



Assessing the Impact of Supply Chain Management on Competitive Advantage and Operational Performance: A Case of Four Star Hotels of Mauritius

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ABSTRACT

This paper discusses the impact of supply chain management (SCM) on competitive advantage and operational performance with reference to the four star hotels of Mauritius. A questionnaire was designed and administered to the managers of the four star hotels of Mauritius. The main conclusion of this study corresponds to those of previous studies which show that SCM does have an impact on competitive advantage and operational performance. For instance, this study demonstrates that effective SCM practices can lead to better management of the SC which in turn can have a significant impact on competitive advantage of the hotels. Therefore, effective SCM practices should substantially enhance the competitive advantage and operational performance of four star hotels in Mauritius. This study would be of relevance to other hotels which are implementing a system for managing their SCs. The practice of SCM could provide an avenue for enhancing the competitiveness of the hotel sector of Mauritius.

Keywords: Supply Chain Management, Operational Performance, Competitive Advantage

JEL Classifications: C44, R41

1. INTRODUCTION

In today’s business environment, businesses are concentrating on offering value to the customer at the lowest possible costs. Businesses are facing tough competition and have to struggle to stay in competition. Tourism products are perishable by nature and must be consumed as and when it is ready. Thus it is important for hotels to be able to provide their services without any problem whenever demand for it arises. Therefore it is crucial for hotels to manage their supply chain (SC) effectively.

Over the past decades, SC management (SCM) has been considered as a well-known vehicle through which firms can achieve advantage in the markets. There is limited implementation of SC initiatives in hotels. The hotel industry mostly uses manual based SCM activities and is denoted by low exploitation of technology. Many companies have invested a lot to streamline their

SCs in an attempt to improve customer satisfaction and internal productivity. Christopher (1998, p. 130) states that nowadays the competition is not actually among individual company instead it is between rival SCs. Therefore it is crucial to have a smooth running SC as it helps organizations to gain a sustainable competitive advantage. Thus this study will focus on the role SCM plays in the hotel industry in Mauritius and the impacts of its practices on performance of hotels.

2. LITERATURE REVIEW

2.1. SC

“A SC is defined as a set of three or more entities (organizations or individuals) directly involved in the upstream and downstream flows of products, services, finances, and/or information from a source to a customer” (Mentzer et al., 2001, p. 4).

2.2. SCM

SCM is a concept that is becoming important. One reason for the increased concern in SCM is that organizations rely in effective SCs, or networks, to be able to compete in the global market economy. Thus, it is a must for companies to manage not only their own organizations but also their relationships with other companies in the same SC (Stock et al., 2010) (Table 1).

2.3. SCM in the Hospitality Sector

The success of each firm is often determined by that of the other organizations in the chain as they are often in contractual relationship to supply products, goods and services. The concept of SCM can also be applicable in hospitality and hotel industry as an amalgam of actions, functions, businesses and stakeholders that together form the distinct SC (Harewood, 2008). Due to intense competition in the accommodation industry, there is high pressure to find new ways to create and transfer value to the customers. In hospitality and hotel operations, the consumption and production part take place at the same time; as the end-product is not physical and comprises of various services presented by different suppliers at different points of the SC (Harewood, 2008). In the past, hotels and restaurants managed their supplies by preserving great amount of products whether in freezers, warehouses or storeroom shelves. The risk of running out of supplies was decreased by buying more than enough goods too early in time; however, due to intense competition, this approach proved to be very expensive (Webster, 2011).

Careful selection of suppliers in the case of hotels is a crucial step followed by stock management and delivery systems. Different software can aid in forecasting the future turn-over based on previous performance thereby preventing the hotels to go out of stock in busy times. In order to forecast demand and manage future demand, tourists' preferences and satisfaction criteria should be studied. This would assist the hoteliers to enhance the service quality and try to adapt their service and products to fit the needs of their target customers (Tigu and Calaretu, 2013). One of the strategies that usually saves cost and increases efficacy is outsourcing. However, hotel industry still lags behind the other industries such as manufacturing industry in managing its SC. One of the reasons is that SC of a hotel tends to be very complex, comprises various sections and processes. Another factor is complexity in the relationship between different parts of the organization such as inventory, storage and distribution (Clement, 2013).

Table 1: Definitions of SCM

Author	Definition
Cooper and Ellram (1993, p. 13)	SCM is defined as an integrative philosophy to manage the total flow of a distribution channel from the supplier to the ultimate user
Mentzer et al., (2001, p. 18)	SCM can be defined as the strategic coordination of business functions and the tactics across businesses within the SC, for enhancing the long-term performance of the individual businesses and the SC as a whole

SCM: Supply chain management

Moreover, many of the hotel managers do not have the necessary skills to manage a complex SC and tend to focus only on procurement and inventory parts of the business. The required cost and time for implementing SCM operations can also cause some problems in the fast-paced business of hotel industry (Clement, 2013).

2.4. SCM 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 rather than the product offered” (Basu and Wright, 2008, p. 120). In a service industry, due to customer intimacy, service cannot be stored and has to be produced and consumed simultaneously. Services can be categorized into isolated or direct services. Isolated services such as that provided in hotels, contrary to direct services such as emergency medical treatment, can be managed using the methods used in manufacturing operations (Basu and Wright, 2008).

Boon-itt and Pongpanarat (2011, p. 217-218) describe service SCM as:

“A tool that is used for forecasting, planning, implementing, and controlling the process of the SC with the objective to satisfy customer requirements in an efficient manner. It involves coordinating, integrating and controlling the product, information and finance flows both within the organization and among the partners.”

In the intense competitive market of modern business environment, there is high pressure on service industries to enhance their operational efficiency and control costs without compromising service quality. Increasing customer expectations and changing needs, vibrant market condition and technological breakthroughs generate further challenges for the service providing businesses (Boon-itt and Pongpanarat, 2011). Due to all these challenges, businesses are forced to decrease costs in an efficient manner while maintaining quality, competitive edge and sustainability. The implementation of SC practices aid service providers to make balance between SC capabilities and customer expectations (Boon-itt and Pongpanarat, 2011).

Service industries cannot use their inventories in the same way as in the manufacturing industries. The reason is special characteristic of service that is perishability. Their time-sensitive nature and the fact that their capacities cannot be stored easily, can lead to service deterioration and queue-forming in the peak times.

2.5. SCM Practices

2.5.1. Strategic supplier partnership

In the late 1980, it was observed that collaboration with suppliers could lead firms to gain competitive advantage. Firms can also improve their operational performance in terms of dependability, flexibility, cost and quality through strategic supplier partnerships (Rungtusanatham et al., 2003).

2.5.2. Customer relationship

Flint (2004) stated that competitive advantage can be achieved by creating value to immediate downstream customers and their

customer and ultimately to the end user. Firms can also enhance their operational performance in terms of speed/delivery accuracy if they involve customer on issues such as quality and material flows. Therefore, the CRM aspect must be given adequate importance while designing the SCM strategies.

2.5.3. Information systems

Modern technology has an important role to play in managing SCs (Bello et al., 2004). Information systems help information to be communicated effectively between SC partners (Li et al., 2004). The use of enterprise resource planning systems aid a firm to get hold of crucial information concerning demand and supply factors. This would ultimately lead to improved performance and effective SCM (Rungtusanatham et al., 2003).

2.5.4. Logistics outsourcing

Lambert et al., 1999 stated that logistics outsourcing is “The use of a third-party provider for all or part of an organization’s logistics operations”. Third party logistics (3PL) and fourth party logistics (4PL) are concepts of logistics outsourcing (Figure 1).

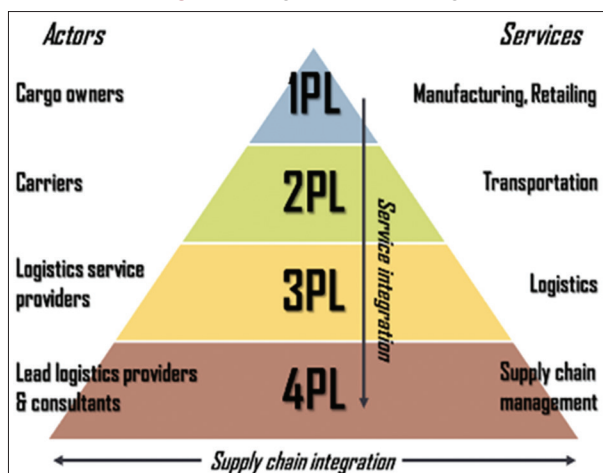
Sink and Langley (1997) defined 3PLs as: “Using the services of an external supplier to perform some or all of a firm’s logistics function.” Van Hoek and Chong (2001, p. 463) define 4PL as:

“A SC service provider that participates rather in SC co-ordination than operational services. It is highly information based and co-ordinates multiple asset-based players on behalf of its clients.”

2.5.5. Performance measurement

Sink and Tuttle (1989) stated that “You cannot manage what you cannot measure.” Performance measurement can be defined as the process of quantifying effectiveness and efficiency of action (Neely et al., 1995). Performance measurement provides the necessary assistance to improve SCM. It also helps in developing an accurate understanding to be able to reveal the effectiveness of strategies and to identify success and potential opportunities. Balanced scorecard and benchmarking can be used to measure performance of SCs.

Figure 1: Logistics outsourcing



(Source: Norall, 2013)

2.6. Benefits of SCM

Firms need to know when and where to provide what customers desire in order to win customer loyalty. Maintaining close relationships with suppliers can lead to special orders in times of high demand, thereby satisfying customer expectations. Additional benefits are market responsiveness, added economic value, capital utilization, decreased product time to market, and logistics cost reduction (Lee, 2004; Mentzer et al., 2000; Tyndall et al., 1998; Christopher and Ryals, 1999). There is also a rise in the revenue of the business which occurs as a result of increased responsiveness occurring at low costs as a result of using fewer assets leading to stellar performance.

A range of benefits has been attributed to SCM, including increased market share and sales, and solid customer relations (Ferguson, 2000). Other benefits include:

- Improved strategic sourcing-strategically source direct and indirect materials and can better manage vendors, leading to material cost savings
- Improved customer service
- Information transparency while using SCM
- Improved inventory management that is there are reduced inventory levels and a rise in inventory turns across the network which decreases the overall costs
- Enhance delivery service and minimize delays.

Through SCM, firms can decrease operational expenses planning for procurement, manufacturing and transportation can be done at the right time. Better order, product and execution tracking tend to enhance performance and quality.

SCM enables firms to connect with trading partners thus helps the firm to keep their SC in line with current business strategies and priorities which ultimately lead to improved firms’ overall performance and achievement of goals.

2.7. Factors Hindering Effectiveness of SCM

According to Gelders et al. (1987) and Ubgade and Sankaran (1994), top management support for consistency in operations policies and performance measures enhances SC effectiveness. In general, research shows that organizational performance improves when workers are committed (Molleman, 2000) and systems are in place to enhance worker motivation and commitment (Hackman and Oldham, 1980). Therefore organizational support is important for effective SCM.

Interdependence between partners is an important characteristic of a SC, it is essential for firms to show commitment towards their various SC partners. The level of commitment both internally and externally along the SC determines the overall effectiveness of SCs (Wong et al., 2001; Sahay and Mohan, 2003; Wu et al., 2004). It is also important to have downstream suppliers similarly committed to their upstream customers.

Mohr and Nevin (1990) stated that channel members achieve coordination by sharing information through frequent two-way interchanges. Communication also leads to confidence in the continuity of the relationship and reduces dysfunction the

continuity of the relationship and reduces dysfunctional conflict (Anderson and Narus, 1990). Other factors that hinder SCM effectiveness include (Fawcett et al., 2008):

- Poor SCM planning
- Lack of vision of SCM
- Lack of channel trust
- Poor SCM understanding
- Lack SC measurement
- Lack alliance guidelines
- Inadequate use of technology.

2.7. Competitive Advantage

Some approaches to competitive advantage have been summarized in the Table 2.

2.8. SCM as a Means to Gain Competitive Advantage

The proponents of the SC approach have determined specific activities, backed by detailed processes, which enhance a firm’s competitive advantage and success. The proponents quote that, “best in class companies enjoy an advantage in (lower) total SCM costs of 3-6% of revenues (estimated)” (Boyson et al., 1999). The savings are obtained from better managing the company’s activities and assets; thereby result in decreased costs, better products and service, and competitive edge.

2.9. Operational Performance

Operational performance is a firm’s performance which is measured against standard on prescribed of effectiveness, efficiency and environment responsibility such as cycle time, productivity, waste reduction and regulatory compliance.

Slack et al. (2004) stated that there are five operations performance objectives (Table 3):

1. Cost: The capacity to manufacture at low cost
2. Quality: The capacity to manufacture according to specification and without defects
3. Speed: The capacity to respond quickly to customer demands and thereby offering short lead times
4. Dependability: The capacity to deliver products and services the way they were promised to customers (e.g. in a quotation)
5. Flexibility: The capacity to change operations.

If an organization performs well at either one or more of these operations performance objectives, the organization will be able to work towards a business strategy based on a competitive factor. These relationships are shown in Table 2. However, it is important to know that the success of any business strategy is not dependent on only the capability of operations to achieve the appropriate performance objectives, but also on the fact that whether customers value the chosen competitive factors on the basis the business strategy is based. Ferdows and De Meyer (1990) stated that certain operational capabilities improve one another, allowing operations excellence to be built in a progressive way. In their “sandcone” model of operations excellence (Figure 2), they stated that there is a sequence in which operational capabilities should be evolved. The starting point, the base of the “sandcone” is achieving excellence in quality. Then excellence in dependability, flexibility, cost should be built;

Table 2: Summary of some contemporary approaches to competitive advantage

Approaches	Author	Main idea
The strategic approach and its variation	Porter (1980)	Porter came up with three generic strategies: Cost leadership, differentiation, focus. If a firm is effective in any of these strategies, it will achieve competitive advantage
Core competence approach	Hamel (1998), Hamel and Prahalad (1990)	Core competencies are the main strengths or strategic advantages of a business. Thus allowing a firm to gain competitive advantage
SCM approach	Christopher (1998), Poirier and Reiter (1999), Tyndall et al. (1998)	The SCM approach is a section of the value chain approach. This approach concentrates on one component of the value chain. The management of relationships with suppliers and customers can help a firm to be more competitive

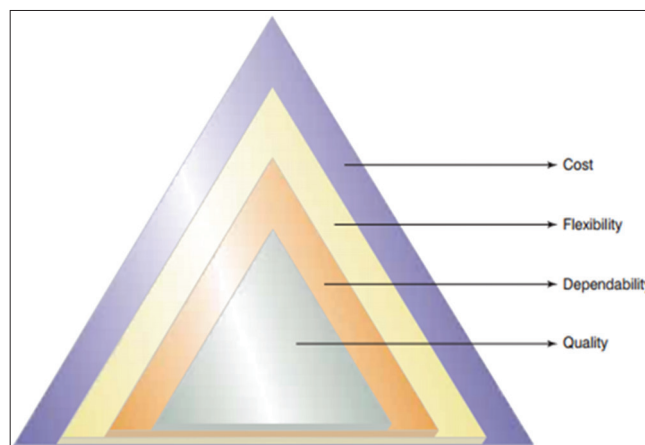
SCM: Supply chain management

Table 3: Operations and competitive factors

Excellent operations performance in...	Gives the ability to compete on...
Cost	Low price
Quality	High quality
Speed	Fast delivery
Dependability	Reliable delivery
Flexibility	Frequent new products/services
	Wide range of products/services
	Changing the volume of product/service deliveries
	Changing the timing of product/service deliveries

Source: Shakkya (2013)

Figure 2: The “Sandcone” model of operations excellence (Ferdows and De Meyer, 1990)



3. RESEARCH METHODOLOGY

Electronic questionnaire has been used to collect data. The sample size comprises of the four star hotels thus 56 hotels were targeted.

Phone calls were made to all the hotels where the email addresses of the managers were obtained. The managers were mainly from the purchasing department. The questionnaires were administered from January 2015 to February 2015 through Google Drive. The online survey was emailed to the respondents. In order to maximize participation, follow-up reminder emails were sent to participants and several phone calls were also made. The answers of those respondents who participated via the emailed questionnaire were recorded on a spreadsheet powered by Google Docs. The survey was closed on 16 March 2015 and 34 questionnaires were completed in all.

It is a necessary and fundamental step to ensure all kinds of errors that are associated with survey research are reduced. It helps to improve the quality of data significantly. The initial survey was pilot tested with 10 respondents who were representative of the participants chosen. The pre-test led to some changes which finally helped in improving the instrument (questionnaire).

For a research to be credible, it is necessary to evaluate the suitability of the research process for the purpose of assessing the results of the study. The Cronbach's alpha of reliability was computed. A coefficient of 0.837 was obtained as shown by the Table 4. The reliability values for all constructs are all >0.70 which is considered to be acceptable as stated by Nunnally (1978). Moreover, face validity has been ensured since the questionnaire was constructed based on the literature review.

4. EMPIRICAL RESULTS

4.1. Descriptive Statistics

Out of the 56 four star hotels of Mauritius, 34 participated in the survey yielding a response rate of 61%. The respondents had to indicate the importance of SCM objectives in their respective organizations. The effect of SCM on their competitive advantage and operational performance were also determined. In addition, they were also asked to rate the contribution of SCM to the organization's competitive advantage and the extent to which their operational performance has improved after implementing SCM. Furthermore, respondents had to state the barriers which prevent them from having effective SCM. Moreover, they also indicated the benefits reaped from effective SCM which are more important to them.

Figure 3 depicts that most of the managers considered SC objectives to be either important or moderately important. Only 9% stated that it is highly important. Managers should take SC objectives into more consideration as it is a crucial tool which can aid in facing the intense competition.

4.2. Hypothesis Testing

The hypotheses that were formulated were derived from the literature review and tested on the data collected using Chi-square test, Pearson correlations.

It was also identified whether SCM lead to competitive advantage and improved operational performance through the hypotheses.

The first set of hypothesis formulated is:

- H0: There is no relationship between SCM practices effectiveness and operational performance.
- H1: There is a relationship between SCM practices effectiveness and operational performance.

Since the coefficient is an abstract measure of the relationship between variables based on a scale ranging between +1 and -1, the Pearson's coefficient of correlation where value $r = 0.439$ in Table 5 suggests that a positive relationship correlation exist between effectiveness of SCM practices and hotel operational performance. This means that when SCM practices are effective,

Table 4: Cronbach's reliability test results

Cronbach's alpha	Number of items
0.837	58

Table 5: Pearson coefficient correlation between SCM practices and operational performance

Item	To what extent do you agree that your organization's SCM practices are effective?	What is your perception regarding the fact that SCM leads to an improvement in your organization's operational performance?
Pearson correlation	1	0.439**
Significant (two-tailed)		0.009
N	34	34
Pearson correlation	0.439**	1
Significant (two-tailed)	0.009	
N	34	

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Significant (two-tailed)	0.009	
N	34	

**Correlation is significant at the 0.01 level (two-tailed). SCM: Supply chain management

Figure 3: Importance of supply chain management objectives to managers

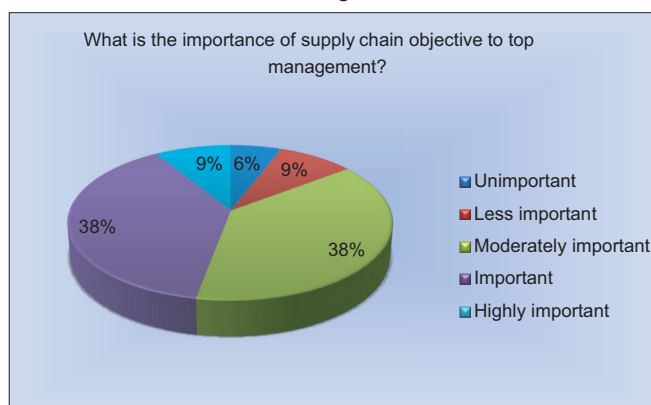


Table 6: Degree of significance between SCM practices and organizations' competitiveness

Test	Value	df	Asymptotic significance (two-sided)	Exact significance (two-sided)	Exact significance (one-sided)
Pearson Chi-square	10.389 ^a	1	0.001		
Continuity correction ^b	7.036	1	0.008		
Likelihood ratio	8.827	1	0.003		
Fisher's exact test				0.007	0.007
N of valid cases ^b	34				

^a2 cells (50.0%) have expected count<5. The minimum expected count is 1.18. ^bComputed only for a 2x2 table. SCM: Supply chain management

this lead to better SCM which in turn to improved operational as theses practices lead to better flexibility, quality, cost, delivery.

4.3. Chi-square Test

Given that Table 6, is a 2 by 2 table with the variables having only two categories, the asymptotic significance for "continuity correction" has been considered. In Table 6, with 7.036 as the continuity correction and 0.008 the asymptotic significance, which is less than the value of 0.05, indicating that there is an association between SCM practices effectiveness and organization competitiveness. Therefore, the null hypothesis should be rejected while the alternative one should be accepted.

Cramer's V can attain a maximum of 1. With reference to Table 7; the Cramer's V statistic is 0.553 out of a possible maximum of 1, which represents a very strong association between SC effectiveness and hotel competitive advantage. Hence it can be deduced that that effective SCM practices lead to good SCM which in turn have a significant impact on organization competitiveness.

The Table 8 indicates that on a scale of 1 to 5 from 1 being not competitive and 5 being very competitive, 47.1% rated 4 as what they consider the contribution of SCM to the organization competitiveness. 2.9% rated it as being very competitive while only 11.8% rated it as being on a scale of 2. This entails that for most of the hotels SCM does have a significant impact on their competitive advantage. This can be linked to the fact that most of the managers stated that their SCM practices are effective. Thus due to this there is good SCM which helps hotels to compete at the customer end item level. Thus this wins customers by providing better value and rewards managers by enhancing profitability and providing better returns as such most rated the contribution to their competitive from the SCM on a higher scale.

As shown by Table 9, 55.9% agree that their SCM does lead to an improvement in the organization operational performance and 14.7% strongly agree with it. This might entails that they have lower prices, higher quality, higher dependability, and shorter delivery time as stated in the literature Therefore these capabilities will, in turn, enhance the overall performance of the organization.

As suggested by the literature, SCM practices lead to improvement in operational performance. For example, strategic supplier partnership can enhance supplier performance, reduce time to market, increase the level of customer satisfaction (Power et al.). Thus, a question was set to determine the extent operational performance has improved in terms of cost, flexibility, quality and delivery.

Table 7: Strength of SCM practices and organization competitiveness' association

Test	Value	Approximate significant
Nominal by nominal		
Phi	-0.553	0.001
Cramer's V	0.553	0.001
Number of valid cases	34	

SCM: Supply chain management

Table 8: Contribution of SCM to organization competitiveness

Response	Frequency	Percent
Valid		
1	1	2.9
2	4	11.8
3	12	35.3
4	16	47.1
5	1	2.9
Total	34	100.0

SCM: Supply chain management

Table 9: Perception of managers

Response	Frequency	Percent
Strongly agree	5	14.7
Agree	19	55.9
Neutral	7	20.6
Disagree	2	5.9
Strongly disagree	1	2.9
Total	34	100.0

On a scale of 1 to 5 where 1 is worst and 5 is excellent, an average mean of 3.08 has been obtained which indicates that cost has been rated as good. Regarding flexibility an average mean of 3.07 has been obtained which shows that flexibility also has been rated as good.

Moreover, quality and delivery have also been rated as good as an average mean of 3.85 and 3.29 has been obtained respectively. Overall it can be said that that operational performance is good after adopting SCM as in indicated in Table 10. This can be linked to the fact that most of the managers stated that their SCM practices are effective and these do have impact on cost, flexibility, quality and delivery as mentioned previously.

There are several factors that lead to difficulty in having an effective SC which have already been elaborated in the literature. On a scale of 1 = Strongly agree and 5 = Strongly disagree respondents rated the extent to which they agree or disagree that the factors mentioned below prevent them from having an effective

SC. Therefore the results obtained pertain to the extent to which these factors negatively impact on the effectiveness of their SC. Most of the respondents strongly agreed that inadequate use of technology and low investments in technological tools prevent them from having an effective SC. However, the managers agreed that the other factors can also prevent them from having an effective SC (Table 11).

Participants were asked to state their degree of importance or unimportance with the content of each item on a 5-point scale with the following response categories: 1 = Unimportant, 2 = Less important; 3 = Moderately important; 4 = Important, and 5 = Very important.

The implementation of SCM helps organizations to reap several benefits as suggested in the literature. Therefore lists of benefits were presented from previous studies and respondents were asked to rate importance of the benefits. The results are shown in the Table 12 shows that managers consider improved customer service, enhance delivery and minimize delays and good relationship to

be important while the other two advantages are considered to be moderately important.

5. LESSONS AND IMPLICATIONS

Based on the analysis, the recommendations in this section are targeted to the management of the four star hotels of Mauritius SCM has a lot impact on customer service which is considered to be crucial in hotel industry. SCM also helps in improving bottom line. SC objectives are given little importance by top management of the hotels. However, SCM should be considered to be very important for an organization. This is so as SCM has evolved to influence business strategy. It is not only a tool for delivering goods and services, but also part of the long-term business strategy nurtured in the board room. SCM is also viewed as a key business enabler and, as such, should be given more attention by corporate level executives. The use of technology in hotels can facilitate information sharing and help in better integration. Managers stated that technology that can be a factor that could prevent them from having effective SCM. There is a need to deal with these barriers as earliest possible. These can be achieved by allocating enough funds to technology and top management should be more committed to use IT tools. That is there is a need to adopt changes in technology and on applying the appropriate level of technology in the organization. Some examples of SC technology that improve quality and customer satisfaction are financial/accounting, e-mail, E, e-suppliers, electronic data interchange, warehouse management system. Therefore, hotel managers can successfully improve their business performance by exploiting their SCM strategies, technology adoption, and restructuring their operations. Eventually, a successful SCM system is expected to boost business performance and generate more revenue for the hotels thereby aid in having a competitive position.

Table 10: Mean of cost, flexibility, quality, delivery

Cost	Mean±standard deviation
Production cost	
Inventory turnover	3.29±0.871
Productivity	3.29±0.871
Capacity utilization	3.15±0.989
Flexibility	
Volume flexibility	3.41±0.821
Process flexibility	2.76±0.699
Rapid capacity adjustments	3.09±0.753
Quality	
Service level	3.97±0.904
Quality of food	4.32±0.843
Number of customer complaints	3.26±0.710
Delivery	
On time delivery	3.44±0.860
Time to solve customer complaints	3.12±0.913
Customer order processing time	3.32±0.912

Table 11: Barriers hindering effective SC

Barriers	Mean±standard deviation
Lack of co-operation among members	2.15±1.019
Lack of trust	2.82±1.114
Inadequate use of technology systems	1.85±0.925
Lack of long-term commitment	2.62±0.985
Lack of a proper system to manage performance of SC	2.71±1.169
Lack of finance	2.09±1.055
Lack of trained employees	2.09±0.830
Low investments in technological tools	1.71±0.799
Too time consuming	2.5±0.896
Lack of SC understanding	1.88±0.769

SC: Supply chain

Table 12: Importance of advantages that are reaped from adopting SCM

Descriptive	Improved customer service	More responsive	Decreased costs	Enhance delivery service and minimize delays	Good relationship with important suppliers
Mean	4.24	3.71	3.91	4.56	4.41
Standard deviation	0.987	0.799	1.334	0.660	0.783

SCM: Supply chain management

6. CONCLUDING REMARK

Due to the nature of the hospitality sector, hotels are faced with several challenges thus they are required to improve effectiveness within their SC. The aim of this study was to assess the impact of SCM on competitive advantage and operational performance of hotels and its findings do correspond to those of previous studies which show that SCM does have an impact on competitive advantage and operational performance. For instance, this study also demonstrated if SCM practices are effective this lead to better SCM which in turn have a significant impact on competitive advantage of the hotels.

It was established that the challenge which managers consider the most to prevent them from having effective SC was technology

Since the results of this study seem to indicate that SCM has a positive impact on competitive advantage and operational performance. Therefore, hotels should take an active role in managing all facets of their SC. In today's intense competitive global markets, hotels that do not practice sound SCM techniques may notice that they are unable to compete with their business competitors. There is also the need for hotels to assess effectiveness of their SCM in order to benefit fully from adopting it.

This study gave an overview on the impact of SCM on the hotels' operational performance and competitive advantage. However, there is scope for further research into the subject matter which can identify certain issues that could not be identified in this study.

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