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The Role of Human Resource Systems and Competitive Strategies in Hospitality Organizational Performance in Kenya

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The past decade has witnessed increased scholarly interest in the effects of human resource systems on organizational performance. However, the focus has now shifted towards the nature and causes of these outcomes. Consequently, a consensus is emerging that informed understanding of the interaction between organizational strategy and human resources will be significant in accounting for these empirical outcomes. A cursory glance at the human resource practices in Kenyan hotels suggested limited evidence of the use of functional flexibility and greater reliance on numerical flexibility. In Kenya, there is no readily available record of empirical research done on choices of employment systems along criteria similar to functional and numerical flexibilities. This study is aimed at investigating the relationships between human resource systems, competitive strategies, and business performance in the Kenyan hotel industry. The research was conducted in Nairobi and Mombasa whereby the population mainly comprised managerial and non-managerial employees drawn from the hotels selected in the aforementioned cities. Purposive sampling was used to select hotels while stratified sampling was applied to obtain 160 participants to whom questionnaires were administered. Data was analyzed using chi-square goodness of fit test, Kruskal-Wallis

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one-way analysis of variance, and descriptive statistics. The research revealed that functionally flexible human resource systems in conjunction with differentiation strategies are associated with high organizational performance, whereas numerically flexible human resource systems and cost reduction strategies are linked with low organizational performance. Additionally, the research equally found out that independent hotels pursued numerically flexible human resource systems in conjunction with cost reduction strategies whereas chain hotels applied functionally flexible human resource systems and differentiation/focus strategies.

KEYWORDS *human resource systems, Kenya, Nairobi, Mombasa*

INTRODUCTION

As service industries become more competitive, service organizations face challenges in delivering superior service quality to their customers. Indeed, mistakes, failures, and resultant customer complaints in service industries are frequent occurrences (Yavas, Karatepe, Babakus, & Avci, 2002) and 65% of these complaints are initiated with frontline employees (Tax & Brown, 1998). The past decade has witnessed increased scholarly interest in effects of human resource systems on organizational performance. As a result, practitioners and scholars have concurred that there exists a positive relationship between the application of human resource policies and corporate performance (Becker & Gerhart, 1996; Guest, Conway, & Sheehan, 2003; Huselid, 1995). However, the debate has now shifted towards the nature and causes of these positive relationships. Consequently, a consensus is emerging that informed understanding of the interaction between organizational strategy and human resources will be significant in accounting for these positive relationships. It is particularly being argued that practices that are aligned to organizational strategy should be more effective (Miles & Snow, 1984; Schuler & Jackson, 1987; Truss & Gratton, 1994).

Organizations pursue different approaches in managing their human resources. However, the concern has been on the type of the human resource system that best helps the organization remain competitive. Despite studies addressing the impact of human resource systems and competitive strategies on organizational performance (See Delery & Doty, 1996; Huselid, 1995), limited research has been done that investigated the link between human resource systems, competitive strategies, and organizational performance in hospitality industry. More particularly, this applied to the Kenyan situation because no literature within the scope of this study was found during the search. Therefore, this study focused on

performance of hotels in Kenya and how they are affected by the human resource systems and competitive strategies.

This article investigates the relationships between human resource systems, competitive strategies and business performance in the Kenyan hotel industry. In the following paragraphs, the concepts *human resource system*, *competitive strategy*, and *organizational performance* are discussed, together with the statement of the problem; research objectives are also outlined. Research methodology, findings, as well as the discussions, are also described. Finally, conclusions and the recommendations of the study are discussed.

Human Resource System

Human resource system refers to an assumption that human resource practices group most accurately into coherent classifications: functionally flexible and numerically flexible systems. Functionally flexible human resource system strategy emphasizes mutual obligations between management and workers. Management does this by investing in workers through training and assuring them some degree of employment security. In turn, workers are more likely to reward the firm with loyalty because management's actions reinforce workers identification with the firm.

In a numerically flexible human resource system, the employment relationship is subject to unilateral termination by an employee or employer at any time. Additionally, organizational flexibility is achieved by hiring and releasing workers to and from the labor market rather than reassigning or developing existing employees (Atkinson, 1984).

Competitive Strategy

The core idea concerns how the firm can best compete in the marketplace. Firms that wish to gain competitive advantage must make a choice among cost reduction, differentiation, and focus strategies (Porter, 1985). Schuler & Jackson (1987) link these three strategies with the associated behaviors of employees and human resource practices that a firm should adopt. They contend that human resource practices will prove useful only where the firm stresses the importance of any of the three typologies. Organizations pursuing cost-reduction strategies emphasize elaborate cost reporting measures, well-defined objective measures of performance, and conservative spending on human resource compensation, acquisition, and development. On the other hand, differentiation and focus strategies tend to require continuous long-term efforts to serve specific market segments (Greer, 1995). Such efforts can be enhanced by the development of customized and well-fitted strategic capabilities (Greer, 1995). This is particularly true for focus strategies which stress concentrated devotion to the demands of a specific

market segments. As a result, firms pursuing such strategies emphasize, among other things, compensation tied to individual skill development and achieving organizational goals, development of employees' skills through training and work experience practices that promote employee participation and flexibility on the job, and long-term emphasis on employee and organizational relationships.

Organizational Performance

Daft (1992) identifies different conceptions of organizational performance including profitability, financial-market, multi-stakeholder satisfaction, and quality of firm's transformations. This study uses the strategic constituency model to measure organizational effectiveness. Here, the organization is perceived as a set of internal and external constituencies that negotiate a complex set of constraints, goals and referents. That is, the owners, employees, customers, suppliers, creditors, community, and government represent interest groups that must be satisfied in order to ensure the effectiveness and survival of the organization (March & Sutton, 1997). In particular, this study used the level of employee satisfaction as an indicator of organizational performance. Job satisfaction has been defined as the pleasurable or positive emotional states that result from an employee's job or experience associated with the job.

Statement of the Problem

A close look at the human resource practices in Kenyan hotels suggested relatively limited evidence of the use of functional flexibility in conjunction with differentiation/focus strategies and much greater reliance on numerical flexibility and cost reduction strategies. Unlike in other parts of the world, in Kenya there is no readily available record of empirical research done on choices of employment systems and competitive strategies. A research focusing on examining the extent of numerical flexibility and competitive strategies in the industry as a whole is therefore necessary. From field observations this system seems to be heavily applied in the industry, thus deserving further research to justify its popularity or propose alternative systems.

In particular, the study sets out to achieve the following objectives: to identify the human resource systems and competitive strategies used by different hotels in Kenya; to identify significant variables that link the competitive strategies and human resource systems in Kenyan hotels; to analyze the relationship between the competitive strategies and human resource systems; and to analyze relationships between human resource systems, competitive strategies, and organizational performance.

The researcher felt that a growing body of scholarly research has documented the potential for human resource systems and competitive strategies

to markedly improve organizational performance. There was no theoretical reason to explain why efforts at aligning human resource systems with strategy would not have a positive impact also in the hospitality industry. However, few researchers had investigated this issue.

RESEARCH METHODOLOGY

Research Design

A cross-sectional design was used to gather the survey data. This involved administering the survey once to a sample yielding data on the measured characteristics, as they existed at the time of the survey. Cross-sectional design is useful when the information needed involves testing relationships among population characteristics (Graziano & Raulin, 1993).

Area of Study

The study was conducted in Nairobi and Mombasa. These two cities are the residence of over 50% of the hotels in Kenya. Mombasa majorly hosts tourist hotels, thus, aided in assessment of the impact of customer demand on employment system. Nairobi hotels serve both tourists and business clients. This makes it less affected by the peaking in demand.

Population

Managerial and non-managerial employees formed the study population. Non-managerial employees are the ones that bear the burdens of the employment systems practiced by the facilities, and they also play a significant role in the organizational performance. Given that this study focuses on the strategic human resource management sub field, managerial employees (for instance supervisors and heads of departments) were also included in the study.

Sample and Sampling Procedures

Purposive sampling was used to identify hotels that would give the needed information. Three dimensions were used to select the hotels both in Nairobi and Mombasa: ownership, location, and star rating. Thereafter, a stratified random sampling technique was applied by dividing the population into eight strata; in this case the departments (Accounting, Food and Beverage, Sales and Marketing, Engineering and Maintenance, Front Office, Human Resources, Housekeeping, and Others), and five random samples were taken from each stratum. Finally, the particular units were combined so as to produce 160 participants. This way the researcher was confident

that the sample accurately represented the population of study, particularly on the dimensions on which the sample was stratified. A stratified random sampling procedure was used to ensure that the sub-groups are adequately represented in the sample.

Data Collection

Data collection was carried out between the months of March and June. This period marked the end of the peak season for tourist-reliant hotels particularly located in Mombasa. This presented the respondents with enough time to respond to the questions. The questionnaires were administered in four hotels, two in Nairobi and two in Mombasa. A total of 160 questionnaires were distributed to the employees who accepted to participate in the study. Of these, 125 questionnaires were successfully completed and returned to the researcher giving a response rate of 78.1%, a figure considered substantially sufficient for the study. Letters W, X, Y, and Z will be used to denote the four hotels included in the study. This way, the utmost confidentiality promised the respondents and the establishments will be achieved. The hotels denoted by letters W and X are situated in Nairobi, whereas letters Y and Z refer to the two hotels in Mombasa. Hotel W is a city hotel, owned by an international chains and has a four star rating. Hotels X and Y are both independent city hotels and are rated as three stars. Finally, hotel Z is an independent beach hotel classified as four stars.

A survey instrument was developed to investigate the relationship between human resource systems, competitive strategies and business performance in the Kenyan hotel industry. The questionnaire addressed three areas: demographic characteristics, factors of human resource systems and competitive strategies, and employee satisfaction. Questions on demographic characteristics addressed education levels, duration of employment, job classification, age, marital status, and income. Respondents also were asked to indicate the departments they worked in. Employment systems and competitive strategies assessed factors such as training, layoff, qualification, attraction to the organization, terms of service, recruitment method, ability to work in different departments, performance appraisal, and career opportunities. The satisfaction survey used a four-point Likert-type rating scale, with responses ranging from 1 = *Very satisfied* to 4 = *Very unsatisfied*.

Methods of Data Analysis

Statistical procedures used included descriptive statistics and inferential analysis, Spearman's R_s correlation coefficient, Kruskal-Wallis one-way analysis of variance and chi-square goodness of fit test. The data is presented in tables and descriptive statistics used included means, medians, frequencies, and percentages.

The chi-square test was performed to identify the significant variables linking the competitive strategies and human resource systems. The chi-square was equally applied to analyze the relationships between human resource systems, competitive strategies and organizational performance. This assisted in achieving the first and second objectives of the study.

Interpretation of the descriptive statistics helped in achieving the third objective of the study, that is, to identify the human resource systems and competitive strategies used by different hotels in Kenya. Explaining the presence or absence in the hotel of the variables studied and the extent of their use in the hotels that were studied achieved this objective.

Kruskal-Wallis' one-way analysis of variance was also used to analyze the differences in use of human resource systems, competitive strategies and organizational performance in the four hotels. As such, it was helpful in attaining the fourth objective of the study.

RESEARCH FINDINGS

Demographic Characteristics of the Sample

Questions on demographic characteristics addressed education levels, duration of employment, job classification, age, marital status and income. Respondents also were asked to indicate the departments they worked in. Table 1 shows the aggregate demographic characteristics of the population studied. The majority of respondents were married (72.0%) and greater than 26 years of age (87.2%). More than one half (56.0%) had completed college/tertiary education and about the same figure (57.6%) earned KSh 9,000 and less. Nearly three-quarters (73.6%) of respondents were line workers, with slightly above one-fifth (20.8%) supervisors.

In general, the study gives a favorable picture concerning the level of education of the employees in the industry. A substantial proportion of the workforce had at least secondary education. A negligible percentage, (4.0%) had primary education. The results further indicate that this group of employees' age above 40 years meaning they got to hotel industry when there existed a high demand for labor. Specifically, 39 (31.2%) of the respondents had secondary education whereas 10 (8.0%) of the respondents had university education. It is worth mentioning that 70 workers (56%) had a college education. This is an indication that formal training in relevant skills needed by the industry is still necessary for hiring. Another observation worth noting is that a paltry (8.0%) of the labor force had university education. This is due to the fact that hospitality training at this level is about only six years old in Kenya.

A look at the composition by age of the workforce shows a great diversity. The majority of the employees, 80 (64%) aged 26–35 years, 16 (12.8%) aged 21–25 years, whereas 17 (13.6%) aged 36–40 years. A total of 12 (9.6%) respondents aged above 40 years. Greater diversity creates certain specific

TABLE 1 Demographic Characteristics of the Sample

Characteristics	<i>N</i> = 125 frequency (%)
Level of education	
Primary	5 (4.0)
Secondary	39 (31.2)
College/Tertiary	70 (56.0)
University	10 (8.0)
Missing	1 (0.8)
Age of respondents	
21–25	16 (12.8)
26–35	80 (64.0)
36–40	17 (13.6)
41+	12 (9.6)
Marital status	
Single	34 (27.2)
Married	90 (72.0)
Divorced	1 (0.8)
Position of respondents	
Head	7 (5.6)
Supervisor	26 (20.8)
Line staff	92 (73.6)
Income/month	
Sh. 9, 000 & Below	72 (57.6)
Sh. 9, 001–21, 000	24 (19.2)
Sh. 21, 000+	29 (23.2)

challenges but also makes some important contributions. Greater diversity presents new opportunities such as contributing to creating organization culture, more tolerance to different behavioral styles and wider views. Another potential payoff is a greater responsiveness to diverse groups of customers. This is because the hotel industry provides for a diversified customer base whose wants must be catered for regardless of age, sex, race, or religion. On average the workforce was aged 28.3 years. Hotel Z had 36 years as the age of the oldest respondent and 26 years as the age of the youngest in the workforce. The mean age of the workforce was 29.9 years. This is a very young workforce for these hotels. When managers were asked about this, they argued that the hotel industry being dynamic and prone to environmental turbulence required a young labor force that is not only flexible but also willing and ready to learn and change. It is also worth noting that this is the traditional labor market of the hospitality industry.

The results indicate that more than one-half of the respondents (57.6%) earned monthly incomes of KSh 3,000–9,000. These are very low rates compared to the Kenyan government's requirement that the least paid worker should earn KSh 9,000. However, it is surprising to note that the least paid worker in Hotel W earned at least KSh 18,000, whereas the highest paid employees in Hotels X and Y earned KSh 15,000 and KSh 21,000 respectively.

It can be argued that the management of Hotel W appreciates the fact that organizational reward system usually has a significant impact on employee performance and commitment. It came out clearly from the study that those at higher positions earned better than the rank and file employees. Out of the seven respondents who were heads of departments, five earned well above KSh 27,000. In fact even the remaining two respondents earned above KSh 9,000. This is why salaries in the hospitality industry have long been a focus of criticism of the industry as an employer. Various surveys concur with this assertion, "At the top end there is plenty to be cheerful about. At the bottom end it is a different and sadly familiar story, worse in some sectors than others."

Hotels' Characteristics and Activities

Questions about the characteristics and activities of the hotels were derived from the employment systems and competitive strategies. The questions assessed factors such as training, layoff, qualification, attraction to the organization, terms of service, recruitment method, ability to work in different departments, performance appraisal, and career opportunities. These outcomes are as shown in Tables 2–11.

Nearly two-thirds of the respondents (58.4%) did not undergo any form of in-house training while 41.6% respondents were trained. Majority of the

TABLE 2 Participation in In-House Training

	Hotels									
	W		X		Y		Z		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
In-house training										
Trained	30	96.8	5	17.2	13	36.1	4	13.8	52	41.6
Not trained	1	3.2	24	82.8	23	63.9	25	86.2	73	58.4
Total	31	100.0	29	100.0	36	100.0	29	100.0	125	100.0

TABLE 3 Employee Qualification Upon Joining the Organization

Qualification	Hotels									
	W		X		Y		Z		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Experience alone	1	3.2	6	20.7	4	11.1	1	3.4	12	9.6
Formal training	15	48.4	5	17.2	5	13.9	2	6.9	27	21.6
Trained with experience	12	38.7	15	51.7	25	69.4	24	82.8	76	60.8
No Training & with experience	3	9.7	3	10.3	2	5.6	2	6.9	10	8.0
Total	31	100.0	29	100.0	36	100.0	29	100.0	125	100.0

TABLE 4 Terms of Service of Employees

Term	Hotels									
	W		X		Y		Z		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Permanent	31	100.0	17	58.6	8	22.2	8	27.6	64	51.2
Contract	0	0	0	0	26	72.2	14	48.3	40	32.0
Casual	0	0	12	41.4	2	5.6	7	24.1	21	16.8
Total	31	100.0	29	100.0	36	100.0	29	100.0	125	100.0

TABLE 5 Mode of Recruitment Used by Hotels When Hiring Employees

Recruitment mode	Hotels									
	W		X		Y		Z		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Newspaper ads	3	9.7	2	6.9	0	0	2	6.9	7	5.6
Walk-in	7	22.6	11	37.9	29	80.6	22	75.9	69	55.2
Referral	15	48.4	9	31.0	4	11.1	4	13.8	32	25.6
Bureau	1	3.2	0	0	0	0	0	0	1	0.8
Special invitation	5	16.1	7	24.1	3	8.3	1	3.4	16	12.8
Total	31	100.0	29	100.0	36	100.0	29	100.0	125	100.0

TABLE 6 Employee Ability to Serve in Additional Department(s) within Hotels

Additional department	Hotels									
	W		X		Y		Z		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Able to serve	4	12.9	3	10.3	4	11.1	1	3.4	63	50.4
Unable to serve	27	87.1	26	89.7	32	88.9	28	96.6	62	49.6
Total	31	100.0	29	100.0	36	100.0	29	100.0	125	100.0

trained workers came from hotel W. However, the rest of the hotels had more than two-thirds the workforce having not participated in training. The study revealed that the hotel that used in-house training provided its workforce with specific skills (22.6%) and broad skills (51.6%). These skills complement each other in order to assure guest satisfaction. It was also detected that most of the respondents who indicated that they acquired some skills after undergoing training in-house were more satisfied with the measures of satisfaction than those that were not trained and did not obtain any skills. This also implies that acquisition of skills improves an employee's appreciation for the workplace.

TABLE 7 Distribution of Workers According to Main Attraction to Current Place of Work

Attraction	Hotels									
	W		X		Y		Z		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Employment terms	0	0	3	10.3	7	19.4	1	3.4	11	8.8
Employment benefits	4	12.9	5	17.2	12	33.3	8	27.6	29	23.2
Career opportunities	5	16.1	13	44.8	14	38.9	14	48.3	46	36.8
Employment terms & benefits	4	12.9	4	13.8	0	0	0	0	8	6.4
Employment benefits & opportunities	3	9.7	0	0	0	0	4	13.8	7	5.6
Employment terms, benefits & opportunities	15	48.4	0	0	0	0	0	0	15	12.0
Others	0	0	4	13.8	3	8.3	2	6.9	9	7.2
Total	31	100.0	29	100.0	36	100.0	29	100.0	29	100.0

TABLE 8 Information about Career Openings

Information about options	Hotels									
	W		X		Y		Z		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Informed	23	74.2	5	17.2	13	36.1	3	10.3	44	35.2
Not informed	8	25.8	24	82.8	23	63.9	26	89.3	81	64.8
Total	31	100.0	29	100.0	36	100.0	29	100.0	125	100.0

TABLE 9 Frequency of Workers Participation in Performance Reviews

Frequency of participation	Hotels									
	W		X		Y		Z		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
None	11	35.5	25	86.2	31	86.1	25	86.2	92	73.6
Once	10	32.5	1	3.4	1	2.8	1	3.4	13	10.4
Twice	1	3.3	1	3.4	2	5.6	1	3.4	5	4.0
Thrice	6	19.4	2	6.9	2	5.6	2	6.9	12	9.6
Four times	2	6.5	0	0	0	0	0	0	2	1.6
Five times+	1	3.2	0	0	0	0	0	0	1	0.8
Total	31	100.0	29	100.0	36	100.0	29	100.0	125	100.0

The hotels favored employing individuals with experience in addition to formal education. Hotel W employed 48.4% of its workforce formally trained without experience attributable to the fact that it had an in-house training program in place. Because of the nature of the hotel industry, hands on, employers prefer individuals who complement formal training with certain level of

TABLE 10 Supervisor's Comment on Employees' Job Performance

	Hotels									
	W		X		Y		Z		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Commented	30	96.8	11	37.9	24	66.7	13	44.8	78	62.4
Didn't comment	1	3.2	18	62.1	12	33.3	16	55.2	47	37.6
Total	31	100.0	29	100.0	36	100.0	29	100.0	125	100.0

TABLE 11 Employee Perception of Organization Regarding Career Options

Perception	Hotels									
	W		X		Y		Z		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Has plenty of opportunities	24	77.4	4	13.8	11	30.6	2	6.9	41	32.8
Has few opportunities	5	16.1	14	48.3	17	47.2	20	69.0	56	44.8
Do not know	2	6.5	11	37.9	8	22.2	7	24.1	28	22.4
Total	31	100.0	29	100.0	36	100.0	29	100.0	125	100.0

experience. Such employees take little time to fit into the roles they assume on appointment. It is also significant to note that the bulk of this group, formally trained with experience, belonged to three departments: food and beverage, housekeeping and front office. This indicates the significance of training and on-the-job experience in such key service points in the industry.

Of interest to note is that Hotel W had its entire workforce permanently employed. This could mean that this hotel is hardly affected by the peaking in demand for its services. However, the remaining hotels had more than two-thirds of employees serving on temporary terms (contractual and casual). It is also significant to observe that most of the temporary staff (contractual and casual employees) in Hotel X served in food and beverage and housekeeping departments, while in Hotel Y majority of such employees served in food and beverage department. These are the most labor-intensive departments such that the influx of customers into hotels affects their activities directly. Having temporary employees in these sections enable management to easily cater for changes in demand. In case of a drop in demand, such workers are easily released into the labor market from which they can be accessed in case demand increases. It was also noted that individuals employed on permanent terms recorded at least approval with the six measures of satisfaction. Contrastively, majority of individuals employed temporarily registered dissatisfaction in the six measured areas. This means that permanent employees are most likely to contribute substantially towards achievement of organizational goals.

All except three respondents in Hotel W were able to serve in at least an extra department. Above one-half of the workforce in the remaining hotels indicated inability to serve in different departments. A total of 63 (50.4%) respondents felt that they could serve in different departments while 62 (49.6%) individuals indicated that they were not competent to do that. The majority of these workers who believed that they could serve in other departments came from service (23), front office (10), and production (7). The majority of flexible workers in food and beverages department are capable of moving between service and production sections and even serve in housekeeping. The flexible workers in housekeeping department felt that they could competently serve in service sections. On the other hand, those in front office could mostly serve in housekeeping. It is significant to note that most flexible workers came from food and beverage, housekeeping, front office and accounting. These departments are highly dependent on each other in terms of their roles and require employees to be aware of what each department does. Another dimension is that the workforce in these sections come into contact with the guests and must possess the necessary service skills.

An interesting discovery from the study was that in all the hotels, even the respondents who indicated ability to serve in at least an extra department none in actual sense ever served in any other department. Contrary to their belief that they were flexible the results also revealed that a majority (90.6%) had never served in the purported alternative departments. This is an indication that flexibility is just in the minds of the employees but never in use by the organizations studied. An insignificant number of respondents, 12 employees (9.6%) did note that they ever served in different departments with reason being covering absentees.

The results also revealed that greater part of the respondents who indicated that they were able to serve in more than one department were satisfied with the six measures of satisfaction compared to those who could not serve extra departments. This suggests that employee's ability to serve additional department contributes to a feeling of happiness with job that in turn leads to increase in productivity.

Respondents stated that career opportunities, employment terms, and benefits, respectively were the most important factors that influenced them in joining the firms studied. Hotel W had almost one half of the respondents indicating that they were attracted to that facility by three factors combined: employment terms, benefits, and career opportunities. Nearly one-half the workforce (44.8%) in Hotel X indicated that career opportunities were their attractions. In Hotel Z about the same number (48.3%) also suggested that career opportunities attracted them to this hotel. However, respondents in Hotel Y considered career opportunities, benefits, and employment terms as important in proportions of 38.9%, 33.3%, and 19.4% respectively.

Above three-quarters of respondents in hotels X, Y, and Z stated that they were not informed about available career options and opportunities in the organizations. Nonetheless nearly three-quarters of the workforce in Hotel W were made aware of the existing options in this hotel. Nevertheless nearly three-quarters of the workforce in Hotel W were made aware of the existing options in this hotel. This is an indication of interest by this hotel on employees to set and probably achieve their career goals. It was discovered that employees who were informed about available career options in the firm recorded contentment with the measures of satisfaction than those who had no such information. A feeling of availability of options in an organization encourages an employee to work harder and contribute to accomplishment of tasks so as to increase his/her chances in earning promotion or reward.

Almost three-quarters of the respondents had never taken part in any form of evaluation in the hotels studied. This left 23.4% individuals indicating that they had participated in appraisal out of which two-thirds came from hotel W. It was also discovered that employees who indicated that they ever participated in performance evaluation were at least satisfied with the six measures of performance. Those who never participated in the performance reviews were not satisfied with the areas measured. This means that individuals who participate in the reviews become aware of their weaknesses and strive to improve on them thereby contributing toward fulfillment of the firm's tasks.

Nearly two-thirds of the respondents revealed that their immediate supervisors had never informed them about how they were doing on the jobs. Exception was Hotel W where all except one respondent indicated that their immediate supervisors had at least hinted to them how they were doing on job. It is also worth mentioning that the respondents who indicated that they received information from supervisors concerning how they were doing on job were at least satisfied with the six measures of satisfaction. This implies that such comments play a role in encouraging individual employees to work harder thereby contributing toward achievement of organizational goals.

Above two-thirds the workforce viewed the hotels as having either few options or opportunities or had no idea about career options and opportunities. Exception was hotel W where majority of the respondents, 77.4% perceived the hotel as having plenty of career options. This explains the average duration of five years time taken by employees in this hotel. Once again it was noted that employees perceiving their organizations as rich in options and opportunities recorded satisfaction with the six measures of satisfaction. This implies that this feeling of availability of options contribute to happiness by employees who in turn work harder to contribute to the accomplishment of the organization's tasks.

The median for all the factors measuring satisfaction was 3.00 except 2.00 for satisfaction with career options. This was an indication that most

employees were satisfied with career options available in the hotels. On the other hand, they were not satisfied with the remaining five factors. The range in all the six measurements was 3.00 denoting diverse views of employees regarding satisfaction with the factors. In Hotel W however, the median and the range for the six factors was 2.00 meaning that the workforce in this hotel was satisfied with the six factors identified.

Chi-square test was used to identify significant variables linking the human resources systems and competitive strategies and also to analyze the relationships between the human resources systems and competitive strategies. This helped in achieving the first and second objectives. Table 12 shows the relationships between the competitive strategies and human resources systems.

The analysis revealed that the following variables were significant in linking the human resources systems and competitive strategies: Skills learnt qualification upon employment, term of service, mode of recruitment, and additional departments an employee could serve.

It was found that participation in in-house training was significantly related to skills learnt, $\chi^2(5, N = 125) = 99.27, p < .001$, and term of service, $\chi^2(2, N = 125) = 26.17, p < .001$. Attraction to the organization was significantly influenced by the skills learnt, $\chi^2(30, N = 125) = 65.06, p < .05$ and term of service, $\chi^2(12, N = 125) = 29.16, p < .01$. However, attraction to the organization had a lesser significant relationship with the mode of recruitment, $\chi^2(24, N = 125) = 36.92, p < .05$. Participation in performance reviews had a significant relationship with skills learnt, $\chi^2(25, N = 125) = 49.18, p < .01$.

TABLE 12 Relationship between Competitive Strategies and HR Systems

Variables	N	df	χ^2
Participation in in-house training vs. Skills learnt	125	5	99.27***
Participation in in-house training vs. Term of service	125	2	26.17***
Attraction to the organization vs. Skills learnt	125	30	65.06*
Attraction to the organization vs. Term of service	125	12	29.16**
Attraction to the organization vs. Mode of recruitment	125	24	36.92*
Participation in performance reviews vs. Skills learnt	125	25	49.18**
Supervisor's comment vs. Skills learnt	125	5	22.40***
Supervisor's comment vs. Qualification upon employment	125	3	11.38*
Supervisor's comment vs. Term of service	125	2	9.02*
Information about career openings vs. Skills learnt	125	5	20.59**
Information about career openings vs. Term of service	125	2	13.20**
Information about career openings vs. Additional department served	125	14	26.66*
Employee perception of the organization vs. Skills learnt	125	10	32.29***
Employee perception of the organization vs. Qualification upon employment	125	6	20.41**
Employee perception of the organization vs. Term of service	125	4	30.64***
Employee perception of the organization vs. Additional department served	125	28	44.31*

Note: Variables on left represent competitive strategies while those to the right represent HR Systems.

* $p < .05$. ** $p < .01$. *** $p < .001$.

Supervisor's comment on how an employee was doing on job had very strong relationships with skills learnt, $\chi^2(5, N = 125) = 22.40, p < .001$ and a somewhat significant linkage with qualification upon employment, $\chi^2(3, N = 125) = 11.38, p < .05$ and terms of service in the hotel, $\chi^2(2, N = 125) = 9.02, p < .05$. Information about career openings was significantly related to skills learnt, $\chi^2(5, N = 125) = 20.59, p < .01$, terms of service, $\chi^2(2, N = 125) = 13.92, p < .01$, and additional departments that can be served by an employee, $\chi^2(14, N = 125) = 26.66, p < .05$.

Finally, employee perceptions of the organization regarding career options and opportunities had a considerable significant relationship with most of the variables denoting human resource systems. These associations were as follows: skills learnt, $\chi^2(10, N = 125) = 32.29, p < .001$, qualification upon employment, $\chi^2(6, N = 125) = 20.41, p < .01$ term of service, $\chi^2(4, N = 125) = 30.64, p < .001$, and additional department(s) that can be served by an employee, $\chi^2(28, N = 125) = 44.31, p < .05$.

The second category of chi-square analysis was performed to test the significance of the relationships between the variables symbolizing the human resource systems. Only the significant variables linking human resource systems to competitive strategies such as skills and attitudes learnt, qualification on employment, terms of service, mode of recruitment, and alternative departments served were tested. Skills learnt had a significant relationship with qualification upon employment, $\chi^2(15, N = 125) = 26.25, p < .05$ and term of service, $\chi^2(10, N = 125) = 29.72, p < .01$.

Term of service had a significant relationship with skills learnt, $\chi^2(10, N = 125) = 29.72, p < .001$, qualification on employment, $\chi^2(6, N = 125) = 20.43, p < .01$, and mode of recruitment, $\chi^2(8, N = 125) = 27.93, p < .001$. Mode of recruitment had significant relationship with qualification upon employment, $\chi^2(12, N = 125) = 27.76, p < .05$ and term of service, $\chi^2(8, N = 125) = 27.93, p < .05$.

The third and the last category of chi-square analysis was performed to determine the relationships among the variables representing competitive strategies. It was discovered that most of the measures of competitive strategies had very significant relationships amongst themselves. The only variables that had no significant relationships were attraction to the organization and participation in evaluation and attraction to organization and supervisors comment.

Spearman's correlation coefficient was used to estimate the strengths of associations between measures of human resources systems, competitive strategies, and the levels of employee satisfaction-performance. This test statistic in part helped in achieving the second objective of the study. The ranked data that necessitated use of this test statistic touched on employee qualification on employment and additional department(s) an employee could serve (human resources systems); participation in evaluation by employee, and perception of the organization regarding career opportunities (competitive strategies) and the levels of satisfaction (organizational

performance). The results indicated correlations between human resource systems, competitive strategies and organizational performance ($p < .05$). These results are shown in Table 13.

The researcher also found it necessary to test for the differences in use of the human resources systems, competitive strategies, and organizational performance among the four hotels studied (This was useful in achieving the third objective of the study). Kruskal -Wallis test was performed to determine mean differences of the variables representing human resources systems, competitive strategies, and organizational performance as used in the four hotels. The computed chi-square values showed that indeed the human resource systems, competitive strategies, and organizational performance varied across the four hotels ($p < .05$). The results are as shown in Table 14.

TABLE 13 Correlations of Variables of Human Resource Systems, Competitive Strategies and Employee Satisfaction for Hotel Employees

	Adept	Partic	Percept	Career	Benefit	Train	Recselect	Term	Evaluate
Adept		0.31**	0.19*		-0.18*			-0.18*	
Partic	0.31**			-0.38**	-0.44**	-0.40**	-0.27**	-0.40**	-0.35**
Percept	0.19*			-0.44**	-0.46**	-0.40**	-0.30**	-0.26**	-0.27**
Career		-0.38**	-0.44**						
Benefit	-0.18*	-0.44**	-0.46**						
Train		-0.40**	-0.40**						
Recselect		-0.27**	-0.30**						
Term	-0.18*	-0.40**	-0.26**						
Evaluate		-0.35**	-0.27**						

*Significant at $\alpha = 0.05$ level. **Significant at $\alpha = 0.01$ level.

Note: Human resource systems variable: Adept = additional department(s) employee can serve, Competitive strategies variables: Partic = employee participation in performance evaluation, Percept = employee perception of organization concerning career options. Performance Variables: Career = satisfaction with career opportunities, Benefit = satisfaction with employment benefits, Train = satisfaction with training methods, Recselect = satisfaction with recruitment/selection, Term = satisfaction with employment term, Evaluate=satisfaction with staff evaluation.

TABLE 14 Kruskal-Wallis Values of Measures of Human Resource Systems, Competitive Strategies, and Organizational Performance

Measures of systems, strategies & performance	χ^2	df	p-value
Qualification upon employment	10.28	3	< .05
Additional department served	23.21	3	< .01
Participation in performance reviews	61.71	3	< .01
Perception of career options and opportunities	34.88	3	< .01
Satisfaction with career options and opportunities	20.79	3	< .01
Satisfaction with benefits	50.78	3	< .01
Satisfaction with training methods	44.27	3	< .01
Satisfaction with recruitment and selection	30.35	3	< .01
Satisfaction with term of employment	49.56	3	< .01
Satisfaction with performance reviews	31.74	3	< .01

DISCUSSION

Human Resource Systems and Competitive Strategies Used by the Hotels in Kenya

Results of the analysis can be used to conclude that Hotel W uses functionally flexible human resource system. Workers in this hotel acquired technical and broad/interactive skills that would enable them not only serve customers better, but also able to work in other departments. Hotel guests often act as partial employees in co-producing the service. This affects the design of employees' jobs thereby increasing the extent to which staffs are expected to be multiskilled (Guerrier, 1999). As a result, the workforce is required to possess interaction skills in addition to technical skills. Hospitality organizations that institute in-house training such as Hotel W, furnish its workers with both technical and broad skills (interactive). This is the hotel where majority of employees indicated that they were able to serve additional departments other than the ones in which they were employed.

Hotel W equally had human resource practices that assured long-term relationships between it as the employer and its workers. Practices such as the method of recruitment, term of service, and the income given to employees were likely to encourage employees to stay longer with this hotel. Most employees in this hotel were recruited through referrals. Byars and Rue (1995) say that studies have concluded that employee referrals were the most effective recruitment source when compared to walk-ins and special invitation. These studies found that turnover rates for employees hired from employee referrals were lower than for employees hired through the other two methods. It is also worth noting that the average length of times employees had taken in this hotel was five years—the longest compared to the rest of the firms studied. This hotel also had all its workers hired on permanent terms and offered the best compensation packages compared to the other hotels.

Hotel W is considered as pursuing differentiation or focus strategies. This is because this hotel develops employees' skills through in-house training and practices that promote employee participation and flexibility on job. Such practices included the abilities of the supervisors to keep their juniors aware of how they were doing on job as well as the organization instituting performance reviews of the workers. This hotel also emphasized the long-term relationships between it and employees through communicating to the employees the available career options and opportunities. Finally, it created an environment that made an employee perceive it as having plenty of career opportunities through recognition of individual contributions by either promoting or rewarding him/her.

The remaining three hotels X, Y, and Z pursued numerically flexible human resource systems and cost reduction strategies. These three hotels practice conservative spending on human resource compensation, acquisition

and development. It is in these hotels that majority of the workforce earned not more than KSh 9,000; the bulk of the employees were recruited through walk-ins, and almost no one was trained in-house.

Hotels X, Y, and Z also emphasized short-term relationships with their employees. The proportion of temporary workers, pay per month, and levels of education and method of recruitment confirmed this. More than three-quarters of employees in these three hotels were temporary workers who could be released to labor market when demand decreased. Also around two-thirds of workers in these hotels were employed through walk-in applications. Experience has shown that since these workers come into employment through unsolicited application, they usually walk out of jobs very easily. Again in these hotels the levels of pay were very low an indication that these organizations strived to save on wage costs.

These three hotels (X, Y, and Z) pursue cost reduction strategy. These hotels practice conservative spending in human resource compensation, acquisition and development. For one, there was no training program in place within these hotels. There were no performance measures in place to evaluate the employee's performances. Even the acquisition of employees was done using methods that assured least spending by the hotels.

In these three hotels also, the strategy seemed not focused on long-term relationships with employees. There was no communication about available options and opportunities in these organizations. Almost all the employees either felt that these organizations had few career opportunities or others still were unaware of these opportunities.

Relationships Between the Human Resources Systems, Competitive Strategies and Organization Performance

The researcher used visual inspection to analyze how the human resource systems and competitive strategies affected performance. Keeping in mind the information that accrued from interpretation of the results concerning human resource practices and measures of competitive strategies that the hotels exhibit, and also calculations of the levels of employee satisfaction with regards to the six factors made this possible, the following two observations were made:

The use of functionally flexible human resource systems in conjunction with differentiation/ focus strategy is associated with high organizational performance. This revelation is confirmed by what was observed from Hotel W. Hotel W, as mentioned earlier, uses functionally flexible human resource system in conjunction with differentiation/focus strategy. The measures of the levels of employees' satisfaction (performance) showed that almost all the respondents were satisfied. This level of satisfaction cut across all the six measures of performance.

Also observed was that hotels use numerically flexible human resource systems in conjunction with cost reduction strategy as demonstrated by hotels X, Y, and Z. Hotels X and Z had their respondents indicating that they were not satisfied with all the six measures of levels of performance. However, the respondents in Hotel Y indicated that they were not satisfied with the four levels of satisfaction but satisfied with only two.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

From the findings it can be concluded that management of hotels covered in this study to a large extent determines the human resource systems and competitive strategies pursued by the company. Individually owned hotels, which are very common in this country, pursued cost reduction strategies and numerically flexible human resource systems. The owners of such hotels generally control most decisions, and are often reluctant to initiate new business practices. Moreover, the owners of such hotels are reluctant to approve the recommendations of human resource experts. As previously seen, such hotels are left to operate the numerically flexible human resource systems and cost reduction strategies that lead to dissatisfaction of employees, thereby compromising performance of such organizations.

Hotels that are part of the international chains in this study employed functionally flexible human resource systems and differentiation/focus strategies. These hotels registered impressive performances as attested by the levels of their employees' satisfaction.

In summary, hotels that use functionally flexible systems in conjunction with differentiation/focus strategies are better performers than those that pursue numerically flexible systems together with cost reduction strategies. This is because superior organizational performance requires highly-skilled and knowledgeable employees who are comparatively stable and sufficiently rewarded.

Recommendations

It is apparent from the revelations of the study that human resources still suffer from image problems in this country's hotel industry. Here it seems human resources are still considered variable costs by many facilities. Owners and practitioners should realize that human resources also contribute to bottom-line success of the organization. The industry players should appreciate that for an organization to register and maintain good performance it should have highly skilled and knowledgeable employees who are relatively stable, these workers also expect the organizations to design and communicate to them the available career options and opportunities, they would also want

to know how they are doing on job and finally be able to fend for their social and economic needs.

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