FACTORS AFFECTING PERFORMANCE OF HOTELS AND RESTAURANTS IN KENYA: A CASE OF KISII COUNTY

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ABSTRACT

The future direction of organizations is determined by management practices and how people working in that organization interact and collaborates with each other, with customers and other stakeholders. Many former large and successful hotels in Kisii County are drastically declining in performance and even closing down at alarming rates. The study aimed at investigating factors responsible for these trend in performance and management practices that can enhance sustainable performances of hotels and restaurants in Kisii County. The nature of services offered, human resource management practices and managers' planning skills in hotels and restaurants were examined to determine their influence on the performance of the hotels. The target population was all employees, customers and managers of large hotels and restaurants in Kisii County. A sample of five hotels with over twenty rooms and workers was selected using the stratified random sampling technique using such characteristics as location, years of existence and general performance. A sample of over hundred respondents including managers, employees and customers were given questionnaires and others interviewed to gather the required data for analysis. Assessment of strategic plans, employee skills and knowledge and customer satisfaction levels revealed gaps in strategic management of these organizations. Organizations need to design best management practices for high sustainable performance of their organizations, the county and the country.

Keywords: FACTORS ; PERFORMANCE ; HOTELS AND RESTAURANTS; KENYA

Background of the study

With globalization in full speed and people continually traveling abroad to and from different countries, the hotel industry faces many challenges in accommodating these different cultural influences (Seo, 2007). The hotel industry is a very competitive business in which customers place great emphasis on reliability and timely service delivery. The vision of all such businesses is to provide quality high class services to customers in order to successfully thrive and achieve their mission. Top management can build high-performance cultures by their efforts to create organizational climate devoted to quality and their active involvement in promoting quality by engaging the workforce and establishing lasting relationships with customers (James, 2011). The issues of employee involvement which entails continuous improvement programs, employee training and functioning of teams acts as critical success factors for service industries including hotels and restaurants. Under such conditions and systems overall staff turnover rate decreases well below the industry average and overall staff satisfaction increases. Hotels ranked highly for sustained excellence in terms of provision of superior services and financial performances have a culture focused on quality performance and meeting customer needs and other stakeholders. Successful companies have quality plans characterized with high quality goals and specific methods for implementation. They are customer and market focused and addresses ways of collecting relevant information through a variety of tools such as market surveys and focus groups (Kotler and Amstrong, 2008).

The Ritz-Carlton hotel corporation, United States of America (U.S.A), received the Malcolm Baldridge National Award (MBNQA) in 1992 for demonstrating quality excellence and establishing best practice standards in the hotel service industry. Due to its sustained performance it was ranked again the second company to receive the award in 1999.The hotel focuses on the principal concern of its main customers and strives to provide them with personalized services. Attention to employee performance and information technology is the main strength that helped it achieve its superior quality (Evans and Lindsay, 2011).

Many hotels in Kenya are famous tourist resort centre such as Hilton hotel, Treetops hotel in Aberdares National Park, Safari Park and Maasai Mara. The hotels offer superior comfort in luxurious surroundings and highly personalized services. They are characterized with executive rooms, conference rooms, night club bars, fully equipped fitness clubs, swimming pools, shopping villages, outside catering and grounds for outdoor activities. According to Ritchie (1994), Kenya Utalii College is a world class Hotel and training institution that is recognized by World Tourism Organization (WTO) as one of the sixteen 'centre of excellence' in hospitality and tourism education and training in the world. Courses targeting prospective hotel and restaurant employees include the following; techniques in food and beverage service and sales, laundry and dry cleaning technology, housekeeping techniques and customer care.

During the 1980s and 1990s, no hotel was as successful as Kisii hotel and Mwalimu hotel in Kisii district. These were the only hotels known to prominent persons visiting the town from any part of the country and foreigners from other countries. Towards the end of the century the firms seemed to fall apart and the trend has continued with sales and market share dropping gradually and some have closed down in the recent past. Despite their strategic location, in the vicinity of the town's central business district (CBD) and with ample space and facilities the hotels' brand names have gone into distinction in favor of new rivals. What went wrong? How could such successful business fall and continue dropping without top management responding and saving it from further decline? Managers of today's business needs to manage firms strategically in order to survive, and a part from their training and experience in functional and operational areas they need to grasp the whole picture.(Pearce, 2009).

Problem Statement

The tools of strategic management are used in many successful businesses while other businesses rarely attempt to use them even though they succeed for a while. Large organizations with many departments cannot succeed without long-range planning in a volatile environment (Arthur and Gamble, 2004). The gradual decline of many former large and successful hotels and restaurants in the larger Kisii region in the 1980s and 1990s points to a lack of knowledge on the impact of strategic management on sustainable high-performance of hotels and restaurants in the region .Would the declining sales and profits be a failure by senior management to manage the hotels strategically in a changing environment? An area that has a great potential yet to be exploited is the area of tourist hotel development, "Kisii Central District development plan, (2008- 2012)" Tourist class hotel, cultural centre and conference facilities are some projects earmarked to jumpstart process of attracting tourists both local and international to the region.

General Objective of the Study

The general objective of the study was to assess the factors that account for variations in performance of large hotels and restaurants in Kisii County.

Specific objectives

(i) Explore the level of services offered in hotels and restaurants and influence on hotel performance in Kisii County.

(ii) Establish organizational management practices that enhance employee commitment towards achieving organizational goals and mission.

(iii) Identify the nature of management plans and actions in organizations and their influence on hotel performance.

Research questions

1) To what extent do the services provided in hotels affect the performance of hotels and restaurants in Kisii County?

2) Do human resource management practices enhance employee commitment and loyalty towards achieving the goals and objectives of the hotels and restaurants?

3) What influence do organizational plans and actions have on the performance of hotels and restaurants in Kisii County?

Justification

The future success of organizations will depend on ability of managers to make long-term decisions based not on long-standing rules and regulations but based on thorough scanning of internal and external environments (Pearce, 2011). To ensure that hotels provides services of high quality managers need the right information so that right decisions can be made to improve current situation. Since the environment is becoming more and more complex organizations requires adapting to the changes.

Scope of the Study

The study covered large hotels and restaurants with at least over twenty guest rooms, outside catering and conference facilities. The hotels employees comprised of the general manager, supervisors, sales and marketing personnel and other specialized departmental heads and workers. The target respondents included employees, senior management and customers from outside and within the county.

Limitations

The success of this study was limited to access to required data and people in the target hotels and restaurants. This research depended on collaboration with hotel managers and employees some with mixed assumptions of the purpose of the study, contrary expectations or implications related to the research sealed and denied access to the organization and limited access to some important information.

LITERATURE REVIEW

Service industries cannot attract customers by offering those special offers and volume discounts offered by manufacturing but by offering high customer values and establishments which keeps customers satisfied and loyal to the business. Many such successful businesses build business processes around their customers and everything is done to satisfy them. Many businesses spend millions of money to attract new customers when they should be providing excellent customer services to retain current customers (Barry and Brand, 2008). Mullins (2007) agrees that the objective of businesses should be finding the right service for customers and establishing long-term lasting customer relationships and attainment of objectives is a reflection of the success and ultimate survival of organizations.

Theoretical Background

Customer Relationship Management

Service quality assessment depends on customers' perception of what they have received and extent to which it has fulfilled or exceeded expectations (Robert, 1994). A successful business

through research and using customer questionnaire information system, get knowledge concerning customers' needs and wants and consistently meets and exceeds expectations. By delivering the basic service firms meets expectations and by developing a holistic view of the service, being responsive, empathetic, courteous, and competent and understanding such firms exceeds expectations of customers.

According to Barry et al (2008) organizations need to assess users' satisfaction levels and attitudes towards their service delivery by querying them. Research findings shows that satisfied customers may not remain loyal but dissatisfied customers certainly will not remain loyal if they have a choice .Nearly all research studies indicate that dissatisfied customers tell more people about their bad experience with a company than satisfied customers with good experience (John and Elsevier, 2004).

There is a relationship between customer satisfaction and loyalty and a relationship between customer loyalty and company performance. Studies indicate profits increase with the length a customer remains in a relationship. Additional studies across industries have to be conducted before accepting the relationship. Service industries such as airlines, restaurants and hotels may have a different loyalty / profit profile than telephone and insurance companies (Barry, 2008).

Human Resource Engagements

A company's success depends increasingly on the knowledge, skill and motivation of its workforce which also depends increasingly on having opportunities to learn and practice new skills, McGregor's theory X, (Boone and Kurtz, 1995). Engagement is manifested by empowerment whereby people have authority to make decisions based on what is best and right,

have control over their work, take risks and learn through mistakes and promote change. Armstrong, M. (2001) argues, empowerment requires sincere belief and trust in people by management, therefore, an understanding of key factors that drive work such as motivation is necessary for company to thrive and succeed. Organizational cultures designed in a way that promotes efficiency, cooperation, skill sharing, innovation, a performance-based competition recognizing rewards and incentives supports a high performance motivated workforce.

According to Obonyo (2013) on his study on strategies adopted by supermarkets for competitive edge argues that price management rarely attracts customers and he further argues that the image of the business is one of the main elements of customer satisfaction and high stock turn over which translates to high profits. This image can be created by good customer service.

Service delivery cannot be separated from the service providers and therefore provider-client relationship should be maintained (Kotler et al, 2009). Recruiting right employees and providing them with excellent training will ensure competent, reliable, responsive and credible workforce for the organization and quality customer service. A Company must emphasize rewarding people for accomplishing results related to creating value for its customers and not just dutifully performing assigned duties and tasks therefore create a work environment which is result oriented. It is flawed management to tie incentives and rewards to satisfactory performance of duties instead of desired business outcome and company achievements. It is important for organizations and individuals to align motivation and reward system with strategic priorities and be committed to executing the strategies (Cole, 2009).
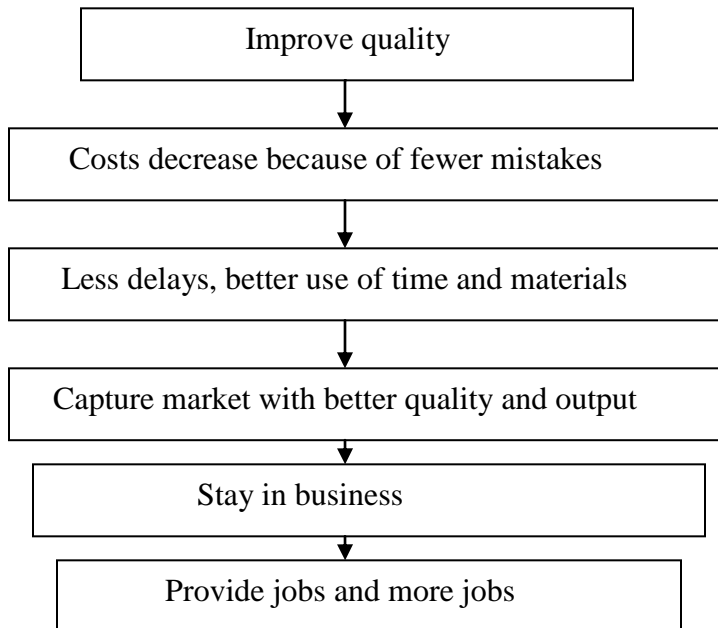
Total Quality Management

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│            Stay in business               │
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│        Provide jobs and more jobs         │
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Fig 2.1 Deming's chain reaction

The management and people resource plays a critical role in organizational quality improvement efforts. Total quality management (TQM) should be a way of life of an organization as a whole, a commitment to customer satisfaction and involvement of people (Mintzberg and Quin, 1996). Customers look for evidence of quality by drawing inferences from the place, people, equipment, communication, infrastructure, symbols, price and products used to deliver the service (Kotler and Armstrong, 2009). Quality control among the hotels and restaurants can be addressed by recruiting right employees and providing them with excellent training. Better trained employees are competent, courteous, and trustworthy and make fewer mistakes. Top management must develop a commitment to quality and provide a system to support this commitment that involves all employees and this cannot happen without organizational change

Creating Employee Loyalty

The only value an organization will ever create is the value that comes from customers; the ones that the organization has now and the ones in future. Businesses succeed by getting, keeping and growing customers (Don Peppers and Martha, 2005) as cited by (Kotler, 2007). Obonyo (2013) suggests that in a hypercompetitive economy with increasingly rational buyers faced with abundant choices, a business can only win by fine-tuning the value delivery process and choosing, providing and communicating superior value.

The challenge in creating high performance cultures is to reinforce, inspire high loyalty and dedication on the part of employees so that they are energized to do their best and to do things right. Managers need to reinforce positive behaviors by rewarding top performers and noting their weakness and strengths so as to match talent and ability.

'One of the least explored areas of human management is 'psychological contract' a high-level contract which is non-visible which consist of unspoken expectation at the work place of employees and how they are met and satisfied .Most people will be motivated if most of their expectations are well met to some extent .Great managers spent a lot of their effort to understand and provide for those needs that satisfy their employees at the work place' (Professional magazine no.64, 2010). Managing visible contract is the minimum that employers can do to their employees as they need to do more by managing the invisible contract. They are to ensure that employees are not let down at emotional level for employees who feel let down by employer will also let down the employer or company.
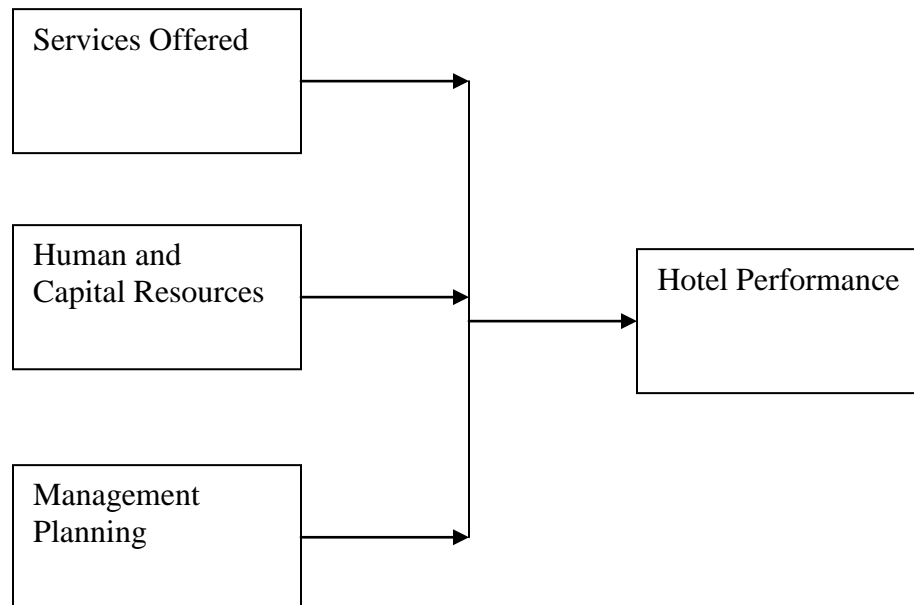
Management practices

Management is a complex process with many elements and comprises of a series of actions that lead to accomplishment of objectives. Managers are resources in an organization that requires technical, human and conceptual skills to be effective and efficient (Boone and Kurtz, 1995). Management is not a personal talent but a skill that can be taught and learnt (Daft, 1994). Development of managerial knowledge in general and strategic management of people and material resources can have a revolutionary impact on society. Nations with high standards of living have high business management skills and knowledge. Management has been practiced by mankind from ancient times exemplified by historical records but it was only in the late 19th century that large business organizations requiring systematic administration started emerging. Classical Management theory includes scientific management theory advocated by Fredrick Taylor (1856-1917) which is the application of scientific methods of study and analysis to problem solving in organization (Boone et al, 1995). Efficiency of workers was viewed as the main cause of inefficiency in production. This is in relation to existing property relationships between workers and owners of organizations. He emphasized planning and greater control by managers and adoption of scientific approach which will lead to prosperity for both managers and workers therefore, the focus should be working itself not the person doing the job.

Administration theory advocated by Henry Fayol also held that sound managerial practice fell into patterns that could be identified and analyzed .He also believed that management is not a personal talent but a skill that can be taught and learned. Fayol listed fourteen principals of management based on his experience. Neo-Classical Theory of management was concerned more with people and their relationship with the organization, fellow workers and the job. Managers operate on two levels Theory X and Theory Y (Mullins, 2007) and attitudes and

behaviors towards other people are a reflection of the assumptions we make about people. Managers must consider practices such as flexibility in working time, job enrichment, performance appraisal, and participation as sources of motivation.

Conceptual Framework

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│  Human and          │────▶│  Hotel Performance  │
│  Capital Resources  │     │                     │
└─────────────────────┘     └─────────────────────┘
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┌─────────────────────┐          │
│  Management         │──────────┘
│  Planning           │
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Independent variable   **Dependent variable**

Fig 2.2 Conceptual framework

Customer Services

Offering superior services acts as a competitive advantage for some hotels and by emphasizing customer service and building strong relationship the business can widen its market share and profits. A relationship exists between customer's satisfaction levels, loyalty and company profits which increase with the length a customer remains in a relationship (Brand, 2006). The failure of most businesses is a result of low customer satisfaction service levels, Management Magazine (May,2011). Lower relative costs can also be a source of competitive advantage either by

focusing on a particular group of buyers or geographical market and the business gains a cost advantage in the target market, Gurley (2008).

Human and Capital Resources

Superior human skills and capital resources can influence the performance of hotels by providing satisfactory services to the customers and as the service industry labour intensive. Arthur et al (2008) argues that competent, trained and well informed employees with the right attitude to offer prompt and reliable services with the help of modern equipments and information technology can be a source of competitive advantage and success to organizations.

Management Planning Practices

Long- term quality plans, tactics, programs and systems for implementation throughout the organization can maximize the competitive advantage of an enterprise and enable it to achieve its objectives (Gurley et al, 2008). Plans need not only be well understood and known but realistic and effectively implemented by managers who must be champions of customer experience by example and emphasis.

Performances

Performance is related to increase in profitability and customer service delivery (meeting satisfactorily or exceeding customers' demand). Mullins (2007) draws attention to innovation as the key to long-term success. According to Evans and Lindsay (2011), studies show that companies can boost their profit by almost 100% by retaining 5% more of their customers than their competitors as the cost of acquiring new customers is much higher than cost associated with retaining customers. Companies with long-time customers can outperform competitors with higher customer turnover.

METHODOLOGY

Research design

A survey research design was used as it allowed obtaining the same kind of data from a large group of people in a standard and systematic way (Mugenda, 1999).Using this design, patterns of data was investigated and generalized to a large population. The study was descriptive in nature whereby the characteristics of various variables studied were analyzed described and any relationship established.

Target Population

The target population included all large hotels and restaurants in Kisii County with over twenty guest rooms outside catering and conference facilities. The respondents included employees working in various departments as human resource officers, procurement, sales and marketing personnel, clubs and bar attendants, record officers, general managers, supervisors and all administrators in these hotels and restaurants. Customers to the hotels from within and from outside the county formed another group of the target population. The sample for the research study was drawn from this population from updated and accurate payroll and customer records.

Sampling Frame

The sampling technique chosen was to ensure that the sample statistics such as sample mean, standard deviation and variance were fairly close to the population parameters. A third of the hotels were a representative enough to make estimates of characteristics being investigated and 10% of the respondents formed the sample (Mugenda, 1999). The sample was scientifically chosen to represent the population depending on location of business and size in terms of employees and capital resources. A total of five large hotels and restaurants comprising of over twenty employees was surveyed and related data analyzed.

Stratified random sampling was used to sample the hotels and workers and simple random to sample customers. Stratification was done on the basis of department, age, gender, salary, nationality and functions. Customers were stratified on the basis of income levels, location, age, gender and interests. The number of respondents was proportionate to the size and total number in the departments; a proportionate stratified random sampling design (Sekaran and Roger, 2011).

Data Collection Tools

1. **Interview**

This involved face-to- face interviews with the workers in the hotels adapting with the situation and with the help of pre-prepared interview schedule. A brief unstructured interview assisted to understand some preliminary issues about the organization in general. Broad open-ended questions and general questions were asked to gather information from the employees at the start to get the perception of individuals about their working environment (Sekaran, 2011). Respondents were motivated and encouraged to give both positive and negative aspects of their work life and perceptions. Data from the interview was recorded down in note and tabular forms and later analyzed.

2. Questionnaires

Questionnaires were widely used to collect data as they required minimal resources in terms of time, human resource and cost and covered a large sample. A preformatted written set of questions was prepared to which respondents recorded answers within closely defined alternatives. Open-ended questions allowed respondents to answer the question the way they chose while closed questions required them to make choices among a set of alternatives.

Demographic, background data, behavioral and attitudinal data was gathered using this method effectively and efficiently.

A pilot of the draft questionnaire was done to check if all the questions made sense and the respondents were able to understand them and answer in a meaningful way as it was intended. Some questionnaires were administered personally to the respondents and others were given blank questionnaires to fill and collected personally after a few days or mailed back in a self-addressed envelope provided to them for the purpose.

Validity and Reliability

In order to establish how consistently the measuring instrument measured the concepts in this study without any bias or error overtime and across the various items in the instruments a test-re test reliability test and inter-item consistent reliability was used. Inter-item consistency reliability was also used to measure consistency of respondent's answers to all the items in a measure. Items that were independent measures of the same concept were correlated with each other and reliability established across the items.

In order to be certain that a valid concept was measured and not something else the following types of validity were used. Content validity ensured a representative set of items and adequate items were included in the instruments. According to Frankfort and Nachmias (1996) the more the scale items to represent the items of the concept being measured the greater the content validity. Criterion-Related validity was established when the measure differentiated the respondents on a criterion it was expected to predict and individuals known to be different scored differently on the instrument.

Data Analysis

Data analysis was done to test research questions and data obtained from the respondents through questionnaires and interviews. Data was edited, coded and categorized before analysis and interpretation of the result was done in relation to the objectives and research questions formulated.

Frequency distributions were obtained for all personal data and classified variables under the study .The frequencies for the number of respondents in each department, number of males and females, employees' education levels and length of stay in the organization.

For interval scaled independent and dependent variables the means, standard deviation, variance, minimum and maximum was computed of the responses on relevant variables.

Pearson correlation coefficient for the variables was calculated to determine if there was a negative or positive correlation and the strength of the relationships among the variables under study, that is customer services, employee job satisfaction and hotels and restaurants performance.

RESULTS AND DISCUSSIONS

Introduction

The results of the study are presented, analyzed and interpreted in the context of the purpose of the study and the research questions formulated. The objectives of the study were to assess the factors influencing performance of hotels and restaurants in Kisii County. The findings will indicate whether the type of services offered, human resource management practices including selection, trainings and rewards, management strategic planning skills have an influence on the performance of hotels and restaurants.

Table1. Response Rate

Respondents	Expected	Actual	Percentage
Top Managers	5	4	80%
Middle Managers	10	7	70%
Employees	40	22	55%
Customers	50	42	84%

The highest response rate was from customers with (84%) return rate, followed by managers (70%) and low for employees (55%). Customers were enthusiastic to offer suggestions on best ways to improve hotel services. Managers of best performing hotels willingly provided reliable information and disclosed strengths and weakness of their organizations as compared to the other managers.

Table 2 Hotels Response rate

Category	Expected	Actual	response rate%
H1: 5-Star hotel	25	18	72%
H2: 4-Star hotel	25	15	60%
H3: 3-Star hotel	20	11	55%
H4: 2 Star hotel	20	09	45%
H5 : 2 Star hotel	15	08	53%

The response rate from H1, H2 and H4 was quite lower than the other hotels and the highest proportion of the returns were from customers. The employees and managers from high performing hotels willingly responded with reliable and complete answers disclosing both the strengths and weaknesses of their organizations while those from the other hotels only disclosed the strengths and avoided weaknesses.

Data Presentation and Analysis

The demographic profile of respondents, managers, customers and employees is presented in form of tables and measures of central tendency including mean, mode and median analyzed to determine various characteristics of the hotels and restaurants.

Table 3 Respondents age bracket

Age Bracket (years)	Percentage%
Below 20	10
20-35	30
36-50	45
Over 50	15

4. 4 Gender profile of respondents

Gender	percentage %
Male	73
Female	27

The majority of the respondents was males (73%) and most were in the age bracket above 20 years to 50 years.

Table 5 Types of Services

Type of service	percentage %
Accommodation	60%
Conference facilities	25%
Foods and Beverages	10%
Recreation	05%

The services are ranked according to preference by customers and the major service in the hotels is accommodation in form of single and double guest rooms, standard and executive cottages and executive lounges, for travelers, guests and tourists. Conference facilities ranked second for meetings, seminars, workshops parties and team building. The best performing hotels are those offering several and big conferences with modern facilities, outside catering and spacious grounds for parties, weddings, team building and parking space. Hotels and restaurants located in the outskirts of the town or far from CBD have a competitive advantage in offering these facilities compared to those located within the central business district.

Table 6 Target Customers

Rank	Category of customers	Percentage%
	NGO,s	80
	World Vision	40
	Care Kenya	20
	Schools, colleges and universities (GIT, Kisii University.)	60
	Banks- KCB, KWFT, COOP	20
	Businessmen	60
	General public-Locals	100

The customers are ranked according to frequency in terms of repeat service to the hotels and returns from these customers. Non-governmental Organizations are the major and common customers to most of the hotels (80%) and all hotels have locals as their target customer (100%) but are ranked last among the likely high sources of returns on investment. Hotels performing well have specific market segments and target both locals and international customers and by providing quality services to the customers, they create value for customers' money and encourage repeat services for them by ensuring constant customer satisfaction. The customers are provided with after service questionnaires in which they express their level of satisfaction and suggestions for further improvement.

Table 7 Years of Existence and customer turnover

Hotel	years	Customer Turnover	Room occupancy
H1	1-5	Good	80%
H2	5-10	Excellent	90%
H4	10-15	Good	60%
H5	15-20	Fair	50%
H3	25-30	Poor	30%

There is a strong positive relationship between the years of existence of the hotel and customer turnover which reflects performance of the organization and consequently achievement of objectives. Newly established hotels outperform long established ones as they are characterized with up-to-date infrastructure, equipments and tools and therefore, able to offer quality services to customers. Long-established hotels without any renovation on very old structures, facilities and general infrastructure do not compete favorably with the new hotels strategically located to attract, satisfy and exceed customer's needs and expectations in the modern world.

Table 8 Customers Complaints

Customer Complaints	Dissatisfaction levels
Reception	40%
General Management	50%
Cost of Service	40%
Employee Behaviors	80%
Physical Appearance	40%
Equipment and tools	20%
Location	20%
Basic Service	70%
Cleanliness	30%

The highest complaint concerned employee behaviors and attitude to customers in the delivery of services in the hotels. This is due to either lack of required skill and knowledge or lack of proper direction on organizational values and vision. This scenario was common to hotels and restaurants experiencing declining and below average performance over the years. Customers to hotel best performing hotels were generally satisfied with quality of services but expressed dissatisfaction with cost of services. Some had the highest number of complaints from customers ranging from uncleanliness, out-dated equipments and old structures that requires renovation for it to thrive and survive to failure of proper structures and coordination of activities and processes in the organization.

Table 9 Employee complaints

Areas	Satisfaction levels
Aware of service charter	40%
In-Service trainings attended	75%
Career Changes	70%
Rewards	30%
Working conditions	50%
Management	65%

Most employees in all the hotels surveyed were not aware of the organization mission, vision and the core values of their organization. Half of the hotels surveyed provide in-service training for their employees mainly in Kenya Utalii College (KUC). Most employees expressed dissatisfaction with long- working hours especially during peak season, an indication of insufficient number of employees in these organizations.

Table 10 Employees Length of Stay in the Hotels

Years	Employees (frequency)
Less than 1	52%
1-3	20%
3-5	10%
5-10	05%
0ver 10	02%

Discussion

Type of Service Offerings and Hotel Performance

The study aimed at establishing the various services offered in hotels and their influence on performance of the organizations. Findings indicates that all hotels offer similar services ranging from meals, accommodation, social conference facilities, out-door activities and different forms of entertainments. The size and accompanying services differs across the hotels especially guest and conference rooms. The cost of the services offered differs greatly despite the fact that they offer almost similar services. Hotels outside the central business district (CBD) targets specific market segments for instance businessmen, politicians, foreigners and tourists.

The hotels are very expensive for most local customers and the services offered are neither affordable nor accessible by the local residents. These hotels' current performance is seemingly very high especially during specific seasons when customer turnover exceeds capacity of the hotels especially in terms of rooms and conference facilities. Hotels within the CBD offers relatively low quality services at fairy affordable prices but customers complain of out-dated facilities and untidy physical environment. Employees lack the skill, knowledge and motivation to do their work effectively and efficiently and staff turnover rate is very high. Former high performing hotels within the CBD are drastically declining in performance and some have closed down as a result of very few customers, minimal gross and net profits.

The nature and type of social conferences determines the number of visitors and bed nights and meals for some hotels. The conference facility offers high seasonal net profits for most of the hotels in Kisii County. The performance of hotels in general depends on the nature, size and location of such facilities and related accompanying services and equipments.

Employee Management Practices and Hotel Performance.

The objective of the study was to determine human resource management practices that enhance employee attitude and hotel performance. The employees in most of the hotels complained of low pay and unfavorable working conditions. Company owned hotels ranked higher than entrepreneurial owned hotels in terms of employee complaints concerning salaries and other fringe benefits. Most of the duties done in hotels require people with specific qualifications, skill and attitude in handling customer complaints and first impression

presentation of the company in terms of neat appearance. Most low performing hotels hire large numbers of low-skilled employees who receives low pay and quits after a short time. The high performing hotels hire few skilled employees and pay them relatively high, offer them training and use internal recruitment and selection criteria for promotions.

Performance management in most hotels is not a priority and sustainable success to organizations and hotels in particular is compromised. High employee turnover for low performing hotels means loss of employee who voluntarily choose to leave and loss of high-performing employees. Effective workers are those who understand what is expected of them and how their work contributes to achievement of the organization mission and vision but findings established that most workers are not aware of their service charters.

Strategic management planning and performance.

In investigating whether hotels have strategic plans it was found out that almost all have objectives and goals expressed in terms of either profits or market share with no clear programs of how they will be achieved. They do not have the right people to do the right job but most have relatives and friends to do the job .Managers are the people to help hotels achieve objectives by getting things done by other people with the right equipment but it was found managers help other people achieve their objectives.

Top managers have low conceptual skills and ability to relate the organization as a whole and its relationship with each department. Inability to motivate, coordinate, communicate, coach and encourage other people was demonstrated by many of the managers. In terms of competence or understanding of specialized technical skills most managers scored high as compared to other skills.

CONCLUSIONS AND RECOMMENDATIONS

The services that customers need keeps on changing as their tastes and preferences change and it is the manager's role to monitor the changes and provide for the same and empower employees to provide quality services. The location and facilities in hotels and restaurants determines the group and category of customers and ultimately their success and market share in the industry.

Summary of Findings

The services offered in hotels and restaurants are similar and differences occur in style and responsiveness to customer needs, courtesy and friendliness of staff, promptness in resolving customer complaints, general atmosphere of facility and relative location of hotels from the central business district centre. Conference facilities for meetings and seminars ranked highest in terms of earnings as it influences delivery of other services Hotels with several conference facilities catering for various categories of customers have high customer turnover compared with those offering the basic service of accommodations only. The competitive advantage of most hotels relies on offering unique quality services to specific class of customers at affordable cost for high and sustainable performance. Newly established hotels with modern facilities and located in spacious conducive environments have high customer turnover and the need for room occupancy at times exceeds capacity.

Most hotels and restaurants do not achieve targeted objectives and levels of performance because of the nature of human resource working in these organizations. Employees lack the required basic skills, attitude and knowledge to offer quality services to the customers of all categories. Many of the employees leave organizations due to unfavorable working environment including long working hours, job insecurity and improper promotion systems. This is a failure of management to adopt proper selection criteria, provide for continuous in-service trainings, empower and motivate the employees to change their attitudes, provide productive quality services and establish strong relationship with customers.

Strategic planning in many of the hotels is a one-way activity and not an on-going activity throughout the organization. The managers neither have well documented strategic plans nor clear missions and visions for their organizations. Since the goal of strategic planning is to make sense of organization's resources, purposes and actions sustainable success is not guaranteed for many of the hotels.

Conclusions

Based on interpretation and findings from the study it can be concluded that factors for successful and sustainable performance of hotels and restaurants relies on top management ability to strategically analyze both external and internal environment and plan for strategic service offerings. Customer's perception of quality service is influenced by the nature and size

of facilities, the people delivering the services and relative location of organization in terms of accessibility, security, parking space and general surroundings.

In this study, even though all hotels have missions and objectives, they are not understood or known to the employees and therefore, managers needs to clearly spell out the mission statement and shared values to all the stakeholders and especially the employees. They should choose the right people with the right skills, attitude and knowledge to engage in the strategic planning process. Human resource should be considered as the hotels' main assets that cannot be easily replaced or dismissed but be developed in light of organizations' goals and objectives. Strategic thinking and acquiring right skills and attitude can help solve most problems in the organization with the result of high productivity. Bottom-up consensus decision making with extensive on the job training of the employees and search for local markets will help to not only further boost this performance but sustain it for a long time.

Recommendations

The owners of organization and hotels in particular needs to deploy competent managers to manage their businesses. Managers who can understand current business environment and be responsive to the present and future needs of customers for sustainable development. Great companies are great because they forecast and see what customers need in future. They are to provide appropriate quality and profitable service according to customers' needs and satisfaction at all times by first understanding the target customers, then plan how to provide required services satisfactorily to retain them and finally allocate appropriate resources required in the provision of these services.

Company owners and entrepreneurs of hotels needs to be responsive to the present and future needs of customers for sustainable development. Great companies are great because they forecast and see what customers will need in future. The reasons why many hotels with many physical resources are underperforming and even closing down is lack of good and visionary leadership. High productivity will be achieved with strategic managers who have the knowledge, skill and a positive attitude in the management of organizational resources and especially human resource as poorly managed staff can be costly in terms of productivity.

Hotel investors need to choose strategic locations to site their facilities and provide constant renovations to keep pace with changes in the internal and external environments. There is

need for tourist classic hotels in each and every county to cater for the increasing demands of hotel facilities by foreigners, tourists, businessmen and non-governmental organizations in the next decade and beyond.

Areas for Further Research

Further research can be conducted to establish why sole proprietorship and partnership owned hotels outperform company –owned hotels. Most hotels that have closed down in the last decade are either in partnership or company owned. Such businesses start very well but gradually decline to distinction without management changing the trend to save company owners, employees and government sources of income for economic development of the country.

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