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The Role of Procurement Practices in Hotel Performance Enhancement

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Abstract

As a foremost factor of competitive edge, Procurement practices can be identified as a set of actions undertaken by a company to guarantee that its supply chain is managed properly, and they are crucial for maintaining a smooth operation and a healthy bottom line. This study aims to identify the impact of procurement practices on the hotel performance enhancement in Sri Lanka. This research examines and develops the notion of procurement practices such as, Buyer Supplier Relationship, Supplier selection procedures, Organizational capacity, and Procurement Process Management. A descriptive survey design was used in the study. The primary data was collected via a questionnaire from managers in the finance and procurement departments of 30 hotels around the country. The relationship between procurement practices and organizational performance was investigated using analytical tools such as Karl Pearson correlation and multiple regression analysis in this study with the support of Statistical Package for Social Sciences (SPSS). Moreover, financial performance was employed to quantify organizational performance in this study, and financial performance is a crucial component influenced by procurement procedures in Sri Lanka's hotel business. Consequently, this research provides a valuable insight for supply chain and procurement professionals to evaluate the comprehensiveness of their current procurement techniques in order to gain a competitive advantage.

Keywords: Procurement practices; Organizational performance; Hotel industry; Tourism

Introduction

Tourism is a rapidly expanding business across the world. Tourism now has a global commercial volume that equals or even exceeds that of oil exports, food items, and automobiles. Over the decades, tourism has grown and diversified to be one of the fastest expanding economic sectors, a significant player in international trade, and one of the primary sources of revenue for many developing nations [1]. As per the World Travel and Tourism Council, Travel and tourism precisely supports more employment than the financial sector, banking, mining, and education sectors, and contributes significantly much to GDP than both the automobile and chemicals manufacturing industries in every part of the world. Sri Lanka's hotel business is a key driver of the country's economic development and a force that helps the country attract more tourists. There are many necessities that stand out as priorities to ensure the efficiency and continuity that visitors expect when they stay at the facility, and the hotel

industry has unique demands that are not common in any other industry. From 2012 to 2017, the hotel industry in Sri Lanka has been gradually rising, with 2.05 million tourist arrivals in 2016 and earnings of US\$ 3,518 million. The industry grew at a rate of 14% in 2016, well above the global tourism rate of 3.9% and 10.7% in South Asia, respectively. This gradual development impacts future investment in the hotel sector, leading to gradual growth in hotel constructions, new entries, and facelifts such as rebranding, expansion, and upgrading existing hotels to higher star grades [2]. After remittances, textiles and garments, tourism is the economy's third largest export earner, according to the Central Bank of Sri Lanka. The government of Sri Lanka has prepared a strategy plan for the years 2017-2020, which includes a mission "to be a high-value destination offering extraordinary experiences that reflect Sri Lanka's natural and cultural heritage, are socially inclusive and environmentally responsible, and provide economic benefits to communities and country." And The Tourism Strategic Plan of Sri Lanka is primarily intended to raise

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revenue for the nation, assist local people, and expand tourism in a sustainable way [3]. In today's changing economic climate, a greater emphasis is being placed on providing value to customers at the lowest feasible cost. Hotels, whether large and small scale, must focus on how to offer products and services at a reasonable price. Procurement is an important part of every organization, including hotels. Procurement has a big impact on hotel performance. Procurement practices are a series of operations carried out by a company to ensure that the supply chain is managed effectively, and it also important in assisting the hotel industry in achieving its goals and preparing for the unpredictable future. Organizing purchases, assessing the supplier market, and arranging the acquisition of materials, commodities, and infrastructure are all aspects of procurement. Moreover, these activities are regulated by the procurement department of a hotel. This department is responsible for ensuring that a hotel's manufacturing capacity are consistently supplied to avoid production delays or interruptions. Procurement, on the other hand, has the potential to add strategic value as it mainly concerned with efficiency, the elimination of financial and technological costs, and the preservation of the system's reputation and competitiveness. However, merely issuing a purchase order for each request does not signify that price are being cut; in general, it always indicates the contrary. Continuously surveying what is being used and engaging with people who purchase those goods allows the business to operate more efficiently and effectively [4]. Failure to implement procurement procedures successfully may have a significant negative impact on hotels. In other words, poor procurement practices almost end in a financial loss. Cost is also an important factor in consumer services in today's business world. In certain cases, the quality dimension is changed to save money, and management has strong hopes that the quality risk will not be identified. And when a company's acquisition procedures are poor, it makes unnecessary acquisitions. It also means the company is overpaying for transportation, have no leverage, and have contract scope issues. For example, Hilton Hotels in United States of America updated its procurement approach by integrating procurement into national agreements for its different brands and using local suppliers where it makes financial sense. Further Hilton Hotels ensures that solid partnerships with suppliers are established in order to secure good prices, and then negotiates markups with the distributors who manage warehousing and distribution [5]. In addition, according to hoteliers Magazine, Suppliers and Hotel operators face numerous problems within their supply chain and the Magazine itself has conducted a Q&A session with hotel operators, suppliers, and procurement service providers. Herman Schumacher, Vice President, Strategic Accounts and Customer Relations at Avendra LLC was one of their participants and mentioned that the hotels

are frequently time and resource constrained, which can result to price and convenience has become the most important considerations when making a transaction or selecting a provider. As a result, they may occasionally find themselves acquiring products from vendors that are unconcerned about food safety, quality standards, or ensuring that employees are treated fairly. Finding genuine vendors who comply with all regulatory laws can be a time-consuming and difficult task [6]. Studies on procurement practices and how it affects the performance of Sri Lankan businesses, particularly those in the service sector and the tourist hotel industry, which is critical to the country's economy, are not unequivocal. Since the research gap we have found has not been addressed in the existing literature, this topic of study is novel for Sri Lanka. Consequently, it is critical to concentrate on procurement practices in these growing economies to improve organizational performance in the tourist hotel industry. Therefore, the main purpose of this study is to identify the impact of procurement practices on organizational performance of hotel industry in Sri Lanka.

Literature Review

Tourism and hotel industry in Sri Lanka

The tourist industry is difficult to define because there is no single product. It encompasses a wide range of businesses, including hotels, transportation, attractions, travel agencies, and more. Tourism is described in its broadest sense as when individuals travel and stay in areas other than their regular surroundings for less than one year for leisure, business, health, or other purposes. The state of the economy has a significant impact on the hotel sector. In other words, economics and hotel performance are intertwined. Tourism contributes significantly to a country's GDP, and it generates a large portion of the country's foreign exchange profits. In 2019, the direct contribution of travel and tourism to global GDP was estimated to be at 2.9 trillion US dollar [7]. Tourism encourages local governments to upgrade infrastructure such as sanitary sewers, roads, power, telecommunications, and public transportation systems. This improves the locals' quality of life while also facilitating tourism. Furthermore, recent tourism research indicates that some situational and hotel-specific factors have a major impact on hotel success. According to hotel performance studies, increasing revenue and income in the tourist sector, as well as increased foreign currency earnings, helps businesses to create more revenue and income while preserving financial performance [8]. The hotel sector in Sri Lanka is cantered in Colombo, which serves as the country's economic and financial hub as well as a gateway to the rest of the country. Following that is the southern area, where hotel operators take use of Sri Lanka's beach attractions, followed by ancient historic cities of archaeological importance in the country's south. The

recently liberated eastern and northern territories can grow and provide more to this industry, as they also hold old archaeological sites and architecture that tourists have yet to witness. Tourist hotels and other institutions licensed by the Sri Lanka Tourism Development Authority, such as boutique villas/hotels, guesthouses, inns, and youth hostels, form the backbone of the industry. In the future, the country might be regarded as a growth hotspot for the tourist sector. With a contribution of 5.1% to GDP. However, in near future, it is expected that this contribution would rise to 6.6%. The scenery and attractions that the nation has to offer are quite diverse. As a result, travellers with a wide range of travel interests will be able to benefit from visiting Sri Lanka. In 2017, the group achieved 2.17 million tourist arrivals, up from 2.05 million the previous year, indicating a 3.1 % increase. However, it's worth noting that the global tourist business grew by about 3.9 % around the same time period, which is likely to have influenced the industry's path [9].

Organizational performance

The measurements for organizational performance are dependent on who is asking the questions and why they need to assess performance, according to, professionals measure and report organizational performance for a variety of reasons, including to justify the proper use of investors' funds, to guide managerial decision-making by highlighting problem areas, to compare the performance of different functions, projects, and people, and to exercise control [10]. As a result, the meaning of organizational performance might shift depending on the context. One of the most straightforward definitions of organizational performance considers the firm's development and survival [11]. According to this definition, a company's performance is effective if it meets its objectives and continues to develop. The flaw with this method is that it neglects to take into consideration the firm's external and internal surroundings [12]. In evaluating the overall performance of an organization, a set of metrics must be used to ensure that all components are monitored and analyzed thoroughly. There is a concerted effort to move toward a broader definition of organizational performance, one that acknowledges and addresses the long-term viability of work processes and results [13]. According to, integrating a formal assessment of strategic planning in its measurement is another essential variable in assessing organizational performance [14]. The efficacy of fulfilling these goals is shown to be enhanced when businesses review their strategic planning utilizing internal and external evaluations with a cascading system of goals, strategies, and plans. The organizational performance is characterized as a measure of how well businesses are run and how much value they provide to customers and other stakeholders [15]. Organizational excellence, on the other hand, is characterized as exceptional leadership and delivery of value to customers and other

stakeholders. Organizations can improve their financial, business, and competitive performance by implementing SCM practices, which include increasing production and effectiveness, enhancing product quality, increasing productivity, and lowering costs. As a result, these efficiencies have a direct impact on the firm's economic efficiency, allowing it to seize new business opportunities, raise profit margins, market share, and sales volume [16]. According to, Return on Investment (ROI), profit margin, ROI rise, revenue and market share, profit margin on sales, and overall competitive position have all been used in previous studies to assess organizational efficiency. In this analysis, the same elements are used to evaluate organizational efficiency [17].

Buyer-Supplier relationship

In recent years, there has been a lot of emphasis on the relationship between buyers and suppliers. According to a study conducted by, relationships between buyers and sellers were regarded as adversarial, arm's length transactions [18]. This partnership, on the other hand, is evolving toward a more collaborative approach. This shift assumes that the suppliers are vital sources for obtaining a competitive advantage in global markets. In terms of experience, information, and the ability to share risks. According to the market demands for increased product complexity and variety based on a diverse collection of innovations, as well as response at greater levels of reliability and quality while reducing costs, have shown that some, if any, companies cannot do it all alone. As a result, in order to satisfy their buyers, they must strengthen their core competencies by partnering with other suppliers of complementary competencies. True improvements in efficiency, design, and quality are impossible to achieve unless suppliers collaborate and innovate to the highest feasible degree. As a result, many manufacturers understand that maintaining high levels of confidence and cooperation with their suppliers is essential to their ability to become world-class competitors. Companies must look in to their suppliers to help them achieve a stronger competitive position as higher performance standards are expected in each market setting [19]. The buyer-supplier relationship allows both parties to benefit from each other, but the implicit nature of that relationship can be complicated and difficult to manage. Both the customer and the supplier may establish mutual confidence and make significant progress in pursuing the potential for mutual benefit by knowing and fulfilling the expectations of the other side. Both sides may establish trust while preserving a reputation as ethical and dedicated partners by communicating shared expectations, keeping promises, and working together. According to research conducted in Turkey, knowledge exchange, strategic partnership, connectivity, information flows accuracy, and trust are considered as the five dimensions of the buyer-supplier relationship [20].

Hotels look for opportunities to establish long-term partnerships with suppliers and raise sales by partnering with travel agents and contract firms, and the hotels can develop to comply with their expectations through the firm's service vision and service-standards [21]. Adapting consumer needs, increased standards of pricing and efficiency, and an intensely competitive climate are all possible service factors impacting hoteliers. Hotels compete fiercely, and to win, they must strive to maintain product and service consistency while also being innovative in preserving the strategic Buyer-Supplier Relationship.

Supplier selection procedure

The process of identifying, evaluating, and contracting with suppliers is known as supplier selection. The supplier selection process consumes a significant amount of a company's financial resources and is critical to the organization's performance. The primary goal of the supplier selection process is to lower purchasing risk, increase total value for the buyer, and foster intimacy and long-term relationships between buyers and suppliers [22]. One of the most important decisions that the procurement department of any manufacturing company must make is the selection of a suitable supplier. The supplier selection process has received considerable attention in the business management literature. One of the strategic operating methods is supply strategies. Furthermore, as more companies implement Total Quality Management (TQM) and Just-In-Time (JIT) principles, the issue of supply selection has become increasingly relevant. While managers believe that quality is the most important attribute for a supplier, the findings of suggested that they select suppliers mainly based on cost and delivery efficiency [23]. A company's purchasing activities play a critical role in its day-to-day operations. The performance of suppliers has a significant impact on the quality of manufacturing and services. Furthermore, the purchase cost of the product's materials accounts for a significant portion of the entire cost. As a result, choosing the best suppliers is critical for the company. Unfortunately, most of the time, suppliers are unable to deliver high quality components on time and at the lowest possible price. In other words, quality, delivery, and cost objectives are incompatible. The supplier selection problem is essentially the question of "who to purchase from and how much to buy." A good selection procedure may save a lot of money and provide better control over the resources. According to researchers, the buying department's most essential duty is to choose supply sources, because a poor choice can have a major impact on the company's performance [24]. Supplier selection is a crucial strategic choice in the service supply chain that has a direct impact on customer satisfaction. The goal of the supplier selection is to find the best suppliers for certain products or services. Because some qualitative and quantitative elements are critical in the selection

process, the decision maker must first identify the appropriate factors. According to the research conducted by the environmental issues are increasingly becoming a significant concern for company and management. Integrating a company's environmental strategy to the buying function's practices may be a potentially successful way of handling it. Distributing environmental sustainability strategies across the supply chain can be an efficient way to enhance an industry's environmental efficiency. As the supply base decreases, manufacturers must find ways to set themselves apart from their rivals. A supplier's ability to compete in the industry can be enhanced by implementing an environmental protection policy. Furthermore, outlined a set of environmental requirements that a business should follow when choosing a supplier. Environmental standards are divided into two categories: quantitative environmental criteria and qualitative environmental criteria and in the long run, companies can improve their competitive position by incorporating environmental factors into the supplier selection process.

Organizational capacity

Organizational capacity refers to the resources, expertise, and procedures that an organization employs to achieve its objectives and meet stakeholder expectations, and it sets the "boundaries of its effective action" [25-27]. According to, Organizational capabilities are defined as the aggregation, coordination, and deployment of organizational competencies that are focused on the organization's strategic goals [28]. The capability profile of an organization is made up of the characteristics that it possesses. These characteristics are dormant until they are activated. Capacity is thus relevant in terms of whether it is used or not. Knowledge, skill, and ability, all of which are linked to the human dimension of performance, are critical among the basic components of organizational capacity. The capacity of a company to integrate its human resources and associated skills to create a dependable, effective, and valuable product that reacts in a timely manner to consumers' present or projected demands is what ultimately separates it from its competitors. Building organizational capacity decreases the unpredictability of external demands by expanding the organization's repertoire of viable responses by repurposing resources and creating synergies [29]. Organizational capacity is frequently considered as the result of purposeful and innovative procedures that businesses develop to grow and get a competitive advantage over competitors in the marketplace [30,31]. Effective organizations are those that have a diverse set of capacity qualities and employ or deploy that ability to achieve their goals. The different information systems, such as Point of Sale, are now combined to help predict data, track inventory levels, and sales patterns, and as a result, retailers have seen reduced turnaround times, faster order filling, inventory at the right safety stock level, and improved customer experience

[32]. Therefore, organizational capacity implies a company's ability to provide services and goods that not only meet current consumer expectations but also foresee future market prospects [33].

Procurement process management

Procurement is a process or operation for acquiring products and services. Procurement, which is distinct from buying, includes tasks such as defining fundamental requirements, sourcing activities such as market analysis, vendor assessment, and contract negotiation. Risk evaluation, finding and evaluating alternative solutions, contract awarding, supply of and reimbursement for products and services, and, where applicable, continuing contract management and concern over processing of goods are all part of procurement process. The main objective of procurement is to purchase the right good or service from the appropriate suppliers, at the appropriate sites, in the appropriate quantity or quality of service, and at the appropriate time. The procurement process starts the supply chain and lays the groundwork for the other procedures of production and distribution. Production is dependent on the timely supply of high-quality materials in order to manufacture the right quantities of products for distribution to different locations for consumption. Procurement has long been considered as a weak function of an organization. It's a well-known statistic that the procurement process absorbs roughly 60% of the cost of items supplied, so there's a lot of room for cost savings here. If properly managed, this process can lead to an organization's success. The procurement methods used by both chain and non-chain hotels in Thailand. Organizing purchases, surveying the supply market, arranging the purchase of products, products, and equipment, assessing the optimal quantities of goods available, placing orders, overseeing order execution, shipping, and receiving materials, goods, and equipment, and performing qualitative and quantitative controls are all part of procurement. The key aim is to provide a hotel with the required goods, products, and food and beverage supplies in the right amount, on schedule, and at the lowest possible cost. Understanding the experience of corporate partners and developing strong relationships with them from the front line to the executive level are all important aspects of using a proper procurement system. Firms can minimize adviser expenses and ensure that realistic budgets are adhered to by improving performance of procurement professionals. The failure to monitor and enforce quality standards can be linked directly to issues in human resources capacity to monitor procurement processes, poor dedication of specifications, weak definition of requirements, and/or insufficient budgets, and failure to enforce contract conditions is due to poor supervision from within the private sector as well. Due to the lack of resources, regulatory bodies rarely succeed in enforcing rules [34]. Providing potential

suppliers and contractors with clear and consistent information increases the transparency of procurement process [35]. When it comes to procedures, this includes training staff on how to carry out operations, establishing guidelines, and illustrating how the procurement process should function in order to achieve strategic objectives. Standard procurement processes are required by organizations, and they must include all parts of the procurement cycle, including supplier selection, contract negotiations, order placement, and payment [36]. Procurement plays a critical role in most businesses, may help them achieve sustainability and long-term performance goals by focusing on value addition in the procurement process [37]. The usage of manual processes has resulted in various inefficiencies in procurement procedures' operation and regulation [38]. Organizations must adopt information technology solutions to solve today's operational problems, lowering operating costs via advanced services to suppliers and other stakeholders. The hotel industry needs to use information technology to ensure that the procurement system runs smoothly. Hotels could use information technology to find and learn about the best products, expediting the process. A study aimed to examine the current procedure, effectiveness, and quality of procurement processes used in Malaysian hotels [39]. Through the study the authors have highlighted that analyzing the sourcing practices and developing appropriate plans will aid hospitality companies to cut expenses, maximize performance, and, most notably, improve their bottom line.

Methodology

Conceptual framework

The independent variables in this analysis are buyer supplier relationships, supplier selection procedures, organizational capacity, and procurement process management, while the dependent variable is the organizational efficiency (Figure 1).

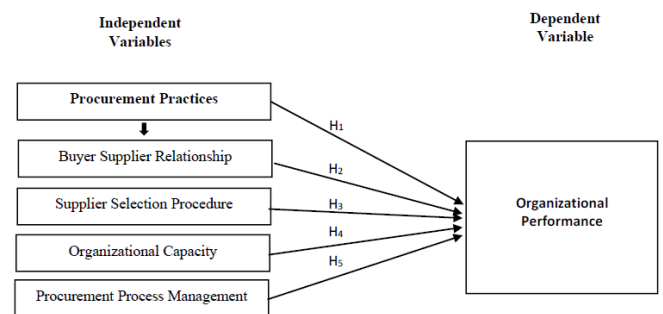


Figure 1: Conceptual framework.

Hypothesis of the study

This study aims to identify the impact of procurement practices on the hotel performance in Sri Lanka. Following hypotheses were developed and tested to accomplish that intention.

Ha1: There is a significant impact of Procurement Practices on the hotel performance enhancement.

Ha2: There is a significant impact of Buyer Supplier relationship on the hotel performance enhancement.

Ha3: There is a significant impact of Supplier Selection Procedure on the hotel performance enhancement.

Ha4: There is a significant impact of Organizational Capacity on the hotel performance enhancement.

Ha5: There is a significant impact of Procurement Process Management on the hotel performance enhancement.

Research approach

Deductive research strategy has been used in this study since the research hypotheses were developed based on an existing theory.

Table 1: Descriptive Statistics.

Variables	Mean	Median	Std.
Buyer supplier relationship	3.6389	4.0000	.81894
Supplier selection procedure	3.5944	3.8333	.83009
Organizational capacity	3.3444	3.4167	.81876
Procurement process management	3.5000	3.5833	.77805
Organizational performance	3.5667	3.8333	.75886

Table 2: Correlation Matrix.

Correlations						
		BSR	SSP	OC	PPM	OP
Buyer supplier relationship	Pearson Correlation	1	.952**	.616**	.819**	.949**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	30	30	30	30	30
Supplier selection procedure	Pearson Correlation	.952**	1	.735**	.911**	.958**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	30	30	30	30	30
Organizational capacity	Pearson Correlation	.616**	.735**	1	.874**	.751**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	30	30	30	30	30
Procurement process management	Pearson Correlation	.819**	.911**	.874**	1	.915**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	30	30	30	30	30

Organizational performance	Pearson Correlation	.949**	.958**	.751**	.915**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	30	30	30	30	30

Table 3: Model summary.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.979 ^a	.959	.953	.16477
Dependent variable: Organizational performance				
Source: Authors' compilation based on SPSS outcome				

Table 4: ANOVA.

ANOVA ^a						
Model		Sum of squares	df	Mean Square	F	sig
1	Regression	16.021	4	4.005	147.539	0.000
	Residual	0.679	25	.027		
	Total	16.700	29			

Table 5: Coefficient.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
BSR	.880	.055	.949	16.004	.000
SSP	.876	.049	.958	17.741	.000
OC	.696	.116	.751	6.020	.000
PPM	.892	.074	.915	11.999	.000

Table 6: Status of Hypotheses.

Hypothesis	Results
H1 - There is a significant impact of Procurement Practices on Organizational Performance of Hotel Industry in Sri Lanka.	Accepted
H2 - There is a significant impact of Buyer Supplier Relationship to the Organizational Performance of Hotel Industry in Sri Lanka.	Accepted

H3 - There is a significant impact of Supplier Selection Procedure to the Organizational Performance of Hotel Industry in Sri Lanka.	Accepted
H4 - There is a significant impact of Organizational Capacity to the Organizational Performance of Hotel Industry in Sri Lanka.	Accepted
H5 - There is a significant impact of Procurement Process Management to the Organizational Performance of Hotel Industry in Sri Lanka.	Accepted

Research population and sample

According, at the end of the year 2019, the total number of establishments in the registered listed accommodation at SLTDA amounted to 2619 [40,41]. The total capacity consisted of 474 tourist hotels. 38 - one-star hotels, 41 - two-star hotels, 26 - three-star hotels, 24 -four-star hotels, 25 - five-star hotels, 81 - small luxury hotels, and 239 unclassified hotels are among the 474 tourist hotels in Sri Lanka. The sample size for this study is limited to 75 three and above star hotels in Sri Lanka. A sample is a section of the population chosen for research and cluster sampling method has been selected to choose sample size. Due to the prevailing COVID-19 situation some hotels are temporarily closed and it's impossible to approach each hotel in the sample as previously indicated for the goal of data gathering. The sample size of our research consists of 30 hotels in Sri Lanka from 25 districts which were registered under SLTDA.

Data Collection

In this quantitative research, primary and secondary data were used to collect the data. The primary data collection method of this study is an online web-based survey questionnaire which includes 5-point Likert scale statements. An online web-based questionnaire is a set of pre-formulated questions to which respondents, such as hotel managers, record their responses. Secondary data for this study collected through the computer-based searches on academic databases and the relevant books, journals, conference papers and reports were reviewed thoroughly. Survey questionnaire is made up of 35 closed-ended questions which have been prepared based on the findings of literature review. Five of the 35 closed-ended questions were designed to capture respondents' organizational and demographic information, while the other 30 questions were focused on the research problems and objectives. The pilot study was carried out to test the questionnaire's reliability, and several hotels from throughout the island were asked to fill out and submit a questionnaire in order to acquire quantitative data for the pilot project.

Data Analysis

The Statistical Package for the Social Sciences has been used to analyze the primary data acquired through online web-based questionnaires (SPSS). To conduct relevant analysis, statistical approaches such as Pearson Correlation and Regression were applied.

Results and Discussion

Descriptive Statistics

The descriptive statistical approach was used to assess the variable of this study (Table 2).

The mean values of the buyer-supplier relationship variable, Supplier selection procedure variable, Organizational capacity, Procurement process management variable and Organizational Performance variable are 3.6, 3.6, 3.3, 3.5 & 3.6 respectively. It implies that the most respondents have agreed to the given statements.

Correlation analysis

A correlation analysis is used to determine the relationship between the independent variables and the dependent variable. While the strength of the relationship is weaker when the correlation coefficient is less than 0.3, the relationship is moderate when the values are between 0.3 and 0.7. The relationship is deemed strong when the correlation coefficient is greater than 0.7 (Table 3).

As per Table 3, the r value of 0.949 indicates that there is a strong positive relationship between the buyer-supplier relationships and organizational performance. Also, because the p value is 0.000, which is less than 0.05, this association is statistically significant. Similarly other independent variable such as Supplier selection procedure, Organizational capacity, and Procurement process management have a positive relationship with Organizational performance and their r values are 0.958, 0.751, and 0.915 respectively. Meanwhile the p values are 0.000 (less than 0.05).

Therefore, these independent variables are statistically significant with the dependent variable.

Regression analysis

The impact of independent variables on the dependent variable was investigated using the multiple regression analysis (Table 4).

R square value is 0.959 which represents that the 95.9% of the variance in the dependent variable (organizational performance) explained by the independent variables of buyer-supplier relationship, supplier selection procedures, organizational capacity, and procurement process management (Table 5).

The above Table 5 determines whether the predictor variables of the study account for significant variance in the outcome variable (dependent variable). Accordingly, the significant value is less than 0.05 and it demonstrate that there is a significant variance between predictors of buyer- supplier relationship, supplier selection procedures, organizational capacity, and procurement process management and the dependent variable (Organizational Performance) (Table 6).

According to Table 6, the beta value of the buyer-supplier relationship variable is 0.880 which represents a significant impact on the dependent variable (organizational performance). The significance level (P-value) of buyer-supplier relationship is 0.000 that is within the accepted level of 0.05. According to the regression coefficients model, an increase in one unit change of buyer supplier relationship (BSR) variable will result in a change of 0.880 increase in organizational performance. Similarly other independent variable such as Supplier selection procedure (SSR), Organizational capacity (OC), and Procurement process management (PPM) has a significant impact on the Organizational performance and an increase in one unit will increase 0.876, 0.696, and 0.892 in Organizational performance respectively. Meanwhile the significance is same which 0.000 is (less than 0.05). Therefore, the study rejects all the null hypothesis, which stated that the independent variables do not have a significant impact on organizational performance. As a result of the analysis, it can be identified that the Buyer-Supplier Relationship, Supplier Selection Procedure, Organizational Capacity, and Procurement Process Management all have a significant impact on the hotel performance enhancements.

Hypotheses testing

The researchers in this study formulated and tested five hypotheses, as shown in Table 7. As per the results of above tests, all five hypotheses were accepted (Table 7).

Discussion

The findings of this study revealed that Buyer supplier relationship, Supplier selection procedure, Organizational

capacity and Procurement process management have a significant positive impact on the hotel performance in Sri Lanka. As per the study's results, the hypotheses have been accepted. In addition, this study's findings were aligned with the findings of the previous research conducted, which scrutinized the effects of procurement practices on the performance of commercial state owned enterprises in Nairobi County [42]. According to the results, hotels' organizational performances highly depend on the good procurement practices. Although buyer supplier relationship between hotels and their suppliers are more important, but some of them have stated that they do not have such relationships. It's quick to overlook vendors as nothing more than a required middleman between the firm and the goods and services which the firm is purchasing. The perspective of buyer- supplier hotels are looking for opportunities to establish long-term partnerships and raise sales by partnering with travel agents and contract firms, and the hotels can develop to comply with their expectations through the firm's service vision and service- standard interaction. Adapting consumer needs, increased standards of pricing and efficiency, and an intensely competitive environment are all possible service factors impacting hoteliers. However, while cost reduction will always be a primary concern for procurement, procurement professionals may add value to the process by focusing on value. The supplier selection process consumes a significant amount of a company's financial resources, and it is critical to the organization's performance. The primary goal of the supplier selection process is to lower purchasing risk, increase total value for the buyer, and foster intimacy and long- term relationships between buyers and suppliers. Furthermore, as the hotel industry develops, the numerous operations will continue to change. Human resource development has become a priority because employees' expertise and skills are the most valuable assets in service organizations, especially in the hospitality industry [43]. The firm should understand their capacity before planning on purchasing and the effective handling of the procurement process management is critical. It is important for each company to maintain a professional and operational procurement role in order to minimize operating costs and remain updated on business trends in order to purchase products and services at the real price, value, and time [44].

Conclusion

The hotel industry in Sri Lanka is a core driver of the island nation's economic development and it is also a force that helps to attract more tourism to the region. Procurement plays a crucial part in the hotel industry by assisting to achieve its goals and preparing for the unpredictable future. According to the findings, most hotels use a variety of procurement techniques in their operations. Relationships between buyers and suppliers, supplier selection procedure, organizational capacities, and procurement

process management have all helped those businesses improve their performance. This was backed up by the findings of a regression study, which revealed a substantial link between procurement practices and organizational performance. Based on the findings, the research advises the hotel industry and tourist authorities to implement essential changes in order to improve the tourism business in Sri Lanka. Furthermore, the research opens the possibility of several future investigations. Since this study only focused on a limited number of hotels in Sri Lanka, future researchers can investigate the entire tourist industry, which includes hospitality, transportation, travel facilitation, entertainment, and other businesses.

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