

A Study On Purchasing Function In Eskişehir Urban Hotels

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Extensive Summary

Introduction

Apart from their qualities, businesses need a purchasing capability (competency) in order to operate and sustain their existence. While purchasing was evaluated on the basis of total costs of purchased products in the past, lately impacts of purchasing on customer satisfaction and perceived value have been an important topic of concern, and this fact denotes the changing facets of discussions on the importance of purchasing. Since purchasing has a direct impact on the effectiveness, quality and productivity, it is assumed to be a strategic function for the hotels. It becomes even important due to increasing number of hotel businesses and the competition. Consequently, there has been an increasing interest in academics on purchasing function in hotels.

There is still gap on the functioning of purchasing, especially in different hotel businesses. Therefore, the current study aims at examining functions of purchasing in urban hotels as an important component of the service industries. In this regard, a descriptive research has been conducted in urban hotels located in Eskişehir. In-depth interviews were used to collect data, and they were analyzed by the content analysis. The findings were discussed in the conclusion section and implications were drawn.

Methodology

The study employed in-depth interviews to collect data. A stringent qualitative approach with in-depth interviews in the methodology facilitates the process of building an objective and holistic view of the phenomenon of interest. Semi-structured interviews are often the sole data source for a qualitative research project and are generally organized around a set of predetermined open-ended questions, with other questions emerging from the dialog between interviewer and interviewee/s (DiCicco-Bloom and Crabtree, 2006). Snowball sampling was used as the sampling method in approaching the participants. This study contacted and interviewed six hotel managers. The sample size of a qualitative research is determined by data saturation, which is reached when no new information is discovered on the issue. Open-ended questions were prepared on the basis of extensive literature review. Content analysis was used to analyze the data. This technique is a research method for subjectively interpreting the

content of text data through the systematic classification process of coding and identifying themes or patterns. Two coders were invited to perform content analysis. They read the data repeatedly and individually screened the task of purchasing. Further, they collaborated to determine units of analysis, and they grouped all categories into five themes: existence of purchasing department, perceived importance, customer satisfaction, decision process and buying center.

Findings

Existence of Purchasing Department

Study findings showed that four out of six hotels had formal purchasing department. Purchasing in the remaining two hotels was conducted by the hotel manager and with a member of a staff who was responsible in purchasing function. The main reason for not organizing a separate purchasing department was found to be the size of the business. In this regard, one of the managers (K1) noted that “We serve room and breakfast, that we don’t have a restaurant kitchen. Therefore, personally I deal with purchasing”. The other manager (K5) claimed that they were planning to organize a purchasing department in a near future.

Perceived Importance

Hotel purchasing is important in terms of profitability, quality and performance of services rendered, and developing competitive strength. Hotel managers associated purchasing with profitability. They also related the importance of purchasing with the quality and continuity of the services. In this regard, K3 claimed that “purchasing represents an important department since it provides everything needed to deliver the promise of the hotel”. Collecting demand from other departments, processing and placing the order requires an intensive communication among the departments, purchasing department and the suppliers. This conceptualization was found to be well-understood by the respondents. K4 underlined the importance of communication, and expressed that “purchasing is communication”.

Customer Satisfaction

Purchasing plays an important role in satisfying the customer needs and creating customer value. As such, the service environment and the goods served to customers in hotels are supplied by the purchasing department, and the service quality is dependent on quality and timely supply of these goods. This relation between customer satisfaction and purchasing was found to be appreciated by the respondents, and they associated customer satisfaction with the purchase of righteous goods. In this vein, K5 noted that “the right good should meet the guest expectations”.

Decision Process

Eventually, purchasing is one of several departments organized in hotels. Decisions regarding purchasing is ultimately under the control of general decisions. Study results showed that purchasing managers work in collaboration with other department heads while choosing the right products and the right quantity on the basis of current stocks. Purchasing department in the hotels performed all necessary processes before the ultimate decision was given. Purchase order was finally presented to the approval of the hotel manager. In this regard, K6 noted that “I collect proposals from several firms. I share the information to our general manager, and present it to

management for approval. After the management's confirmation, I start the orders". In some cases of bulk purchase, the decision was also presented the owner of the hotel for the final decision.

Buying Center

Hotels demand various goods and products to render their proposed services. As noted earlier, this process requires a collaborative and a communicative approach. This process further requires direct contribution of department heads in decision making, since each manager is well-informed about the needs of their departments. Study findings revealed that participants were aware of this connection between purchasing department and other departments. Participants noted that it was the department heads who exactly know what their departments needed. Therefore, they explained that they needed assistance of department heads in order to select and order the right goods. Accordingly, they consulted department heads in every aspect of purchasing function. Moreover, it was seen that the quantity of purchasing was an important consideration that determined the number of participants in buying.

Conclusion

Study results suggest that urban hotels mostly have a separate purchasing department and this is dependent on the size of the hotel. It is also seen that hotels place importance in purchasing due to its role in supplying the necessary goods and materials to render quality service and meeting customer expectations. Purchasing is also associated with customer satisfaction. However, study results show that purchasing in hotels is operational rather than relational, and is currently far from being a strategic function. Hopefully, there is awareness among hotels about the communicative role of purchasing function. Additionally, it is seen that various departments contribute to the decision processes, especially during the initial phases of purchasing. Final decision is mostly dependent on the general manager, and sometimes the business owner takes the responsibility. It is also understood that hotels are aware of the importance of purchasing, but they apply a tactical approach rather than a strategic one.

This study is limited to urban hotels located in Eskisehir, and also limited with a small sample. Therefore, further studies are needed for depicting a broader understanding of purchasing function in hotels. Similarly, comparative studies have the potential to deepen our understanding on purchasing in hotels.