

**ORGANIZATIONAL LEARNING AND OPERATIONAL  
PERFORMANCE IN HOSPITALITY INDUSTRY IN KENYA**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT  
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE  
OF MASTERS OF BUSINESS ADMINISTRATION, SCHOOL OF  
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## DECLARATION

This research project is my original work and has not been submitted for another degree of this or in any other university or institution of learning.

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The research project has been submitted for examination with my approval as University supervisor.

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## **DEDICATION**

This work is dedicated to my wife, son, mother and other family members, whose prayers, encouragement and understanding enabled me to complete the programme.

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## **ABSTRACT**

The continued environmental changes have resulted in increased business competition and thus need to come up with new ways of doing business. Organizations are now forced to implement different types of operation systems so as to enhance their productivity, reduce costs and increase the speed of delivery to enhance customer satisfaction. The main purpose of this study was to determine the impact of adopting organizational learning on operational performance. The study focused on hospitality industry in Kenya. The findings indicate that adopting organizational learning enhances operational performance though contextual factors have a direct influence on achieving the same. Data was collected through self-administered questionnaires focusing on the operations department of the selected hotels. Organizations that are seeking enhancement of long term competitiveness should consider adopting organizational learning with a consideration on contextual factors.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background**

Organizations are composed of different operational functions which in turn consist of tasks of one or more elements or subtasks, performed typically in specific location. The process of performing the operational tasks transform resources or data inputs into desired goods, services or results and create and deliver value to customers. Two or more connected operations constitute a process which is generally categorized into processing, inspection, transport and storage. Activity of managing resources which are devoted to the production and delivery of products and services is the operations management.

The core objectives of operations management can be defined under core services performance objectives. These are quality, cost, flexibility and speed. The core objectives are achieved in an environment that is continuously changing and thus achieving these requires ability to manage system dynamics through continuous innovations of new ways of managing business. Such business operations are described in terms of network of subsystems.

#### **1.1.1 Organizational Learning**

The general system theory defines systems as a set of interacting units or elements that form an integrated whole intended to perform some functions (Skyttner,1996). A system satisfies following conditions; first the behavior of each element has an effect on the behavior of the whole, secondly the behavior of the elements and their effects on the whole are interdependent and thirdly subgroups of the elements are formed, all have an

effect on the behavior of the whole but none has an independent effect on it. Entropy is the amount of disorders or randomness present in any system.

Amagoh (2008) under systems and complexity theories indicates that there is importance for organizations to gain competitive advantage by being able to manage and survive environmental imposed changes. Amagoh continues that for organizations to be able to survive under such turbulent business environment, the parts learn from these environmental interactions and restructure themselves to better adapt to the environment. If left alone the organization's systems fall to a state of entropy and eventually death. System and complexity model offers introductory of promising avenues from which organizational leaders can appreciate and address these complex organizational dilemmas. One of these avenues is adoption of continuous learning discipline to help remain innovative and thus competitive.

Learning is the activity or process of gaining knowledge or skill by studying, practicing, being taught, or experiencing something (Schulz , 2001). From an abstract point of view, organizational learning denotes a change in organizational knowledge. Learning involves a process which takes time and is supported by certain factors and theories. They are Systemic thinking, dialogue, ability to transfer knowledge and experimentation with new approaches.

Systemic thinking is the conceptual cornerstone and the discipline that integrates the others, fusing them into a coherent body of theory and practice. Systems theory's which diffuse and help inhibition of the ability to comprehend and address the whole picture of the system and to examine the interrelationship between the different parts provides both

the incentive and the means to integrate the disciplines (Senge,1990). The key element that enhance on understanding of the whole is dialogue which is the discipline of team learning. Conversation is a process of two people understanding each other intently which is inherently risky as it involves questioning our beliefs and assumptions and then ability to transfer knowledge quickly and efficiently.(Nemeth,1997),the enhancing platform to intent conversation that establishes effective transfer of knowledge requires common vocabulary which helps to minimize time and effort spent on interpretation. Organizational learning is a process that creates, transformation, or reduction in organizational knowledge.

There are facilitating factors or culture that expedite learning (Nemeth, 1997).These are Information gathering practices in the internal and external environment, awareness of motivational gaps to motivate learning, efforts spent on measuring key factors that determine need for and outcomes of learning, management support of experimentation (leadership style), climate of openness, continuous education, variety of methods, procedures, and systems that allows adaptation, multiple advocates at all levels to advance new ideas, involved leadership that rewards and recognizes an interdependence of organizational units that leads to wide spread accountability. Lack of these business environments impedes learning process.

Learning organization is an organization where people continually expand their capacity to create the results they desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together (Senge, 1990). Learning organization leads to change

in three levels; individual staff, group level and organizational level. The integrated and institutionalized learning impact positively on creation, development and integration of insights and new ideas of operations (Nemeth, 1997). These are the main differences seen between a learning and non-learning organization. The ability by organization to integrate insights and generate new ideas gives the organization empowered ability to grow in changing or unstable environment. For a learning organization, unstable environment offers an opportunity of enriching information pot as different experiences expound which enhance more learning and thus improved performance. For non-learning organization, unstable environment leads to disorders (entropy) and eventually death.

### **1.1.2 Organizational Learning and Performance**

There are three levels of learning; individual level, group level and organizational level. The identified characteristics of a learning organization are open communication and information sharing, risk taking and new idea promotion, and information, facts, time, and resource availability to perform ones job in a professional manner. These characteristics have been identified as the strongest predictors of organization's ability in change adaptations, innovation and bottom line organization performance (Kontoghiorghes et al., 2002). They also recognized that linking learning to practice is important. Organization also requires shift of mind and adopt mental models for interpreting the external world. This mind shift involves development of creative tension between a vision of what could be and the current reality. This involves organization adopting double loop learning model. This is what that differentiate a learning organization from a non-learning one. It is a model of not just correcting errors, which allows organization to carry on with current policies and objectives. Double loop learning

allows modification of norms, policies and objectives, openness to dialogue with a much broader purpose and commitment to cooperation, awareness of whole, engaging in creative rather than reactive. This requires defining of new relationship with its employees. By embracing this organization is empowered in operations dimension of change adaptations, innovation and bottom line organization performance. These issues are to be investigated in a hospitality sector of Kenyan context.

### **1.1.3 Hospitality Industry in Kenya**

The study intends to concentrate on hospitality sector in Kenyan economy. These comprises of hotel industry which works very closely with tourism sector. Appropriateness of hospitality industry is one of key drivers in performance of tourism industry which contributed 4.8 percent of GDP in 2013 according to World Travel and Tourism Council. These reflect activities generated mainly by hotels and others. This rank number two in economic contributor after agriculture which is a confirmation of importance of this sector in Kenyan economy. According to Kenya Market outlook for 2014 over 500 decent hotels exists in Kenya.

Competition of hotel industry in Kenya can be analyzed in form of customer and supplier bargaining power, threat of new entrants and rivalry between the existing businesses due to market segmentation. With continuous effort by the government of Kenya to make Kenya most preferred destination, hospitality industry is expected to grow thus bringing in more competition from new entrants. The existing hotels are also continuing with more innovations which is making the business competition to increase day in day out. Also due to volatility of Kenyan politics international communities have been issuing adverse travel communications to their citizens thus affecting the industry further negatively

while continued social economic change of Kenyan culture has enabled growth in local tourism and thus working to the benefit of the industry.

Customer demands have changed due to increased population within Nairobi city, the blend of international customers, the market tastes and market demands. This is despite the fact that there are many restaurants and hotels within the city. The food service industry therefore needs to step up its efficiency and effectiveness so as to be competitive in the market. Of important to the managers of the industry are the competitive variables namely price, time, quality and flexibility. Price here, a sensitive competitive factor, is normally fixed by marketers but lower bounded by production costs (purchase price, use costs, maintenance costs and disposal costs). Quality will be in terms of timelines of service and customer experience. Time is affected by production lead time and information lead time while flexibility concerns mix and volume. The issue of these companies is to integrate these variables and position themselves appropriately in such changing business environment.

## **1.2 Research Problem**

A learning organization is expected to perform better because of improvement in such areas like ability to adapt faster to changing environment, becoming innovative of better ways of operations and bottom line performance. This is because learning creates predictable and systemic operations.

The competition in the hospitality sector is high because of increased customers' quality consciousness and increased number of players. Continued political volatility in Kenya has also been affecting the hospitality industry negatively. Also the business environment

keeps on changing which makes the cost of doing business increase. Other factors that drive the competitiveness are the social cultural change and technological empowerment which gives the customers and competitors ability to have wide range of information and thus informed. On a global perspective, Hassan and Fevzi (2005) conducted a study on factors influencing productivity in small island hotels in northern Cyprus. The research concluded that staff recruitment, staff training, meeting guests' expectations and service quality are the main productivity factors in hotels.

Studies focusing on organizational learning and its effect on performance have been reported frequently (Kontoghiorghes et al 2002). Some of the studies focus on organizations' systems and others on learning organization and performance. Studies focusing specifically on twin issues of learning and hospitality industry in Kenyan context would add to the understanding. Kiguru (2010) also conducted a study on adopting the learning organization concept. The study focused on hotels in the hospitality sector in Nairobi and it established that organizational, functional and personal factors do affect the learning organization concept.

Viviane et al (2011) identified that learning process increases diffusion of knowledge which in turn reduces dependencies of organizational processes on individuals but staff become more valuable. They also noted that as organization takes up new innovations for instance software implementations, learning takes place and several other changes including intellectual growth and improved actions can be experienced.

Study on relationship between organizational learning and synergistic effect, Zhang and Ding (2013), indicated that learning and innovation creates a synergistic effect to the

organization. Continuous search for new knowledge to improve which is characteristics of learning leads to innovations of new solutions.

The main dilemma facing organizations is the fast changing environment and the key decision to the management is creation of a culture that supports learning. Such requires continuous learning to help in overcoming stagnating culture. To achieve this is also costly and so the question is what is the effect of learning on the operational performance?

### **1.3 Research Objectives**

- i. To determine the level of learning culture in hospitality firms in Kenya
- ii. To determine operational performance of hospitality firms in Kenya
- iii. To determine the relationship between learning and operational performance

### **1.4 Value of Research**

This study is important to the following persons:

Top Management-The findings of research will guide them on whether to adopt the learning disciplines or not. It will do so by explaining to them what the learning is, what benefits does the learning will bring to their companies, whether the benefits are real or perceived and what kind of companies tend to implement the learning and what will be the role of top management should they decide to implement it.

Learning Organizations consultants: the finding of this research will identify the usage of learning in Kenya and by doing so this will act as market research for consultants who will target the companies that have not adopted it for consultancy on adoption i.e. setting up the model and to those that have adopted it on continuous consultancy. The thesis

finding will also highlight the differentiating characteristics of companies that have adopted and not adopted the learning discipline. This information will assist the consultants in formulating strategies in approaching top management to consider the adoption.

Academics will also need the findings of the thesis to understand the role of contingency variable in the adoption of innovative management control tool in Kenya. This will add to knowledge base for the benefit of researcher in this area in Kenya.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

In conducting research for this study, information was extracted from numerous articles, books and internet sources in an effort to select coherent and appropriate data to support the study. This chapter reviews theoretical work from past studies recently done and more historical, on the subject: Organizational Learning and Operational Performance in Hospitality Industry in Kenya. The Literature has been reviewed along three themes: Learning culture and organizational learning, Organizational learning and performance and contextual factors in organizational learning. A summary of the knowledge is set out and conceptual framework of the study proposed.

#### **2.2 Learning Culture and Organization Learning**

In this section, levels of learning are identified (Nemeth,1997), and the processes of learning indicated (Schulz, 2001). The areas that can benefit the process of learning are also highlighted and finally the gaps not fully covered in the review have been identified.

An empirical study by Nemeth (1997), sought to examine the levels of learning. Using statistical method based survey, the study identified three levels; individual, group and organizational. Four meta processes are also identified which acts as a thread that link up the three levels. These processes include intuition, interpreting, integrating and institutionalizing. Intuition, as defined in the study entails getting the picture of what future will be and what the organization could be, interpreting, is ability to interpret information about the environmental on which the business exists, integration which is

collating individual understanding through mutual awareness and more formal processes start to be worked on. Finally, institutionalizing entails bringing together varied points, formalizing and structuring through systems, procedures and rules or routine. At individual level, process of intuition and interpretation happens leading in individual cognitive and behavioral change. At group level process of integration takes place leading to collective mental models, team learning, shared vision and systems thinking. Lastly, at organizational level, institutionalization is accomplished and store house of knowledge is created in structure, culture, vision, strategies and systems. These arguments are consistent with those of Schulz (1997), processes of learning and measuring organization learning.

In the conceptual paper on organizational learning Schulz (2001) sort to examine the driver factors which leads to learning. These are production and adaptation of rules or routines, dissemination of knowledge, availability of communities of learners, exposing to varied experiences or risk taking and performance feedback. Adaptation to routines helps in encoding of lessons learnt and conceptualization. Dissemination of knowledge between and within the organization helps organization exploit or use the knowledge acquired. Communities of learners and varied experiences help improvement in weaker areas by adaptation to dominant experiences. Feedback enable in adopting and improving solutions which solved past problems and discard wrong solutions.

The papers are indicative that building a learning culture is a process that takes a conscious pattern. Study by Nemeth was done in a business unit of large corporation in North America. A study of similar issues in a different geographical region and sector

would enhance understanding. Also applicability of theories expounded by Schulz in hospitality industry is proposed in this study.

### **2.3 Operational Performance**

The operations performance measures are highlighted in this section. Linet (2013) in the empirical paper on operational performance in commercial banks indicated the variety measures of operational performance. These include cost effectiveness, quality services and goods, productivity, flexibility and timeliness. Cost effectiveness relates to the ability to produce at the most economical cost, quality services and goods relates to meeting customer needs in terms of satisfaction, production is ability to produce enough quantity to meet customer needs while flexibility and timeliness is ability to introduce new products or services that meets the growing and varied desire 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 elaborate more on operationalization of operational performance measures unlike the former study that does not.

Hernaus and Miha (2006), as organizations invest in acquiring these new capabilities, their success (or failure) cannot be motivated or measured in the short run by the traditional financial measures. In other words, organisational performance is far wider concept than just profit or some other financial performance measures. It cannot be evaluated without taking organisational goals into consideration. The contemporary

modern business environment demands a multi-goal orientation. Profit theory is no longer a valid measure of organizational performance and neither are other approaches that only take the interests of shareholders (owners) of a company into account. Emerging management paradigms are emphasizing a stakeholder perspective. Due to the significance of various stakeholders, organizational performance should not be solely assessed by financial indicators. The main focus of performance measures is on financial, employee's view, supplier's view, customer's view. Hernaus and Miha extended that operationalization of these measures would be on financial measures, suppliers' measures, employees' measures and customers' measures.

## **2.4 Organization Learning and Performance**

The section identifies the characteristics and measures of a learning organization and their relationship on operational areas. Gaps are also highlighted.

Kontoghiorghes, Awbrey and Feurig (2002) in their empirical study on relationship between learning organization dimensions and adaptation to changes, innovations and performance identified learning characteristics as open communication and information sharing, risk taking and new idea promotion, support and recognition for learning and development, resource availability to perform ones job in a professional manner, availability of high performance team, reward for learning and performance ,positive training transfer and continuous learning climate and knowledge management. Also comparable operational dimensions were identified as adaptability to change, quick product or service introduction and bottom line organization performance. Adaptability to change is defined in terms of extent to which organization can adapt to changes instantly, while innovations in terms of extent to which organizations can introduce new products

or services quickly and easily. Bottom line performance was defined in terms of quality, productivity, profitability, organizational competitiveness and employee commitment. The statistical based method survey, indicated 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 structural, cultural and information systems of the organization.

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

The task force paper of Canada Public Service Agency (2007) in their conceptual paper examined the various environments as the drivers that provoke organizations to adopt learning discipline. These include competitiveness, information technology, continuous environmental change and the knowledge worker who wants to remain relevant. Learning is not a preparation of life; learning is life-meaning need to be continuous for it to have deepest integration with culture. The study noted that the rate at which organizations learn may become the only sustainable source of competitive advantage because of transformative nature and organization that cannot adapt to change face extinction. The analysis was based on the applicability of benefits of a learning organization to Canadian Federal government. Argument can be drawn that adopting learning culture is very critical in realizing long term competitiveness and organizational growth.

## **2.5 Contextual Factors in Organizational Learning**

Contextual factors at firm and industry level that facilitate or hinders learning are spelt out (Ellinger,2005).Role of management is also defined (Pimapunsri,2008). Ellinger (2005), in the qualitative case study explored the contextual factors that influence learning. Based on a study ‘‘The Teaching Firm Study’’ Culture, organizational and industry context were found as influential factors in organizational learning. Culture included management style. Organizational factors; areas of incentives, promotion criteria and job security are contributor factors while industry factors are political stability (Mironov, 1991), presence of regulators and association bodies. Study indicated that context played an enormous role in learning both formally and informally. It was however not clear how the factors were identified or defined and thus there could be difference in a different contextual set up like hospitality which this study sorts to identify. Presence of organizational contextual factors are supported by an empirical paper by Pimapunsri (2008). The study was however limited by cultural background and suggested a study in a setup with more cultural mix to add on the knowledge.

In the empirical paper that examined the relationship among learning organization, leadership style and demographic variables among the subordinates, Pimapunsri (2008), demonstrated that demographic variables and leadership style shows significant difference in learning organization. Leadership style defined by constructs of transformational and transactional are hard worker, trainer and encourager, rewarder, democratic work place are indicated as facilitative to learning effort. Subordinates variables which includes age, gender, cultural backgrounds encompassing diversity were also indicated as facilitative factors. The study was based on limited contextual factors in Thailand and therefore would be interesting to do such study in Kenyan context with interest of study on more contextual factors if they exist.

## 2.6 Summary and Conceptual Model

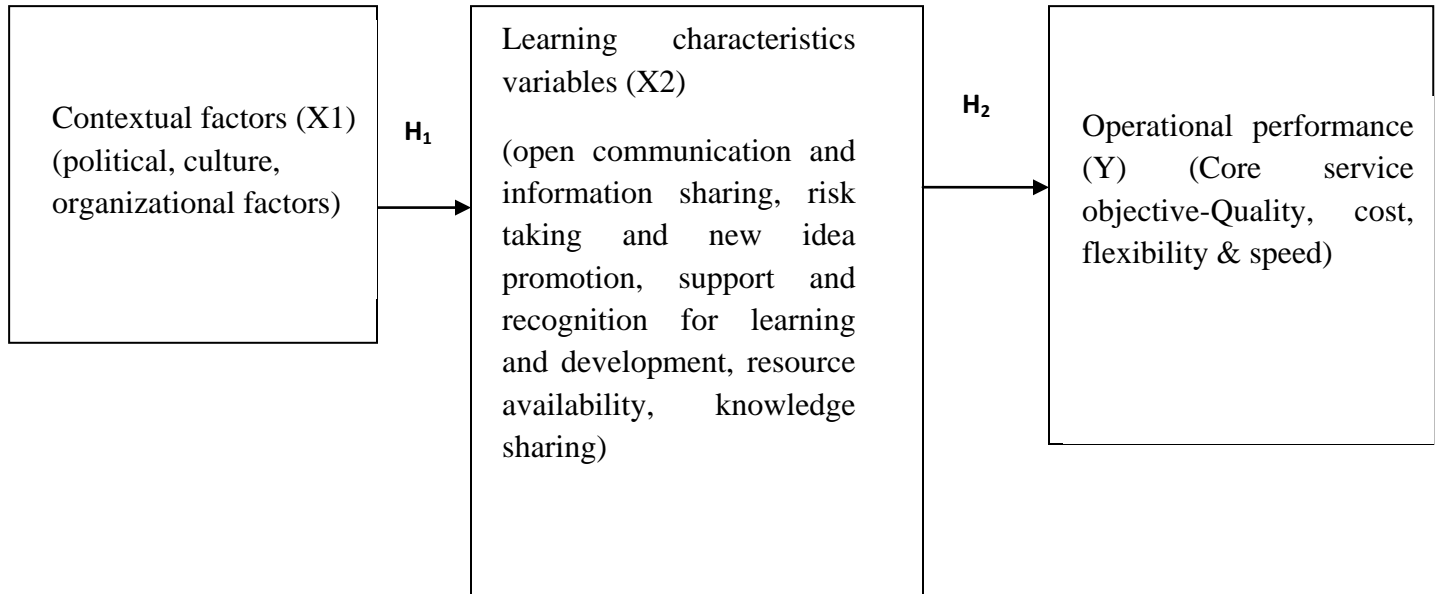
The literature reviewed is summarized in Table 2.1.

**Table 2.1: Summary of Literature Review**

Study	Type	Finding	Gap	Issues to be examined in the proposed study
Nemeth (1997)	Empirical Paper	Confirmed there is presence of indicators or enablers of learning in an organization	Geographical context and Industry	The context in a specific industry of hospitality in Kenya.
Schulz (2001)	Conceptual Paper	Learning is a process which takes a pattern	Generalization	The context in a specific industry of hospitality.
Linnet (2013)	Empirical Paper	Operational performance measures	No indication of operationalizing of the measures	The context in a specific industry of hospitality.
Hernaus and Miha (2006)	Empirical Paper	Operational performance measures	Geographical context and Industry	The context in a specific industry of hospitality.
Kontoghiorghes, Awbrey and Feurig (2002)	Empirical Paper	There is a strong relationship between learning and organizational performance	Geographical context and Industry	The impact of adopting learning on performance of hospitality industry in Kenya
Task Force Paper of Canada Public Service Agency (2007)	Conceptual Paper	Adopting learning discipline has benefit in organization performance	Geographical context and Industry	The context in a specific industry of hospitality in Kenya
Ellinger (2005)	Conceptual Paper	Context permeates all facets of the learning process	Geographical context and limited factors	The context in a specific industry of hospitality.
Pimapunsi (2008)	Empirical Paper	Organizational characteristics influences learning	Geographical context and limited factors	Presence of other variables affecting learning

Source: Literature Review, 2015

The themes discussed above can be conceptualized as in figure 2.1. A conceptual model emphasizes how the different variables in the study interact under different conditions.



**Figure 2.1: Conceptual Model**  
Source: Researcher, 2015

These links can be examined by testing the following hypotheses.

H<sub>1</sub>: Contextual factors has a positive influence on the learning process

H<sub>2</sub>: Learning characteristics emphasized has a positive influence on operational performance

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This study seeks to answer the question; what is the effect of learning on the operational performance? In answering this, methods decision have been made concerning research type, coverage, data collection and statistical techniques under the objectives; determining the level of learning culture, determining operational performance and the relationship between learning and operational performance in hospitality sector in Kenya.

#### **3.2 Research Design**

The study was conducted to determine the level of learning culture, operational performance and the relationship between learning and organizational performance. To meet these objectives, the study was empirical as the data was collected first hand at the source Mugenda (2011) and crosssectional in nature as the information was recorded based on a single point in time. The study was descriptive and focused on hospitality sector in Kenya. The unit of analysis was individual hotels and restaurants. According to Cooper and Emory (1995), a descriptive study is used when the what, who, where or how of a phenomenon is the focus of the proposed study. The type of the study aids in fact finding and can be used to formulate principles of knowledge and solutions to problems. Descriptive studies present data in a meaningful form thus helping to understand the characteristics of a given group in a given situation (Kerlinger, 1999).

### **3.3 Population of the Study**

The target population was hotels and restaurants within Nairobi. Nairobi is estimated to have about 400 hotels and restaurants ([www.tripadvisor.co.uk/restaurants-g294207-nairobi.html](http://www.tripadvisor.co.uk/restaurants-g294207-nairobi.html)) and is metropolitan with mix of cultures and thus the context did not influence outcome. The study focused on formal hotels and restaurants. If the hotel has accommodation, it must have a restaurant as part of the establishment. For restaurant not attached to hotel, it must have a minimum seating capacity of 50. Due to their formal nature, language will not be a problem. These numbers are based on internet sources.

### **3.4 Sample Design**

A sample of 40 was drawn out of the sampling frame developed from internet sources. The method was systematic sampling design. This was achieved by having all the elements put into a list and then every  $K^{\text{th}}$  element in the list systematically chosen for inclusion in the sample. This size of the sample forms 10% of the qualifying population.

Representative sample which is at least 10% of the population, if well chosen, gives good reliability (Mugenda and Mugenda 2003) hence, the choice of 10% was considered representative. The respondents of the study were managers and one other staff. This additional staff respondent was picked using convenient sampling

### **3.5 Data Collection**

The study focused on operational managers and one other additional staff. The measures on the different variables, questionnaire sections and the questions selected were obtained from the reviewed literature. Learning characteristics; open communication and information sharing, risk taking and new idea promotion, support and recognition for

learning and development, resource availability to perform ones job in a professional manner, availability of high performance team, reward for learning and performance ,positive training transfer and continuous learning climate and knowledge management were derived from Kontoghiorghes, Awbrey and Feurig (2002). Contextual factors in organizational learning measuring on culture and organizational factors-defined by management style, incentives, promotion criteria and job security; and Industry factors-defined by political stability, presence of regulators and association bodies (Ellinger, 2005).

Where possible, the questionnaire with items as indicated was administered through e-mail while others were physically delivered or posted. The questions in the study was seeking to find the level of the learning culture, level of operational performance and relationship between learning and performance.

### **3.6 Data Analysis**

Data obtained is presented in terms of descriptive statistics. This is mean, the standard deviation, and the correlation coefficient, of the variables indicators, obtained objectively as shown in Table 3.1

**Table 3.1: A summary of the Computed Mean, Standard Deviation and Correlation Coefficient**

<b>Variable</b>	<b>Mean (M)</b>	<b>Standard deviation (SD)</b>	<b>Correlation coefficient (R')</b>
Contextual factors in organization learning	2.72	0.57	1
Learning dimensions (adaptability ,innovativeness and bottom line performance)	2.54	0.62	1
Operational performance (core service objectives)	2.84	0.57	1

Source: Researcher, 2015

Using regression analysis of the formular  $Y = K + \beta_1X_1 + \beta_2X_2$ , Hypothesis **H<sub>1</sub>** and **H<sub>2</sub>** have been tested.

The correlation coefficient was used to test the null hypothesis. The null hypothesis was that the coefficient of correlation between learning culture and organization learning and each of the variables is not significantly different from zero. The level of significance of the correlation coefficient was examined at 90 percent level of confidence. In the case of **H<sub>1</sub>**, acceptance of the null hypothesis indicates that contextual factors have significant relationship on learning and hence organizational performance. In the case of **H<sub>2</sub>** acceptance of the null hypothesis indicate that achieving learning dimensions have significant influence on organizational performance.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

In this chapter the results are received and analyzed. The multi-item variables were aggregated and variable values were determined. These variables are: operational effectiveness, management style and operational performance.

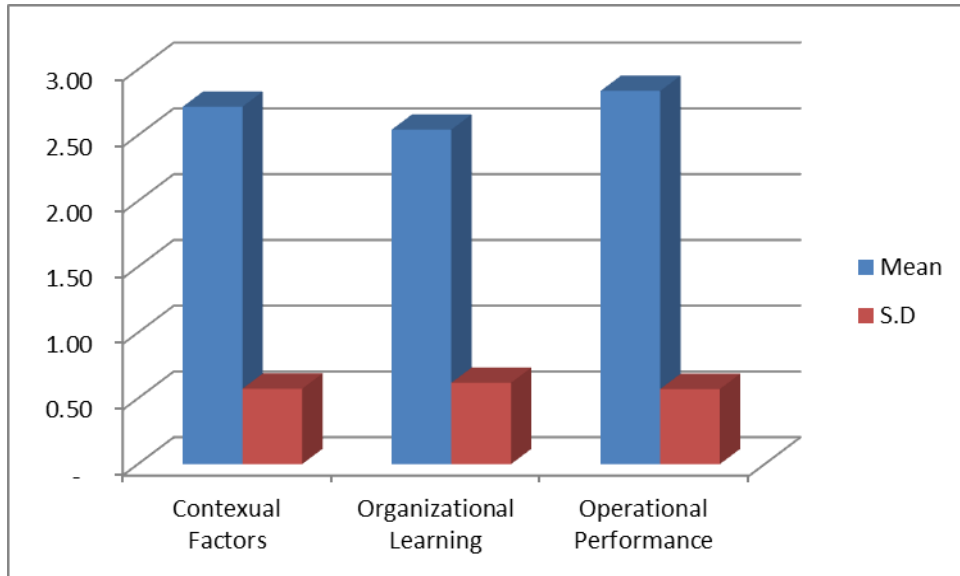
#### **4.2 Results**

##### **4.2.1 Response Rate**

Out of the Eighty (80) questionnaires distributed, 49 were returned giving a response rate of 61.2%. The questionnaires were distributed to two categories of staff; resource coordinating staff and the coordinated staff. Of the 80 questionnaires distributed, Forty (40) were distributed to the coordinated staff. Thirty (30) were returned giving a response rate of 75%. For the resource coordinating staff, Fourty (40) questionnaires were distributed and Nineteen (19) were returned giving a response rate of 47.5%. Both response rates are acceptable to use because they are both greater than the generally accepted response rate of 30% (Lucey, 2002). There was a low response rate from the resource coordinating staff because they may have been engaged in other work-related activities and did not have time to fill in the questionnaire.

##### **4.2.2 Breakdown of Variables**

Figure 4.1 below shows a mean of 2.7 for responses on contextual factors, 2.5 for responses on organizational learning and 2.8 for responses on operational performance.



**Figure 4.1: Breakdown of Variables**

The multi-item variables used to represent the variables of contextual factors, organizational learning and operational performance were aggregated and means and standard deviations determined. The data representing the variables is presented in Table 4.1

**Table 4.1: Variable Representation**

Questionnaire #	Statistic measure	Contextual Factors	Organizational Learning	Operational Performance
1	Mean	3	4	4
2	Mean	4	3	3
3	Mean	4	3	4
4	Mean	4	4	3
5	Mean	3	4	3
6	Mean	4	3	3
7	Mean	3	3	3
8	Mean	3	3	4
9	Mean	3	2	4
10	Mean	3	3	3
11	Mean	2	3	3
12	Mean	3	2	3

Questionnaire #	Statistic measure	Contextual Factors	Organizational Learning	Operational Performance
13	Mean	3	3	3
14	Mean	3	3	3
15	Mean	3	3	3
16	Mean	3	3	4
17	Mean	3	1	4
18	Mean	3	2	3
19	Mean	3	3	2
20	Mean	3	3	3
21	Mean	3	2	3
22	Mean	3	2	3
23	Mean	3	2	3
24	Mean	3	2	3
25	Mean	3	2	3
26	Mean	3	3	4
27	Mean	2	3	3
28	Mean	2	2	2
29	Mean	2	1	2
30	Mean	2	2	3
31	Mean	2	3	2
32	Mean	2	2	2
33	Mean	3	2	3
34	Mean	2	2	3
35	Mean	2	3	2
36	Mean	3	2	3
37	Mean	3	2	3
38	Mean	2	3	2
39	Mean	2	3	2
40	Mean	3	2	3
41	Mean	2	3	3
42	Mean	3	2	2
43	Mean	2	3	3
44	Mean	3	2	3
45	Mean	3	4	3
46	Mean	3	3	4
47	Mean	3	3	3
48	Mean	3	1	4
49	Mean	3	2	3
Summary Mean		2.72	2.54	2.84
Summary SD		0.57	0.62	0.57

Table 4.1 above represents raw data as collected with the questionnaire tool. For all the three key measures which are contextual factors, organization learning and operational performance, the ranking by the respondents of their specific various measures were weighted with a mean to arrive at the overall mean for the study.

**Table 4.2: Summary Statistics Measures**

<b>Statistics measure</b>	<b>Contextual Factors</b>	<b>Organizational Learning</b>	<b>Operational Performance</b>
Summary Mean	2.72	2.54	2.84
Summary S.D	0.57	0.62	0.57

In Table 4.2 there is presentation of the summary mean of the ranking by all respondents on each category of study. Individual ranking asked from respondents was ranging from one to five with one representing strongly disagree and five strongly agree relative to various elements that were desired to be studied. Summary standard deviation indicate how the mean vary from the normal range seen.

### **4.2.3 Correlation Matrix**

A correlation matrix of the data in table 4.2 is presented as a matrix in Table 4.4

**Table 4.3: Correlation Matrix**

		<b>A</b>	<b>B</b>	<b>C</b>
		Operational Performance	Contextual Factors	Organizational Learning
Operational Performance	Pearson Correlation	1		
Contextual Factors	Pearson Correlation	1	1	
Organizational Learning	Pearson Correlation	1	1	1

Correlation coefficient is the measures of the strength and direction of the linear relationship between two variables.

Table 4.3 above presents the correlation between the contextual factors and organizational learning. It also presents correlation between organizational learning and operational performance. There is a strong positive correlation of 1 between contextual factors and organizational learning. Also, there is strong positive correlation of 1 between organizational learning and operational performance.

### **4.3 Discussion**

The study determined that learning organization have an added advantage of increasing operational performance with an influence on contextual factors.

On the impact of contextual factors on learning organization, the study found that such factors impact on the ability of organization to achieve perceived learning. This is in line with what Ellinger (2005), found and confirmed that there is presence of indicators or

enablers of learning in an organization. These includes at organizational level, industry level and political influence.

As observed in the literature, Kontoghiorghes, Awbrey and Feurig (2002), a learning organization gets upper hand ability in adaptation to changes, innovations and performance. The results are consistent with the findings of this study which indicates that adopting a learning discipline for an organization is very crucial in operational performance improvement and in turn long term competitiveness.

The study measured the operational performance based on the elements of cost, timeliness of output and customer satisfaction. It was found that operational effectiveness has an impact on operational performance. This finding supports those of Zelbst et al. (2012) who found that the effectiveness outcomes directly support supply chain performance.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents statistical tests of results presented in chapter 4 so as to determine statistical significance. Hypotheses are tested and conclusions are drawn.

#### **5.2 Contextual Factors and Organizational Learning**

The first objective of this study was to determine if the contextual factors has an impact on organizational learning. To test the null hypothesis that contextual factors has a positive influence on the learning process, the correlation of the two variables was calculated by use of Pearson factor. As the Pearson value is positive one the null hypothesis that the contextual factors have a positive influence on the learning process is accepted.

#### **5.3 Organization Learning and Operational Performance**

This study also sought to determine the relationship of organizational learning and operational performance. To test the null hypothesis that adopting organizational learning has a positive influence on the operational performance, the correlation of the two variables was calculated by use of Pearson factor. As the Pearson value is positive one the null hypothesis that the organization learning has a positive influence on the operational performance is accepted.

## **5.4 Conclusion**

The main focus of this study was to determine whether adopting organizational learning has an impact in operational performance. In view of the findings, it can be determined that adopting an organizational learning discipline will have a positive impact on operational performance of the organization mainly in long run. Organizations that adopt learning discipline should expect an increase in the operational effectiveness and in turn an increase in their operational performance. Contextual factors have a direct impact on ability of organization to achieve the level of learning anticipated. The study's conclusion is that the type of organizational learning has an impact on operational performance through an influence by contextual factors both inside and outside the organization.

## **5.5 Recommendations**

Adopting an organizational learning discipline will have a positive impact on operational performance of the organization mainly in long run. This study may provide direction to operations managers considering the adoption of organizational learning to enhance their operational effectiveness and in turn long term competitiveness to also take into account the contextual factors both inside and outside the organization. Future studies should consider measuring the effectiveness of the tacit learning in operational performance. They should also consider determining the impact of employing information systems on a wider range of organizational learning and establish if the same results will hold.

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## **APPENDIX ONE: THE QUESTIONNAIRE**

### **ORGANIZATION LEARNING AND OPERATIONAL PERFORMANCE**

**Ref:.....**

Dear participant

I am a student from Nairobi University carrying out a research on a management topic. You have information and experience that would be useful in helping understand the topic of interest.

Kindly take a few minutes to fill the questionnaire below. You are not required to give your name and any information you give will be treated in strict confidentiality. The results will be communicated in summary only.

Thanking you in advance for assisting in this.

The statements below reflect what may or may not be happening in your organization. Please tick in spaces provided against each row the column that represent your own personal opinion the extent which the statement is true or not of your organization.

		Strongly Disagree	Disagree to an extent	Not sure	Agree to an extent	Strongly agree
		1	2	3	4	5
1	In my organization, there is constant communication across levels or between departments					
2	In my organization, new ideas are constantly sought and tried and people who take risk and fail are not punished					
3	In my organization, there are varied learning and growth opportunities					
4	In my organizations, coworkers are committed to quality work and one another's success					
5	In my organizations, staff receive extrinsic rewards when applying new learning					
6	In my organizations, people are held accountable for training received and performed tasks indicate training received					
7	In my organizations, people are encouraged to manage own learning and IT capture and distribute knowledge.					

The statements below reflect what may or may not be happening in your organization. Please tick in spaces provided against each row the column that represent your own personal opinion the extent which the statement is true or not of your organization.

		Strongly Disagree	Disagree to an extent	Not sure	Agree to an extent	Strongly agree
		1	2	3	4	5
1	In my organization, managers are open and create formal and informal opportunities					
2	In my organization managers and other leaders serve as mentors and couches					
3	In my organization, managers give feedbacks to staff					
4	In my organization, job security is guaranteed					
5	In my organization, job promotions are open to all and based on merit.					
6	In my organization, implementation of new initiatives has always gotten support from legislative bodies					
7	In my organization, implementation of new initiatives has always gotten support from association bodies of this industry					
8	In my organization, implementation of new initiatives has always been in tandem with government changes and major tax changes.					

In the below section, please indicate how you feel about your organization’s performance relative to other organizations in hospitality industry in terms of the outputs that goes directly to your customers

		Much more than others	Somewhat worse than others	Just about the same as others	Somewhat better than others	Much better than others
		1	2	3	4	5
1	Cost efficiency per unit of output					
2	Timeliness of new service output					
3	Quality of services					
4	Satisfaction for users of output					