

**INSTITUTIONAL CAPABILITIES INFLUENCING
HOTEL PERFORMANCE IN KITALE MUNICIPALITY
TRANS NZOIA COUNTY, KENYA**


EMMACULATE KIPYESANG

**Research Project Submitted in Partial Fulfilment of the Requirements for the
Award of Degree of Master of Arts in Project Planning and Management of the
University of Nairobi**

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DECLARATION

I declare that this research report is my original work and has not been presented in any other university.

Signature.....

Date.....26/11/2019.....

Emmaculate Kipyasang

L50/73334/2014

I declare that this research report has been submitted for examination with my approval as the university supervisor.

Signature.....

Date.....26/11/19.....

Dr. Joash Migosi

Lecturer,

Department of Open Learning Programmes

University of Nairobi

DEDICATION

This project is dedicated to my loving husband Mr. Gordon Okeyo and Son Liam Arowo for their continuous support.

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ABBREVIATIONS AND ACRONYMS

CRS	– Central Reservation System
GDP	– Gross Domestic Product
GDS	– Global Distribution System
ICPAK	– Institute of Certified Public Accountants of Kenya
ICT	– Information Communication Technology
IT	– Information Technology
KAWT	- Kenya Association of Women in Tourism
NACOSTI	- National Council of Science and Technology
PMS	– Property Management System
SPSS	-Statistical Package for Social Sciences
TRA	- Tourism Regulatory Authority

ABSTRACT

Many large and successful hotels in Trans Nzoia County are drastically declining in performance and so are at the verge of closing down. The study aimed at investigating institutional capabilities influencing hotel performance in Trans Nzoia County Kenya. The study was anchored on four objectives namely: To determine the influence of human resources, technological capabilities, strategic marketing and shared values on hotel performance in Kitale Municipality Trans Nzoia County. The study was significant to private and public hotel institution in realigning their overall performance in various aspects. Literature was reviewed basing on the study objectives. The project adopted a descriptive survey design. Target population of 240 employees constituted the respondents. A sample of 150 respondents was selected using appropriate techniques to represent the study population in data collection. Instrument reliability was determined using test retest technique. The questionnaires and interview schedules were used as primary tools for data collection. At the end of research process, questionnaires were checked for inaccuracies and incompleteness and cleaned accordingly. Data analyzed was entered using Statistical Package for Social Science (SPSS) where checks were conducted and inconsistent data was cleared. Descriptive tools of analysis such as frequency tables and percentages were used to show the result of the data. From the study findings, it was observed that human resource competency was low. The hotels do not have a staff training policy and that the hotels have employed competent staff though the ratio of incompetent staff is still high this was attributed to no low remuneration and job insecurity and high turnover. It came out very strongly that many hotels lacks teamwork across all departments. The study recommends that the hotels in Trans Nzoia develop a training policy framework which can guarantee capacity development leading to upward mobility in the service. It is also recommended that the hotels pay the workers competitively especially taking into account the labor laws on minimal wage pay for its workers.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Hospitality sector in Kenya dates back to the colonial era. As a necessity to the British and the workers who were involved in building the railway the industry grew as the railway network expanded towards Uganda. The growth saw hotels attaining international five stars rating as early as 1960. Currently there are over 500 licensed international hotels in Kenya offering a diverse range of accommodation packages to suit every need.

The industry has been one of the fastest growing industries in recent times with net worth running in the billions. The trend was mostly boosted by tourism that was supported by the economy and security. The major markets for the industry have always been in the west where the seasonal weather made people move out into Africa at given times. This trend always turned into good fortune for the industry. However recent events of terrorism are threatening to reverse the gains made so far prompting hotels to look elsewhere for business. Part of the efforts also involves improving performance in terms of internal business processes and the way they position themselves in the market.

The present client place more accentuation on opportune assistance conveyance and dependability in the neighborliness business. The vision was to give quality help to clients so as to be intensely flourishing and chive their goals. As indicated by (James 2011) top administration can make elite societies focused on good quality and liberal association in advancing quality by including the employees and setting creating linkages with like-minded businesses.

The critical success factor in the service industries including hotels and restaurants are the issues of related to the workers engagement that includes but limited to training, retraining programs, and the teams work. This eventually decreases overall staff turnover and increase overall staff satisfaction which positively affect performance. Successful institution has clear strategies on quality as exhibited with quality goals and unique ways of implementation. Their main agenda is to concentrate on the client and bring out means of utilizing information by engaging different tools of data collection for instance, market surveys and focus group discussions (Kotler and Amstrong, 2008).

Institutional performance has increasingly kept on turning into a significant field of the executives study, created as a key intend to beat the outside components issues looked by firms, which have been searching for maintainable upper hand in worldwide condition throughout the years. The French and the Canadians were the first to utilize the Balance Score Card in an alternate structure. The French were the first to utilize a measure called "the scene de board", or the dashboard of measure, which included both money related and non-monetary measures. The accentuation on quality made Canadian organizations to join non-money related measures in developing their business technique. The concept was the initial conception of the balanced scorecard (Stewart & Hubin, 2001).

The balance score card derived its name from the need to balance the financial objectives with the non-financial objectives. It is a requirement for management and line staff to understand the dynamics of performance so that decisions can be made in the end as result of interpretation of the subject. To characterize the idea of execution is essential to comprehend its components qualities to every region of obligation. To evaluate the outcome it is important to report result on an organization execution level (Lynch 2009). There are key performance indicators in making sure an institution is either meeting their targets and goals or performing well by the standard operating procedures for it to achieve its objectives.

In the hospitality industry it is important for each institution to set goals each year which is smart, measurable systematic achievable, realistic and time bound. These capabilities informs decisions, hence, they fail do an internal scan on the hotel environment ending up missing vital and integral components which otherwise are supposed to spur hospitality industry like hotels grow to the maximum by especially attracting full guest bookings. Financial performance, market performance and shareholder performance is used to measure performance of an institution (Jones and Charles, 2010).

1.2 Statement of the Problem

Tourism in Kenya has contributed largely to the economy in terms of job creation and income generation, foreign exchange and infrastructural development. There have been past concerns over the manner in which these hotels have been managed in Trans Nzoia County resulting to poor performance and high operations cost. Consequently, according to Tourism Regulatory Authority (TRA) there is no hotel in the region which is rated besides

having new hotels coming up. Further, preliminary data from TRA, Trans Nzoia County confirmed that less than 30% of hotels meets the qualification of classification. This leaves more than 70% of hotels not meeting classification criteria. The classification criteria standards and is used across East Africa and contributes to about 80% of performance of hotels. Trans-Nzoia is endowed with rich tourism potential which is untapped. There is little or no contribution from the county government to create an enabling environment for investors.

Kuada (2015) shows that there is need to study institution performance in East Africa since the only research available is for large multinational corporations and not the hospitality industry. This study focused on the perceptions of hoteliers and how performances of an institution were measured. In the African continent, the hospitality industry is deemed as one which has employees that are lowly paid and thus their motivation towards getting a specific task done is an issue. The study investigated the influence of institutional capabilities on hotel performance in Trans Nzoia County, Kenya.

1.3 Purpose of the Study

The purpose of the study was to investigate the influence of institutional capabilities on hotel performance in Trans Nzoia County, Kenya.

1.4 Research Objectives

1. To determine the influence of human resources on hotel performance in Kitale Municipality Trans Nzoia County.
2. To establish influence of technological capabilities on hotel performance in Kitale Municipality Trans Nzoia County
3. To assess the influence strategic marketing influence hotel performance in Kitale Municipality Trans Nzoia County.
4. To evaluate the influence shared values influence hotel performance in Kitale Municipality Trans Nzoia County

1.5 Research Questions

1. How do human resources influence hotel performance in Kitale Municipality, Trans Nzoia County?

2. How does technological capabilities influence on hotel performance in Kitale Municipality, Trans Nzoia County?
3. What is the influence of strategic marketing influence hotel performance in Kitale Municipality, Trans Nzoia County?
4. What is the influence of shared values influences hotel performance in Kitale Municipality, Trans Nzoia County?

1.6 Significance of the Study

The focus of this research project was to study how institutional capabilities influence performance of hotels in Kitale Municipality Trans-Nzoia County. Hospitality is a service industry and very dynamic and volatile where today's customer know what they are looking for therefore service quality, efficiency and timely delivery of services cannot be compromised. The study would be valuable to private and public hotel institution to analyses and realign their overall performance in various aspects. It also helped the institution management and board of directors unearth insights on how significant institution capabilities positively affect hotel operation efficiencies which translate to financial performance if the hotel is managed under proper control. The study also would provide findings on institutional capabilities management and how it was utilized by hoteliers to cause a change that guarantee better work performance and growth. The study added to existing literature on the subject matter and allowed scholars and researchers who would want to further their studies to back up their literacy citation as well as develop themes for further research.

1.7 Assumptions of the Study

The study assumed that hotel performance is a continuous process in the area of study. Secondly the study assumed that the respondents were available and that they gave maximum cooperation during the study and the information they gave was correct and representative of the true state of situation in their institutions. Lastly, the study assumed that management of the hotels allowed their employees to give information without fear of victimization.

1.8 Limitations of the Study

The study was limited by the cooperation of the hotel owners, managers and employees some of which would have mixed assumptions of the purpose of the study. The other limitation was the bureaucracy of the institution therefore limited access to some important information. To reduce their fears emphasis were made that the study was for educational purposes only and that all the information given was to be treated with utmost confidentiality.

1.9 Delimitations of the Study

The study was delimited to the influence of institutional capabilities on hotel performance in Trans Nzoia County, Kenya. The study targeted five hotels with at least over twenty guest rooms, restaurant and bar, outside catering and conference facilities. The hotels employees comprised of the general manager, line managers, supervisors, sales and marketing personnel and other specialized departmental heads and workers. The target respondents included employees, senior management who has customer feedback information since only institutional capabilities are significant study.

1.10 Definition of Significant Terms

Hotel Performance – is a measure indicated by the number of bookings and revenue collected.

Human Resource -The people who offer service of given institution hence indicate level of performance.

Institution capabilities -The ability to effectively implement strategies hence achieve desired goals.

Shared Values - Shared values is a culture which guides an institution operations and shows performance.

Strategic Marketing- Marketing approaches that the hotels employ to encourage performance.

Technological capabilities-This are the processes and procedures of an institution which guide daily activities and therefore shows performance.

1.11 Organization of the Study

The study introduced the basis on which the institutional capabilities influence performance of hotels in Trans Nzoia County. It gave a summary of the background of the problem, briefly stated what the research was about and gave the scope of the study. The literature review gave an overview of related literature on the variables of the study. Chapter three focused on data collection methods and how data was analyzed. Chapter four focused on the results and discussion of findings of the study. Chapter five provided a discussion, conclusion and recommendations made from the study findings.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter is a review of what other researchers have done in relation to institutional capabilities and how it affects the performance of hotels. It enabled the study to develop new knowledge from the gaps that had been identified in the literature which was used as lessons to plan for strategic plan to improve the institution performance. The review is on institutional capabilities influencing hotel performance in Kitale Municipality in Trans-Nzoia base on the themes of the study, which were derived from its objectives and stipulated the conceptual framework of the study.

2.2 The Concept of Institutional Capabilities and Performance of Hotels

Travel and tourism is part of the hospitality industry and therefore has a strong interrelation between these two industries (Walker, 2010). Whenever there is tourism there is increased hospitality activities. This is therefore the main reason why the hospitality industry is considered seasonal, sometimes experiencing low occupancy rates which affects the revenues, while at the vice versa is true (Hayes et al., 2011).

Performance is the outcome or output from service delivery, products and processes that enable evaluation against results, standards and goals set (Badu, 2012). Performance evaluation in the industry has been and remains a big challenge, and this is so because different concepts have been used as performance standard measure.

The success of a hotel institution depends on a number of external and internal factors. External capabilities include several macro-environments such as demographic, economic, natural, technological etc., and therefore, companies have little or no control over these capabilities (Gursoy & Swanger, 2007). Internal capabilities include various kinds of knowledge, production equipment, buildings, personnel, capital, marketing capabilities, and other company resources that can influence the company level of success. These internal capabilities can be labelled company competencies (Harmsen et al., 2000). Although the external environment influences company success, sustained competitive advantages derive from the internal resources and capabilities (also referred to as core competencies) that a company controls (Barney et al., 2001).

The term “resources” includes competencies, assets, capabilities, resources, information and knowledge (Kim and Oh, 2004). Core competencies are those processes, skills and assets within the firm that it relies on to achieve competitive advantages (Olsen et al., 1998). Therefore, hotel managers should focus on identifying, creating or developing competitive advantages that can be utilized in order to enhance the company’s performance and bottom line.

The major competitive methods of the hotel firms include; new product development, strategic alliances, brand repositioning, technological innovation, data base marketing, pricing tactics, diversification, service quality management, employees as important assets in-room sales and entertainment, conservation/ecology programs and management information systems (Olsen et al., 1998). Some institution is successful because of the identification of the right success capabilities and implementation of new competitive methods, while others fail because of their inability to identify and implement the proper strategies. Among the internal strategic factors, the human resources, product development, innovation, technology, customer service, and marketing strategies are considered to have a significant impact on a company’s financial success (Gursoy & Swanger, 2007).

Sharma and Upneja (2005) in their article “Capabilities influencing financial performance of small hotels in Tanzania” found out the following (internal) capabilities affecting profitability and performance of small hotels in Tanzania; low volume and low prices of rentable rooms; high cost of goods sold, and high cost to sales percentages of controllable expenses, limited investment in technology and equipment, lack of product and service variety and quality, lack of formal training and education opportunities for employees.

Another study by Morrison and Teixeira (2004) shows the internal and external contextual capabilities that were found to impact on performance in the small tourism businesses. The internal capabilities include the owner’s/manager’s management capabilities, ownership and institutional structure, involvement in a range of business activities and staff and skills. According to Gu (2005) the size, occupancy, and ownership are not the only capabilities that may affect the profitability of hotels. Other factors, such as branding, management systems, service quality, franchise status, guest demographics etc. may also

have impacts on their profitability. The study concluded that economies of scale are the key to profitability.

Finally, the research results of a study by Ottenbacher et al., (2006) revealed that capabilities that had been identified as potentially determining success in new services development, seven capabilities were found to play a distinctive role: market attractiveness, strategic human resource management, market responsiveness, employees training, empowerment, employee commitment and marketing synergy.

2.3 Hotel Institution and Performance

The operations performance measures in the empirical paper on operational performance in commercial banks indicated the various measures of performance operational (Linnet, 2013). It includes goods and service quality, cost effectiveness, flexibility, productivity and timeliness. Cost effectiveness relates to the capacity to produce at the most minimal cost, quality services and goods relates to meeting customer needs in terms of satisfaction, production is ability and capacity to produce enough quantities to meet customer needs while flexibility and timeliness is ability to introduce new services that meets the growing demand and varied needs and wants of the customer within the shortest time possible. The study though concentrated on banking industry compares positively with Hernaus and Miha (2006) study which indicated that measure of operational performance is on product, services and processes improvement. It however depicts more on operationalization of performance operational measures unlike the former study that does not.

Hernaus and Miha (2006), as institution invest in employing these new capabilities, their success and/or failures cannot be measured in the short run by the conventional financial measures. Therefore, institutional performance is far wider concept than just profit or financial performance measures. It cannot be evaluated and measured without taking institutional goals into consideration. The contemporary modern business environment demands a multi-goal orientation.

Institution performance is no longer measured with profit theory neither are other approaches that only take the interests of shareholders (owners) of a firm into account. Stakeholder perspective is placing emphasis on emerging management paradigms. The main objective of performance measures is on financial, supplier's views, employees view and customers view. Hernaus and Miha extended that operationalization of these measures

would be on financial measures, suppliers measures, employees measures and customers measures.

Institution learning and performance identifies the measures and characteristics of an institution and their relationship on operational areas. Kontoghiorghes, Awbrey and Feurig (2002) in their empirical study on relationship between learning institutional dimensions and adaptation to change, performance and innovations identified learning characteristics as open communication and information sharing, new idea promotion and risk taking, support and recognition for learning and development, resource availability to carry ones job in a professional way, availability of productive team, reward for learning and performance, positive training transfer and continuous learning environment and knowledge management. Comparable operational dimensions were identified as adaptability to quick product/service introduction, bottom line institution performance and change. Adaptability to change is termed as an extent to which institution can adapt to changes quickly, while innovations in terms of extent to which institutions can introduce new products or services immediately and easily.

Bottom line performance was defined in terms of profitability, quality, institutional competency, and productivity and employee commitment. The statistical based method survey, showed positive relation between the identified learning characteristics and operational dimensions. Specifically, the most important learning characteristics in terms of positive impact in the operations dimensions are those pertaining to culture, structure and information systems of the institution.

The findings of Kontoghiorghes, Awbrey and Feurig (2002) support the work of special task force of Canada Public Service Agency (2007) on benefits of adopting learning culture and its characteristics. It was however featured on IT and manufacturing context as compared to the later which focused on government agency. They both based on economies in Europe. Their study purposed to target hospitality industry in specific.

The conceptual paper from the task force of Canada Public Service Agency (2007) examined the different environments as the drivers that instigate institutions to adopt learning discipline. It includes information technology competitiveness, continuous environment change and skilled worker who aims to remain relevant. Learning is not a preparation of life but a life meaning need to be continuous to it and have deepest

integration with culture. The study investigated the extent to which institutions continuous learning become the only sustainable source of competitive edge because of its transformative in nature and institution that cannot adapt to change was to face being obsolete. The analysis based its findings on the applicability advantages of learning institution. Arguments can be drawn that adopting a learning culture is very crucial in achieving and realizing long term institutional goals, competitiveness and ultimate growth.

2.4 Human Resource and Hotel Performance

The effectiveness of human resource function in an institution is influenced the process of staffing (Gamage, 2004). Therefore staffing is a crucial function of human resource practice in any institution. Therefore this implies that settling on wrong candidates can be costly to an institution.

According to (Delaney and Huselid. 1996; Youndt et al, 1996Singh. 2003, and Rodnguez & Ventura. 2003) they urged that adoption of what has been variously referred to as high involvement or commitment to work practices, high performance, including comprehensive selection and recruitment procedures, employee involvement and training can lead to positive institution results such as reduced absenteeism and worker turnover, improved staff efficiency and unlimitedly better overall performance in an institution.

Training and development is one of the critical objectives in performance appraisals, it also provide feedback on how to foster employee development and growth (Stroul. 1987) Squires and Adler, (1998) points out that an appraisal system should not only evaluate what has been accomplished but also direct future development, maximize existing strength and address skill deficiency, therefore, a working appraisal system is the first phase in the training and development of employees. The performance gaps identified in the process helps the managers generate training needs in each department, in the end of the process the human resource department was to gather the training needs of the institution. Training and development is used as the "litmus test" of human resource management therefore the policies and procedures implemented is expected to be structured forward looking and based on training needs identified within the appraisal system.

Ehrlich (1994), argues that the speed in which staff learn to perform a new task is very crucial in today's environment ever changing technologies. He is backed up by Boudreau and Ramstad, (1997) who are of the opinion that every manager must make proper planning

to ensure that each employee not only poses a skill to undertake their present job but also develop broader skill to mitigate future challenges. Investing in employees is therefore key element and expected to produce positive returns through increased employee productivity and overall institution performance (Rumberger, 1987).

Roos and Pike (2001) argue that human resources management practices influence the development of a company's human capital and recruitment and selection procedures do influence the quality and type of skills new employees possess. Pfeffer (1994) concurs with their argument and points out that institution must utilize available resources to adopt and mentor employees who possess better skills and capabilities than that of their competitor to succeed in today's ever changing global business environment.

From a hotel industry perspective, quality service starts with quality staff for it to produce and deliver competitively. The hotel industry uses both formal and informal recruitment sources. Formal sources are for most times reserved for specialized positions like sales and marketing executives, hotel engineers, and accountants with ICPAK qualifications among others. The informal sources of candidates are in most cases limited to lower cadre staff.

Some empirical studies points out that informal recruitment methods produce staffs who remains in an institution longer than those recruited by other methods (Taylor. 1994; Breaugh 1981). Wanous, (1980) argues that informal recruitment methods, such as referrals is identified as a realistic job preview and thus gives accurate and comprehensive information about the job and the institution. With such information, the job applicants who are attracted have a clear insight of what the job entails and confidently self-select themselves to accept or decline the position offered ultimately form a more informed expectation about the job (Watson. 1989).

An effective recruitment and selection process should therefore be able to attract staff with the required attitudinal and behavioral characteristics, induct them into a quality culture and retain their services. Unfortunately, Schlesinger and Heskett (1992) argue that some hospitality institutions become trapped in a self-perpetuating recruitment and retention cycle of high staff turnover. The cycle of failure seems to ensure turning deterioration of service quality, managerial headaches, and long-term poor service.

The startling point on the cycle is when institutions tolerate high staff turnover and expect their employees to be dissatisfied. Service workers are paid low wages, their job is

simplified, repetitive and boring and requires little training. The institution therefore lowers its expectations in terms of levels of dedication and loyalty from its staff and accordingly it gets what it expects high staff turnover and motivation become worse as management do not want to invest in staff who are not to stay with the institution long enough to pay back some of the resources used in the training.

Effective communication system is the other practice on the list of human resource management best practices is extensive communication systems or diffusion of information. Kahneman et al., (1982) argued that individuals are poor processors of information and therefore in most cases fail to understand the true causal relationships among the variables they encounter at the work place. It is therefore understandable when employees misjudge situations and make wrong decisions. Under such circumstances, Kahneman et al., (1982) believe that employees rely on colleague's assistance to collect information concerning the environment so as to better understand the available alternatives and make correct decisions. They support their argument with the views of Wright et al., (1997) who found out that there are instances where human resources personnel were unable to translate company's strategic goals into supportive human resources activities. Participation and worker involvement are believed to be effective in promoting institutional performances. Teece et al., (1997) pointed out that decentralization and worker involvement can not only facilitate the process of market evaluation but can also enhance the transformation of worker capabilities in obtaining an advantage over competitors. Some decentralization of authority and workers' participation are always required in any operating unit in order to develop an appropriate system of practices for the unique competitive situation (Wright et al., 1997). These authors (Kahneman et al. 1982; Teece et al., 1997; Wright et al., 1997) therefore believe that a set of proper "formation sharing and worker involvement mechanism is indispensable in any work setting.

Performance appraisal is considered as one of several key elements of performance management. Candy and Dobbins (1994) define performance appraisal as the process of identifying, observing, measuring and developing human resources in institutions. In addition to allocating rewards, institutions use appraisals to provide developmental advice to employees, as well as obtain their perspectives and justice perceptions about their jobs, departments, managers and institutions. (Erdogan, 2002; Holbrook, 2002; Longenecker, 2002).

According to Gilliland and Langdon, (1998) an effective appraisal system is the one that inspires employees to believe that their input in the appraisal process matters to management. Korsgaard and Robertson, (1995) propose that such input may range from having the opportunity to challenge or rebut the evaluation one receives to judging one's own performance through self-appraisal. Regardless of the nature of employee input. It is clear that giving employees a voice in their own appraisals enhances the perceived fairness of the appraisal process, which in turn increases the likelihood that employees accept the appraisal system as a legitimate and constructive means of gauging their performance contributions. As noted by Gilliland and Langdon. (1998), without the perception of fairness, a system that is designed to appraise, reward, motivate, and develop can actually have the opposite effect and create frustration and resentment.

From a service industry perspective, it has been argued that appraisals play a key role in developing, communicating and monitoring the achievement of quality standards (Deblieux. 1991; Fletcher, 1993). Service industry are now increasingly setting employee performance standards based on customer care indicators and appraising staff against these (Wilkinson et al., 1993). Customer service data for use in appraising employees are gathered in a variety of methods first, there is the use of a range of customer surveys, such as via the completion of customer care cards, telephone surveys, customer focus groups, postal surveys, and complaint lines. Institutions are now using such sources more frequently and are increasingly sophisticated in how they gather customer views (Silvestro, 1990). Secondly, there is the increasing use of the so called "mystery shopping". Mystery shopping is argued to give a company a rich source of data that cannot be uncovered by other means, such as customer surveys. (Moore. 1990. Ring. 1992) mystery shopping is also seen as being particularly useful in revealing staff performance that causes customers to leave without purchasing. Cook et al. (2004) advises using them to reward staff for good performance rather than punish them for transgressions can help that acceptance. Poor ratings should be used, as a source for identifying training needs.

Turnover represents an outflow of skills and may consequently seriously hinder competitiveness, efficiency and quality delivery. Turnover can occur for a variety of reasons with the main ones being retirement, redundancy, dismissal and resignation. However, resignation occurrence which is hardest to predict, has the most disruptive effects. Research shows that employees who leave voluntarily tend to be above average

performers (Staw, 1980) and in most cases leave to join competitor institutions. A particular problem for institutions with high turnover rates is maintaining high standards of customer care. Reichok, (1993) sees retaining carefully selected employees as the key to customer retention. The costs of practices designed to facilitate the retention of employees; for example attractive salaries, improved working conditions, job security are more than offset by the financial benefits of retaining existing customers over the costs of winning new ones, the so called 'relationship marketing' (Berry, 1983).

Employee relations may be defined as those policies and practices, which are concerned with the management and regulation of relationships between the institution, the individual staff member and groups of staff within the working environment. Sound employee relations are based on effective mechanisms for communication and participation, a safe and effective work environment and a commitment and motivation of all staff.

The employee relations climate in the hotel industry has also been characterized as poor, with high labor turnover and high rates of absenteeism, dismissals, accidents, grievances and disciplinary cases (Lucas, 1996; Kelliher and Johnson. 1997). Price (1994) argued that in the UK industry, there was "a dearth of sophisticated human resource management practices." The industry therefore has a negative image with vacancies in the hotel and catering sector being more difficult to fill than any other industry, and the considerable use of casual and part-time workers (Pnce. 1994. Lucas. 1995; Guerner and Lockwood. 1989).

It is argued that sound employee relations create a perception of institution fairness. And therefore described as the role of fairness as it directly relates to the workplace and it is concerned with the ways employees determine if they have been treated fairly in their jobs and the ways in which these determinations influence other work-related variables (Moorman. 1991) The human resources management practices, policies and procedures that operate in an institution therefore impact on individual's perceptions of bias and fairness (Kurland and Egan. 1999). Studies show that where employees believe they are treated fairly in the workplace then they hold positive attitudes towards the institution (Moorman. 1991), whereas human resources management practices that are perceived to be unfair have been found to result in the employee feeling bewildered and betrayed and thus less committed (schappe. 1996).

It is therefore argued that sound employee relations engages employees in their work and therefore create commitment and by implication loyalty to the institution Tasker(2004) defines engagement as a beneficial two way relationship where employees and employers go the extra mile for one another. Beech and Anderson (2003) explain that engagement levels may be low due to poor levels of trust between employees and employers Guest, (2002) argues that a relationship exists between the use of appropriate human resources management practices and positive employee attitudes among them job satisfaction and commitment He further claims that these practices equip employees and enable them to function autonomously and responsibly. As such, institutions with have low staff turnover as it enables employees to cope with any change in the work environment.

Kahn (1990) demonstrated that there are three psychological conditions of earning, fullness, safety and availability that exhibited positive relations with employee commitment. He defines psychological meaningfulness as "the value of a work goal or purpose, judged in relation to an individual's own ideals or standards". Psychological on the other hand is defined as feeling able to show and employ one's self without fear of negative consequences to self-image, status or career finally, psychological availability is an individual's belief that she/he has the physical, emotional or cognitive resources to engage the self at work.

Some authors have related the concept of meaningfulness with psychological contract. Pratt (1998) and Van Dick et al (2004) argue that identification with groups and institutions can satisfy an individual's holistic need, since institutions provide meaning, and help the individual to find a sense in life Employees are a key element in the operation of a successful institution in the service industry. This is largely because customers perceptions of service quality is directly linked to the morale, motivation, knowledge, skills and authority of front line staff who are in direct contact with customers than in the case of a selling institution (Mahesh. 1998) Consequently, management needs to develop an environment, which creates perceptions of fairness and by extension trust between employee and management, This perception introduces an element of security for employees and reinforces the psychological contract thus adding meaningfulness to work

2.5 Information Technology and Hotel Performance

Information technology plays a major role in tourism, travel and hospitality industry. The integration of ICT in the tourism industry is essential for the success of tourism enterprises.

IT facilitates an individual to access the products information from anywhere any time, can also reach the targeted customers across the globe in a single click on the keypad through the use of mobile computers and web technologies (Bethapudi, 2013). Over the years, technology in business has been changing rapidly as the global environment becomes highly competitive and innovative. In particular information technology has become very vital to all institutions that intend to remain competitive in the market. The drivers of change in today's world include, deregulation, global excess capacity, global competition, changing customer expectations, IT, demographic shifts and changing work and lifestyles. These changes have led institutions to embark on activities that provided a source competitive advantage and embrace the usage of IT (Shi, Alastair & Kevin, 2006).

Operational performance is defined as the firms performance measured against standard or prescribed indicators of effectiveness, efficiency and environmental responsibility (Hsieh & Lin, 2010). This is done by reviewing and optimizing the operations of the business units, through dedicated information technology solutions. According to Porter and Tanner (2012) Operational performance of a firm is measured against standards or prescribed indicators of effectiveness, efficiency and environmental responsibility e.g. cycle time, productivity, waste reduction and regulatory compliance. The main role of operations is to ensure the efficient delivery of the goods and services without interruptions. The basis of operation performance is the service agreements where the business and the IT have defined the service levels for different services as stipulated in the service level agreement in situations where there are several service providers. In a multi-vendor environment, it is essential to understand the division of services into basic IT services and application management services. Basic IT includes, for example, network services, server services, work station services as well as a service desk for user queries and problems.

The continual service improvement projects accepted by the business are transferred to service production through service design and service transition. Furthermore, continual service improvement includes preparing for changes in the IT operating environment (DiRomauldo & Gurbaxani, 1996)

Leung and Law (2011) assert that rapid development of IT in last decade has underscored the importance of understanding IT historical technologies and future trends. Information technology ensures service availability, service integration, and service automation for repetitive tasks and for the management planning and forecasting. Information systems are

divided into four broad categories; transaction information systems, management information systems, decision support systems and office information systems. Transaction information system is information system application that capture and process data about business transactions, they are also called data processing systems, they respond to business transactions such as orders or process clients requests (Davenport, 2013).

Management information system is an information system application that provides for management-oriented reporting. Decision support system is an information system application that provides support to decision makers. Office information systems are applications concerned with getting information to all the users of that information (Ives, Hamilton & Davis, 1980). Booking systems in hotels were examined by Choi and Kimes (2002) and presented an overview of some of the internal technology.

For hotels, the Property Management System (PMS) or central reservations system (CRS) are at the center of both technology and hotel operations. These systems are used to manage the room inventory, record guest details and produce billing information. It often interfaces with other systems such as the telephone systems and food and beverage point of sales terminals to allow integrated billing and management reporting. There are also Global Distribution Systems (GDS) which are allocated a block of rooms within the hotels PMS systems but bookings from the GDS do not automatically update the PMS and must be entered manually. Either the customer or the travel agent makes bookings directly into the system via the internet (Mpofu and Watkins-Mathys, 2011).

Use of technology for marketing and advertising purposes has also grown over the time period. In smaller properties, the front office and booking processes may still not be computerized. Hotels are also doing their own website design and development rather than relying on outside providers. Sophistication of technology has allowed the move from management of reservations to yield management Curran et al. (2003). Yield Management was defined strategic control of inventory to sell it to the right customer at the right time for the right price. Whereas, reservation management is about process, basically strategy for handling reservations, information is able to be broadly shared utilizing technology such as the Internet and private networks (Curran, Meuter and Surprenant, 2003).

The hospitality industry has gradually realized that the ICT revolution has changed best operational practices and paradigms, altering the competitiveness of all hospitality actors in

the marketplace (Buhalis, 2003). Hospitality corporations have integrated their back and front office in a framework that takes advantage of the capabilities of the Internet as well as of intranets and extranets. Convergence of all technological devices has gradually empowered greater connectivity, speed, transparency, and information sharing. As a result, hospitality institutions are gradually focusing more on knowledge based competition and on the need for continuous innovation, forcing management to stay abreast of the dynamic developments in the marketplace (Curran, Meuter and Surprenant, 2003).

2.6 Strategic Marketing and Hotel Performance

All hotel institutions require marketing strategies to thrive and remain competitive in their industries. Considering the dynamic nature of the hospitality industry, various hotels ought to change their marketing strategies quite often to cope with the changing needs in the market and also remain ahead of competition (Kotler 2000). To attain a sustainable competitive edge, an institution needs to identify its main strength and position itself in such a manner that is above competition in that segment (Johnson and Scholes, 2002). So as to create a distinct competitive advantage over rivals, a firm must select right combination of target markets and marketing mix. Hotels continually seek new ways to acquire, retain and increase business, because the cost of losing customers is rising. Service is an important factor in retaining clients. The role of service is more important than ever and is expected to become even more critical with time (Choi and Chu, 2001). Hotels that have the ability to attract, satisfy and thus retain customers are more likely to survive than hotels that do not do so. Successful customer retention allows the hotel to build relationships with its customers

It is very difficult for institutions to survive and remain competitive in a dynamic market without injecting various marketing strategies to its operations. Performance of hotels in Kenya has been seen to deteriorate in the past few years as evidenced by a number having to even close down (Najib, et al, 2016). This raises much concern because tourism contributes largely to Kenyan economy and if the hotels hosting these tourists do not perform well as expected, the tourism contribution to GDP ultimately gets affected. Particularly, the recent experienced insecurities in Kenya have geared the performance of the hotels to the worst. Though measures to improve the security in the hotels have been put in place e.g. hotels like Intercontinental and Kempiski have sniffer dogs at security check points, the tourist levels still remain low. This is attributed greatly to uncertain situations

that had been created by the insecurities, leading to travel advisories being put across last year 2015 that led to travel cancellation of most of the tourists from other countries. Hence managers have been necessitated to come up with new strategies to ensure thriving of their hotels.

The relationship between marketing strategies and institution performance can be described by the four P's of marketing. Some scholars argued that a firm pursuing product adaptation strategy in a global market achieves increased sales performance (Leonidou et al, 2002). An empirical study conducted by Cavusgil and Zou, (1994) validated that product adaptation is not only linked to sales growth but financial performance of companies such as profitability and return on investment. Product adaptation as a global marketing strategy therefore positively affects overall business performance. It is therefore suitable strategy toward market responsiveness as it offers the development of new products that meet the needs of a changing marketplace. There is a strong positive link between pricing and firm's performance. Pricing strategy may vary market to market because of many reasons associated with the PESTEL model such as political, economic, social, technological, environmental and legal forces. However, the argument is valid to the extent that pricing strategy success is measured in terms of proportion of sales and profit level, and customer satisfaction.

Sales, financial and customer performance is achieved through promotional mix by gaining experience in the opportunities and problems arising in specific markets, boosting communication, personalizing relationships, and cultivating a team spirit with customers, and providing timely response and immediate support to the various needs (Kaynak and Kothari, 1984). The six related promotional mix is advertising; sales promotion, personal selling, trade fairs, personal visits, and promotion adaptation were found to be positively linked to firm performance (Styles and Ambler, 1994). With sound advertising procedures, the firm can communicate information, constantly remind, and persuade customers to buy the products and, therefore, generate more sales. The study results by Cateora and Graham, (1999) verified that advertising positively influence sales performance and other institution performance greater than other promotional mix variables.

Distribution strategy carries a critical role in dealing with delivery time that influences the performance of the firm. The effectiveness and efficiency in the delivery time of the products constitutes a key to total firm performance in the market as it affects the firm's

operations in terms of competitiveness and success (Piercy et al., 1997). The results of the study by Keegan, (1995) exhibited a positive correlation between distribution channel and sales performance. In addition, significant findings on delivery time which is a result of distribution structures put in place by a firm were also observed to be related to sales volume, proportion of sales, and certain composite performance measures. Many studies are in support of distribution adaptation toward achieving and improving firm performance.

Various studies have been conducted trying to establish the relationship that exists between marketing strategies and performance of institutions. To begin with, the study by Zott & Amit (2007) examined the fit between a firm's product market strategy and its business model. The study manually collected dataset and found that novelty-centered business models coupled with product market strategies that emphasize differentiation, cost leadership, or early market entry can enhance firm performance. Data suggested that business model and product market strategy are complements, not substitutes. The study was however limited in addressing how business models evolve and in particular how they co-evolve with the product market strategy of the firm. Arasa, and Gathinji, (2014) conducted a study to determine link between competitive strategies and institutional performance among firms in the mobile telecommunications industry in Kenya. The study identified the competitive strategies adopted by firms in the industry in Kenya, assessed the different levels of implementation of competitive strategies within the firms and examined the relationship between these strategies and firm performance. The research revealed that competition is high in the industry and product differentiation and low cost leadership are the most commonly used strategies. Other strategies include strategic alliance strategies and specific market focus strategies. The study concludes that the strategies adopted improve the overall firm performance. The key performance indicators influenced by these strategies include sales and market share, customer retention, profitability and product innovation.

Ge and Ding, (2005) conducted a study on manufacturing firms in China and evidence found that the three dimensions of market orientation exert different effects on competitive strategy and performance. Among them, customer orientation has the strongest association with competitive strategy and market performance. The results of structural equation analyses indicated that the mediating effect of competitive strategy is mainly revealed in innovation strategy, the most vital factor in creating superior value for the company in the emerging market. Njeri et al., (2015) investigated the marketing strategies and

competitiveness of four and five star hotels in Kenya. A comprehensive view of the marketing strategies of the hotels was provided by mapping out the place, product, pricing, people and promotion strategies. Clear links were also established between these strategies and the hotels' competitiveness. Dzisi and Oforu (2015) investigated the effect of marketing strategies on the performance of SMEs in Ghana in terms of their profitability, brand awareness and market share. The overall results of this study suggest that strategic marketing are drivers of institutional positioning in a dynamic environment, and that it helps to enhance the development of new product/service for existing markets. Results of the study also reveal that the SMEs in Ghana mostly use traditional form of marketing to reach potential customers and also to entrench their brands.

2.7 Shared Values and Hotel Performance

Shared values are institutional ideals that are typically developed by the leaders in institutions and adopted by other members of the group (Jung & Yoon, 2016). The standards are shared and followed by all employees of an institution and when acting on behalf of the group. They can sometimes also be referred to as core values. Shared values can positively impact an institution performance (Buonocore, 2010).

Adherence by an institution to its shared values has a direct correlation to its performance. Examples of shared values common in institutions include; social recognition, social justice, respect for tradition, loyalty, equality, health, independence, creativity, trust, responsibility and preserving one's public image (Dyląg, Jaworek, Karwowski, Kozusznik, and Marek, 2013).

Social diversity has been associated to an assortment of economic, social and political outcomes, generally showing that greater diversity is linked to worse socio-economic performance. Most research has focused on the extent to which important human ideals and principles are shared in humanity, which captures dimensions of diversity, rarely discussed (Beugelsdijk and Klasing, 2016). The importance of value diversity is assessed by focusing on its role in fostering generalized trust within societies. Value diversity, in particular, referencing political and philosophical values with regard to income redistribution and the part played by the government in controlling markets, is important for understanding the international variation in trust, with greater diversity being linked with lower trust levels. This associations significantly strong and controls for several other determining capabilities

of trust, together with other scopes of diversity, and remains valid at various levels of aggregation (Beugelsdijk and Klasing, 2016). The hospitality industry which includes the hotel and tourism sectors have diversity in not only the type of visitors they receive but also the type of staff employed at the institutions. These institutions therefore have high value diversity and hence require high levels of trust to run operations smoothly and be successful in their overall objective.

Majority of the arguments on social cohesion revolves around trust in the hotel sector, a reliable indicator of social cohesion (Freitag and Buhlmann, 2009) and a concept widely recognized in the existing broader social sciences literature. Trust has been said to be subject to numerous different influences, for example, the presence of strong formal institutions (Alesina and La Ferrara, 2002). Most importantly, trust formation has been linked with social identity theory, suggesting that familiarity breeds trust (Putnam, 2000). There are strong cognitive and emotional bases for trust, and familiarity breeds trust specifically because it reinforces both these bases (Nooteboom, 2002). Familiarity comes from perceived familiarity and feelings of shared purpose among people. Thus, when diversity is low in the general public and people have a sense of being close to their fellow citizens. They can identify with one another and are therefore more likely to trust each another, therefore, work together to achieve institutional success. In the hospitality industry trust is an essential requirement for staff to work in harmony thus affecting how hotels perform in the long run.

While trust has been associated with diversity, academics have up to now taken diversity by measures of ethno linguistic and religious fractionalization (Hooghe, Reeskens, Stolle, and Trappers, 2009), segregation (Alesina and Zhuravskaya, 2011), and genetic diversity. Though intuitive, none of the current studies have unequivocally considered the human value dimension of diversity – that is, the degree to which significant values are shared in the general public. This is an important dimension of diversity, though, and theoretically thought provoking, as it can hypothetically cross ethnic or genetic group lines. For example, value diversity may be found even among culturally identical groups, while at the same time members of different ethnic groups may share significant values. Also, value diversity is possibly determined to a lesser extent by the frequency of social interactions between different groups and largely more flexible over shorter durations, while culturally-linguistic or genetic diversity are by designation invariant to the former and possibly more insistent.

In total, the notion of value diversity in hotels arrests understated nuances of diversity that go past what is mirrored in current facets of diversity. It is a facet of social diversity that is fascinating and possibly significant and that has thus far not been researched on in the trust literature (Ashraf and Galor, 2013). Once the hotels realize that the two go hand in hand with team work, they can operate optimally and achieve their objectives.

Hotel institution should focus on creating shared value to enhance their performance, including economic and societal value, or on improving economic and social conditions in the communities in which they operate (Porter and Kramer, 2011). Porter and Kramer underline that creation of shared value requires many actions such as re-conceptualizing products and markets, redefining productivity and enabling local cluster development thus focusing on the creation of strong inter-institutional relationships. In addition, research into social entrepreneurship has investigated similar questions and concluded that different institutional logics (Greenwood, Raynard, Kodeih, Micelotta, and Lounsbury, 2011), such as market logic which is based on growth and profitability and community-based logic which is concerned with social issues, can co-exist in an institution. They often do so through a process called institutional hybridization (Battilana and Dorado, 2010).

Shared value is a way to go beyond traditional philanthropy. However, understanding of the mechanisms to implement shared value paradigms remains limited in the hotel industry. Before venturing into empirical research, one needs to concentrate on past knowledge on inter-institutional collaboration, which is a clear necessity for shared value creation. Increased inter-institutional collaboration has been seen as a necessity for improving corporate sustainability and performance of institutions in the hotel industry (Peloza and Falkenberg, 2009; Seuring and Gold, 2013). In addition, creation of shared value requires profound collaboration and even the development of industrial clusters (Porter & Kramer, 2011). Modern institutions very rarely urge any actions alone but utilize the knowledge of vast networks of actors, including other companies and hotels in Africa (Peloza and Falkenberg, 2009).

According to the shared value paradigm, for value creation in inter-institutional systems, the focal institution has the responsibility to align its operations so that it advances its own economic well-being but also creates value to the community. By basing the business on such a sustainable foundation, short-term profit-seeking should be replaced by the pursuit of long-term benefits for many, as is the case in a community-based institutional logic

(Thornton, Ocasio, and Lounsbury, 2012). This requires the shared vision and sense making among stakeholders using a bottom-up approach from local representatives and not the typical top down measures.

Therefore, shared vision and common objectives are the most important prerequisite for the creation of shared value (Rudd, 2000). Previous research on inter-institutional networks links the shared vision to the cognitive dimension of value-creating networks (Tsai and Ghoshal, 1988). The cognitive dimension of a network comprises the capabilities that influence shared understanding among the actors in the network. For example, Wasko, Faraj and Johnson (Wasko, Faraj, and Johnson, 2006) show that construction of mutual understanding and shared vision among actors in a network requires shared culture and goals. Inter-institutional collaboration among heterogeneous actors, aiming to realize a common goal has become the focus of various business ecosystems, including service industry, health care, construction, and disaster management.

The quality of inter-institutional interaction in a business ecosystem influences the actors' identification with the system (Boardman and Sauser, 2008). This then has it that interaction influences how the participants feel and define themselves as members of a specific group (Klandermans, 2002). Actor's subjective evaluation on the similarity between actor's and ecosystem's goals defines the strength of the membership. Forming a consensus about the sustainability objectives among actors requires knowledge-sharing about the individual perceptions of the goals, as the participants attribute different meanings to the goals (Stubbart, 1989). Furthermore, research on eco-industrial parks as business ecosystems, demonstrates that continuous communication and information sharing are required to create and maintain common goals (Veleva, Todorova, Lowitt, Angus, and Neely, 2015). In addition, eco-industrial parks tenants must see that they belong to a system that creates mutual benefits. Such systems are often outcomes of a long process of holistic interaction and goal alignment among the members (Lowitt, 2008). Sometimes this requires altering the prevailing institutions, in which the inter-institutional networking can give leverage (Thompson, Hermann, and Hekkert, 2014). Institutions in the hospitality industry need to inculcate a strong vision not only for the management level employees but also for the mid-level and subordinate staff such that the entire workforce works towards a common goal that not only benefit the institution but ultimately improve its performance.

One may consider young adults' work values as a potential personal resource that could shape individuals' career paths and access to work across the transition from school to work. Work values refer to what individuals consider important in their jobs (Jin & Rounds, 2012). Research on career development in the hospitality industry has shown that work values play a key motivational role in work selection and vocational growth and improvement (Balsamo, Lauriola, and Saggino, 2013). Work values are associated with indicators of fruitful changeover to employment (for example being employed) and quality of job (such as the degree of individual –job fit) is not properly-established in the research literature.

A well fit job provides a good match for employees' personal ideals and inclinations, and likewise for their knowledge, abilities, skills and talents (Vogel & Feldman, 2009). Longitudinal studies on work value results have revealed that both extrinsic and intrinsic work values forecasted the type of rewards persons consequently received in their jobs (Johnson and Monserud, 2010). In the hospitality industry intrinsic work values forecasted higher intrinsic job rewards, such as employment in fascinating jobs, relishing greater independence and having educational prospects at work. Extrinsic work values were linked to rewards that were extrinsic, such as employment security and higher income (Johnson and Monserud, 2010). However, the link between extrinsic employment values and greater salary seemed to be explained largely by the number of work hours (Johnson & Mortimer, 2011).

2.8 Conceptual Framework

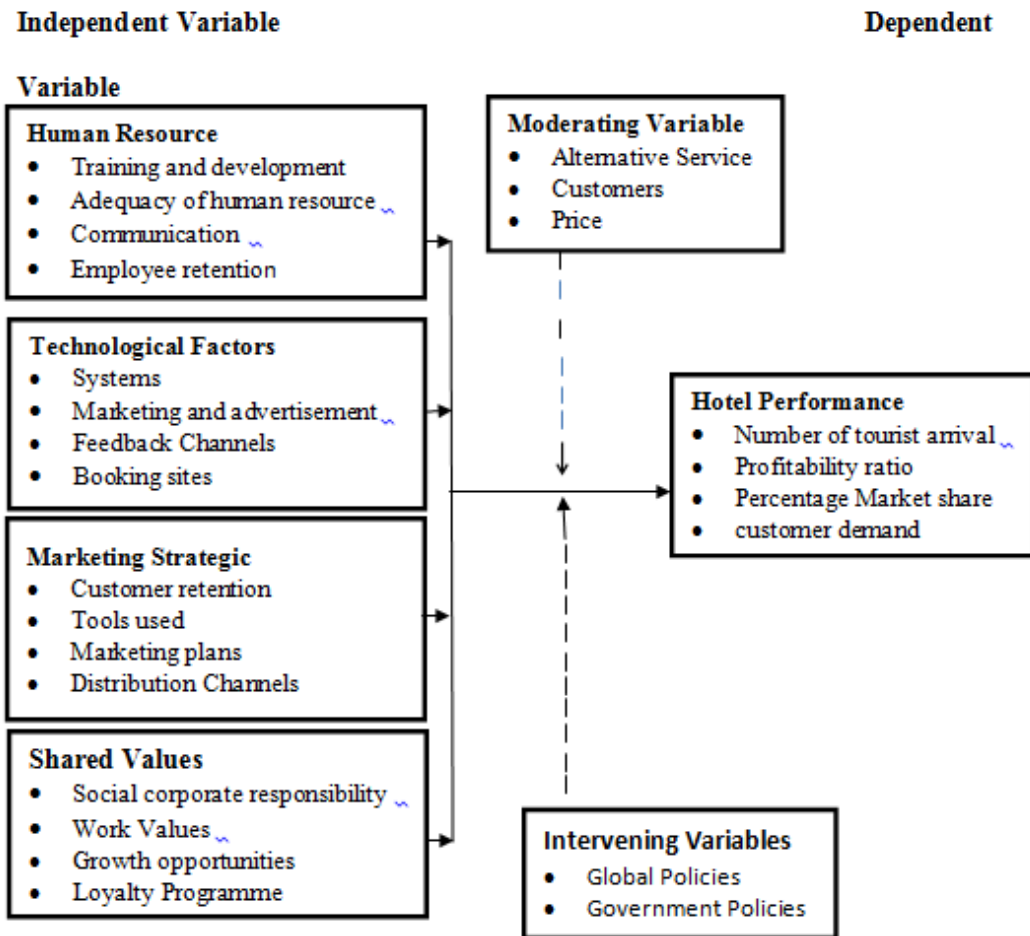


Figure 1: A conceptual framework showing a relationship between institutional capabilities and hotel performance

2.9 Summary of the Reviewed Literature

The study was informed by past theories in relation to institutional capabilities; human resource, technology, shared values, and marketing activities. Review of related theories and empirical studies signifies that institutional/institutional capabilities derived performance of business activities in institution

2.10 Knowledge Gap

Despite the fact that previous studies have highlighted hospitality industry as a major source of revenue in Kenya. It however faces various challenges like, insecurity, technological advancement, political and economic instability. Previous studies conducted in other industries and hospitality industry were response strategies adopted by the

institutions to changes in environment as a whole. However, the interdependent relationship between institution strategies and performance of hotels has not been brought out clearly. This study seeks to understand the interdependent relationship that existed between institution internal capabilities and hotel performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter includes research design, target population, sampling and sample size and procedures, data collection instruments, data collection procedures, data analysis techniques and operation of variables.

3.2 Research Design

Orodho (2004) defines research design as a program which guides the researcher in collecting, analyzing and interpreting observed facts. Whereas Mugenda and Mugenda (2003) stated that the role of research design is to study and report the way things are. The study used descriptive survey research design.

3.3 Target Population

The target population is the observable characteristics to define the study (Mugenda and Mugenda, 2003). The target population for the study was 240 consisting of Hotel Owners, Managers, and employees and Customers drawn from the 12 hotels consisting of low level, middle level and top level distributed across.

3.4 Sample Size and Sampling Procedure

A sample is the number of units selected from a study population to represent the larger targeted population (Kombo and Tromp 2006). This study used a simple random sampling technique to select 5 hotels which was representing to 40% of the population. A simple sample technique was fair way of choosing a sample from a given population since it gave all target population an opportunity of being selected for the study (Mugenda and Mugenda, 2003)

The Yamene (1967) formula is used to calculate the study sample.

$$n = \frac{N}{1 + (e)^2}$$

n – Sample Size

N – Population

e – Precision

n= 150

3.5 Data Collection Procedure

The study used questionnaires to collect data from the employees and hotel supervisors, and interview guide for the senior managers and hotel owners.

3.5.1 Questionnaire

According to Kombo and Tromp (2006) questionnaires are considered less costly and easy to administer to the respondents and allows minimal time used in data collection. A self-administered close ended questionnaire was designed to collect data from the hotel employees. The uses of structured questionnaires were preferred since they enabled the study to gather large quantities of both qualitative and quantitative data within shortest time.

3.5.2 Interviews Guides

Interview guides were be used on hotels owners and managers so as to get opinions about the relationship between institution capabilities and performance of hotels. Interviews were used on this group because it enables direct interaction with the respondent; hence it allowed the researcher to collect in-depth qualitative information which questionnaires could not capture. Interview guides also provide flexibility, the ability to analyze and clarify answers and provide high response rates (Cresswell, 2013). Interviews were used since the researcher believed that some respondents may have not been able to read and fill questionnaires on their own.

3.5.3 Piloting of the Instruments

According to Mugenda and Mugenda (2003) a sample for pilot study should be at least 10% of the total study population. Considering the significance and need to identify faults in the research instruments, the questionnaires were pre-tested before use in the actual study. The

questionnaire was reviewed by the supervisor and fellow researchers and then administered on small sample with the same characteristics as a study population. The sample for the pilot study consisted of 2 owners/directors, 4 managers and 6 employees from the hotels.

3.6 Validity of Research Instruments

Validity is the possibility of the data collected from the sample population will represent what is being studied (Kothari, 2000). The study discussed the items of research instruments with the supervisor during the preparation process. The suggestions given were incorporated in the final copies to ensure that they were valid.

3.7 Reliability of Research Instruments

Kothari (2000) reliability of an instrument is the possibility of the same instrument fetching the same results in the event of a repeated data collection from the same respondents. The study used test retest technique to ascertain research instruments reliability. The reliability coefficient of the instrument will be computed by Pearson product moment of correlation method. The reliability co-efficient of 0.78 indicated that the tool was reliable in concurrence with Fraenkel and Wallen (2000), who notes that a co-efficient of 0.7 provides a minimum threshold to confirm reliability of a research instrument.

3.8 Data Analysis Techniques

At the end of research process, questionnaires were checked for inaccuracies and incompleteness and cleaned accordingly. Data collected was keyed into statistical package for social science (SPSS) where a check was conducted and inconsistent data cleared. Descriptive tools of analysis such as frequency tables and percentages were be used to show the result of the data.

3.9 Ethical Considerations

Before the administration of the questionnaire, the researcher sought permission for the study to be conducted. The researcher applied for a permit from the National Council of

Science and Technology (NACOSTI) to collect data from the field. Respondents were informed and consent sought before data collection. The researcher kept the informants' information confidential through several efforts among them being that they were firmly instructed not to write their names on the tools of data collection. .

3.10 Operationalization of variables

Table 1: Operationalization of Variables

Research Objectives	Variables	Measurements of scale	Methods of data collection
Human resources and hotel performance	• Training and development	Ordinal	Questionnaire Interview schedules
	• Recruitment and selection	Nominal	
	• Communication	Ratio	
	• Performance appraisals		
	• Employee retention		
	• Team work		
Technological capabilities and hotel performance	• Operation performance	Ordinal	Questionnaire Interview schedules
	• Systems	Nominal	
	• Marketing and advertisement	Ratio	
	• Feedback Channels		
	• Booking sites		
	• Customer retention	Ordinal	
Strategic marketing influence hotel performance	• Security	Nominal	Questionnaire Interview schedules
	• Four P's	Ratio	
	• Promotional Mix		
	• Distribution Channels		
	• Social Diversity	Ordinal	
	• Social Cohesion	Nominal	
Shared values influence hotel performance	• Work Values	Ratio	Questionnaire Interview schedules
	• Growth		
	• Loyalty Programme		

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSIONS

4.1 Introduction

This chapter presents data interpretation and discussion of findings of the study. The findings of this study were discussed under the four specific objectives and as presented and discussed accordingly.

4.2 Background Information

This section presents the response return rate, gender of the respondents, age, length of service, and educational background as discussed below:

4.2.1 Questionnaire Return

The study sampled 150 responded in collecting data from which 125 were questionnaires and 25 interviews which were targeted. The return rate was 115 and 15 respectively. The response rate was not one hundred percent as expected however as Table 3, shows the response rate that was used for data analysis.

Table 2: Response Return Rate
(N=115)

Target population	Dispatched	Tools Returned	Return rate
Questionnaires	125	115	92 percent
Total	150	115	92 percent

Gender	Frequency	Percentage
Female	66	57.39
Male	49	42.61
Total	115	100

Findings from table 2 shows that out of the total 150 questionnaires and interview guide that were sent to the respondents, an average of 68.2 percent were dully filled and returned by the respondents. This was considered a very reliable response rate for generalizations of

study findings since according to Zikmund et al., (2010) a response rate of 50 percent and above is said to be a reliable response rate. Hence, with a response of 68.2 percent, the response rate was appropriate for analysis.

Table 3 indicates that majority of the respondents 57.39 percent were of female gender compared to 42.61 percent who were of male gender. This was a fair indication that the findings could not be affixed to a certain gender's thinking, rather, representative across the board.

4.2.3 Length of Service in the Hotel

Respondents were requested to indicate their length of service in the hotel they were working in. The findings were recorded in the table 4

Table 3: Length of Service
(N=115)

Length of service	Frequency	Percentage
1- 5 years	57	49.56
6-10 years	39	33.92
11-15 years	13	11.30
Above 15 years	6	5.22
Total	115	100

Findings from table 4 indicated that majority of respondents 49.56 percent had offered their service in the hotel for between 1-5 years, 33.92 percent offered service for between 6-10 years while 11.3 percent and 5.22 percent had offered services for between 11-15 years and above 15 years respectively. This study found out that it was evident that the respondents had diverse experience to share from hence, the cutting down on biases of working experience.

4.2.4 Educational Background

The section sought to establish the academic qualifications of the respondents. The findings obtained are as shown by Table 5.

Table 4 Education Level
(N=115)

Education Level	Frequency	Percentage
Diploma	41	35.4
Bachelor's Degrees	44	38.5
Masters Degrees	16	14.3
Certificate	14	11.8
Total	115	100

As presented in table 5, the study findings showed that majority of the respondents 35.4 percent of them had Diplomas, 38.5 percent of them had Bachelor's Degrees, 14.3 percent of them had Masters Degrees and only 11.8 percent of them had certificate respectively. None of the respondents had attained a PhD. This is an indication that the responses were from respondents of varied educational socialization hence, not compromising the findings to a given way of educational respondents' thinking.

4.3 Findings on the Study Objectives

Below were findings of the respondents based on the questionnaires and an interview schedules.

4.3.1 Human Resource and Performance of Hotels in Trans Nzoia County

The respondents were required to indicate their level of agreement on the following statement regarding the human resource capabilities influencing hotel performance in Trans Nzoia County. They were required to use the scale of 1-5 where 1-is a very large extent, 2 - large extent 3 - no extent 4 - small extent and 5- very small extent in giving their responses.

Table 5: Humane Resource and its Influence on Performance
(N=115)

Statement		1	2	3	4	5	AV	STD
		%	%	%	%	%		
The hotel has a staff training policy	115	13.04	13.91	6.96	45.24	20.88	23	17.18
Staff regularly undergo training and development	115	10.43	11.3	8.7	38.28	31.32	23	15.81
The hotel has employed only competent staff in the hotel	115	23.49	33.93	7.83	18.27	16.53	23	11.05
The hotel has set clear communication and feedback channels both internal and external.	115	31.32	30.45	6.96	13.04	18.27	23	12.31
The hotel pays its workers well and performance appraisals are satisfactory	115	17.4	20.88	11.3	19.14	31.32	23	8.37
There is teamwork across all departments and work is seamless thus employee retention.	115	16.53	26.97	5.22	33.06	18.27	23	12.23

Legend:

As shown in Table 6, it is indicated that majority of the respondents 45.24% strongly disagreed that the hotels have a staff training policy, with 20.88% strongly disagreeing on the same. 13.91% and 13.04% agreed and strongly agreed respectively to hotels having a training policy in place.

On whether the staff regularly undergoing training and development again, the majority of the respondents were in disagreement with 38.28% and 20.88% disagreeing and strongly disagreeing respectively compared to 11.93% and 10.43% who agreed and strongly agreeing respectively.

There was a general agreement that many of the hotels have employed competent staff in the hotel with 33.93 agreeing and 23.49 strongly agreeing. Only 18.27% and 16.53% disagreed and strongly disagreed respectively to hotels employing competent staff.

The study findings showed that most hotels have set clear communication and feedback channels both internal and external majority of the respondents were in agreement 31.32% and 30.45% strongly agreeing and agreeing compared to a cumulative 18.27% and 13.04% of the respondents who strongly disagreed and disagreed respectively to the same assertion.

On whether the hotels pay its workers well and performance appraisals are satisfactory, the study found out that majority of the respondents 31.32% and 19.14% strongly disagreed and disagreed respectively as opposed to only 20.88% agreeing and 17.4% strongly agreeing. Cumulatively, majority of the respondents were not satisfied with the pay structures in their hotels.

On average there was disagreement in terms of there being teamwork across all departments and work is seamless thus employee retention with 33.06% and 18.27% disagreeing and strongly disagreeing compared to 26.97% agreeing and 16.53% strongly disagreeing respectively compared. An interview from the hotel managers on question of Humane Resource and its Influence on Performance drew varied responses.

In the interview carried out, the managers and hotel owners were asked to tell if they had adequate staff. Their responses were as below:

Adequacy of workforce in the hotels: one manager said,

“.....staff is not adequate particularly due to the changing dynamics of clientele flow. We tend to hire more staff during peak season and reduce it accordingly to manage costs during the low season.

Another manager said,

Staff is always a challenge due to the high turnover ratio of staff. Getting the right skilled you would wish to keep becomes a challenge due to this aspect of staff turnover.

Majority of the responses indicated that there was inadequate staff in the hotel industry in the major hotel in town. This could imply that the hotels have no policy to attract the working staff given that the turnover of staff is high.

On Training of employees one hotel owner said:

“yes, we do train employees on need basis. When we feel for instance that the production department needs to update their skills on production, we organize for a raining on the same. The other respondents were in agreement that did not have a training policy in place to guide training of their staff.”

The respondents were then required to tell if the training they held had an effect on job mobility of the employees. One of the managers of the hotels said:

‘.....the trainings are meant to improve the workers skills and not necessary for job mobility. Employees move up the ladder depending on their delivery and not just the training they attend’

Motivate and maintaining of the human resource. A manager of one of the hotels said:

.....to motivate staff and maintain them within the hotel we offer them continuous training. We also give them bench marking to other competing facilities for them to learn. We also take care of their welfare for instance, give them uniforms for free, food, and contributions are done among staff and management whenever one of them has need which is stipulated in the welfare memorandum.

The manager for in one of hotels on the same question said:

.....the hotel offers competitive pay for the worker and ensures continuous job mobility after some training or seniority from work experience.

Yet another manager of another hotel said:

..... To sustain the workers for a long time, we give them security of tenure, by giving them long time contracts coupled with some competitive remuneration.....

the other responses from the other hotels rotated around the approaches raised by the three aforementioned hotels. Pay, welfare, contracts and job mobility featured across the other facilities. On the influence of training on

performance of the nearly all the respondents were in agreement that a well trained workforce can have a better productivity hence, better performance of the hotels.

Comparing the responses of the employees and management, it is observed that there are glaring gaps on matters human resource management and performance. For instance, whereas the management says they offer competitive salaries, the employees say the opposite. Much as the management says there is continuous job training, from the employees perspective, the trainings don't follow a preset policy which employees can be predict on so as to say by such and such time, one will undergo the trainings and hence, promoted to the next level. This seems to affect negatively the confidence and motivation of the worker to give their whole in the continuous changing work place.

The findings of this study correlates in many ways to previous works done elsewhere. On having the right staff in the hotels, the study agrees with Gamage (2004) who found out in his study that the effectiveness of human resource function in an institution is influenced directly by the right staffing. He argues that settling on wrong candidates can be costly to an institution in terms of productivity and performance. The study further is in agreement with Delaney and Huselid (1996) Youndt et al., (1996) Singh (2003), and Rodnguez & Ventura. (2003) they urged that adoption of what has been variously referred to as high involvement or commitment to work practices, high performance, including comprehensive selection and recruitment procedures, employee involvement and training can lead to positive institution results such as reduced absenteeism and worker turnover, improved staff efficiency and unlimitedly better overall performance in an institution.

The study however disagree with studies done by Ehrlich (1994) who argued that the speed in which staff learn to perform a new task is very crucial in today's environment ever changing technologies. He is backed up by Boudreau and Ramstad, (1997) who are of the opinion that every manager must make proper planning to ensure that each employee not

only poses a skill to undertake their present job but also develop broader skill to mitigate future challenges. This proper planning is absent in the current study hence, making the gap between this study and the works of this scholars. In-as-much as the hotel management opinions that there is continuous training; the workers are indifferent on the same. This confirms that there is lack of unity of purpose and communication.

4.3.2 Technological Capabilities and Performance of Hotels Trans Nzoia County

The respondents were required to indicate their level of agreement on the following statement regarding the agreement on the following statement regarding the influence of technological capabilities on performance of hotel in Trans Nzoia County. Use the scale of 1-5 where 1-is a very large extent, 2-large extent 3-no extent 4-samall extent and 5- very small extent in giving your responses.

Table 6: Technological Capabilities and Hotel Performance (N=115)

Statement	F	1 %	2 %	3 %	4 %	5 %	AV	STD
The hotel uses online advertising to market itself	115	11.3	15.66	6.61	31.32	40.02	23	17.48
Most of the hotel's clients book online	115	16.53	21.75	6.09	8.41	30.45	23	10.68
The hotel has excellent WIFI connectivity which attracts guests	115	45.25	42.63	0	6.09	6.09	23	25.29
The hotel uses smart energy technology to save on energy costs	115	32.19	30.45	7.83	6.09	23.49	23	14.21
The hotel has a Smart App that clients interact with	115	13.91	16.53	8.7	30.45	30.45	23	11.42
Hotels use smart hotel apps to allow guests to reserve parking spots in advance of their visit	115	32.19	7.83	24.3	22.62	26.1	23	8.57
Hotel enables guests to check in remotely through their mobile device enabling them to spend less time on the welcoming process	115	12.18	9.57	6.09	28.71	43.5	23	18.10

Key: N=study population F=Frequency AV=Average STD=Standard Deviation

Findings from Table 7, indicates that majority of the hotels 40,02% and 31.32% strongly disagreeing and disagreeing respectively to have infused technology into the hotel business with 15.66% agreeing and 11.3% strongly agreeing a respectively to the same. Cumulatively is observed that, the hotels have not fully embraced smart technology into their businesses.

This was also in line with the argument that majority of the hotels do their booking online with 21.75% and 16.53% agreeing and strongly agreeing respectively compared to 30.45% who strongly disagreed and 8.41 disagreeing to the same.

There was a major agreement that the hotel have excellent WIFI connectivity which attracts guests with 45.25% and 42.635 respectively strongly agreeing and agreeing to the view. Only a paltry 12.18 disagreed to there being a good connectivity in the hotels

On whether the hotel uses smart energy technology to save on energy costs, majority of the respondents were not in agreement of there being technology being put in place to safe energy with 32.195 and 30.45 strongly disagreeing and disagreeing compared to 23.49 and 6.09 strongly agreeing and agreeing to the same.

On whether the hotels have a Smart App that clients interact with, majority of the respondents were indifferent given that 30.45% disagreed and strongly disagreed respectively compared to 32.19 strongly were in agreement and 7.83 agreeing to the same assertion.

Findings on whether the Hotels use smart hotel apps to allow guests to reserve parking spots in advance of their visit, majority of the respondents were indifferent with 26.1% strongly disagreeing and 22.62% strongly disagreeing compared to 32.19% and 7.83% strongly agreeing and agreeing respectively. This could be attributed to the fact that a

majority of the hotels in the county have their own hotel parking where Clients Park for free of charge hence no needs to develop such a system.

Finding on whether the hotel enables guests to check in remotely through their mobile device enabling them to spend less time on the welcoming process, there was oval a negative response to it given that majority 43.5% and 28.71% strongly disagreeing and disagreeing respectively as compared to only 12.18% and 9.57% who were in strong agreement and agreeing to the same. This is an indication that that the hotels have not fully embraced technology into business with can harness a competitive edge to spar performance.

The managers were asked to give their view on the technological inputs they have adopted to ensure that the hotels remain afloat in the market. The first question was on whether the hotel has a communication system in place.

One respondent said:

‘.....yes there is a communication channel in place but, the only problem is adherence to the communication channel. Both the senior management and junior staff do not follow the channel to the letter.

When asked the effect of failure to adherence to the communication protocol, the respondents said:

‘.....once the channels break down, there arise conflicts in the place of work. It leads to confusion and people not knowing who to obey orders from. When asked how this impacts on performance of the hotel, the respondents were in agreement that failure to communicate effectively, affects performance negatively.

One manager said:

.....the hotel is registered with ‘booking.com’ where the presence of the hotel clients can book online. We have also invested in print media as a marketing tool.

Another manager said: *‘.....the hotel has adopted hotel software and online presence and provision of a stable WIFI free to the clients. Online*

marketing featured predominantly in the other interview with the other hotels.'

This study is in tandem with study by Bethapudi (2013) who opined that IT facilitates an individual to access the products information from anywhere any time, can also reach the targeted customers across the globe in a single click on the keypad through the use of mobile computers and web technologies. Indeed the hotels have invested on IT infrastructures which have given the hotels an online presence. Further, Shi, Alastair & Kevin, 2(006) argues that information technology has become very vital to all institutions that intend to remain competitive in the market. The drivers of change in today's world include, deregulation, global excess capacity, global competition, changing customer expectations, IT, demographic shifts and changing work and lifestyles. These changes have led institutions to embark on activities that provide a source competitive advantage and embrace the usage of IT. To a large extent, this study is of the same findings given that the hotels have embraced a number of IT experience which has placed the hotels online.

The study is also in agreement with findings by Leung and Law (2011) who asserts that rapid development of IT in last decade has underscored the importance of understanding IT historical technologies and future trends. Information technology ensures service availability, service integration, and service automation for repetitive tasks and for the management planning and forecasting.

However, the study differs with studies by Mpofu & Watkins-Mathys, (2011) who argued that hotels, the Property Management System (PMS) or central reservations system (CRS) are at the center of both technology and hotel operations. These systems are used to manage the room inventory, record guest details and produce billing information. It often interfaces with other systems such as the telephone systems and food and beverage point of sales terminals to allow integrated billing and management reporting. This study indicated that the majority of hotels under study have not embraced this technology as such.

4.3.3 Strategic Marketing and Hotel Performance in Trans Nzoia County

The respondents were required to indicate their level of agreement on the following statement regarding the influence of strategic marketing on performance of hotel. Use the scale of 1-5 where 1-is a very large extent, 2-large extent 3-no extent 4-samall extent and 5-very small extent in giving your responses.

Table 7: Strategic Marketing and Hotel Performance (N=115)

Statement	F	1 %	2 %	3 %	4 %	5 %	AV	STD
The hotel through the senior management has strategic plans and adequately prepares for any change and set customer retention policies.	115	22.62	13.91	33.06	13.04	21.75	23	9.30
The hotel has employed the four P's (Product, price, place, and people) strategies in achieving its performance.	115	48.72	18.27	0	16.53	16.53	23	20.33
There is set systems on handling promotional mix.	115	10.43	16.53	12.18	30.45	30.45	23	11.25
There is distinct distribution channels, differentiation of types of services offered and key staff is well conversant.	115	22.62	21.75	5.22	17.4	33.06	23	11.58

Key: N=study population F=Frequency AV=Average STD=Standard Deviation

Findings from table 8 indicates that the hotel through the senior management has strategic plans and adequately prepares for any change and set customer retention policies with 22.62% and 13.91% strongly agreeing and agreeing to the same compare to 21.75 and 13.04% who disagreed and strongly disagreed.

The study found out that the hotel have employed the four P's in achieving performance, there was general agreement given that 48.725 and 18.27% respectively were in agreement compared to 16.53% who strong and disagreed respectively.

There was a general disagreement on there being set systems on handling promotional mix. 30.45% strong disagreed and disagreed respectively compared to 16.53% and 10.43% who agreed and strongly agreeing to the same.

Majority of the respondents felt that there is distinct distribution channels, differentiation of types of services offered and key staff is well conversant with 22.62% and 21.75% strongly agreeing and agreeing to the same while 33.06 strongly disagreeing and 17.4% disagreeing. This was an indication that the hotels have not done very well on distribution channels to improve performance.

An interview with the hotel managers on the subject, market strategies, and the managers identified several ways in doing their marketing

‘.....the hotel uses internet for online marketing, social media, radio and television advertising and even referencing advertising....’

Another manager said:

‘.... The hotel uses online marketing strategy with a traditional marketing mix as this to a large extent has contributed to the performance of the hotel.’

Yet another respondent by saying:

‘.....the hotel uses the promotional mix i.e. online marketing and a face-to-face marketing...’

On distribution channels the respondents said:

“.....due to the low education and skills levels, employees are not well conversant with all the products offered in the hotel. Customers do complain of having been misled about a service which in real sense is offered in the hotel. For instance, an employee may not be able to tell the rates of the rooms, or not able to tell what other services are offered in other department’

The findings from this study were in agreement with study done by one Kotler (2000) who argued that all hotel institutions require marketing strategies to thrive and remain competitive in their industries. Considering the dynamic nature of the hospitality industry,

various hotels ought to change their marketing strategies quite often to cope with the changing needs in the market and also remain ahead of competition. Indeed as observed from this study findings, majority of the hotels have diversified their marketing strategy from the traditional marketing and not as much on conventional marketing.

The study also is in agreement to studies by Johnson & Scholes (2002) who opine that to attain a sustainable competitive edge, an institution needs to identify its main strength and position itself in such a manner that is above competition in that segment so as to create a distinct competitive advantage over rivals, a firm must select right combination of target markets and marketing mix. Indeed the hotels in the study area have adopted this marketing mix for growth.

The study correlates with studies by Leonidou et al., (2002) who describes the relationship between marketing strategies and institution performance can be described by the four P's of marketing. Some scholars argued that a firm pursuing product adaptation strategy in a global market achieves increased sales performance. Many hotels in the study area did report some positive growth between the market mix and hotel performance. This argument is in tandem too with Kaynak and Kothari (1984) who contend that sales, financial and customer performance is achieved through promotional mix by gaining experience in the opportunities and problems arising in specific markets, boosting communication, personalizing relationships, cultivating a team spirit with customers, providing timely response and immediate support to the various needs .

4.3.4 Shared Values Influence Hotel Performance in Trans Nzoia County

Indicate your level of agreement on the following statement regarding the extent to which shared values influence hotels performance in Trans Nzoia County. Use the scale of 1-5 where 1-is a very large extent, 2-large extent 3-no extent 4-samall extent and 5- very small extent in giving your responses.

Table 8: Shared Values and Performance
(N=115)

Statement	F	1 %	2 %	3 %	4 %	5 %	AV	STD
There is clear and well established social diversity and corporate social responsibility at the hotel.	115	9.57	23.49	11.3	24.36	31.32	23	10.65
There is social cohesion amongst staff at the hotel.	115	58.29	20.01	0	13.04	8.7	23	25.97
There is an opportunity for growth through the rank when opportunity arises.	115	0	11.3	0	48.72	40.02	23	26.34
In case of any planned change, there are documented procedures to enable success of that change.	115	13.04	14.78	38.28	20.01	13.92	23	12.14
The hotel should set clear loyalty programme so as to improve its performance.	115	67.86	32.17	0	0	0	23	34.67

Key: N=study population F=Frequency AV=Average STD=Standard Deviation

Findings from table 9 showed that majority of the respondents were indifferent to the assertion that there is clear and well established social diversity and corporate social responsibility at the hotels given that 31.32% and 24.36% of them strongly disagreed and disagreed compared to 23.49% and 9.57% agreeing and strongly agreeing to the same

To a larger degree, there was in agreement to there being social cohesion amongst staff at the hotels with 58.29% and 20.01% strongly agreeing and agreeing respectively compared to 31.32% and 24.36% strongly disagreeing and disagreeing respectively.

There was an overwhelming dissatisfaction on there being an opportunity for growth through the rank when opportunity arises with majority of the respondents over 80% disagreeing with only 11% being in agreement.

Findings on whether the hotels have documented procedures to enable success for planned change, a large majority 38.28% seemed not to be aware as they remained silent with another 20.01% and 13.92% strongly disagreeing and disagreeing respectively.

On whether the hotels have set clear loyalty programmes so as to improve their performance, majority of the respondents were in agreement 67.86% strongly agreeing and 32.175 agreeing respectively.

Results from an interview on the same question elicited various responses. For instance, one manager said:

‘....shared values have influenced performance to a large extent. The shared values drive hotel towards achieving the hotels set goals and objectives. The hotel has set loyalty programme.’
Another manager said:

‘.....they give the hotel good performance as the staff works in harmony with less conflicts hence, good performance.’
Another had this to say:

‘..... our hotel’s shared values help us in embracing teamwork leading to provision of quality customer services hence, performance is to the large extent’

When prompted to tell whether the hotels have loyalty programmes for their clients,

“.....majority of the respondents indicated that the hotels did not have the programme. It is only one hotel that reported to have had a loyalty programme especially on room service.

Going by the interview to the management teams, it was observed that shared values to a large extent contribute to the hotels’ performance. These findings were in tandem with Buonocore, (2010) who argued that, Shared values can positively impact an institution performance. The study too was in agreement with Dyląg, Jaworek, Karwowski, Kozusznik, & Marek, (2013) who found out in their study that, adherence by an institution to its shared values has a direct correlation to its performance. Examples of shared values common in institutions include; social recognition, social justice, respect for tradition, loyalty, equality, health, independence, creativity, trust, responsibility and preserving one’s public image. The study further is in agreement to study done by Ashraf and Galor (2013). They argue that, it is a facet of social diversity that is fascinating and possibly significant and that has thus far not been researched on in the trust literature. Once the hotels realize

that the two go hand in hand with team work, they can operate optimally and achieve their objectives.

4.3.5 Hotel performance

The respondents were requested state the impact of the four variables on the performance using the scale of 1-5 where 1-is a very large extent, 2-large extent 3-no extent 4-samall extent and 5- very small extent in giving your responses. Their responses were recorded in table

Table 9: Hotel Performance
(N=115)

Statement	1		2		3		4		5	
	F	%	F	%	F	%	F	%	F	%
Human resource, adoption of technology, strategic marketing positioning and shared values has greatly contributed to the performance of the hotel	115	48.72	20	20.01	13	13.05	9	9.57	8	8.7

Key: N=study population F=Frequency AV=Average STD=Standard Deviation

Majority of the respondents 48.72% strongly agreed to the same, 20% agreed and 13% were non-committal while 9.57% and 8.7% disagreed and strongly disagreed respectively. Going by the findings, it is evident that hotels in the study area should invest in Human resource; adoption of technology, strategic marketing positioning and shared values contributes to the performance of the hotel.

This findings correlate to studies by Badu (2012) who opine that performance is the outcome or output from service delivery, products and processes that enable evaluation against results, standards and goals set. Further, the success of a hotel institution depends on a number of external and internal factors. External capabilities include several macro-environments such as demographic, economic, natural, technological etc., and therefore, companies have little or no control over these capabilities(Gursoy &

Swanger, 2007). They describe Internal capabilities as various kinds of knowledge, production equipment, buildings, personnel, capital, marketing capabilities, and other company resources that can influence the company level of success. Harmsen et al., (2000) also argues that internal capabilities can be labelled company competencies. Although the external environment influences company success, sustained competitive advantages derive from the internal resources and capabilities (also referred to as core competencies) that a company controls (Barney et al., 2001). Kim and Oh, (2004) too argue that the term “resources” includes competencies, assets, capabilities, resources, information and knowledge . Core competencies are those processes, skills and assets within the firm that it relies on to achieve competitive advantages (Olsen et al., 1998). Therefore, hotel managers should focus on identifying, creating or developing competitive advantages that can be utilized in order to enhance the company’s performance and bottom line.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of findings, conclusion as well as recommendations based on the objectives of the study.

5.2 Summary

The summary of the findings were as below in terms of each objective investigated

5.2.1 Human Resource and Performance of Hotels in Trans Nzoia County

From the study findings, it was observed that majority of the respondents strongly disagreed that the hotels have a staff training policy, and there being a training policy in hotels in Trans Nzoia County. There was a general agreement that majority of the hotels do not have enough working staff. It was also observed that majority of the hotels employ low skilled workforce who are not competent enough to drive the hotel vision and mission. On training, it was noted that the hotels do not have a training policy hence; training is done on need basis and does not necessarily lead to job mobility at place of work. It was also observed that employees are not commensurately remunerated in line with the present economic realities. The hotels do not have a functional appraisal tool which they use to appraise employee for upward mobility purposes. Finally, it was observed that they is lack of teamwork leading to negative performance of the hotels.

5.2.1 Technology and Hotel Performance

From the findings, it was observed that majority of the hotels have a communication channels in place. However, the laid down protocol of communication is not being adhered to as expected. It was also noted that, majority of the hotels have embraced online booking although they have noted invested fully on the available online booking platforms. It was

also observed that all the hotels have a functional WIFI network and it has helped attract clients to the hotels. Findings indicated that hotels in the study area have not adopted smart energy application in reducing overhead operational costs. It also came out that the hotels have not invested in Smart App customised to the respective hotels. It was noted that there is no technology applied to parking services since majority of the hotels have their own parking. Finding on whether the hotel enables guests to check in remotely through their mobile device enabling them to spend less time on the welcoming process, there was overall a negative response to it given that majority strongly disagreeing and disagreeing respectively.

5.2.3 Strategic Marketing and Performance

Findings indicate that the hotels employed different mechanisms in marketing their business. This ranged from online marketing, print media, referencing and brochures and face to face marketing. On retaining customers, it was observed that majority of the hotels have embraced price, promotion, place and product. It was noted that the hotels employ low level skilled manpower hence; they do not understand the distribution channels as such. It was noted that, strategic marketing is important if the hotels in the study area have to perform.

5.2.4 Shared Values Influence Hotels Performance

Findings showed that majority of the hotels do not invest in corporate social responsibility as they could not list the activities they have invested in through these programmes. This could be negatively impacting on the hotel performance since the community does not feel the presence of the hotel hence bring business to it. It was noted that majority of the hotels do not have a loyalty programme in place and this could be affecting hotel performance to the negative. The case of any planned change, there are documented procedures to enable success of that change, a large majority seemed not to be aware such policy being existent and hotels should set clear loyalty programmes so as to improve their performance.

5.3 Conclusion

The study concludes that, the hotels do not have a staff training policy, enough working staff, employ low skilled workforce, poor remuneration and functional appraisal tools. The study also concludes that the hotels have communication channels in place. However, the laid down protocol of communication is not being adhered to, hotels have embraced online booking although they have not invested fully on the available online booking platforms; have not adopted smart energy application in reducing overhead operational costs and that they have a staple WIFI network and ample parking space. The study further concludes that the hotels have employed diverse marketing platforms and they maintain their clients majorly through embracing on price, promotion, place and product approach and that hotels have not invested much on the distribution channels for enhanced performance. Finally the study concludes that hotels have not invested in corporate social responsibility and do not have a loyalty programme and they do not communicate effectively on any changes that may affect business to the workforce.

5.4 Recommendations

Based on the findings, the researcher recommended the following:

5.4.1 Hotels Human Resource

From the findings, the study recommends that the hotels in Trans Nzoia should employ not only enough manpower but also, competent staff that can drive the mission and vision of the hotel hence, realize performance. The hotels develop a training policy framework which can guarantee capacity development leading to upward mobility in the service. It is also recommended that the hotels pay the workers competitively especially taking into account the labor laws on minimal wage pay for its workers. This will encourage the workers to give their all in service delivery hence, hotel performance will improve. The hotels should develop management development programmes this will give an exposure experience for the managers to interact with other players in the industry ultimately increased performance.

5.4.2 Technology and Hotel Performance

The study recommends that the hotel should develop strictly adhere to the laid down communication channels to eliminate obstacles and conflicts which leads to poor productivity hence affecting performance. The hotels should explore other online booking platforms for maximum attraction of clients hence, performance. Hotels should also develop individualized hotel based apps which clients can interact with. The hotels should embrace smart technology which can reduce the overall operations costs hence better performance.

5.4.3 Strategic Marketing and Performance

The study recommends that the hotels should employ diverse marketing platforms to attract more customers. They should maintain their clients through embracing on price, promotion, place and product approach and more, invest much on the distribution channels by adopting rotational duty engagements and on-the- job trainings for staff to master skills in different departments.

5.4.4 Shared Values and Performance

The study recommends that the hotel should invest in corporate social responsibility and also introduce customer loyalty programmes to attract and retain customers. It is also recommended that the hotels should develop a clear policy on opportunity for growth through the rank when opportunity arises. Finally, the hotels should communicate any planned change across board since it will help the whole team own the change and success in the long run. Also the hotels should have documented procedures to enable success of that change to the employees so that they can consciously be prepared for such change.

5.5 Contribution to the Body of Knowledge

This study investigated the influence of institutional capabilities on hotel performance. This study established that human resource, technology capabilities, marketing strategy and shared values greatly influence hotel performance. There are other institutional capabilities influencing hotel performance and scholars should consider the following: a study on effect of human resource adequacy and hotel performance; the factors influencing high employee

turnover ratio in hotel in Trans Nzoia County; the effect of government policy on hotel performance in Trans Nzoia County.

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APPENDICES

APPENDIX I: LETTER OF TRANSMITTAL OF DATA

Emmaculate Kipyasang'

University of Nairobi

Po Box 30197-0100

Nairobi, Kenya

9th October, 2019

Dear Respondent,

RE: DATA COLLECTION

I am Emmaculate Kipyasang' currently a student at the University of Nairobi pursuing a degree of Master of Arts in Project Planning and Management. I am undertaking an academic research on Institutional capabilities influencing performance of hotel in Kitale Municipality, Trans Nzoia County. You are kindly requested to participate in filling this questionnaire. The information you share with me will be purely for academic purpose. I hereby wish to assure you of my commitment to keep in your identity and the information given strictly confidential.

Sincerely,



Emmaculate C. Kipyasang'

APPENDIX II: STUDY QUESTIONNAIRE

I am Emmaculate Kipyasang’ currently a student at the University of Nairobi pursuing a degree of masters of Arts in Project Planning and Management. I am undertaking an academic research on Institutional capabilities influencing performance of hotel in Kitale Municipality, Trans Nzoia County. You are kindly requested to participate in filling this questionnaire. The information you share with me will be purely for academic purpose. I hereby wish to assure you of my commitment to keep your identity and the information given strictly confidential.

Demographic characteristics

- 1. Please indicate your gender (tick the correct box) Male Female
- 2. Indicate your age (tick the right box) Below 25 25 – 35 36 – 45 Over 45
- 3. For how long have you lived in this community?
All my life More than 20 years Less than 20 year’s Less than 10 years
- 4. What is your level of education? Below primary Primary Secondary Diploma Degree

Human Resource and Performance of hotels in Trans Nzoia County

Indicate your level of agreement on the following statement regarding the human resource capabilities influencing hotel performance in Trans Nzoia County. Use the scale of 1-5 where 1-is a very large extent, 2-large extent 3-no extent 4-samall extent and 5- very small extent in giving your responses.

.....which influences performance	1	2	3	4	5
The hotel has a staff training policy					
Staff regularly undergo training and development					
The hotel has employed only competent staff in the hotel					
There is set clear communication among the management and junior staff					
The hotel pays its workers well and performance appraisals are satisfactory					
There is teamwork across all departments and work is seamless thus employee retention.					

Technological Capabilities and Performance of Hotels Trans Nzoia County

Indicate your level of agreement on the following statement regarding the influence of technological capabilities on performance of hotel in Trans Nzoia County. Use the scale of 1-5 where 1-is a very large extent, 2-large extent 3-no extent 4-samall extent and 5- very small extent in giving your responses.

.....which influences performance	1	2	3	4	5
The hotel uses online advertising to market itself					
Most of the hotel's clients book online					
The hotel has excellent WIFI connectivity which attracts guests					
The hotel uses smart energy technology to save on energy costs					
The hotel has a Smart App that clients interact with					
Hotels use smart hotel apps to allow guests to reserve parking spots in advance of their visit					
Marketing and advertisement is a key factor in assessing performance of hotel.					
Hotel enables guests to check in remotely through their mobile device enabling them to spend less time on the welcoming process					

Strategic Marketing and hotel performance in Trans Nzoia County

Indicate your level of agreement on the following statement regarding the influence of strategic marketing on performance of hotel. Use the scale of 1-5 where 1-is a very large extent, 2-large extent 3-no extent 4-samall extent and 5- very small extent in giving your responses.

.....which influences performance	1	2	3	4	5
The hotel through the senior management has strategic plans and adequately prepares for any change and set customer retention policies.					
The hotel has Marketing plans that spurs performance					
There is set systems on handling promotional mix.					
There is distinct distribution channels, differentiation of types of services offered and key staff is well conversant.					

- Customer retention
 - Tools used
 - Marketing plans
- Distribution Channels

Shared values influence hotel performance in Trans Nzoia County

Indicate your level of agreement on the following statement regarding the extent to which shared values influence hotels performance in Trans Nzoia County. Use the scale of 1-5 where 1-is a very large extent, 2-large extent 3-no extent 4-samall extent and 5- very small extent in giving your responses.

.....which influences performance	1	2	3	4	5
There is clear and well established social diversity and corporate social responsibility at the hotel.					
There is social cohesion amongst staff at the hotel.					
There is an opportunity for growth through the rank when opportunity arises.					
In case of any planned change, there are documented procedures to enable success of that change.					
The hotel should set clear loyalty programme so as to improve its performance.					

Hotel performance

To what extent to the following capabilities have impacted on the performance of your hotel business. Use the scale of 1-5 where 1-is a very large extent, 2-large extent 3-no extent 4-samall extent and 5- very small extent in giving your responses.

Statement	1	2	3	4	5
Human resource has greatly contributed to the performance of the hotel					
The hotel's adoption to technology has greatly influenced performance of the hotel					
The hotel's strategic marketing positioning has driven the hotel's performance					
The hotel's shared values have greatly influenced the performance					

Thank You for Your Time and Contributions.

APPENDIX III: INTERVIEW GUIDE

Background information

How long have you been in the institution?

Have you worked in any other hotel?

1. Training and hotel performance

Do you train your employees?

How often do you conduct the training?

Do you have a training policy in the hotel?

Is the training conducted related to job mobility in the hotel?

If yes, how long does one take to rise in rank in your hotel?

How do you think training influences performance of the hotel?

2. Human resource and hotel performance

Do you have adequate staff in the hotel?

If no, how many more do you think you need to recruit?

How do you motivate your workers?

What could you say about employee retention?

How has the human resource helped in the performance of the hotel?

3. Technological capabilities and hotel performance

Does the hotel have a communication system in place?

If yes, how does it help in hotel performance?

Does the hotel have an online booking system?

If yes, how as it influenced hotel performance?

What feedback strategy have you employed in the hotel?

To what extent has the feedback system influenced hotel performance?

4. Marketing strategy influence performance of Hotels

What are the media you use in marketing your hotel business?

Which advertisement medium could you say is the most efficient for the hotel?

What distribution channel have you adopted for the hotel?

Do you have a customer retention plan?

If yes, which one?

To what extent could you say your marketing strategy influences performance in the hotel?

5. Shared values and hotels performance

Does the hotel a corporate social responsibility?

If yes, what are some of the activities have you invested in corporate social responsibility?

How do this corporate social responsibility influence performance of the hotel?

What work values have the hotel adopted?

Does the hotel have any loyalty programmes?

If yes, how have they enhanced hotel performance?

APPENDIX: RELIABILITY TEST

1. The study conducted Reliability Statistics for dependent Variable. The findings were presented as below

Reliability Statistics	
Cronbach's Alpha	N of Items
.917	4

The Cronbach's Alpha value of reliability was 0.917 which was an acceptable reliability value because it was above the 0.7 value criteria recommended for data to be considered reliable.

2. The study conducted Reliability Statistics for human resource capabilities. The findings were presented as below:

Reliability Statistics	
Cronbach's Alpha	N of Items
.816	6

The finding indicated that Cronbach's Alpha value of reliability was 0.816 which was an acceptable reliability value because it was above the 0.7 value criteria recommended for data to be considered reliable.

3. The study conducted Reliability Statistics for technological capabilities Measure. The findings were presented

Reliability Statistics	
Cronbach's Alpha	N of Items
.880	8

The Cronbach's Alpha value of reliability was 0.880 which was an acceptable reliability value because it was above the 0.7 value criteria recommended for data to be considered reliable.

4. The study conducted Reliability statistics for strategic marketing. The findings were presented as below

Reliability Statistics	
Cronbach's Alpha	N of Items
.848	9

The finding indicated that Cronbach's Alpha value of reliability was 0.848 which was an acceptable reliability value because it was above the 0.7 value criteria recommended for data to be considered reliable.

5. The study conducted Reliability Statistics for shared values. The findings were presented below

Reliability Statistics	
Cronbach's Alpha	N of Items
.890	5

The Cronbach's Alpha value of reliability was 0.890 which was an acceptable reliability value because it was above the 0.7 value criteria recommended for data to be considered reliable.

APPENDIX IV: RESEARCH PERMIT

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 890040	Date of Issue: 23/October/2019
RESEARCH LICENSE	
	
<p>This is to Certify that Ms.. EMMACULATE KIPYESANG of University of Nairobi, has been licensed to conduct research in Transzoia on the topic: Institutional Capabilities Influencing Hotel Performance in Kitale Municipality Trans Nzoia County, Kenya for the period ending : 23/October/2020.</p>	
License No: NACOSTI/P/19/2339	
890040 Applicant Identification Number	 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
	Verification QR Code 
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APPENDIX V: PLAGIARISM REPORT

INSTITUTIONAL CAPABILITIES INFLUENCING HOTEL PERFORMANCE IN KITALE MUNICIPALITY TRANS NZOIA COUNTY, KENYA

ORIGINALITY REPORT

12%	6%	0%	11%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to Mount Kenya University Student Paper	2%
2	pdfs.semanticscholar.org Internet Source	2%
3	Submitted to Kuala Lumpur Infrastructure University College Student Paper	1%
4	www.verdant.co Internet Source	1%
5	Submitted to University of Nairobi Student Paper	1%
6	Submitted to Kenyatta University Student Paper	1%
7	Submitted to Westminster International University in Tashkent Student Paper	1%

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