Own calculation using the SPSS version 20 software

The descriptive statistics table above displays the findings of the normality test performed using SPSS version 20. There were five different factors examined in all, including the dependent variable. Considering this, all 5 of the study's variables -- skewness and kurtosis -- were determined to fall within the range of +2 to -2. The input data are therefore assumed to be regularly distributed.

### 4.3 Multicollinearity test

Multi-collinearity is a term used to describe the situation when predictor variables strongly correlate with one another. This is a problem since it will lead to conflicting results and erroneous inferences because the regression model won't be able to consistently relate the variation in the outcome variable to the appropriate predictor variable. You may check for

multicollinearity using the correlation coefficients and the values of the variance inflation factor (VIF).

It is not allowed to have coefficients with magnitudes of 0.80 or greater. Predictors will have a strong correlation if they are multicollinear. However, utilizing Variance Inflation Factor (VIF) values is a simpler technique to examine multi-collinearity. Excluding an independent variable is a solution if the data are multicollinear. (1999 in Gujarati).

Table 4.6: Coefficients

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.748	.554		4.956	.000		
	Level of Information Sharing	-.029	.148	-.026	-.193	.847	.863	1.158
	Quality of Information Sharing	.085	.107	.107	.801	.426	.863	1.158

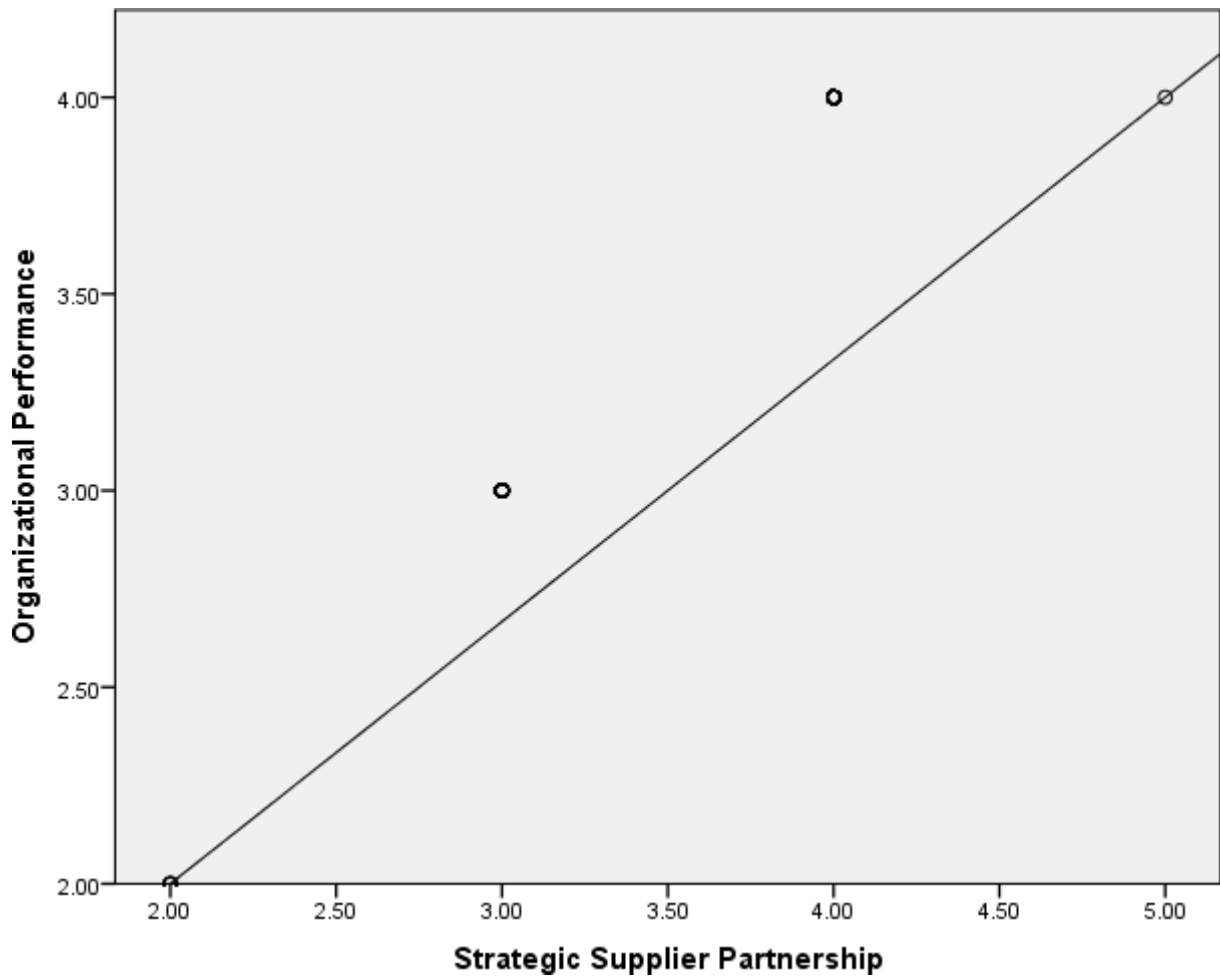
a. Dependent Variable: Organizational Performance

Source: Own calculation using the SPSS version 20 software

## 4.4 Multiple Regression Assumption Test

### 4.4.1 Assumption one: The association of independent and dependent variables

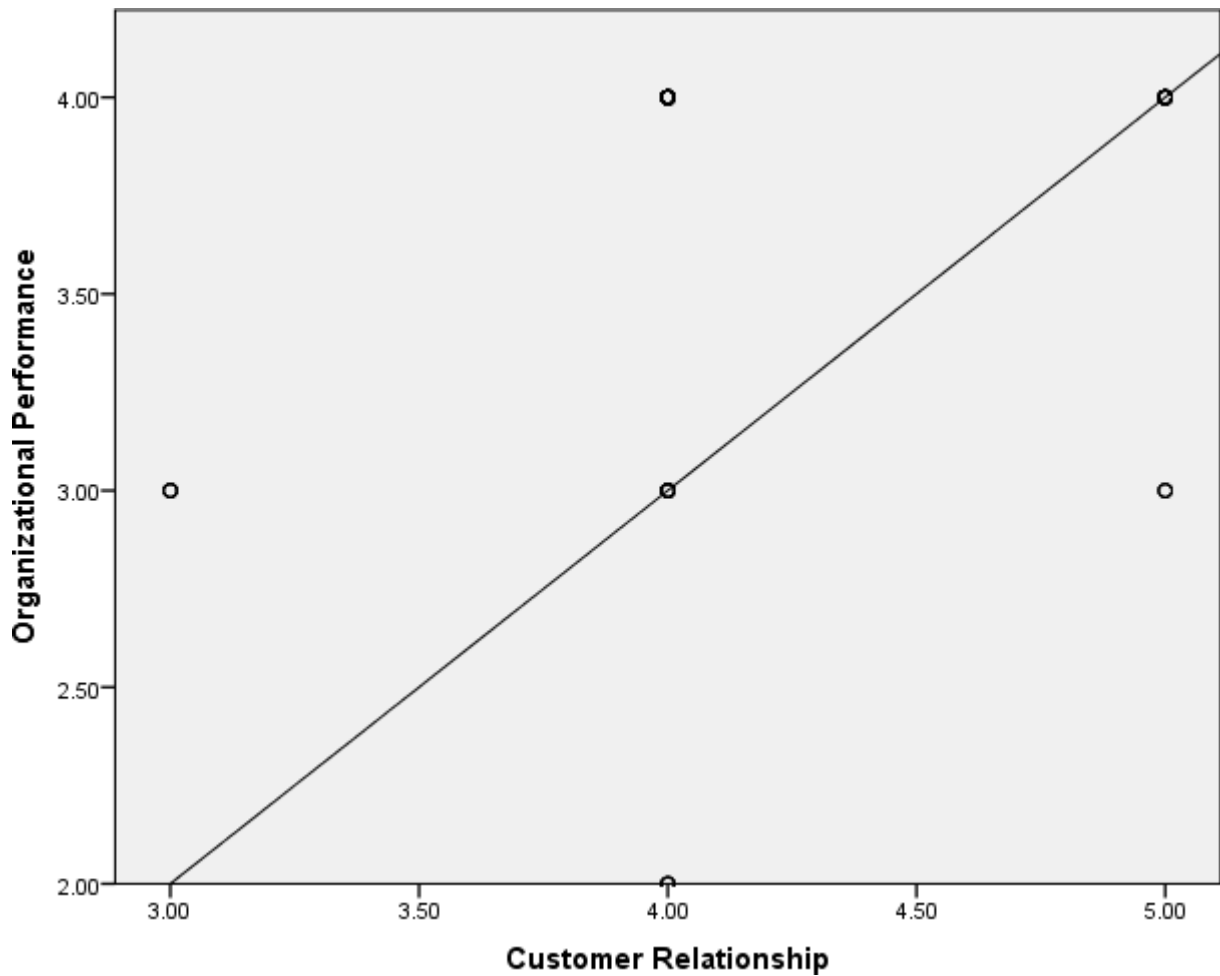
It is crucial to ensure that the relationship between the independent and dependent variables in multiple regression can be represented by a straight line. This demonstrates the linearity of the relationship. One method of displaying the connection between each of our IVs and our DV is a graph by scatterplots.



Source: Own calculation using the SPSS version 20 software

Figure 4.1 : Organizational Performance and Strategic Supplier Partnership

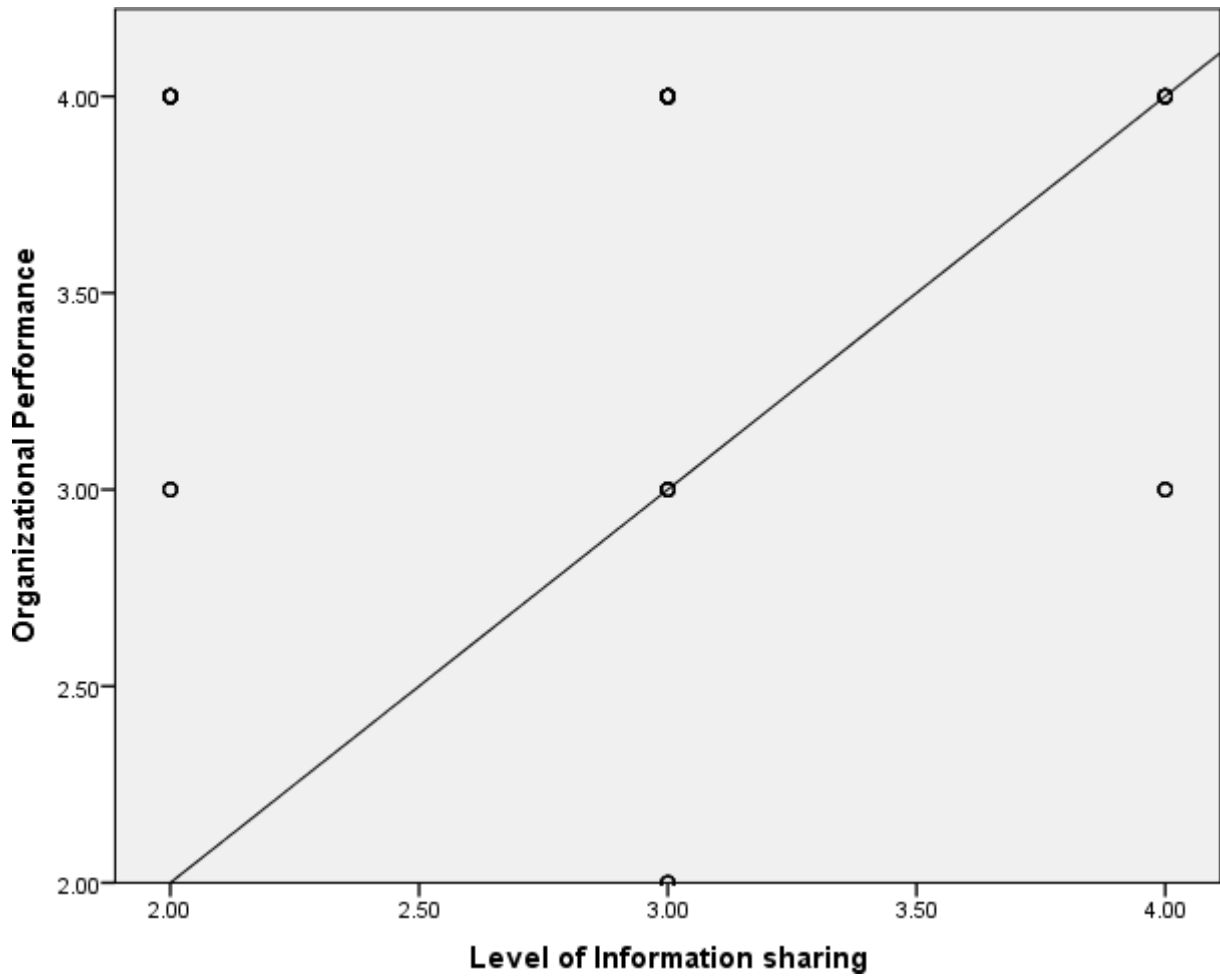
The link between the independent variable Strategic Supplier Partnership and the dependent variable Organizational Performance is depicted by a straight line, as can be seen by looking at the scatterplot created by SPSS. This suggests that these variables have a linear relationship with one another.



Source: Own calculation using the SPSS version 20 software

Figure 4.2 : Customer Relationship and Organizational Performance

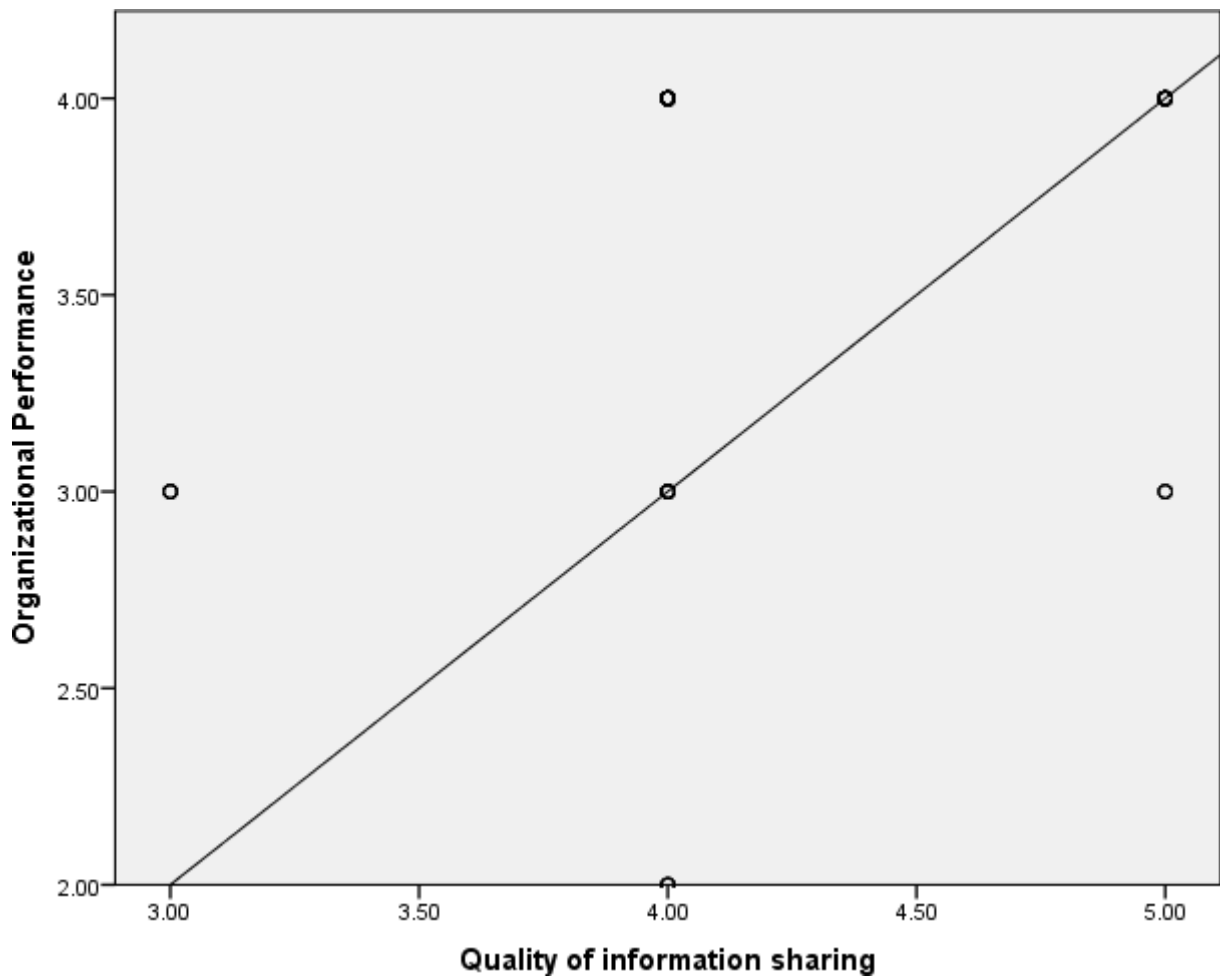
Looking at the SPSS-generated scatterplot, we can see that a straight line best describes the link between the independent variable Customer relationship and the dependent variable Organizational Performance. This suggests that there is a linear relationship between these variables.



Source: Own calculation using the SPSS version 20 software

Figure 4.3: Level of Information Sharing and Organizational Performance

The relationship between the independent variable Level of Information Sharing and the dependent variable Organizational Performance is depicted by a straight line, as can be seen by looking at the scatterplot created by SPSS. This suggests that these variables have a linear relationship to one another.



Sogrammurce: Own calculation using the SPSS version 20 software

Figure 4.4: Quality of Information Sharing and Organizational Performance

The relationship between the independent variable Level of Information Sharing and the dependent variable Organizational Performance is depicted by a straight line, as can be seen by looking at the scatterplot created by SPSS. This suggests that these variables have a linear relationship to one another.

The scatterplots discussed above all demonstrate that this presumption was true, and that the relationship is linear.

#### 4.4.2 Assumption Two: There is no collinearity in your Data

When two independent variables are very highly associated with one another, this is referred to as multi-collinearity. The purpose of this supposition is to determine whether the predictors (or IVs) are not overly connected. Accordingly, the test can be made by computing the Correlation

table. Below is the Correlation table computed for this study using SPSS Version 20 software. All collinearity is required to be less than 0.8. If it is above this, we need to withdraw one of our independent variables. However, in our case below, the assumption is met, and all collinearity figures are below 0.8.

Table 4.7 Correlation of Independent and Dependent variables

Correlations						
		Organizational Performance	Strategic Supplier Partnership	Customer Relationship	Level of Information Sharing	Quality of Information Sharing
Pearson Correlation	Organizational Performance	1.000	.338	-.087	.215	.121
	Strategic Supplier Partnership	.338	1.000	-.031	.063	.109
	Customer Relationship	-.087	-.031	1.000	-.010	.195
	Level of Information Sharing	.215	.063	-.010	1.000	.181
	Quality of Information Sharing	.121	.109	.195	.181	1.000
Sig. (1-tailed)	Organizational Performance	.	.003	.242	.040	.165
	Strategic Supplier Partnership	.003	.	.402	.306	.190
	Customer Relationship	.242	.402	.	.467	.057
	Level of Information Sharing	.040	.306	.467	.	.071



	Quality of Information Sharing	.165	.190	.057	.071	.
N	Organizational Performance	67	67	67	67	67
	Strategic Supplier Partnership	67	67	67	67	67
	Customer Relationship	67	67	67	67	67
	Level of Information Sharing	67	67	67	67	67
	Quality of Information Sharing	67	67	67	67	67

Source: Own calculation using the SPSS version 20 software

This assumption can also be verified by consulting the Coefficients Table. This is a more formal method of analyzing the low correlation between our independent variables. In this regard, the Variance Inflation Factor (VIF) and tolerance statistics can be used to assess the assumption. For the tolerance level to be greater than 0.2 and the VIF to be less than 10, this presupposition must be met. The VIF is less than 10 and the tolerance level is larger than 0.2, as shown in the Coefficient Model below. This presumption is therefore true.

Table 4. 8: Collinearity Statistics (Tolerance and VIF)

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.139	.768		1.483	.143		
	Strategic Supplier Partnership	.401	.149	.316	2.693	.009	.984	1.017
	Customer Relationship	.166	.221	.089	.752	.455	.957	1.045
	Level of Information Sharing	.166	.109	.181	1.529	.131	.963	1.038
	Quality of Information Sharing	.069	.117	.071	.584	.561	.918	1.090

**4.1** Dependent Variable: Organizational Performance

Source: Own calculation using the SPSS version 20 software

#### **4.4.3 Assumption Three: The value of the residuals is independent**

This assumption can be checked by observing the Model summary box. The residuals' independence or uncorrelated is subject to the Durbin-Watson statistical test. This assumption can be said to be met if the value of Durbin-Watson is close to 2.

Table 4.8: Model Summary

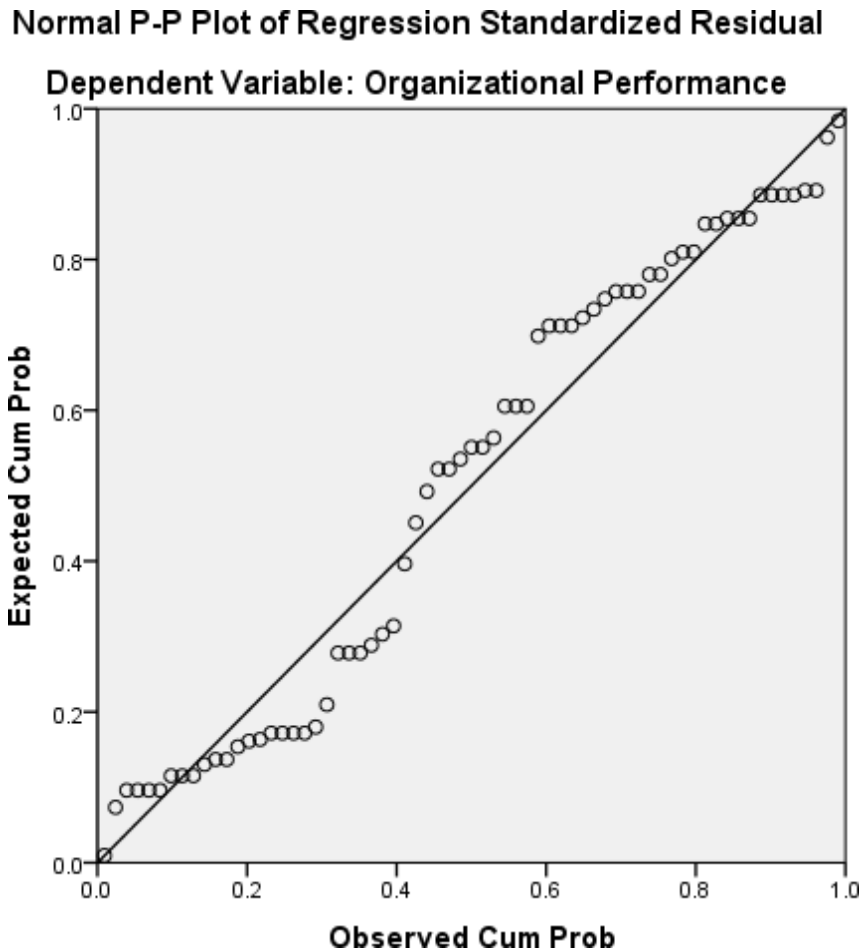
Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.652a	.621	.626	.43014	1.825
a. Predictors: (Constant), Quality of Information sharing, Strategic Supplier Partnership, Level of Information Sharing, Customer Relationship					
b. Dependent Variable: Organizational Performance					

Source: Own calculation using the SPSS version 20 software

The Durbin-Watson in our case is 1.825 which is closer to 2, this assumption is met.

#### 4.4.4 Assumption Four: The variance of the residuals is constant

This assumption can be tested by observing the final graph of the output. This presumption, which states that the variance in the residuals (or amount of error in the model) is similar at each point of the model, is used to test for homoscedasticity in this context.



Source: Own calculation using the SPSS version 20 software

Figure 4.5: Normal P-P Plot of Regression Standardized Residual

The homoscedasticity assumption appears to have been met because there is no obvious funneling in our plot of the standardized residuals vs the standardized anticipated values.

#### 4.4.5 Assumption Five: It follows a normal distribution for the residual values

The model's P-P plot can be used to confirm or disprove this supposition. The closer the dots are to the diagonal line, the more precisely normalized the residual distribution is. As a result, the residuals in the graph above have a normal distribution. In other words, some of the dots

are close to the line and some are closer to it. Since there is no significant divergence, the assumption can be deemed true and met.

#### **4.4.6 Assumption Six: There are no significant cases that would slant your model.**

Finally, is the assumption that requires the test of any cases influencing our model. This can be done by observing the Cook's Distance value. The value Cook's for each participant is required to be less than 1. In our case, all the Cook's values for each participant met the requirement of being not more than one. Therefore, this assumption is met.

#### **4.5 ANOVA and compiled statistics**

The table below displays the study's descriptive statistics for the model variables. Four independent variables and one dependent variable were utilized in the study, and they are all accounted for in the model.

Table 4.9: ANOVA and Compiled Statistics (Descriptive Statistics)

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Strategic supplier partnership	67	2.00	5.00	3.6866	.60825
Customer Relationship	67	2.00	4.00	2.9701	.67353
Level of Information Sharing	67	2.00	5.00	3.6269	.91843
Quality of Information Sharing	67	2.00	4.00	2.9701	.67353
Organizational Performance	67	2.00	4.00	3.6716	.58745
Valid N (listwise)	67				

Source: Own calculation using the SPSS version 20 software

According to the table above, there are 67 participants in the study sample. Strategic supplier alliances and degrees of information exchange yield the greatest value. Comparable minimum values exist for the remaining variables. The data set's standard deviation is lowest for organizational performance, while its greatest values are for the variable's customer relationships, level of information sharing, and quality of information sharing.

It is possible to interpret the estimated model table in addition to the descriptive statistics. The R-square value, which demonstrates a model's ability to explain organizational performance, is shown in the table together with the Durbin-Watson estimation outcome.

## 4.6 Model Summary <sup>b</sup>

Table 4.10 : Model Summary-Durbin-Watson

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.652 <sup>a</sup>	.621	.626	.43014	1.825

a. Predictors: (Constant), Quality of Information sharing, Strategic Supplier Partnership, Level of Information Sharing, Customer Relationship

b. Dependent Variable: Organizational Performance

Source: Own calculation using the SPSS version 20 software

The table above displays the summary of the model. The model's R square value in this area is 62%. This shows that strategic supplier partnerships, customer relationships, level of information sharing, and quality of information sharing account for 62% of the variation in organizational performance of the Hilton Addis Hotel.

The study also conducted an ANOVA analysis. In multiple linear regressions, the ANOVA table provides important details regarding the model's overall significance.

ANOVA <sup>a</sup>						
Model		Some of Squares	Df	Mean Square	F	Sig.
1	Regression	21.896	2	10.948	795.881	.000 <sup>b</sup>
	Residual	.880	64	.014		
	Total	22.776	66			
a. Dependent Variable: Organizational Performance						
b. Predictors: (Constant), Quality of information sharing, Strategic Supplier Partnership						

Source: Own calculation using the SPSS version 20 software

**Table 15: ANOVA**

The null hypothesis, which states that incorporating all the independent variables under consideration in the model would not have significantly enhanced our ability to predict the dependent variable (Organizational Performance), would be rejected, has a p-value of =0.000 to 0.05, as seen in the above table. All explanatory factors are jointly significant, according to the ANOVA estimation result, as the p-value is less than 0.05. As a result, all the explanatory variables in the model can be utilized to account for variations in organizational performance in the Hilton Addis Hotel.

## 4.7 Estimation Result

The results of the investigation are displayed in the coefficients table below. Analyzing the outcomes is done using a linear regression model.

Table 4.11: Estimation Result-Coefficients

Coefficients <sup>a</sup>							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.139	.768		1.483	.143		
Strategic Supplier Partnership	.401	.149	.316	.953	.009	.984	1.017
Customer Relationship	.166	.221	.089	.752	.004	.957	1.045
Level of Information Sharing	.166	.109	.181	.529	.007	.963	1.038
Quality of Information Sharing	.069	.117	.071	.584	.003	.918	1.090

a. Dependent Variable: Organizational Performance

Source: Own calculation using the SPSS version 20 software

The table displays the statistical importance of each independent variable's contribution to the multiple linear regression model. Information about the test's statistical significance is provided in the "Sig." column (also known as the p-value column). Customer relationships, level of information sharing, and quality of information sharing all significantly influence the model's capacity to forecast organizational performance, as shown in the table (i.e., the variables strategic supplier partnerships, customer relationships, level of information sharing, and quality of information sharing had a significant impact on organizational performance).

According to the coefficients of standardized estimation results, the Strategic Supplier Partnership has the highest beta coefficient of the four independent variables included in the model, which is (.316), indicating that it is more sensitive to affecting Hilton Addis Hotel's organizational performance. Comparatively, the beta coefficient value for information sharing's quality is (.071). This finding indicates that the quality of information exchange has less of an impact on Hilton Addis Hotel's organizational success. The beta coefficient values for the remaining independent variables, customer relationship and information sharing level, are (.089) and (.181), respectively. Both predicted variables have a significant impact on how well the Hilton Addis Hotel organization performs in this regard.

#### **4.8 Analysis of open-ended questions**

Most respondents did not respond to the survey's open-ended inquiries, but of those that did, most of them described the main issues with their supply chain management as

- Shortage of input material.
- Information sharing between the department
- Competitors who provide service to the market at a lower price.

Respondents give their opinions in response to the question regarding the company's future in terms of supply chain management and SCM-related issues since they plan to boost sales and produce more.

#### **4.9 Discussions of the Results**

The goal of the study was to assess the effect that supply chain management had on the Hilton Addis Hotel case company's organizational performance. Since there aren't many studies on paint factories (MEASHO, T. 2017), the study was done to evaluate Hilton Addis Hotel SCMP on organizational performance because it's the oldest in the sector (Hilton Addis Hotel, 2020). Additionally, most academic studies show a favorable correlation between employing management of supply chain and organizational performance (S. Li et al. 2006) (Koh, S. et al.2007) (Elmuti, 2002) (Challenger, C. 2005). Considering this, Hilton Addis Hotel, a firm with a long history in the sector, the researcher launched this study to evaluate their SCMP considering changing business conditions. Therefore, the goal of this study was to comprehend how SCMP affects organizational performance. The outcomes were as presented above. The instance company employs supply chain practices, as the findings show, but it must focus more on developing strategic supplier partnerships and customer relationships. All supply chain management constructions are associated favorably with the organizational performance of the case company, according to the conclusion stated above. With a correlation coefficient of 0.316 for strategic supplier partnerships, 0.89 for

customer relations, 0.18 for level of information sharing, and 0.07 for quality of information sharing, all the supply chain management constructs have a positive relationship with the organizational performance of the case company.



## **CHAPTER FIVE**

### **SUMMARY OF MAJOR FINDINGS CONCLUSION AND RECOMMENDATION**

#### **INTRODUCTION**

The study results are based on the research objective reported in this part. Additionally, recommendations based on the findings are provided, along with inferences that were formed from them.

#### **5.1 SUMMARY OF MAJOR FINDING'S**

Supply Chain management has become an integral part of companies' business due to increased competition among companies. Supply chain management excellence in terms of cost reduction, responsiveness, reliability, integration and collaboration with supply chain partners': quality of services, inventory management effectiveness, and efficiency, flexibility and customer service creates a competitive advantage to companies in the competitive business environment like the growing hotel industry in Ethiopia.

The hotel industry in Ethiopia is at growth stage and it is highly competitive among the existing companies in the country. The researcher was interested in assessing and getting in-depth insight about the level of supply chain management effect on service delivery due to time and resource constraint.

The first purpose of this study is to investigate and describe the effect of supply chain management on service delivery of Hilton international Hotel Addis Ababa and pass recommendations (if found to be appropriate) which may help to improve its performance. By having this purpose in mind, investigation was made with regard: strategic supplier partnerships, customer relationships, information-sharing levels, and information-sharing quality which in return affect performance of the company.

The study used a sample of 67 people. Strategic supplier partnerships and organizational performance received the greatest values from the independent variables in the data set, and the quality of information sharing had the largest standard deviation value. While organizational performance had the lowest. The model's R square value is 62%, which means that predictive factors account for 62% of the variation in Hilton Addis Hotel's

organizational performance. According to the table, the F-test has a p-value of 0.000, less than 0.05, indicating that all the predictor variables used in the model are collectively significant. In the table, the p-values for customer relationships ( $0.004 < 0.05$ ), level of information sharing ( $0.007 < 0.05$ ), and quality of information sharing ( $0.003 < 0.05$ ) are all statistically significant, this outcome demonstrates that every independent variable is statistically significant, indicating a considerable effect on the Hilton Addis Hotel organizational performance.

All the study variables' variance inflation factors (VIFs) were less than 10, according to the data. This shows that the independent variables do not exhibit multiple collinear ties.

Strategic supplier partnership is shown to have the highest beta coefficient of (.316) among the four independent variables, indicating that it is more sensitive to affect Hilton Addis Hotel's organizational performance.

Quality of information sharing has a comparatively lower value of beta Coefficient of (.071), which shows that it has less of an impact on influencing the organizational performance of Hilton Addis Hotel when shared internally and with partners.

As a result, it is discovered that every independent variable has a considerable impact on Hilton Addis Hotel's organizational success.

## **5.2 CONCLUSIONS**

To conclude based on the outcomes of the research and the theoretical and empirical literature reviewed, the following closing remarks are drawn. Competitive advantage and enhanced organizational performance can come into effect if effective supply chain management (SCM) prevails.

This study examines the connections between these SCM practices and organizational performance by focusing on four SCMP dimensions: strategic supplier partnerships, customer relationships, information-sharing levels, and information-sharing quality. One of the reasons for this study's inception is the long history of Hilton Addis Hotel in the sector as well as the dearth of research in the service delivery sector.

Due to the general environment, research on the effects of SCMP on organizational performance was initiated. Considering this, the study used questionnaires to empirically test the framework identifying the relationships among SCM practices (strategic supplier partnership, customer relationship, information sharing, and quality of information sharing) as related to their effects on the company's organizational performance.

To measure the impact, the study included both closed- and open-ended questionnaires. The software application SPSS version 20 was used to analyze the questionnaire that was collected. Multiple regression estimate was performed to assess the implications of each independent variable's unilateral influence on the dependent variable, organizational performance.

Additionally, tables and bar charts are used to analyze the information gathered through the questionnaire. ANOVA was also performed to determine whether there were any variations in the respondents' responses.

The study aimed to evaluate how the Hilton Addis Hotel's present supply chain management strategy impacted the organization's performance in terms of market share, ROI, sales growth, total profit, and overall competitiveness. Constants or independent components like customer relationships, information interchange, information quality, and strategic supplier alliances were employed to quantify their effects on the organizational performance of the Company.

Sixty-seven (67) employees, or a representative sample of the population, out of the total population of 320, were able to provide data.

The impact of supply chain features on organizational success has been investigated using multiple linear regressions. According to the estimation results, the four supply chain variables—strategic supplier alliances, client relationships, information sharing, and information sharing quality—each have a considerable impact on the organizational performance of the Hilton Addis Hotel.

Organizational performance is significantly impacted by the Hilton Addis Hotel's quality of information exchange. However, compared to other aspects, the impact on organizational success is considerably less significant.

The performance of the Hilton Addis Hotel organization, according to the research, is significantly impacted by effective supply chain management. It is found that every supply

chain element considered in this model has a statistically significant effect on the organizational performance of Hilton Addis Hotel. The degree of influence is different from all other supply chain components considered in the model, though. Information sharing and strategic supplier partnerships are set up to have a significant impact on organizational performance. Although the effectiveness of information sharing is only somewhat influenced by its quality.

### **5.3 RECOMMENDATION**

Following the conclusions above, the case company, the literature reviewed, and the statistical analysis test result the following recommendations are extended.

1. This thesis has explored four SCM components, some of which may have both direct and indirect effects on the organizational performance of the subject organization. The SCM challenges in this supplier firm are linked to strategic supplier alliances, customer relationships, and the level and quality of information sharing, as well as the independent variable organizational performance. It is possible to propose to the company that it should improve its supply chain planning and implementation, particularly about issues of creating a strategic supplier partnership and customer relationship. By defining criteria for supplier selection, working together with them to solve problems, and following up with important suppliers, the firm will be able to choose, negotiate effectively with, and improve its organizational performance. Involve important suppliers in the company's planning and new product development processes, sharing information with them to help them improve their products, and so on.
2. According to perceptions and responses from 67 employees who were selected from the four relevant departments (Procurement, Marketing & Sales, Finance and Administration, and Human Resource Management), not all four constructs have equal influences (magnitude) on the SCM and organizational performance of Hilton Addis Hotel. Despite this, it was possible to confirm that the company's management was aware of the need to give each of the SCM elements considerable attention. Consequently, there will be an opportunity to address the SCM problems this firm is experiencing.

3. Information sharing about operations, business processes (including the supply chain), operations, planning and goal setting, and issues that have an impact on the organization's partners will have an impact on the supply chain management of Hilton Addis Hotel. The business must also take the necessary measures to raise the standard of the supply chain information shared with customers, business partners, and internal clients to address these issues. When enhancing the Hilton Addis Hotel. information development operations, the degree of information quality, which includes timely exchange of information,

accurate information, and full and appropriate information interchange with trading partners, must be taken into consideration. In a similar vein, strengthening customer relationships through routine customer interaction, measuring, and evaluating customer satisfaction, routinely determining future customer expectations, and periodically evaluating the relationship's importance has a greater impact on how well the Hilton Addis Hotel organization performs.

4. In the end, the company's management must understand and endeavor to ensure that the previously described independent concepts have a beneficial impact on organizational performance. Additionally, the outcomes of these improvement activities will ultimately increase Hilton Addis Hotel's performance.

Hilton Addis Hotel needs to work on strategic supplier partnerships in terms of engaging partner suppliers in the plan, and helping and supporting strategic partner suppliers resolve their problems in addressing the needs of Hilton Addis Hotel. What is more, Hilton Addis Hotel needs to work on customer relationships. In the volatile business world, customer handling and relationships need special attention. Having quality products alone does not guarantee business success at Hilton Addis Hotel. need to assess the market to see and address what the market needs.

## **5.4 SUGGESTIONS FOR FURTHER STUDY**

Examining how supply chain management practices affected Hilton Addis Hotel's organizational performance was the goal of the study. Although it has limitations, future research could use this as a starting point and focus on different businesses. Future research may also focus on different industries. It's intriguing to observe how supply chain management affects organizational effectiveness in additional business cases.

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## Survey Instruments

Dear Sir/Madam, Addis Ababa

This research is conducted as a partial fulfillment of Master of Business Administration (MBA) graduate studies of Logistics and Supply Chain Management at the School of Commerce of the College of Business and Economics of The. This research is designed to gather primary data to assess the effect of supply chain management practices on customer service delivery in the hotel industry: The case of Hilton International Hotel Addis Ababa.

I would be grateful if you would be so kind as to take 45 minutes to fill in this short questionnaire. We would like to ask you to be realistic and objective in assessing your organization. We assure complete anonymity of the gathered data. These will be represented on the aggregate level alone. Please provide answers to all questions even though you feel that they repeat themselves occasionally. This is the only way we can ensure the statistical validity of the questionnaire. I would like to assure you that the information provided will be kept and treated strictly confidential.

If you need further information, please contact me at [netsanet.gamil.com@gmail.com](mailto:netsanet.gamil.com@gmail.com)

Netsanet website

MOB 0948742716

## PART I: Demographic Information

Respondent information	
Respondent function:	
Core activity:	
Respondent name:	
Position	
E-mail:	

### 1. Education background

- Diploma
- Degree
- Master
- Above

### 2. How long have you been in this kind of activity?

- < 3 years
- 3-5 year
- 5-8 years
- > 8 years

### 3. In what sector or function are you operating (Please put a tic mark)?

- Logistics and Supply Chain Management
- Marketing Management Department
- Other

## PART II: Concerning the Supply chain management practice of Hilton

## International Hotel Addis Ababa

Please write the appropriate number or put a tick mark in the box, to indicate the extent to which you agree or disagree with each statement.

With 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 =agree, 5 strongly agree.

SCMP Code	Strategic supplier partnership	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
SSP 1	Your company considers the quality As the number one criterion inselecting suppliers.					
SSP 2	Your company regularly solves Problems jointly with your suppliers.					
SSP 3	Your company has been helping your suppliers to Improve their product quality.					
SSP 4	Your company includes your key Suppliers in your planning andgoal-setting activities.					
	Customer relationship:	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
CR 1	Your company frequently interacts with customers to set reliability, responsiveness, and others					
CR 2	Your company frequently Measure and evaluate customersatisfaction.					
CR 3	Your company frequently determines future customer expectations					

CR 4	Your company facilitates Customers' ability to seek assistance from us.					
CR 5	Your company periodically evaluates the importance of your relationship with your Customers.					
	Level of information sharing:	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
LIS 1	The company informs trading partners in advance of changing Needs.					
LIS 2	Your company's trading partners share proprietary information with Your company.					
LIS 3	Your company's trading partners keep you fully informed about issues that affect Your company's business					
LIS 4	Your company's trading partners share business knowledge of core business processes with Your Company.					
LIS 5	Your company's and Your company's trading partner exchange information that helps the establishment of business Planning.					
LIS 6	Exchange of information with Your company's partners (formal or informal) are frequent.					
LIS 7	Information exchange between Your company's trading partners and Your company's is timely.					

	Quality of information sharing:	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
QIS 1	Information exchange between Your companies' trading partners and Your company's is accurate.					
QIS 2	Information exchange between Your companies' trading partners and Your company is complete.					
QIS 3	Information exchange between Your company's trading partners and Your company is adequate					
QIS 4	Information exchange between Your companies' trading partners and Your company is reliable.					

1. How do you describe the supply chain management practice of your company?

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2. Is there any problem in the process of practicing supply chain management in your company?      YES          NO   

3. If your answer to the above question is “yes”, please list down the problems below.

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4. What is your company's plan regarding supply chain management?

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**PART III: Related Organizational Performance Level**

Regarding the level of organizational performance, please circle the appropriate number which best indicates your firm's performance. The item scales are five-point Likert scales with:

1 = significant decrease, 2 decrease, 3=same as before, 4=increase, 5=significant increase.

Code	Organizational performance:	Significantly decrease	Decrease	Same as before	Increase	Significantly increase
	How well your organization achieves its Market-oriented goals as well as its financial goals in the Past five years.					
OP 1	Market share.					
OP 2	Return on investment					
OP 3	The growth of the market Share					
OP 4	The growth of sales.					
OP 5	Return on investment (ROI) growth					
OP 6	Profit margin on sales					

OP 7	Overall competitive Position					
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If you have any comments, you are welcome: .....

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Please any additional information that we might not asked for but that you think is helpful for the survey.

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