

# Supplier Selection and Segmentation Practices on Performance of Star Rated Hotels in Nakuru County, Kenya

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**ABSTRACT:** *Supplier Relationship Management (SRM) plays a crucial role in the performance of companies across various industries, and the hotel industry is no exception. Given that the hotel industry heavily relies on the supply of services and products, effectively SRM is vital for success. The primary aim of this research was to explore how Supplier selection and segmentation practices impact the performance of star-rated hotels situated in Nakuru County, Kenya. The study was based on the Theory of Constraints and Goal Setting Theory to inform its investigation. Employing a descriptive survey design, the research sought to assess the impact of supply selection and segmentation practices on the performance of star-rated hotels in Nakuru County by surveying a comprehensive sample of 87 procurement managers from such establishments. Primary data was collected using a structured questionnaire that was administered via a drop and pick data collection procedure. The researcher adhered to research ethics by first obtaining data collection letter from JKUAT graduate School which was used for obtaining research permit from NACOSTI. Data was analyzed through descriptive statistics and regression analysis methods. The findings were then presented using tables. The results revealed that supplier selection significantly influenced the performance of Star Rated Hotels in Nakuru County ( $\beta = 0.186, p = 0.038$ ). Similarly, the examination of supplier segmentation coefficients indicated a significant impact on the performance of these hotels ( $\beta = 0.364, p = 0.007$ ). From the researchers' findings it is recommended that the government should develop a clear policy framework to guide supply selection process in the Tourism sector. Second, the researcher recommends that in practice, the suppliers should be guided by supplier previous supplies lead time, capabilities that meets the technical requirement of the hotel, value addition to the products and services to be supplied to the hotel and history of supply reputation in the hotel sector.*

**KEYWORDS:** *Supplier Relationship Management Practices, Supply Selection Practice, Supplier Segmentation Practice, Performance of Star Rated Hotels*

## I. INTRODUCTION

### 1.0 Background to the Study

Effective supply chain management practices encompass a multifaceted approach aimed at optimizing various aspects of the supply chain process. These practices involve streamlining procurement processes, fostering strong relationships with suppliers, implementing robust inventory management systems, ensuring efficient transportation and logistics, and enhancing collaboration and communication across all stakeholders. Additionally, effective supply chain management practices prioritize sustainability and resilience, enabling businesses to adapt to disruptions, minimize environmental impact, and meet evolving consumer demands. Overall, by embracing a holistic approach to supply chain management and adopting innovative technologies, companies can achieve greater efficiency, agility, and competitiveness in today's dynamic business environment. (Zheng, & Wang, 2023).

Furthermore, effective Supplier Relationship Management (SRM) techniques can lead to cost reductions by employing enhanced negotiation methods, expediting procurement processes, and lowering inventory holding costs (Wu, Yan, & Chen, 2020). Hotels stand to gain from shared knowledge and expertise by closely collaborating with suppliers, thereby driving process improvements and operational efficiencies (Chang, Chang, & Yeh, 2020). Supply uncertainty is compounded by shifts in demand patterns, currency fluctuations, governmental policies, inflationary pressures, and other factors. In periods of heightened supply uncertainty, establishing and reinforcing relationships with suppliers can yield potential benefits such as accessing critical supplies, reducing transaction costs, and mitigating the risks associated with opportunism that contract enforcement procedures can mitigate. The study examined various aspects of supplier

relationship management practices, including supplier segmentation, information sharing, and supplier performance (Taherdoost & Brard, 2019). Selecting the appropriate supplier entails a series of steps, including identification, evaluation, and negotiation, with the aim of mitigating purchasing risks, minimizing costs, maximizing purchaser value, and cultivating long-term relationships between the buyer and supplier.

Supplier segmentation involves strategically categorizing suppliers based on the desired type of interactions, encompassing various activities aimed at managing structured transactions and coordinating them across the organization systematically. Factors such as expenditure and projected overall value across multiple dimensions are considered in this process. Additionally, assessing potential risks and implementing risk mitigation strategies are integral to segmentation, ensuring that anticipated benefits outweigh associated risks (Magut, 2015). Otieno, Kiongera, Odero, and Makori (2022) found that Supplier information sharing practices had an insignificant effect on general performance.

Globally, Leppänen (2023) investigated the utilization of supplier relationship management practices among companies operating in different industries in Finland, Value creation factors were identified, along with areas for improvement and challenges encountered. Regionally, Changalima, Ismail, and Mchopa (2023) explored the impact of supplier selection and supplier monitoring on public procurement efficiency, specifically focusing on cost reduction in Tanzania. The results demonstrated that both supplier selection and supplier monitoring significantly contribute to enhancing public procurement efficiency in terms of cost reduction. Studies in Kenya have also showed significance relationship between supplier relationship management and performance. Mwangi (2020) collected data from supply chain managers in charge of procurement departments in Nairobi County manufacturing firms and found that procurement cost optimization was a significant predictor of Kenyan manufacturing firms' performance.

Nakuru County in Kenya has the largest number of star-rated hotels compared to other counties in the country. Nakuru County, being the cradle of the Great Rift Valley, attracts a significant number of tourists and business travelers, leading to a higher concentration of hotels, including those with star ratings. This demonstrates that these high-end hotels played a substantial role in accommodating guests and catering to the needs of a particular segment of customers seeking luxurious accommodations and services in Nakuru. (Kenya National Bureau of Statistics, 2018). There are a total of 87 star rated hotel establishments in Nakuru County registered with the Tourism Regulatory Authority (Tourism Regulatory Board, 2019). The hotels have been established in both high class and low class areas to target the consumers from all the social class levels (Tourism Regulatory Board, 2023).

### **1.2 Problem Statement**

Star-rated hotels in the hospitality industry face ongoing pressure to streamline operations and improve guest satisfaction, with supplier relationship management (SRM) being critical for maintaining high standards through efficient goods and services delivery. However, the efficacy of SRM strategies in these hotels and their broader impact on performance requires deeper exploration. Tangus, Oyugi, and Rambo (2015) emphasize the crucial role of SRM in enhancing competitiveness within the hotel industry. Owusu (2020) investigated the adoption levels of SRM practices specifically in star-rated hotels.

In Kenya, hotels are categorized into one to five-star ratings, boasting approximately 16,156 rooms accommodating around 28,516 thousand-bed capacities (KNBS, 2022). However, recent trends indicate a decline in hotel performance. While the accommodation and restaurant services sector in Kenya experienced a notable growth of over 21.5 percent in the first quarter of 2023, this represents a significant drop from the 40.1% growth observed in 2022. Comparatively, Kenya's bed occupancy rate increased by 53%, trailing behind South Africa's growth rate of 62% (PWC, 2023). This declining occupancy rate in Kenya suggests a decrease in room occupancy, highlighting the underperformance of star-rated hotels in the country.

According to Getenga and Mburu (2022), the poor performance of the star-rated hotels is of concern. Furthermore, Wachira and Kandie (2021) opine that the collapse of several hotels in Kenya was due to financial hardship. Recent studies Smith et al., (2022); Johnson and Lee (2023) highlight the significance of SRM in the hospitality sector, emphasizing its potential to improve efficiency, reduce costs, and elevate service quality, guest satisfaction and financial performance (Sánchez-Rivero et al., 2023).

Research on supplier relationship management (SRM) is gaining traction within procurement and supply chain management in spite of a noticeable dearth of comprehensive studies focused on this specific context. The declining bed

occupancy and other performance indicators in Kenya's hotel sector, coupled with limited empirical research on SRM and hotel performance in the country, prompted the researcher to address this literature gap. Consequently, this study aimed to explore the effect of supplier selection and segmentation practices on supplier performance evaluation, on the performance of star-rated hotels in Nakuru County, Kenya

### **1.3 Specific Objective**

- i. To determine the effect of supplier selection on the performance of star-rated hotels in Nakuru County, Kenya.
- ii. To assess the impact of supplier segmentation on the performance of star-rated hotels in Nakuru County, Kenya.

### **1.4 Research Hypothesis**

H<sub>01</sub>. Supplier Selection practice does not significantly affect the performance of star rated hotels in Nakuru County, Kenya.

H<sub>02</sub>. Supplier Segmentation practice does not significantly affect the performance of star rated hotels in Nakuru County, Kenya.

### **1.5 Significance of the study**

The study's findings hold significant implications for the development of policy recommendations and guidelines regarding Supplier Relationship Management (SRM) practices in the hotel industry within Nakuru County. Policymakers and industry stakeholders can utilize these findings to formulate supportive frameworks and initiatives aimed at encouraging the adoption and effective implementation of SRM practices. Such initiatives would contribute to fostering the growth and success of star-rated hotels in the region.

Moreover, the study's insights will enhance the understanding of supplier relationship management in the hotel industry, providing practical implications for managers. These implications can guide managers in optimizing their SRM strategies, thereby improving supplier relationships and driving better performance outcomes. Furthermore, the study lays a foundation for further research in the field of SRM within the hotel industry, enabling future investigations to build upon the findings and explore additional dimensions of supplier relationship management. Ultimately, the insights generated by this study will assist star-rated hotels in Nakuru County and similar contexts in enhancing their SRM practices and achieving improved performance outcomes.

## **II. LITERATURE REVIEW**

### **2.1 Theoretical Review**

The theories utilized in the study included: The Constraints Theory and Goal Setting Theory.

#### **2.1.1 The Theory of Constraints**

The Theory of Constraints, as emphasized by Jacob and McClelland (2001), underscores the challenges in managing projects effectively, especially when facing uncertainties and conflicting priorities such as meeting supply deadlines, budget constraints, and maintaining supply scope. In supplier selection, various criteria and frameworks have been developed based on different business environments and objectives (Kumar & Kumar, 2017). The process involves identifying suppliers capable of providing high-quality products or services at the right price, time, and quantity (Zhang et al., 2011). Therefore, it is argued that the criteria and framework for supplier selection should align with the organization's competitive strategy, whether it's cost leadership, differentiation, or response strategy. The proposed TOC-based supplier selection framework will serve as the foundation for analyzing how supplier selection, segmentation and performance evaluation practices impact the performance of Star Rated Hotels in Nakuru County, Kenya.

#### **2.1.2 Goals Settings Theory**

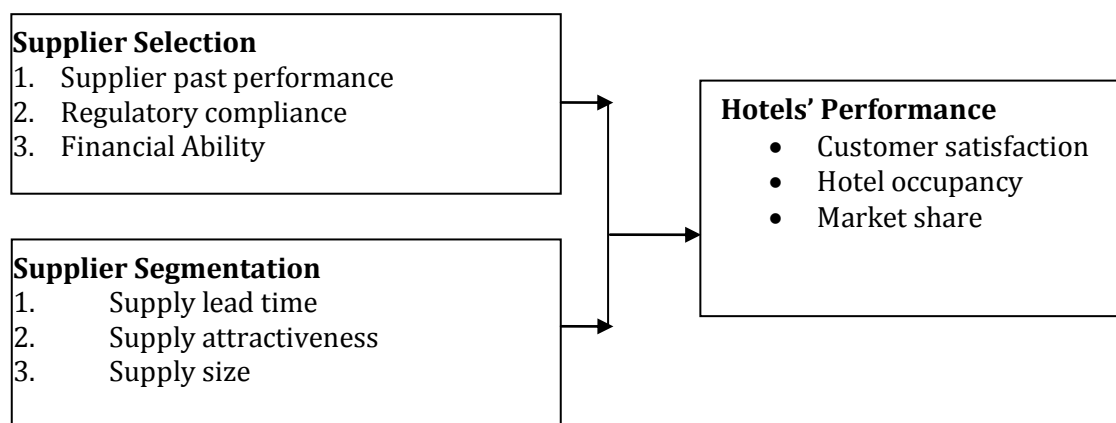
Hearnshaw and Wilson (2011) are notable proponents of Supplier Chain Network Theory. This theory conceptualizes the supply chain as a network comprising nodes and connections, offering a valuable framework for understanding its structure, relationships, and dynamics. By viewing the supply chain as a network, it becomes feasible to analyze and optimize the flow of materials, information, and value, thereby enhancing operational efficiency and overall performance. The connections between nodes are pivotal, facilitating the coordination and synchronization of activities across the supply chain. For instance, a manufacturer may establish connections with multiple suppliers to ensure a

consistent supply of raw materials and with distributors to deliver finished products to retailers. Efficient node connections enhance communication, collaboration, and coordination among supply chain partners, leading to increased responsiveness, cost savings, and better customer service.

This theory underscores the significance of examining relationships, interactions, and collaborations within the supply chain network to enhance efficiency, competitiveness, and customer satisfaction. By analyzing supplier information sharing practices, the study aims to provide insights into the performance of star-rated hotels in Kenya. The findings can inform strategies related to information sharing, supplier relationship management, inventory management, and innovation, ultimately contributing to improved supply chain performance and customer satisfaction within the hospitality industry.

### 2.1.3 Conceptual Framework

A conceptual framework is a structure or theoretical model that provides a systematic and organized approach to understanding a particular phenomenon, problem, or topic of interest. It outlines the key concepts, variables, relationships, and assumptions underlying a study or research inquiry, guiding the development of hypotheses, data collection methods, and analysis techniques. Thomas, & Reeves, (2023).



## 2.2 Empirical Review

The section reviews suppliers selection and segmentation practices affecting performance of Star Rated Hotels in Nakuru County, Kenya.

### 2.2.1 Supplier Selection Practice and Performance

Kamau and Anaya (2019) investigated the effects of supplier relationship management on company performance in Kenya. The use of a descriptive survey approach, along with quantitative and qualitative data analysis, allows for a comprehensive understanding of the factors influencing business performance in the Kenyan state corporations. The inclusion of both quantitative measurements and qualitative insights enhances the richness of the study's findings. The study's sample size of 80 persons reflects a reasonable representation of the population under investigation. By employing SPSS and Excel for data analysis, the study utilizes well-established statistical tools to derive meaningful insights from the collected data. The findings of the study, indicating a positive statistical relationship between supplier appraisal, partnership trust, supplier development, and procurement success in Kenyan state enterprises, highlight the significance of effective supplier relationship management in driving business performance. This suggests that focusing on evaluating and selecting suppliers, building trust-based partnerships, and investing in supplier development initiatives can contribute to improved procurement success. The recommendation for stricter measures to ensure suppliers' contractual commitments are met underscores the importance of contract management and enforcement in supplier relationship management. According to the findings, supplier appraisal, partnership trust, and supplier development have a favorable statistical link on procurement success in Kenyan state enterprises.

Nyaberi (2020) studied effect of supplier development management practices on organizational performance of manufacturing firms has been evolving using descriptive research design targeting 500 procurement, finance and production departments which were sampled to 399 employees. The collected data was analyzed with SPSS and

presented in the form of figures, tables, and histograms. The study concludes that supplier development can be enhanced by supplier selection, technical capability, and information exchange and supplier evaluation. The four variables can now contribute 65.3% of the overall performance of organizational development if it is implemented. In brief, the present study focusing on the hotel industry in Nakuru County, Kenya, aimed to fill a recognized research gap and enhance our understanding of how supplier relationship management practices affect the operational performance of star-rated hotels in this region.

Osewe and Aila (2023) investigated the impact of supplier selection practices on the supply chain performance of public sugar firms in western Kenya. Employing the Resource Based Theory as their framework, the study utilized a correlational research design and targeted a population of 42 respondents, specifically procurement officers and finance officers. Primary data collection was executed through a structured questionnaire. Data analysis was conducted using standard linear regression techniques. The findings indicate a significant positive effect of supplier selection practices on supply chain performance, explaining 55.8% of the variance ( $\beta=.354$ ,  $p<.05$ ,  $R^2=.558$ ,  $p<.05$ ). This suggests that enhancing supplier selection practices by one unit leads to a 0.354 unit improvement in supply chain performance. In conclusion, the study highlighted the critical role of supplier selection in enhancing the supply chain performance of public sugar firms in Western Kenya. State corporations are typically government-owned entities that operate in a variety of industries, including energy, transportation, healthcare, and education. The dynamics, challenges, and regulatory requirements of State Corporations can vary significantly from those of the hotel industry. In contrast, the current study was conducted within Kenya, focusing on star-rated hotels, with the majority operating within the private sector.

A research by Mutuku (2021) on the influence of supplier selection criteria on the performance of public corporations in Kenya, specifically focusing on the Water Resources Authority (WRA), provides valuable insights into the relationship between supplier selection and organizational performance in a public sector context. The study employed a census survey methodology, targeting all 55 members of the senior management and administrative staff at WRA. A closed-ended questionnaire was used for primary data collection. These findings highlight the significance of incorporating a variety of criteria into the supplier selection process for public corporations such as the Water Resources Authority. Organizations can improve their overall performance by selecting suppliers who comply with regulations, adhere to E-procurement practices, ensure quality, and demonstrate strong management capacity. The findings of this study were used to guide future supplier selection practices and strategies in the public sector, resulting in more effective and efficient procurement processes and better organizational outcomes. Mutuku (2021) study was conducted in public corporations whereas the current study was carried out in Kenya among star rated hotels, majority of which are in the private sector.

Changalima, Ismail, and Mchopa (2023) investigated how supplier selection and supplier monitoring influence the efficiency of public procurement, particularly in reducing costs in Tanzania. Their research involved administering a structured questionnaire to collect cross-sectional survey data from 179 public procuring entities across the country. Structural equation modeling (SEM) was employed to analyze the data. The findings indicated that both supplier selection and supplier monitoring play significant roles in improving public procurement efficiency, particularly in terms of reducing costs.

However, it's important to note that this study was conducted within the context of Tanzanian public procurement, thus caution should be exercised when generalizing the findings. Additionally, since cross-sectional data were collected, future studies may benefit from incorporating longitudinal data for a more comprehensive analysis. In general, this research provides significant guidance for procurement professionals, highlighting the necessity of choosing suitable suppliers and establishing efficient supplier monitoring systems to attain procurement effectiveness, particularly in terms of cost minimization. The study conducted by Changalima, Ismail, and Mchopa (2023) focused on evaluating the influence of supplier selection and supplier monitoring on enhancing public procurement efficiency, with a specific focus on cost reduction in Tanzania. Conversely, the current investigation was conducted within Kenya, targeting star-rated hotels, the majority of which operate within the private sector.

### **2.2.2 Supplier Segmentation Practice and Performance**

Mwangi (2020) collected data from supply chain managers in charge of procurement departments in Nairobi County manufacturing firms using a cross-sectional survey research design. 222 managers were selected at random from a population of 499 supply chain managers using stratified sampling. Descriptive statistics such as mean, standard

deviation, frequencies, and percentages were used to analyze the collected data. Correlation and regression analysis were also used as inferential statistics. The study's findings revealed that procurement cost optimization was a significant predictor of Kenyan manufacturing firms' performance. This indicates that there is a link between procurement and performance.

Woschank, Dallasega, Zunk, and Pacher (2022) introduced a cause-effect model that expands on previous research by investigating how process formality impacts supplier performance and purchaser satisfaction within the strategic supplier selection process. This model incorporated various factors related to the process, including target-, information-, organization-, and heuristics-related elements. Through the application of variance-based structural equation modeling in a large-scale field study, the research established a significant correlation between process formality and both supplier performance and purchaser satisfaction. In contrast, the current study conducted in Kenya focused on star-rated hotels, primarily operating within the private sector. This study addressed a gap in the literature by analyzing and presenting data related to the influence of supplier selection practices on the performance of these hotels, which is distinct from the focus of Woschank et al. (2022).

Siachitem (2022) assessed the impact of supplier relationship management practices on the performance of supermarkets in Nairobi County, Kenya. The study employed a descriptive research design. The target population included 252 employees across Choppies, Naivas, Tuskys, Quickmart, Carrefour, and Foodplus Chandarana supermarkets. A sample of 155 respondents was selected using both stratified random sampling and random sampling methods, with 125 respondents providing responses. Primary data was collected through semi-structured questionnaires. The findings pertaining to the first objective revealed that a majority of respondents acknowledged the tendency to continually seek alternative and low-cost suppliers under transactional supplier relationship management.

Regarding the second objective, the majority of respondents expressed the importance of trust in their interactions with suppliers. Moreover, a positive relationship between senior supermarket management and suppliers' management was observed. The results from the third objective indicated a mutual dependence between supermarkets and suppliers. Respondents agreed that supermarkets share their objectives and strategies with suppliers, and that relationships with suppliers are cultivated over an extended period. In conclusion, the study underscored the significance of supplier relationship management practices in influencing the performance of supermarkets in Nairobi County, Kenya. Siachitem (2022) study assessed the impact of supplier relationship management practices on the performance of supermarkets in Nairobi County, Kenya as opposed to the current study which was carried out in Kenya among star rated hotels, majority of which are in the private sector which is the literature gap filled by the data analyzed and presented in chapter four of this project.

Lajimi and Majidi (2021) conducted a systematic review to examine the existing literature on supplier segmentation and to identify future trends in this research field, employing a combination of Systematic Literature Review (SLR) and Citation Network Analysis (CNA). Following the establishment of search protocols and paper selection criteria, 52 papers were ultimately chosen and analyzed in accordance with the prescribed steps of SLR and CNA methodologies. The findings indicated a prevalent preference among researchers for the portfolio-involvement approach and decision-making techniques within the supplier segmentation research domain. Through a comprehensive analysis of the selected studies, potential future research directions were distilled. These included further exploration of supply chain paradigms, the assessment of supplier segmentation's impact on performance, and a holistic examination of supplier relationship management, with supplier segmentation as one of its components. Lajimi and Majidi (2021) conducted a systematic review to examine the existing literature on supplier segmentation as opposed to the current study which was on suppliers segmentation among star rated hotels in Kenya, majority of which are in the private sector which is the literature gap filled by the data analyzed and presented in chapter four of this project.

Rahiminia, Razmi, Shahrabi, and Sabbaghnia (2023) assert that supplier segmentation offers companies effective policies to manage each segment efficiently, resulting in time and resource savings. With sustainability becoming a mandatory requirement in competitive business environments, this study endeavors to develop a clustering-based approach for sustainable supplier segmentation. It simultaneously considers the characteristics of suppliers and aspects of purchased items. The weights of sub-criteria were determined using the best-worst method, followed by the application of the K-means clustering algorithm to all company suppliers based on four criteria. To assess the performance of the proposed approach, the model was applied to a real case study. The findings demonstrated that utilizing clustering algorithms enhances the efficiency of supplier segmentation, enabling the selection of the best criteria for sustainable supplier segmentation and supplier relationship management. Rahiminia, Razmi, Shahrabi, and Sabbaghnia (2023) study was

based on assertion that supplier segmentation offers companies effective policies to manage each segment efficiently segmentation as opposed to the current study which was on suppliers segmentation among star rated hotels in Kenya, majority of which are in the private sector which is the literature gap filled by the data analyzed and presented in chapter four of this project.

Shiralkar, Bongale, Kumar, and Bongale (2023) have devised an innovative approach aimed at demonstrating how supplier segmentation based on suppliers' payment risk portfolios can aid supply chain practitioners in evaluating suppliers' financial risk and devising viable supply chain finance solutions. This method utilized a stochastic optimization model to determine suppliers' optimal payment risk portfolios, thereby generating a supplier segmentation matrix. This matrix equips supply chain practitioners with the cognitive capacity to select suitable supply chain finance solutions for their suppliers. The proposed method holds potential for integration into an AI-driven, explainable recommendation system, which could assist supply chain practitioners in employing strategic decision-making in supply chain finance. Shiralkar, Bongale, Kumar, and Bongale (2023) propagated innovative approach aimed at demonstrating how supplier segmentation as opposed to the current study which was on suppliers segmentation among star rated hotels in Kenya, majority of which are in the private sector which is the literature gap filled by the data analyzed and presented in chapter four of this project.

Botend (2023) investigated the moderating influence of supplier relationship management (SRM) on the relationship between supplier segmentation and procurement performance, aiming to provide significant insights into this aspect. The study targeted firms in the Sekondi-Takoradi metropolis in Ghana, with procurement officers and supply chain/logistics officers participating as respondents. A sample of 100 respondents was selected using simple random and convenience sampling techniques. The findings revealed a high level of supplier segmentation based on capability and willingness among the selected firms. Additionally, an overall assessment indicated a high level of procurement performance within these firms. The study found a positive and significant impact of supplier segmentation on procurement performance, as well as a similarly positive and significant effect of supplier segmentation capability on procurement performance. However, while the effect of supplier segmentation willingness on procurement performance was positive, it was not statistically significant. Regarding the moderating role of supplier relationship management, it was observed that supplier segmentation capability moderated with supplier relationship management had a positive but insignificant effect on procurement performance. Similarly, the path from supplier segmentation willingness moderated with supplier relationship management also had a positive but insignificant effect on procurement performance. This suggests that supplier relationship management does not moderate the relationship between supplier segmentation and procurement performance. Beteng (2023) study was carried out in Ghana as opposed to the current study which was on suppliers segmentation among star rated hotels in Kenya, majority of which are in the private sector which is the literature gap filled by the data analyzed and presented in chapter four of this project.

Taghipour, Fooladvand, Khazaei, and Ramezani (2023) devised a systematic framework for assessing and categorizing suppliers according to Creating Shared Value (CSV) criteria within the supply chain. Initially, criteria for generating Sustainable Shared Value (CSSV) are derived from existing Corporate Social Responsibility (CSR) activities. These criteria are then classified into strategic and critical categories, and their weights are determined using the Best-Worst Method (BWM). Subsequently, suppliers are categorized into four clusters based on the Kraljic model, employing the Preference Ranking Organization Method for Enrichment Evaluation (PROMETHEE) technique. This framework facilitates informed decision-making for buyers, enabling them to select purchasing options and establish supplier relationships through the perspectives of CSV and sustainability. Taghipour, Fooladvand, Khazaei, and Ramezani (2023) devised a systematic framework for assessing and categorizing suppliers as opposed to the current study which was on suppliers segmentation among star rated hotels in Kenya, majority of which are in the private sector which is the literature gap filled by the data analyzed and presented in chapter four of this project.

De Hoog (2023) conducted a study focusing on the importance of supplier segmentation as a foundational element for effective supplier development. The study suggests that by categorizing suppliers into groups and tailoring development strategies accordingly, organizations can provide targeted engagement without the need to manage each supplier individually. It is emphasized that strategies need to be formulated to address the unique characteristics of different supplier segments. The study aimed to predict supplier segments using a classification algorithm to create a valuable model for organizations, particularly those lacking extensive carbon information about their suppliers. The research methods and results were demonstrated using the business context, data, and expertise of Philips for general application.

### **2.3 Summary of Empirical Review**

This section presents the summary of literature reviewed on the effect of Supplier Relationship Management (SRM) practices on the performance of star-rated hotels in Nakuru County, Kenya. Theoretical review was based on three theories that informed the study; Theory of Constraints, Supply Chain Network theory and Goal Setting Theory. The researcher further presented the conceptual framework indicating the interrelations between the independent and dependent variables. The researcher also reviewed empirical studies globally, regionally in the cases in Kenya on the effect of Supplier selection, segmentation, and supplier information sharing and supplier evaluation performance practices on the performance of star-rated hotels in Nakuru County, Kenya. The critique of the reviewed literature indicated that the area of supplier relationship management and performance in the star rated hotels in Kenya is still a gray area which requires much research, more especially in specific areas as; Supplier selection, segmentation, and supplier information sharing and supplier evaluation performance which the researcher collected data, analyzed, discussed to narrow this empirical gap as presented in chapter four of this project.

## **III. RESEARCH METHODOLOGY**

### **3.1 Research Design**

The study was based on descriptive census design guided by the objectives, data collection, and statistical, mathematical, or numerical analysis of the data collected (Neuman, 2013). The design is good in assessing current situation because it makes possible to study self-reported facts about the respondents, their feelings, opinions and attitudes. It is a design that is used to study a wide field of issues, population and activities in order to determine and describe any generalized occurrences' (Wiersma, 1986), perceive a descriptive census as useful in gathering data on a one-shot basis and hence is economical and efficient. It also captures data from both open and closed ended questions, observation schedules. The variety of foci that historical research uses such as issues movements' concepts, approaches, theories and development, was used in this study.

### **3.2 Population of the Study**

Osoro et al. (2015) define population as the larger collection of all subjects that a researcher is interested in studying, and it serves as the foundation from which a sample is drawn. In the context of this research, the target population was the 87 procurement managers in the star rated hotels in Nakuru County's Kenya who gave information on the effect of supplier relationship management practices on performance of the hotels. The list of the Star Rated Hotels in Nakuru County is in appendix III in the list of appendices. The unit of analysis was the 87 Star Rated Hotels in Nakuru County, Kenya whereas the unit of observation were the 87 Procurement Managers in the Star Rated Hotels in Nakuru County.

### **3.3 Sampling Procedure and Sample Size**

The researcher took a census of 87 Procurement Manager since the population was small. The use of the census technique in research is indeed effective, especially when dealing with small populations. Smith and Johnson (2021) suggest that this method is particularly beneficial for populations of 200 or fewer individuals. The census technique involved collecting data from every member of the population rather than using sampling methods. This ensured comprehensive coverage and minimal sampling error, making it highly suitable for small populations where every individual could be feasibly reached and surveyed. By conducting a census, researcher obtained accurate and detailed information about the entire population, facilitating more precise analysis and decision-making.

### **3.4 Data Collection instruments**

To collect data for this study, a self-administered structured questionnaire was used. The questionnaire design in this study was based on the questionnaire design principles outlined by (Oppenheim, 2000). A questionnaire was chosen because of its simplicity in administration and ease of scoring besides being readily analyzed (Cohen, Manion, and Morrison, 2007). It was also useful in that the type of response facilitates consistency across the respondents (Denscombe, 2007). The instruments consisted of closed ended questions and were administered to the respondents to fill on their own because all the respondents are literate. This type of instrument was useful in that it allowed participation by all literate respondents and minimize discrimination of the less articulate (Leung, 2001; Kvale and Brinkmann, 2009).

### **3.5 Data Collection Procedure**

After successfully presenting the proposal, the researcher got an official letter from JKUAT allowing her to apply for a research permit from the National Commission for Science, Technology, and Innovation (NACOSTI). Following the issuance of the permit, the researcher requested that NACOSTI provide him with an introductory letter/s for the star



rated hotels. The researcher directed the data collection process by supervising the research assistants' data collection activities.

### **3.6 Pilot Study**

As recommended by Connelly (2008) and Hill (1998), a sample size of 10-20 is deemed appropriate for a pilot study. Adhering to these guidelines, the pilot study engaged 10 procurement managers through closed-ended questionnaires distributed via Google Forms. It specifically targeted 10 star-rated hotels in Kiambu County, with one manager from each hotel participating in the pilot. The rationale for selecting Kiambu County was in its abundance of star-rated hotels, ensuring that the researcher could achieve interactions aligning with the study's objectives.

#### **3.6.1 Validity of Research Instruments**

Validity refers to the degree to which an instrument measures what it is intended to measure (Kathuli and Pals, 1993). According to Nyagah (2000), validity is the truthfulness or soundness of an instrument. It should measure what it purports to measure. In order for an instrument to be valid, it should cover the content of the study. An instrument can be valid if it is consistent. All aspects of validity, including content validity, construct validity, and logical validity, were adequately addressed in a research instrument. After discussions with supervisors, the instruments were validated and improved after a pilot study. A pilot study was done with ten Kiambu County star rated hotel employees who work in the same job category as the study's target population. The results of the pilot study was used to improve the instruments.

#### **3.6.2 Reliability of Research Instruments**

The outcome of the pilot study helped to determine if any modifications or adjustments were needed for the instruments to enhance their reliability. If any items or measures were identified as problematic during the pilot study, they could be modified or removed to enhance the overall quality and reliability of the instruments. Cronbach's alpha was employed to assess the reliability of the ten questionnaires. This approach was chosen because all ten instruments consisted of rating scales with a range of scores. A reliability coefficient of 0.70 or higher was deemed sufficiently reliable in meeting the study's objectives, following the guidelines outlined by Frankel and Wallen (2000).

### **3.7 Data Analysis and Presentation**

Data processing was carried out through various steps that include; data editing, coding classification, tabulation and finally presentation. Field data was first edited to ensure consistency, exhaustiveness and completeness of information expected. The items or variables in the questionnaires was identified and tallied to generate frequencies that enabled quantification of the data. The analysis was conducted with the assistance of the SPSS (Statistical Package for Social Sciences Version 24) computer application package. The study tested the relationship between inventory management practice and financial performance using Pearson Correlation and the regression model that tested which practice related more to financial performance;

#### **3.8.1 Regression Model**

$$y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

Y= Performance of Star Rated Hotels

$\alpha$  =constant

$\beta_1 \dots \dots \beta_{4d}$  = Regression Coefficients

$X_1$  = Suppliers selection Practice

$X_2$  = Suppliers segmentation Practice

$X_3$  = Suppliers Information Sharing Practice

$X_4$  = Suppliers performance

$\varepsilon$ -Stochastic term

**IV. RESULTS AND DISCUSSIONS**

**4.1 Response Rate**

The sample size was 78 procurement committee members from Nakuru County's selected star-rated hotels. The sample size of the study was 78 questionnaires, which were distributed. A total of 78 questionnaires were filled out and returned, accounting for 100% of the total response rate.

**4.2 Reliability Test Results**

The Pilot study was conducted to establish reliability and unwavering quality of the data collection instruments. Pilot testing was done utilizing 10 surveys directed to procurement committees of the star rated hotels in Kiambu County. According to Zinbarg (2016), an alpha coefficient of 0.70 or higher indicates that the data is accurate and generalizable. The overall Cronbach Alpha for the items of all supplier management practices and hotel performance was 0.79 greater than 0.7 but less than 0.9, results which showed that the research questionnaire was reliable and met the threshold.

**4.3 Descriptive Statistics of the Variables**

This section illustrates descriptive findings and discussions based on the objective of the study. The findings were presented in form of Percentages, Mean and Standard Deviations. Weighted Mean was done to give a conclusion of the findings. The responses are in line with a 5-Point Like rt scale: 5 = Strongly Agree; 4 = Agree; 3= Neutral; 2 = Disagreeand1 =Strongly Disagree.

**4.3.1 Supplier Selection Practice**

Descriptive Statistics for Supplier Selection measure was used in the study. Table 4.4 summarizes these findings. This was on a scale of strongly disagree, disagree, neither agree nor disagree, agree and strongly agree.

**Table 1: Supplier Selection**

Variable	SD %	D %	Undecided %	A %	SA %	Mean	Std. Deviation
The criteria for supplier selection ensures that only suppliers with high performance indicators are contracted	33	30	2	15	20	2.57	1.55
The selection process has often identified suppliers with the history of compliance with procurement regulations	25	25	12	24	14	2.76	1.42
The supplier is selected based on financial capability to supply goods and services in the required period	31	16	10	29	14	2.78	1.49
The determination of the supplier has always been guided by least cost	25	26	9	32	8	2.72	1.36

consideration

Key: SD= Strongly Disagree, D= Disagree, N= Neutral, A=Agree, SA= Strongly Agree, M= mean, STD= Standard Deviation

The frequency results indicates that majority of residents 66% disagreed that the criteria for supplier selection ensures that only suppliers with high performance indicators were contracted (mean responses = 2.57). Results on supplier selection process revealed that majority of respondents 50% disagreed that the selection process has often identified suppliers with the history of compliance with procurement regulations (mean responses = 2.76). Further results on selection based on financial capabilities revealed that majority of respondents 47% agreed that the supplier was selected based on financial capability to supply goods and services in the required period (mean responses = 2.78). Lastly, results concerning least cost consideration revealed that the determination of the supplier has always been guided by least cost consideration (mean responses = 2.72).

### 4.3.2 Supplier Selection Practice

**Table 2: Supplier Segmentation**

	SD (%)	D (%)	Undecided (%)	A (%)	SA (%)	Mean	Std. Deviation
Supplier are segmented guided by supplier previous supplies lead time	25	31	14	22	8	2.56	1.30
The supplier is segmented based on supplier capabilities that meets the technical requirement of the hotel	42	21	8	20	9	2.32	1.43
The supplier is segmented based on value addition to the products and services to be supplied to the hotel	21	23	24	25	7	2.75	1.24
The supplier is segmented based on history of supply reputation in the hotel sector	24	27	14	28	7	2.66	1.30
Suppliers are segmented based on product region of production	29	26	15	14	16	2.62	1.44

Table 4.5 revealed that majority of the respondents 56% disagreed with the notion that suppliers are segmented based on capabilities that meet the technical requirements of the hotel (mean responses = 2.56). Majority 64% disagreed that supplier are segmented based on supplier capabilities that meets the technical requirement (mean responses = 2.32). Majority 44% disagreed that suppliers are segmented based on their history of supply reputation in the hotel sector (mean responses = 2.75). The supplier is segmented based on history of supply reputation in the hotel. Majority 51% disagreed that suppliers are segmented based on products region of production (mean responses = 2.66). Concerning product region, the study established that majority of respondents 55% disagreed that Suppliers are segmented based on product region of production (mean responses = 2.62).

### 4.3.3 Star Rated Hotel Performance

**Table 3: Hotel Performance**

	SD %	D %	U %	A %	SA %	Mean	Std. Deviation
Our hotel is highly rated by our customers due to high quality services emanating from trusted supplies	20	20	16	33	12	2.98	1.34
Our hotel has highest repeat business due to high quality services emanating from trusted supplies	16	12	2	35	35	3.62	1.47
Our hotel receive positive feedback from our customers due to high quality services emanating from trusted supplies	56	18	7	10	9	1.95	1.34
Our services are competitively priced due to high quality services emanating from trusted supplies	32	24	14	17	13	2.54	1.42
Our hotel has a large market presence due to high quality services emanating from trusted supplies	37	26	14	14	9	2.32	1.34

Table 3 present the results of performance of Star Rated Hotels which revealed that that majority 40% agreed that the hotel is highly rated by our customers due to high quality services emanating from trusted suppliers (mean responses = 2.98). Concerning repeat business, 70% agreed that the hotel has highest repeat business due to high quality services emanating from trusted supplies (mean responses = 1.95). Majority of respondents 74% disagreed that the hotel receive positive feedback from our customers due to high quality services emanating from trusted supplies (mean responses = 1.95). Findings on competitive pricing indicated that majority of respondents disagreed that services are competitively priced due to high quality services emanating from trusted supplies (mean responses = 2.54). Lastly, majority 63% disagreed that hotel has a large market presence due to high quality services emanating from trusted supplies (mean responses = 2.32).

**4.4 Inferential Statistics**

This section encompasses the examination of variable correlations, model summary, analysis of variance, and regression coefficients. The aim of the study was to ascertain the relationship between the predictor variable and the predicted variable. The predictor variables included supplier selection and supplier segmentation. The study utilized the Pearson correlation coefficient for analysis.

**4.4.1 Correlation Analysis**

*Table 4: Correlation Analysis of Suppliers Relationship Management and Performance of Star Rated Hotels*

Variable	Supplier Selection	Supplier Segmentation	Supplier Information	Supplier Performance	Hotel Performance
Supplier Selection	1				
	87				
Supplier Segmentation	.712**	1			
	.000				
	87	87			
Supplier Information	.650**	.759**	1		
	.000	.000			
	87	87	87		
Supplier Performance	.612**	.625**	.599**	1	
	.000	.000	.000		
	86	86	86	86	
Hotel Performance	.617**	.681**	.655**	.420**	1
	.000	.000	.000	.000	
	87	87	87	86	87

The correlation between supplier selection and performance of star rated hotel was ( $r = 0.617, p=0.000<0.05$ ). The correlation between supplier segmentation and performance of star rated hotel was ( $r = 0.618, p=0.000<0.05$ ). The correlation between supplier information sharing and performance of star rated hotel was ( $r = 0.655, p=0.000<0.05$ ) and the correlation between supplier performance evaluation and performance of star rated hotel was ( $r = 0.420, p=0.000<0.05$ ). The results of the correlation between each of the independent variable and the dependable variable revealed high level of correction. The results therefore indicated that based on the data collected, supplier selection practice, supplier segmentation practice, supplier information sharing practice and supplier performance evaluation practice had high relationship with performance of star rated hotels in Nakuru County based on high correlation coefficients (See Table 4.11).

The results indicated that the relationship amongst the independent variables (supplier selection, supplier segmentation, information sharing and performance evaluation) were strong and significant ( $p < 0.05$ ) and therefore indicated that independent variables (supplier selection, supplier segmentation, information sharing and performance evaluation) had significant relationship with the dependent variable (performance of star rated hotels).

\*\*Correlation is significant at the 0.01 level (2-tailed).

#### 4.4.2 Regression Analysis Results

Multiple regression analysis was conducted to establish relation between variable soft he study. The study used multiple linear regression analysis to determine the combined linear relationship between the dependent variable

(service delivery) and the independent variable (procurement planning. Findings are summarized in subsequent Tables.

**Table 5: Model Summary**

	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
		.732 <sup>a</sup>	.535	.513
				.69733

Supplier relationship management contributed to 53.5% changes in star-rated hotel performance. It is true that other factors not considered in the study determined 46.5% of all changes in performance of star-rated hotels. The correlation coefficient between the independent variable and the dependent variable was found to be positive and strong.

**Table 6: Variance Analysis**

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	45.405	4	11.351	23.344	.000 <sup>b</sup>
	Residual	39.387	81	.486		
	Total	84.793	85			

The analysis of variance results in Table 6 show that the overall model was significant because the F critical (23.344) was significant (P=0.000< 0.05). These findings indicated that supplier relationship management practices was a good predictor of the performance of Nakuru County's Stare Rated Hotels. The magnitude and direction of change in the dependent variable as a result of one unit change in the independent variable are shown by regression coefficients. Table 4.14 summarizes the findings

**Table 7: Regression Coefficient of Suppliers Selection and Segmentation Practices and Star Rated Hotels Performance**

<b>Model</b>		<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>		<b>Sig.</b>
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>t</b>	
1	(Constant)	.576	.256		2.251	.027
	Supplier Selection	.186	.088	.243	2.112	.038
	Supplier Segmentation	.364	.132	.364	2.754	.007

The study findings on coefficient indicated that supplier selection had significant effect on the performance of the Star Rated Hotels in Nakuru County ( $\beta = 0.186$ ,  $p=0.038$ ) (See Table 7). This finding indicated that a unit change in the supplier selection would results to marginal 0.186 units' changes in the performance of the Star Rated Hotels in Nakuru

County. This finding suggests that the process of carefully evaluating and selecting suppliers can yield tangible improvements in hotel performance, with even minor adjustments in supplier selection criteria leading to measurable enhancements. This implies that by prioritizing rigorous supplier evaluation and selection criteria, hotels can potentially optimize their procurement decisions and ultimately enhance their competitive advantage in the market.

This finding is supported by Kamau and Anaya (2019) who established a positive statistical relationship between supplier appraisal, partnership trust, supplier development, and procurement success in Kenyan state enterprises, highlighting the significance of effective supplier relationship management in driving business performance. This suggests that focusing on evaluating and selecting suppliers, building trust-based partnerships, and investing in supplier development initiatives can contribute to improved procurement success. This further suggests that cultivating trust-based partnerships and investing in supplier development initiatives can contribute to improved procurement outcomes and, by extension, hotel performance. The finding is further supported by Osewe and Aila (2023) who established a significant positive effect of supplier selection practices on supply chain performance. It underscores the broader implications of strategic supplier selection for enhancing overall supply chain efficiency and effectiveness, highlighting the interconnected nature of supplier management within the broader operational framework.

The finding of the current study is also supported by Again Chagalima, Ismail, and Mchopa (2023) who established that supplier selection and supplier monitoring significantly contribute to enhancing public procurement efficiency in terms of cost reduction. This suggests that the benefits of robust supplier selection processes extend beyond the hospitality industry and can have far-reaching implications for improving efficiency and cost-effectiveness in procurement operations. The finding is further supported by Mwangi and Muli (2022) who established positive impact of supplier relationship management on the performance of food and beverage manufacturing firms in Kenya. This suggests that the principles of supplier relationship management are applicable and beneficial to diverse industries, including the hospitality sector.

The study findings on supplier selection and performance of star rated hotels in Kenya highlight the critical importance of supplier selection in influencing the performance of Star Rated Hotels in Nakuru County, Kenya. By drawing on insights from previous research and prioritizing effective supplier management practices, hotels can optimize their procurement processes, build strategic partnerships, and ultimately enhance their competitive positioning and operational performance. Moving forward, investing in robust supplier selection criteria and relationship management initiatives should be a key strategic priority for hotel managers seeking to achieve sustained success in the dynamic and competitive hospitality landscape

Secondly, the study established that suppliers segmentation had significant effect on the performance of the Star Rated Hotels in Nakuru County in Kenya ( $\beta = 0.364$ ,  $p = 0.007$ ). This finding indicated that a unit change in the suppliers' segmentation would result to marginal 0.364 units' changes in the performance of the Star Rated Hotels in Nakuru County. This result suggests that how hotels categorize and manage their suppliers can have a substantial influence on their overall performance, indicating the need for a nuanced approach to supplier segmentation and relationship management. This suggests that by effectively segmenting their suppliers, hotels can potentially unlock significant improvements in various performance metrics, such as service quality, cost efficiency, and customer satisfaction.

This finding is supported by Woschank, Dallasega, Zunk, and Pacher (2022) who established a significant relationship between process formality as a measure of supplier segmentation and supplier performance and purchaser satisfaction. This suggests that adopting structured segmentation approaches can lead to enhanced supplier performance and ultimately contribute to higher levels of satisfaction among hotel guests. Their findings further underscore the potential for supplier segmentation strategies to optimize resource allocation and streamline operational processes, thereby driving efficiency gains for organizations.

The finding is further supported by Rahiminia, Razmi, Shahrabi, and Sabbaghnia (2023) who established that supplier segmentation offers companies effective policies to manage each supplier segment efficiently, resulting in time and resource savings which is beneficial to the organization. In practical terms, the findings underscore the importance for Star Rated Hotels in Nakuru County, Kenya, to adopt a systematic approach to supplier segmentation. By categorizing suppliers based on relevant criteria such as product/service offering, reliability, and strategic importance, hotels can tailor their management approaches to suit the unique needs and characteristics of each supplier segment. Moreover, by implementing effective supplier segmentation strategies, hotels can mitigate risks, enhance supply chain resilience, and

capitalize on opportunities for collaboration and innovation with key suppliers. This, in turn, can strengthen their competitive position in the market and contribute to long-term sustainability and success. The findings on supplier segmentation and hotel performance highlight the critical importance of supplier segmentation in influencing the performance of Star Rated Hotels in Nakuru County, Kenya. By leveraging strategic supplier categorization methods, hotels can optimize their operational efficiency, enhance guest satisfaction, and ultimately drive sustainable growth and success in the highly competitive hospitality industry

**4.4 Hypotheses Testing**

*Table 8: Summary for All Hypothesis Testing and their Findings*

No	Hypotheses	P-value	Decision
H <sub>01</sub>	Supplier selection has no significant effect on performance of the Star Rated Hotels in Nakuru County, Kenya	.038	Reject H <sub>0</sub>
H <sub>02</sub>	Supplier segmentation has no significant effect on performance of the Star Rated Hotels in Nakuru County, Kenya	.007	Reject H <sub>0</sub>

The null hypothesis, 'Supplier selection has no significant effect on the performance of the Star Rated Hotels in Nakuru County, Kenya,' was rejected because the sig. was  $p=0.000 < 0.05$ , and thus the alternative hypothesis was accepted. This was supported by Nyaberi (2019) who established that supplier selection had significant supplier selection had significant relationship on organizational performance of manufacturing firms. The second null hypothesis, 'Supplier segmentation has no significant effect on the performance of the Star Rated Hotels in Nakuru County, Kenya,' was rejected because the sig. was  $p=0.000 < 0.05$ , and thus the alternative hypothesis was accepted. This was supported by Muema (2016) who established that Sports Kenya implemented a comprehensive supplier management strategy, with supplier segmentation strategy being the most significant contributor to procurement performance, followed by supplier performance management strategy.

**V. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

**5.1 Introduction**

This chapter presents the summary, conclusions and recommendations of the study. This was arrived at through the scrutiny of the data analyzed in chapter four as well as making inferences and deductions from the data. What follows is a summary of the key respondent's opinions. Also highlighted in this chapter are possible suggestions for further research.

**5.2 Summary of Findings**

. First, findings on supplier selection established the criteria for supplier selection did not ensure that only suppliers with high performance indicators are contracted. The selection process did not often identify suppliers with the history of compliance with procurement regulations and the supplier is segmented based on financial capability to supply goods and services in the required period. The suppliers were not always been guided by least cost consideration.

Second findings on supplier segmentation established that supplier previous supplies was not based on specific lead time. The suppliers were not segmented based on supplier capabilities that meets the technical requirement of the hotel. The suppliers were not segmented based on history of supply reputation in the hotel sector. The suppliers were not segmented based on history of supply reputation in the hotel sector. Lastly, suppliers were not segmented based on products region of production.

**5.3 Conclusions of the Study**

The study concludes that supplier selection affected star rated hotels performance based on the findings of the researchers. The relationship between supplier selection and performance of the star rated hotels were significant. Supplier selection to ensure that only suppliers with high performance indicators are contracted had significant effect on the performance of the Star Rated Hotels in Nakuru County. Concerning supplying goods within specified period revealed that the supplier is selected based on financial capability to supply goods and services in the required period had significant effect on the performance of the Star Rated Hotels in Nakuru County. The H<sub>01</sub> hypothesis that supplier selection has no significant effect on performance of the Star Rated Hotels in Nakuru County, Kenya was therefore



rejected.

The study concludes that supplier segmentation affected star rated hotels performance based on the findings of the researcher. Supplier are segmented guided by supplier previous supplies lead time had significant effect on the performance of the Star Rated Hotels in Nakuru County. Concerning supplier capability coefficient established that the supplier is segmented based on supplier capabilities that meets the technical requirement of the hotel had significant effect on the performance of the Star Rated Hotels in Nakuru County. Further findings on value addition coefficient established that the supplier is segmented based on value addition to the products and services to be supplied to the hotel had significant effect on the performance of the Star Rated Hotels in Nakuru County. On supplier reputation coefficient revealed that the supplier is segmented based on history of supply reputation in the hotel sector had significant effect on the performance of the Star Rated Hotels in Nakuru County. Finally, on region of production, regression coefficient revealed that suppliers are segmented based on products region of production had significant effect on the performance of the Star Rated Hotels in Nakuru County. The H<sub>02</sub> hypothesis that supplier segmentation has no significant effect on performance of the Star Rated Hotels in Nakuru County, Kenya was therefore rejected.

#### **5.4 Recommendations of the Study**

The study makes the following recommendations to assist Kenyan manufacturing firms in improving their performance. From the researchers' findings it is recommended that the government should develop a clear policy framework to guide supply selection process in the Tourism sector. Such policy should be evolved with clear implementation matrix on Supplier selected based on high performance indicators, financial capability to supply goods and services in the required period, the suppliers to be guided by least cost consideration and that the selected suppliers should have right information about product or service that the hotel requires.

Based on the significant effect of supplier segmentation and performance of the Star Rated Hotels in Nakuru County, the researcher recommends that in practice, the suppliers should be guided by supplier previous supplies lead time, capabilities that meets the technical requirement of the hotel, value addition to the products and services to be supplied to the hotel and history of supply reputation in the hotel sector. Based on the significant effect of supplier information sharing and performance of the Star Rated Hotels in Nakuru County, the researcher recommends that the government should develop policy on supplier management direction concerning information sharing that is based on supplier ability to estimate the demand in the market of the buyer, ability to estimate future demand changes of the buyer, able to meet current and future market demand, meet the firms product specifications and timely delivery of information required during the procurement process.

#### **5.5 Suggestions for Further Study**

A comparative study should be undertaken to examine the effect of supplier selection and segmentation practices on performance of; Kenya Tour Operators and Travel Agency, Kenya Wildlife Services and Kenya Association of Star Rated Hotels. Such a comparative studies will gather adequate data analyzed to generate information that can be used for comprehensive policy recommendations on supplier management practices that the current study was able to cover.

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