



SUPPLY CHAIN MANAGEMENT IN HOSPITALITY INDUSTRY: IMPACT ON SERVICE QUALITY IN McDONALD'S RESTAURANTS, BANGALORE

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Abstract

The challenges facing supply chain managers in the hospitality industry are significant. One of the major paradoxes they face is that there is a pressing need for strategic supply chain leaders who understand the importance of the supply chain as a strategic asset and who can demonstrate this capability to both top management and to the marketplace. Hence an attempt is made to study the impact of supply chain management on service quality in hospitality industry. The data was collected from 20 supply chain managers across the McDonald's restaurants in Bangalore. Upon testing the hypothesis stated in the current study, it clearly indicates that there is significant relationship between the supply chain practices and the service quality of the restaurant. The implications of our results for practising managers are also offered. Our results suggest that supply chain managers should consider the practices identified in this study while deciding on the appropriate level of supply chain integration in the five service quality dimensions in their strategic planning efforts.

Keywords –hospitality industry, cold chain, inter-organisational system, tangibility, empathy

1. Introduction

In today's competitive environment there is an increased interest in logistics and supply chain management practices since performance is not only determined by actions and decision, but also the improvements on return on investment and greater profitability. Even though logistics and supply chain is considered an operations management strategy in the hotel and other service industries, they can use these strategies to help add value to their properties.

The hospitality industry is a broad category of fields within the service industry that includes lodging, restaurants, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry. The hospitality industry is a several billion dollar industry that mostly depends on the availability of leisure time and disposable income. A hospitality unit such as a restaurant, hotel, or even an amusement park consists of multiple groups such as facility maintenance, direct operations (servers, housekeepers, porters, kitchen workers, etc.), management, marketing, and human resources.

The supply chain is an important element within the hotel and catering industry. For staff in this industry, it is crucial to build steady relationships with suppliers and work with a good ordering system in order to improve the service level towards customers. Cutting-edge hospitality chains are reaching beyond inventory control systems to spend intelligence tools, which help gather, rationalize, and analyze historic and real-time purchasing information. The creation of a supply chain leads to a better understanding of the whole chain and thus implementation of common standards becomes easier. It is implied and obvious that in coming era of hyper-competition the basis of competition in many industries will revolve around supply chain development.

Supply chain analysis promotes reducing non-core processes (waste or redundant processes) and synchronization of the supplier and logistics network. Despite the challenges that are created, developing an effective and efficient supply chain can become a core competency or even a distinctive competency of any company.

In hotel logistics and supply chain management, supplier partnerships and relationships are very important. The long-term partnership helps the organization and its suppliers achieve major benefits through their direct, long-term union, and encourage joint planning and problem solving efforts. These strategic relationships allow hotels to work well with a small number of vital suppliers who are prepared to share accountability for the success of the products and work together to reduce inefficient time and effort.

Relationships are used to improve customer satisfaction and prevent customers from going to the next hotel. With changes to customization and personalized service for customers, building relationships has become important for corporate survival. The relationships allow hotels to differentiate themselves from competitors, maintain loyalty, and in turn pass off value to its customers.

2. Supply Chain Management at McDonalds

Supply chain management focuses on the management of supply chain activities to help to take advantage of customer value and attain a sustainable competitive advantage. It represents effort by supply chain firms to develop and run supply chains in the most effective and efficient ways possible. Supply chain activities focus on product development, sourcing, production, and logistics, as well as the information systems needed to coordinate these activities.

McDonald's roots go back to the early 1940s when two brothers opened a burger restaurant that relied on

standardized preparation to maintain quality the Speedy Service System. So impressed was Ray Kroc with the brothers approach that he became their national franchise agent, relying on the company's proven operating system to maintain quality and consistency. McDonald's entry in India dates back to 1993 where in it incorporated its wholly owned Subsidiary McDonalds India Private Ltd.

A unique sense of dedication and commitment characterizes McDonald's India - a commitment to be driven by the leadership of local owners. Commitment to provide quality products and fast friendly service at a real value to support other Indian businesses through local sourcing and imparting new skills and to generate local employment by being a part of the local culture. This commitment has translated into enduring benefits to the businesses at the grass root level, in the areas of introduction of new crops, new agricultural practices and food processing methods and procedures. McDonald's unique 'cold chain', on which the Quality Service Regime has spent more than six years setting up in India, has brought about a veritable revolution, immensely benefiting the farmers at one end and enabling customers at retail counters to get the highest quality food products, absolutely fresh and at great value. McDonald's, through its unique cold chain, has been able to, both cut down on its operational wastage, as well as maintain the freshness and nutritional value of raw and processed food products. This has involved procurement, warehousing, transportation and retailing of perishable food products, all under controlled temperatures.

A McDonald's burger is not just a burger but an outcome of dedicated efforts by farmers, its suppliers, distribution centre and a firm promise by McDonald's. McDonald's contributes a great back end process which enables you to enjoy your favourite burger fresh & hot, and for that, the supply chain truly acts as a backbone of the business.

The supply chain begins at the grass root level, with the suppliers receiving the crop from the farmers. The crop is then processed and dispatched to the Distribution centres in special temperature controlled trucks, which ensures that the quality of the items is not compromised. These items are stored in rooms with different temperature zones and are finally dispatched to the McDonald's restaurants on the basis of their requirements. McDonald's expectation of 'Cold, Clean, and On-Time Delivery' plays a very vital role in maintaining the integrity of the products throughout the entire 'cold chain'.

The McDonald's supply chain is a complex web of direct and indirect suppliers. They manage this complex system by working with direct suppliers who share the company values and vision for sustainable supply. The company holds them to clear standards of quality, safety, efficiency and sustainability. It expects them to extend those requirements to their suppliers.

3. Statement of the Problem

Historically, the procurement function was viewed as low level, back office operation that existed solely to beat up suppliers for lower prices. "Three bids and a cloud of dust" is an expression used by many veteran procurement professionals to describe this traditional approach to supplier relations. The traditional approach to suppliers was price based, surface level, short term and extremely short-sighted. Today, innovative supply managers realize that, once they have selected the best suppliers, mutual cooperation can pay big dividends for both customer and supplier. While all companies want to pay the lowest possible purchase price for goods and services, leading companies have realized that purchase price is only one element of total cost, and that it's critically important to establish continuous improvement programs with strategic suppliers.

Technology has further differentiated small hospitality companies that struggle to manage their supply chains with limited resources and budget from large, multi-unit chains that can afford to invest in solutions to gain visibility and control. Many multi-unit chains have begun taking charge of the procurement process, using technology to manage sourcing back to raw materials suppliers and even buying futures on the commodity market. Myriad business model variations exist among hotels, restaurants, resorts, casinos, and cruise ships. As a result, sourcing operations can encompass a few hundred or thousands of Stock Keeping Units. Purchasing in the hospitality industry is further complicated by the fact that many businesses face fragmented management operations—which can include franchisees and individual owner/operators—as well as managing multiple brands under one corporate umbrella.

Common industry sourcing and procurement challenges include maverick local buying, and a lack of centralized processes to ensure that purchases and deliveries meet contracted pricing, brand, and quality standards. Proprietary distributor ordering systems and non-standardized product descriptions also lead to waste. It is not uncommon, for instance, for a chain to learn it purchases the same size ketchup bottles under multiple product descriptions. That lack of control, coupled with the volume of product that hospitality companies manage, causes them to lose money that should go to the bottom line. Companies lose money when they fail to take a proactive approach to procurement. Hence a research is undertaken to understand the impact of supply chain management on service delivery in hospitality industry with specific reference to McDonalds, Bangalore.

4. Literature Review

Wong et al., (2004): According to them, "A supply chain (SC) is a wide (national/global) network of suppliers, manufactures, warehouses, distribution centres and retailers through which raw materials are acquired, transformed and delivered to customers". Supply chain management (SCM) deals with the coordination of manufacturing and logistics activities between autonomous decision making units. They further state that optimizing supply chain activities is critical to all industries since it saves money, increases throughput, decreases inventory levels and increases revenues, thereby improving the organization's financial status. Thus, integration of various business processes is an integral part of building supply chain initiative.

Aitken et al. (2005): They express that there may be a range of different supply chain solutions for different customers and vigilant analysis is required to determine the design that is appropriate to a particular business strategy. Supply chain management is beyond just buying and selling; it helps a firm to maintain the competitive advantage over other companies. The strategic focus of supply chain management is still evolving and is a major challenge for managers and researchers.

S.A.Melnyk et al. (2009): In their opinion, supply chain management has gained momentum and is the order of doing business successfully in both domestic and international assignments. The supply chain system design is dynamic and changes from firm to firm and country to country. Further they noted that supply chain management lacks talent management due to insufficient supply of skilled, cross-functional trained supply chain experts. Models focusing on competencies required to perform various roles of supply chain need to be developed. Specifically global business proficiency need to be developed as trade scenario these days is dispersed across multiple countries. Training in the areas of strategic and operational levels of supply chain is needed. There is lack of industry-academic interface which needs to be strengthened. To become supply chain leaders, employee advancement through supply chain competencies, gaining cross-functional expertise is considered to be need of the hour.

Tan et al. (2002): They indicate that the important element of supply chain integration is inter-organisational decision making in collaboration with supply chain members and their involvement in the strategic decision making of the supply chain entities. Increasing global cooperation, vertical disintegration and a focus on core competencies have led to the concept that firms are linked in a networked supply chain. A truly integrated supply chain network requires commitment by all the members of chain. Buyers have to revamp their purchasing cycle to integrate externally with supplier's engineering teams and internally with product designers. Thus, they point out the need for involving all supply chain members in the business processes of the firm.

Meixell, M.J. and Gargeya, V.B. (2005): they gave a comprehensive review and classification of supply chain integration. They critiqued emerging trends in historical perspective and emphasised outsourcing, VMI, integration across tiers, internal and external integration, and performance measurement criteria.

Ruhumar, Turel, Ofir (2005): Suggests information and communication technologies to operationalize the notion of a virtual enterprise. Among the business process transformations enabled through these new technologies, companies are using wire line and wireless technologies in redefining their interactions with suppliers, customers, and business partners. It is hoped that this move towards a truly collaborative supply chain environment will help the firm achieve sustainable competitive advantage in the marketplace.

Croxtan et al. (2001): propose information architecture for improving channel visibility by combining eight major processes into strategic, interfacial, and operational levels for overhauling (i.e. customer service management, demand management, order fulfilment, manufacturing flow management, supplier relationship management, product development and commercialisation, and returns management).

Lambert and Pohlen (2001): suggest the measure of market capital increase across different tiers of the supply chain as the requirement and basis of continual business process adjustments. Their viewpoint matches the content of the SCOR model, whose level 1 metrics (e.g., supply chain cost, supply chain responsiveness, etc.) are measured by aggregating the performance figures among operations of the entities within the supply chain. In this research, specific performance measurements were difficult to identify, although some information was implied by the existing measurement system used.

Fugate et al. (2006): examined three kinds of coordination mechanisms, price, non-price and flow-based coordination mechanisms in a supply chain. An example of a price based coordination mechanism is the use of quantity discounts to elicit buyers to buy ahead of need; whereas an example of a non-price based coordination mechanism will be quantity flexibility contracts when the buyer buys in quantities different from contracted quantities. An example of a flow-based coordination mechanism would be vendor managed inventories or quick response programmes.

Krause and Ellram (1997), Pagell and Sheu (2001): They attribute that formal and informal information sharing between supply chain partners enable buyers to communicate their future strategic directions and needs to suppliers. This can lead to competitive advantages such as reduction in demand uncertainty, reduction in frequency of changes in engineering design by suppliers, and stability in production scheduling and sales plans. Moreover, tuning to customer demand can help suppliers enhance relationships with customers.

Trent and Monczka (1999): examined how purchasing and sourcing activities contributed to total quality and concluded that purchasing and supply chain managers can positively affect supplier quality. Firms with more successful TQM (Total Quality Management) programmes were more likely than firms with less successful TQM programmes to stress formal performance evaluations of purchasing employees, involve purchasing employees in key decision-making processes, support purchasing employees who took risks, provide more TQM training to purchasing employees, and reward purchasing employees for individual goal attainment.

Pramatari (2007): According to him, the achievement of effective supply chain operation depends on the seamless collaboration of distributors, manufacturers, and suppliers through the application of inter-organisational systems (IOS) and evolving technological approaches. Collaboration in the global supply chain via recent technologies—such as Dell in the information technology industry, Wal-Mart in the retail industry, and General Motors in the automotive industry—can be typically seen as consequence of such efforts.

Simatupang et al. (2002): According to them, many organizations identify the KPI's which are internal to the organization and do not include the performance of the supply chain members. Performance measures of supply chain which are traditional, concentrating on the individual performance are irrelevant to the maximization of the supply chain profit. Supply chain performance is measured in oversimplified manner focusing mainly on cost reduction method. By this, Supply chain limits itself to local measures of performance, which does not work together in an integrated manner. There is need for identifying the performance metrics which measures the overall supply chain performance rather than the performance of the individual members.

Kauremaa et al. (2004): have focused on the ways companies use IT in SCM and choose to classify the use of IT in SCM to transaction execution and information sharing. Based on the rarity of using IT for information sharing among their sample of companies studied, they hypothesize that the drivers and prerequisites of using IT in transaction execution and in information sharing differ, and that the benefits of IT in transaction execution are easier to quantify.

Wilson (2009): writes that, with the growing understanding of logistics management as an area of competitive advantage, logistics management still faces some problems because companies still consider logistic management

functions as a separate part of their operations from other company activities. Another key principle of logistics management is figuring out the competitive areas they need to focus on in their operations. Due to the continuous change in the logistics environment, it is important to take action promptly to fulfil customers' needs to help build and maintain customer value.

5. Methodology

In 2015 January, the research on Supply Chain Management in Hospitality had begun. The main objective of the study was to determine the impact of supply chain management on service quality in the hospitality sector with specific reference to McDonald's restaurants in Bangalore. The sample size selected for the study was 20 Supply chain managers working in the higher, middle and lower levels of management from selected outlets of McDonald's in Bangalore. The study was conducted for six weeks between January and February 2015.

5.1 Hypothesis stated for the study

H₀: There is no significant relationship between supply chain management and service quality at McDonald's.

H₁: There is significant relationship between supply chain management and service quality at McDonald's.

5.2 Variables identified for Testing the Hypothesis

Supply chain management dimensions at McDonald's

- ◇ Supply chain information system
- ◇ Supply chain planning and collaboration
- ◇ Delivery coordination

Service quality dimensions at McDonald's

- ◆ Tangibility
- ◆ Reliability
- ◆ Responsiveness
- ◆ Assurance and
- ◆ Empathy

The statistical tool used for evaluating and interpreting the questionnaires into meaningful information for resulting analysis was Statistical Package for the Social Sciences (SPSS). Pearson Chi-square test of independence was used to test the relationship between supply chain performance and service quality of McDonalds.

6. Results and Discussion

The following table shows that majority of the young male supply chain managers participated in the investigation. Concerning the experience, there were respondents ranging from less than 5 years of experience to above 15 years. With respect to education, majority of the respondents were post graduates along with few doctorates.

Table 1: Demographic details of the respondents

Sl. No.	Variable		n	Percent
1	Gender	Female	6	30.0
		Male	14	70.0
2	Education	Doctorate	2	10.0
		Post graduate	10	50.0
		Under graduate	7	35.0
		Others	1	5.0
3	Work Experience	Less than 5 Years	1	5.0
		5 - 10 Years	11	55.0
		11 - 15 Years	5	25.0
		Above 15 Years	3	15.0
4	Managerial Position	Top Level	4	20.0
		Middle Level	8	40.0
		Operational Level	8	40.0

Table 2: Respondent's opinion on the systems that are currently in use in McDonalds to support Supply Chain Management

Sl. No.	Parameter	Custom Made	Standard Package
1	The establishment of quick ordering system	8	12
2	Stable procurement through network	20	0
3	The level of strategic partnership with suppliers	20	0
4	Integrative inventory management	0	20

Source: Field survey

Analysis & Interpretation: From the above table it is found that the majority of the quick ordering and inventory management is done through standard package while procurement and level of strategic partnership with suppliers is custom made. Inventory management practices help companies place orders accurately as well as maintain different assortments of products and supplies. Inventory management systems are used to create reports and track costs on which suppliers and vendors have the best costs as well as used to reconcile or adjust inventory after physical counts.

Procurement practices are used in the logistics and supply chain industry to support operational needs of the company by focusing on how purchasing is done, how the product is received from suppliers, building relationships with vendors and managing the procurement process by identifying opportunities and managing internal operations (Fantazy, Kumar, & Kumar, 2010). In today's procurement environment, importance has been placed on reducing costs during purchasing which leads to the best costs and value to its customers.

If customers are moving to fewer suppliers, and investing in strategically important supply chain relations, then SME suppliers that cannot make themselves attractive purely through economies of scale and scope must increase their asset specificity and decrease uncertainty. This requires the supplier to invest in activities that are alien to traditional bid-buy supplier interactions. Thus, it will require suppliers to respond to the changing context and develop stronger relational and organizational competences. Since those issues of quality and performance are the baseline measure for the customer-supplier interaction, any existing competences must support the achievement of this standard. Thereafter, it is the capabilities that create differentiation that will be a key.

Table 3: Respondent's opinion on delivery activities of McDonalds

Sl. No	Parameter	No. of Respondents	Percentage
1	Average	2	10
2	Excellent	4	20
3	Very good	14	70
Total		20	100

Source: Field survey

Analysis & Interpretation: Out of 20 respondents 70% of them feel that the delivery strategies of McDonalds is very good, 20% feel that McDonalds delivery strategies is excellent and only 10% respondents feel that they are average. A McDonald's burger is not just a burger but an outcome of dedicated efforts by farmers, its suppliers, distribution centre and a firm promise by McDonald's. McDonald's has a great back end process which enables the customers to enjoy their favourite burger fresh & hot, and for that, the supply chain truly acts as a backbone of the business. The supply chain begins at the grass root level, with the suppliers receiving the crop from the farmers. The crop is then processed and dispatched to the Distribution centres in special temperature controlled trucks, which ensures that the quality of the items is not compromised. These items are stored in rooms with different temperature zones and are finally dispatched to the McDonald's restaurants on the basis of their requirements. McDonald's expectation of 'Cold, Clean, and On-Time Delivery' plays a very vital role in maintaining the integrity of the products throughout the entire 'cold chain'.

Table 4: Problems faced by McDonalds in their supply chain co-ordination

Sl. No	Parameter	No. of Respondents	Percentage
1	During storage	1	5
2	Evaluating the defects of raw materials	4	20
3	Packaging	6	30
4	Testing of packaging	9	45
Total		20	100

Source: Field survey

Analysis & Interpretation: From the table it is evident that 45% of respondents feel that McDonalds is facing problem during testing of packaging, 30% respondents are facing problem during packaging, 20% respondents feel that McDonalds is facing problem during evaluating the defects and 5% of the respondents feels that McDonalds is facing problem during storage. By this it is clear that McDonalds have to improve their facility in testing of packaging. The supply chain logistics problems facing multi-site companies can be complex, involving multiple stakeholders and constraints across the entire enterprise. The more complex the supply chain, the more difficult it becomes for companies to answer basic questions, such as what kind of raw materials should they purchase and how should they transport them? Which facilities should it process and at what rate? Which components should they buy and which should they make? In many cases, different departments or divisions within a company trade, supply chain planning, operations and blending to name a few have a hand in these decisions, but communication among these entities is not always clear or consistent, and each may optimize to their own objectives without regard for others. The results can drastically affect profitability.

Table 5: Respondent’s opinion on level of satisfaction with regard to current policy of Mc Donald’s SCM

Sl. No	Parameter	No. of Respondents	Percent
1	Satisfied	16	80
2	Very satisfied	4	20
Total		76	100

Source: Field survey

Analysis & Interpretation: From the above table we can analyze that majority of respondents that is 80% are satisfied with the current SCM policy at McDonalds while 20% are not satisfied. This shows that the SCM policy at McDonalds is quite effective. McDonald's, through its unique cold chain, has been able to, both cut down on its operational wastage, as well as maintain the freshness and nutritional value of raw and processed food products. This has involved procurement, warehousing, transportation and retailing of perishable food products, all under controlled temperatures. The McDonald’s supply chain is comprised of many different local and regional supply chains around the world that are tied together globally by strategic frameworks and policies and the McDonald’s Worldwide Supply Chain department. To guide the creation and oversight of issues related to sustainability, an additional global governance structure was created in 2007 called the Sustainable Supply Steering Committee (SSSC). The SSSC is responsible for guiding McDonald’s toward the vision for sustainable supply by identifying global priorities and ensuring progress in ways that complement local priorities and efforts.

6.1 Testing of Hypothesis

Null Hypothesis (H₀): There is no significant relationship between supply chain management and service quality at McDonald’s.

Alternative Hypothesis (H₁): There is significant relationship between supply chain management and service quality at McDonald’s.

Table 6: Supply chain management and Service quality cross tabulation

Variable		Service Quality					Total
		Empathy	Assurance	Reliability	Responsiveness	Tangibility	
SCM	Supply chain planning and collaboration	14	6	9	10	4	43
	Delivery coordination	9	7	5	9	10	40
	Supply chain information system	7	7	10	4	9	37
	Total	30	20	24	23	23	120

Source: SPSS Output

Table 7: Chi-square test

	Value	d.f.	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.368 ^a	8	.0312
Likelihood Ratio	10.057	8	.0261
N of Valid Cases	120		
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 6.17.			

Source: SPSS Output

Decision based on the Sample: Since p value (0.0312) < α (0.05), the significant relationship is established between the two groups. Therefore null hypothesis (H_0) is rejected. That is service quality is related significantly to the supply chain management at McDonalds.

Since services are tangible, customers derive their perception of service quality by comparing the tangible associated with these services provided. It is the appearance of the physical facilities, equipment, personnel and communication materials. In this survey, on the questionnaire designed, the customers respond to the questions about the physical layout and the facilities that McDonald's offers to its customers.

Reliability means that the company delivers on its promises - promises about delivery, service provision, problem resolutions and pricing. Customers would like to associate with companies that keep their promises, particularly their promises about the service outcomes and core service attributes. All companies need to be aware of customer expectation of reliability. Firms that do not provide the core service that customers think they are buying fail their customers in the most direct way.

Responsiveness dimension at McDonald's emphasizes attentiveness and promptness in dealing with customer's requests, questions, complaints and problems. Responsiveness is communicated to customers by length of time they have to wait for assistance, answers to questions or attention to problems. Responsiveness also captures the notion of flexibility and ability to customize the service to customer needs.

Assurance is defined as employees' knowledge of courtesy and the ability of the firm and its employees to inspire trust and confidence. This dimension at McDonald's is likely to be particularly important for the services that the customers perceives as involving high rising and/or about which they feel uncertain about the ability to evaluate. Thus, employees at McDonald's are aware of the importance to create trust and confidence from the customers to gain competitive advantage and for customers' loyalty.

Empathy means to provide caring individualized attention the firm provide its customers. At McDonald's, it is essential to provide individual attention to show to the customer that the company does best to satisfy his needs. In this competitive world, the customer's requirements are rising day by day and it is the companies' duties to meet the demands of customers to the maximum extent possible, otherwise the customers who do not receive individual attention will search elsewhere.

7. Managerial Implications

In today's changing hotel environment, it is important to apply costs saving strategies to the different logistics and supply chain functions such as inventory management and logistics management to optimize end-to-end costs and efficiency. Companies with low logistics and supply chain costs usually give managers the power to make changes to the whole process. Hotel managers need to focus their attention on changing customer demands and should be able to identify the costs benefits that can be derived from utilizing logistics and supply chain management costs saving strategies.

Supply chain analysis promotes reducing non-core processes (waste) and synchronizing the supplier and logistics network. Successful supply chain practices were first seen in aerospace and automotive industries where good constructed supply systems led to the concept of Lean production to grow. The information and communication technologies provide a backbone support to distribute and share information real-time for effective decision making by supply chain partners.

The future supply chain is viewed as a strategic asset and in many cases a core competency. Its focus is on creating systems that encourage and foster collaboration and trust. It evaluates performance along multiple dimensions – lead time, cost, quality, risk exposure, consistency with strategic objectives, and environmental considerations. Ideally, these new capabilities should enable the firm to develop and maintain a sustainable competitive advantage. While the current supply chain has reached the upper limits of its performance potential, this new supply chain has yet to reach its full potential. Hence the managers should focus on the various intricacies to be handled during the transition between these supply chain stages.

8. Conclusion

The study presented in this paper looks beyond the supply side of SCM at McDonald's and focuses on the entire supply chain, beginning with the supplier through the firm to the customers and ending with the consumers. It attempts to determine the obstacles or gaps that arise due to inefficient supply chain activities in the service quality and to realise the potential benefits offered. It also brings together the perspectives of both supply chain practices and service quality dimensions in the hospitality industry especially McDonald's restaurants.

To have a smooth running supply chain management (SCM) system can help organizations with a sustainable competitive advantage by improving product quality and service while reducing cost. Although the literature has emphasized that supply chain integration is essential for productivity, there is a lack of empirical evidence that tests the impacts on performance. Therefore, the objective of this research was to empirically examine impact of SCM on service quality and on performance of the hospitality industry.

The purpose of the present study was to investigate the impact of supply chain management on service quality in hospitality industry. Hence the fast food restaurants, specifically McDonalds were taken as the sampling units. During the investigation, the amount of responses received was greater than expected, which provided a larger empirical data to study and analyze. As could be seen from the results, McDonalds have to improve their facility in testing of packaging, delivery department and varieties of food offers. Upon testing of hypothesis using chi-square test it is found that there is significant relationship between the supply chain management and service quality in McDonald's restaurants.

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