EFFECT OF STRATEGIC ORGANIZATIONAL PRACTICES ON THE PERFORMANCE OF THE HOTEL INDUSTRY IN KENYA

ISMAIL BURO HASSAN

DOCTOR OF PHILOSOPHY

(Business Administration)

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

2018

Effect of Strategic Organizational Practices on the Performance of the Hotel Industry in Kenya

Ismail Buro Hassan

This Thesis is submitted in partial fulfilment for the Doctor of Philosophy in Business Administration (Strategic Management Option) in the Jomo Kenyatta University of Agriculture and Technology

2018

DECLARATION

This thesis is my original work and has not been presented for a degree to any other University.

Signature…………………………………………Date………………………..

Ismail Buro Hassan

This thesis has been submitted for examination with our approval as University supervisors

Signature………………………………………Date………………………

Dr. Fred Mugambi, PhD

JKUAT, Kenya

Signature………………………………….. ….Date………………………….

Dr. Esther Waiganjo, PhD

JKUAT, Kenya

DEDICATION

This thesis is dedicated to my late parents whose love for education inspired me.O Almighty Allah, reward them abundantly in heaven.

ACKNOWLEDGEMENT

First and foremost, I thank Almighty Allah for guidance through the journey of this study. I would like to thank my supervisors Dr. Fred Mugambi and Dr. Esther Waiganjo of Jomo Kenyatta University of Agriculture and Technology for their immense support and guidance during the time of writing this research thesis.

My appreciation goes to my wife Muraya Mohamed and children Bashir, Mustafa, Sumaya and Swabra for their encouragement and support.

Thanks also go the ICT department of the County government of Nairobi for providing me the list of star rated hotels in the County.

Last but not least, I appreciate Joyce of Kenya Association of Hotelkeepers and Caterers for her assistance in accessing the association's hotels In Nairobi.

TABLE OF CONTENT

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis Of Variance
CA	Competitive Advantage
CBS	Central Bureau of Statistics
CEO	Chief Executive Officer
CS	Customer Focus
GM	General Manager
HP	Hotel Performance
ICT	Information Communication Technology
ILO	International Labor Organization
IMF	International Monetary Fund
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KIPPRA	Kenya Institute of Public Policy and Research Analysis
KNBS	Kenya National Bureau of Statistics
MBA	Master of Business Administration.
PWC	Pricewaterhouse-Coopers
RevPAR	Revenue per Available Room
RoK	Republic of Kenya
SAP	Structural Adjustment Program
SP	Strategic Planning

S	Safety
T	Training
UK	United Kingdom
UN	United Nations
USA	United States of America

DEFINITIONS OF TERMS

Customer focus. Customer focus is defined as a strategic orientation that reflects a firm's ability to create and deliver superior customer value through the process of market intelligence (Racela, 2014).

Hotel. Hotel is an establishment registered under the Hotel and Restaurants Act and which provides food and accommodation to over five adult persons for a minimum of 24hours (RoK, 2003).

Organizational Performance. Organizational performance is defined as the ability of an organization to fulfill its mission through sound management, strong governance and persistent rededication to achieve results (Owiti, 2014)

Safety. Safety refers to environmental safety where threats are related to environmental factors such as smoke, poor infrastructure, poison or loud noise which impacts on the health or physical safety of the guests or workers (Mensah-Anah, 2009)

Security. Security refers to human action (violence or aggression) that causes physical harm to workers, guests or assets (Mensah-Anah, 2009).

Strategic Organizational Practices. Strategic Organizational Practices refer to procedures and methods organizations believe to be of importance to the achievement of its goals. (Owiti, 2014)

Strategic Planning. Strategic planning is the process of defining an organizational plan for achieving its mission (Gates, 2010).

Training. Training is a company's planned effort to facilitate employee's learning on job-related competencies (Noe, 2011).

ABSTRACT

Hotel is a major enterprise in modern economy. In Kenya, it supports the domestic economy through employment, foreign exchange earnings, contributes to tax revenue base and promotes national economic stability. However, in an increasingly uncertain global business environment, the hotel industry has been affected by volatilities and disruptions. Currently, in Kenya, it operates at 40.3% occupancy level which is below optimal level. In view of the importance of hotel industry to the economy of Kenya, it is essential to carry out research to investigate the effect of strategic organizational practices on its performance. This study concentrated on four and five star hotels and focused on investigating strategic planning, training, safety measures and customer focus because gaps were raised in these variables by other studies. Fieldwork was carried out in Nairobi County because it is the leading hotel market in East African region and the third largest in Sub-Saharan Africa. It is Kenya's administrative headquarter and houses United Nations Offices and International Companies and Non-Governmental Organizations. Many four and five star hotels were built to serve these and other clients. Due to a number of factors, a slump in the hotel industry was felt in Nairobi. In this study, a sampling frame containing 1803 hotels in the city was received from the County Government of Nairobi. Of the hotels in the list, forty one were four and five star hotels which was of interest to the study. Two hotels were selected for the pilot study. A sample of 146 respondents comprising of senior managers (general manager/CEO and line managers such as ICT, HR, marketing, food and beverage and room) out of 234 target population in 39 hotels were aimed but only 105 returned questionnaires. Data was collected using questionnaires. Pilot study was carried on six respondents to check for the validity and reliability of the research instruments. Data was classified and tabulated according to research objectives. Afterwards, analysis was done using descriptive and inferential statistics. The study reveals that strategic organizational practices have positive and significant effect on hotel performance. In particular, training reveals to have positive and highly significant effect on hotel performance. The study concludes that strategic organizational practices are important performance drivers and that hotels in Nairobi need to consider investing resources in strategic planning, training, safety measures and customer focus. The study recommends that hotel's strategic planning process be consultative and participatory and aligned to changes in the environment, train staff more on use of new technologies, invest in early warning systems on safety to avert disaster and create innovative connectivity that offers updates, grants awards and generates feedback from customers.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Organizational performance was defined by Owiti (2014) as the ability of an organization to fulfill its mission through sound management, strong governance and persistent rededication to achieve results. However, Abu-Jarad, Yusof and Nikbin (2010) contend that organizational performance is a concept for which there have been many definitions. Similarly, Gavrea, Ilies and Stegerean (2011), considered the definition of the concept of organizational performance difficult to explain because of its many meanings. For this reason, Gavrea *et al.* (2010) said there wasn't a universally accepted definition of the concept of organizational performance. The meaning of organizational performance depends on the benchmark on which an organization was evaluated. While Gavrea *et al.* (2011) consider organizational performance a difficult concept to define, Obiwuru, Okwu, Akpa and Nwankwere (2011) explain organizational performance on how an enterprise is doing in terms of level of profit, market share, and product quality in relation to other enterprises in the same industry.

Having heard that organizational performance lack specific definition, it is prudent to express what performance means. Performance is conceptualized as profitability, revenue/sales and return on assets, turnover, innovation and quality (Chowhan, 2013). Obiwuru *et al.* (2011) explain the concept of performance as achievement of the organization in relation with the set goals and further suggest that the term performance include economic and behavioral outcomes.

Despite arguments and ambiguities surrounding the meaning of organizational performance, Odhiambo (2009) described it in three broad terms. i) Goal approach; achieving definite identifiable goals. ii) System approach; creating relationship between the organization and its environment and ability to secure limited and valued resources in the environment. iii) Process perspectives which defined performance in terms of the efficiency of the process of an organization. Likewise, Richard *et al* (2009) believe organizational performance comprises of the actual output or results of an organization as measured against its intended outputs (goals and objectives). It now gets clearer that organizational performance refer to end results as well as means or determinants of performance.

There are a number of indicators in measuring organizational performance, such as financial (profitability, turnover, sales and liquidity) and non-financial (competitiveness, quality of service, flexibility of the organization, resource utilization and innovativeness). The use of modern technology emerges as an important indicator of organizational performance. Wadongo, Odhuno, Kambona and Othuon (2010) hold the view that financial performance should not be used in organizational performance because financial measures are associated with a number of weaknesses, including limitation in their accuracy, neutrality, summarized and irrelevant due to the accounting period delay. Accordingly, Wadongo *et al*. (2010), said non-financial measures were deemed to be more effective. In this study, the arguments were synthesized and performance explained as a multidimensional construct and therefore, both financial and non-financial measures were considered in assessing performance of hotels. It was measured by considering profitability; the number of new products innovated or developed and increase in the number of customers by hotels.

Hotel is a major enterprise in modern economy and in Kenya; its history is not long. It started at the Coast initially by the Arabs and later due to the railway line construction workers (Kamau & Waudo, 2012). The Grand Hotel which is the present day Manor hotel in Mombasa was the first major hotel to open its doors to customers. Hotel for international travelers was associated with gazettement of game reserves in the East African Protectorate in 1898. The creation of game reserves attracted European hunters who travelled to Kenya and needed accommodation and food while on their hunting expedition and according to the Central Bureau of Statistics (2002) by 1957, there were 38,000 visitors in the country (Wadawi, 2008).

The Government of Kenya after independence was motivated by the numbers, and undertook to construct hotels to encourage more visitors into the country. Consequently, hotels like Milimani, Pan Afric, Ambassador, Sunset in Kisumu, Sirikwa in Eldoret, Mombasa Beach Hotel, Kilaguni Lodge and Maasai Mara were built but the Structural Adjustment Program (SAP) imposed by the International Monetary Fund (IMF) in 1990s pressurized the government to divest from the industry triggering privatization of the hotels. As government built hotels, private developers realized the importance of the industry and began to invest in. Hotels such as Serena Hotel Group, Sarova Hotel Group, Hilton Hotel International and Intercontinental Hotel were started. From a humble beginning, the industry today prides to have some of the big names in the country.

Hotel which is defined as a business that rents lodging on a temporary basis (Bunda, 2014), is a service based industry focused mainly on satisfying the customer. Hotels basically provide bed and meals but have diverse services, products, facilities and governance structure and differentiate themselves by the extra features they offer, such as conference facilities, gym and parking. The industry was vibrant in Nairobi because it is a business hub in the region, has the United Nations Offices, International Non-Governmental Organizations and many Corporations. It also has pleasant weather and surrounding parks. As a result, many luxury hotels came up to offer services as part of the growing hospitality industry.

There are various presentations or categorization of hotels depending on the location or level of products and services offered. In Kenya, there are mechanisms for classifying hotels, normally called ‘star rating’ based on quality of service and facilities. The rating range from 1-5 with a five star hotel signifying ‘luxury characteristics’. The Kenya Hotels and Restaurants Regulations Act established criteria on which hotels and restaurants are classified. The classification is carried out in the manner prescribed by the Hotels and Restaurants Authority published in the Legal Notice No 30 of February, 16, 2001 of the Hotels and Restaurants Act (Uzel, 2012). Kiplagat, Makindi and Obwoyere (2015) observed that during classification of hotels in Kenya, existence of the following essential elements were considered; occupational permit, valid operating licence, drainage systems, room designation, fire safety, water supply, parking space, communication systems, electrical safety and first aid. Star rated hotels target high yield customers because they represent the highest level of standards in terms of quality service and staff excellence (Sun, 2011).

1.1.1 Growth in Hotels

Running any business effectively and efficiently requires understanding of the key performance metrics of the enterprise which performance Wadongo *et al.* (2010) argued has traditionally been measured by looking at the revenue or profit at the end of the year. In the hotel industry, Failte (2013) note that key elements of hotel performance are organized around accommodation, food and beverage. Other elements that generate revenue for hotel include SPA, conference facilities and club membership but accommodation, food and beverage remain the principal engine of revenue management.

Kenya has an estimated bed-night capacity of 17.4 Million but operates at 40.3 % which was below optimal level (KIPPRA, 2013). Al-Saleem and Al-Juboori (2013) have been emphatic that ideal profitability rate is reached when the occupancy rate is equal to bed capacity. Accordingly, not making full use of the hotel’s capacity results in the depletion of hotels performance (Al-Saleem & Al Juboori, 2013) which may result in loss of revenue and staff layoff. Food and beverage on the other hand, are important hotel revenue essentials although it is argued they generate a minor proportion of hotel’s profit. However, declining bed-night occupancy made managers refocus attention to food and beverage and other metrics. Despite food and beverage low profit margin, Payne (2014) believe food and beverage can determine the capacity of hotels to attract lodgers and enhance revenue and in that regard, Yeh, Chen and Hu (2012) advice food and beverage department to be treated as an asset that is potentially as profitable as lodging. There is a general agreement however, that food and beverage contribute to the baseline and to achieve growth in hotel, Shikuri and Chepkwony (2013) assert that they are accomplished through continuous improvement of quality to sustain profitability. However, the authors contend that hotel performance can be enhanced through engaging in futuristic organizational practices such as strategic planning, empowering employees through training, enhancing safety measures and customer focus.

1.1.2 Impact of Tourism on Hotel Growth

The hotel industry has been dramatically driven by the tourism industry (Sun, 2011). The two are inextricably linked since the promotion of one leads to the promotion of the other and according to Wadawi (2008), hospitality and tourism are dependent on each other to the extent that while hospitality supports travel and tourism in sustaining tourist comfort, it receives benefit in its commercial approach to the relationship. Oketch, Wadawi, Brester and Needestea (2010) were however disheartened that decline in World tourism has grossly affected hotel sales and posed a threat to hotel operators. Vision 2030, Kenya’s development blue print acknowledges the multiplier effect tourism has on growth of the economy (and of the hotel industry). The Vision recognizes tourism as the most important driver of the economy and Kenya's third largest foreign exchange earner after tea and horticulture and a major employer accounting for about 12% of total wage employment and 13.7% of the Gross Domestic Products (Kenya National Tourism Strategy, 2013-2018).

The strategy argues hotels are among the main beneficiaries of tourism getting direct payments for sale of their products and services and indirectly gaining from other sectors benefitting from tourism. The International Labor Organization (2010) therefore observes that any decline in tourism inflows and length of stay leads to a significant contraction of hotel, catering and tourism economic activity worldwide. ILO's accurate assessment of the likely impact of a contraction in international arrivals is what was ailing the hospitality industry in Kenya. This argument was corroborated by Ikwaye (2015) that as a result of a 25% drop in international arrivals at Jomo Kenyatta International Airport (Nairobi), performance of the hotel industry has dropped in the first quarter of 2015. The ripple effect of the drop in international arrivals was not limited to the hotel industry but reverberated to the entire economy.

1.1.3 Global Trends in the Hotel Industry

In an increasingly uncertain global economic environment, the hotel industry has been affected by volatilities and disruption. Hotels react quickly to market crisis and change. For instance, a study by Kipiki (2012) shows hotel industry in USA experienced an intensive and immediate negative impact on occupancy, rate and revenue per available room (RevPAR) in real dollar terms as a consequence of the fall of Lehman Brothers and financial crisis that followed. In North Africa, hotel business experienced a slug. MKG hospitality (2014) reveals that in Algeria the drop per available room reached 4% due to the 1.6% point drop in occupancy rate and 1.8% point drop in average prices. In Morocco, the study shows average per available room drop by 10.5% due to the 2.1% drop in average daily rate. Surprisingly, hotels in Tunisia were resilient and experienced growth driven by average daily rates despite climate of uncertainty in the region.

Trends in the hotel industry in Kenya show drop in bed-night occupancy which Nzuve and Nyaega (2011) observed has continued to deteriorate. A number of factors influenced the drop but one major reason of the fall in international arrivals was travel advisories issued by the high yield countries in Europe and United States (KIPPRA, 2013, PWC, 2014, KNBS, 2014). The West Gate attack in September 2013 in which 67 lives were lost may have exacerbated a bad situation and so Kisero (2015) stated that Kenya's hospitality was in crisis with twenty hotels closing shop and more than 21,000 employees losing jobs and hotels at the Coast experiencing on average 25% of bed occupancy. In this regard, O'Fallon and Rutherford (2011) observed that changes in people's travel patterns have altered the way hotel properties are managed. Aware that people's travel patterns are changing, it was prudent that hotels in Nairobi embrace practices that support hotel performance.

1.2 Statement of the Problem

Hotel is a major business enterprise in modern economy. It is a service industry that supports employment, foreign exchange earnings, contribute to the tax revenue base and promote national economic stability (Vukosav & Curcic, 2013). In Kenya, the industry plays a vital role in the domestic economy by supporting other sectors such as agriculture, transport, manufacturing, trade, banking, and business events, thereby triggering tremendous economic growth. Having recognized the importance of the hotel industry to the economy, the Kenya government invested in the industry soon after independence and built a number of hotels such as Pan Afric, Ambassador, Mombasa Beach Hotel and Maasai Mara. The private sector followed the government's good example and hotels like Serena Hotel Group, Hilton Hotel International, Intercontinental and Sarova Group of Hotels were started. The hospitality industry where hotel belongs, is an important driver of the economy and Kenya's third largest foreign exchange earner accounting for 12% of total wage employment and 13.7% of the Gross Domestic Products (Kenya National Strategy, 2013-2018). Before travel advisories were issued by the high yield countries, hotels in Kenya enjoyed growth and expansion supporting economic development of the nation.

Despite hotel industry playing a vital role in supporting the economy, it has like other business enterprises faced internal and external forces that threatened its competitiveness and even survival. The challenges according to Enz (2011) are varied but are principally about technology, labor competition, security, ecological, legal, socio-culture, globalization, political environment and the economy. Consequently, star rated hotels in Kenya have lately experienced decline as a result of these interacting factors including travel advisories issued by the traditionally high yield markets like European countries and the United States of America due to insecurity (KIPPRA, 2013, PWC, 2014) and global financial crisis. KIPPRA (2013) revealed hotels operated at 40.3% occupancy level which was below optimal level. Similarly, PWC (2014) outlook disclosed that Kenya's hotel market has declined for three consecutive years by 6.6% in 2012, 2.6% in 2013 and 5.3% for 2014. The Kenya National Bureau of Statistics (2014) economic survey too had similar outlook. It noted that 'international visitor arrivals decreased from 1.7 Million in 2012 to 1.5 Million in 2013. The Oxford Business Group Report (2017) identified exogenous pressures such as global financial crisis and terror to have had substantial impact on hotel industry in Kenya. The report noted that visitor number had gone down, hotel occupancy rates and hotel stay unit nights have all been negatively affected over the past few years.

The effect of these interacting factors was to put Kenya's hospitality industry in crisis, with twenty hotels closing shop and more than 21,000 employees losing jobs and hotels at the Coast experiencing on average 25% of bed occupancy (Kisero, 2015). In difficult times like these, star rated hotels bear the greatest propensity to drop in bed occupancy when international arrivals slump and domestic market is unresponsive.

Although hotel performance has been an area of high research (Shikuri & Chepkwony, 2013, Ongori, Iravo & Munene, 2013), a number of gaps remain to be investigated. For instance, Maranga (2015) recommended a study on safety of guests in 3-5 star hotels. This is an emerging area that has been neglected in research and has immense impact on operations and performance in the industry. Wadongo *et al* (2010) identified gaps in non-financial strategic drivers and recommended studies on innovation, human resource management, and customer focus. Ongori *et al.* (2013) studied factors affecting performance of hotels and restaurants and established gaps exist in strategic plans, employee skills and knowledge and customer satisfaction. While Shikuri & Chepkwony (2013) found out shortage of competent manpower as a main challenge.

In the light of continuing decline in the industry's performance, a study was needed on safety measures because it was a major contributor to drop in international visitor arrival, customer focus to reassure them of improved services, retrain staff to align their orientation to changes in the environment and redefine priorities through strategic planning. The gaps identified in previous studies are all important and that is why this study chose these variables (strategic planning, training, safety measures and customer focus) because previous studies identified them as gaps and that they are viewed as central to performance and productivity in hotels.

1.3 Research Objectives

1.3.1 General Objective

The general objective of the study was to investigate the effect of strategic organizational practices on the performance of the hotel industry in Kenya.

1.3.2 Specific Objectives

The study was guided by the following specific objectives.

1. To determine the effect of strategic planning on the performance of the hotel industry in Kenya.
2. To examine the effect of training on the performance of the hotel industry in Kenya.
3. To determine the effect of safety measures on the performance of the hotel industry in Kenya.
4. To examine the effect of customer focus on the performance of the hotel industry in Kenya.

1.4 Research Hypotheses

Ho_1: Strategic planning have no significant effect on the performance of the hotel industry in Kenya.

Ho_2: Training has no significant effect on the performance of the hotel industry in Kenya.

Ho_3: Safety measures have no significant effect on the performance of the hotel industry in Kenya.

Ho_4: Customer focus have no significant effect on the performance of the hotel industry in Kenya.

1.5 Significance of the Study

Hotel is in the service industry and supports the economy through employment, foreign exchange earnings, contribution to tax revenue base and promote national economic stability (Vukosav & Curcic, 2013). The industry plays a vital role in domestic economy by supporting other sectors like agriculture, transport, manufacturing, banking and business events through linkages thereby triggering tremendous growth. It also supports trade unions and entertainment industry. Unfortunately, the industry faced great challenges in business turn down as a result if interacting factors including reduced international arrivals largely due to travel advisories by traditionally high yield markets. A drop in bed-night occupancy diminishes income and increases costs. A rise in the cost of doing business triggers adverse effects, such as staff lays offs that can threatens national economy and security.

A study was needed to address challenges facing the industry. This study which investigates effect of strategic organizational practices on the performance of the hotel industry in Kenya supports the theory of change because the theory postulates continuous learning that keeps competitiveness. The Theory further suggests that change is a critical aspect of every business that needs to establish strategies to achieve goals.

The study also supports Human Capital Theory because it argues that investment in people (education and training) increases individual productivity.

This study is significant to the hotel industry. Its significance can be enumerated as follows. It gives fresh information that would help hotel improve on revenue generation and cost reduction through strategic planning and developing capacities of employees. The new information would help policy makers on developing strategic framework on policy formulation and decision making. The study benefits other researchers with fresh information to build on in advancing knowledge and bridging knowledge gaps, support investors and managers in prioritizing important areas of attention in resource allocation and finally in arriving in a result that would agree or refute the hypotheses. A study with findings that has social and economic benefits is worth undertaking.

1.6 Scope of the Study

Hotel Market Outlook (2015) report described Nairobi as the gateway to East Africa and the leading hotel market in the region and the third largest in Sub-Saharan Africa. Its location in the region assists Nairobi hotels to benefit from conference and leisure travelers but turbulence in the global economy since 2013 affected hotel industry in Kenya. For instance, the Economic Survey 2014 reported the industry lost Kenya Shillings two billion in 2013 compared to its performance in 2012. The Kenya Association of Hotel Keepers and Caterers (2015) described the situation as catastrophic while the Kenya Tourist Board (2015) said the situation was dire. Many hotels closed shop and thousands of employees lost job. According to Hotel Market Outlook (2015) account, hotels in Nairobi achieved occupancy of 53.8% (-1.1%) and an average daily rate of USD 143 (-0.5%). Occupancy led the RevPAR decline, falling -1.6% with the decrease in tourist arrivals in the first half of 2015. This occupancy remains one of the lowest in the region.

Nairobi is a regional business hub and Kenya’s administrative headquarter, housing United Nation’s Offices and a number of International Non-Governmental Organizations. Any uncertain business environment means these hotels would be impacted severely. The scope of the study was limited to four and five star hotels because of their preference by international visitors. Focus was mainly on strategic organizational practices such as strategic planning, training, safety measures and customer focus. These practices were chosen for this study because previous studies such as Maranga (2015), Shikuri and Chepkwony (2013), Ongori *et al.* (2013) and Wadongo *et al.* (2010) identified gaps in them. The study found the challenges and performance of hotels in Nairobi an interesting research issue. Ramifications from hotel crisis in Nairobi, the leading hotel market in East Africa and the third largest in Sub-Saharan Africa would certainly affect the wider economy. Research findings that mitigate the situation would relieve distress in the industry and economy.

1.7 Limitations of the Study

The hotel industry experiences many problems both financial and non-financial. The choice of the research problem (performance of hotels) limited the scope of the study to organizational practices. There were other related problems that would have been studied but effect of strategic organizational practices on hotel performance was found imperative. The choice of the research problem was dictated by the need to tackle falling revenues in hotels in Nairobi. The problem needed urgent understanding and so this study was timely.

This study experienced some limitations which future researchers need to be aware. First, access to Chief Executive Officers (CEOs) was limited. It was assumed that the researcher would get time to discuss the purpose of the study with CEOs of the hotels. Due to challenges of access, questionnaire were dropped through the Human Resource Managers. In the hotels, the Human Resource Managers were link officers and represent their CEOs on matters like research and hence coordinate distribution of the questionnaire to their colleagues. The involvement of CEOs would have built trust and confidence of the managers and enhanced their commitment and speedy participation in the study.

The research designed was restricted mainly to survey method. An inclusion of qualitative research component would have enriched the study by providing opportunities for probing managers on issues that needed more insights. Although qualitative approaches were left out in the design, the analysis of the survey design produced data that were analyzed to bring out the effect variables had on the performance of hotels. Though the analysis of this study was mainly quantitative, its findings are still worthwhile to the hotel industry and researchers would build on and advance knowledge.

The target population was limited to the Chief Executive Officers and Line Managers and left out supervisors. Supervisors and other technical staff have enormous operational experience in the industry and would have enhanced the inquiry and improved results of the study. Though supervisors and technical staff would have given their own experiences, the line managers whom they report to on daily basis were assumed to have sufficient information from them, which information they supplied when filling the questionnaire.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter has been organized as follows; Introduction, Theoretical Framework of the Study, Classical Theories, Conceptual Framework (Review of the Literature on the Variables, Review of Study Variables, Theoretical and Extant Literature), Intervening Variable, Hotel Performance, Review of Empirical Studies, Critique of the Existing Literature, Research Gaps and Summary of the Literature Review.

2.2 Theoretical Framework of the Study

The theories that inform this study are; Strategic Management Theories, Human Capital Theory, Theory of Tourism Security, Theory of Change and Theory of Reasoned Action. These theories lay ground for the literature review and research methodology.

2.2.1 Classical Theories on Strategic Management

The main goal of organizations is to make profit and survive in competitive market. To do that, organizations develop and adopt strategies. Strategies are plans of actions to achieve long term goals that are grounded in theories. The purpose of developing strategy is for organizations to confront current hostile environment and move to a more secure and desirable future. In organizations, managers use strategic management concepts in decision making and improve efficiency. Accordingly, Sergio (2011) states

Strategic Management is "…A process that deals with the entrepreneurial work of the organization, with organizational renewal and growth, and more particularly, with developing and utilizing strategy which is a guide to the organization's operations". This study reviewed Scientific Management Theory or Classical Management Theory and Behavioral Management Theory to lay ground for the literature review and analysis.

The Scientific Management Theory or Classical Management Theory was postulated by Taylor (1856-1915). The theory disapproved decisions on the rule of the thumb which hitherto dominated management practices and proposed managers to apply scientific guide to solve problems and make decisions. It became prevalent at the beginning of the 20th Century and aimed at improving efficiency in organizations. The theory presented four Principles for managers to follow in raising productivity. They are; proper selection, training and development of workers, planning and scheduling of work, setting standards with respect to methods and time of each task and use of wage incentives to increase productivity. Taylor's scientific management theory focused on structure of organizations and accomplishment of goals.

Modern management practices gained a number of things from the theory such as continuous professional development of workers, strategic planning, motivation of workers and target setting. No doubt this theory has had immense influence in augmenting organizational efficiency and effectiveness, but it was criticized for presenting factory like production line model. The theory could be defended for taking that approach because conditions in factories and production sites at the time necessitated the development of concepts in management and therefore theory inclined towards factory to solve organizational problems. Nevertheless, scientific management theory contributed enormously to modern management practices.

Whereas Scientific Management Theory focused on organizational structure, Behavioral Management theories focused mainly on human relations. In previous management practices, behavior and motivation were ignored and workers were treated like machines without feelings and expectations. The advent of the behavioral theory created understanding of employee's human dimension. The theorists understood that employees are individuals, resources, assets and engine behind organizational productivity. For instance, in the Hawthorne study and in the book, 'The Human Problem of an Industrialized Civilization (1933)' Mayo established the existence of a relationship between human behavior and organizational productivity. It concluded that increase in motivation of workers raises productivity. Similarly, McGregor (1960) utilized Theory X and Theory Y as a guide to understand worker behavior. In Theory X, McGregor (1960) suggests that an average worker is viewed generally as lazy, dislikes work, inherently self-centered and indifferent to organizational needs. According to Mohamed and Nor (2013), managers who employ Theory X in their management generally get poor results. On the other hand, Theory Y is a participatory method of management where an average worker viewed as someone who likes work, exercises self-control and self-direction and learns to accept responsibility. McGregor (1960) advised organizations to adopt Theory Y because it allows workers develop a sense of duty and responsibility. Understanding different perspectives and dimensions of worker's attitude towards work assists managers in developing mechanisms and methods of handling work and workers. Overall, the behavioral management theories set up an outlook that human relations and needs are imperative and critical in business management.

2.2.2 Human Capital Theory

Human Capital Theory postulates that education and training raise productivity of workers by imparting knowledge and skills. Proponents of the theory were Schultz (1960) who proposed the idea of human capital and was developed further by Becker (1964). According to Goldin (2014) human capital theory has a notion that there are investments in people (education and training) and that investment increases individual productivity. From education and training, Jehanzeb and Bashir (2013) observe that human capital development generates benefits for the individual and the organization. For the individual, the benefits lie in acquiring soft and technical skills required by the organization to enhance efficiency and for the organization, human capital makes it solvent and competitive in the market.

There has been varied opinion on the validity of the theory but there is a general agreement that investment in human capital leads to greater output. Human capital is also described as a key element in improving a firm's assets and employees in order to increase productivity as well as sustain competitive advantage. Tahir, Yousafzai, Jan and

Hashim (2014) observe that companies invest in their employees to take advantage of the human capital management which was closing skills gap that was a critical area of human resource development and helps a firm to continuously penetrate the market. A review of a number of earlier studies by Marimuthu, Arokiasamy and Ismail (2009) on the benefits of human capital development found out that human capital development has a positive correlation with organizational performance. Accordingly, human capital development results in higher performance and sustainable competitive advantage, higher organizational commitment and enhanced retention and contributes significantly in the strategic planning on how to create competitive advantage. It also notes that human capital development makes the firm gain competitive advantage when they own firm specific resources that cannot be copied by rivals. Finally, human capital development increases workers' productivity which essentially is a recipe for increase in firm's performance.

2.2.3 Theory of Tourism Security

In their article 'Towards a Theory of Tourism Security', Pizam and Mansfeld (2006) developed a theory which hypothesized existence of a relationship between safety and security incidents and tourists visit to destinations. The study reveals that the higher the frequency of security incidents (crime, terror) and the more the media coverage they obtain, the greater the negative impact on tourist demand. The authors (ibid) note that security incidents cause changes in tourist perception of risks, and thus are always translated into travel decisions. They postulate that all forms of security incidents that occur at tourist destinations negatively affect their image and can cause decline in tourist arrivals which may lead to contracted tourist receipts and economic recession that specialize in tourism. Hotel forms part of the tourism specialized destinations and in the frontline in the fall-off when security related incidents hit a tourist destination. Pizam and Mansfeld (2006) observe that in destinations that have been affected by security incidents, the quality of tourist installations and services may become degraded, since many employees are made redundant and service may become degraded. In their view, peace, safety and security are the primary conditions for successful tourism development. To recover and develop, they suggest risk reduction strategies, such as dissemination of positive communication of the risk perception to potential visitors and current customers. The main client of the star rated hotels in Kenya are foreign visitors and its decline can be mitigated by adapting approaches that positively manage safety and security issues in the industry. Risk reduction strategies targeting all audiences may also improve customer demand in the industry.

2.2.4 Theory of Change

Change is a process of learning where organizations respond to internal and external environmental changes. Sarayreh, Khudair and Barakat (2013) contend that change is a critical aspect of every business, and is inevitable and managing it is essential (Tata, 2013). A change management theory known as Emergent Theory postulates change as rapid and unpredictable and which cannot be managed from top-down (Barnard & Stoll, 2010). There are a number of theories that inform organizational change. They include

Lewin's Change Theory which is rational, goal and planned oriented. The theory concentrates on the forces driving change and does not consider personal factors that affect change in the analysis. The second theory of change is the Social Cognitive Theory that proposes that behavioral change is affected by environmental forces and personal factors. This theory centers its analysis on elements of behavior itself.

In managing change in organizations, managers take different approaches depending on what is targeted for change. Tata (2013) considers change management as a structural approach to manage situations and is about people and targets leadership at all levels of an organization. It believes organizations do not change; it is the people who change for the organization to succeed. Changing people can be instrumental in realizing goals for planned and unplanned changes both internally and externally (Tata, 2013). Rogers (2014) argue that the Theory of Change can be used for strategic planning or programmatic/policy planning to identify the current situation in terms of needs and opportunities, and to establish strategies to achieve the goals, and during implementation to identify which indicators to monitor, and to explain to staff how progress or policy works. Pieterse, Homan and Caniels (2012) are of the view that organizational change ultimately leads to continuous learning that keeps competitiveness. By and large, change processes are driven by the need to improve business performance (Balogun & Hailey, 2008). From the theories of change, star rated hotels in Kenya can adapt and adopt change by continuously analyzing changing environment, develop new vision in the light of changing business realities, reposition hotel in the new market segment and reorient and empower management and staff.

2.2.5 Theory of Reasoned Action

The Theory of Reasoned Action was developed by Fishbein (1967) to study human behavior. With Ajzen, Fishbein (1980) improved the theory by addressing inadequacies in the existing model. The Theory postulates that attitude could explain human actions by impacting on human behavior. In1980, they advanced the idea that people are usually quite rational and make systematic use of information available to them. The model also developed another assumption that people consider the implications of their actions before they decide to engage or not to engage in a given behavior. From the Theory of Reasoned Action, Fishbein and Ajzen (1980) concluded that if a person perceives the outcome of performing a behavior is positive, she/he will have a positive attitude forward performing the behavior. Since the Theory provides a framework for identifying and measuring the underlying reasons for a person's intent to behave the way or not, it helps understand and predict people's behavior. The theory is largely applied in the field of Psychology, and in business, in areas such as consumer behavior, market behavior or brand loyalty. For business managers, it helps them appreciate how consumer behavior affects and shapes market forces of demand and supply. Understanding consumer needs assists decision making processes and formulation of appropriate marketing strategies for products. Knowledge of consumer behavior is helpful in planning market segmentation and strategies for effective penetration of markets, capture and retention of customers.

2. 3 Conceptual Framework

Conceptual Framework is an explanation of the relationship between independent variables and dependent variable. It is explained by Mugenda (2008) as the structure of the forms and shapes of the study and that which holds together all other elements in a logical configuration. It is an explanation of the facts under study and according to the author, the problem of the study cannot be articulated except within conceptual systems. Mugenda (2008) believes Conceptual Framework is a vintage point to look at the problem which is illustrated diagrammatically to provide a virtual relationship of the variables in the study.

Hotel performance is largely shaped by management of its metrics such as bed-night occupancy, food and beverage. Other metrics that contribute to hotel performance include strategic planning, training, safety measures and customer focus. Efforts to bring growth in hotel are described by Sun (2011) as utilization of existing capabilities and competences among other practices.

The conceptual framework for this study was drawn on the assumption that local market had sufficient clients to replace international high yield visitors but require efforts to secure them through reengineering of hotel's strategic organizational practices. The study examined strategic planning, training, safety measures and customer focus practices. These practices may rejuvenate performance in upscale hotels in Kenya. The following framework explains conceptually the relationship and how the practices influence performance in the hotel industry in Kenya.

The study was guided by a conceptual framework developed by the researcher as shown in figure 2.1.

Strategic Planning (SP)

- Commitment to SP
- Regular review of SP

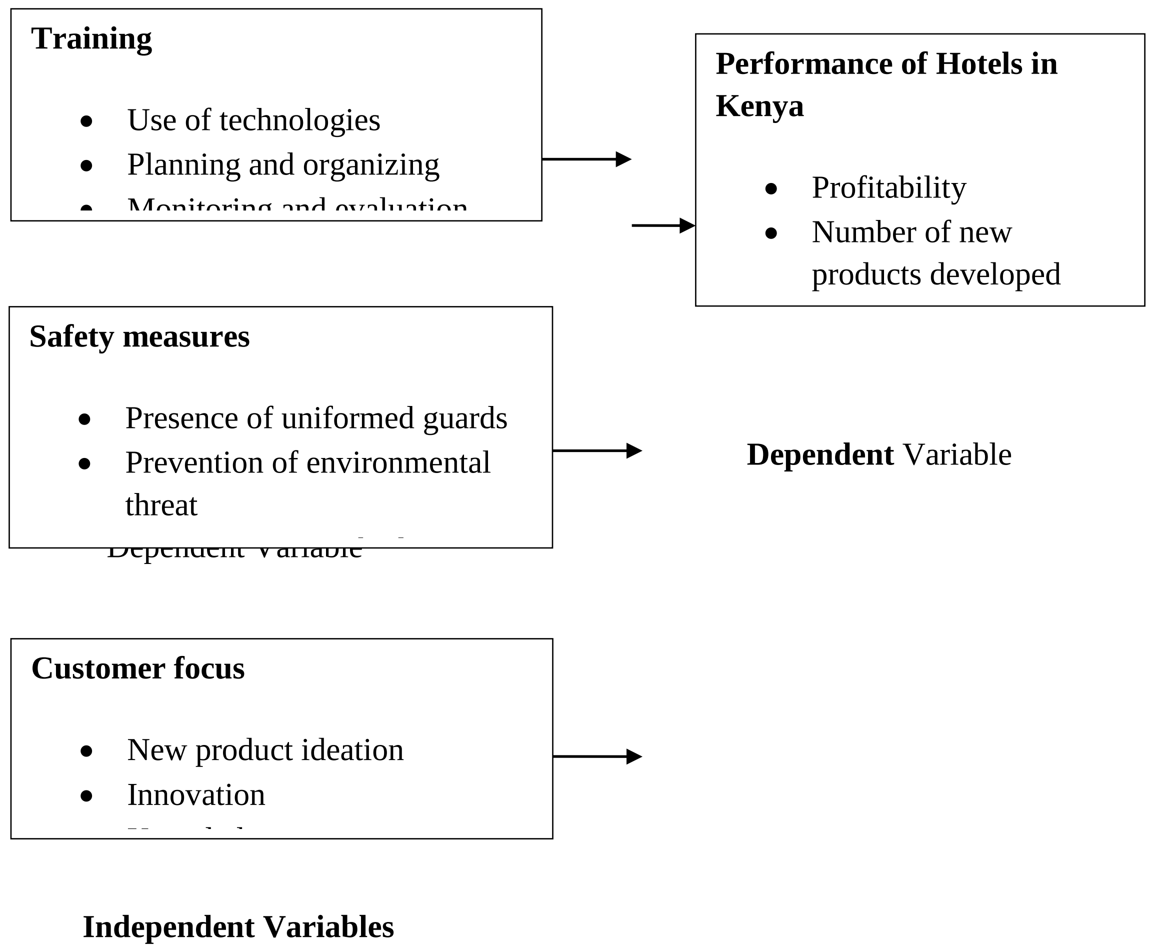


Figure 2. 1 Conceptual Framework.

In the conceptual framework in Fig 2.1, strategic planning, training, safety measures and customer focus were independent variables that influence effect of organizational practices in the performance of hotels. The practices were predicted to have effect on performance in hotels in Nairobi. Increases in profitability, number of new products developed and increase in the number of customers are indicators of performance in the hotels.

2.4 Review of Study Variables

This section presents a review of the study variables. The section discusses or reviews clearly how the study variables were explained in other studies and their effect on hotel performance in different jurisdictions and in Kenya.

2.4.1 Strategic Planning

The concept of strategic planning has drawn diverse views. Overtime it developed and sharpened critical thinking about success factors. The evolution expresses meanings scholars gave to the concept of strategic planning. Before reviewing strategic planning, it was important to trace the development of the concept. Drucker (1954) explained strategic planning as management by plans focusing on making strategic decisions. Ansoff (1970) conceptualized strategic planning as a process of seeking a better match between a firm's products or technology and its increasingly turbulent markets. Hofer and Schendel (1978) saw strategic planning as an evolution of managerial response to environmental change moving from internal structure and products efficiency to the integration of strategy and structure and production innovation. Wendy (1997) considers strategic planning as a process of developing and maintaining consistency between the organizational objectives and resources and its changing opportunities. While Bateman and Zeithml (1993) view strategic planning as a conscious, systematic process during which decisions are made about the goals and activities that an individual, group, work unit or organization will pursue in the future activities.

Arasa and K'Obonyo (2012) on their part defined strategic planning as a process of selecting organizational goals and strategies, determining the necessary programs to achieve specific objectives en-route to the goals, and establishing the methods necessary to ensure that the policies and programs are implemented. Uzel (2015) believes strategic planning is a proactive alternative to long-range planning which was found to be obsolete because it failed to increase firm's true value. Researchers noted that strategic planning had some effect on hotel performance. Arasa and K'Obonyo (2012) believe that by defining purpose and goals, strategic planning provides direction to the organization and enhance coordination and control of organizational activities. The authors (ibid) further argue that the development of implementation program, evaluation and control systems facilitate smooth execution and implementation of the planned tasks. Hence, by planning, an organization scans its environment and matches against strengths, opportunities, its weaknesses and threat thereby prioritizes judiciously. Arasa and K'Obonyo (2012) consider strategic planning results in a viable match between the firm and its external environment. For Taiwo and Idunnu (2010), in strategic planning firms gain more because they derive considerable benefits not only from adaptive thinking but also from integration and control. The authors consider strategic planning to involve examination of internal and external factors that drive performance and conclude in organizations having positively affected in financial performance.

Schmidt's (2010) meta-analysis conducted on 88 individual studies representing a sample size of 32,472 observations done between 1956 and 2003 show the relationship between strategic planning and organizational performance as dubious if not non-existence and does not have a positive effect on corporate governance. However, Schmidt (2010) observes that strategic planning has advantages for the firms. Some of the advantages the study listed include; more effective allocation of time and resources to identified opportunities, creation of a framework for internal communication between personnel, identification and exploitation of future marketing opportunities, utilization of planning provides an advantage over competitors and it encourages forward thinking on the part of the personnel. The advantages support achievements of organizational goals. Mutindi *et al.* (2013) had similar opinion about strategic planning and stated that the concept of strategic planning had been widely adopted by hotels but its dimensions, roles and impact to the performance of the overall hotel management was still disputable. Despite the negative views about strategic planning, the authors recognize that hotels have acknowledged the importance of strategic planning just like other organizations because it helps clearly identify and prioritize their objectives and targets. Aldehayyat (2011) shares a similar view that hotels have embraced strategic planning as a tool for continuous improvement because it helps them identify and prioritize their objectives and targets. On the whole, strategic planning is viewed as useful to hotels because it helps them organize their resources and strive in a continuously changing business environment.

2.4.2 Training

Noe (2010) defined training as a planned effort by a company to facilitate employees' learning of job related competencies (knowledge, skills and behaviors) that are critical to successful job performance. In this regard, training is seen as a preparation of employees to manage current activities and future business goals. Noe (2010) believes a company can gain competitive advantage, if it views training broadly as a way to create intellectual capital (skills to perform one's job, use technology to share information with other employees, understand the customer or manufacturing system and self-motivated creativity). According to Noe (2010) training plays a strategic role in business and drives a company's strategies including growing sales, foster motivation, managing cost base and planning for succession.

In order to perform well in a changing market environment and shifting customer taste, organizations have turned to training to match employees' skills, knowledge and attitudes with the changes. Raja, Furqan and Khan (2011) consider training as the most important factor in the business world today, because training increases the efficiency and the effectiveness of both the employee and organization. The authors (ibid) observe that training is an important tool for an organization to compete in this challenging and changing world. Similarly, Gunu, Oni, Tsado and Ajayi (2013) think training is designed to change or improve the behavior of employees in the workplace so as to stimulate efficiency. Raja *et al.* (2011) and Abeeha and Bariha (2012) suggest the existence of a positive correlation between training and organizational performance and competitive advantage. Such positive relationship could be associated with employees' added value through training.

Gunu, *et al.* (2013) in their study of training as a tool for organizational development on selected banks in Nigeria conclude that there are additional outcomes that are related to performance indirectly. Referring to the work of Abang *et al.* (2009), the researchers observe training has the greatest impact when bundled together with other human resource management practices. On their part, Obi-Anike *et al.* (2014) argue that training is an investment with immediate and long term returns. According to them, there exists a positive relationship between training and organizational performance. Benefits raised in the study include increased job satisfaction, reduced employee turnover, enhanced inter personal relationship and teamwork. Similarly, McNamara (2010) contends that training increases job satisfaction, improves the efficiencies in processes, employee motivation, raise the ability to obtain new technologies and reduce employee turnover.

Devi and Shaik (2012) suggest training is a key that unlocks the potentials of growth and development opportunities to achieve competitive advantage. Consequently, they argue training generates a pool of employees who stay on with longer institutional memory, cuts the costs of recruitment and selection of new employees. In doing so, it increases productivity and commitment (Vlachos, 2009**).** The United Nations Office of Human Resource Management (2010) examined key competencies needed in organizations and identified communication, teamwork, planning and organization, accountability, client orientation, creativity, technological awareness and commitment to continuous learning. The study suggests that for managers it is increasingly getting necessary to have managerial competencies such as vision, leadership, empowering others, managing performance, building trust, judgment or decision making. Similarly, Rigby (2013) concludes that core competencies allow companies to invest in their strengths that differentiate them, helps employees to understand management priorities and can be used to design competitive positions and strategies.

The hotel industry encompasses workforce with a wide range of professions. Kim, Seo, Hyun and Kim (2011) divided hotel into five departments; General Management (Human resource management, account and procurement), Marketing and Sales, Food and Beverage, Catering (Cooking) and Room departments. Professionals in the different departments require training in different competencies to be effective for the tasks in their domain. Kim, *et al.* (2011) itemized competencies that need to be developed to enhance effectiveness at work as; i) Practical competency: Patience, good documentation, good presentation, use of computer and good memory. ii) Adaptability to work environment: Neat and decent. iii) Ability to make progress in work: Lead, recognize customer needs, able to sell products, meet people and communicate. iv) Interpersonal skills: Friendly, coping well, control emotions and care for the team members. v) Actively participate in social gathering: Sense of humor and keeps close relationship and Flexibility: No complains, work late and weekends. Many studies have documented benefits accruing from training. Kamau and Waudo, (2012) for instance, believe that employee competence contributes to customer satisfaction.

2.4.3 Safety Measures

A lot of literature has concentrated on capital investment, human resources, technology and customer focus when investigating strategic organizational practices and performance in the hospitality industry ignoring the influence of safety measures. The reason why safety issues are important to governments, investors and managers, guests and scholars is because of increasing frequency and intensity of threats to guests, staff and assets in hotels and the resultant impact on businesses and the economy. Hotel is an industry where large group of people either work or patronize daily and whose safety consideration is essential. Ghazi (2015) argues that safety considerations are important factors to tourists when choosing a destination and when selecting a hotel to stay at. Such considerations are true to other hotel users. Singh (2014) observes that hotels have become a soft target for criminals because they provide high degree of access, usually 24 hours a day. The nature of the industry makes it difficult to differentiate between legitimate guests and criminals because hotel is by its nature an environment created to welcome guests. In Kenya, a number of star rated hotels in Nairobi (Norfork) and at the Coastal region (in Kikambala) have in the past been attacked by criminals causing loss of life and destruction to properties. In this regard, Ghazi (2015) asserts that it is the responsibility of the hotel establishment to ensure safety and security of guests and staff, and counter threats and minimize impact.

The concept of safety and security has been used interchangeably or defined as twin concepts (Ghazi, 2015). When safety is discussed, security is assumed to subsume safety measures but the focus differ. Safety refers to occupational elements where threats originate from environmental factors such as smoke, poor infrastructure, poison, loud noise or high humidity and touches on the health or safety of the guests or workers. Such environmental factors affect effectiveness of employees, and guests' choice of hotel and may eventually impact on the productivity or performance of facility. However, Buhai, Cottini and Nielsen (2008) contend that there has been virtually no attention on the impact of work environmental health and safety conditions on firm performance indicators. Whereas Buhai *et al.* (2008) suggest no attention on the impact of work environmental health and safety conditions on firm performance indicators, a study on the effect of safety measures in Kenya would shade light on impacts on hotel business.

Security on the other hand, refers to human action that causes physical harm to guests, workers and assets. Security was also looked at in labor perspectives in which job security was seen as a fundamental variable that affects performance of employees and which management must constantly be attentive to. According to Maranga (2015) security situation in Kenya was a major hindrance towards sustainable tourism development. He observed that most firms spent a lot of money on private security services. McGoey (2013) argued that hotel security was a growing concern for travelers and local customers as well. The author (ibid) believed there was a negative impact on hotel bookings when guests were attacked or robbed. A feeling of insecurity may pervade the air and dissuade travelers and local customers from patronizing hotel facility. Similarly, Hymanson (2013) contends that a hotel's reputation and success is largely based upon the comfort and safety it provides to its guests. Failure to provide a safe environment damages a hotel's reputation, and thus may result in serious financial loss and damages. Indeed, continued loss of safety reputation may lead the facility to close. Concern was also raised by the government of Kenya that security was a significant pillar if economic growth was to be achieved and particularly in the hospitality industry (Kenya Economic Recovery Strategy for Employment 2003-2007). Security in the hospitality industry appears to be a concern of many other stakeholders as well.

Environmental or occupational safety is a managerial function which was critical when examining organizational performance. Chandrasekar (2011) contends that in today's competitive business environment, organizations can no longer afford to waste the potential of their workplace. The author argued that workplace environment impacts on employee morale, productivity and engagement, both positively and negatively. Ayele (2012) also acknowledged environmental uncertainty as a major factor that hinders companies operations in all sectors of the economy and thus impact negatively on economic development of the world and in particular the hospitality industry. Managers therefore need to cultivate practices that mitigate environmental uncertainties.

Studies on occupational safety and health suggest the existence of a positive correlation between occupational safety and productivity. Jelimo (2014) asserts that there exist a positive relationship between occupational health and safety and productivity of employees and that safety measures improves employee productivity. Similarly, Oluoch (2015) observes presence of safety benefits in the workplace. Such benefits include higher employee productivity, minimal absenteeism from work, raised staff morale, better employee relations and reduced medical and litigation costs. It is therefore logical to argue that investment in workplace safety has a higher premium return.

An important exhibition of the value of occupational safety and health was expressed by ThyssenKrupp (2016) in its policy statement that ‘occupational health and safety are of prime importance’ and as such make a key contribution to the company’s success’. The Company felt economic aspects do not take priority over the health and safety of employees. Such corporate statements in their view are of equal standing with quality of products and commercial success. It can be concluded that occupational safety and health strengthens the performance capabilities and motivation of employees.

2. 4. 4 Customer focus

In business environment where competition is growing fierce, technology changing rapidly and customer preference shifting, organizations come under pressure to adjust and manage environmental variations thoughtfully. An area of great concern in business dilemma is the management of customers. Customers are considered essential assets in any organization (Azad & Hashemi, 2013) and as such, need to be at the center of organizational practice because customers are believed to play an important role in organizational performance.

Customer focus is sometimes used synonymously with customer orientation and so the two terms were employed here interchangeably. According to Racela (2014), customer orientation is a strategic alignment that reflects the firm’s ability to create and deliver superior customer value through the process of market intelligence. The study posits customer orientation as a business philosophy that leads to superior performance and firm profitability. Accordingly, customer orientation is explained to be concerned primarily with market sensing (information gathering, analysis and dissemination), customer relations (customer interaction) and customer response (ability to satisfy customer needs). In this regard, customer orientations are actions intended to facilitate creation of knowledge capability, innovation and superior business performance.

Additionally, Racela (2014) suggests firms need adequate market intelligence to give a correct interpretation of situations. Otherwise, customer ambiguities can lead to different interpretations engendering wrong response resulting in missed opportunities and weak competitiveness. Spanjol, Qualls and Rosa (2011) found customer orientation to have a positive influence on new product ideation which is used for generating new product ideas. The authors asserted that sharing and disseminating customer information throughout the firm is characteristics of customer oriented firm and reflects internal communication among financial units and work teams.

European Centre for Business Excellence examined the link between business excellence practice, customer focus and business performance and concluded that nurturing a culture that focuses and services customer needs improves competitive performance. Alam (2013) corroborates the findings and suggests the practice has a positive impact on the organization such as employee satisfaction, innovation and cost benefits on performance measures. To augment value from customer focus, Tajeddin, Elg and Trueman (2013) advice organizations to continuously improve all the processes involved. Similarly, Robinson and Brown (2012) advise organizations to consider customer expectations and experiences as a golden opportunity to build rapport and reinforce relationship. The authors (ibid) were concerned that attempts to retain customers were often sabotaged by poorly set strategies, ill managed processes, technologies, organizations and data. Quite often, they said, enterprises had challenges in thinking like the customers, and what was even more difficult in their view was delivering a positive customer experience. In their opinion, poorly managed customer relationship causes disconnected sales and marketing and service functions. Accordingly, they advised paying attention to and auditing expanding competition, evolving nature of customers, and voices of dissatisfaction, killing back office mentality and effective connectivity to act as an internal benchmark.

A number of studies appear to suggest that customer focus and organizational performance have positive correlation. Mokhtar (2013) noted that the practice of customer focus was identified as pivotal for any organization seeking to reach a level of sustainable performance. Verhoef and Lemon (2013) contend that firms with strong practice on customer focus moved beyond the objective of delivering products and services that met customer expectations. They observed that when customers' expectations are exceeded, they get satisfied causing repeat business and refer potential customers to the firm.

Yaacob (2014) cites a number of studies that confirm the benefits of customer focus to firms such as manufacturing (Mojtahedzadeh

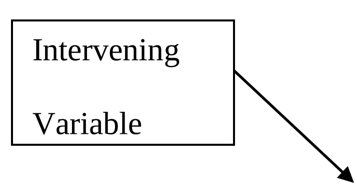
7 Arumugan, 2011), retail (Chotekorkul & Nelson, 2013, Tajeddin et al., 2013), service (Alam, 2013, Dadfar et al, 2013), hospitality and tourism (Sum and Kim, 2013). Although these studies show benefits of customer focus to firms, Yaacob (2014) faults narrow studies in aspects of customer focus and researching in single construct as limitations to understanding broader benefits accruing from customer focus.

It is appreciated that hotel collects a lot of information on customers, which information is used to recognize customer behavior with respect to expectations and the market. Such information includes data which give insights into the dynamics of customer requirements and complaints management. Rigby (2013) observed that information collected through customer interactions support effective customer service programs, generate more reliable sales forecasts, provide feedback on customer preferences and problems to product designs, assist gather market research on customers, enables sales representatives to see financial impact on different configurations before they set prices and improves customer retention.

The hotel industry in Kenya needs to benchmark the practices Leeds City Council captured in its strategic plan 2011-2015. The Council strategically positioned customer focus central to its operations. For instance, it outlined customer access to fair and equal service, have greater control over the services they receive and how they receive, influence the design and delivery of service available for them, needs are where possible resolved at the first point of contact and satisfaction drives service improvement. The Council believed achievement of its strategic goals would be realized through customer insight.

2.4. 5 Intervening Variable

An intervening variable is a hypothetical construct or non-observable variable that is used to explain links between the independent variables and the dependent variable. It is a construct that can be used to explain casual influence on the dependent variable. On its own, it does not impress upon the dependent variable but draws its influence from the independent variable and then impacts on the relationship between an independent variable and the dependent variable. Figure 2.2 illustrates causal relationship between independent variables and dependent variable.



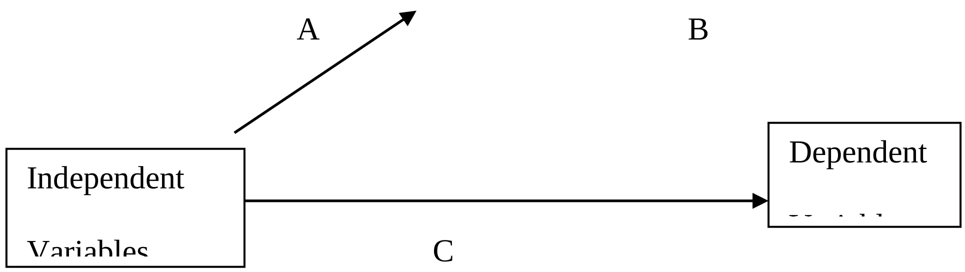


Figure 2.2 Intervening variable

Source: Mugenda (2008)

In figure 2.2, the model shows sequence of relationship between the independent variable and the dependent variable. Arrow C shows independent variable's direct influence on the dependent variable while arrow A reveals independent variable's influence on the intervening variable which further determines the dependent variable as shown by arrow B. According to Mugenda (2008), when the intervening variable comes to the equation, the total effect on the dependent variable is partitioned between the independent variable and intervening variable. The involvement of intervening variable makes it difficult to tell how much of the influence on dependent variable was drawn from the independent variables. Since intervening variable is a hypothetical construct, it is difficult to measure and quantify its effect. In this study, presence of intervening variable was not evidently open and that it was assumed the relationship between independent variables and the dependent variable was complete. Consequently, the intervening variable did not appear in the conceptual framework.

2.4.6 Hotel Performance

Hotel is a key player in the service industry and is largely driven by the customer. Its performance as in other organizations refers to end results and determinants. In investigating hotel performance, Santoro (2014) believes it is important to look at external and internal factors. Accordingly, external factors create pressure and necessitates competition in the sector and the marketplace while internal factors offer opportunities to choose strategies to be adopted, allocate resources and achieve the goals.

There are a number of indicators in measuring hotel performance, such financial (profitability, sales, turnover or liquidity) and non-financial (competitiveness, quality of service, customer satisfaction or innovativeness). The literature present different viewpoints about which indicators should be preferred but Wadongo et al. (2010) argue against financial indicators because of associated weaknesses. This study synthesized the arguments and explained performance as multidimensional construct and therefore include both financial and non-financial indicators in assessing hotel performance. It considered profitability, development of new products and increase in the number of customers as measurement metrics in hotel performance.

2. 5 Empirical Review

Ongori, Iravo and Munene (2013) investigated why hotels and restaurants in Kisii County were drastically declining in performance and even closing down at alarming rate and management practices that could enhance sustainable performance. The study reviewed strategic plans, employee skills and knowledge and customer satisfaction. It revealed existence of gaps in strategic management of organizations. The study concludes that the future direction of organizations was determined by management practices and how people working in that organization interact and collaborate with each other, with customers and other stakeholders. The study signified the importance of training and customer interaction to the performance of organizations.

Bloom, Genakos, Sadun and Reenan (2011) conducted studies on management practices across firms and countries over a decade and confirmed a number of positive performance attributes. In their previous study (2005), the report presented compelling evidence that better management practices were significantly associated with high productivity and other indicators of corporate performance including return on capital employed, sales per employee, sales growth and growth in the market share. While in their 2007 report, they argued that improved management practices was one of the most effective ways for a firm to out-perform its peers. The studies also revealed that better managed firms have a more educated workforce among managers and non-managers. Bloom *et al.* (2011) contend that firms adapting core management practices were more profitable, more productive, grow faster and survived longer.

Other studies also show organizational practices have positive effect on firm's performance. Kingi (2013) studied the effect of human resource development and recommended implementation of best practices. In their study, Kamau and Waudo

(2012) found out that employee competence contribute to customer satisfaction. Mutindi *et al.* (2013) also proposed that hotels acknowledge the importance of strategic planning because it helps clearly identify and prioritize objectives and targets. The study noted that strategic planning helps hotels organize their resources and adapt to a continuously changing environment. Similarly, Arasa and K'Obonyo (2012) report positively on the effect of strategic planning on organizational performance. They said it provides direction and control to the organization and enhances coordination and control of organizational activities. Mokhtar (2013) noted the practices of customer focus were identified as pivotal for any organization seeking to reach a level of sustainable performance. Other studies with similar outcome include Owiti (2014) that satisfied customers would refer others to the hotel increasing customer numbers and hence improving competitiveness and profitability.

2.6 Critique of the Existing Literature

Hotel which subsumes the hospitality industry has been an area of research interest both in Kenya and in the rest of the World. In Kenya, research focused mainly on star rated hotels in Nairobi and the Coast region. In this section of critiquing existing literature, analysis was on evaluating relevance of the variables to the hotel industry in Kenya. The critique covers strategic planning, training, safety and customer focus as individual variables and performance of the hotel industry in general.

Strategic planning is explained as a management by plans. The literature reveals that strategic planning has a positive effect on the performance of the hotel industry. However, there are arguments on the effectiveness of strategic planning on organizational performance (Schmidt, 2010; Mutindi, 2013; Uzel, 2015). On the positive note, the literature suggests that strategic planning provides direction to the hotel industry by facilitating coordination and control of activities (Arasa & K'Obonyo (2012). This view was shared by Taiwo and Idunnu (2010) and Aldehayyat (2011) that in strategic planning firms appear to gain more from integration and control, and was used as a tool for continuous improvement and prioritization of objectives and targets. In general, strategic planning appears good as reported by the literature, and that hotels may desire to use to boost productivity but in practices, operational dynamics that need expertise and massive financial resources may persuade management to opt out and engage in less demanding function. Perhaps what needs investigation is the take up of strategic plans by hotels.

Mutindi *et al.* (2013) acknowledge the concept of strategic planning as widely adopted by hotels but claim its dimensions, roles and impact to the performance of the overall hotel management was still disputable. The researchers gave mixed signals about strategic planning. On one hand, they suggest strategic planning is good and so hotels have widely adopted and possibly enjoy the benefits of using it. On the other hand, they imply it is not worth but hotels have it, perhaps for intrinsic value to impress investors and customers. Since hotels have adopted strategic planning, it would be assumed that its use is appreciated.

Uzel (2015) refutes the suggestion that strategic planning has effect on organizational performance. In Uzel's (2015) view, `strategic planning is a proactive alternative to long term planning which was found to be obsolete because it failed to increase firm's true value. Strategic planning is not a metric streaming revenue such as room or food, but a mechanism to achieve effectiveness. Schimdt (2010) argues that relationship between strategic planning and organizational performance as dubious, if not non-existent and does not have a positive effect on corporate governance. In the literature, Schimdt (2010) presents contradictory messages. While the result of his study claim strategic planning is dubious, it also suggests advantages; such as more effective allocation of time and resources to identified opportunities, creation of a framework for internal communication between personnel and identification and exploitation of future marketing opportunities. It would be difficult for investors, managers, policy makers and stakeholders to reconcile divergent narratives. Schimdt's (2010) research covered a wide range of organizations. The degree to which different organizations respond to strategic planning may have informed the analysis. A study focusing on hotel would provide more forecast results.

In the literature, there is harmony among researchers that training is import to the performance of the hotel industry. Researchers (Noe, 2010, Raja *et al.*, 2011, Gunu et al, 2013) mention training to increase efficiency and effectiveness and improve behavior of employees. It is important to note that training is a critical element of hotel performance. However, it must be mentioned that hotel performance is inextricably linked to employee motivation. Training for the sake of competence may not boost morale and improve productivity. Kamau and Waudo (2012) observe employee competence contributes to customer satisfaction. Satisfaction of internal customers (employees) is fundamental and forms the foundation for external customer satisfaction. Generally, there is a feeling among employees that specialized training attracts certain human resource action. The literature does not mention what happens when training is not accompanied by compensation.

Research on the role of strategic organizational practices has ignored safety as a construct that has influence on the performance of the hotel industry and particularly in Kenya. Yet safety has emerged as vital tool that drives performance in unstable business environment. Buhai, Cottini and Nielsen (2008) contend that there has been virtually no attention on the impact of work environmental health and safety conditions on firm performance indicators. Safety factors touch on employees and guests' life and hotel's reputation and therefore significantly affect performance. Studies on the performance of hotels in the context of environmental uncertainty require further study.

A review of a number of studies by Bharadwaj (2000) had established customer orientation is used as behavioral construct that examines generation of information about the buyer. The study revealed that information collected may not be shared with the customer and therefore biased subjectively towards vendor's view about the customer.

Ideally, information collected by the vendor needs validation by the customer. Additionally, the author noted that customer orientation was investigated as a cultural phenomenon exploring norms, values and beliefs about the customer. Cultural experience is varied, differentiated and is determined by who constructs the narratives. It may be difficult for the vendor to share similar view of the world with the customer. Finally, data collection was tangent on the vendors plan on what is important and to be collected prompting loss of intangible but important information. Information collected in this manner lacks validation and ownership and may carry ambiguities and irrelevancies.

Most hotels in Kenya were owned by foreign firms and in assessing their performance; they used standardized tools developed on western experience. Standardized assessment tools need to be contextualized to capture the contribution of valuable Kenyan culture because local culture are rich and may have their unique and significant contributions to the hotel industry.

2.7 Research gaps

A number of studies on the performance of the hotel industry in Kenya have been done focusing mainly on financial indicators. Lately, non-financial indicators emerged as area of further research in the hotel industry. For instance, Wadongo *et al.* (2010) studied key performance indicators selecting managerial roles and the choice of performance measures. The study identified gaps in the literature and recommended investigations on non-financial strategic drivers such as innovation, human resources management, profits and customer focus.

Shikuri and Chepkwony (2013) studied entrepreneurial challenges facing hospitality industry and found out shortage of competent manpower as the main challenge. Ongori *et al.* (2013) studied factors affecting performance of hotels and restaurants in Kenya. The study established gaps in strategic management of hotels on strategic plans, employee skills and knowledge and customer satisfaction. Owiti (2014) studied management practices and performance of hotels in Nairobi and established that benchmarking was the only largely adopted quality management practices. The study recommended other practices to be adapted to a larger extent.

Maranga (2015) carried a study on security situation and its hindrance to tourism development. He observed that most hotels spent a lot of money on private security services. Maranga (2015) identified gaps in safety in hotels and recommended a study on safety of guests in 3-5 star hotels. This is an emerging area that has been neglected in research and has immense impact on operations and performance in the hotel industry.

From the literature, several studies were undertaken in the hotel industry but there still exist areas that need investigation. For instance Wadongo *et al.* (2010) mentioned gaps in innovation, human resources management, profits and customer focus. Shikuri & Chepkwony (2013) mentioned gaps in shortage of competent manpower; Ongori *et al.* (2013) established gaps in strategic management of hotels on strategic plans, employee skills and knowledge and customer satisfaction, Maranga (2015) found gaps in safety of guests in 3-5 star hotels. A single study like this one cannot deal with the litany of challenges in the industry. Other studies need to come up to address the gaps. This study only responded to tackle gaps in the literature by investigating strategic planning, training, safety and customer focus.

2.8 Summary

Review of the literature examined the effect of strategic organizational practices to the performance of the hotel industry in Kenya. The literature examined organizational practices that were used to improve performance in the industry. Though there are several possible practices that hotel could utilize to improve performance, the study focused on strategic planning, training, safety measures and customer focus. The literature review points out that strategic planning result in a viable match between the firm and its external environment. Training was considered as the most important factor in the business world today because it increases efficiency and effectiveness of both the employees and the organization. The literature review reveals that workplace environment impacts on employee morale, productivity and engagement both positively and negatively. Customers are considered essential assets in any organization and therefore play an import role in organizational performance. The literature suggests organizations to focus on the customer so that adequate market intelligence was gathered to give a correct analysis of situations. Overall, the literature reveals that strategic organizational practices are essential in improving organizational productivity and financial performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the framework that was used to carry out the empirical study to address the objectives of the research. The chapter looked at research design, target population, sampling frame, sample and sampling technique, data collection instruments, data collection procedure, pilot test study, reliability, validity data analysis and presentation, hypothesis testing, measurement of the variables, data presentation and ethical issues in the study. The section described the pathway the study followed to collect data and test the hypothesis.

3.2 Research Design

Research design is described as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to research purpose with economy on procedure (Kothari, 2011). Similarly, Mugenda (2008) refers to research design as the process the investigators will follow from the inception to the completion of the study. The authors' (ibid) descriptions of research design show it as a blueprint researcher uses for the collection, measurement and analysis of data.

The research design method for this study was survey that used questionnaire to collect data and analyzed through quantitative methods. Survey according to De Leeuw and

Dillman, (2008) is an organized method in which quantitative information is systematically collected from a relatively large sample of a population. Quantitative methods were used to analyze the data because it establishes associations among study variables and determine reliability and validity of data to test hypothesis of the study (Uzel, 2015). Further, Arasa and K'Obonyo (2012) claim that Analytical quantitative approach is the most appropriate method of addressing research objectives.

3.3 Target Population

Population refers to the aggregate of individuals in the study. Mugenda (2008) describes population as the entire group of individuals, objects, items, cases, articles or things with common attributes or characteristics. In research, population would refer to the group of elements in which a study problem exists. According to the County government of Nairobi (2015), there were 1803 hotels and restaurants in the city that included forty one 4 and 5 star hotels which this study was interested. In each hotel, six managers were targeted totaling to 246. Twelve respondents were selected for pilot studies leaving 234 managers as the target population for the final study. The study focused on the General Manager (GM) or Chief Executive Officer (CEO) whichever title was appropriate and Line Managers (Food and Beverage, ICT, Marketing, Human Resources and Room department). The GM or CEO is in-charge of policy and operations of the hotel. The position made the holder cognizant of organizational practices that enhance performance and gives responsibility to make strategic decisions on the direction the hotel takes. The Line managers are technical officers who run departmental operations and advised the

GM or CEO on best approaches to improve performance. The unit of analysis was the hotel managers who filled the structured questionnaire.

3.4 Sampling Frame

In research, the list of the population of interest which is referred to as sampling frame needs to be identified and appropriately listed. According to Mugenda (2008), the list may be obtained from a source or generated by the researcher. The list of the population or sample frame is where the sample is drawn. In this study, the sampling frame was a list with 1803 hotels received from the County government of Nairobi in 2015, from which forty one, four and five star rated hotels were selected. The list of the four and five star hotels is attached at appendix III at page 142.

3.5 Sample and Sampling Technique

3.5.1 Sample

In research, a complete enumeration of all the subjects may not be possible due to time or cost constraints. It becomes necessary to select respondents or sample who represent characteristics of the population. According to Kothari (2011) the sample is selected largely because of efficiency in producing a more reliable outcome by minimizing extraneous influences like exhaustion that may cause inaccuracies if all the population were to be covered. To select a sample, Kothari (2011) suggests the following formula to determine the required number in case of a finite population.

$$n = z^2 . p. q. N / e^2 (N-1) + z^2 . p. q$$

Where;

n = required sample size

N = size of the target population

z = the value of the standard variate at a given confidence level and is worked out from table showing area under curve. The value of z from the table is 1.96 at a given confidence level of 95%.

e = tolerance at desired level of confidence, take 0.5 at 95% confidence level

p = sample proportion of success (sample proportion the target population to have the characteristics being measured. Take p = 0.5)

q = sample proportion of failure (q = 1 – p)

To determine sample size of a population of 234 at confidence level of 95%;

$n = z^2.\ p*q.\ N/\ e^2\,(N-1) + z^2.\ p*q$

n = 1.96 x 1.96 x 0.5 x 0.5 x 234/ 0.05 x 0.05 (234-1) + 1.96 x 1.96 x 0.5 x0.5

n = 3.84 x 0.25 x 234/ 0.0025 (233) + 3.84 x 0.25

n = 224.64/0.5825 + 0.96

n = 224.64/ 1.5425

n = 145.63

Adjusted sample size. n = 146.

The sampling frame received from the County government of Nairobi in 2015 had 1803 hotels including 41 four and five star hotels. In each of the 41 four and five star hotels, six managers were targeted totaling to a population of 246 managers. Twelve managers were slated for pilot study leaving 234 managers for the actual study. If the entire population of 234 managers was taken as the sample, each category would have had 39 managers but after the sample size was calculated, respondents were selected proportionally from the different groups of managers (Chief Executive Officers, ICT, Marketing, Human Resources, Food and Beverage and Room). Accessible population was 114 due some hotels excusing themselves from the study, while the chain hotels referred the researcher to their head office. Food and beverage, and room were assigned additional manager because they are revenue generating metrics. Table 3.1 shows both the target population per category of managers and the sample size in each category.

Table 3. 1: Target Population of Managers and Sample Size.

Managers	**GM/CEO**	**F &B**	**HR**	**Marketing**	**ICT**	**Room**	**Total**
Target population	39	39	39	39	39	39	234
Sample size	24	25	24	24	24	25	146

3.5.2. Sampling Technique

Sampling technique is the process of selecting samples from the population (Kothari, 2011). It is about getting a sub set with representative characteristics of the population. Singh and Masuku (2014) contend that samples are selected because of expediency in data collection and in cutting costs. In research, samples often experience errors and biases. Errors are the variations in estimates whiles biases are use of wrong procedures.

Kothari (2011) believes errors and biases occur due to inappropriate sampling, defective measuring devices (questionnaire or interviewer), absence of respondents and natural biases such respondent wishing to impress or depress responses. To tackle sampling error and systematic biases, Kothari (2011) proposes selection of a better sampling design.

Four and five star hotels are located in different areas within the city. To pick a sample, hotels were clustered into zones followed by random sampling proportional to their numbers in the zones. Nairobi Central business district and Kilimani zone had the highest concentration of the hotels. They were given a higher proportion in the samples. Hotels were first listed alphabetically for each zone and then simple random sampling was used to pick the hotels. Random sampling is a process of picking sample from parent population based on probability, and not on any preference. Each and every element of the population has an equal chance of being selected (Alvi, 2016). The process of picking a sample is described by Banerjee (2012) as follows. ‘The first number is chosen at random from the population, and once the first member has been chosen, the second member is chosen at random from the remaining N-1 members and so on, till there are n members in the sample’.

In random sampling, the picking starts anywhere. The first hotel was skipped then the next was picked and the process continued until the needed number was realized. For zones with one hotel, they were merged with nearest zone with one hotel then one sample was picked from them. After hotels were sampled, respondents who were

General Managers/ Chief Executive Officers and Line Managers (Food and Beverage, ICT, Marketing, Human Resources and Room department) were purposively selected from each hotel. Table 3.2 shows hotels where managers in the sample were working. The unit of analysis of the study was the manager and hotels were merely listed to locate them.

Table 3.2: Hotels where Data was collected.

S/N	Hotel zone	Hotels where data was collected
1	Nairobi Central	Intercontinental, Laico Regency, Pan Afric, Sentrim Kenya (Boulevard), Serena, Nairobi Safari
2	Kilimani	Silver Springs, Pro-Dema (Heron), Hill Park
3	Parklands/High ridge	Sankara, Jacaranda, Cape hotels, Southern Sun
4	Roysambu	Safari Park,
5	Nairobi West	The Boma
6	Gatina	Soluxe International, Convent International
7	Karen/Langata	Weston
8	Woodley/Kileleshwa	Ngong Hills
Total		**19**

3.6 Data Collection Instrument

Research instruments are the means of collecting primary data and include questionnaire, interview, observation guides and focus group discussion. In survey, questionnaire is one of the main instruments used for data collection. It is a systematically structured instrument employed to collect information from respondents. A good instrument is reliable and valid. As a tool for collecting information, Mathers and Hunn (2009) identify a number of advantages in questionnaire which include having internal and external validity, efficiency in gathering data, cover geographically spread samples and have ethical advantages such as confidentiality. The advantages asserted by

Mathers and Hunn (2009) were corroborated by Kothari (2011) that the use of questionnaire for data collection in research makes the interviewee free from the bias of the interviewer, give adequate time to the respondents to give well thought out answers and the results can be more dependable and reliable. On the other hand, Kothari (2011) pointed out limitations of questionnaire as low return rate, loss of control once sent to respondents, have inbuilt inflexibility and omission of replies to some parts. To address these limitations, questionnaire were constructed in simple language while keeping in mind the objectives of the study and methods of analysis. In this study, only questionnaire were used to collect data from the field.

3.7 Data Collection Procedure

Data collection is a process of gathering information and then measuring them on the variables in the study. In research, primary and secondary data are collected. According to Kothari (2011), primary data are those that are collected afresh and for the first time while secondary data are those that have already been collected by others and are retrieved from storage. In this study, only primary data was collected from the hotels using questionnaire. Prior to releasing questionnaire to the hotels, the University wrote an introductory letter which explained the purpose of the study. The Kenya Association of Hotel Keepers and Caterers also wrote an introductory letter which was sent by email to their members requesting them to grant access to the researcher.

Data collection procedure started with listing of objectives the instruments were expected to achieve. Questionnaire was divided into two parts. Part one was on demographic characteristics of the hotel while part two was on study variables. Short questions were developed so that respondents do not lose meaning and purpose of the subject. The questionnaire were dropped by the researcher to the human resource managers who coordinated distribution and collection from line managers. The human resource managers who represent the Chief Executive Officers were briefed on the importance of the study. Questionnaire were self-administered and had a mixture of Likert scale (1-5) and dichotomous format so that answering and analysis are easy. During collection, the researcher checked the instruments for omission of any part in the questionnaire. Although the managers were to fill the questionnaire in two weeks, it took more than two months to receive from some of them delaying compilation and analysis of data.

3.8 Pilot Test Study

In any study where data collection from the field is involved, testing the instruments for comprehension and efficacy is essential. The pre-test or the pilot test mirrors the main task and the exercise is used to verify suitability of research instruments before carrying out the actual research. Dikko (2016) argues that a pilot study is a mini version of the main research, and according to Simon (2011) the purpose of piloting is to resolve reliability and validity of the instruments and to check for ambiguities that would prevent respondent’s comprehension. Simon (2011) reiterates the importance of pilot study as giving advance warning regarding weaknesses in a proposed study. E.g. where research instruments are inappropriate or too complicated.

A pilot study was carried out to improve the instruments before they were finally distributed; time limit was given to respondents to fill the questionnaire (two weeks) after which the researcher went round to collect them although some questionnaire were not filled and ready for collection. Pilot tests sometimes experience challenges, such as not getting targeted respondents. The pilot test in this study targeted twelve but only managed to get six respondents in one hotel because the second hotel declined to participate in the exercise without giving any reason. The test result was a turn up of 50%. Although the number of participants was small, Simon (2011) contends that administering the survey personally and individually to a small group of respondents is a good way to proceed with your pilot study. Despite the small number in the pilot test, the respondents provided their views which were used to improve the instrument. After the test was done, adjustments were made with respect to respondents' reactions in wording and scaling the questions in the questionnaire, and instruments were cleaned of unnecessary or unclear questions. Respondents in the pilot study were excluded from the actual study. Analysis of the pilot test is captured under the section on reliability analysis.

3.8.1. Reliability

In data collection, a major concern lies with consistency in results. Consistency is the extent to which instruments used for data collection constantly produce similar results. In other words, it is reliability of the instruments to have uniform outcome. Reliability is a measure of the degree to which a research instrument yields the same results or data after repeated trials (Mugenda, 2008). A pilot study was carried in one hotel in Nairobi to validate the questionnaire and address inconsistencies. The questionnaire was administered to the managers to check comprehension of the content and their relevance to the industry. The test checked for relevance, sequence and layout. Adjustments were made to enhance consistency particularly uniformity in numbering the Likert scale. To estimate the reliability of the instruments, Cronbach's Alpha (1952) was utilized which Mugenda (2008) argued as the most commonly used coefficient of internal consistency. A computer software using SPSS was used to analyze reliability and the results were shown.

Table 3.3: Reliability Analysis

Component	Cronbach's Alpha	n = 6
Strategic Planning	0.952	6
Training	0.922	6
Safety measures	0.857	6
Customer focus	0767	6

Hotel performance	0.784	6

Overall reliability of the instruments were 0.975

Sekaran and Boogie (2010) state that Cronbach's Alpha ranges between 0 to 1 with values of 0.7 and above being more reliable. Thus the questionnaire had all the variables above 0.7 and an overall reliability of 0.975 which means a good internal consistency.

3.8.2 Validity Test

Whenever data are collected from the field and tests are used to check suitability of the instruments, validity issue comes in because data collection method that is faulty is likely to lead to inaccurate analysis. Validity is about the instrument measuring what is intended to be measured and as Drost (2011) said, validity is concerned with the meaningfulness of research components. Mugenda (2008) argues that validity cannot be estimated but the data collected using the instruments. In other words, validity estimates how accurate the data obtained in the study represents a given variable. To enhance the validity of the study, instruments were designed to collect data that reflect the contents of the variables. Questionnaires addressed issues relating to variables being investigated. That is; strategic planning, training, safety measures and customer focus. The extraneous variables were controlled through randomization of the sample population and the instruments covered a representation of the sample of the target population. Finally, the researcher personally administered the instruments to minimize inconsistence.

3.9 Data Analysis and Presentation

Raw data that was collected from the field was coded and organized. After coding, data was stored in electronic form so that much paper work was reduced. Quantitative techniques were employed in data analysis. Initially, descriptive statistics using central tendency, measure of variability, frequency distribution and relationships was utilized. Effect of strategic organizational practices on performance of hotel was investigated, described and inductions established to make sense of situations and established patterns, trends and effect in the study variables.

After the descriptive statistics was done, correlation coefficient was carried to analyze the degree and direction of relationship. The information from the correlation coefficient was used to examine regression analysis as is in social research. A test of significance was established at 0.05. A regression analysis was then conducted to find out the coefficient of determination or R^2. Data analysis was finally carried on T-test to assess whether the means of groups were statistically different from the comparison value. A Test of independence was carried out and Chi-square analysis was done at 5% level and 95% confidence interval. A t-test was also conducted for each independent variable and its probability level to know which of the independent variables was a significant predictor of the dependent variable.

This study investigated the effect of strategic organizational practices in the performance of the hotel industry in Nairobi, Kenya. In analyzing the quantitative data, multiple regression model was used to understand the effect of the independent variables (strategic planning, training, safety measures and customer focus) on the dependent variable. The following model was used because it gives an equation that best shows the effect independent variables have on the dependent variable. It also shows which variable had stronger effect on the dependent variable. The multiple regression model was in the form shown.

$$Y = \beta_o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

Y = Dependent variable (Performance of hotel)

β_0 = is the constant

β_{1}- β_4 = are the regression coefficient for each independent variable

X_1 = Independent Variable number 1 (Strategic Planning)

X_2 = Independent Variable number 2 (Training of staff)

X_3 = Independent Variable number 3 (Safety measures)

X_4 = Independent Variable number 4 (Customer Focus)

ε = Error term or Stochastic term.

3.9.1 Hypotheses Testing

The purpose of research is to validate or refute a proposition. A proposition or hypothesis statement is an expression which links between the problem being investigated and the evidence needed for the solution (Mugenda, 2008). The statement also establishes relationship among variables in the study. Kothari (2011) asserts that hypothesis is a predictive statement capable of being tested in a scientific method that relates an independent variable to some dependent variable. The following section shows how the hypotheses of the study were tested.

Hypotheses statement	***Hypotheses test***	***Decision rule***
$Ho_{1:}$ Strategic Planning (SP) have no significant effect on the Performance of four and five star hotels in Kenya	Pearson's Zero order Coefficient of Correlation (Beta test). Ho: $\beta_1 = 0$ Ha: $\beta_1 \neq 0$ Conducted a t-test to determine individual significance of the effect of SP on performance of hotel Conducted F-test (ANOVA test) to check overall significance of the	Reject Ho_1 if P-value is $\leq$ 0.05. Otherwise fail to reject. If not, reject P-value is $\geq$ 0.05. $HP = \alpha + \beta_1 SP + \varepsilon$ Where; HP = aggregate mean score of Hotel Performance. α = y- intercept β_1 = Regression

	simple regression model	Coefficient (Beta) SP = aggregate mean score of Strategic Planning
	Pearson's Zero order Coefficient of Correlation (Beta test).	ε = Error term random or stochastic term.
Ho_2: Training (T) have no significant effect on the performance of four and five star hotels in Kenya.	Ho: $\beta_2 = 0$ Ha: $\beta_2 \neq 0$ Conducted a t-test to examine individual significance of the effect of T on the performance hotel Conducted F-test (ANOVA test) to check overall significance of the simple regression model. Pearson's Zero order Coefficient of Correlation (Beta test).	Reject Ho_2 if P-value is ≤ 0.05. Otherwise fail to reject. If not, reject P-value is ≥ 0.05. $HP = \alpha + \beta_2 T + \varepsilon$ Where; HP = aggregate mean score of Hotel Performance. α = y- intercept β_2 = Regression Coefficient (Beta) T = Training ε = Error term random or

	Ho: $\beta_{3} = 0$	stochastic term.
Ho_3: Safety (S) have no significant effect on the performance of four and five star hotels in Kenya.	Ha: $\beta_{3} \neq 0$ Conducted a t-test to examine individual significance of the effect of S on the performance of hotel. Conducted F-test (ANOVA test) to check overall significance of the simple regression model. Pearson's Zero order Coefficient of Correlation (Beta test).	Reject Ho_3 if P-value is $\leq$ 0.05. Otherwise fail to reject. If not, reject P-value is $\geq$ 0.05. $HP = \alpha + \beta_3 SS + \varepsilon$ Where; HP = aggregate mean score of Hotel Performance. α = y- intercept β_3 = Regression Coefficient (Beta) S = aggregate mean score of Safety ε = Error term random or stochastic term.
	Ho: $\beta_{4} = 0$ Ha: $\beta_{4} \neq 0$ Conducted a t-test to examine individual significance of the effect	Reject Ho_4 if P-value is $\leq$ 0.05. Otherwise fail to reject. If not, reject P-value is $\geq$ 0.05.

Ho_4: Customer Focus (CF) has no significant effect on the performance of four and five star hotels in Kenya	of CS on the performance of hotel. Conducted F-test (ANOVA test) to check overall significance of the simple regression model	$HP = \alpha + \beta_4 CF + \varepsilon$ Where; HP = aggregate mean score of Hotel Performance. α = y- intercept β_4 = Regression Coefficient (Beta) CF = aggregate mean score of Customer Focus ε = Error term random or stochastic term

3.9.2 Measurement of Variables

In the conceptual framework in chapter two, the independent variables were shown as strategic planning, training, safety measures and customer focus and the dependent variable as performance of Hotel. Before discussing operationalization of the variables, the study took a closer look at the constructs in each variable that identified aspects of the variable that was analyzed in the study. These variables were operationalized as follows: The Strategic Planning variable was operationalized by assessing commitment to strategic planning, regular review of strategic planning and implementation of strategic plans while training variable was operationalized by examining whether employees were trained on use of technologies, planning and organizing and monitoring and evaluation skills. For safety variable, it was operationalized by examining presence of uniformed guards, prevention of environmental threat and investment in workplace safety. Finally, Customer focus variable was operationalized by examining new product ideation, innovations and knowledge management. Hotel performance was assessed by examining profits and the number of new products developed and increase in the number of customers. In measuring the variables, ratio scale was used because it combines all characteristics of all other measuring scales and has the highest level of measurement.

Table 3. 4 Measurement of Variables

Variables	**Indicators**	**Measurement scale**	**Questionnaire items**
Strategic planning (SP)	• Commitment to SP • Regular review of SP • Implementation of SP	On a 5 point Likert scale where 1 is the lowest and 5 the highest	Appendix II Section 2A. Questions No 13- 23
Training (T)	• Planning and organizing • Monitoring and evaluation • Use of technologies	On a 5 point Likert scale where 1 is the lowest and 5 is the highest	Appendix II Section 2B Questions No. 24-33
Safety Measures (S)	• Presence of uniform guards • Prevention of environmental threats	On a 5 point Likert scale where 1 is the lowest and 5 is the highest	Appendix II Section 2C Questions No 34- 42

	• Investment in workplace safety		
Customer Focus (CF)	• New product ideation • Innovation • Knowledge management	On a 5 point Likert scale where 1 is the lowest and 5 is the highest	Appendix II Section 2D Questions No 43- 53
Hotel Performance (HP)	• Profitability • Development of new products • Increase in the number of customers	High or low profit High or low number of new products developed. High or low number of customers	Appendix II Section 2E Questions No 54-58

3.9.3 Data presentation

Data was presented with an introduction followed by general information about hotel, its status, and bio-data of the management and then elements of the variables. It was also presented systematically according to the research hypotheses and in figures and tables. Before each visual display, presentation explaining it was followed with researcher's personal opinion or interpretation. The research hypotheses was presented to address the objectives of the study and find out whether it answered the hypotheses or not. The presentations ended with findings of the hypotheses.

3.9.4 Ethical Issues in the Study

Ethics has become an important element in research. The demand for researchers to conform to standard conduct of behavior in research is increasing articulated. Ethics is a Greek word which means custom or habit, and is also a branch of Philosophy that focuses on the values of a person, such as honesty, compassion and empathy (Mugenda, 2008). Ethical issues articulated in the observance of the code of behavior in research include confidentiality of information, privacy of the participants, respect for human right, ownership of data, plagiarism, conflict of interest and data management. Fouka and Mantzorou (2011) point out that it is the responsibility of the researcher to maintain confidentiality of information that goes beyond ordinary loyalty. A researcher sometimes encounters breach of ethical issues arising from choice of the research problem, design, methods, interpretation and use of results. It is feared ethical issues could create dilemma because researcher finds difficult to handle because of external stakeholders like funders.

In this study, the researcher was introduced to the hotels by the University and Kenya Association of Hotel Keepers and Caterers. On arrival, the researcher introduced himself to the human resource manager who was the contact officer and explained the purpose of the study. Efforts were done to honor the management and observe code of behavior by maintaining confidentiality of information, acknowledging sources of information and appreciating support provided by others. The researcher had to exercise patience even when it took long to access Chief Executive Officers in some hotels or managers delayed in filling and returning the questionnaire.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study and discusses the results. It is divided into two major sub-sections; general characteristics of the hotels and the variables under investigation such as strategic planning, training, safety measures, customer focus and performance of hotels. The chapter also presents techniques employed to analyze data.

4.2 Response Rate

The sample population of the study was 146 but only 114 were accessible. Of the 114 managers given questionnaire, 105 returned representing 92.11% response rate. Fincham (2008) believes response rate of approximately 60% for most research should be the goal of researchers, but said higher response rate are achievable and in this study, the response rate was high and sufficient to enable generalization of the results to the target population. On the other hand, the non-responsiveness of the study was 7.89% which was low to affect validity and reliability of the survey study findings. The response rate was defined by dividing the total number of returned questionnaire by the total number of questionnaire issued out and multiplied by hundred. In Table 4.1, the Chief Executive Officers had the lowest return rate of 68.42%. The low return rate may be associated with the busy schedule Chief Executive Officers have in their daily routine. The rest of the managers had high and near equal response.

For respondents who do not return questionnaire, Morton, Bandara, Robinson & Carr (2012) suggest a 'general decrease in volunteerism and social participation generally, disillusionment with Science and Research, increased frequency of contacts by research groups, and increasing complexity of life in the 21st Century' as some of the reasons of reduced research participation rate. However, Morton *et al* (2012) argue that even when participation rate has gone low, there is no direct correlation between response rate and validity. In their view, response rate remain informative, but on their own are not good proxies for study validity. Table 4.1 shows overall response rate and for each category of managers.

Table 4.1: Response Rate

Managers	Target population	Frequency	Percent of response
Chief Executive Officer	19	13	68.42
Human Resource	19	19	100.00
ICT	19	18	94.74
Marketing	19	18	94.74
Food and Beverage	19	18	94.74
Room	19	19	100.00
Total	**114**	**105**	**92.11**

4.3. Demographic Characteristics

Hotel profiles were examined through a number of indicators aimed at eliciting useful information to help analyze their performance. The following sections show results of the analysis

4.3.1 Gender of Respondents

The study sought to determine the gender of the respondents who took part in the study. The findings obtained indicate that male respondents were the majority forming 56% (59) of the respondents while female respondents were 44% (46) as shown in Figure 4.1. There were more males than females in the senior management of the hotels. In Nairobi, these findings are consistent with Bichage (2006) that Kenyan hotels are predominantly male dominated. Despite male managers being more in leadership and decision making positions in the hotel industry in Nairobi, Kiamba (2008) believes females are better managers than males, and have better return on equity (Hurn, 2013). In this regard, there was need for considerable attention for female managers to reach parity with the male counterparts. Pursuing equality of opportunity for all is a good idea for which the hotel industry need to realize.

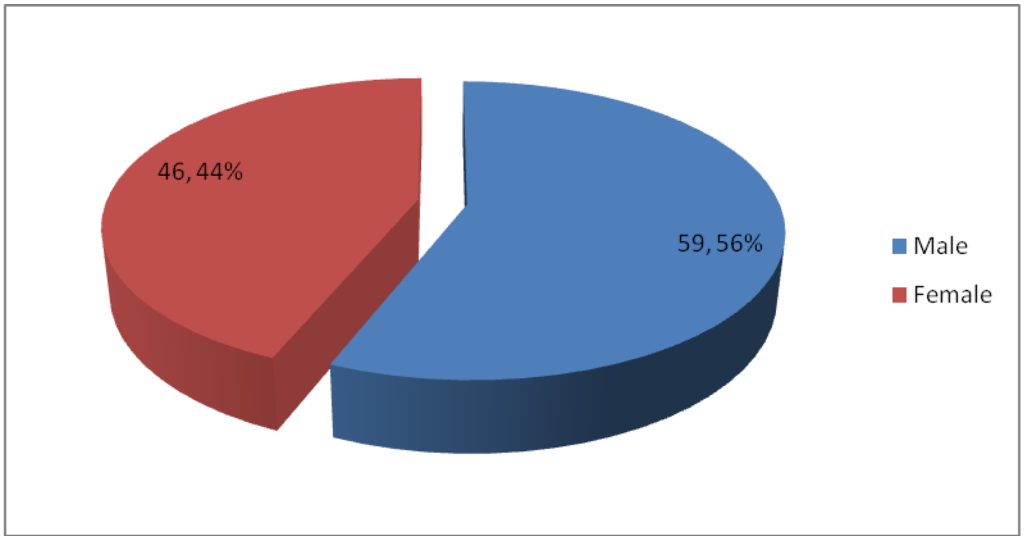


Figure 4. 1: Gender of Respondents

4.3.2 Age

The study sought to determine the age of the respondents who took part in the investigation. The findings indicate that those who were under the age of 40 years were the majority forming 67% of the responses, followed by those who were between 40-50 years at 28% while those between 50 and 60 years formed 5% of the responses as shown in Table 4.2. The results show hotels had many youthful managers who were energetic but lack experience in management practices. The study also reveals that older people with experience were gradually decreasing from managerial positions. Age is related to maturity and in a sense is good but as managers grow older, they tend to focus more on exit and retirement and less on work which cause a lacuna in the management. The implications for the industry are to train younger managers to take over positions left by aging population of managers which have costs. The implications for the study are that different age groups give diverse views about the issues in the study. This would help during the analysis by mining insights in the divergent views.

Table 4.2: Age of Respondents

Age of Respondents	Frequency	Percent
Under 40 years	70	67
40-50 years	30	28
Between 50-60 years	5	5
Total	**105**	**100**

4.3.3 Academic Qualifications

Education is important at workplace because it is considered to have a positive and significant effect on productivity. This statement was corroborated by Australian Workforce and Productivity Agency (2013) that an increase in the average level of education by one year would on average; result in a 3 to 15 percent growth in GDP per Capita in the long run. The Agency also notes that additional year of learning increases an individual wage by between 5 and 16 percent. In view of this, the study sought to find out academic qualifications of the managers who took part in the research. The results show more than half (51.4 percent) of the managers had Bachelor's degrees. Slightly over a quarter (26.7 percent) had a Diploma Certificate while 19 per cent had Master's degree. Only one manager had a Doctor of Philosophy (PhD) degree and two managers had other qualifications

Educations affect a person's attitude towards society in general and work in particular. It plays a big role in self-perception and impacts on work processes and shape human relationships and motivation. It affects how the managers react to a study like this and whether they find it important to participate. In nearly all the hotels, the managers filled the questionnaires though it took quite a time to have them ready for collection. Figure 4.2 gives the study findings on the level of education of the study respondents.

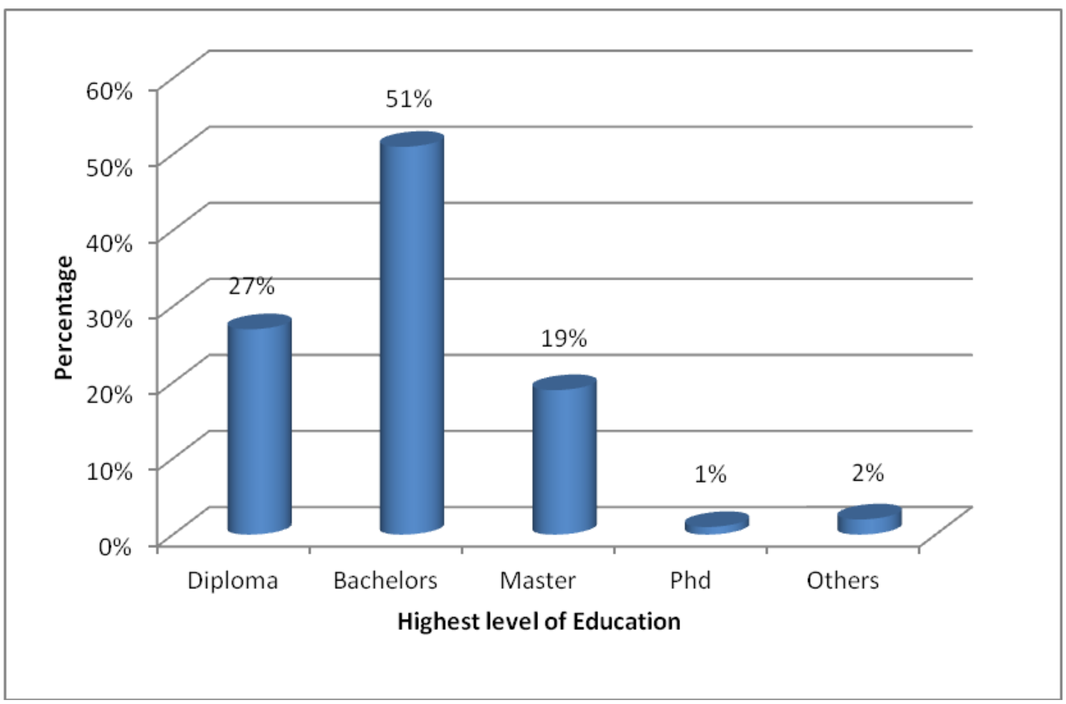


Figure 4.2: Level of Education

4.3.4 Experience of Hotel Managers

Institutional memory is important to managers because it helps them reflect on hotels past performance and map out strategies in tackling challenges and opportunities in their endeavor to improve performance. The study sought to determine the period the respondents had been CEO/line managers in their current hotel. The findings obtained, shown in Table 4.3 reveals that the majority of the respondents had been CEO/line manager for over four years forming 43% of the responses, followed by under one year at 22%, between 2-4 years at 19% while 1-2 years formed the least responses with 16% of the responses. Over a fifth of the managers had less than a years' experience in their present portfolio which means they may not comprehensively internalize dynamics of the hotel and utilize hotel's useful latent resources. The implication of the managers' experience for this study was the quality of information they provided based on institutional memory. Those with longer stay in the hotel had opportunity to reflect more on the hotel.

Table 4. 3: Period being CEO/Line Manager

Period	Frequency	Percent
Under a Year	23	22
1-2 Years	17	16
Between 2-4 Years	20	19
Over 4 Years	45	43

Total	**105**	**100**

4.3.5 Previous Managerial Experience

Prior experience is vital for managers because it provides work view and necessary functional skills needed at workplace. It also offers insights into the dynamics of management. The study sought to determine whether the respondents had been CEOs/line managers in other hotels. The findings obtained indicate that 59% of the respondents had been CEO/line managers in other hotels while 41% had not. The result reveals that very many managers (41%) started their first posting as managers in the current station which means for a while they navigate with difficulties through the demanding and sometimes sensitive portfolios before they stabilize.

Experience of respondents is important in data collection. It helps them follow questionnaire instructions and feel familiar with contents, hence find easy to answer questions. This positive phenomenon encourages them to participate in the study and dispose questionnaire quickly to the researcher without much delay. The work of experienced respondents therefore had ramifications to the quality of data collected. Table 4.4 shows managerial experience in other hotels.

Table 4. 4: Managerial Experience in Other Hotels

Managerial experience in other hotels	Frequency	Percent

Valid	Yes	62	59.0
	No	43	41.0
	Total	**105**	**100.0**

4.3.6 Size of Hotels in Terms of Bed Capacity

The study sought to determine how big the hotels were in terms of bed capacity. It is assumed that bigger hotels take advantage of economies of scale in tackling costs and increasing marginal profits. The findings obtained reveal that the majority of the hotels had bed capacity of 100-150 beds forming 45% of the responses, followed by those with a bed capacity of 151-200 at 20%, under 100 beds at 15% while those with bed capacity of over 250 beds were the least with 7% of the total responses. The study shows variance in bed capacity classification in the hotels as shown in Figure 4.3. The study assumed that star rated hotels are often visited for data collection and that managers were supportive in giving information and therefore improve access to them and information as well. Information was expected to be expedited and accurately given.

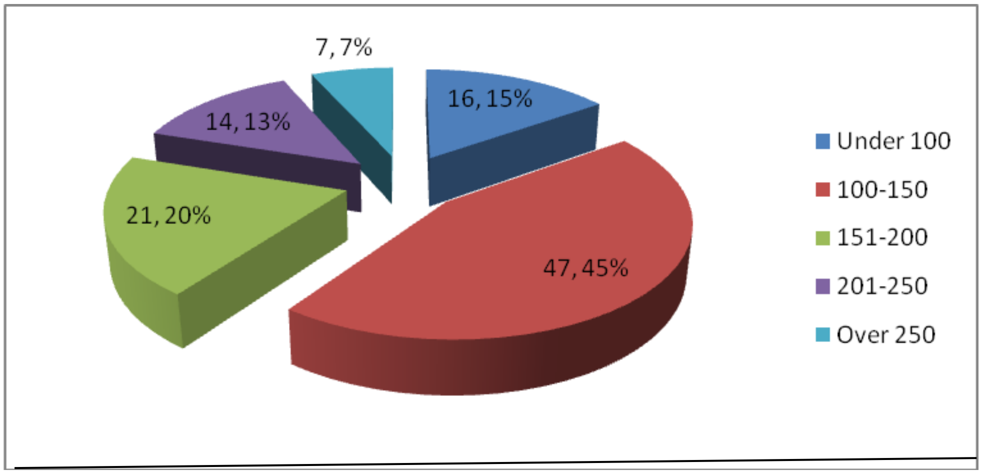


Figure 4. 3: Bed Capacity of Hotels

4.3.7 Age of Hotels

Age in the hospitality industry is important because overtime hotel establishes its brand in the market and improves on its learning curve. The study sought to determine the age of the hotels and found out that most of the hotels were over 10 years old forming 59% (62) of the hotels, followed by those that were 2-3 years old at 20% (21), between 4-10 years at 18% (19) while those less than 2 years old formed 3% (3) of the responses. While age is important, new hotels adopt attractive building styles that pull customers. Collecting data from old hotels hope to find managers with deeper understanding of trends and insight in the industry. Figure 4.4 shows age of hotels which are dominated by those that are more than ten years.

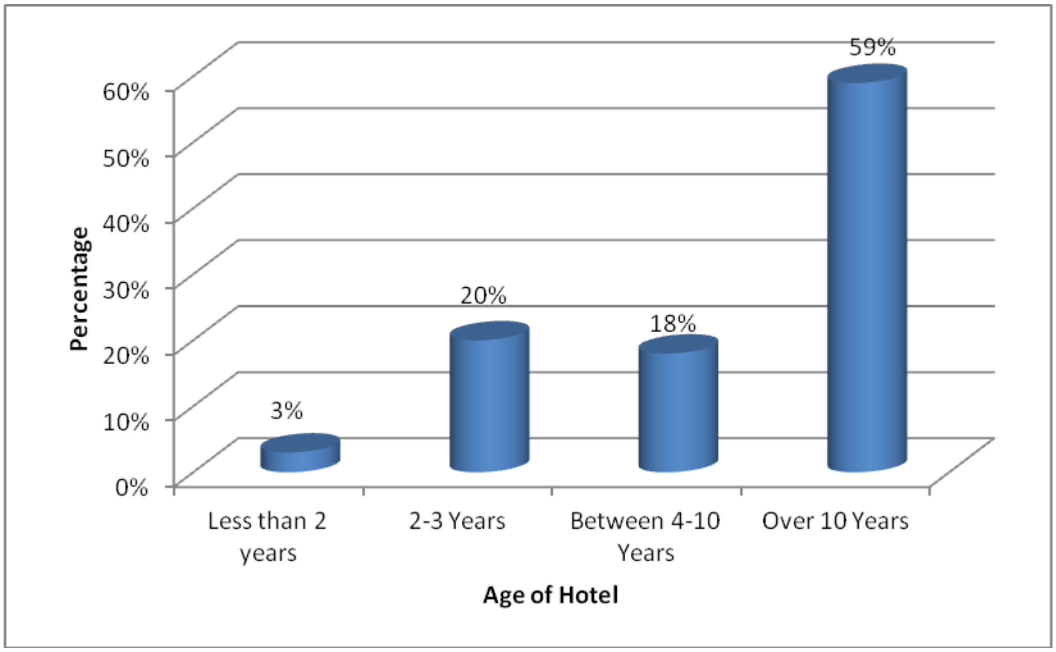


Figure 4.4: Age of the Hotel

4.3.8 Type of Services Hotels Majored In

Hotel service has long been a concern for the stakeholders. The type of service a hotel offers determine strategies it adopts to attract and retain customers. The study found out that majority of the hotels majored in accommodation forming 74% of the hotels. Others offered food and beverage (14%), conference facilities at 9%. Only 3% majored in recreation. Figure 4.5 gives the findings of the study. The type of service a hotel specializes in is a guide as to who patronize it and strategies taken to improve performance.

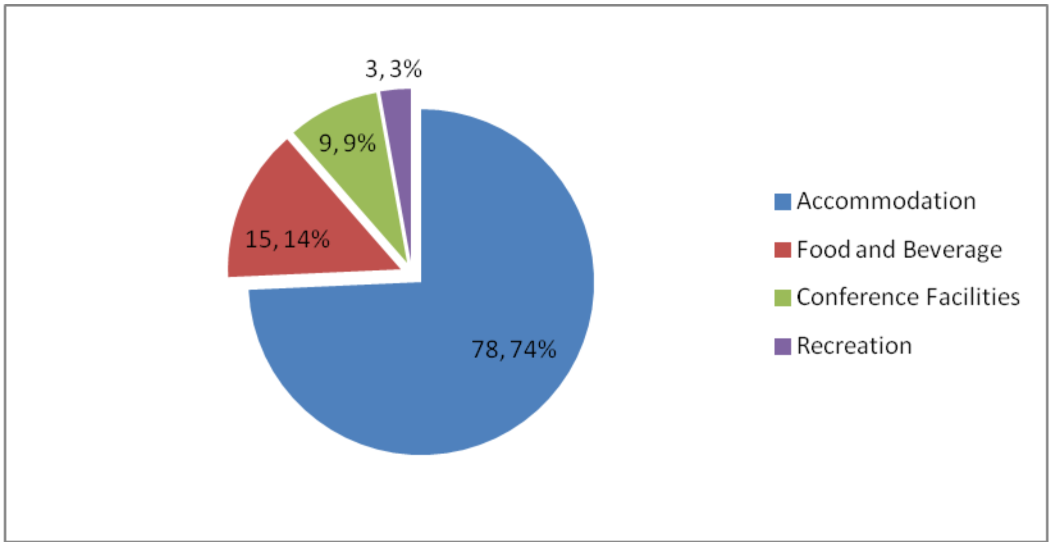


Figure 4.5: Hotel Services

4.3.9 Hotels Main Clients

The study sought to determine who the clients of the hotels were. The findings obtained show that majority of the hotels had clients from international visitors forming 45% of the responses. Perhaps this may be the reason why the industry suffered a slump when international arrivals dropped. Non-Governmental Organizations (NGOs) were the second largest clients representing 22% while Public and Private sectors had 12. % each. Locals were the lowest group with only 9%. The result suggests majority of locals have not developed culture of patronizing high end hotels or may be the rates were prohibitive. The implications for this study on hotels main clients (international visitors and NGOs) was that managers were busy with clients and had no time for activities that do not stream revenue. For the managers, a researcher's data collection would be a secondary activity. Table 4.5 shows hotel clients.

Table 4. 5: Hotel Clients

Hotel clients	Frequency	Valid Percent
International visitors	47	45
Public servants	13	12
NGOs	23	22
Locals	9	9
Private sector	13	12
Total	**105**	**100**

4.3.10 Hotel Distance from City Center

The study sought to determine hotel distance from the city Centre. Close proximity of hotels to the central business district provides opportunity to customers use other essential services such as government offices, malls, hospitals etc. The findings in figure 4.6 show that the majority of the hotels were 2-5 kilometers from the city center at 47% (49), followed by under 2 kilometers at 42% (44). Hotels located over 5 kilometers but less than 10 kilometers were 11 (10%) and those over 10 kilometers were 1 (1%). Some hotels were located where regular public transport was unavailable meaning access was limited prearranged transport or hire of a taxi which bear additional cost on clients.

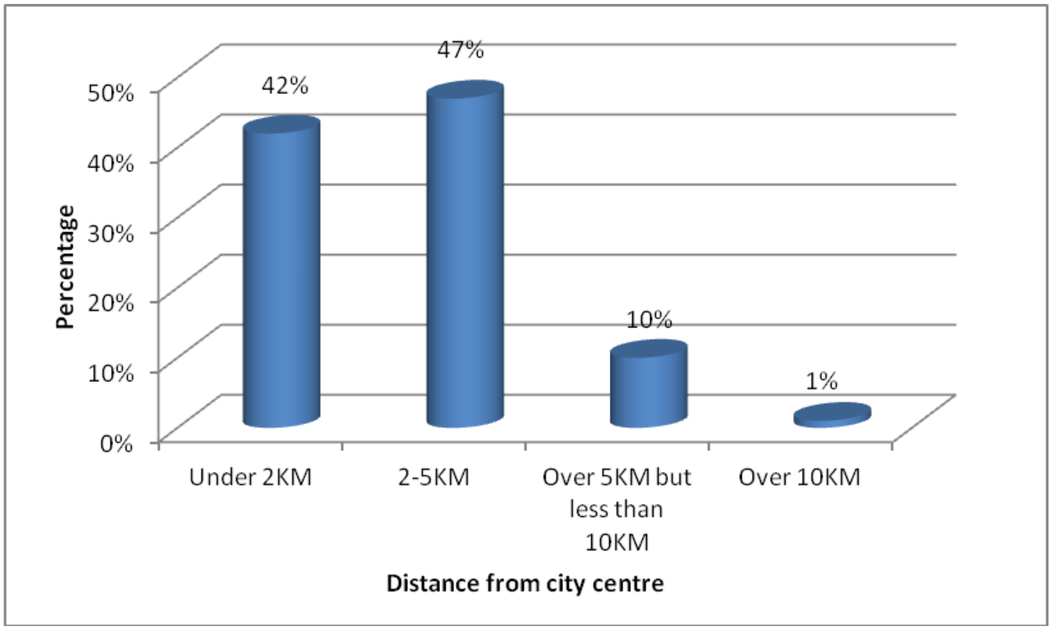


Figure 4. 6: Distance of Hotel from City Centre

4.3.11 Number of Staff in the Hotel

The study sought to determine the number of workers in the hotels. The findings in Figure 4.7 indicate that most hotels had over 150 workers forming 53% of the responses, followed by those that had 50-100 workers at 20%, 100-150 workers at 19% while those with less than 50 workers had 8% of the total responses. The large number of staff in the hotels suggests growth and investment in sustainable programs like staff development and customer retention. Otherwise staff would have been laid off to cut costs. Hotel with many and varied staff provide opportunity to benefit from diverse background. For this study, many and diverse staff means managers were busy with staff issues and little time for the study.

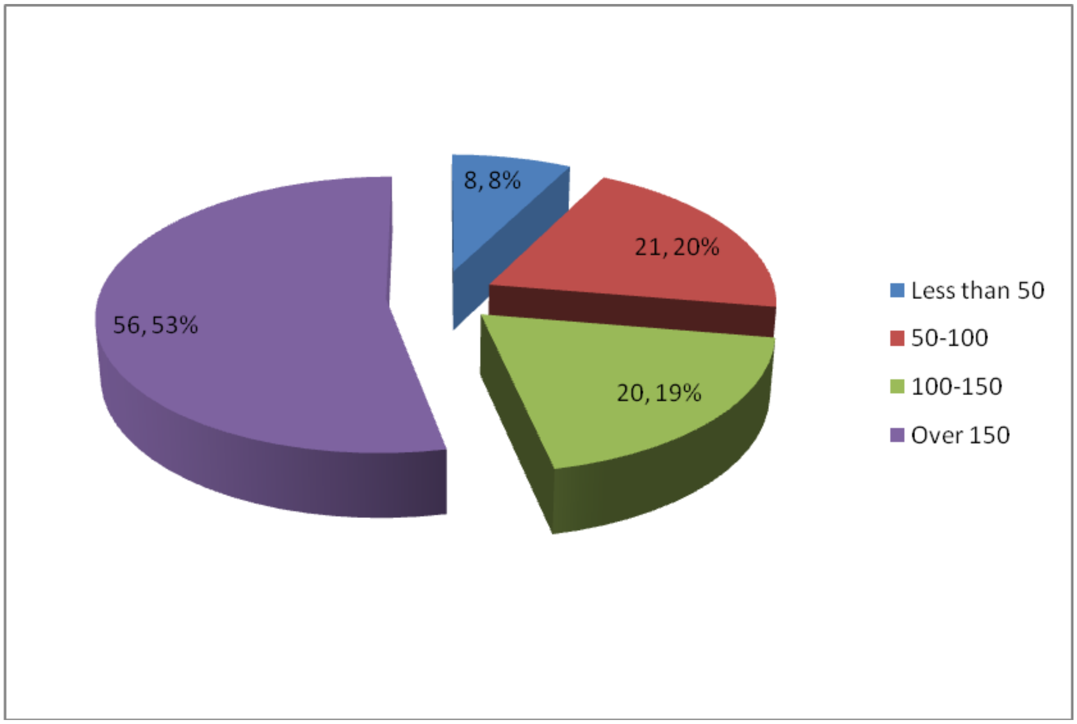


Figure 4.7: Number of Workers in Hotels

4.3. 12 Staff Layoff

The study sought to determine the percentage of staff that was laid off in the last six months. The majority of the respondents or 54% said less than 5% of the staff were laid off in the last six months, followed by none at 30%; between 5% and 10% at 11% while more than 15% formed the least responses at 2%. The study results suggest that although high yield visitors dropped as a result of many factors, hotels continued to retain staff. Perhaps businesses were reorganized to sustain operations. Staff lay off in hotels mean key informants would be lost and that a study like this one suffers the absence of vital information. In this study, fortunately, lay off in hotels was insignificant and data collection did not suffer. Table 4.6 gives a summary of the study findings.

Table 4.6: Staff lay off in the Last Six Months

Staff Layoff	Frequency	Percent
None	31	30
Less than 5%	56	54
Between 5% & 10%	12	11
11-15%	3	3
More than 15%	2	2
Total	**104**	**100**

4.4 Discussion of the Findings.

This section discusses the findings of the study. It begins with the descriptive statistics, followed by normality test, collinearity diagnosis, residual analysis, correlation analysis results, regression analysis results, coefficients, analysis of variance, T-test and Test of independence. The discussion brings to the fore the findings of the study.

4.4.1 Descriptive Statistics

Descriptive statistics was used to establish the behavior of data in the study. The features of the mean, standard deviation and variance were observed in the variables (strategic planning, training, safety measures, customer focus and hotel performance). A Likert scale data was taken rating the views in a scale of 1 to 5 where 1 represents very low influence and 5 represent very high influence. The results from the collected responses were analyzed based on means and their standard deviations to show the variability of the individual responses from the overall mean of the responses per each aspect of the variables. The mean results were therefore given on a scale interval where a mean value of up to 1 is an indication of very low influence; 1.1 – 2.0 is low influence; 2.1 – 3.0 is moderate influence, 3.1 – 4.0 is a high influence and a mean value of 4.1 and above is an indication of very high influence. A standard deviation below 1 show that the responses given do not vary significantly from the mean value and therefore changing the population units studied would not alter significantly the current results. The standard deviation obtained above 1 show the responses have more variation from the mean value obtained.

4.4.2 Strategic Planning

To determine effect of strategic planning on the performance of the hotel industry in Kenya, a number of constructs were examined as shown in Table 4.7. The highest mean for individual construct was on commitment to strategic planning with a value of 4.61. The range between the lowest response (3.84) and the highest response (4.61) was 0.77 which was considered low. Eight out of ten constructs had values above 4 which suggests that respondents view strategic planning had effect on hotel performance. At the end of the spectrum was strategic purpose and goal making with a mean of 3.84.

Even this construct was rated high implying strategic purpose and goal had effect on the performance of hotels. Respondents had a wide variation on strategic purpose and goal while the rest of the constructs did not vary significantly from the mean.

The findings suggest that hotel develops strategic planning as a way of getting strategic direction, coordination and control of activities, and as a tool for continuous improvement of products and services. Principally, strategic planning provides direction and defines purpose and how to achieve it. In that regard, majority of managers indicated commitment to strategic plan as an important operational function. Commitment to strategic plan creates consistency between objectives, resources and changing opportunities while consistency on its part creates ground for reflection on program activities, and helps development of guides for enhancement of capacities and capabilities in the organization.

The study revealed that majority of managers view implementation of strategic plan as an important endeavor in improving performance. Implementation of the strategic plan is a facilitation of execution of planned activities and is a period when weaknesses and program gaps appear and corrective action taken. Hotels in the study were in the industry for significant time and had established themselves in the market but environmental changes brought out new challenges that tested their resilience. It is during implementation of plans that new challenges are discovered and new approaches to handle them thought of.

Regular review of strategic planning was shown in the results as significant. By rating regular review of strategic planning high, managers signified importance they attach to it. Reviews give opportunity for reflection and discussion of future activities, and help an organization to examine program scheduling and detect errors. Errors could be misplaced priorities. In a regular review of strategic plan, hotel analyses whether activities were aligned to its vision. In the vision, a number of strategic areas are captured, such as expansion, development of new products, increase in customer base and branding. Finally, to review strategic planning is to reevaluate objectives, resources and acquiring new thinking about future activities.

Monitoring and Evaluation (M&E) are tasks intended to watch over program activities. The results indicate that managers identified M&E as a crucial component in strategic planning. In their opinion, M&E are equally important as are commitments to strategic planning, implementation of plans and regular review of plans. Indeed, as signified by the managers, M&E provides hotel with opportunity to compare work schedule with level of progress and interventions where disparities are noticed, and whether activities have value for money. Hotel is a service based industry which focuses mainly on satisfying customers. Part of M&E intent is to prevent occurrence of undesirable incidence that might affect hotels reputation. From the results, respondents suggest strategic planning was a way of exploiting the market by aligning resources to environmental changes, clarify and prioritize objectives and targets and define strategic choice and future activities.

Table 4.7: Descriptive Statistics for Strategic Planning

Dimensions of Strategic Planning	N	Mean	Std. Dev.	Variance
1. Strategic purpose and goal	101	3.84	1.332	1.775
2. Strategic choice	105	4.04	.796	.633
3. Analysis of strategic issues	103	4.04	.656	.430
4. Analysis of business environment	102	3.76	.892	.796
5. Participation of employee in strategy making	102	4.02	.912	.831
6. Ownership of strategic plan	105	4.04	.808	.652
7. Commitment to the strategic plan	105	4.61	.490	.240
8. Implementation of strategic plan	105	4.42	.794	.630

9. Regular review of strategic plan	98	4.29	.849	.722
10. Monitoring and evaluation of strategic plan	98	4.19	.637	.405
Valid N (listwise)	93			
Mean score			**4.13**	

On the amount of resources allocated to the strategic plan, the findings shown in Table 4.8 indicate that the amount allocated was between 5-15% forming 38% of the responses, followed by the 31-50% and over 50% both at 18%, and while below 5% formed the least responses at 13%. The amount of financial resources allocated to strategic planning serves as indicator hotel management attaches to this variable. The results suggest that managers value strategic planning as a worthwhile practice that promotes performance in the hotel industry. Table 4.8 shows 5-15% of respondents spent 38.1 percent of their resources on strategic planning. 18.1 percent of the respondents said their hotels spent between 31-50 percent on strategic planning while another 18.1 percent stated over 50 percent of the overall budget were devoted to strategic planning. The last two groups may have overstated budgetary allocations to strategic planning because such large allocation would starve other metrics in the hotel. 12.4 percent of the respondents said they spent less than 5 percent of the hotel resources on strategic planning. There was considerable variance in the way hotels viewed strategic planning with some having low budgetary allocations while others invested huge financial resources. A logical declaration would be lower rate because of high capital demands for metrics like personal emoluments, consumables and equipment.

Table 4. 8: Resources Allocated to the Strategic Plan as a Percentage of Overall Budget

	Response Distribution	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 5%	13	12.4	12.4	12.4
	5-15%	40	38.1	38.1	50.5
	16-30%	14	13.3	13.3	63.8
	31-50%	19	18.1	18.1	81.9
	Over 50%	19	18.1	18.1	100.0
	Total	**105**	**100.0**	**100.0**	

4.4.3. Training

To determine effect of training on the performance of the hotel industry in Kenya, a number of constructs were examined as shown in Table 4.9. Table 4.9 shows the mean for training was above 4 which means the managers thought training of employees had positive correlation with performance in hotels. Training or capacity development helps in inculcating needed competences of employees and capabilities of the organization, and improves behavior of employees. Training also increases efficiency and effectiveness of both the individual and the organization. Perhaps it was for these reasons that managers rated all the constructs above a score of 4. Within the nine constructs examined, accountability was rated highest suggesting managers expected individual employee to account for responsibilities assigned to them. To do that, employees require training that develops skills, knowledge and positive attitude to work and cultivate a sense of duty. Accountability is cherished both in private and public sector because it fosters confidence and responsibility in the organization and with its customers. Further, accountability averts inaction on the part of those charged to act.

Planning and organizing was another construct rated high second only to accountability. This construct was accorded such position by the managers in view of its significance in organizations. Planning is a fundamental principle in management that sets arrangements of forward work program and that informs managers of resources and time needed to actualize the program. Consequently, planning is believed to play a strategic role in business management. Similarly, Monitoring and Evaluation (M&E) was rated high. Rating M&E high could be explained that managers believe it was a tool to assess program delivery. As a tool to assess program delivery, M&E is informative and helps in forward planning and decision making. Monitoring and Evaluation is a dynamic activity requiring involvement of all departments and units in the hotel and therefore unlocks potentials of many employees. To monitor and evaluate hotel activities and operations, application of technology is necessary which further calls for development of employee skills and knowledge.

Use of new technologies make businesses competitive. The managers rated use of technologies high, a phenomenon that tells direction hotels are going in improving their competitiveness. New technologies create a niche in marketing, booking, branding, accounting, monitoring and evaluation of performance of products and customer relationship. Use of technology motivates employees and reduce their turnover from hotel establishment. Indeed new technologies have revolutionized the hotel industry and that managers are aware of the power of technology in business. Training in general is a multi-dimensional variable that enhance interpersonal relationship, boosts employee motivation and generates job satisfaction. From the results, some respondents indicated investment in training of employees at 30% of hotel revenue. This statement may not be accurate but reflects their imagination of the value of training to the performance of the hotel industry.

Table 4. 9: Descriptive Statistics for Training

Dimensions of Training	N	Mean	Std. Dev.	Variance
1. Interpersonal relationship of employees	103	4.4175	.77364	.599
2. Communication of managers and workers	105	4.1619	1.04811	1.099
3. Planning and organization of managers	105	4.4381	.55338	.306
4. Monitoring and evaluation of plans	105	4.4286	.56936	.324
5. Client orientation of products and services	105	4.1238	.74285	.552
6. Use of technologies	105	4.3238	.47017	.221
7. Employee motivation	105	4.0381	.66396	.441
8. Teamwork	105	4.2952	.49853	.249
9. Accountability	105	4.6190	.52589	.277
Valid N (listwise)	103			
Mean score		**4.3162**		

On the amount of resources allocated to training, the study found out that the resources were mainly between 5-15% at 31% of the responses, followed by under 5% at 23% of the responses while 31-45% formed the least responses at 10% of the total responses. The views of the respondents reflect wide variation in their thinking about allocation of financial resources to training. Training is an important component in career development; however, managers' views reveal lack of participation in budget making processes. Results are shown in Table 4.10.

Table 4.10: Resources Allocated to Training as a Percentage of Overall Hotel Budget

	Response Distribution	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under 5%	25	23.8	23.8	23.8
	5-15%	33	31.4	31.4	55.2
	16-30%	22	21.0	21.0	76.2
	31-45%	9	8.6	8.6	84.8
	Over 46%	16	15.2	15.2	100.0
	Total	**105**	**100.0**	**100.0**	

The largest group of respondents (31.4 percent) said hotels allocate 5-15 percent of the budgets to training. 23.8 percent of the respondents said hotels allocate less than 5 percent of their budgets to training. 8.6 percent said 31-46 percent of the hotel budgets were allocated to training. Similarly, 15.2 percent said hotels allocate over 46 percent on training. This last group was overly ambitious in its submission. While it is prudent to train staff on the job, spending over 46 percent of hotel budgets on training was risky because labor is mobile. Highly trained and experienced staff can move to better opportunities in other institutions making huge investments on training irrational and uneconomical.

4.4.4 Safety Measures

To determine effect of safety measures on the performance of the hotel industry in Kenya, a number of constructs were examined as shown in Table 4.11. Table 4.11 shows the mean for training was above 4 which means the managers thought safety measures had positive correlation with performance in hotels. According to the findings, regular rehearsals of safety measures was rated the highest which means managers prepare hotel establishment and guests for eventualities. It suggests that managers are conscious of threats and therefore train employees of contingency measures to be taken when disaster strikes. There are several measures that hotel takes towards safety measures, such as ringing fire-bell, establishing assembly points, fixing hydrants and critical fire points, using fire resistant cabinets to guard records and documents and exit routes to safe points. Regular rehearsal improves coordination of evacuation and accountability for employees and guests. In this regard, managers may have thought regular rehearsal was a necessary safety measure to practices.

Presence of uniform guards was rated second highest after regular rehearsal of safety. Although presence of uniform guards remind guests of insecurity, it nevertheless reassures them of safety and restores peace of mind. In the field of safety, impression matters much and hotel's expressive show of mighty means care has been taken to wad off any hostile threat in its vicinity. Another construct that was rated high was lighting within hotel premises. Respondents were conscious of the notable role lights play in work environment. Research by Net Zero USA (2016) found out that better lighting comparable to daylight is beneficial for the health, productivity, and safety of all building occupants. It further suggests that lighting decreases accidents and increase level of mental performance. Lighting which include natural and artificial lights mitigates risks and increases comfort for workers and clients. Most star rated hotels in the study had state of the art facilities that were designed to minimize effect of environmental factors such as noise and therefore the responses mirrored what was on the ground and also implied it was imperative in influencing performance.

Threat from environmental factors appeared high among responses. The role of environment in affecting organizational productivity has been discussed in studies immensely. Occupational safety and health are argued to have positive correlation with organizational performance. Some of the benefits of safety in workplace include minimal absenteeism, reduced medical and litigation costs and raised staff morale. The respondents may have been aware of these benefits that it was worthwhile to include occupational safety among constructs rated high in their response.

A number of other constructs as shown in Table 4.11 were rated high, all indicating that safety measures are important in hotel performance. From the results of the study, it can be concluded that environmental hazards are dangerous to businesses processes because they hinder hotel operations and increase costs, affect economic development negatively. It was therefore concluded that investment in occupational safety strengthens performance capabilities and motivation of employees.

Table 4.11: Descriptive Statistics for Safety Measures

Dimensions of Safety Measures	N	Mean	Std. Dev.	Variance
1. Presence of uniformed guards	105	4.5524	.60417	.365
2. Amount of lighting within hotel premises	105	4.3333	.75532	.571
3. Regular rehearsals of safety measures	105	4.6190	.56126	.315
4. Threats from criminal gangs	105	3.7714	.89073	.793
5. Threats from environmental factors eg poor infrastructure, loud noise etc	105	4.2381	.76616	.587
6. Access to hotel(security checks by human and machines)	105	4.2571	.62062	.385
7. Investment in workplace safety	105	3.4476	.67910	.461

8. Labor disturbances	105	3.8857	1.02201	1.045
Valid N (listwise)	105			
Mean score		**4.1381**		

On the amount of financial resources spent on safety measures, the study determined that between 5-15% was the main amount forming 33% of the responses, followed by 16-30% at 27%, 31-45% at 15% while fewer than 5% formed the least responses at 11%. Table 4.12 gives the study findings. As discussed above, it is essential that hotels invest in safety agenda.

Table 4.12: Resources spent on Safety as a Percentage of Overall Hotel Budget?

Response distribution		Frequency	Percent	Valid Percent	Cumulative Percent
	Under 5%	11	10.5	10.5	10.5
Valid	5-15%	35	33.3	33.3	43.8
	16-30%	28	26.7	26.7	70.5

31-45%	16	15.2	15.2	85.7
Over 45%	15	14.3	14.3	100.0
Total	**105**	**100.0**	**100.0**	

This question aimed at finding out how much financial resources were budgeted for safety because a hotel's reputation and success was largely dependent on the comfort and safety it provides to its guests (Hymanson, 2013). From Table 4.12, a third of the respondents (33.3 percent) reported that between 5-15 percent of the budget was on safety. That rate seemed large although other respondents said of higher amount (cumulative 56 percent). The high percentages submitted by the respondents suggest their lack of information about actual figures in the budget. On the other hand, 10.5 percent of the respondents indicated hotels budgeted fewer than 5 percent on safety measures. Depending on the size of a budget, 5 percent appeared realistic.

4.4.5 Customer Focus

To determine effect of customer focus on the performance of the hotel industry in Kenya, a number of constructs were examined as shown in Table 4.13. Table 4.13 shows the mean for customer focus was above 4 which means customer focus was considered essential in the performance of hotel in Kenya. Indeed customers are critical elements in any organization and attempts to improve performance must reflect on effective customer management. The findings indicate that new product ideation had the highest mean which suggest that respondents may have associated ideation with generation of new product ideas. New ideas are likely to come up with more efficient and effective products that offer hotel a niche and a competitive advantage in the market place. Ideas that bring new products generally capture concerns and expectations of customers so that products do not end up in disconnected sales. In generating new product ideas, hotel needs to embrace customers as its principal player because they are recipients of the products and have reliable and essential information on preferences of product design. New product ideation leaves precious and indelible experience for organizations.

Further, well managed product ideas are thought to facilitate building of rapport with customers and reinforce relationships. In this regard, organizations including hotel requires to invest profoundly in research that develops generation of new ways of producing products and design that appeal to the mind of the customers. Knowledge management had the second highest mean. Customer focus are actions that facilitate management of knowledge concerning the customer. To do that, data about the customer are required as well as well trained employees with skills to manage knowledge. In rating knowledge management high, respondents may have thought that correctly managed information supports effective customer service. On the other hand, poorly handled knowledge management could lead to wrong focus, incorrect interpretation of situations and erroneous response to opportunities. Hence, loss of precious customers.

Other constructs that were rated high include internal communication, employee satisfaction, customer relations and innovations. Innovations are about transformative ideas that are useful to society and that generate values in the market. It is the introduction of something new or invention that has been commercialized. The power of transformative ideas may have inspired managers that they rated it high. In the hotel industry, there are many areas related to customer that can be innovated to drive entrepreneurship. It could be in product design, marketing or technique that fixes a problem in food and beverage and which improves relationship with the customer. For hotel to grow and generate revenues, it has to have ideas that changes dreams into reality and finally money.

Table 4.13: Descriptive Statistics for Customer Focus

Dimensions of customer focus	N	Mean	Std. Deviation	Variance
1. Market intelligence	100	3.6400	.75905	.576
2. Customer relations	105	3.8667	.76040	.578
3. Employee satisfaction	105	3.8857	.83567	.698
4. Innovations	105	3.8381	.84494	.714
5. Knowledge management	105	4.0095	.72716	.529
6. Internal communication	105	3.9810	.83183	.692
7. Data management	105	3.7429	.62062	.385
8. Complaints management	105	3.7524	.71765	.515
9. Customer interaction	105	3.7524	.90703	.823
10. New product ideation	105	4.3905	.49020	.240
Valid N (listwise)	100			
Mean score			**3.886**	

Respondents had varied views on how much resources were allocated to customer focus. Fourteen respondents (13.3%) said under 5% of resources were allocated to customer focus. Thirty six (34.3%) thought it was 5-15%. Twenty (19%) said 16-30%, another twenty (19%) said 31-45% while 15 (14.3%) suggested over 45%. Variations in the amount allocated to customer focus depended on hotel programs in relation to its other agenda but over a large number of the respondents suggested high figures.

Table 4.14: Resources Allocated to Customer Focus as Percentage of Overall Hotel Budget

	Period	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under 5%	14	13.3	13.3	13.3
	5-15%	36	34.3	34.3	47.6
	16-30%	20	19.0	19.0	66.7
	31-45%	20	19.0	19.0	85.7
	Over 45%	15	14.3	14.3	100.0
	Total	**105**	**100.0**	**100.0**	

4.4.6. Measurement of Hotel Performance

The study found out that there was a strong growth in the number of new products, followed by a strong increase in profits. Similarly, a very strong increase in the number of customers, and a strong decrease in staff turnover. Further, there was a strong growth in staff development. The findings are as shown in Table 4.15. Hotel performance had an overall mean score of 4.06 with growth in the number of new products having the highest mean of 4.22 score. The high score for this construct was believed to be an expression of respondents' understanding that increase in the number of new products attracts more market segments hence increase in sales and profits. Growth in the number of new products was followed closely by increase in profits which is the ultimate goal of all businesses and hence respondents signified the phenomenon as a foundation of success. On the other hand, increase in the number of customers escalates demand for new offers. By ranking staff development lowest, respondents appear to suggest that stakeholder's desire was profit and not personnel growth.

Table 4.15: Descriptive Statistics for Hotel Performance

	N	Mean	Std. Deviation	Variance
1. Growth in the number of new products	105	4.2190	.58804	.346
2. Increase in profits	105	4.1714	.68581	.470
3. Increase in the number of customers	105	4.1619	1.18584	1.406
4. Growth in staff development	105	3.7143	.87392	.764
5. Decrease in staff turnover	105	4.0095	.76580	.586
Valid N (listwise)	105			

Mean score: 3.93925

Development of new products was an indicator in the performance of the hotel industry in Kenya. In Table 4.16, the findings show that there was generally a high number of new products in the industry. Cumulatively those who said high and very high number of new products were developed were nearly 72%, meaning new products were hitting the market. Those whose response was moderate was fairly large as well. Only 4.8% said development of new products were low. Development of new products are costly and risky because it meets with reactions in the market. Competitors respond to arrival of new products in the market igniting cycle of new products development or improving existing ones. In the meantime, successful product shapes market dynamics, lifts developer's profile and increases sales and profitability which is the ultimate goal of developing new products.

Table 4.16: Development of New Products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	1	1.0	1.0	1.0
	Low	4	3.8	3.8	4.8
	Moderate	25	23.8	23.8	28.6
	High	43	41.0	41.0	69.5
	Very high	32	30.5	30.5	100.0
	Total	**105**	**100.0**	**100.0**	

Increase in profit was one of the indicators in the performance of the hotel industry in Kenya. The findings show that the majority of the respondents (74%) said the profits were high and very high. Slightly over a fifth (21%) said it was moderate while only 8.6% said it was low.

Table 4.17: Increase in Profits

		Frequency	Percent	Valid Percent	Cumulative Percent
	Low	9	8.6	8.6	8.6
	Moderate	22	21.0	21.0	29.5
Valid	High	46	43.8	43.8	73.3
	Very high	28	26.7	26.7	100.0
	Total	**105**	**100.0**	**100.0**	

Increase in the number of customers was an indicator in the performance of the hotel industry in Kenya. The findings show that 45.7% (48) stated that customers increased in number last year. Customers are one of the key drivers of hotel revenue, and increase numbers is an indication of profits, growth and performance in general. From this findings, it can be concluded that organizational practices have significant effect on the performance of the hotel industry in Kenya. It is the responsibility of hotel management that customer numbers are increased and retained.

Table 4.18: Increase in the number of Customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low	3	2.9	2.9	2.9
	Moderate	23	21.9	21.9	24.8
	Strongly	48	45.7	45.7	70.5
	Very Strongly	31	29.5	29.5	100.0
	Total	**105**	**100.0**	**100.0**	

4.5 Normality Test

Test of normality for data distribution are done to check certain assumptions in statistical tests. The assumption is that a random variable is normally distributed. In Table 4.19, Park (2006) shows two methods (graphical and numerical) used in assessing normality of data. According to Park (2006) each of these methods has advantages. The graphical method displays distribution of random variable between the empirical distribution and a theoretical distribution (standard normal distribution). While the numerical method present summary statistics such as skewness and kurtosis and conduct statistical test of normality. Further, Park (2006) contends that normality is critical in many statistical methods but Mugenda and Mugenda (2003) argue that in a research study that uses inferential statistics to test hypotheses, the assumption of normality may be violated to a certain extent without serious implication on the accuracy of generalizations of the findings.

Table 4.19: Methods of Assessing Normality of Data.

	Graphical Method	Numerical Method
Descriptive	Stem-and leaf plot, (skeletal) box plot, Histogram	Skewness Kurtosis
Theoretical-driven	P-P plot Q-Q plot	Shapiro-Wilk, Shapiro-Franco test Kolmogorov-Smirnov test (Lillefors test) Anderson-Darling/Cramer-von Mises tests Jarques-Bera test, Skewness-Kurtosis test

The authors (ibid) state that parametric procedures can be used even when data are not normally distributed. Additionally, Ghasemi and Zahediasl (2012) said that in large samples (> 30 and 40) the sampling distribution tend to be normal, regardless of the shape of the data and that true normality is considered a myth. In testing normality of data in this study, Q-Q plot was used. Park (2006) is of the view that P-P plots and Q-Q plots are employed to see how well a theoretical distribution models the empirical data. The graph in Figure 4.8 shows data points were close to the diagonal line though some points shifted slightly away from the line. It is nevertheless relatively near to fit to normal distribution. When data points depart significantly from the diagonal line which is not in this case, it means data are not from a normal distribution. In real life, however, data is said to be never perfect because of outliers.

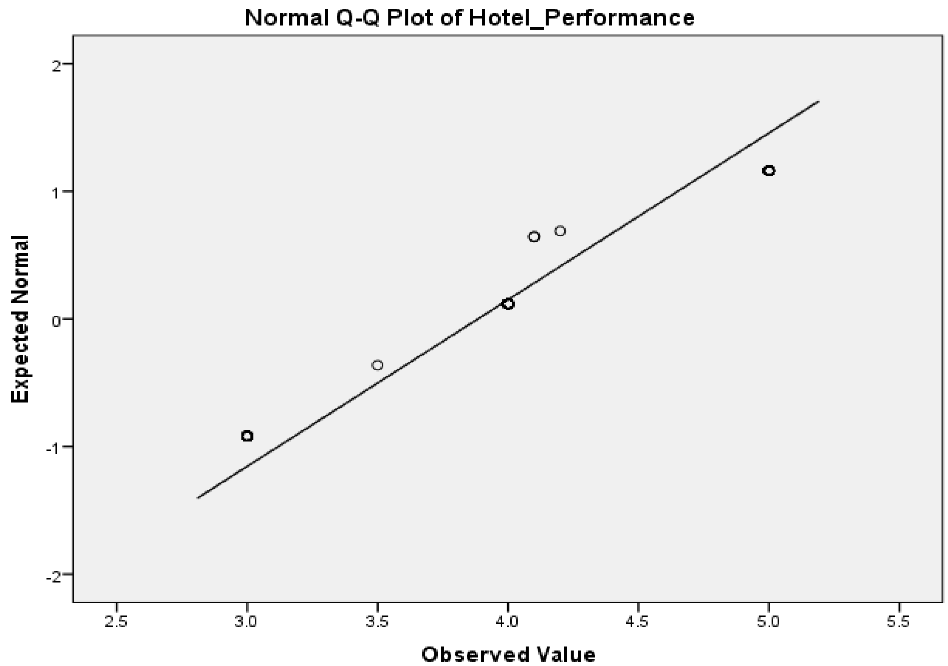


Figure 4.8: Normal Q-Q Plot of Hotel Performance.

4.6 Collinearity Diagnosis

Collinearity is about predictor variables having high association which increases p-value and reduces the significance level. It is a condition that inflates the variance in one of the regression coefficients causing instability or redundant information. Akinwade, Dikko and Agboola (2015) observe that the more variance the regression have the more difficult to interpret the coefficient becomes. Collinearity is verified by checking the value of correlation of the variables and when the coefficient is positively or negatively high, it means the variables are highly correlated. Akinwade *et al* (2015) suggest that collinearity could be handled by removing highly correlated predictors. Table 4.20 shows collinearity diagnosis of the variables in the study.

Table 4. 20: Collinearity Diagnostics

Model	Dimension	Eigen-value	Condition Index	Variance Proportions				
				(Constant)	Training	Strategic Planning	Safety Measure	Customer Focus
	1	4.901	1.000	.00	.00	.00	.00	.00
	2	.051	9.849	.00	.01	.41	.01	.14
1	3	.031	12.644	.03	.77	.05	.04	.00
	4	.012	19.924	.27	.14	.53	.04	.62
	5	.006	29.585	.70	.09	.00	.90	.24

a. Dependent Variable: Hotel Performance

Most of the variance in training was associated with number 3 at 77% and the rest with number 4 at 14%, an eigenvalue of 0.031 and a condition index of 12.644. For strategic planning, the variance was shared between number 4 and 2 at 53% and 41% respectively, an eigenvalues of 0.012 and 0.051 and a condition index of 19.924 and 9.849 respectively. The variance for safety and security was nearly wholly associated with number 5 at 90%, and the rest between 3 and 4 at 4% each, an eigenvalue of 0.006, 0.031 and 0.012 respectively and condition index of 29.585, 12.644 and 19.924 and for customer focus, the variance was associated with number 4 at 62% and the rest for number 5 at 24% and 2 at 14%. Eigenvalues of 0.012, 0.006 and 0.051 and condition index of 19.924, 29.585 and 9.849. Condition indices with 30 and above are usually seen to have serious collinearity problems. The indices for individual dimensions were lower than 30 although one dimension had an index 29.585. It was therefore concluded that the predictors did not have very serious collinearity problem.

4.7 Residual Analysis

Residual in statistics is an estimate of the average error. It is explained as the difference between the observed value of the dependent variable (y) and the predictor variable (y^). That is; Residual = Observed value – predicted value (y – y^) which should be equal to zero. Residual is also explained as the distance between data points and the fitted regression line. The data points on the scatter plot show the quality of regression. Those that collate along the regression line demonstrate existence of a very strong relationship between the model prediction and its actual results, meaning the model is accurate. On the other hand, data points that scatter away from the regression line indicate existence of a weak relationship. The nearer a point is to the line of good fit the smaller the residual becomes until the differences get to zero. Table 4.21 shows statistically the difference between the observed value of the dependent variable (y) and the predictor variable (ý).

Table 4. 21: Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.5370	5.0347	3.8848	.65614	105
Residual	-.61102	.75941	.00000	.39397	105
Std. Predicted Value	-2.054	1.753	.000	1.000	105
Std. Residual	-1.521	1.890	.000	.981	105

a. Dependent Variable: Hotel Performance

The normal P-P Plot of regression standardized residual in figure 4.9 shows the points were clustered along the regression line. It may not be perfect but illustrates the prediction was correct. The plot shows there was less noise. Variability of data had a significant trend. The trend reveals that the predictors gave information whose responses collate around regression line which means the variables were significant. The prediction interval (range of responses) was narrow. Predictions are more precise when R^2 is high than when it is low. The data points closeness to the diagonal line though there was slight shift from the center. It was observed that data are near normally distributed.

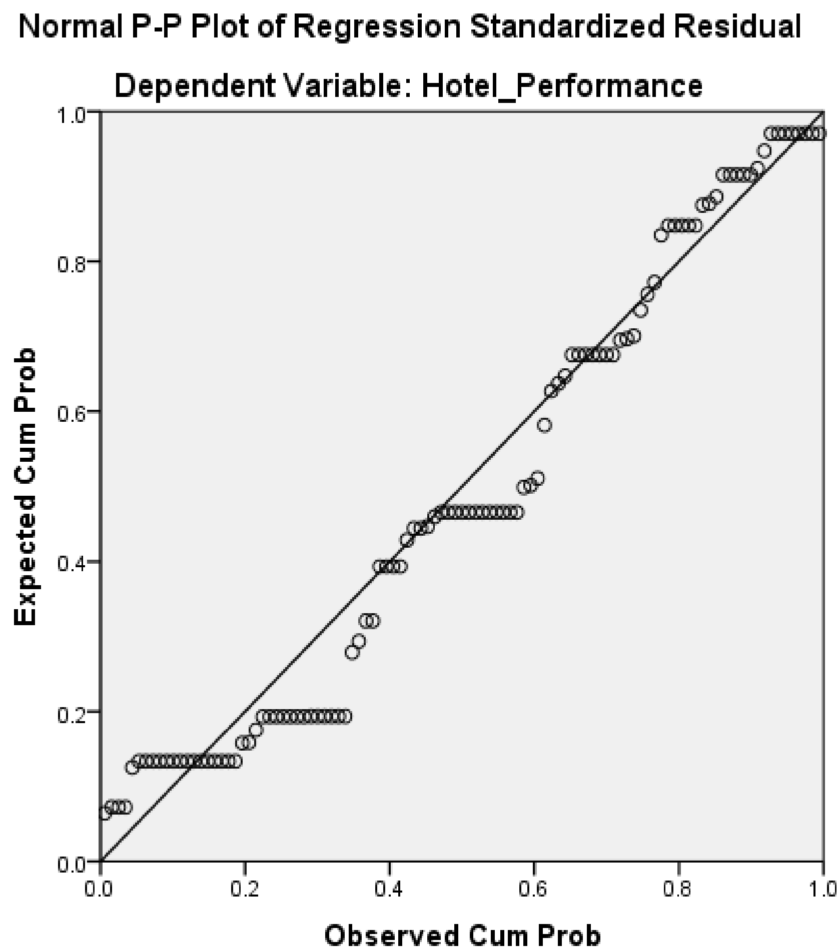


Figure 4. 9: Normal P-P Plot of Regression Standardized residual.

4.8 Correlation Analysis Results

Correlation analysis was carried out in this study to examine the nature of association between strategic planning, training, safety measures and customers focus and hotel performance in Nairobi. To carry out the test, hotel performance was used as the dependent variable while the four strategic organizational practices were the independent variables. The test was conducted at the 5% level of significance in a 2 –

tailed test. This shows that the critical value was set at 0.025 during the test, beyond which the association between the variables was concluded to be not significant hence cannot be relied on in making conclusions regarding the association between the variables being tested. The strength of the association was based on the Pearson's Correlation scale where a correlation value of between: 0.0 to 0.29 (0.0 to -0.29) indicates a no correlation; 0.3 to 0.49 (-0.3 to -0.49) shows a weak positive (negative) correlation and a correlation coefficient in the interval of 0.5 to 0.69 (-0.5 to -0.69) indicate a moderate positive (negative) correlation whereas a correlation coefficient of 0.7 and above (-0.7 to -1) indicates a strong positive /negative correlation. Results on the association between strategic organizational practices and hotel performance in terms of strategic planning, training, safety measures and customers focus was done.

According to the findings as illustrated in Table 4.22 all the strategic organizational practices had a positive and significant correlation with performance of hotels. Hotel performance and strategic planning were weak but positively correlated, r (105) = .405, $p < .01$. Also, hotel performance and training were strong and positively correlated, r (105) = .784, $p < .01$. Hotel performance and safety measures were also weakly correlated, r (105) = .330, $p < .01$. Hotel performance and customer focus were weak but positively correlated, r (105) = .480, $p < .01$. Table 4.22 shows correlation matrix of the study.

Table 4. 22: Correlation Matrix

		Hotel Performance	Training	Strategic Planning	Safety Measures	Customer Focus
Hotel Performance	Pearson Correlation	1	.784**	.405**	.330**	.480**
	Sig. (2-tailed)		.000	.000	.001	.000
	N	105	105	105	105	105
Training	Pearson Correlation	.784**	1	.308**	.110	.356**
	Sig. (2-tailed)	.000		.001	.265	.000
	N	105	105	105	105	105
Strategic Planning	Pearson Correlation	.405**	.308**	1	-.046	-.147
	Sig. (2-tailed)	.000	.001		.638	.135
	N	105	105	105	105	105
Safety Measures	Pearson Correlation	.330**	.110	-.046	1	.590**
	Sig. (2-tailed)	.001	.265	.638		.000
	N	105	105	105	105	105
Customer Focus	Pearson Correlation	.480**	.356**	-.147	.590**	1
	Sig. (2-tailed)	.000	.000	.135	.000	
	N	105	105	105	105	105

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

The variables show both positive and negative correlation to each other. The relationship between strategic planning and hotel performance was just moderate and positive at .405 which means strategic planning provides direction, supports coordination and control in the organization (Arasa & K'Obonyo (2012). The results also agree with findings of other studies. For instance, Aldehayyat (2011) concluded that hotels embraced strategic planning because it is a tool for continuous improvement. It is argued here that implementation of the dimensions of strategic planning (Implementation of strategic plan, participation of employees in strategy making, ownership of strategic plan, monitoring and evaluation of strategic plan and regular review of strategic plan) are drivers of hotel's performance.

According to Noe (2010) training plays a strategic role in business and drives a company's strategies including growing sales, foster motivation, managing cost base and planning for succession. Training had a very strong and positive relationship with hotel performance. Indeed, the study shows training to have significant influence in hotel performance. The findings agree with other studies eg, Raja, Furqan and Khan (2011) that considered training as the most important factor in business world today, because it increases the efficiency and the effectiveness of both the employee and organization. Similarly, Obi-Anike *et al.* (2014) argued that training is an investment with immediate and long term returns. Raja et al, (2011) and Abeeha and Bariha (2012) noted the existence of a positive correlation between training and organizational performance and competitive advantage. They said such positive relationship was associated with employees' added value through training. As hotels train staff to acquire skills, knowledge and positive attitude they become confident or improve behavior at workplace and hence stimulate efficiency. For all the variables, training had the highest correlation with hotel performance and therefore the greatest influence on performance of hotels in Nairobi.

Although safety measures had the lowest correlation (.330) with performance of hotel compared with other variables, it was nevertheless important. A positive correlation between safety measures and performance was envisaged to encourage investors in the hotel industry. According to Hymanson (2013) a hotel's reputation and success are largely based upon the comfort and safety it provides to its guests. Customer focus displayed a positive and near moderate correlation (.480) with hotel performance. Since customer is vital to the success of businesses, paying attention to customers augments their confidence and loyalty. A number of studies suggest customer focus and organizational performance to have positive correlation. For instance, Mokhtar (2013) noted that the practice of customer focus was identified as pivotal for any organization seeking to reach a level of sustainable performance. Verhoef and Lemon (2013) on their part, proposed that firms with strong practice on customer focus moved beyond the objective of delivering products and services that met customer expectations. This study submits that increase in customer focus enhances hotel performance.

4.9. Regression Analysis Results

The findings under this section present the results on the relationship test between the dependent and independent variables. Regression test was carried out to show the extent of influence of the strategic organizational practices had on hotel performance in the hotel industry of Kenya. The significance of the regression model was tested at the 5% level of significance through F–statistics which shows the level of reliability of the developed models in presenting the relationship between the variables of the study. Regression is a technique used to produce an equation that predicts the effect independent variable(s) have on the dependent variable. In this model summary, the R square shows the explanatory power of the model or the relationship between the combined independent variables (strategic planning, training, safety measures and customer focus) and dependent variable (Hotel performance). The model indicates that 73.5% of hotel performance in the study was explained by the four variables and only 26.5% by other factors not captured in the model. In a model like this, R square provides a general picture of the correlation but does not tell how much each variable influences the dependent variable or whether some variables explain the same part of the variation. The coefficients of the independent variables in the following regression matrix show the influence explained by each variable in the model.

Table 4. 23: Model Summary[b]

Mod	R	R	Adjuste	Std.	Change Statistics

el		Square	d R Square	Error of the Estimate	R Square Change	F Change	df 1	df 2	Sig. F Change
1	.857[a]	.735	.724	.40177	.735	69.344	4	100	.000

a. Predictors: (Constant), Customer Focus, Strategic Planning, Training and Safety Measures.

a. Dependent Variable: Hotel Performance

4.10 Coefficient

Coefficient of correlation is the measure of strength and direction between variables in a linear association. Coefficient can be positive or negative and ranges between -1 to +1. A coefficient of zero means no relationship exists between variables. In this study, an association between independent variables (strategic planning, training, safety measures and customer focus) and performance of hotel was tested. The prediction equation in the coefficient Table 4.24 shows; Y = -.899 (constant) +.555 (Training) + .239 (Strategic Plan) + .364 (Safety measures) +.184 (Customer Focus) + .387 (Error term). The equation was truncated to**;** Y = -.899 (C) + .555 (T) +.239 (SP) + .208 (SM) +.184 (CF) + .387 (ε). The equation for multiple regression was therefore expressed as;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e.$$

Table 4. 24: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.899	.387		-2.321	.022
	Training	.555	.055	.615	10.137	.000
	Strategic Planning	.239	.054	.254	4.459	.000
	Safety Measures	.208	.089	.152	2.342	.021
	Customer Focus	.184	.063	.209	2.913	.004

a. Dependent Variable: Hotel Performance

Hotel performance was predicted to increase by .555 when training variable goes up by one, .239 when strategic planning variable goes up by one, .208 when safety measures variable goes up by one and .184 when the customer focus variable goes up by one. It was predicted to be -.899 when the independent variables are zero. Since the independent variables are not equal to zero they show to have real effects on hotel performance. Consequently, the null hypothesis of the study is rejected. In a multiple linear regression, the p-value does not tell the effect each variable has on the dependent variable. It is the coefficient of each variable that explain its effect. The equation signifies the relationship between each variable and the dependent variable (hotel performance) as positive despite differences in magnitudes. In the prediction equation, training contributed 55.5% in the hotel performance, followed by strategic planning that contributed 23.9%% in linear change in hotel performance. Safety contributed 20.8% and customer focus contributed 18.4%. This data indicates that hotel performance was predicted to increase by 55.5 % when training goes up by one keeping other variables constant. Similarly, hotel performance increases by 23.9%, 20.8% and 18.4% for strategic planning, safety measures and customer focus respectively when that individual variable in that order goes up by one other factors remaining constant. The error factor contributed 38.7%.

T-value tests hypothesis that the coefficient is not different from zero. It is a division of the coefficient by the standard error and compares the coefficient with standard variate (1.96). T-statistics shows the importance of a variable in the model and should be equal to or more than the standard variate. The results show all the independent variables strategic planning (4.459), training (10.137), safety measures (2.342) and customer focus (2.913) had values greater than 1.96. On its own, the constant presented a value of-.899 which means hotel performance decreases by 899 when each variable goes up by one unit. Statistically, the output of the regression analysis reveals the p- values for the strategic planning, training, safety measures and customer focus had lower than the significance level of 0.05, meaning the null hypothesis for these variables were rejected. A significance level of less than 5% indicates that there is a 95% probability that the independent variables had some effect on the dependent variable. With low p-value and high R squared, the training variable indicated to have had the highest unit change related to changes in the hotel performance.

Results of this study agree with findings from other studies that strategic planning has positive relationship albeit low with hotel performance. For instance, Aldehayyat (2011) observes that hotels have embraced strategic planning as a tool for continuous improvement because it helps them identify and prioritize their objectives and targets. Similarly, Mutindi *et al.* (2013) observe that the concept of strategic planning has been widely adopted by hotels. This study reveals that there were dimensions within the strategic planning variable that significantly contributed to hotel performance. They include activities like analysis of business environment, participation of employees in strategy making, ownership of strategic planning, regular review of strategic plans and monitoring and evaluation of strategic plan. The activities are believed to provide and enhance mechanism of coordination and control of hotels metrics.

The results show training to have had the greatest contribution to the performance of hotels. According to Devi and Sheik (2012), it is a key that unlocks the potentials of growth and development opportunities to achieve competitive advantage. The authors (ibid) further argue that training generate a pool of employees who stay on with longer institutional memory, cuts the costs of recruitment and selection of new employees. In doing so, Vlachos (2009) points out that it increase productivity and commitment.

The results reveal that in training, there were competences that provides or contribute significantly to hotel performance. These competences include; use of technologies, communication of managers and staff, interpersonal relationship of employees, teamwork, planning and organizing by managers and employees motivation. The study therefore advice that hotels increase training programs for staff to improve efficiencies in the processes.

The study shows safety measures had positive relationship with hotel performance. Safety measures are strategic in today's world. Maranga (2015) observed that hotels are fast becoming preferred targets because they offer easy access. Similarly, McGoey (2013) argued that hotel security is a growing concern for travelers and local customers as well. In the unfolding realities of growing concerns about safety and insecurity, hotel needs to take measures to protect human life and property.

The results reveal areas of concern about safety measures in hotels that require some action. These were; access to hotels. Vigilance was needed on accessing hotel facilities which means thorough check or screening was done using human intelligence and machines. Presence of uniformed guards at hotel entrance and its precincts and investment in workplace safety was found prudent. Labor relations matter need addressing regularly and conclusively to prevent disruption of services. Increase in the amount of lighting and regular rehearsal of safety and security procedures to acquaint staff and guests with safety measures.

The results show the strength of association between customer focus and hotel performance as weak at 18.4%. Nevertheless, it was positive and as in other studies, it contributed to the performance of the hotel industry. Azad and Hashemi (2013) considered customer focus as essential asset in any organization. As such, they argue it needs to be at the center of organizational practice because it plays an important role in organizational performance. Similarly, Mokhtar (2013) noted customer focus as pivotal for any organization seeking to reach a level of sustainable performance. Results of the study reveal dimensions of customer focus that influence hotel performance as; employee satisfaction, data management, innovations, complaints management, internal communications, knowledge management, new product ideation and market intelligence.

4.11. Analysis of Variance (ANOVA)

Analysis of Variance (ANOVA) is a statistical technique used to develop an explanation for the observed data. It has basic assumptions that; observations are independent, samples are drawn from a normally distributed population and variance of groups is the same. The output of ANOVA in Table 4.25 shows the sum of squares of the regression was 44.774, degree of freedom (4), F test (69.344) and significance level (.000). Since F test was significant, the strength of association between the independent variable (Strategic organizational practices) and the dependent variable (hotel performance) was measured using Omega Square ($\acute{\omega}^2$).

$$\text{Omega Square or } \acute{\omega}^2 = \frac{SS_B - (K\text{-}1)\ MS_W}{SS_T + MS_W}$$

Where;

SS = Sum of Squares

K-1 = Degree of Freedom

MS = Mean Squares

$$= \frac{44.774 - (5\text{-}1)\ .161}{60.916 + .161}$$

$$= \frac{44.130}{61.077}$$

$$= 0.7225$$

The output of Omega Squares explains that the independent variables (Strategic Organizational Practices) accounted for approximately 72.25% of the variance of the dependent variable (Hotel performance). F test was significant and the p-value was less than the threshold (significance level of 0.05), it was therefore concluded that the null hypothesis be rejected.

Table 4. 25: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	44.774	4	11.193	69.344	.000[b]
1	Residual	16.142	100	.161		
	Total	60.916	104			

a. Dependent Variable: Hotel Performance

b. Predictors: (Constant), Customer Focus, Strategic Planning, Training, SS Practices

4.12 T-Test

T-test is a procedure used to assess whether the means of groups are statistically different from the comparison value. In this study, a one sample t-test was carried on all the variables to check individually the equality of means so that the null hypothesis was accepted or rejected. The study also examined whether there was a significant effect of the independent variables (strategic planning, training, safety measures and customer focus) on the dependent variable (hotel performance) in Kenya. The t-value = 0. Ho: There was no significant difference expected between the means of the samples and the expected mean (α = 0.05, 2-tail) at 95% confidence. Accept Ho: if p-value $\leq \alpha$, otherwise reject Ho: if p-value $> \alpha$.

4.12.1 T-Test for Strategic Planning

Strategic planning variable had ten dimensions that were used to assess effect it had on hotel performance. The one sample t-test therefore covered all the ten dimensions in the strategic planning variable. The output of the SPSS shows two tables; Table 4.26 on statistics and Table 4.27 on the test. The mean of the T-test for strategic planning as shown in Table 4.26 was 3.7648 while in Table 4.27 t= 47.590. The standard deviation was .81062 suggesting the difference was large.

Table 4.26: One-Sample Statistics for Strategic Planning

	N	Mean	Std. Deviation	Std. Error Mean
Strategic Planning	105	3.7648	.81062	.07911

A one sample t-test was conducted to compare the mean of the strategic planning and the expected mean. There was significant difference in the means. (M=3.7648, SD = .81062, t = 47.590 and p-value < 0.001). P-values > α, hence reject Ho. The t test values for strategic planning was calculated at 47.59, (df = 104), p-value was .00 therefore the null hypothesis was rejected. Table 4.27 shows theoretical t = 0 and the calculated t = 47.590. The result suggests that strategic planning does have an effect on hotel performance in Nairobi. The study results further suggest that when strategic planning was applied in hotels in Nairobi performance improved.

Table 4.27: One-Sample Test for Strategic Planning

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Strategic Planning	47.590	104	.000	3.76476	3.6079	3.9216

4.12.2 T-Test for Training

The effect of training variable on performance of hotels in Nairobi was assessed using nine dimensions. T-tests were conducted to assess whether there was equality of means between training and the expected means. SPSS output show Tables 4.28 and 4.29; one on statistics and another on the test.

Table 4.28: One-Sample Statistics for Training

	N	Mean	Std. Deviation	Std. Error Mean
Training	105	3.8790	.84838	.08279

The results of the t-test shows there was significant difference in the means. (M = 3.87905, SD = .84838, t = 46.852, P-value < 0.001). P-values > α, hence reject Ho. The result suggests that training does have an effect on hotel performance in Nairobi. The study results further suggest that when training was conducted in hotels in Nairobi performance improved. Table 4.29 shows theoretical t = 0 and calculated t = 46.852

Table 4.29: One-Sample Test for Training

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Training	46.852	104	.000	3.87905	3.7149	4.0432

4.12.3 T-Test for Safety Measures

The effect of safety measures on hotel performance in Nairobi was assessed using eight dimensions. The analysis clustered the dimensions into two clusters. Cluster one showed four dimensions had influence while cluster two showed the remaining four to have influence on hotel performance in Nairobi. T-test was conducted on the eight dimensions to test the hypothesis of equality of means. SPSS tool was used and output was shown in the two Tables 4.30 and 4.31.

Table 4.30: One-Sample Statistics for Safety Measures

	N	Mean	Std. Deviation	Std. Error Mean
Safety Measures	105	4.5029	.55668	.05433

The results show there was significant difference in the means. (M = 4.50286, SD = .55668, t = 82.885, P-value < 0.001). P-values were > α, hence reject Ho. The result suggests that safety measures do have an effect on hotel performance in Nairobi. The study results further suggest that when safety measures was conducted in hotels in Nairobi performance improved. Table 4.31 shows the theoretical t = 0 and the calculated t = 82.885.

Table 4.31: One-Sample Test for Safety Measures

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Safety	82.885	104	.000	4.50286	4.3951	4.6106

4.12.4 T-Test for Customer Focus

The effect of customer focus on the performance of hotels in Nairobi was assessed using ten dimensions. Factor analysis was carried to examine their influence. The analysis clustered the dimensions into three components. Components one or cluster one had six dimensions that had shown influence, cluster two had three dimensions and cluster three one dimension that showed influence on hotel performance in Nairobi. One sample t-test was carried on the ten dimensions to check equality of means between the variable (Customer focus) and the expected mean. SPSS output had two tables shown below.

Table 4. 32: One-Sample Statistics for Customer Focus

	N	Mean	Std. Deviation	Std. Error Mean
Customer Focus	105	4.3010	.86652	.08456

The results show there was significant difference in the means. (M = 4.30095, SD = .86652, t = 50.860, P-value < 0.001). P-values were > α, hence reject Ho. The result suggests that customer focus does have an effect on hotel performance in Nairobi. The study results further suggest that when customer focus was conducted in hotels in Nairobi performance improved. Table 4.33 shows the theoretical t = 0 and the calculated t = 50.860.

Table 4. 33: One-Sample Test for Customer Focus

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Customer Focus	50.860	104	.000	4.30095	4.1333	4.4686

4.13 Test of Independence

In order for the hypothesis testing to be carried out in this study, chi-square analysis was conducted at the 5% level and 95% confidence interval. The chi-square test involves comparing the observed frequencies (patterns in response) in each response category to the frequencies expected if the null hypothesis (H_0) were true. These expected responses were determined by allocating the sample to the response categories according to the distribution specified in the null hypothesis. The null hypotheses for testing the relationship between the variables of the study were as follows:

Ho_1. Strategic planning have no significant effect on the performance in the hotel industry in Kenya.

Ho_2: Training have no significant effect on the performance in the hotel industry in Kenya.

Ho_3: Safety measures have no significant effect on the performance in the hotel industry in Kenya.

Ho_4: Customers focus have no significant effect on the performance in the hotel industry in Kenya.

The study findings in Table 4.34 above indicate the chi-square test results for the relationship between strategic organizational practices and hotel performance in Kenya. These results gave evidence of existence of a statistically significant relationship between strategic organizational practices and hotel performance. Strategic planning, training, safety measures and customer focus show Pearson Chi-square values and the significance levels were; χ^2 (25, 105) = 50.23,p = .002 for strategic planning, χ^2 (40, 105) = 196.88, p = .000 for training, χ^2 = (25, 105) = 125.55,p = .000 for safety measures and χ^2 (40, 105) = 165.31,p = .000 for customer focus which means that the values of the rows and columns in the contingency table were independent.Based on these findings, the study rejected the null hypotheses and accepted the alternative hypotheses since the p-values were less than 0.025 for all variables testing at 5% significance level two tailed test. Therefore, the study concludes that there is a relationship between strategic organizational practices and hotel performance in Kenya.

Table 4. 34: Chi-Square Tests of Independence: Independent variables Versus Hotel Performance

	Pearson's Chi Square Value	df	Asmp-sig. (2 tail)	No
Strategic Planning	50.229	25	.002	105
Training	196.879	40	.000	105
Safety Measures	125.546	25	.000	105
Customer Focus	165.307	40	.000	105

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose of this study was to investigate the effect of organizational practices on the performance of the hotel industry in Kenya. Specifically, the study determined the effect of strategic planning, training, safety measures and customer focus on the performance of the hotel industry in Kenya. Data was collected from four and five star hotels in Nairobi using managers as respondents because they manage operations that achieve performance goal. This chapter therefore presents summary, conclusions and recommendations of the study.

5.2 Summary of the Major Findings

The summary of the major findings covers demographics results, the study variables and recommendations arising from the study and areas of further research.

5.2.1 Demographic Results

The study found out that response rate was high sufficient to generalize the results of the target population. Hence, the study was considered valid and reliable. Hotels had more male managers although women are said to be more caring and so considerable attention was needed to narrow down the gender gap at managerial level. Age is a critical factor in management because as managers grow older they tend to think more about exit and retirement. For hotels, the prudent thing to do was to train the large number of younger managers as part of succession management. Education improves efficiency and productivity of employees. It also affects attitudes towards work and human relationship. Hotels had well qualified managers who needed continuous professional development. Recruitment of qualified personnel since most had Bachelor’s degree and above was found judicious and strategic for hotels. Most managers had long experience in hotel management which gave them institutional memories and helped them understand dynamics in the industry. Such memories are useful in planning, monitoring and evaluating hotel operations. It was assumed that hotel size matter in terms of taking advantage of economies of scale and in tackling costs and increasing marginal profit. Big hotels made good use of their size in reorganizing their operations during the slump time. Older hotels had established their brand with time and improved on their learning curve. For new entrants to the industry, it was a while before they established a space and niche in the marketplace.

Hotels in the study had accommodation as a common service but distinguished themselves in differentiated products and services. Some had conference facilities, gym or secure parking which made certain customers prefer them. The main clients of star rated hotels were international visitors and when arrival dropped, it was like sounding a death bell. Kenyans who would have filled the void, patronized less in these hotels in terms of bed occupancy and length of stay. Access to business premises is important to clients. Hotels in the study were mainly within reach from the central business district. For most hotels, clients could access malls and essential services. The number of employees employed in a hotels was dependent on its operations. More than half of the hotels in the study had over 150 workers which suggest that a number of activities were going on and that it was breaking event. Despite hard economic times, hotels did not lay off many workers. This may have been due to learning from the past and consequently reorganizing of operations.

5.2.2 Strategic planning

The study reveals that strategic planning is a tool used for determining organizational future, improving services continuously and aligning processes to the environment. Strategic planning helps in goal setting, identification of choices and strategies, analysis of business environment and in monitoring and evaluation. It guides hotel in the allocation of work and resources, and in coordination and control of events, diminishes role conflict and facilitates smooth appraisal of staff. Further, it allows managers to examine and determine internal and external dynamics that influence the industry.

The study examined the effect of strategic planning on hotel performance in Kenya. It examined dimensions in strategic planning and analyzed manager’s views on analysis of strategic issues, such as commitment to strategic plan, regular review of strategic planning and implementation of strategic plans. The findings conclude that strategic planning has positive relationship with hotel performance. The advantages accruing from strategic planning are numerous and so hotel managers managed to adapt it to improve performance.

5.2.3. Training

Training is considered a vital development issue and generally, it is about transformation and improving service delivery. It is not merely strengthening competences of staff but also reinforcing capabilities of institutions. The study reveals that training boosts abilities of individuals, consolidates hotel culture and raises efficiency and effectiveness in service delivery. The study examined the effect of training on hotel performance in Kenya and found that training has significant and positive relationship with hotel performance and indeed had the highest influence among the variables in the study. It examined core areas in training such as communication of managers and workers, planning and organizing and monitoring and evaluation. The study further analyzed other constructs in training and revealed that use of technologies; interpersonal relationship and teamwork contribute significantly to hotel performance. The study concludes that training is a necessary ingredient in hotel performance.

5.2.4 Safety Measures

The study shows that safety is a growing national and development concern. It affects both investors and customers impacting negatively on the economy. Failure to provide a safe environment could result in serious loss of business. The study examined core issues such as presence of uniformed guards, prevention of environmental threats and investment in workplace to determine the effect of safety on hotel performance in Kenya. Other components of safety were analyzed which show that safety had a positive relationship with hotel performance. The study reveals that it is important to safeguard reputations, safety of people and assets and concludes that hotel safety is paramount for its survival and success

5.2.5 Customer Focus

Customers are hotel's essential constituents. In business environments where competition is fierce and customer preferences swings, organizations come under pressure to pay attention to customers to achieve competitive performance. Businesses have become increasingly aware that poorly managed customer relationship causes dissatisfaction and poor sales. To mitigate customer apathy, hotels have adapted a business philosophy of focusing on customer needs and satisfying them. The study examined core customer issues like new product ideation, innovations and knowledge management. It also explored the views of the managers on internal communication, knowledge management, new product ideation, complaints management, customer relations, customer interactions and data management. The results reveal that customer focus has positive relationship with hotel performance and conclude that customers determine success and performance of hotels.

5.3 Conclusions

Hotels all over the world are affected by uncertain business environment that impact on their operations and profitability. Hotels in Kenya were not spared by uncertainties. This study concludes that;

1. Strategic planning had significant effect on the performance of the hotel industry in Kenya through getting strategic direction, coordination, control of activities and using strategic planning as a tool for continuous improvement of products and services.
2. Training had significant effect on the performance of the hotel industry in Kenya through inculcating needed competencies and improved behavior of employees. Training also increases efficiency and effectiveness of both individual employee and hotel.
3. Safety measures had significant effect on the performance of the hotel industry in Kenya through ensuring safety of employees, guests and assets. Consequently boosting employee morale and guests' confidence, and by minimizing absenteeism, enhanced employee relationship and reduced medical and litigation costs.
4. Customer focus had significant effect on the performance of the hotel industry in Kenya through establishing rapport and strong relationship that led to customer loyalty and generation of reliable sales and feedback.

5.4 Recommendations of the Study

The study submits the following recommendations;

1. Strategic planning provides direction to hotel in achieving its strategic goal. For hotels to benefits from strategic planning, it is recommended that the

process is consultative and participatory and aligned to changes in the environment. Involving stakeholders in the process instils a sense of ownership and commitment and subsequently improves performance.

2. Training plays an important role in business development. To improve efficiencies and effectiveness, it is recommended that hotels train staff more on use of new technologies. Use of new technologies present competitive advantage to hotels and hence improves on revenue streaming.
3. Safety in the hotel industry is a growing concern. To avert of loss of life and property and reputation, it is recommended that hotel invests in early warnings systems to prevent disaster.
4. Customer focuses are actions intended to facilitate customer needs and expectations so that hotel receives a maximum return. To deliver superior customer service and increase revenue, it is recommended that hotel creates innovative connectivity that offers updates, grants awards and generates feedback from the customers.

5.5 Areas of further research

The study revealed that when international arrivals drop, hotel industry in Kenya experiences a slump in businesses affecting the economic environment. To address uncertainties and the negative impact on the economy, the study recommends that further research be undertaken on how local market fills in gaps left by international visitors.

REFERENCES

Abang, A. M, Mar-Chun, L & Maw, K, L. (2009) Human Resource Practices and Organizational Performance. Incentives as Moderators, *Journal of Academic Research in Economics. 1*(2).

Abeeha, B & Bariha, B. (2012). Effects of Employee Training on the Organization Competitive Advantage. Empirical study of private sector of Islamabad, Pakistan, *Far East Journal of Psychology and Business. 6*(1).

Abu-Jarad, I, Y, Yusof, N. A. & Nikbin, D. (2010). A Review Paper on Organizational Culture and Organizational Performance. *International Journal of Business and Social Science. 1*(3), 26- 46.

Akinwade, M. O, Dikko, H, G & Agboola, S. (2015). Variance Inflation Factor: As a Condition for Inclusion of Suppressor variable in Regression Analysis. *Open Journal of Statistics. 5*, 754-767.

Alam, I. (2013). Customer Interaction in Service Innovation: Evidence from India. *International Journal of Emerging Markets, 8*(1), 41-64.

Aldehayyat, J. S. (2011). Organizational Characteristics and the Practice of Strategic Planning in Jordanian Hotels. *International Journal of Hospitality Management*, *30*(1), 192-199.

Alvi, M. H. (2016). *A Manual for Selecting Sampling Technique in Research*. Karachi: University of Karachi.

Al Jeraisy, K. (2008). Consumer Behavior: *An analytical study of the Saudi Family Purchase Decisions.* 3rd Ed. Riyadh.

Al-Saleem, A & Al-Juboori, N. (2013). Factors Affecting Hotel Occupancy Rate: an Empirical Study on some Hotels in Amman, *Interdisciplinary Journal of Contemporary Research in Business. 5*(6).

Ansoff, H. (1970). Does Planning Pay? *Long Range Planning. 3*(2), 2-7.

Arasa, R. & K'Obonyo, P (2012). The relationship between strategic planning and firm performance, *International Journal of Humanities and Social Science. 2*(22), (Special Issue).

Australian Workforce and Productivity Agency (2013). *Human Capital and Productivity: Literature Review.* AWPA, Canberra.

Ayele, G. A. (2012). *Positioning Strategies Adopted by Five Star Hotels in Nairobi, Kenya*, Unpublished MBA Project. Nairobi: University of Nairobi.

Azad, N., & Hashemi, S. (2013). A study on important factors influencing customer relationship management: A case study of Mobile service provider. *Management Science Letters*, *3*(4), 1161-1166.

Balogun, J., & Hailey, V. H. (2008). *Exploring Strategic Change*. (3rd Ed.). New Delhi: Prentice Hall.

Banerjee, M (2012). *Simple Random Sampling*. Michigan: University of Michigan.

Barnard, M., & Stoll, N. (2010). Organizational Change Management: A Rapid Literature Review. *Centre for Understanding Behavior Change,* Australia: University of Bristol.

Bateman, T. S. & Zeithml, C. P. (1993). *Management: Functions and Strategy*. (2nd. Ed.), New York: Irwin.

Becker, G. S. (1964). *Human Capital: A Theoretical and Empirical Analysis with Special Reference to Education*. (3rd Ed.) Chicago: University of Chicago Press.

Bloom, N., Genakos, C., Sadun, R., & Van Reenen, J. (2012). Management Practices across Firms and Countries. *The Academy of Management Perspectives, 26*(1), 12-33.

Buhai, S., Cottini, E., & Westergård-Nielsen, N. (2008). The Impact of Workplace conditions on Firm Performance: Working Paper. 08.13 Retrieved from www.Pure.au.dk/Portal/files/387/wp_08-13.

Bunda, R. (2014). *The Business of Beds: An Exploration of Hotel and Hostel Business Strategy*. Honor Scholar Thesis. Connecticut: University of Connecticut.

Chandrasekar, K. (2011). Workplace environment and its impact on organizational performance in public sector organizations. *International Journal of Enterprise Computing and Business Systems, 1*(1), 1-16.

Chakiti, K. & Sigala, M. (2010). Staff turnover in the Greek Tourism Industry: A comparison between Insular and Peninsular Regions. *International journal of Contemporary Hospitality Management. 22*(3), 335- 359.

Chowhan, J. (2013). *High Performance Work Systems. A Casual Framework in Canada*. Unpublished PhD Thesis. Hamilton, Ontario: McMaster University.

Chotekorkul, W & Nelson J (2013). Customer Orientation, Merchandising Competencies, and Financial Performance of Small Fashion retailers, Bangkok. *Journal of Fashion, Marketing and Management, 17*(2), 225-242.

Cobanoglu, C, Corbaci, K, Moreo, P, J. & Ekinci, Y. (2013). A Comparative Study of the importance of hotel Selection Components by Turkish Business Travelers. *International Journal of Hospitality and Tourism Administration. 4*(1), 1-22.

Dadfar, H, Brege, S & Semnani, S. (2013). Customer Involvement in Service Production, Delivery and Quantity. The Challenges and Opportunity, *International Journal of Quality and Service Science, 5*(1), 46-65.

De Leeuw, E, D & Dillman, J, J. (2008) (Ed). The Cornerstone of Survey Research. *International Handbook of Survey Methodology.*

Devi, V. R. & Shaik, N. (2012). Training and Development- A Jump Starter for Employee Performance and Organizational Effectiveness, *International Journal of Social Science and Interdisciplinary Research, 1*(7), 2277-3630.

Dikko, M. (2016). Establishing Construct Validity and Reliability: Pilot Study of a Qualitative Interview in Takaful (Islamic Insurance). *The Qualitative Report*, *21*(3), 521-528.

Drost, E, A. (2011). Validity and Reliability in Social Science Research. *Educational Research and Perspectives. 38*(1).

Drucker, P. F. (1954). *The Practice of Management*, New York: Harper and Row.

Enz, C. A. (2011). *Competing Successfully with Other Hotels: The Role of Strategy*. Cornell: Cornell University.

Failte, I. (2013). *Key Performance Indicators*. Retrieved from www.failteireland.i.e/failteireland/media/website.Structure/Documents/2_De velop_Your_Business/1_StartGrow_Your_Business/Key_Performance_Indicators.pdf.

Fishbein, M. & Ajzen, I. (1980). *Understanding Attitudes and Predicting Social Behavior*. Englewood Cliff: Prentice Hall.

Fouka, G. & Mantzorou, M. (2011). What are the Major Ethical Issues in Conducting Research? Is there a Conflict between the Research Ethics and the Nature of Nursing? *Health Science Journal*. *5*(1).

Gates, L, P. (2010). *Strategic Planning with Critical Success Factors and Future Scenarios: An Integrated Strategic Planning Framework. A Technical report*. Carnegie Mellon: Carnegie Mellon University.

Gavrea, C. Ilies, L. & Stegerean, R. (2011). Determinants of Organizational Performance: The Case of Romania. *Management and Marketing Challenges for the Knowledge Society*, *6*(2), 285-300.

Ghasemi, A. & Zahediasl, S. (2012). Normality Test for Statistical Analysis: A Guide for Non-Statisticians. *International Journal of Endocrinology Metabolism*. *10*(2), 486-9.

Ghazi, K, M. (2015). Safety and Security Measures in Egyptian Hotels. *Journal of Business Management*. *4*(1).

Goldin, C, (2014). Human Capital. *Handbook of Cliometrics*. Spring. Harvard: University of Harvard

Gunu, U. Oni, E. Tsado, E & Ajayi, O. (2013). Empirical Study of Training and Development as a Tool for Organization Performance. Case Study of

Selected Banks in Nigeria. Kuwait Chapter of *Arabian Journal of Business and Management Review*. *2*(10).

Hofer, C. W. & Schendel, D. (1978). *Strategic Formulation; Analytical Concepts.* West Publishing Company.

Hurn, B. J. (2013). Are Cracks now Appearing in the Boardroom Glass Ceiling? *Industrial and Commercial Training. 45*(4).

Hymanson, M. (2013). *Hotel security challenges and solutions for today's hotel owners and operators cited in Maranga (2015),* Unpublished PhD Thesis. Nairobi: Kenyatta University.

IBM Corp. Released (2011). *IBM Statistics for Windows, Version 20.0.*Armonk, NY: IBM Corp.

Ikwaye, S. (2015 May 5th). Number of foreign visitors to Kenya plunges by 13 Per Cent. Daily Nation Newspaper, May 5th 2015. Nairobi.

Indian Business Chamber of Luxemburg (2014). 'Indian Chamber Analyses Economic Impact of Terrorism' Retrieved from www.chronicle.lu/categories workingnetworking indian/item /6280 -Indian-chamber-analyses economic-impact-of-terrorism.

International Labor Organization, (2010). *Development and Challenges in the Hospitality and Tourism sector.* Issue Paper for discussion @ the global dialogue forum for hotel, catering and tourism sector. Geneva.

Jelimo, M. S. (2014). *The Effect of Occupational Health and Safety on Employee Productivity*. Unpublished. Moi: Moi University. Kenya.

Kamau, S. & Waudo, J. (2012). Hospitality Industry Employer's Expectation of Employees' Competencies in Nairobi Hospitals, *Journal of Hospitality Management and Tourism. 3*(4), 55-63.

Kemunto, J. O., Iravo, M. & Munene, C. E. (2013) Factors Affecting Performance of Hotels and Restaurants in Kenya: A case of Kisii County, *Interdisciplinary Journal of Contemporary Research Business. 4*(12).

Kiamba, J. (2008).Women and Leadership Positions: Social and Cultural Barriers to Success in Women Activism for Gender Equality in Africa. *Wagudu.* 6. Special Issue.

Kim, Y, Seo, J, Hyun, J. & Kim, S. (2011). Hotel Employee's Competences and Qualification Required According to Hotel Division, *Journal of Tourism, Hospitality and Culinary*. Arb. (12), 1-18.

Kingi, W. (2013). *Effects of Human Resource Development on the performance of Tourist Class Hotels in Malindi District Kenya*. Unpublished PhD Thesis. Juja: JKUAT.

Kipiki, S. T. (2012). The impact of economic crisis on tourism and hospitality: results from a study in Greece. *Central European Review of Economics and Finance*, *2*(1), 19-30.

Kiplagat, W. K, Makindi, S. & Obwoyere, G. O. (2015). An Analysis of Hotel Rating and its Implication on Financial Turnover of Rated Hotels in Kenya. *International Journal of Environment, Ecology, Family and Urban Studies. 5* (1), 23-34.

KIPPRA, (2013). *Kenya Economic Report, 2013.* Creating an enabling Environment for Stimulating Investment for Competitive and Sustainable Counties. Nairobi: KIPPRA.

Kisero, J (2015 January 28th). Hospitality Crisis. *Daily Nation Newspaper.* January 28th 2015. Nairobi.

Kothari, C. R. (2011). *Research Methodology: Methods and Techniques. (*2nd Edition.) New Delhi: New Age International Publication.

Leeds City Council, (2011). Customer Access Strategy: Delivering a better experience for customers Retrieved from: Democracy.leeds.gov.uk/documents/s63268/leads.

Maranga, V. N. (2015). Managers' Perception towards Security Factors. A Comparative Examination of 3 to 5 Star Hotels in Nairobi and Mombasa Counties in Kenya, Unpublished PhD Thesis. Nairobi: Kenyatta University.

Marimuthu, M, Arokiasamy, N & Ismail, M. (2009). Human Capital Development and its Impact on Firm Performance. Evidence from Developmental Economics. *The Journal of International Social Research. 2*(8).

Mathers, N & Hunn, A. (2009). Surveys and Questionnaires. *National Institute for Health Research.* RDS for the East Midlands/Yorkshire and the Humber,

McGoey, C. E (2013). Hotel Security Challenges and Solutions for today's hotel owners and operators in Maranga (2015).

McGregor, D. (1960). *The Human Side of Enterprise*. New York: McGraw-Hill.

McNamara, C. (2010). Employee Training and Development: Reasons and Benefits. Free Management Library. Retrieved from: http: //management thelp.org/ training development/basica/reasons.html.

Mensah-Anah, S. (2009). Safety and Security Management Practices in the Hospitality Industry. The Ghanaian Experience.

MKG Hospitality, (2014). in www.hospitality_on_conmen/news/2015/01/14/Paris attack_hospitality_takes_a_hit_but_is_expected_to_stand_strong/.

Mojtahedzadeh, R & Arumugan, V. C. (2011). Determinants of TQM in Iranian automotive industry. A theoretical approach. *International Journal of Quality Research. 5*(1), 21-32.

Mokhtar, S. M. (2013) The Effects of Customer Focus on Product Performance, *Business Strategy*. *34*(3), 67-71.

Mugenda, A. (2008) *Social Science Research: Theories and Practice*. Applied Research and Training Services. Nairobi.

Mutindi, U., Namusonge, G. & Obwogi, D. (2013). Effects of Strategic Management Drivers on Organizational Performance: A survey of the hotel industry in Kenyan Coast, *International Journal of Arts and Commerce. 2*(11), 83-105.

Net Zero USA, (2016). LED Lighting Benefits: Increase Worker Productivity with Brighter Full-Spectrum Lighting Retrieved from www.netzero-usa.com/2016/08/led-lighting-benefits-increase-worker-productivity-with-brighter-full-spectrum-lighting/ on 21/5/2017 @ 7.20am.

Noe, R, A (2010). *Employee Training and Development.* (5th ed.). New York: McGraw Hill. Irvin.

Noughabi, H, A & Arghani, N, R (2011). Monte Carlo Comparison of Seven Normality Tests. *Journal of Statistical Computation and Simulation*. *81*(8), 965-972.

Nzuve, M & Nyaega, G. (2011). *Application of the Balanced Scorecard in Performance Measurement at Essar Telecom Kenya Limited*. Unpublished MBA Project, Nairobi: University of Nairobi.

Obi-Anike, H.O. & Ekwe, M. C. (2014). Impact of Training and Development on Organizational Effectiveness: Evidence from selected Public Sector Organizations in Nigeria, *European Journal of Business and Management.* 6 (29).

Obiwuru, T. C., Okwu, A. T., Akpa, V. O. & Nwankwere, I. A. (2011). Effects of Leadership Style on Organizational Performance: A Survey of Selected Small Scale Enterprises in Ikosi-Ketu Council Development Area of Lagos State, Nigeria. *Australian Journal of Business and Management Research. 1* (7), 100-111.

Odhiambo, O. (2009). Implementation of performance contracting in Kenya, *International Public Management Review*. *10*(2), 60-84.

O'Fallon, M. J. & Rutherford, D. G. (2011). *Hotel Management and Operations.* (5th ed.) Hoboken. New Jersey: John Wiley and Sons. Inc..

Oketch, R, Wadawi, K, Brester, N. & Needestea, A. (2010).The role of hotels in Consumption of Cultural Tourism in Kenya, *Journal of Tourism.* (8), 34-39.

Oluoch, O. E (2015). *Effect of Organizational Safety and Health Programs on Employee Performance at Kenya Power Company Limited*. Unpublished MSc Thesis. Nairobi: University of Nairobi.

Ongori, J. K Iravo, M, & Munene, C. (2013). Factors Affecting Performance of Hotels and Restaurants in Kenya: A case of Kisii County, *Interdisciplinary Journal of Comparative Research Business. 4*(12).

Owiti, T (2014). *Quality Management Practices and Performance of Hotels in Nairobi*, Unpublished MBA Project, Nairobi: University of Nairobi.

Oxford Advanced Learner's Dictionary: International Student's Edition. 9th Edition.

Park, H. M. (2006). Univariate Analysis and Normality Tests using SAS, STATA and SPSS. The Trustees of Indiana University. Univariate Analysis and Normality Test I Retrieved from http://www.indiana.edu/-statmath.

Payne, K. D. (2014). Hotel Food and Beverage. To Lease or Not. Hotel, Travel and Hospitality. Retrieved from: 4 hoteliers.com/features/article/8460,

Pieterse, J, H, Homan, C, J & Caniels, T (2012). Professional discourses and resistance to change, *Journal of Organizational Change Management*. *25*(6), 798-818.

Pizam, A. & Mansfeld, Y. (2006). Towards a Theory of Tourism Security in *Tourism, Security and Safety: From Theory to Practice.* First Edition. Burlington, MA Elsevier Butterworth-Heinemann.

Pricewaterhouse & Wilkofsky Gruen (2018). Associates in Passport to Africa: *Hospitality Outlook* 2014-2018.Nairobi: Pricewaterhouse & Wilkofsky Gruen.

Racela, O. C. (2014). Customer Orientation, Innovation competencies and Firm Performance. A proposed conceptual model. *Social and Behavioral Science, 148*, 16-23.

Raja, A.G., Furqan, A. K. & Mohamed, A. K. (2011). Impact of Training and Development on Organization Performance, *Global Journal of Management and Business Research, 11*(7).

Republic of Kenya, (2003a). Ministry of Tourism. *National Tourism Policy for Kenya.* Nairobi: Government Printers.

Republic of Kenya, (2014). Kenya National Bureau of Statistics. *Economic Survey Report 2014*. Nairobi: Government Printers.

Republic of Kenya, (2015). Kenya National Bureau of Statistics. *Economic Survey Report 2015*. Nairobi: Government Printers.

Rigby, D. K. (2013). Management Tools-2013: An Executive's Guide. Retrieved from www.bain.com/publications/articles/mgt_tools_core_competencies:aspx on

Robinson, F. & Brown, J. S. (2012). How to Make Your Company Think like a Customer. Retrieved from www.Gccentre.com/us-en/outlook/pages/outlook_journal_2012_make_company_1 .

Rogers, P. (2014). *Theory of Change. Methodological Briefs. Impact Evaluation.* 2. UNICEF. Florence. Italy.

Santoro, G. (2014). Evaluating Performance in the Hotel Industry: An Empirical Analysis of Piedmont. *Journal of Investment and Management, 4*(1), 17-22.

Sarayreh, B. H, Khundair, H & Barakat, E, A (2013). Comparative Study: The Kurt Lewin of Change Management, *International Journal of Computer and Information Technology. 2*(4).

Sergio, J. (2011). Strategic Management: The Theory and Practice of Strategy in (Business) Organization. Kgs. Lyngby. *DTU Management. 1.*

Schmidt, A. M (2010). Strategic Planning and Corporate Performance. What is the relationship? *Working Paper*. 2010. Retrieved from www.old-hha

Sekaran, U & Bougie, R (2010). *Research Methods for Business.* A skills building approach. (5th Ed.). New Jersey: John Wiley & Sons.

Shikuri, R. M & Chepkwony, P. C (2013) Entrepreneurial Challenges Facing the Hospitality Industry in Kericho County in Kenya, *Journal of Business and Economics*, *4*(1), 1159-1169.

Simon, M. K. (2011). (Ed *Dissertation and Scholarly Research: Recipes for Succes*. Seattle, WA: Dissertation Success.

Singh, J (2014). Safety and Security Concerns in Hospitality Industry. *International Journal of Management and Commerce Innovations. 2*(2), 1-5.

Singh, A. S. & Masuku, M, B. (2014). Sampling Techniques and Determination of Sample size in Applied Statistics Research: An Overview. *International Journal of Economics, Commerce and Management.* 2(2).

Spanjol, J, Qualls, W, J & Rosa, J, A. (2011). How Many and What Kind? The role of Strategic Orientation, *New Product Ideation. 28*(2), 236-250.

Sun, L. (2011). The Core Competence and Strategic Management of Raffles. A case study of Singapore hotel industry. *International Journal of Innovation, Management and Technology. 2*(4).

Sun, K. & Kim, D. (2013). Does Customer Satisfaction increase Firm Performance? An application of American Customer Satisfaction Index (ACSI), *International Journal of Hospitality Management, 35*, 68-77.

Tahir, N, Yousafzai, I.K, Jan, S. & Hashim, M. (2014). The Impact of Training and Development on Employees Performance and Productivity. A case of United Bank Limited Peshawar City KPK, Pakistan. *International Journal of Academic Research in Business and Social Sciences. 4*(4).

Taiwo, A. & Idunnu, F. O. (2010). Impact of Strategic Planning on Organizational Performance and Survival, *Research Journal of Business Management*. *4*(1) 73-82.

Tata Consulting Services (2013). White Paper: Change Management Theories and Methodology. Retrieved from www.tcs/site collection documents/white paper/white papers/EntSol-White Paper.

Teijlingen, V, E, Rennie, A, M, Hundley, V. & Graham, W. (2001). The importance of conducting and reporting pilot studies: the example of the Scottish British Survey, *Journal of Advanced Nursing.* 289- 295.

ThyssenKrupp (2016). 'Our Company Policy on Quality, Environment, Energy and Occupational Health and Safety' Retrieved from http://www.thyssenkrupp_steel.content_1/publikationen/electrical_steel/thyssenkrupp_company_policy_electrical_.

United Nations Office of Human Resource Management, (2010). *UN Competency Development. A Practical Guide* Retrieved from Un_competency_development_guide.pdf.

Uzel, J, M, & Mutindi, U. (2012). The Effect of Strategic Value-Based Management on the Performance of Organizations in Coast Province-Kenya. *International Journal of Business and Social Science. 3*(16), 262-270.

Uzel, J M. (2015). *Effect of Strategic Management Drivers on the performance of the Hotel Industry in Kenya.* Unpublished PhD Thesis, Juja: Jomo Kenyatta University of Agriculture and Technology.

Verhoef, P.C. & Lemon, K. N. (2013). Successful Customer Value Management: Key Lessons and Emerging Trends, *European Management Journal*, *31*, 1- 15.

Vlachos, I. P. (2009).The effects of Human Resource Practices on Firm Growth. *International Journal of Business Science and Applied Management. 4.*

Vukosav, S. & Curcic, N. (2013). The role of the hotel industry in the Economic and Regional Development of Vojvodina, *Geographica Timisiensis. Xxii* (2), 65-73.

Wadawi, J. A. (2008). *An Assessment of hotel product quality in Kenya as a basis for building destination competitiveness*, Unpublished PhD Thesis. Johannesburg: University of Johannesburg.

Wadongo, B, Odhuno, E, Kambona, O & Othuon, L. (2010). Key Performance Indicators in the Kenyan Hospitality Industry: managerial perspectives. *Benchmark: anInternational Journal*. *17* (6), 858-875.

Wendy, K. S. (1997). Managing Strategic Contradictions: a top management model for managing innovation streams, *Organization Science*, *16*(5), 522-536.

Yaacob, Z. (2014). The direct and indirect effects of customer focus on performance in public firms, *International Journal of Quarterly Research. 8*(2), 265-276.

Yeh, C, Chen, C. & Hu, J. (2012). Business Diversification in the hotel industry. A comparative advantage analysis, *Tourism Economics, 18*(5), 941-952.

Yong, A, G & Pearce, S. (2013). A Beginners Guide to Factor Analysis. Focusing on Exploratory Factor Analysis. *Tutorial in Qualitative Methods for Psychology*. *9*(2), 79-94.

APPENDICES

Appendix I: Letter of Introduction

Dear respondent,

I am a PhD student in Business Administration at Jomo Kenyatta University of Agriculture and Technology (JKUAT). I am currently carrying out research on '**the effect of strategic organizational practices in the performance of the hotel industry in Kenya'.**

You are one of the respondents selected to participate in this study. Kindly answer the questions as candidly and accurately as you can. The information you give will be treated as **confidential** and shall only be used for academic purposes.

My contact is 0726367748 or email- i.hassan91@yahoo.com

Thank you in advance.

ISMAIL B. HASSAN

JKUAT- Mombasa Central Business District Campus

Appendix ii: Questionnaire

Questionnaire for the Chief Executive Officers (CEO) and Line Managers.

Kindly respond to each item by putting a tick in the appropriate bracket.

Section 1. Hotel profile

1. What is your gender? Male ( ) Female ( )
2. In which age group do you belong? Under 40 years ( ) 40- 50 years ( ) between 50-60 years ( ) Over 60 years ( ).
3. What is your highest academic qualification?

   Diploma ( ) Bachelors ( ) Masters ( ) PhD ( ) Others ( )
4. For how long have you been the CEO/line manager of this hotel?

   Under a year ( ) 1-2 years ( ) between 2-4 years ( ) Over 4 years ( )
5. Have you been a CEO/line manager in other hotels? Yes ( ) No ( )
6. How big is the hotel in terms of bed capacity?

   Under 100 ( ) 100-150 ( ) 151-200 ( ) 201-250 ( ) Over 250 ( )
7. How old is the hotel?

   Less than two years ( ) 2-3 years ( ) between 4- 10 years ( ) Over 10 years ( )
8. What type of services does the hotel major in?

   Accommodation ( ) Food and beverage ( ) Conference facilities ( ) recreation ( )

9. Who are your main clients? International visitors ( ) public servants ( ) NGOs ( ) locals ( ) Private sector ( )
10. How far from the city center is the hotel?

    Under 2KM ( ) 2-5KM ( ) Over 5Km but less than 10KM ( ) Over 10KM.
11. How many workers do you have in the hotel now?

    Less than 50 ( ) 50-100 ( ) 100- 150 ( ) Over 150 ( )
12. What percent of your staff were laid off in the last six months

    None ( ) Less than 5% ( ) between 5 &10% ( ) 11- 15% ( ) More than 15% ( )

Section 2. Research questions on the study variables

A. Strategic Planning. Please indicate with a tick the extent you agree with the statement that your hotel performance was influenced by strategic planning. Tick in the appropriate box where 1 is the lowest and 5 is the highest influence.

Indicate the extent you agree with that strategic planning has effect on your hotel performance.	5	4	3	2	1
	SA	A	D	SD	I
13. Strategic purpose and goal					
14. Strategic choice					
15. Analysis of strategic issues					
16. Analysis of business environment					
17. Participation of employees in strategy making					
18. Ownership of strategic plan					
19. Commitment to the strategic plan					
20. Implementation of strategic plan					

21. Regular review of strategic plan					
22. Monitoring and evaluation of strategic plan					

23. How much resources are allocated to the strategic plan as a percentage of the overall hotel budget. Below 5% ( ) 5-15% ( ) 16-30% ( ) 31-50% ( ) Over 50% ( )

KEY: SA (Strongly Agree), A (Agree), D (Disagree), SD (Strongly Disagree), I (I do not know)

B. **Training**

Please indicate with a tick the extent to which your hotel performance is influenced by training. Tick in the appropriate box where 1 is the lowest and 5 is the highest influence.

Indicate the extent to which your hotel is influenced by training	1	2	3	4	5
24. Interpersonal relationship of employees					
25. Effective communication of managers and workers					
26. Planning and organization of managers					
27. Monitoring and evaluation of plans					
28. Client orientation of products or service					
29. Use of technologies					
30. Employee motivation					
31. Teamwork					
32. Accountability					

KEY: 1= Least, 2= Little, 3= Moderate, 4= High, 5= Extreme

33. How much resources are allocated to training and development as a percentage of the overall hotel budget. Under 5% ( ) 5-15% ( ) 16-30% ( ) 31-45% ( ) Over 46% ( ).

C. Safety Measures

Please indicate with a tick the extent to which your hotel performance is influenced by safety and security concerns. Tick in the appropriate box where 1 is the lowest and 5 the highest.

Indicate extent of influence safety measures have on your hotel performance	1	2	3	4	5
34. Presence of uniformed security guards					
35. Amount of lighting within hotel premises					
36. Regular rehearsal of safety and security practices					
37. Threats from criminal gangs					
38. Threats from environmental factors eg. Poor infrastructure, loud noise, etc					
39 Access to hotel (security checks by human and machine)					

40. Investment in workplace safety					
41. Labor disturbances					

KEY: 1= Least, 2= Little, 3= Moderate, 4= High, 5= Extreme

42. How much do you spend on safety and security as a percentage of the overall hotel budget? Under 5% ( ), 5-15% ( ), 16-30% ( ), 31-45% ( ), Over 45% ( )

D. **Customer Focus**

Please indicate with a tick the extent to which your hotel performance is influenced by customer focus. Tick in the appropriate box where 1 is the lowest and 5 is the highest influence.

Indicate extent of influence customer focus has on your hotel performance;	1	2	3	4	5

43. Market intelligence					
44. Customer relations					
45. Employee satisfaction					
46. Innovations					
47 Knowledge management					
48. Internal communication					
49. Data management					
50. Complaints management					
51 Customer interaction					
52. New product ideation					

KEY: 1= Least, 2= Little, 3= Moderate, 4= High, 5= Extreme

53. How much resource do you allocate to customer focus as a percentage of the overall hotel budget? Under 5% ( ) 5-15% ( ) 16-30% ( ) 31-45% ( ) over 45% ( ).

E. Measurement of Hotel Performance

Kindly indicate with a tick in the box how your hotel performed in the last three years in performance indicators in the questionnaire box.

Indicate how your hotel performed last year.	1	2	3	4	5
	Very low	Low	Moderate	High	Very high
54 Development of new products					
55. Increase in profits					
56. Increase in the number of customers					
57 Staff development					
58 Staff turnover					

Appendix iii: List Of Four And Five Star Hotels In Nairobi County.

S/N	Business name	Physical address	Zone
1	Azure	Lantana RD	Parklands/ High ridge
2	Cape Hotels Ltd	Riverside drive Off Chiromo	Kileleshwa
3	Convent International	Lavington	Gatina
4	Crowne Plaza	Upper Hill	Kilimani
5	Fair View Hotel	Bishop RD- Milimani	Kilimani
6	Hill Park	Upper Hill	Kilimani
7	Hilton Nairobi	Mama Ngina RD	Nairobi Central
8	Intercontinental	Parliament RD	Nairobi Central
9	Jacaranda	Waiyaki Way	Parklands/ High ridge
10	Kafoca Mukuru	Madaraka Off Langata RD	Nairobi West
11	Kirubros Plaza	Duruma RD	Nairobi Central
12	Laico Regency	Loita ST	Nairobi Central
13	Nairobi Safari	University Way/Koinange ST	Nairobi Central
14	Nairobi Serena	Kenyatta avenue	Nairobi Central
15	Ngong Hill Hotel	Ngong RD	Woodley
16	Norfork	Harry Thuku RD	Nairobi Central
17	Odyssey	Mukoma RD- South B	Nairobi South
18	Pan Afric	Kenyatta Avenue	Nairobi Central
19	Panari	Mombasa RD	Imara Daima
20	Placid View	Mombasa Road	Nairobi West
21	Pro-Dema Ltd	Karuna RD Westlands	Kilimani
22	Radisson Blu	Upper Hill- Elgon RD	Kilimani
23	Rainbow Down	Mfangano ST	Nairobi Central
24	Safari Park Hotel	Kasarani/Thika RD	Roysambu
25	Samco Holdings	Mombasa Rd	Nairobi South
26	Sankara Nairobi	Woodvale Groove	Parklands
27	Sentrim Kenya	Boulevard- Harry Thuku	Nairobi Central
28	Sentrim Kenya	Muindi Mbingu ST	Nairobi Central
29	Shade Hotel	Karen- Ngong Rd	Karen/Langata
30	Silver Springs	Valley RD	Kilimani
31	Soluxe International	James Gichuru RD	Gatina
32	Southern Sun	Parklands RD	Parklands

33	The Boma Nairobi	Red Cross RD- Off Mombasa RD	Nairobi West
34	The Heron Hotel	Milimani RD	Kilimani
35	The Lazizi Prem	JKIA First Flight Lane	Embakasi
36	The Luke Hotel	Off Thika RD	Roysambu
37	The Stanley Hotel	Kimathi ST	Nairobi Central
38	Tribe Hotel Ltd	Village Market	Parklands/High ridge
39	Villa Rosa	Chiromo RD	Kilimani
40	Weston Hotel	Langata RD	Langata
41	Windsor Golf	Garden Estate RD	Roysambu

Source: County Government of Nairobi. 2015

Appendix iv: University Introductory Letter.

JOMO KENYATTA UNIVERSITY
OF
AGRICULTURE AND TECHNOLOGY
JKUAT MOMBASA CAMPUS

Tel: 041 2315434
Email: jkuatmombasa@jkuat.ac.ke

OFFICE OF THE DIRECTOR
MOMBASA CAMPUS
P. O. BOX 81310-80100
MOMBASA

REF. JKU/MSA/ACA/07/05

17/05/2016

TO WHOM IT MAY CONCERN

SUBJECT: ISMAIL BURO HASSAN REG. NO. HD433-C005-2814/2014

RE: COLLECTION OF DATA

The above named is a Doctor of Philosophy in Business Administration student in this campus. He is currently carrying out research on the topic: **Effect of Strategic Organizational Practices on the Performance of the Hotel Industry in Kenya**. Kindly allow him into your organization to collect relevant data that we believe will go a long way in helping him to meet the objectives of his study.

Yours faithfully,

JOMO KENYATTA UNIVERSITY
MOMBASA CBD CAMPUS
17 MAY 2016

Dr. Fridah Simba
DIRECTOR.

JKUAT IS ISO 9001:2008&14001:2004 Certified
Setting Trends in Higher Education, Research and Innovations

Appendix V: Research Authorization Letter.