



Supply Chain Management as a Sustainable Performance

Booster for the Accommodation Enterprises:

Evidence from North Cyprus Tourism Sector

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Abstract

The main purpose of the article is to assess the supply chain practices of the hotels and to reveal effects of such practices on the hotels' performance. Supply chain applications comprise relationships of hotels with their suppliers, tourism intermediaries and customers. In order to obtain sustainable performance development, hotel management should understand the key factors that have higher contribution. This study aims to investigate these factors as sources of superior performance in the competitive market place and to provide insights for directing resources. In this sense, hotels' performances not only analyzed in terms of financial measures, but also non-financial measures.

General conclusion of the study is that there is positive relationship between the supply chain practices of the hotels and their performance. Performance of the hotels in managing backward and forward linkages affects their success considerably that can be regarded as a source of competitive advantage.

Keywords: Hospitality management, Supply chain relationships, Tourism sector

Introduction

After 1990's, intense competition in markets has required businesses to be very careful about resource management. Using limited resources efficiently and effectively becomes the main common goal of almost all businesses. Furthermore, it is has been understood that a single business cannot produce all goods and services and provide them to several markets without any contribution of other businesses. Success can be obtained by collaboration of businesses via combining their capital, labour, land, technology, efforts, knowledge, abilities, and other various resources. The efforts of producers to establish partnerships with their collaborators (for example suppliers, wholesalers, retailers...) underlie the significance of 'supply chain management'. An effective supply chain will be more powerful than single-handed businesses in today's competitive markets. Most of the producers and retailers realize the importance of supply chain management in order to improve their effectiveness and efficiency along the supply chain. All of the businesses in the chain should be integrated and act as a single entity in order to be dominant in a market (Tan, Kanan and Handfield, 1998).

The need of collaboration is relevant and very important characteristic for tourism sector. Several businesses are in charge of creating and providing a tourism product to its end user. An effective and efficient supply chain in a tourism

sector is very important for wealth and sustainable development of destinations. Particularly, when the situation of tourism industry in countries' economies is considered, the importance of the topic emerges and becomes highlighted.

Although tourism has been called as the "locomotive sector" of North Cyprus's economy for years and several actions/strategies has been implemented in order to develop it, desired goals and objectives still have not been achieved yet. One of the main reasons for the under-development of tourism sector is individual behaviours and mentality of tourism operations at North Cyprus. Most of these tourism businesses consider only their own gains and make their plans for short-run. On the other hand, they cannot sustain their gained advantages in the long-run. Therefore, tourism businesses need to collaborate and understand their business methods, expectations and support each other (for example financial support or by sharing information) to obtain effectiveness and efficiency. The collaboration should include all of the stakeholders from supply to end users of the products.

The need of collaboration in tourism industry has been widely stated but the factors of relationships in supply chain are not discussed for tourism industry. The critical factors should be uncovered to acknowledge their importance and their value and their effects on performance of tourism operations.

The main aim of this study is analysing the relationships of hotels (which are in North Cyprus tourism sector) with suppliers, travel intermediaries (tour operators/travel agencies) and customers; and uncovering factors at these relationships that increase performance of the hotels. It is more likely to be more powerful in the competitive market by having this kind of critical information and directing the resources accordingly.

1. Supply chain and supply chain management

Supply chain has been defined by several authors. Although perspective can be different, they are same in terms of the main philosophy. A supply chain can be defined generally as "three or more organizations directly linked by one or more of the flows of products, services, finances, and information from a source to a customer" (Mentzer, DeWitt, Keebler, Min, Nix, Smith, and Zacharia, 2001, p. 4; Christopher, 2005, p. 17). A network based definition is proposed by Aitken (1998): "a network of connected and interdependent organizations, mutually and co-operatively working together to control, manage and improve the flow of material and information from suppliers to end users". Christopher (1998) put forward a value-based variation on the theme, defining a supply chain as "the network of organizations that are linked through upstream and downstream relationships in the different processes and activities that produce value in the form of products and services in the hands of the ultimate customer".

According to an enterprise, a supply chain can be divided into two: supplier-oriented linkages and customer-oriented linkages. Supplier-oriented linkage represents all activities that a product is designed; components and resources (for example raw materials, information, capital, expertise...) are obtained (Kotler and Armstrong, 2006, p. 360-361). It can be possible to improve the products and become successful by considering suppliers as the same member of the team. On the other hand, customer-oriented linkage, which consist of wholesalers, retailers and customers), is very high important in bringing products to its end users. This part of a supply chain is also called as marketing channel or distribution channel (Timur, 1996; Kotler and Armstrong, 2006).

The definition of supply chain management provided by The Global Supply Chain Forum is recommended and used by several authors (such as Lambert and Cooper, 2000; Ho, Au, and Newton, 2002; Felix and Qi, 2003; Patterson, Grimm, and Corsi, 2003; Lambert, García-Dastugue, and Croxton, 2005, Tracey, Lim, and Vonderembse, 2005; Busi and Bititci, 2006):

"Supply Chain Management is the integration of key business processes from end user through original suppliers that provides products, services, and information that add value for customers and other stakeholders".

The hotel's supply chain applications comprise relationships of hotels with their suppliers (backward-linkage) and tourism intermediaries (forward-linkage). In order to obtain a sustainable increase in performance, a hotel management should understand the key factors that have higher contribution. This study aims to investigate these factors as sources of superior performance in the competitive market place and to provide insights for directing resources. In this context, performance of the hotels is not only analysed in terms of financial measures (for example: net profit, production and selling costs...), but also in terms of non-financial measures (for example: product quality, customer satisfaction, market power...).

Hotels will be affected by the poor inputs of their suppliers. After that, tour operators who include these hotels into their package tours will not probably satisfy their customers completely. Moreover, the performance of travel intermediaries (who are responsible for promoting, bringing and selling the products to customers; and managing the activities of carrying the customers to the hotels) will affect the performance of the hotels (even though the products and services of the hotels are high-quality).

Examining the performance of the hotels, by only considering their financial performance will be a partial analysis. In addition to financial performance, customer relationship forms another important dimension of the hotels. Hotels, who

are successful in their customer relations, also gain various financial and non-financial benefits (Reicheld and Sasser, 1990; Rust and Zahorik, 1993). Successful hotels in their customer relations are expected to increase customer satisfaction and loyalty; and most likely gain advantages in a market with the increased performance.

First of all, profits of hotels is expected to increase by supply chain management with less costly processes and higher production and sales volume. Frohlich and Westbrook (2001) approved the positive effects of supply chain integration. The authors divide the gains of supply chain management in two: productivity related gains and gains that are not related with productivity. Fall in costs and increase in sales volume are shown in productivity related gains. Improvement in quality of products is stated as the most important return under the gains that are not related with productivity.

2. Hypothesis

The hypotheses that examine the relation between the collaboration of hotels with other supply chain members and its effects are developed separately for both directions (supplier-oriented linkages and customer-oriented linkages) of supply chain. By this way, it will be possible to obtain more detailed information. The hypothesis that test the relationships between the supply chain activities of hotels and the criterion (that are important for performance improvement) are given below:

H1_a: There is a significant positive relationship between the collaboration of the hotels with their suppliers and *net profits* of the hotels.

H1_b: There is a significant positive relationship between the collaboration of the hotels with travel intermediaries and *net profits* of the hotels.

H1_c: There is a significant positive relationship between the collaboration of the hotels with their customers and *net profits* of the hotels.

H2_a: There is a significant positive relationship between the collaboration of hotels with their suppliers and *market share* of the hotels.

H2_b: There is a significant positive relationship between the collaboration of the hotels with travel intermediaries and *market share* of the hotels.

H2_c: There is a significant positive relationship between the collaboration of hotels with their customers and *market share* of the hotels.

H3_a: There is a significant positive relationship between the collaboration of hotels with their suppliers and average annual *sales growth* of the hotels.

H3_b: There is a significant positive relationship between the collaboration of the hotels with travel intermediaries and average annual *sales growth* of the hotels.

H3_c: There is a significant positive relationship between the collaboration of hotels with their customers and average annual *sales growth* of the hotels.

H4_a: There is a significant positive relationship between the collaboration of hotels with their suppliers and *production and sales costs* of the hotels.

H4_b: There is a significant positive relationship between the collaboration of the hotels with travel intermediaries and *production and sales costs* of the hotels.

H4_c: There is a significant positive relationship between the collaboration of the hotels with customers and *production and sales costs* of the hotels.

In addition to the factors stated above, the collaboration should also include customer related factors that are very critical in the hospitality industry. In other words, hotels should take account of customer satisfaction in assessing performance. The relationship between the supply chain activities of hotels and customer satisfaction is examined by the hypotheses given below:

H5_a: There is a significant positive relationship between the collaboration of hotels with their suppliers and *customer satisfaction*.

H5_b: There is a significant positive relationship between the collaboration of the hotels with travel intermediaries and *customer satisfaction*.

H5_c: There is a significant positive relationship between the collaboration of the hotels with customers and *customer satisfaction*.

The main aim behind developing close relationship with customers is increasing the number of loyal customers. Loyal customers are expected to choose the company and its products among various alternatives. It is shown by several

studies that loyal customers repurchase the company's product, give positive advises to their friends and acquaintances, increase the company's market share, and provide benefits also in the long-run (Bitner, Booms and Tetreault, 1990; Cronin and Taylor, 1992; Reichheld, 1993; Parasuraman, Zeithaml and Berry, 1994, Zeithaml, Berry and Parasuraman, 1996; Imrie, Cadogan and McNaughton, 2002). According to the results of some other studies (Anderson, Fornell and Lehmann, 1994; Chang and Chen, 1998; Vickery, Jayaram, Droge, and Calantone, 2003), there is positive relationship between responsiveness of customers' wants and performance of businesses. It is expected to have more effective abilities to please customers with supply chain management by increasing business processes (Narasimhan and Jayaram, 1998; Narashimhan and Kim, 2001). In order to reach these goals, customer loyalty should be maintained. The hypothesis given below examines the relationship between the collaboration of hotels with supply chain members and customer loyalty:

H6_a: There is a significant positive relationship between the collaboration of hotels with their suppliers and *customer loyalty*.

H6_b: There is a significant positive relationship between the collaboration of the hotels with travel intermediaries and *customer loyalty*.

H6_c: There is a significant positive relationship between the collaboration of the hotels with customers and *customer loyalty*.

Providing customers products of good quality has been thought as a key of success (Bharadwaj, Varadarajan and Fahy, 1993). Superior product quality can be a source for differentiation in a market. According the results of some previous studies, there are positive relationship between the product quality (good and service quality) and business performance: The enterprises, which are able to provide high quality in their products, can maintain customer satisfaction (Rust and Zahorik, 1993; Anderson, Fornell and Lehmann, 1994; Fornell, Johnson, Anderson, Cha and Brant, 1996; Oh and Parks, 1997), customer loyalty (Reicheld, 1993; Reicheld and Sasser, 1990; Rust and Zahorik, 1993; Zeithaml, 2000), profitability (Aaker and Jacobson, 1994; Anderson, Fornell and Lehmann, 1994; Easton and Jarell, 1998; Kimes, 2001) and more market share (Anderson, Fornell and Lehmann, 1994).

It was stated in some of the studies (Doney and Cannon, 1997; Krause, Pagell and Curkovic, 2001) that the ability of businesses to satisfy their customers by providing products of good quality is affected by the quality level of their suppliers products. An increase in the quality of products of the hotels at North Cyprus is expected to be obtained with an increase in quality of inputs as a result of collaboration with suppliers.

H7_a: There is a significant positive relationship between collaboration of hotels with their suppliers and *quality of hotels' products*.

When we consider the forward-linkage of the supply chain, a collaboration with tour operators and travel agencies is expected to provide benefits in bringing products to end users effectively and efficiently and in marketing the products. Additionally, hotels will be informed about the demand and expectations of consumers. These results are likely to cause more effective design of the products and also increase in perceived quality.

H7_b: There is a significant positive relationship between collaboration of hotels with their travel intermediaries and *quality of hotels' products*.

Customers should also be considered as part of the supply chain. It will be possible to understand and satisfy the expectations and desires of the customers. By this way, the power of a company, which provide products of higher quality than competitors, will increase. According to the results of some studies (Au and Tse, 1995; Harris and Watkins, 1998), customer-oriented companies have advantages over their competitors. Customer-orientation helps to understand the need of existing and potential customers and provide them goods and services of higher quality.

H7_c: There is a significant positive relationship between collaboration of hotels with their customers and *quality of hotels' products*.

Supply chain management is considered as a source of competitive advantage in a market (Mentzer, DeWitt, Keebler, Min, Nix, Smith, and Zacharia, 2001; Tan, Lyman, and Wisner, 2002; Kotler and Armstrong, 2006). While transporting products to their end users in fastest way with higher quality and lower cost, a chain of integrated businesses becomes a requirement. In a supply chain management, obtaining success becomes possible by investing to relationship based processes and combining resources that cannot be easily imitated by competitors (Dyer, 1996; Dyer and Singh, 1998). Members of a supply chain can obtain speed in transportation and delivery, reduction in costs and increase in quality of their products that can provide them more power in markets (Choi and Hartley, 1996).

In supply chain management, an integrated structure emerges that make use of various functions and abilities of its members. According to the suggested model, the hotels which are in a strong supply chain are expected to obtain benefits together with other supply chain members and compete more effectively in the market. First of all, these benefits are expected to be perceived in terms of increases in product quality, market share, profits, customer

satisfaction and loyalty; and finally competitive advantage in the market is expected to be maintained.

H8_a: There is positive relationship between the collaboration with suppliers and *achieving competitive advantage* in the market.

H8_b: There is positive relationship between the collaboration with travel intermediaries and *achieving competitive advantage* in the market.

The role of customer in obtaining a competitive advantage should not be underemphasized. Considering the customers as the part of the supply chain will bring a sustainable relationship that provide benefits to both sides in the long run.

H8_c: There is positive relationship between the collaboration with customers and *achieving competitive advantage* in the market.

3. Methodology

The survey instrument was developed by using the previously used and tested measures. The construct measures and the related sources are given at the Table 1.

Respondents were asked to comment on the statements by using 5-point Likert scale in which (1) represents “strongly disagree” and (5) represents “strongly agree” for the statements related with inter-firm communication effort; hotel’s perspective toward other supply chain members, other supply chain members’ commitment to the hotel; (1) represents “never” and (5) represents “always” for performance improvement and feedback. Furthermore, the respondents were asked to evaluate their hotels’ performance according to the major competitors of the industry (whereas (1) represents “very low” and (5) represents “very high”).

The survey was applied in hotels located at North Cyprus. The data is collected from the top managers. Top managers have ability and availability to evaluate the performance of the hotel. Using the perceptions of managers about the hotel’s performance was used (Vickery, Droge and Markland, 1994; Shamdasani and Sheth, 1995; Walton, 1996; Tan, Handfield and Krause, 1998; Geyskens and et al., 1999; Germain, Droge and Christensen, 2001; Narasimhan and Das, 2001; Joshi, Kathuria and Porth, 2003; Vickery, Jayaram, Droge and Calantone, 2003) and its objectivity was approved (Dess and Robinson, 1984; Venkatraman and Ramanujam, 1987; Chandler and Hanks, 1993) by several researchers.

Because of the difficulties experienced in obtaining accounting data and problems about comparing different companies with different figures, the usage of perception-based measures has been increased. In order to evaluate the effects of relationships between the hotels, suppliers and travel intermediaries, the researcher should obtain the data that is very critical and sensitive. Furthermore, the performance figures may be calculated by using different methods, periods and data at different companies. This may cause variations at the results. Moreover, there is no certainty about the accounting results. Sometimes subjective calculations may be used. Tan, Handfield and Krause (1998) compared the perceptual performance results with some financial data (income per share, sales, net income...) obtained by Dun and Bradstreet data-base and found statistically significant correlations. In another study, Carr and Pearson (2002) compare the perceptions of the respondents with the data obtained from a financial database (Computstat). The data obtained from the respondents was matched the financial data at least 71 percent of the time for both variables.

4. Data analysis, findings and discussion

4.1 Reliability of the data

To assess the internal validity of the theorized grouping of survey items, coefficient alphas were calculated for different aspects of the survey items. The alpha obtained for overall construct is 0.84. In order to be more confident about the reliability of the items, Cronbach alphas were also calculated for each of the supply chain management practices. All calculated alphas exceed the Nunnally’s criterion of 0.70 level that is generally considered acceptable.

4.2 Collaboration of the hotels

Collaboration of the hotels with the suppliers, travel intermediaries and customers were determined by looking the mean scores of the supply chain practices of the hotels (inter-firm communication effort; performance improvement and feedback; hotel’s perspective toward suppliers and travel intermediaries; suppliers’, travel intermediaries’ and customers’ commitment to the hotel; customer relations and management). A mean score above 3.00 means a high level of collaboration. On the other hand, if the mean score is below 3.00, it will represent a low level of collaboration.

The overall mean score of the survey construct equals to 3.06. Although the overall score of the study seems to be above 3.00 (which means high collaboration level), it cannot be considered as very satisfactory level to achieve superior level of performance. However, it is fine enough to compare the means of high and low level of collaborations. By looking the means, it can be understood that the highest collaboration takes place with the customers and the lowest with the suppliers.

Respondents were asked to evaluate their hotels’ performance according to the major competitors of the industry. The managers stated their perceptions on 5-point Likert scale.

Independent-samples t-tests were conducted in order to compare the performance measures' means of the hotels, which were categorized as high-collaboration and low-collaboration. In order to be able to conduct t-tests and obtain meaningful results the data were transformed (Table 4).

The means of performance measures are compared according to the collaboration level of the hotels. Significant differences were found between the more collaborative hotels and the low collaborative hotels with their customers ($t=3.14$, $p<0.05$) in terms of earning net profit. In other words, according to the results of independent samples t-tests the hotels, which collaborate more with customers, are more likely to earn more net profits. On the other hand, there are no significant differences between the collaboration level of the hotels with suppliers and travel intermediaries and the net profits. It means that according to the managers, their net profits would not increase if they have collaborated with the suppliers and travel intermediaries. At the end of these findings, hypothesis $H1_c$ was accepted; but $H1_a$ and $H1_b$ were rejected. In other words, according to the respondents, the most important component at the supply chain in *increasing net profit* of the hotels is the linkage with customers (collaboration with customers, $\mu=3.44$). High collaboration with customers is more likely to increase the net profit. Although significant differences were not found according to the collaboration level, the net profit mean score of the collaboration with the suppliers is not very low. These results may denote that the respondents perceive their suppliers as a source to increase their profits by decreasing the cost and improving the quality of their inputs.

Second group of hypotheses test the relationship between the level of collaboration of the hotels with other supply chain members and the hotels' market share. According to the managers, market share is related with the forward-linkage of the supply chain. Significant differences were found between the means of the market share variable that was analyzed by dividing the data according to high collaboration and low collaboration (table 6). There is positive relationship between the collaboration of the hotels with travel intermediaries ($t = 4.57$, $p<0.01$) and with customers. ($t = 3.08$, $p<0.05$). When the hotels are involved more in collaboration practices with travel intermediaries and the customers, their market share are intended to increase. On the other hand, there is no significant relationship between the collaboration with suppliers and the market share. Therefore, $H2_b$ and $H2_c$ were accepted and $H2_a$ was rejected.

In increasing the market share of the hotels, the most important factor at the supply chain is the collaboration with travel intermediaries ($\mu=4.72$). In other words, high collaboration with travel intermediaries increases the market share of the hotels significantly. Conversely, the respondents do not consider their suppliers as a source of increasing the market share.

The relationships between the collaboration practices and the sales growth (Table 7) are similar to the relationships between the collaboration practices and the market share. According to the respondents, in order to increase the sales of the hotels, collaboration with the travel intermediaries ($t = 4.16$, $p<0.01$) and collaboration with the customers ($t = 3.19$, $p<0.05$) should be maintained. According to the results of this study, collaboration with the suppliers has not significant effect on sales of the hotels. By looking these findings, $H3_b$ and $H3_c$ were accepted and $H3_a$ was rejected.

The highest mean score of the sales performance was stated for 'high collaboration with travel intermediaries' ($\mu=4.75$). According to the managers, they can increase the hotels' sales by collaborating with travel intermediaries. Customers are also important for the hotels in increasing their sales; but the suppliers are not perceived as important in this context.

Significant relationships were not found between the collaboration level of the hotels with other supply chain partners and the cost performance of the hotels (Table 8). Although the means of the costs are lower for the hotels that collaborate more with their suppliers, travel intermediaries and customers, the cost performance means of the groups are not different significantly. As a result of these findings, all of the hypotheses ($H4_a$, $H4_b$ and $H4_c$) which assess the relationship between supply chain practices and the production and sales costs were rejected. The results show that the respondents were perceive their production and sales costs as high and collaboration with the supply chain partners would not decrease their costs. However, the lowest means were observed at the collaboration with suppliers. The differences showed that the respondents consider the suppliers much more important than travel intermediaries in obtaining cost reductions.

On the other hand, the hotels can increase *customer satisfaction* by collaborating with travel intermediaries ($t = 4.07$, $p<0.01$) and customers ($t = 3.01$, $p<0.05$) (Table 9). The respondents do not consider suppliers as a source for increasing customer satisfaction ($H5_a$: rejected, $H5_b$ and $H5_c$: accepted). Furthermore, according to the results, the customer loyalty cannot be maintained by collaborating with suppliers. Significant results were obtained between the *customer loyalty* (Table 10) and the collaborations with travel intermediaries ($t=2.85$, $p<0.10$), and customers ($t=4.28$, $p<0.01$). In other words, according to the managers, high collaboration with travel intermediaries and customers are more likely to lead customer loyalty. Thus, $H6_b$ and $H6_c$ were accepted and $H6_a$ was rejected.

In order to increase customer satisfaction and customer loyalty, the hotels must obviously and definitely collaborate with the customers. The highest means were become apparent from the factor of 'high collaboration with customers' in achieving customer satisfaction ($\mu=4.68$) and customer loyalty ($\mu=4.56$). Moreover, travel intermediaries were also

perceived as other effective source for satisfaction of customers and maintaining the loyalty. However, suppliers are not seen as contributors to these customer related performance measures.

The results show that the hotels which collaborate more with suppliers and customers can improve the quality of their products (Table 11). The means of quality performance of the hotels (which collaborate more with suppliers ($t = 2.99$, $p < 0.05$) and customers ($t = 4.06$, $p < 0.05$) are significantly higher than the hotels in which collaboration with suppliers and customers are low. The collaboration with travel intermediaries does not have significant effects on quality performance of hotels. Therefore, $H7_a$ and $H7_c$ were accepted; however $H7_b$ was rejected.

In increasing the quality of the hotels' products, the most important factor at the supply chain is the collaboration with customers ($\mu = 4.54$). In other words, high collaboration with customers increases the quality of the hotels' products significantly. By establishing close relations with customers, the hotels are more likely to obtain opportunity to comprehend the needs and expectations of them. Suppliers are also identified as another contributor for the hotels to increase their products' quality. The managers probably recognize the value of the inputs (which are obtained from the suppliers) in enhancing the quality.

Significant results were found for all of the supply chain relationships of the hotels in analyzing their effect on achieving competitive advantage (Table 12). According to the respondents, the supply chain activities of the hotels with their suppliers, travel intermediaries and customers affect their competitive position in the market. The high collaboration in the supply chain is expected to increase the market power of the hotels. All of the hypotheses related with effects of the supply chain activities in obtaining competitive advantage ($H8_a$, $H8_b$ and $H8_c$) were accepted as a result of these findings. Furthermore, the highest mean about obtaining competitive advantage belongs to the high collaboration with customers ($\mu = 4.54$). According to the managers, the customers are the most important component of the supply chain in sustaining competitive advantage.

In order to comprehend the strong and weak points of the relationships, three highest and three lowest mean scores were derived from the data for each one of the link from the hotels to suppliers, travel intermediaries and customers (Table 13). Assessment of the suppliers' performance and sharing information is most involved activities by the hotels. On the other hand, the respondents gave low scores to the items which are very important for the health of the supply chain. They do not view their suppliers as an extension of their company, do not make investments in the suppliers' operation and do not perceive the inputs' prices as reasonable.

Inviting travel intermediaries' personnel to the hotel to increase their awareness about the products they sell is the most preferred activity by the respondents of the survey (Table 14). Furthermore, the respondents also agreed about the exchange of information practices with travel intermediaries. On the other hand, the hotels do not invest generally in the travel intermediaries' operation, pricing strategies of the travel intermediaries' are not perceived as reasonable, and travel intermediaries are not believed as loyal to the hotels.

Activities related with maintaining customer satisfaction, recovering the service failures and building/maintaining customer relationships effectively are very important and implemented by the hotels (Table 15). Although the mean scores are note very low for the customer relationships related items, the lowest means belong to determination of future customer expectations, interaction with customers to set reliability, responsiveness, and other standards, and enhancement of customers' ability to seek assistance.

5. Conclusion

Development of tourism industry is crucial for economic improvement of North Cyprus. It is not always possible to be successful in the competitive marketplace by only operating in isolation and considering individual interests. Collaboration with supply chain activities can be a key success factor for tourism operations in strengthening their power and increasing performance.

In this study, the supply chain activities of the hotels operating in North Cyprus were examined and their effects on the performance were analyzed. In order to examine the effects of the various supply chain activities on the hotels' performance, the data (which represents the hotel managers' responses) were divided into two: high collaboration and low collaboration. Significant differences were found that means the means of the performance measures are different according to the level of supply chain collaboration.

The collaboration level of the hotels with other supply chain members is not very low. However, advancement in supply chain practices is expected to provide more opportunities to increase the performance of the hotels. The hotels should be very careful about their operations. Unconscious and unplanned practices can easily bring the level to the 'low collaboration' field. Insufficiency in the supply chain collaboration weakens the market power of the businesses and will most likely cause to escape several opportunities in terms of increasing the performance.

The managers perceive the customers as the most important component of the supply chain and allocate most of their resources to build and maintain relationships with them. Suppliers are seen as the least important partner in the chain.

According to the results of this study, high collaboration with suppliers improves the quality of their products and provides advantages to the hotels to enhance their competitive position in the market. High collaboration with travel intermediaries improves the performance of the hotels in terms of market share, sales, customer satisfaction, customer loyalty and competitive advantage. Finally, high collaboration with customers increases net profit, market share, and sales; enhance customer satisfaction and customer loyalty; improve quality of the hotels' products; and provide opportunity to achieve competitive advantage.

The managers should become aware of the importance of collaboration in the supply chain. The activities which scored low should be considered as the points that are needed to be improved. There are vital activities which are not recognized as a factor of strengthening the performance.

Collaboration in the supply chain should not be a single-sided philosophy or belief. All supply chain members should locate the supply chain management into their organizations and manage their activities by considering the whole chain.

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Table 1. Construct measures and sources

<p style="text-align: center;">Inter-member communication effort</p> <ul style="list-style-type: none"> -Exchange of information in this relationship takes place frequently and informally, and not only according to a pre-specified agreement. -In this relationship, any information that might help the other party will be provided for them. -Both parties keep each other informed about events or changes that may affect the other party. <p style="text-align: center;">Performance Improvement and Feedback</p> <ul style="list-style-type: none"> -Assessment of’s performance through formal evaluation, using established guidelines and procedures. -Use of a certification program to certify’s quality, thus making inspection unnecessary <ul style="list-style-type: none"> -Site visits by your firm to’s premises to help improve its performance - Inviting supplier’s personnel to your site to increase their awareness of how their product is used (Inviting travel intermediaries’ personnel to your site to increase their awareness about the products they sell) <ul style="list-style-type: none"> - Recognition of’s achievements/performance in the form of awards <ul style="list-style-type: none"> - Training/education of the’s personnel - Investment in the’s operation <p style="text-align: center;">Hotel’s perspective toward</p> <ul style="list-style-type: none"> -We view our as an extension of our company <ul style="list-style-type: none"> -..... ’ problems are our problems -Continuous improvement of our’s product/service is an objective of our enterprise. <ul style="list-style-type: none"> -The product/service quality of is high. -Our suppliers have the ability to consistently deliver its products on promised due dates. (The travel intermediaries have the ability to consistently deliver the products to customers.) The cost of inputs obtained from our suppliers is reasonable. (The travel intermediaries set reasonable prices to the products) are sufficiently flexible in satisfying the changing needs. <p style="text-align: center;">Suppliers and Travel Intermediaries commitment to the hotel</p> <ul style="list-style-type: none"> has a strong sense of loyalty to us are willing to make a long-term investment in helping us see our relationship as a long-term alliance, willing to dedicate whatever people and resources it takes to make us a satisfied customer <p style="text-align: center;">Customer relations and management</p> <ul style="list-style-type: none"> Determination of future customer expectations. Determination of key factors for building and maintaining customer relationships. Enhancement of customers' ability to seek assistance. Evaluation of formal and informal complaints. Follow-up with customers for quality/service feedback. Interaction with customers to set reliability, responsiveness, and other standards. Measurement and evaluation of customer satisfaction factors. 	<p>Heide and John, 1992</p> <p>Krause 1999, 1997</p> <p>Krause and Ellram, 1997</p> <p>Krause, 1999 Krause, Pagell and Curkovic, 2001.</p> <p>Krause, 1999</p> <p>Tan, Kannan, Handfield and Ghosh 1999</p>
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<p>Customers Commitment to the Hotel (Brand)</p> <p>Customers are aware and recognize our hotel among other competing brands. Customers believe that the quality of our hotel (and our products) is extremely high. Customers are loyal to our hotel. Customers can quickly recall the associations (logo, symbol, features, image...) of our brand.</p>	<p>Aaker, 1991, 2000 Yoo and Donthu, 2001</p>
<p>Performance Measures</p> <p>Net Profit Market share Average annual sales growth Average production costs Customer satisfaction Customer loyalty Quality of products</p>	<p>Tan, Kannan, Handfield and Ghosh 1999 Tan, Handfield and Krause, 1998</p>
<p>Competitive power in the market</p> <p>We can differentiate our products in the market. We have cost advantages over the rivals. We have the ability to satisfy the needs and expectations of a niche. The quality of our products/services is higher than the rivals'. Our hotel has the ability to respond to the all kinds of products/services provided by the rivals.</p>	<p>Porter, 1980, 1985</p>

Table 2. Reliability Alphas of the Survey Instrument

	Alpha
Inter-firm communication effort	0.93
Performance Improvement and Feedback	0.78
Hotel's perspective toward	0.82
..... commitment to the hotel	0.77
Customer relations and management	0.91
Performance Measures	0.89
Competitive power in the market	0.84
Overall alpha	0.84

Table 3. The means of Collaboration in the Supply Chain

Hotel's Collaboration with Suppliers, Travel Intermediaries and Customers	Means
Collaboration with suppliers	2.62
Collaboration with travel intermediaries	2.91
Collaboration with customers	3.66
Average	3.06

The table given above shows the means for the collaboration of the hotels with suppliers; with travel intermediaries; and with customers.

Table 4. Key for Transformed Values

Means	New Values	Meaning
1.00-3.00	1	Low
3.01-5.00	2	High

Table 5. Effects of the Collaboration on Net Profit

	Mean	S.D. ^a	t-score	Sig.
High collaboration with suppliers	3.42	0.77	1.78	0.193
Low Collaboration with suppliers	3.31	0.68		
High collaboration with travel intermediaries	2.76	0.71	1.57	0.275
Low collaboration with travel intermediaries	2.67	0.75		
High collaboration with customers	3.44	0.81	3.14**	0.032
Low Collaboration with customers	3.01	0.86		

***p<0.01; **p<0.05; *p<0.10

^aS.D.: Standard Deviation; all mean scores were rounded up to two decimal places.

The table given above demonstrates the relationships between collaboration of the hotels with supply chain members and the effects of this collaboration on net profit of the hotels.

Table 6. Effects of the Collaboration on Market Share

	Mean	S.D. ^a	t-score	Sig.
High collaboration with suppliers	3.53	0.79	1.21	0.246
Low collaboration with suppliers	3.41	0.82		
High collaboration with travel intermediaries	4.72	0.74	4.57***	0.008
Low collaboration with travel intermediaries	3.87	0.79		
High collaboration with customers	4.64	0.64	3.08**	0.036
Low collaboration with customers	4.31	0.68		

***p<0.01; **p<0.05; *p<0.10

All mean scores were rounded up to two decimal places.

^aS.D.: Standard Deviation

Table 7. Effects of the Collaboration on Sales Growth

	Mean	S.D. ^a	t-score	Sig.
High collaboration with suppliers	3.66	0.90	0.94	0.487
Low collaboration with suppliers	3.64	0.89		
High collaboration with travel intermediaries	4.75	0.70	4.16***	0.009
Low collaboration with travel intermediaries	4.10	0.76		
High collaboration with customers	4.67	0.55	3.19**	0.029
Low collaboration with customers	4.22	0.61		

***p<0.01; **p<0.05; *p<0.10

All mean scores were rounded up to two decimal places.

^aS.D.: Standard Deviation

Table 8. Effects of the Collaboration on Production and Sales Costs

	Mean	S.D. ^a	t-score	Sig.
High collaboration with suppliers	4.03	0.74	-1.23	0.236
Low collaboration with suppliers	4.11	0.94		
High collaboration with travel intermediaries	4.34	0.68	-1.49	0.287
Low collaboration with travel intermediaries	4.42	0.68		
High collaboration with customers	4.13	0.50	-1.15	0.256
Low collaboration with customers	4.24	0.77		

***p<0.01; **p<0.05; *p<0.10

All mean scores were rounded up to two decimal places.

^aS.D.: Standard Deviation

Table 9. Effects of the Collaboration on Customer Satisfaction

	Mean	S.D. ^a	t-score	Sig.
High collaboration with suppliers	3.13	0.84	1.46	0.294
Low collaboration with suppliers	3.07	0.59		
High collaboration with travel intermediaries	4.31	0.88	4.07***	0.009
Low collaboration with travel intermediaries	3.71	0.76		
High collaboration with customers	4.68	0.38	3.01***	0.048
Low collaboration with customers	4.38	0.42		

***p<0.01; **p<0.05; *p<0.10

^aS.D.: Standard Deviation; all mean scores were rounded up to two decimal places.

Table 10. Effects of the Collaboration on Customer Loyalty

	Mean	S.D. ^a	t-score	Sig.
High collaboration with suppliers	2.37	0.54	1.24	0.244
Low collaboration with suppliers	2.23	0.79		
High collaboration with travel intermediaries	3.38	0.48	2.85*	0.057
Low collaboration with travel intermediaries	3.14	0.65		
High collaboration with customers	4.56	0.56	4.28**	0.007
Low collaboration with customers	3.83	0.59		

***p<0.01; **p<0.05; *p<0.10; S.D.^a: Standard Deviation

Table 11. Effects of the Collaboration on Quality of Hotels' Products

	Mean	S.D. ^a	t-score	Sig.
High collaboration with suppliers	4.16	0.92	2.99**	0.045
Low collaboration with suppliers	3.87	0.69		
High collaboration with travel intermediaries	2.49	0.77	1.48	0.293
Low collaboration with travel intermediaries	2.42	0.89		
High collaboration with customers	4.54	0.44	4.06***	0.013
Low collaboration with customers	3.93	0.32		

***p<0.01; **p<0.05; *p<0.10

S.D.^a: Standard Deviation; all mean scores were rounded up to two decimal places.

Table 12. Effects of the Collaboration on Achieving Competitive Advantage

	Mean	S.D. ^a	t-score	Sig.
High collaboration with suppliers	2.96	0.77	2.83*	0.086
Low collaboration with suppliers	2.76	0.89		
High collaboration with travel intermediaries	3.94	0.56	4.51***	0.008
Low collaboration with travel intermediaries	2.98	0.56		
High collaboration with customers	4.54	0.71	3.09**	0.047
Low collaboration with customers	4.11	0.92		

***p<0.01; **p<0.05; *p<0.10

S.D.^a: Standard Deviation; all mean scores were rounded up to two decimal places.

Table 13. Highest and Lowest Means Related with the Supply Chain Activities of the Hotels with Suppliers

Items	Means
Assessment of supplier's performance through formal evaluation, using established guidelines and procedures.	4.25
In this relationship, any information that might help the other party will be provided for them.	3.75
Exchange of information in this relationship takes place frequently and informally, and not only according to a pre-specified agreement.	3.23
We view our supplier' as an extension of our company	2.36
Investment in the suppliers' operation	2.04
The cost of inputs obtained from our suppliers is reasonable.	1.69

The first three rows represent the highest means and the remaining three represent the lowest means.

Table 14. Highest and Lowest Means Related with the Supply Chain Activities of the Hotels with Travel Intermediaries

Items	Means
Inviting travel intermediaries' personnel to your site to increase their awareness about the products they sell.	4.49
Both parties keep each other informed about events or changes that may affect the other party.	4.10
In this relationship, any information that might help the other party will be provided for them	3.97
Investment in the travel intermediaries' operation	2.14
The travel intermediaries set reasonable prices to the products	1.94
Travel intermediaries has a strong sense of loyalty to us	1.77

Table 15. Highest and Lowest Means Related with the Supply Chain Activities of the Hotels with Customers

Items	Means
Measurement and evaluation of customer satisfaction factors.	4.85
Evaluation of formal and informal complaints.	4.69
Determination of key factors for building and maintaining customer relationships.	4.56
Determination of future customer expectations.	3.09
Interaction with customers to set reliability, responsiveness, and other standards.	3.07
Enhancement of customers' ability to seek assistance.	2.87