

**EFFECTS OF SUPPLY CHAIN MANAGEMENT PRACTICES ON
OPERATIONAL PERFORMANCE OF STAR RATED HOTELS IN NAKURU
COUNTY, KENYA**

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Chuka University**

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DECLARATION AND RECOMMENDATION

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Declaration

This thesis is my original work and has not been presented for any award of a diploma or conferment of a degree in any other university or institution

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Recommendation

This thesis has been examined, passed and submitted with our approval as University supervisors.

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DEDICATION

I would like to dedicate this work to God Almighty, who gives us life, strength, and nourishment at every turn, His favour has walked with me all through. To my parents, Mr. and Mrs. Mbuvi Mutua, my sisters, brothers and immediate family for their unwavering, unconditional love and support during this academic journey, as well as their constant encouragement at every step.

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ABSTRACT

Supply chain management practices are essential for controlling the flow of goods and services that sustain operations. Despite the hotel industry being one of the biggest contributors of economic growth in many countries, several studies on supply chain practices have not focused on the most effective supply chain practices suggested by studies conducted in manufacturing industries. Additionally, scarcity of research on the moderating influence of leadership style in shaping the relationship between supply chain management and operational performance has posed a knowledge gap for hotel operators. Therefore, this study aimed at investigating the effects of supply chain management practices on operational performance of star-rated hotels in Nakuru County. The specific objectives of the study were, to establish the effects of Lean supply chain on operational performance of star-rated hotels, to determine the effects of quality of information sharing on operational performance of star-rated hotels, to evaluate the effects of outsourcing on operational performance of star-rated hotels, and to determine the moderating influence of leadership style on the relationship between supply chain management practices and operational performance of star-rated hotels. The study applied descriptive cross-sectional research design and was guided by Network Theory and Resource Dependence Theory (RDT). The target population was made up of managers and supervisors from 19 star-rated hotels. Complete enumeration method was used to collect data from 114 respondents. Purposive sampling technique was used to select the respondents who closely worked in supply chain management. Data was collected using structured questionnaires and analyzed using SPSS software version 25 and then presented in appropriate tables. The reliability of the data collection instrument was tested using Cronbach's Alpha. 0.701 was the lowest value while 0.844 was the maximum. Multiple linear regression was used to analyse the effect of supply chain management practices on operational performance as well as the moderating influence of leadership style on the relationship between supply chain management practices and operational performance of star-rated hotels in Nakuru County. The results revealed that outsourcing was the highest predictor of operational performance ($\beta = 0.551$, $\rho = 0.000$). Also, leadership style had significant moderating effect on the relationship between outsourcing and operational performance ($\beta = 0.512$, $\rho = 0.011$). The study concluded that outsourcing is a major component that affects hotels performance, while lean supply chain and quality of information sharing does not affect performance of the hotels. The study recommends that hotel operator and owners should invest on outsourcing in order to boost their performance. The study also recommends that further studies on supply chain practices in hotels to investigate on other practices not included in this study, the moderating effect of leadership style and also to cover a larger population.

