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Strategic Procurement Practices and Operational Performance of Firms in the Hospitality Industry in Kenya: A Case Study of The Boma Hotel Nairobi

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A B S T R A C T :

This study examined the relationship between strategic procurement practices and the operational performance of The Boma Hotel Nairobi. Four practices were assessed: strategic procurement cost control, strategic supplier communication, strategic procurement planning and electronic procurement. The study was anchored on the Resource-Based View, complemented by Transaction Cost Theory and Systems Theory. A descriptive cross-sectional design was adopted, and a census was taken of all 88 management and staff members across six departments. Structured questionnaires yielded 80 valid responses (response rate 90.91%), and the instrument was reliable (overall Cronbach's alpha = 0.828). Data were analyzed in SPSS version 31 using descriptive statistics, Pearson correlation and multiple regression. Cost control was strongly practiced (item means 4.23 to 4.35), while supplier communication (2.95 to 3.00), procurement planning (1.53 to 2.90) and electronic procurement (1.86 to 4.15) showed moderate to weak and uneven implementation. All four practices correlated positively with operational performance ($r = .673$ to $.718$), electronic procurement most strongly. The regression model was significant, $F(4, 75) = 53.913$, $p < .001$, and explained 74.2% of the variation in operational performance (adjusted $R^2 = .728$). Each practice was a significant positive predictor: cost control ($\beta = .392$), supplier communication ($\beta = .311$), procurement planning ($\beta = .267$) and electronic procurement ($\beta = .249$). The study concludes that strategic procurement practices are positively associated with operational performance and recommends that the hotel maintain its cost control while strengthening procurement planning, supplier communication and the integration of electronic procurement. Further research should cover other hotels, additional factors and changes over time.

Keywords: strategic procurement; cost control; supplier communication; procurement planning; electronic procurement; operational performance; hospitality industry; The Boma Hotel Nairobi

Introduction

The hospitality industry supports tourism, creates jobs and contributes to economic growth, and hotels compete on how efficiently and reliably they use their resources to serve guests (Mulet-Forteza et al., 2024; Alatawi et al., 2023). Operational performance, understood as the efficiency and effectiveness with which a hotel delivers services, includes timely deliveries, service speed, occupancy, few disruptions and controlled costs (Gu et al., 2024). Procurement is central to these outcomes because every room, meal and event depends on the timely availability of goods and services at the right cost.

Hotels in Kenya face rising operating costs, fluctuating demand, supply chain inefficiencies and inconsistent service quality (Mutinda et al., 2021; Kihima et al., 2020). Many of these pressures are procurement related, for example weak supplier coordination, limited planning and slow adoption of electronic procurement. Evidence on how procurement practices jointly relate to operational performance comes mainly from manufacturing, logistics and multi-sector firms outside Kenya, and evidence from Nairobi hotels is scarce.

This study examined the relationship between strategic procurement practices and operational performance at The Boma Hotel Nairobi. Its specific objectives were to determine the effect on operational performance of (i) strategic procurement cost control, (ii) strategic supplier communication, (iii) strategic procurement planning and (iv) electronic procurement.

Theoretical and empirical background

1.1. Theoretical anchors

The study is anchored on the Resource-Based View (Wernerfelt, 1984; Barney, 1991), which holds that firms gain advantage from valuable, scarce and hard-to-imitate resources and capabilities. Procurement capabilities such as cost discipline, supplier relationships and technology can be such resources. Transaction Cost Theory (Williamson, 1985) explains why firms manage buyer-supplier exchanges through planning, communication and control to

reduce the cost of searching, negotiating and monitoring. Systems Theory (von Bertalanffy, 1968) treats the hotel as an interdependent system in which procurement affects every operating department.

1.2. Empirical evidence and gap

Cost control. Alqahtani et al. (2021) found cost control to be a significant predictor of firm performance in Saudi service and manufacturing firms (β = .332), Rahayu and Day (2020) reported a significant effect across Malaysian firms (β = .281), and Bello et al. (2023) found that cost control mechanisms improved performance in Nigerian logistics firms (β = .372).

Supplier communication. Kumar et al. (2021), Nguyen and Ng (2020), Al Shammari et al. (2021) and Sheu et al. (2023) all found that communication with suppliers significantly predicted operational or supply chain performance (β between .219 and .324).

Procurement planning. Omondi et al. (2021) found that planning predicted operational performance in large Kenyan commercial organizations (β = .417); Li et al. (2022) and Al Rahman and Sulaiman (2023) reported significant positive effects (β = .304 and .355), and Mensah and Agyei (2020) reached a similar conclusion for Ghanaian SMEs.

Electronic procurement. Chong et al. (2023), Zhao et al. (2021) and Al Shammari et al. (2020) found significant positive effects of e-procurement on performance (β = .365 and .354 in the latter two), Eren and Kaya (2022) found that it shortened the procurement cycle, and Oyuga (2023) found a positive effect on the performance of hotels in Homa Bay, Kenya (β = .299).

These studies mostly concern manufacturing, logistics or multi-sector firms, and none examines the four practices together in a Nairobi hotel. The present study addresses that gap.

Methodology

A descriptive cross-sectional design was used, with data collected between July and September 2026. The target population was all 88 management and staff members of The Boma Hotel Nairobi in six departments: Administration (3), Procurement/Purchasing (8), Finance/Cost Control (14), Food and Beverage (21), Housekeeping (30) and Maintenance (12). Because the population is small and accessible, a census was taken. Primary data were collected with a structured questionnaire of five items for each of the four practices and five for operational performance (25 items), answered on a five-point scale (5 = strongly agree, 1 = strongly disagree).

The instrument was pre-tested with nine employees of Ole-Sereni Hotel drawn from the same six departments. The study supervisor and procurement specialists reviewed the items for content validity; the content validity index was 0.84 to 0.88 for each variable (overall 0.85), and Cronbach's alpha was 0.795 to 0.861 (overall 0.828), above the usual 0.70 threshold (Table 1). Questionnaires were delivered and collected by the drop-and-pick method after authorization from the university, a NACOSTI research licence and the hotel's human resource manager. Participation was informed, voluntary, confidential and anonymous.

Table 1 - Validity and reliability of the instrument

Variable	Items	CVI	Cronbach's alpha
Strategic procurement cost control	5	0.84	0.812
Strategic supplier communication	5	0.86	0.847
Strategic procurement planning	5	0.82	0.795
Electronic procurement	5	0.85	0.824
Operational performance	5	0.88	0.861
Overall	**25**	**0.85**	**0.828**

CVI = content validity index.

Data were entered in SPSS version 31 and analyzed using frequencies, means and standard deviations, Pearson correlation and multiple linear regression of the form

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \qquad (1)$$

where Y is operational performance, X_1 cost control, X_2 supplier communication, X_3 procurement planning, X_4 electronic procurement, β_0 the constant and ε the error term.

Results and discussion

1.3. Response rate and respondent profile

Of the 88 questionnaires distributed, 80 were returned and valid, a response rate of 90.91%, which is excellent. Table 2 shows that 60% of respondents were men, 70% were aged 30 to 49 years, 62.5% held a degree or higher, and half (50%) had worked at the hotel for five years or less. Respondents therefore represent a mix of age, education and experience.

Table 2 - Profile of respondents (N = 80)

Characteristic	Category	n	%
Gender	Male	48	60.0
	Female	32	40.0
Age	18–29 years	16	20.0
	30–39 years	32	40.0
	40–49 years	24	30.0
	50 years and above	8	10.0
Education	Certificate	9	11.25
	Diploma	21	26.25
	Degree	30	37.5
	Masters	19	23.75
	Doctorate	1	1.25
Experience at the hotel	0–5 years	40	50.0
	6–10 years	25	31.25
	11 years and above	15	18.75

1.4. Descriptive results

Table 3 gives item means and standard deviations. Cost control was strongly practiced (M = 4.23 to 4.35): budgets were reviewed, costs kept within budget, prices negotiated before purchase and savings initiatives implemented. Supplier communication was neutral to moderate (M = 2.95 to 3.00). Procurement planning was weakest, particularly supplier evaluation before procurement decisions (M = 1.525), forecasting (M = 2.025) and alignment with operational schedules (M = 2.150). Electronic procurement was uneven: approvals were largely electronic (M = 4.150) and systems were thought to reduce errors (M = 3.900), but order processing was moderate (M = 3.025), supplier catalogues were rarely accessed electronically (M = 2.525) and electronic order tracking was weakest (M = 1.863). Operational performance was rated highest for on-schedule delivery of orders (M = 4.025) and lowest for achieving targeted room occupancy (M = 2.863).

Table 3 - Descriptive statistics (N = 80; 1 = strongly disagree, 5 = strongly agree)

Variable / statement	Mean	SD
Strategic procurement cost control		
Procurement budgets are reviewed regularly	4.23	1.006
Procurement costs are maintained within the approved budget	4.25	0.948
Price negotiations with suppliers are conducted before purchases	4.34	0.841
Cost-saving initiatives are implemented during procurement	4.35	0.873
Purchase orders are monitored to minimize cost variances	4.29	0.996
Strategic supplier communication		
Procurement information is communicated to suppliers on time	2.95	1.157
The hotel communicates regularly with its suppliers	3.00	1.114
Supplier feedback is addressed promptly	2.96	1.084
Information shared with suppliers is clear and accurate	2.96	1.073
Digital channels improve coordination with suppliers	3.00	1.102
Strategic procurement planning		
Procurement forecasts are prepared before purchases are made	2.025	1.214
Procurement plans are aligned with operational schedules	2.150	1.246
Suppliers are evaluated before procurement decisions are made	1.525	0.922
Purchase orders are based on approved procurement plans	2.86	1.104
Procurement plans are reviewed regularly	2.90	1.123
Electronic procurement		
Procurement orders are processed electronically	3.025	1.567
Procurement approvals are completed using electronic systems	4.150	0.982
Supplier catalogues are accessed through electronic platforms	2.525	1.684

Variable / statement	Mean	SD
Procurement orders are tracked electronically	1.863	0.791
Electronic procurement systems reduce procurement errors	3.900	0.936
Operational performance		
Procurement orders are delivered on schedule	4.025	1.567
Customer complaints related to hotel services are minimal	3.150	0.982
Service requests are completed within the expected time	3.525	1.684
The hotel achieves its targeted room occupancy levels	2.863	0.791
Stock shortages rarely disrupt hotel operations	3.313	0.936

1.5. Correlation analysis

Table 4 shows that every practice was positively and strongly correlated with operational performance: cost control (r = .673), supplier communication (r = .681), procurement planning (r = .676) and electronic procurement (r = .718), the strongest. The practices were also strongly correlated with one another (r = .689 to .741), so they tend to be applied together, but this also means that their separate effects overlap.

Table 4 - Pearson correlation matrix

Variable	1	2	3	4	5
1. Cost control	1				
2. Supplier communication	.741	1			
3. Procurement planning	.712	.728	1		
4. Electronic procurement	.689	.695	.703	1	
5. Operational performance	.673	.681	.676	.718	1

1.6. Regression analysis

The model summary and analysis of variance (Table 5) show that the four practices jointly explained 74.2% of the variation in operational performance ($R = 0.861$; $R^2 = 0.742$; adjusted $R^2 = 0.728$; standard error of the estimate = 0.587). The model was significant, $F(4, 75) = 53.913$, $p < .001$. Table 6 shows that each practice was a significant positive predictor. Cost control had the largest effect ($B = 0.478$, $\beta = .392$, $p < .001$), followed by supplier communication ($B = 0.379$, $\beta = .311$, $p = .001$), procurement planning ($B = 0.295$, $\beta = .267$, $p = .004$) and electronic procurement ($B = 0.389$, $\beta = .249$, $p = .008$). The fitted model is: operational performance = 1.839 + 0.478 (cost control) + 0.379 (supplier communication) + 0.295 (procurement planning) + 0.389 (electronic procurement).

Table 5 - Model summary and analysis of variance

Source	Sum of squares	df	Mean square	*F*	*p*
Regression	74.328	4	18.582	53.913	<.001
Residual	25.850	75	0.345		
Total	100.178	79			

$R = 0.861$; $R^2 = 0.742$; adjusted $R^2 = 0.728$; standard error of the estimate = 0.587. Dependent variable: operational performance.

Table 6 - Regression coefficients

Predictor	B	Beta	*t*	*p*
(Constant)	1.839	–	20.415	<.001
Strategic procurement cost control	0.478	.392	4.324	<.001
Strategic supplier communication	0.379	.311	3.430	.001
Strategic procurement planning	0.295	.267	2.945	.004
Electronic procurement	0.389	.249	2.747	.008

Dependent variable: operational performance.

1.7. Discussion

Cost control. Cost control was both the best-implemented practice and the strongest predictor of operational performance ($\beta = .392$). This agrees with Alqahtani et al. (2021), Rahayu and Day (2020) and Bello et al. (2023), who found significant effects of cost control ($\beta = .332$, .281 and .372), and with Carr and Smeltzer (2021) on weighing procurement costs against the value obtained. For a hotel, keeping spending within budget while keeping supplies flowing appears central to operations.

Supplier communication. Communication was only moderately practiced (M near 3.0) yet significantly related to performance (β = .311), in line with Kumar et al. (2021), Nguyen and Ng (2020), Al Shammari et al. (2021) and Sheu et al. (2023). The significant effect together with the moderate ratings suggests that better communication with suppliers is an opportunity rather than an established strength.

Procurement planning. Planning had a significant positive effect (β = .267), consistent with Omondi et al. (2021), Li et al. (2022) and Al Rahman and Sulaiman (2023). The effect is smaller than in Omondi et al. (2021), which is not surprising given the very low ratings for forecasting, alignment with schedules and supplier evaluation: the benefits of planning appear to be only partly realized.

Electronic procurement. E-procurement correlated most strongly with performance (r = .718) but had the smallest regression coefficient (β = .249). Because it correlates strongly with the other practices (r = .689 to .703), part of its simple association is shared with them. The significant effect agrees with Oyuga (2023) for hotels in Homa Bay and with Chong et al. (2023), Zhao et al. (2021) and Al Shammari et al. (2020). The hotel uses electronic approvals but has not extended electronic tracking and catalogues.

Taken together, the results support the Resource-Based View: procurement capabilities, especially disciplined cost control, are associated with better operations, while planning and technology are capabilities still being built.

Conclusions and recommendations

Strategic procurement cost control, supplier communication, procurement planning and electronic procurement are each positively and significantly related to the operational performance of The Boma Hotel Nairobi, and together explain 74.2% of its variation. Cost control is the best-established practice and the strongest predictor; planning, supplier communication and electronic procurement are less fully implemented. The study covers one hotel, is cross-sectional, has a small sample (n = 80) and relies on self-reported perceptions, and the predictors are highly intercorrelated, so the findings show association rather than causation and should not be generalized directly to other hotels.

The hotel should:

- Maintain regular budget reviews, monitoring of purchase orders and supplier price negotiation, apply them consistently across departments, and keep records of variances and savings.
- Establish communication schedules with suppliers, speed up feedback and ensure that procurement information is accurate and timely, using both formal and digital channels.
- Prepare forecasts before purchasing, align procurement plans with operational schedules, evaluate suppliers before awarding business, and review plans regularly.
- Extend electronic procurement to order tracking and supplier catalogues, integrate approval, ordering and tracking in routine processes, and train staff to use them.

Further research should study other hotels and hospitality enterprises in Nairobi and elsewhere in Kenya, add variables such as supplier relationship management, procurement risk, inventory management and sustainable procurement, test moderating or mediating factors such as top management support and staff competence, and use longitudinal designs to follow changes over time.

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