

**EFFECT OF SUPPLIER RELATIONSHIP MANAGEMENT ON OPERATIONAL
PERFORMANCE OF BEACH HOTELS IN MOMBASA COUNTY, KENYA**

BY

FATEMA ABBAS JAFERJEE

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DECLARATION

I declare that this research project is my original work and has never been submitted to any other university for assessment or award of degree.

Signature..... Date.....

Fatema Abbas Jaferjee

D61/79773/2015

This project has been submitted for examination with my approval as the University Supervisor.

Signature..... Date.....

Kingsford Rucha

Department of Management Science,

University of Nairobi

DEDICATION

This research project is dedicated to Mr. and Mrs. Abbas Jafferjee, who have supported and encouraged me throughout this project. Their encouragement and support ensured that I finished what I had started.

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ABSTRACT

This study was focused on determining the effect of supplier relationship management on the beach hotels in Mombasa County, Kenya. It is evident from previous researches done that purchasing as a function was not given much priority in the earlier times. However in the recent years, due to globalization and diversification of customer needs purchasing has become a significant function within the supply chain and organization as a whole. This has led to vast research being carried out in order to implement and improve on the relationship between the buyer and the supplier. Moeller, Fassnacht and Klose (2006) have given the definition for supplier relationship management as a continuous process of carrying out activities which create, build and maintain relationships with suppliers. The research design adopted was a Census Survey research which included all the 42 beach hotels within Mombasa County. Data collection was using questionnaires which were administered using the drop and pick method. Questionnaire reliability was tested using the Cronbach's Alpha test. The computerized packages namely Microsoft Excel and SPSS were utilized in carrying out the data analysis. The ANOVA analysis, and multiple regression analysis were both used to find out the correlation between the supplier relationship management practices and operational performance of the beach hotels in Mombasa County. The findings were presented in figures and tables. From the findings, it was seen that there was a relationship between supplier relationship management practices and operational performance. The study focused around five supplier relationship management practices, namely, Purchasing Strategies, Supplier Selection, Contract Management, Vendor Buyer Trust Relationship and ICT. The study found that the most adopted supplier relationship management practice was Vendor Buyer Trust Relationship, whereas ICT was the least adopted practice. The study only focused on the beach hotels in Mombasa County. Accordingly, the researcher recommends further research on all hotels within Mombasa County, and not specifically beach hotels, also a research that is focused on the different counties within Kenya is a suggestion for further research. The researcher has also recommended that all hotels should adopt supplier relationship management practices in order to achieve competitiveness and increase operational performance of their organizations.

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LIST OF ABBREVIATIONS AND ACRONYMS

AHP: Analytical Hierarchy Process

ANP: Analytical Network Process

ICT: Information Communications Technology

IT: Information Technology

MP: Mathematical Programming

SCM: Supply Chain Management

SET: Social Exchange Theory

SRM: Supplier Relationship Management

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Moeller, Fassnacht and Klose (2006) have given the definition for supplier relationship management as a continuous process of carrying out activities which create, build and maintain relationships with suppliers. SRM has become a very significant part of businesses due to increased competition; therefore the necessity to take into consideration the sustainability of the organization and threats; also to aim towards reducing costs so as to achieve cost competitiveness; hence the significance to form better interactions with key suppliers who may be able to assist in offering the knowledge required to come up with ground breaking innovative goods and profitably introduce them to customers (Lambert & Shwieterman, 2012).

Agency theory typically hinges around either the principal-agent problem or governance mechanisms (Bendickson et al., 2016). SCM researchers have indicated increased curiosity as to how the agency theory has been applied so as to comprehend how members of the entire supply chain deal with risks, support motivation and maintain relationships with each other (Fayezi, O'Loughlin & Zutshi, 2012). Meanwhile, the transaction cost theory describes hierarchy levels and markets as other optional structures for governance. This option between hierarchy levels and markets has been brought about initially by the variances in the transaction costs (Geyskens, Steenkamp & Kumar, 2006). Social Exchange Theory is based on the theory that communication that is carried out amongst parties is measured as a transaction of resources. It generally assumes that social

behavior is a series of exchanges; both parties therefore aim at maximizing profits (Chang et al., 2015).

Hotel and Tourism is a significant revenue sector in the economy of Kenya. For Kenya, this sector has become a cheap alternative for diversifying the country's economy (Mutindi, Namusonge & Obwogi, 2013). Kenya's economy receives a significant contribution from the hotel and tourism sector. The various beach hotels in Mombasa aim to provide great comfort in an environment that is luxurious and made to suit individual needs. They are equipped with facilities such as high standard rooms, conference facility, bars and discotheque, gyms that have all required amenities, swimming pools, shops and market places, outside catering and grounds for recreational activities such as sports. These resorts are an important part of the tourism industry. The hotel industry has been eager to capitalize on the favorable tourism outlook in the country.

1.1.1 Supplier Relationship Management

In the past, purchasing was taken as a separate and insignificant function of an organization, hence it was never seen as a basis to gain competitive advantage for an organization (Moeller et al., 2006). Due to globalization in many businesses and markets, there is a large variety when it comes to customer's needs and products keep on getting more complex. This creates for the significant need of efficient SCM to make sure that a firm is competitive enough. In order for SCM to work profitably, it is significant to look at the purchasing function thoroughly. Organizations have therefore shifted their focus and interest on the SRM systems (Park et al., 2010).

Because suppliers and buying organizations may have different interests, whereby the supplier is looking forward to achieve the highest reasonable price and the buying organization is looking for the lowest possible price so as to minimize cost, there are a lot of pressures and conflicts that may arise when carrying out the task of managing the dealings and interactions carried out between the organization and its suppliers (Moeller et al., 2006). It was noted by Mukherji and Francis (2008) that in the buyer-supplier relationship continuous communication, depending on each other, and a cooperative approach towards fostering a mutually beneficial relationship, leads to both the buyer and supplier achieving a sense of trust with each other. According to Moeller et al., (2006) SRM is aimed at creating and maintaining relationships between the buyer and the suppliers so as to ensure value creation for both parties.

Park, Shin, Chang and Park (2010) note that in order for effective purchasing to be done a good supplier selection criteria are very crucial. Evaluation and selection of suppliers can be challenging for the reasons below. Firstly, there may be more than one criterion to carry out the supplier evaluation. Secondly, every supplier has a varied specialty which causes for use of different criterion. Purchasing strategies can be applied using any of the two approaches: one by using a competitive approach, whereby buyers assume that they can get goods for lowest costs due to competition present amongst suppliers. Secondly by using the cooperative approach, where so as to achieve a strategic goal, both the organization and its supplier create a mutual relationship (Chandra & Kumar, 2000). Successful relationships between buyers and suppliers can be maintained using Contract Management, meaning that there are low investments and more contracts and agreements. Trust building is another way to achieve SRM though it isn't necessarily an

obligation for buying firm only, however trust building can be profitable to the supplier firm also. It was concluded by Doney and Cannon (1997) such that suppliers therefore must find ways to establish and extend the trust provided by the buying firm, since this trust can be beneficial to the supplier firm too.

1.1.2 Operational Performance

Caeldries, (2008) states that SRM has a significant part to play in cost reduction and in the improvement of the firm's overall performance within the industry. SRM can be used as a way to manage a firm's communication and relationships with other firms that supply products and services that are required. Handfield et al. (1999) argued that for a firm to achieve competitiveness it must incorporate its suppliers within the supply chain effectively. Building of trust, providing support for suppliers, using the input of suppliers when coming up with new items to manufacture, sharing of information and building long-term relationships are some of the ways that organizations and its suppliers can cooperate so as to achieve competitiveness and improve performance (Langfield-Smith & Greenwood, 1998).

Operational performance is considered to be a feasible option when one would like to inspect the direct effects of organizational activities (Turkulainen & Ketokivi, 2013). It was stated by MacDuffie and Helper (1997) that it was more likely for suppliers to meet time and quality of delivery if they were in a lean production system. They also mentioned that the buyers can face a challenge in meeting the above requirements until the supplier decides to adopt lean practices. Costs such as inventory and related costs can be minimized whereas the inventories can be maximized in such a case (Romero, 1991).

1.1.3 Beach Hotels in Mombasa County

Hotel and Tourism makes a significant contribution towards Kenya's economy. It is estimated that the total contribution of this industry, including wider effects from supply chain and income, to GDP amounted to KES 403 billion (The World Travel and Tourism Council, 2012). There are 47 counties within Kenya, and Mombasa County is one amongst them. Mombasa city is the capital City of Mombasa County. The County covers 229.7 km² in area which doesn't include the 65 square kilometers of surrounding water body, making it the smallest county in Kenya. It is located South Eastern part of the earlier known Coast Province of Kenya. The coordinates of the county south of the equator are between 3°56' and 4°10' latitude and 39°34' and 39°46' east longitude. There are several beach hotels in Mombasa County. They include: Severin Sea Lodge, Nyali International Hotel, Tamarind Hotel, Tudor Water Sports Hotel, Serena Hotel, Pride Inn Paradise, among many others.

1.2 Research Problem

Reid and Plank (2000); Carter and Narasimhan (1996) state that the importance of supplier relationship management has greatly risen in the recent past. Supplier relationship management is now a crucial part of businesses and as a result of competitiveness there is a requirement to take into account if the organization can be sustained and the risk for the same, to reduce costs so as to achieve competitiveness; and to come up with stronger and better bonds with significant suppliers with whom an organization can develop new innovative goods and services and introducing them to the customers and the market as a whole. Great profits can be achieved when relationships with the main suppliers are managed properly. A firms performance can be improved if

suppliers are effectively involved in the operations of an organization (Singh & Power, 2009).

SRM is becoming a growing trend worldwide as a critical process within purchasing to improve competitiveness, and firms in Kenya are also adopting practices to improve their supplier relationship management. Activities such as supplier segmentation and information sharing is already an ongoing process within manufacturing firms in Kenya (Tangus, Oyugi & Rambo, 2015) A study was carried out in Western Kenya in 2015 aimed at filling these gaps on how SRM may be applied so as to enhance the sugar industry performance in Kenya by Maraka et al. (2015). This study concluded that Organizational Structure, Value Measurement, Collaboration and Technology all play a big part in the performance of an organization.

Roushdy et al. (2015) did a research to find out the effect of SRM on Firms' Performance in Egypt. It was noted that many companies did wish to carry out supplier relationship management (SRM), however in true sense most organizations did not actually carry it out to the full extent necessary so as to get the results that they looked forward to. They faced challenges that inhibited them from fully implementing supplier relationship management. Also with regards to the risks and benefits of the implementation there was a mixed review. Some firms felt that having a long term relationship with the main suppliers will lead to an exit barrier and so they did not use most of the practices required for efficient implementation of supplier relationship management for example the use of software to connect with suppliers. The reason for this is that such relationships can build unwanted dependency. For example when IT systems are shared, it can become a barrier when the organization decides to change its suppliers to get new ones.

A study by Kamau (2011) was carried out between large Kenyan manufacturers to establish the impact of buyer and supplier relationships on performance of organizations. This study found that manufacturing companies highly relied on their suppliers to supply their raw materials for use in their production. Therefore, having good relationships with the suppliers is a strategy for manufacturing companies to achieve competitive advantage.

Previous studies have confirmed the importance of SRM and the role it plays on performance, however is scarce research on how Supplier Relationship Management affects the operational performance of an organization. There have also not been significant studies that have been carried out in Mombasa County regarding the same. This research question that this study therefore sought to answer was as: What is the effect of SRM on operational performance of beach hotels in Mombasa County, Kenya?

1.3 Research Objectives

The study had the following objectives:

- i. To find out the extent of adoption of Supplier Relationship Management practices in beach hotels in Mombasa County.
- ii. To determine the effect of Supplier Relationship Management on operational performance of beach hotels in Mombasa County.

1.4 Value of the Study

To Academia, this study will be significant in improving the knowledge of SRM and the effect it has on the operational performance in the beach hotels within Mombasa County. This can further be used as a guideline for future research that may be carried out to determine similar understanding in other counties within Kenya.

To the Policy makers, this study will be used a framework to come up with guidelines and policies that can work better to build supplier relationships within the Hotel Industry which will help in improving the operational performance in the beach hotels in Mombasa County.

To the industry, this study will assist in coming up with effective Supplier Relationship Management practices so as to assist in making the Supply Chain Process more effective as a whole. Lastly, it is hoped that the study findings should form the basis to which further and future researches could be built in the area of Supplier Relationship Management.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section of the paper provides a thorough review of existing theories used to support the study making the foundation of the study, an empirical discussion of previous studies with regards to SRM and the conceptual framework of the study. Finally, a summary of the literature review concludes the section.

2.2 Theoretical Review

There are several theories that are relevant models when discussing Supplier Relationship Management. The following are some of these theories and an overview of how these theories relate to Supplier Relationship Management.

2.2.1 Agency Theory

It was described by Jensen and Meckling, (1976) that an agency relationship is a relationship whereby the agent is assigned work by the principal. The agent works towards the benefit of the principal and carries out tasks or acts on behalf of the principal (Mitnick, 1973). This was brought forward by Eisenhardt (1989), that agency theory focuses on finding out which is the most worthy contract governing the relationship between a principal and agent, but there are other focuses such as increase in profit and one's personal organizational interest.

Usually the principal in an agency relationship will look out to reduce the agency costs. These costs may include: monitoring the behavior of the agent, specifying and rewarding, whereas the agent looks out to increasing gains and minimizing the control of the

principal (Fleisher, 1991). Problems such as lack of communication, a conflict of interest or moral conflict are mostly connected with the agent in the relationship as stated by Fleisher (1991) and it is also vital towards all relationships between principals and agents. This relationship is a similar one to that between the buyer and the supplier.

2.2.2 Transaction Cost Theory

The costs incurred when an exchange is carried out between two parties are referred to as transaction costs. These exchanges may be carried out amongst various organizations within a marketplace or through the exchange of resources between various levels in a vertically integrated organization. The costs included are costs incurred when calculating prices, costs that are incurred when negotiation is carried out for each contract and the cost of detailing out the specifications in long term framework agreements. (Hobbs, 1996).

A firm may not incur the cost of using the market if it becomes vertically integrated and carries out its economic activities within the firm using its managers. On the other hand this may indicate that other costs may be incurred such as the cost of overlooking the production line. These incurred costs however can be lower if a firm is able to have these activities carried out within itself as compared to if these transactions were carried out in an open market place. An organization will continue growing until the costs incurred when conducting a transaction within the organization is the same as the cost incurred when conducting the same transaction outside in the market or in another organization (Hobbs, 1996). The Transaction theory in this case is relevant when looking at the costs that are involved when negotiations and exchanges are carried out between the supplier and the buyer.

2.2.3 Social Exchange Theory

Based on ancient social behavior theories, the Social Exchange Theory is a theory in which any dealings between parties are taken to be an exchange of resources (Homans, 1958). Social Exchange Theory is aimed on the lasting affairs and frequent exchanges that may occur between parties. This relationship is analyzed using units such as individuals like a person or an organization or a group of organizations taken for single units. Assumptions made by this theory are that the units learn from their past mistakes, behaviors and experiences to always come up with more positive responses and to reduce the negative responses (Homans, 1961).

As stated by Chang et al. (2015) SET involves the exchange of intangible resources with figurative importance, such as affection, value, facts, information, status, pride and comradeship. It was discussed by Lambe et al. (2001) that the most important idea of SET is how it acknowledges the impact of interdependence amongst business entities and therefore in this situation interdependence is crucial in order to maintain a profitable social exchange relationship. SET helps us understand the social interaction that happens between the organization and its supplier when they carry out their transactions and build a buyer – supplier relationship

2.3 Supplier Relationship Management Practices

SRM aspires towards a long-term relationship with suppliers so that an organization works together with the supplier and can come up with a new good or service in the market competitively and efficiently (Park et al., 2010). Different suppliers have different specialties and therefore cannot all be treated equally. On the other hand, there are several

other ways to make good use of a supplier than just building a close relationship (Moeller et al., 2006).

2.3.1 Purchasing Strategies

Purchasing has a long term part to play in a firm's success and increases valued for its shareholders. The fact is that from every sales dollar, half of it is used in purchasing of products, hence making the significance of purchasing very evident. Putting in place the required purchasing strategies may have a link effectiveness of the activities and efficiency when carrying out the buying of raw materials (Degraeve & Roodhooft, 1999; Lewin & Johnston, 1997; Noordewier et al., 1990). Former research has brought out purchasing strategies in many diverse ways. Kiser (1976) suggested six purchasing strategies that increase the understanding of how to implement purchasing strategies. These include: to carry out negotiations, sourcing of goods and services, creating and sustaining profitable relationships with suppliers, conduct tasks which will in turn lead to the supplier development, defending the cost structure of the organization and create an effort to reduce costs incurred.

Chandra and Kumar (2000) state that purchasing strategies can be divided into two classes. One, by using a competitive approach, whereby buyers assume that they can get goods for lowest costs due to competition present amongst suppliers. Secondly by using the cooperative approach, where so as to achieve a strategic goal, the organization and its supplier create a mutual relationship. The competitive approach may also be referred to as a traditional purchasing approach, and the cooperative approach may also be referred to as modern purchasing approach. The second approach however does not mean there will be a benefit for sure, since there is the presence of many sunken costs that may arise

from supplier evaluation, authorization, and training programs (Forker and Stannack, 2000). Managers are advised to use an approach that suits the situation best.

A purchasing portfolio model is most widely used, specifically for creating product categories in order to get a different advance that declares the long term effect of each category (Olsen & Ellram, 1997). It has been changed and extended by various scholars, but Kraljic's model has served as the basis for these models (Gelderman & Van Weele, 2002). There are several studies which aimed their focus on strategic movement that shows by changing the goods bought and the types of purchases the goods purchased can be bought in a better condition. These purchasing strategies focus mainly on cost minimization. Purchasing is the most initial step when a product development begins and therefore it is important that a purchasing approach that will optimize the production of the goods is used.

2.3.2 Supplier Selection

According to Li and Zabinsky (2011) a great challenge which organizations face is when they carry out the selection of suppliers. Choosing appropriate suppliers may in turn lead to an increase in the profits of an organization (Lin et al., 2011). The significance is therefore stressed on choosing the correct suppliers. This task may involve more than just perusing a couple of price lists. Supplier selection is varied depending on several points, (Ho et al., 2010). Senvar et al. (2014b) mention that measurement of performance is dependent on various qualitative and quantitative factors. These are: the quoted prices by the supplier, the time to delivery, quality of goods and services, whether the supplier is able to react conveniently towards the organizations requirements and the convenience of the location of the premises of the supplier (Ekici, 2013). Other factors that may also be

key are provision of warranties by the supplier, suppliers capacity of production, technical know-how of the supplier, skills and practices of management, reputation of the supplier, financial status of the supplier, labor relations and ability to respond to customer service (Karand & Pani, 2014).

Supplier selection seeks to find the most suitable supplier for a specific item, a supplier who can be depended upon, has workable terms with minimum chances of any risks and looks out for the welfare of the organization or buyer by providing great value (Monczka et al., 2010). Mendoza (2007) states that the various steps that were taken during the supplier selection process will directly reflect on the type of suppliers an organization has. It is therefore significant to come up with ways to select suppliers that suit an organizations specific need.

The process of examining and choosing a supplier and finally making a decision is not an easy process. This is because of two reasons: Firstly, more than one criterion may be used to examine the suppliers and secondly every supplier specializes differently and therefore a the selection criterion to be used has to be different for different suppliers. Ustun and Demirtas, (2008) additionally state that, there are two challenges that may come up when choosing suppliers. The first challenge is carrying out a single sourcing method: in this case there is only one supplier who is used in order to fulfill whichever requirements of the organization which leads to the purchasing manager making a decision to select one supplier who he finds most suited. The second challenge is where multiple sourcing is carried out, in this case it is where a various number of suppliers are required in order to fulfill the requirements of the organization, therefore the purchasing manager has to pick various suppliers and award orders of supply to them (Ghodsypour & O'Brien, 1998).

After understanding that, the below two concerns of the supplier selection process are dominant: (1) The recognition of which criteria to be used for the review of suppliers (Dickson, 1966). (2) Methods which are used in order to know the worth of suppliers and make decisions to ensure that the suppliers are correctly chosen. (Schniederjans & Garvin, 1997).

Amid et al. (2009) discuss that the challenges faced with supplier selection are multiple-criteria decision-making problems which are affected by several give and take aspects. Various studies have suggested that it is possible to deal with a single sourcing problem by making use of the analytical hierarchy process (Lee et al., 2001) and the analytic network process (Sarkis and Talluri, 2002). On the other hand, a combination of ANP and MP may be used to counter problems of multiple sourcing. (Demirtas & Ustun, 2008).

2.3.3 Contract Management

SRM can be implemented by use of contract management, this means that a moderately more number of contracts and agreements hence the organization has to commit in lesser investments. For such relationships, external monitoring procedures are recommended by Heide (1994) for tasks that are significantly output oriented. Agreements and contracts can be looked at as a replacement for a tight affiliation between the supplier and buyer to evade opportunism in the relation. It is best for the organization to select only one mode of governance or else opportunism can come up instead of being prevented. Any value creating contributions that come up from the suppliers are usually within the contractual agreement as regarded within contract management. Small suppliers with little contributions can be referred to as underperformers: in any case value is created from

such suppliers, they may be operatively significant since they are underperformers. These relationships can be due to Contract Management, where some investments are abridged to a minimum due to little possible benefits therefore leading to the risk of a possible loss (Wuyts & Geyskens 2005).

Not all suppliers are worth all investments. If strategically less significant suppliers are not contributing towards a combined value generation, they are referred to as Underperformers. The organization may decide to take course the following four actions depending on its options: (1) the underperformance of the supplier can be looked at and regarded in the lines of Contract Management, (2) the organization may attempt to rectify the situation by investing further so as to improve the relationship as described within the Development Management, (3) the organization can chose to replace the existing supplier with a new one, or (4) try to go for in-sourcing substitute. An organization may take the last two steps when it is not interested to invest in the relationship with the supplier anymore (Dyer et al., 1998).

2.3.4 Vendor - Buyer Trust Relationship

According to various scholars, trust is crucial for an organization to build lasting supplier and buyer relationships (Bucar et al., 2005; Doney & Cannon, 1997; Villena et al., 2011). The definition of trust is the belief of one party or entity that the other party or entity involved in the exchange will not be opportunistic and take any undue advantage of its weaknesses even when there is an opportunity to go unnoticed (Barney & Hansen, 1994). There are various levels of trust (Barney and Hansen, 1994). These include: weak trust which is not related as there is an absence of vulnerabilities, secondly semi-strong trust which uses legal action to cover for acts of breach and lastly strong trust where

either entities or parties are reliable since that is how they operate and it is a part of their values.

There are three significant types of trust. First is Competence trust which is whereby the supplier is made to believe that the buyer will complete their part of the deal. Secondly Contractual trust whereby both the buyer and supplier believe that each party will stick by to its contractual agreements. Lastly, Goodwill trust whereby it is believed that both entities involved will restrain from taking undue advantage of the other entity and will always act on the benefit of both parties (MacDuffie & Helper, 1997). Two more categories of trust which are similar to the above mentioned were pointed out by Kumar et al. (1995) and Heikkila (2002). These include: Trusting the reliability of the other entity which means to the trust that the other entity that it is dependable to come through with its promises. And lastly trusting the partner's benevolence: it is whereby a party believes that the other party has a priority of their gain and will not do anything on the contrary.

According to Johnston et al. (2004) when trust and information transparency exists, buyers and suppliers are able to communicate real time demand, come up with collaborative demand forecasts, work together to attain most favorable stock levels and the required customer service, contribute issues that relate to purchasing to progress with quality maintenance and efficiency of the supply chain, minimize charges and reduce the time that is required to respond to the request of the client (Carr & Pearson, 1999).

2.3.5 Information Communications Technology

SRM Systems contain a wide variety of features that assist bringing together, carrying out of transactions, sourcing of goods and performance monitoring between a buyer and supplier. Supplier Relationship Management systems power the most recent technology trends to put together and enhance supplier oriented processes. Supplier Relationship Management coming up with better processes and contact between the two parties and by use of applications to ensure effective and efficient execution of the processes (Tan, Lyman & Wisner, 2002).

ICT has an impact on transaction costs that are incurred whenever there is an exchange carried out between the supplier and buyer was examined by Malone et al. (1987), they discovered that there was a reduction in costs that came about due to searching for suppliers after the use of ICT. Also there was a reduction in the cost of vertical communication within the same organization, which in turn leads to an increase in market reliability. Bakos (1991) also used the transaction cost analysis and found that the more ICT was used it resulted in lesser costs of exchange between the buyer-supplier activities. Normally this cost is likely to go higher when the number of suppliers goes up.

Supplier Relationship Management software differs with regards to the features that they provide. There are the following five key aspects of Supplier Relationship Management systems. Namely: Automation, Integration, Visibility, Collaboration and Optimization. Automation of transactions that are carried out by an organization and the suppliers, Integration is whereby the entire supply chain as it crosses around the various departments of an organization can be easily viewed or accessed by the organization internally or by the external stakeholders. Visibility is whereby there is the flow of

information and processes inside a firm and also outside amongst its partners. Collaboration; is through sharing of knowledge and the suppliers having the ability to directly input information to the system of the organization. Optimizing is whereby the decision making process is carried out by the use of analytical tools (Tan et al., 2002).

2.3.6. Conceptual Framework

The dependent variable in this study is Operational Performance. The independent variable is Supplier Relationship Management under which the intervening variables are Purchasing Strategies, Supplier Selection, Contract management, Vendor buyer Trust Relationship and ICT.

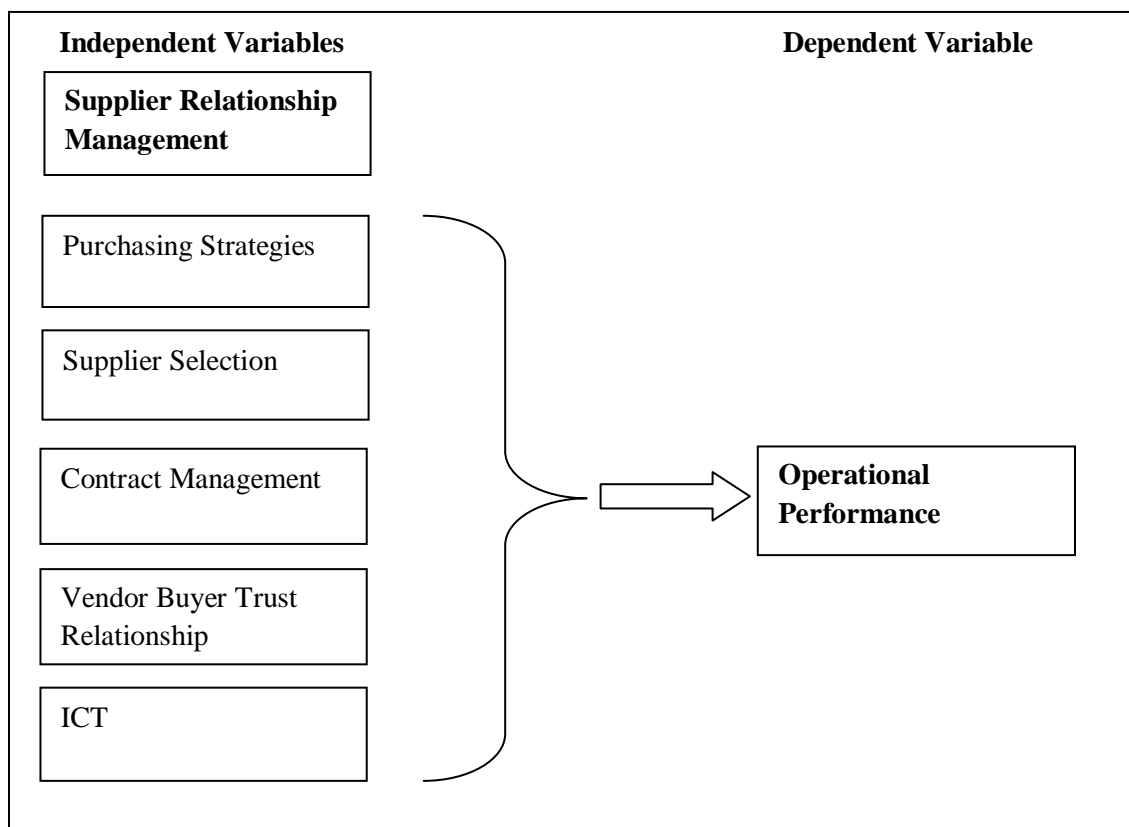


Figure 2.1: Conceptual Framework

2.4 Supplier Relationship Management and Operational Performance

The number of studies which have worked on the importance of relationships between organizations and its suppliers is vast. Ford (1980) indicated that it is not just only buyers who are dependent on their suppliers and it can be the other way round also, so it is important to know the significance of this relationship. Han, Wilson and Dant (1993) indicated the factors forcing firms to use fewer suppliers with the passage of time. They also highlighted the benefits for buyers having strong ties with suppliers. Shin, Collier and Wilson (2000) disputed that if a firm can keep up with its supplier relationships well then it is capable of having an extraordinary performance resulting from higher quality goods and services with a firm customer base.

Li, Ragu-Nathan and Subbarao (2006) claim that for an organization to attain and sustain competitive advantage it must have a strong relationship with its many suppliers. Cousins and Lawson (2007) used manufacturing firms as sample and brought forward that collaborative relationships are necessary for maintaining performance levels. The supply chains significance in regards to buyer – supplier relationship and organizational performance was studied by Krause, Handfeild and Tyler (2007). On the other hand, it was argued by Koury (2008) that well built relationships assure high profit margins. As discussed by Paulraj, Lado and Chen (2008), regularity and intensity of interaction and contact between the buying organization and its suppliers has a significant task in building the relationship and making it stronger.

2.5 Empirical Review

A study Roushdy et al. (2015) tried to determine the impact of Suppliers Relationship Management on Performance of organizations. The study aimed at finding out what

impact does SRM have on supply chain performance in manufacturing organizations. For many firms, building lasting, mutually beneficial relationships between buying organizations and its suppliers was crucial to improve the performance of the supply chain, and reducing costs to help in the organization growth.

Another study was carried out to investigate how SRM effected organizational performance in western Kenya within specific selected sugar companies by Maraka, Kibet and Mike (2015). The objectives of this study were, to: determine the effect of the organization structure in the performance of an organization, determine the effect of value measurement on the organizational performance, determine the effect of collaboration on the organizational performance and finally determine the effects of technology in the organizational performance. It was concluded that the Companies emphasized on the need to have a sound organizational structure to enhance its performance. Value measurement: Creates value for money for both suppliers and buyers. Provides a firm ground for decision making. Collaboration: Generates a common objective and focus for the buyer and the supplier, common understanding and common goals. Technology: Fast tracks the company towards the realization of its strategic vision leading to efficient company performance.

A study by Kamau (2011) was carried out to establish the impact of buyer – supplier relationships within large Kenyan manufacturers on their performance. The study had three objectives, to determine the extent to which large manufacturing firms in Kenya have adopted the concept of SRM, to determine the challenges facing SRM and to determine the effect of SRM on organizational performance. It was concluded in this study that most manufacturing companies in Kenya had accepted the concept of SRM as

they had adopted most SRM variables in their operations. The research also looked into the challenges facing buyer - supplier relationships among large manufacturing firms in Kenya. The research confirmed that lack of proper communication between buyers and suppliers, lack of trust, lack of co-operation and poor performance were some of the challenges that were facing buyer - supplier relationships.

2.6 Summary of Literature Review

Researchers of previous studies have brought out both positive relations and weak relations between SRM and the operational performance of firms. The studies have also shown the elements that attract firms to adopt SRM practices and the benefits of adopting SRM practices. Some studies have highlighted the challenges that firms face when trying to implement Supplier Relationship Management. Nonetheless, these researchers have not distinctly laid down the effects of Supplier Relationship Management practices on Operational Performance of Beach Hotels. This forms the basis of this study. They also have not distinctly shown the link between Supplier Relationship management practices and operational performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The section highlights the methodology of the study. This includes the research design, population of the study, data collection instruments and procedures and methods of data analysis of the study.

3.2 Research Design

This study has been carried out as a census survey research whereby the entire population participated and data was collected from every member. A census survey was considered a more accurate choice of research design as no unit of the population is left out. Also a census survey was a more appropriate choice as compared to sample survey because the population was small.

3.3 Population of the Study

The study population was the beach hotels that are within Mombasa County. There are a total number of 42 beach hotels in Mombasa County that are listed with the Kenya Tourism Board in 2017. These beach hotels are located on the two beach areas within Mombasa County, which is the North Coast Beach region and Nyali Beach region.

3.4 Data Collection

This study was carried out using primary data. Collection of data was done by using structured and unstructured questionnaires. This instrument was used because its format was familiar to the respondents. The questionnaires were be dropped and picked from the respondents at their place of work during working hours. The questionnaires used Likert

scale whereby the views of the respondents were indicated on a scale of 1 to 5. The questionnaire contained 3 parts: Part A contained data on the general information; Part B had questions to measure the extent to which supplier relationship management has been implemented in beach hotels in Mombasa; Part C had questions on the effect of supplier relationship management on the operational performance of beach hotels in Mombasa County. The respondents were the operations manager or purchasing manager from the beach hotels within Mombasa County. One questionnaire was issued for each hotel.

3.5 Data Analysis

Once collected, the data was presented using tables and graphs. Descriptive statistics was used to analyze the collected data. Multiple Regression Analysis and ANOVA analysis were used to analyze the relationship between the dependent and independent variables. Cronbach’s alpha was used to compute and come up with the internal consistency reliability. The following model was used to show the effect of Supplier Relationship Management on operational performance

$$Y = \beta_0 + \beta_1X_1+ \beta_2X_2+ \beta_3X_3+ \beta_4X_4+ \beta_5X_5+\varepsilon \dots\dots\dots\text{Equation 1}$$

Where;

Y is the Operational Performance of an organization

β_0 is the intercept of the model which demonstrates that the firm is not practicing SRM but still have some level of operational performance. X_1 represents the mean of the Purchasing Strategies, whereas β_1 is the regression coefficient of the variable X_1 and represents the extent to which the Purchasing Strategies affect Operational Performance

X_2 represents the mean of the Supplier Selection, whereas β_2 is the regression coefficient of the variable X_2 and represents the extent to which Supplier Selection affects

Operational Performance. On the other hand, X_3 represents the mean of the Contract Management, whereas β_3 is the regression coefficient of the variable X_3 and represents the extent to which Contract Management affects Operational Performance

X_4 represents the mean of the Vendor Buyer Trust Relationship, whereas β_4 is the regression coefficient of the variable X_4 and represents the extent to which Vendor Buyer Trust Relationship affects Operational Performance. X_5 represents the mean of the Information Communications Technology, whereas β_5 is the regression coefficient of the variable X_5 and represents the extent to which Information Communications Technology affects Operational Performance. Lastly ε represents the error term.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

In this section the research findings and analysis as stipulated in the methodology section of this study are presented. This study is resulted towards the effect of supplier relationship management on operational performance of beach hotels in Mombasa County are presented herein. The approach used was through primary data that was gathered from questionnaires. Findings are analyzed and discussed in this chapter.

4.2 Response Rate

The target of the study was all beach hotels in Mombasa County. 42 questionnaires in total were distributed, whereby 35 questionnaires were dully filled in and returned back to the researcher whereas the remaining 7 were not returned. This represents a response rate of 83.3%. This was considered sufficient for the study. The 16.6% were reported to have not been in operation, on seasonal closure or cited that they are too busy to fill the questionnaire as shown in figure 4.1 below.

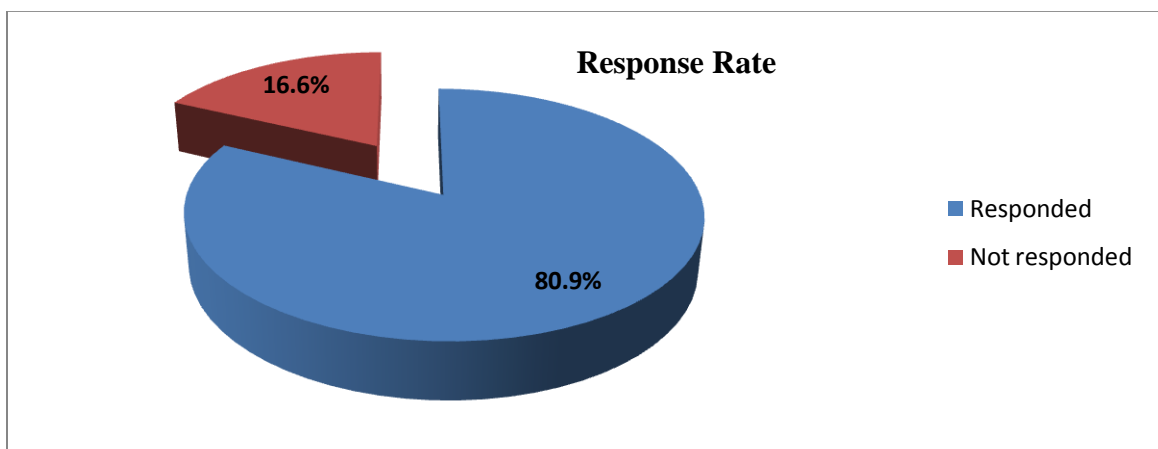


Figure 4.1: Response Rate

4.3 General Information

The questionnaire begun with a request for the general information which included the name of the respondent (optional), name of the hotel, position of the respondent in the organization, duration the hotel has been in operation, and number of employees working for the hotel.

4.3.1 Position of Respondents

Majority of respondents came from the purchasing department with Purchasing Managers registering 86% and Purchasing officers 14%. Majority of the other posts that this research intended to explore did not answer the questionnaire. These posts are such like Supply Chain Manager, Operations Manager both had zero entries. This made a percentage of 0% which is widely not negligible. The chart below shows the positions of the respondents with the percentage each position.

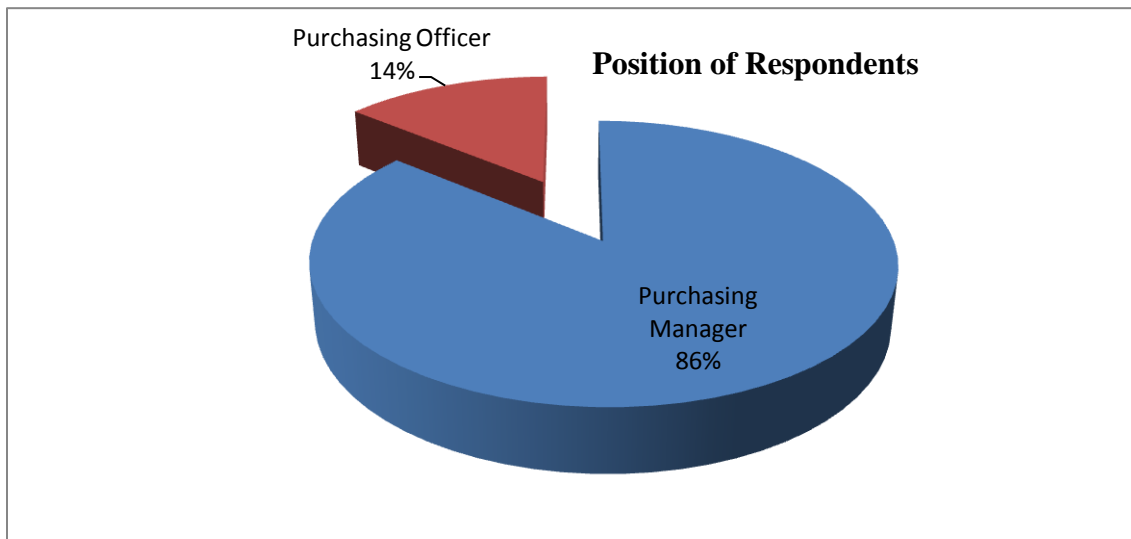


Figure 4.2: Position of Respondents

4.3.2 Duration the Hotel has been in Operation

From the findings, the beach hotels which had a majority of 63.4% had been in operation for a period more than 10 years, on the other hand 36.2% of the beach hotels that responded had been in operation for less than 10 years. Indicated in the table below is the frequency and percentage of how many years the beach hotels have been in operation.

Table 4.1 Duration the Hotels have been in Operation

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	179	63.4	63.4	63.4
2	31	36.2	36.2	36.2
				100.0
Total	211	100.0	100.0	

4.3.3 Number of Employees Working for the Beach Hotels

According to the findings of this research 28% of hotels had 0 – 49 employees (small sized), where as 37% had 50–99 employees (Medium Sized) and 35% had over 100 employees (large sized). This is illustrated in Figure 4.3 below.

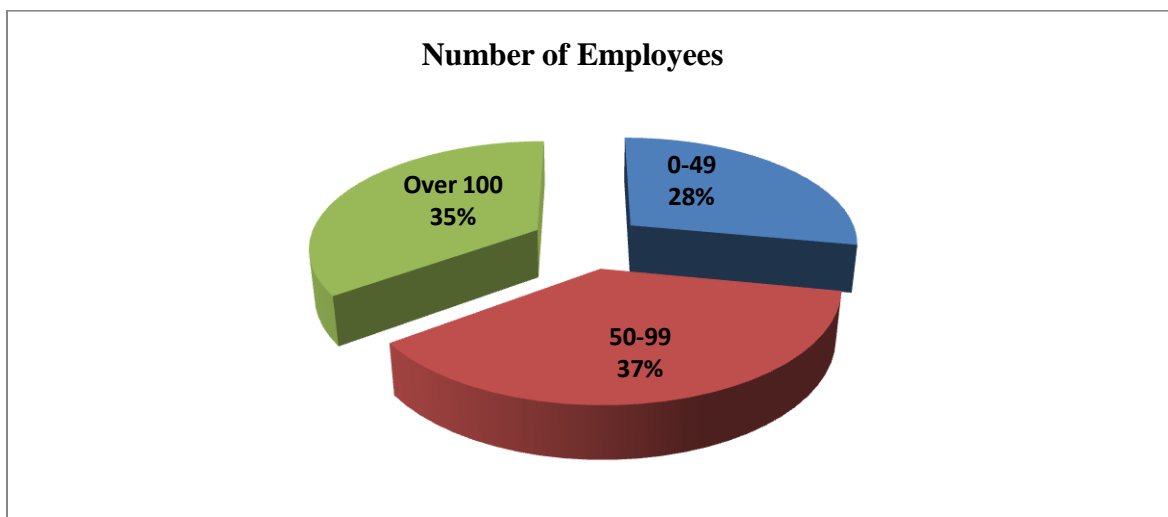


Figure 4.3: Number of Employees

4.4 The Extent of Adoption of Supplier Relationship Management Practices

This study tried to determine the extent to which Beach Hotels in Mombasa County have embraced Supplier Relationship Management practices. A number of questions were fronted to the respondents who gave their responses on a scale. The scale was from 1 to 5 whereby 1 was equivalent to Strongly Agree and 5 was equivalent to Strongly Disagree.

4.4.1 Purchasing Strategies

As per the results of the findings, on whether the organization closely engages the suppliers occasionally to ensure successful procurement had a mean of 1.00, on whether the organization carries out negotiation with suppliers before purchasing had a mean of 1.03, whether the organization aims at cost minimization with every purchase had a mean 1.00 while whether the organization always tries for better sourcing of goods had the mean of 1.00.

Table 4.2: Purchasing Strategies

Parameters	Mean	N	Std. Deviation	Rank
Close engagement with suppliers	1.00	35	.	3
Negotiation before Purchase	1.03	35	.179	4
Purchase cost Minimization	1.00	35	.000	2
Better Sourcing of goods	1.00	35	.	1
GRAND MEAN	1.03			

4.4.2 Supplier Selection

On whether the organization selects suppliers with an aim to receive improved quality of products, the mean is 1.0091. On the other hand, suppliers with prompt delivery times are key for my organization has a mean of 1.1148. On whether the organization is always

aiming to work with reliable suppliers it developed a mean of 1.1176, on if the organization receives goods from suppliers who provide after sales service the mean was 1.0321.

Table 4.3: Supplier Selection

Parameters	Mean	N	Std. Deviation	Rank
Supplier Selection for Improved quality	1.0091	35	0.12332	4
Suppliers with prompt delivery time	1.1148	35	.34490	2
Objective to work with reliable suppliers	1.1176	35	.48507	1
Receipt of after sales service goods	1.0321	35	0.2310	3
GRAND MEAN	1.1206			

4.4.3 Contract Management

From the findings, on whether the organizations have close relationship with their partners it had a mean of 1.5200, The second mean was that of the relationship with the suppliers which is at 1.2121 then for constant monitoring of suppliers with the mean of 1.0865. The working relationship with suppliers had a mean of 1.0000.

Table 4.4: Contract Management

Parameters	Mean	N	Std. Deviation	Rank
Organization close Partnership	1.5200	35	.50000	1
Constant Monitoring of Suppliers	1.0865	35	.31502	3
Suppliers have a long lasting relationship with suppliers	1.2121	35	.48461	2
Working relationship with suppliers	1.0000	35	.00000	4
GRAND MEAN	1.1277			

4.4.4 Vendor Buyer Trust Relationship

The following were the findings, that the level of trust between my organization and its suppliers is high of 2.3200, suppliers are motivated to supply goods and services to my organization had a mean of 2.9895. That most of the organization and its suppliers collaborate to work together to forecast demands and shortages in market had a mean of 2.7731. There is always good inventory of good in my organization had a mean of 2.0610.

Table 4.5: Vendor Buyer Trust Relationship

Parameters	Mean	N	Std. Deviation	Rank
High level of trust between organization and supplier	2.3200	35	.72000	3
Supplier Motivation to supply goods	2.9895	35	.42502	1
Organization and supplier collaboration to forecast demands	2.7731	35	.86461	2
Inventory position of goods	2.0610	35	.34000	4
GRAND MEAN	2.1287			

4.4.5 Information Communications Technology

The following were the findings of those who felt the organization constantly communicates with suppliers and updates them with distribution information had a mean of 0.2510. My organization uses a procurement portal to carry out its purchases for example issuing of quotations/Tenders had a mean of 0.8798. My organization receives feedback from suppliers regarding all procurement transactions that were carried out has a mean of 1.3100. My organization uses ICT to carry out transactions with suppliers such as purchase orders and invoices has a mean of 1.0121.

Table 4.6: Information Communication Technology

Parameters	Mean	N	Std. Deviation	Rank
Communication to Suppliers	0.2510	35	.61500	4
Organization uses procurement portal	0.8798	35	.31401	3
Organization receives feedback from suppliers	1.3100	35	.73581	1
Organization uses ICT to carry out transactions	1.0121	35	.18000	2
GRAND MEAN	1.0237			

4.4.6 Operational Performance

From the findings, the area where the organization's supply chain has performed best is experience reduced cost of coordination with a mean of 1.6513. This is indicated by the fact that with a lot of operations there is a clear approach to which the organization can reduce the cost incurred in operations by learning new ways. This is followed by another aspect which is supply chain effectiveness where respondents agreed that operational performance results to effectiveness of supply chain process, with a mean of 1.2512, speed of communication and transaction and the quality of goods and services to customers have had a moderate impact on operational performance of 1.2320 and 0.7674 respectively. However timely delivery of service to customers has not performed well on operational performance with the lowest mean of 0.3720.

Table 4.7: Operational Performance

OPERATIONAL PERFORMANCE	Mean	N	Std. Deviation	Rank
Timely delivery of services to customers	0.3720	35	.82600	5
Quality of goods and services to customers	0.7674	35	.42501	4
Supply chain effectiveness	1.2512	35	.81281	2
Experience Reduced cost of coordination	1.6513	35	.26700	1
Speed of communication and transaction	1.2320	35	.73602	3

4.5 The Effect of Supplier Relationship Management on Operational Performance

The effect of supplier relationship management on operational performance of beach hotels in Mombasa was determined in this research by the use of multiple regression analysis. It was done using the five independent variables namely purchasing strategies, Supplier Selection, Contract Management, Buyer Trust Relationship, and Information communication technology.

With reference to Equation 1, the results are constituted as:

$$Y = 0.284 + 0.129(\text{Purchasing Strategies}) + 0.116(\text{Supplier Selection}) + 0.283(\text{Contract Management}) + 0.134(\text{Vendor Buyer Trust Relationship}) + 0.123(\text{ICT}) + 0$$

The analysis showed as follows: that an increase in purchasing strategies activities will lead to a 0.129 increase in operational performance of Beach hotels in Mombasa County assuming all other independent variables are at zero. An increase in supplier selections activities will lead to an increase of 0.116 in operational performance of Beach hotels in

Mombasa County. Increase contract management activities will lead to an increase of 0.283 in operational performance of Beach hotels in Mombasa County. If in any case there is increased trust between vendor and buyer relationship will lead to an increase of 0.134 in operational performance of the beach hotels in Mombasa County. An increase in Information communication technology services of activities will lead to an increase of 0.123 in operational performance of Beach hotels in Mombasa County.

Table 4.8: Multiple Regression Analysis

	Unstandardized	Standardized			
	Co-efficient	Co-efficient	T	Sig.	
	B	Std Error	Beta		
(Constant)	0.284	1.012		0.281	0.38
Purchasing Strategies	0.129	0.124	-0.04	1.040	-0.685
Supplier Selection	0.116	0.114	0.214	1.018	0.449
Contract Management	0.283	0.125	-0.121	2.264	0.383
Vendor Buyer Trust		0.11	0.321		0.223
Relationship	0.134		0.004	1.218	
ICT	0.123	0.119	0.212	1.034	0.389

4.6 Model Fit

The regression coefficient $R=0.234$ shows the strength of the relationship between supplier relationship management on operational performance which is largely between the dependent and independent variable. From the adjusted R^2 which was $+0.059$, the model estimate shows that there was a 6% positive variation in operational performance as a result of changes in different aspects in supplier relationship management as explained by the model.

93% of the variance in operational performance with the supplier relationship management was explained by factors analyzed by adoption of supplier relationship management. Overall statistical significance of the regression model was examined by testing the null hypothesis that $R=0$ and the regression coefficient is not significant from the model significance, (sig = 0.698). The results of the study failed to reject the null hypothesis and concluded that there was a statistically insignificant positive causal relationship between supplier relationship management and operational performance of beach hotels in Mombasa County.

Table 4.9: Model Summary

Model	R	R Square	Adjusted R Square	Std Error of the Estimate	Sig
1	0.234	0.055	+ 0.059	0.93020	0.698

a. Predictors: (Constant), Purchasing Strategies, Supplier Selection, Contract Management, Vendor Buyer Trust Relationship, Information Communication Technology

b. Dependent Variable: Operational Performance

4.7 Analysis of Variance (ANOVA)

From ANOVA table below the significant values were all below 0.05 which means that the model was statistically significant.

Table 4.10: Analysis of Variance (ANOVA)

		Sum of Squares	df	Mean Square	F	Sig.
DURATION	Between Groups	.811	2	.405	1.647	.000
	Within Groups	7.875	32	.246		
	Total	8.686	34			
EMLOYEES	Between Groups	1.168	2	.584	1.141	.000
	Within Groups	16.375	32	.512		
	Total	17.543	34			
P.STRATEGIES	Between Groups	.018	3	.006	.209	.000
	Within Groups	3.869	137	.028		
	Total	3.887	140			
S.SELCT	Between Groups	.792	3	.264	1.992	.000
	Within Groups	18.158	137	.133		
	Total	18.950	140			
C.MNGR	Between Groups	.856	3	.285	1.168	.000
	Within Groups	33.456	137	.244		
	Total	34.312	140			
V.BTR	Between Groups	.059	3	.020	.136	.009
	Within Groups	19.856	137	.145		
	Total	19.915	140			
I.C.T	Between Groups	.879	3	.293	2.451	.046
	Within Groups	16.263	136	.120		
	Total	17.143	139			

4.8 Reliability Test

To measure reliability, the study adopted a Cronbach's alpha test which was used to measure the internal consistency of the independent variables. Most of the parameters had their coefficients consistent as the required value is 0.70.

Table 4.11: Cronbach's Alpha

Parameters	Coefficient Alpha Reliability
Purchasing Strategies	0.681
Supplier Selection	0.746
Contract Management	0.802
Vendor buyer Trust Relationship	0.693
ICT	0.815

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section highlights the summary of the findings of this study, the conclusion, the recommendations, the limitations and areas that would be appropriate for further studies.

5.2 Summary of Findings

The questionnaire of this research was divided into three sections. The response rate and general information, the extent of supplier relationship management practices carried out by the beach hotels in Mombasa County and lastly the effect of supplier relationship management on operational performance.

The general findings were as follows: the response rate of the questionnaires was at 80.9%. A total of 35 questionnaires were filled in and returned to the researcher out of the 42 that were issued. Majority of the respondents were Purchasing Managers at 86% whereas 14% of the respondents were Purchasing Officers. It was observed that 63.4% had been in operation for a period more than 10 years, on the other hand 36.2% of the beach hotels that responded had been in operation for less than 10 years. Findings revealed that 28% of hotels had 0 – 49 employees, where as 37% had 50–99 employees and 35% had over 100 employees.

It was revealed from the analysis that there was some level of embracement of each of the supplier relationship management practices. Vendor buyer trust relationship had the highest grand mean score of 2.1287 being the highest embraced practice. Followed by contract management, which had a grand mean score of 1.1277 and supplier selection

with a grand mean score of 1.1206. Purchasing strategies followed with a grand mean score of 1.03 and lastly ICT with a grand mean score of 1.0237.

Under Purchasing strategies, the following were the findings: on whether the organization closely engages the suppliers occasionally to ensure successful procurement had a mean of 1.00, on whether the organization carries out negotiation with suppliers before purchasing had a mean of 1.03, whether the organization aims at cost minimization with every purchase had a mean 1.00 while whether the organization always tries for better sourcing of goods had the highest mean 1.00. Purchasing has a long term part to play in a firm's success and increased valued for its shareholders. The fact is that from every sales dollar, half of it is used in purchasing of products, making the significance of purchasing very evident. Putting in place the required purchasing strategies may have a direct impact on effectiveness and efficiency of the buying of materials (Degraeve & Roodhooft).

For supplier selection, on whether the organization selects suppliers with an aim to receive improved quality of products, the mean was 2.00. On the other hand, suppliers with prompt delivery times are key for my organization had a mean of 1.1148. On whether the organization is always aiming to work with reliable suppliers it developed a mean of 1.1176, on if the organization receives goods from suppliers who provide after sales service the mean was 1.000. According to Li and Zabinsky (2011) a great challenge for organizations is the selection of suppliers. Choosing appropriate suppliers may in turn lead to an increase in the profits of an organization (Lin et al., 2011). The significance is therefore stressed on choosing the correct suppliers. This task may involve more than just perusing a couple of price lists. Supplier selection is varied depending on several reasons (Ho et al., 2010).

From the findings for contract management, on whether the organizations have close relationship with their partners it had a mean of 1.5200, The second mean was that of the relationship with the suppliers which is at 1.2121 then for constant monitoring of suppliers with the mean of 1.0865. The working relationship with suppliers had a mean of 1.0000. Agreements and contracts can be looked at as a replacement for a tight affiliation between the supplier and buyer to evade opportunism in the relation. It is best for the organization to select only one mode of governance or else opportunism can come up instead of being prevented. Any value creating contributions that come up from the suppliers are usually within the contractual agreement as regarded within contract management (Wuyts & Geyskens 2005).

The following were the findings under vendor buyer trust relationship, that there is a high level of trust between my organization and its suppliers had a mean of 2.3200, suppliers are motivated to supply goods and services to my organization had a mean of 2.9895. That most of the organization and its suppliers collaborate to work together to forecast demands and shortages in market had a mean of 2.7731. There is always good inventory of good in my organization had a mean of 2.0610. According to various scholars, trust is crucial for an organization to build lasting supplier and buyer relationships (Bucar et al., 2005; Doney & Cannon, 1997; Villena et al., 2011). The definition of trust is the belief of one party or entity that the other party or entity involved in the exchange will not be opportunistic and take any undue advantage of its weaknesses even when there is an opportunity to go unnoticed (Barney & Hansen, 1994).

Under ICT, the following were the findings of those who felt the organization constantly communicates with suppliers and updates them with distribution information had a mean

of 0.2510. My organization uses a procurement portal to carry out its purchases for example issuing of quotations/Tenders had a mean of 0.8798. My organization receives feedback from suppliers regarding all procurement transactions that were carried out has a mean of 1.3100. My organization uses ICT to carry out transactions with suppliers such as purchase orders and invoices has a mean of 1.0121. The impact of ICT on transaction costs that are incurred when there is an exchange carried out between the supplier and buyer was examined by Malone et al. (1987), they discovered that there was a reduction in costs that come about due to searching of suppliers after the use of ICT. Also there was a reduction in the cost of vertical communication within the same organization, which in turn lead to an increase in market reliability. Bakos (1991) also used the transaction cost analysis and found that the increased use of ICT resulted in reduced cost of exchange between the buyer-supplier activities, this would normally tend to increase when the suppliers would increase. These conclusions are also supported by the results found in this study.

To determine the effect of supplier relationship management on operational performance of beach hotels in Mombasa, multiple regression analysis was carried out in this research using the five independent variables namely purchasing strategies, Supplier Selection, Contract Management, Buyer Trust Relationship, and ICT. An increase in purchasing strategies activities will lead to a 0.129 increase in operational performance of Beach hotels in Mombasa County. An increase in supplier selections activities will lead to an increase of 0.116 in operational performance of Beach hotels in Mombasa County. Increase contract management activities will lead to an increase of 0.283 in operational performance of Beach hotels in Mombasa County. If in any case there is increased trust

between vendor and buyer relationship will lead to an increase of 0.134 in operational performance of the beach hotels in Mombasa County. An increase in Information communication technology services of activities will lead to an increase of 0.123 in operational performance of Beach hotels in Mombasa County.

5.3 Conclusion

The main focus of this study was to investigate the effect of SRM on operational performance. The results of the study concluded that the 5 variables namely purchasing strategies, Supplier Selection, Contract Management, Buyer Trust Relationship, and ICT all had a positive impact on SRM. However Vendor buyer trust relationship had the highest significance as compared to all other variables. There was no negative effect of any variables on the operational performance.

It can also be concluded that there was very little use of ICT as a SRM practice. It was observed that most organizations had a long term relationship with their suppliers where they had mutual understandings towards placing and delivery of ordered goods, hence limited use of ICT.

5.4 Recommendations

This study recommends that Beach hotels in Mombasa ought to implement SRM practices within their organizations in order to improve their operational performance. Maintaining a high level of trust between the vendor and buyer by working together with suppliers to forecast future demands and ensuring there is always a good inventory position in the firm can help the beach hotels increase their operational performance.

Creating long term framework contracts ought to help in constant monitoring of suppliers and to ensure a close partnership between the beach hotels and its suppliers. Beach hotels in Mombasa ought to adopt ICT in their purchasing activities in order to have faster communication with suppliers and better record keeping. ICT will also assist in receiving feedback faster from the suppliers and ease the transactions with suppliers by use of a procurement portal that assists in invoicing, payments and purchase orders.

5.5 Limitations of the study

This research had limited itself to only beach hotels within Mombasa County. This study cannot be used as a generalization for all hotels within Mombasa County or all hotels in Kenya. The independent variables of this study were limited to five, namely Purchasing Strategies, Supplier Selection, Contract Management, Vendor Buyer Trust Relationship and Information Communications Technology. However there could be more variables that may be used to assess the effect of SRM on operational performance.

5.6 Suggestions for further research

From the recommendations, it shows that the positive effect of Purchasing Strategies, Supplier Selection, Contract Management, Vendor buyer trust relationship and ICT on operational performance of the beach hotels in Mombasa County were irrefutable. Further studies should be considered to examine the problems faced by beach hotels in Mombasa during the implementation of SRM. This would be useful to understand the problems faced and help in coming up with better recommendations for implementation of the same. Additionally, a study can be done on effect of SRM practices on operational performance in all hotels in different Counties in Kenya or firms in different sectors of the economy. The practices may differ depending on the different sectors of the economy.

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APPENDICES

Appendix I: Research Questionnaire

This questionnaire has been designed for the sole purpose of collecting data on the effect of supplier relationship management on operational performance of beach hotels in Mombasa County, Kenya. The data collected will be treated with a very high degree of confidentiality and it is meant for academic purpose only.

You are kindly asked to fill out this questionnaire by putting an “X” in the applicable cell.

Part A: General Information

1. Name and Title of the respondent (optional)
2. Name and location of your beach hotel.....
3. What is your position in the firm?
 - Supply Chain manager []
 - Purchasing manager []
 - Purchasing Officer []
 - Operations manager []
 - Other (specify).....
4. Duration the hotel has been in operation.
 - Less than 10 years [] 10 or More years []
5. No. of employees working for the Hotel
 - 0 - 49 people [] 50 – 99 people [] Over 100 people []

Part B: Supplier Relationship management

Please indicate the extent to which you agree with the following Supplier Relationship Management statements as practiced by your organization, where 1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree and 5 = Strongly Disagree. There is no correct or wrong answer, just express your opinion.

<i>Purchasing Strategies</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
1	My organization closely engages the suppliers occasionally to ensure successful procurement					
2	My Organization carries out negotiations with suppliers before purchasing					

		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
3	My organization aims at cost minimization with every purchase					
4	My organization always tries for better sourcing of goods					
	<i>Supplier Selection</i>					
1	My organization selects suppliers with an aim to receive improved quality of products					
2	Suppliers with prompt delivery times are key for my organization					
3	My organization is always aiming to work with reliable suppliers					
4	My organization receives goods from suppliers who provide after sales service					
	<i>Contract Management</i>					
1	My organization has close partnership with its suppliers					
2	My organization carries out constant monitoring of suppliers					
3	Most of the suppliers of my organization have built a long lasting relationship with my organization					
4	My organization and its suppliers work together for the planning and supply of future purchases					
	<i>Vendor Buyer Trust Relationship</i>					
1	There is a high level of trust between my organization and its suppliers					
2	Suppliers are motivated to supply goods and services to my organization					
3	My organization and its suppliers collaborate to work together to forecast demands and shortages in market					
4	There is always a good inventory position of goods in my organization					
	<i>Information Communications Technology</i>					
1	My organization constantly communicates with suppliers and updates them with distribution information					
2	My organization uses a procurement portal to carry out its					

	purchases for example Issuing of Quotations / Tenders					
3	My organization receives feedback from suppliers regarding all procurement transactions that were carried out					
4	My organization uses ICT to carry out transactions with suppliers such as Purchase Orders and Invoices					

Any other? Please indicate.

.....

.....

.....

Part C: Operational Performance

Kindly indicate below the effects of Supplier Relationship Management on the operational efficiency of your organization

	<i>Operational performance</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
1	We are able to carry out a timely delivery of services to our customers					
2	The quality of goods and services from our suppliers has improved					
3	The entire supply chain has become more effective					
4	My organizations inventory management has become easier and more efficient					
5	We experience a reduced cost of coordination between buyer and supplier activities					
6	The speed of communication and transactions between my organization and its suppliers has improved					

Any other? Please indicate.

.....

.....

.....

Thank you for participating

Appendix II: Introduction Letter



UNIVERSITY OF NAIROBI MOMBASA CAMPUS

Telephone: 020-2059161
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsities
Our Ref: D61/79773/2015

P.O. Box 99560, 80107
Mombasa, Kenya

DATE: 13TH OCTOBER 2017

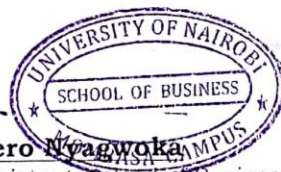
TO WHOM IT MAY CONCERN

The bearer of this letter, **Fatema Abbas Jaferjee** of Registration Number **D61/79773/2015** is a Master of Business Administration (MBA) student of the University of Nairobi, Mombasa Campus.

She is required to submit as part of her coursework assessment a research project report. We would like the student to do her project on ***The Effect of Supplier Relationship Management on Operational Performance of Beach Hotels in Mombasa County.*** We would, therefore, appreciate if you assist her by allowing her to collect data within your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organization on request.

Thank you.



Zephaniah Ogero Njagwoka
Administrative Assistant, School of Business-Mombasa Campus

Appendix III: List of Beach Hotels in Mombasa County

- 1 Alishaan Hotel Tudor
- 2 Azura Margharita
- 3 Bahari Beach Hotel
- 4 Baobab Holiday Resort
- 5 Bamburi Beach Resort
- 6 Best Western Plus - Creekside
- 7 Campers Haven and Jamboree Resort
- 8 Cowrie Shell Beach Apartments
- 9 English Point Marina
- 10 Flamingo Beach Resort and Spa
- 11 Indiana Beach
- 12 Ilcovo Hotel
- 13 Kenya Bay Beach Resort
- 14 Kivulini Bahari
- 15 Lido Beach Resort
- 16 Mombasa Continental Resort
- 17 Milele Beach Hotel
- 18 Mombasa Beach Hotel
- 19 North Coast Beach Hotel
- 20 Neptune Beach Resort
- 21 Nyali International Beach Hotel
- 22 Nyali Beach Holiday Resorts

- 23 Pangoni Beach Resort and Spa
- 24 Plaza Beach Hotel
- 25 Pride Inn Paradise
- 26 Pirates Beach Bar and Restaurant
- 27 Reef Hotel
- 28 Sarova Whitesands Beach Resort and Spa
- 29 Serena Beach Hotel and Spa
- 30 Severin Sea Lodge
- 31 Surfside Villas
- 32 Sun Africa Hotel
- 33 Sea Haven
- 34 Sai Rock Beach Hotel
- 35 Travellers Beach Hotel and Club
- 36 Tamarind Mombasa Hotel
- 37 Tides Inn Backpackers
- 38 Tudor Water Sports Marina Hotel
- 39 The Shaza
- 40 Voyager Beach Resort
- 41 Wason Beach Apartments
- 42 Yul's Aquadrom

Source: Kenya Tourism Board (2017)

Appendix IV: Work Plan

Activity	20th July – 23rd Sept	25th – 29th September	1st – 26th October	30th Oct – 17th Nov	17th – 24th November
Proposal Writing					
Questionnaire Structuring, Approval and Proposal Presentation					
Collection of Data					
Analysis of Variables					
Report Presentation					

Appendix V: Research Budget

Item	Cost in Kenya Shillings
Transport	8,000/-
Stationery	4,000/-
Air time	2,000/-
Contingency	5,000/-
Printing and binding	3,000/-
Total	22,000/-