

## **Effect of Training on the Performance of the Star Rated Hotels in Kenya**

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### ***Abstract***

*This study investigated the effect of training on hotel performance in Kenya. The study concentrated on large high standard hotels. A sample of 146 respondents comprising of senior managers including Chief Executive Officers, Line Managers (ICT, HR, Marketing, Food and Beverage and Room) out 234 target population in 39 hotels were aimed at but only 105 questionnaires were returned. Data was collected in Nairobi, classified and tabulated according to research objective. Afterwards, descriptive statistics using central tendency, measure of variability and standard deviation was utilized. Inferential statistics was used to find out level of association between independent and dependent variables. The findings show training has significant and positive effect on the performance of hotels in Nairobi. Training linked to market needs benefit the industry. To achieve efficiency and effectiveness in the hotel industry, the study recommends hotel managers to make training an enduring element of hotel programs.*

*Key Words: Effect, Training, Performance, Hotels, Star rated, Kenya.*

## 1. INTRODUCTION

Hotel is a major enterprise in modern economy and in Kenya, it was considered one of the leading sectors that create jobs and increase foreign exchange earnings. In Nairobi, the industry was vibrant because it is an administrative and regional business hub with good game parks. As a result, many luxury hotels came up to offer services in the growing hospitality industry but lately, the industry has shown decline. According to Kenya Institute of Public Policy and Research Analysis (2013), Kenya had an estimated bed night capacity of 17.4 million but operated at 40% which was below optimal level. Thus, Taha (2000) states the existence of occupancy that are less than the capacity means there are lost selling opportunities which leads to a depletion of the hotel revenue.

Investigation into the performance of hotels was important because the industry is pivotal in supporting other sectors like agriculture, transport, manufacturing, trade and banking therefore trigger tremendous growth in the economy. A study like this would develop a framework that inform policy makers on areas of focus in hotel policy formulation in training, engage hotel managers, directors and investors on approaches to improving performance in the industry. The study was limited to four and five star hotels in Nairobi.

Running any business effectively and efficiently require understanding of key drivers of performance. Researchers believe improvements in hotel performance can be achieved through empowering staff by continuously developing their capacities to sustain effectiveness. Raja, Furqan and Khan (2011) consider training as the most important factor in the business world today, because training increases the efficiency and the effectiveness of both the employee and the organization. Obi-Anike et al (2014) had similar view on the role of training in the performance of businesses and said training is an investment with immediate and long term returns.

Twenty four hotels were sampled out of thirty nine hotels in the sample frame. Some hotels declined to fill the questionnaires. Out of 126 questionnaires given to respondents only 105 were returned representing 83 per cent response rate. The study sought to determine the effect of training on hotel performance in Kenya.

### *1.1 Objective of the study*

The objective of the study was to investigate the effect of training on the performance of the hotel industry in Kenya.

### *1.2 Hypothesis*

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

## 2. LITERATURE REVIEW

This section reviews the literature relevant to the study.

### *2.1. Theoretical Framework*

Human Capital Theory was used to guide the study. The Theory postulates that education and training raise productivity of workers by imparting useful knowledge and skills (Becker, 1993). Tahir, Yousafzai, Jan and Hashim (2014) state that companies invest in their employees to take advantage of the human capital management which was closing skills gap that was critical area of human resource development and helps a firm to continuously penetrate the market. Similarly, Marimuthu, Arokiasamy

and Ismail (2009) reviewed a number of earlier studies and noted that human capital development had a positive correlation with organizational performance. The findings suggest that human capital development results in higher performance, sustainable competitive advantage and higher organizational commitment. Consequently, it is expected that investment in human capital leads to greater socio-economic yield.

## *2.2 Empirical Review*

Ongori, Iravo and Munene (2013) investigated why hotels and restaurants in Kisii County, Kenya were drastically declining in performance and even closing down at an alarming rate. The study reviewed strategic plans, employee skills and knowledge and customer satisfaction. The findings reveal that future direction of organizations was determined by how people working in that organization interact and collaborate with each other. The study signified the importance of training and customer interaction to the performance of organizations.

## *2.3 Research gaps*

The hotel industry in Kenya operates in a turbulent business environment. A number of studies on the performance of the hotel industry identified gaps that need a study. For instance, Wadongo et al (2010) investigated performance indicators selecting managerial roles and choice of performance measures. Among the gaps identified include human resource management. Shikuri and Chepkwony (2013) studied entrepreneurial challenges facing hospitality industry in Kericho County, Kenya and found out shortage of competent manpower as the main challenge. Similarly, Ongori et al (2013) studied factors affecting performance of hotels and restaurants in Kenya with specific reference to Kisii and established gaps in employee skills among other factors. Finally, Owiti (2014) examined management practices and hotel performance in Nairobi and established that benchmarking was important in improving hotel performance.

## *2.4 Critique of the literature*

A lot of research was undertaken on the role of training in improving performance in the hotel industry in Europe and America. In Kenya, the literature is insufficient, partially narrative and largely subsumed in the wider hospitality industry. Studies took Western viewpoints leaving out cultural and social context of the local scene. Foreign contexts resonate different messages and meanings to training and performance. There is a growing middle class in Nairobi who utilizes hotel facilities and therefore literature on training ought to look at local perspectives on eating out and eating habits of Kenyans. Kenyan communities have rich cultures with capacity to promote human skills, knowledge and attitude.

## *2.5 Organizational Performance*

Performance was explained by Owiti (2014) as the ability of an organization to fulfil its mission through sound management, strong governance and persistent rededication to achieve results. For Lebas and Euske (2006), organizational performance is a set of financial and non-financial indicators which offered information on the degree of achievement of objectives and results. Nevertheless, Gavrea, Ilies and Stegorean (2011) contend that the concept of organizational performance is difficult to explain because of its many meanings, and therefore its measurement depend on the benchmark on which it is evaluated.

Performance in general is a multidimensional construct with multiple indicators in measuring it, such as financial and non-financial indicators. The use of modern technology emerges as an important

indicator of organizational performance. In this study, effect of training on hotel performance was examined by analyzing the following dimensions; use of technology, effective communication by staff and customers, teamwork, planning and organizing by managers, orienting customers to products and services, employee motivation, interpersonal relationship, and monitoring and evaluation. Training which boosts capacities of these elements was believed to impact individual's competences and inject fresh impetus into hotel performance.

### *2.5 Training and Performance Improvement.*

Noe (2010) defined training as a planned effort by a company to facilitate employees' learning of job related competencies (knowledge, skills and behavior) that are critical to successful job performance. Training was also explained by Gunu, et al, (2013) as a tool for organizational development. In order to perform well in a changing market environment and shifting customer taste, organizations have turned to training to match employee skills, knowledge and attitudes with changes in the market place. Gunu et al (2013) argue that training is designed to change or improve the behavior of employees in the workplace so as to stimulate efficiency while Raja, et al (2011) and Abeeha and Bariha (2012) note existence of a positive correlation between training and organizational performance and competitive advantage. Organizational performance and competitiveness may be occasioned by change of behavior of employees prompted by training.

Devi and Shaik (2012) contend training is a key that unlocks the potentials of growth and development opportunities to achieve competitive advantage. The authors (ibid) further suggest that training generates a pool of employees who stay on with longer institutional memory, cutting costs of recruitment, selection and orientation of new employees. Training therefore increases employee commitment and increases productivity (Vlachos, 2009). During training, a number of competencies are cultivated including communication, teamwork, managing others, vision, leadership, building trust, and decision making. Rigby (2013), concludes that core competencies allow companies to invest in their strengths and differentiate them from others, help employees understand management priorities and can be used to design competitive positions and strategies.

Many studies documented benefits accruing from training and development. Kamau and Waudo (2012) indicate that employee competences contribute to customer satisfaction while Nwenre (2005) contends that competent employees have a cluster of skills and attitudes that affect a major part of their job. In the hotel industry, Kim, et al (2011) itemized competencies that need to be developed to enhance effectiveness at work as; Practical competencies (patience, good documentation, good presentation, use of computers, and good memory), Adaptability to work environment (Neat and decent), Ability to make progress in work (recognize customer needs, able to sell products, meet people and communicate), Interpersonal skills (friendly, coping well, control emotions and care for the team members), Actively participate in social gathering (sense of humor and keep close relationship) and Flexibility (no complains, work late and weekends). These competencies can only be utilized when developed.

### 3. METHODOLOGY

The study applied quantitative research design to examine effect of training on the performance of hotels in Kenya. Quantitative approaches are used to establish associations among study variables and are used to determine reliability and validity of data to test hypothesis of the study (Uzel, 2015). Arasa and K'Obonyo (2012) argue that analytical quantitative approach is the most appropriate method of addressing research objectives.

The target population of the study was 234 respondents comprising of senior managers of star rated hotels in Nairobi. These managers were; Chief Executive Officers (CEOs) and Line Managers (Food and Beverage, ICT, Marketing, Human Resource, Room). The managers were targeted because the CEOs were in-charge of policy and operations of the hotel. The position made the holder cognizant of the importance of training in enhancing performance in hotels. Line managers were technical officers who run departmental operations and advised the CEO on improving performance. A sample of 146 respondents were selected but only 105 returned the questionnaires.

Data was collected through self-administered questionnaire to get perceptions and opinions of the respondents in the performance of the hotel industry. It was examined to check whether it described associations and effect of the independent variable on the dependent variable. Data was analyzed to compute coefficient of correlation and for systematic variance in the dependent variable due to the independent variable. In analyzing the quantitative data, a simple linear regression model was used to understand the effect of training on the performance of hotels in Nairobi. Mugenda and Mugenda (2003) state that relationships and predictions among variables are best determined using correlation and regression techniques.

### 4. RESEARCH FINDINGS AND DISCUSSIONS

#### a. Demographic Analysis

In the demographic analysis, more male than female were managers which suggest the industry was dominated by men. The managers were youthful with high academic qualifications that were considered positive and significant in leadership preparations. A great number of managers had four years and above in their position which was viewed to give institutional memory to reflect on hotel's management practices. Managerial experience was regarded as a contributory factor in the performance of hotels. The majority of hotels operated over ten years and with a bed capacity between 100 to 150 and accommodation stood out as the main offer. Hotels were patronized by international travelers and non-governmental organizations staff. Staff layoff was low despite dropped in bed occupancy.

#### 4.2 Quantitative results

The study had training as an independent variable which was used to find out the effect it had on hotel performance. The following statistical model was used.

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon,$$

Where,

Y = Dependent variable

$\beta_0$  = the constant (the predicted value of Y when X = 0)

$\beta_1$  = regression coefficient of the independent variable (the number of points Y changes on average for each one point change in X)

$X_1$  = Independent variable (Training)

$\varepsilon$  = error term or stochastic term.

#### 4.1 Hypothesis Statement:

Ho: Training has no significant effect on the performance of star rated hotels in Kenya.

#### 4.2 Hypothesis testing:

The hypothesis of the study variable was tested as shown below.

Pearson's zero order coefficient of correlation (Beta test).

Ho:  $\beta_1 = 0$

Ha:  $\beta_1 \neq 0$

Conduct a t-test to examine significance of the effect of Training on the performance of hotel.  
Conduct F-test (ANOVA test) to check overall significance of the simple linear regression model

#### Decision rule:

Reject the Ho: if p-value is  $\leq 0.05$ . Otherwise fail to reject. If not, reject p-value is  $\geq 0.05$ .

Hotel Performance (HP) =  $\alpha + \beta_1 T + \varepsilon$

Where;

HP = aggregate mean score of hotel performance

$\alpha$  = y- intercept

$\beta_1$  = Regression Coefficient (Beta)

T = Training

$\varepsilon$  = error term random or stochastic term.

Pearson correlation was used to show the relationship between training and hotels performance in Nairobi-Kenya. Hotel performance was reported to have a significant and positive relationship with training (.784) with p-value  $< 5\%$  as in table 4.1. The relationship was phenomenal and agrees with other studies; that training is considered as the most important factor in business world today because it increases efficiency and effectiveness of both the employee and organization (Raja, Furqan and Khan, 2011). Similarly, Gunu et al (2013) note that training has effect on hotel performance by improving the behavior of employees in work place and so stimulate efficiency. On their part, Abeeha and Bariha (2012) believe positive relationship between training and organizational performance was associated with employees' added value through training while McNamara (2010) contend that training improves the efficiencies in processes, increase job satisfaction, raises employee motivation and reduces employee turnover. This study suggests that training improves use of technologies, strengthen teamwork, enhances planning and organizing by managers and augments monitoring and evaluation of plans.

Simple linear regression technique was used with hotel performance as the dependent variable and training as the single independent variable. In a regression with a single independent variable the R square is the square of the correlation with the dependent variable. In this study, Rsquare explained that about 62% of variation in hotel performance was by training. Consequently, hotel performance was predicted to increase by 78.4% when training variable increased by one unit. Hence, the results show training was different from zero, meaning training had real effect on the performance of hotels.

Analysis of Variance (ANOVA) was used to develop an explanation for the observed data. The output of ANOVA in table 4.3 shows the sum of squares was 37.437, the degree of freedom was 1, F test (164.230) and significance level (.000). Since F test was significant, the strength of association between the independent variable (training) and the dependent variable (hotel performance) was measured using Omega Squared ( $\omega^2$ ).

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

Where;

SS = Sum of Squares

K-1 = Degree of Freedom

MS = Mean Squares

$$\begin{aligned} &= \frac{37.437 - (1-1).228}{60.916 + .228} \\ &= \frac{37.437}{61.144} \\ &= 0.6123 \end{aligned}$$

The output of Omega Squares explains that the independent variable (training) accounted for approximately 61.23% of the variance of the dependent variable (Hotel performance). F test was significant and the p-value was less than the threshold (significance level of 0.05), it was therefore concluded that the null hypothesis be rejected and that training indeed has significant and positive effect on hotel performance.

Table 4.4 shows t-test gave a positive figure of 12.815 which was greater than the standard variate (1.96) and a p-value of the relationship of .000 which was also less than the alpha value of .05. The results submit that there was a significant and positive relationship between training and hotel performance in Nairobi, Kenya. Hotel performance (HP) = 1.142 (constant) + .707 (training) which means that hotel performance was predicted to increase by .784 when training variable goes up by one unit. The findings of the test rejects the null hypothesis that 'Ho: Training has no significant effect on the performance of star rated hotels in Nairobi'.

#### *b. Key Results*

The key result of the study show training have significant and positive effect on the performance of hotels in Nairobi. The findings suggest use of technologies, effective communication, interpersonal relationship, teamwork, planning and organizing and monitoring and evaluation as important ingredients in training. Training linked to the development of these elements benefits the industry. These elements are important in training because technologies are strategic, have charm, fascination and lure employees to stay at task longer and work remotely on such things as updating hotel's web page while off duty. Technologies also boost human disposition enriching hotel competitiveness and performance. Effective communication bridges with the market by clarifying broad issues to customers. It elevates hotel's brand and attracts more customers causing revenue generation while internally it helps employees identify and

prioritize objectives and targets. Teamwork promotes dialogue, learning and unity that creates synergy to solve problems. Planning and organization helps hotel map out its scarce resources and achieving of goals. Monitoring and evaluation assist hotels in recognizing uses of resources. Finally, it can be concluded that training increases proficiencies in understanding policy and operations in hotels.

## 5. CONCLUSION

The study investigated the effect of training on the performance of the hotel industry in Kenya. The findings show training to have significant and positive effect on hotel performance. The results signify training plays an important role in the assimilation of new competencies that are applied to improve productivity and customer satisfaction. It also brings out that training enhances maximization of human potentials. The study concludes that within training variable, use of new technologies, effective communication by managers and staff, interpersonal relationship between employees and teamwork are areas that contribute notably to hotel performance in Kenya. Hotel managers and investors are beseeched to appreciate the value of capacity development and invest more in it.

## 6. RECOMMENDATIONS

Training plays a pivotal role in hotel performance. To achieve efficiency and effectiveness in the hotel industry, it is recommended that hotel managers make training an enduring element of hotel programs and focus more on;

Developing skills and knowledge on use of new technologies to reach a competitive advantage.

Improving effective communication for managers and staff to strengthen interaction and exchange of ideas.

Building strong interpersonal relationships among employees and with customers to have a pool of loyal clients.

Fostering spirit of teamwork to create a strong and cohesive working group.

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**APPENDICES.****Table 4.1 Correlations matrix**

		Hotel_Performance	Training
Pearson Correlation	Hotel_Performance	1.000	.784
	Training	.784	1.000
Sig. (1-tailed)	Hotel_Performance	.	.000
	Training	.000	.
N	Hotel_Performance	105	105
	Training	105	105

**Table 4.2 Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.784 <sup>a</sup>	.615	.611	.47744

a. Predictors: (Constant), Training

b. Dependent Variable: Hotel\_Performance

**Table 4.3 ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.437	1	37.437	164.230	.000 <sup>b</sup>
	Residual	23.479	103	.228		
	Total	60.916	104			

a. Dependent Variable: Hotel\_Performance

b. Predictors: (Constant), Training

**Table 4.4 Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	1.142	.219		5.211	.000			
	Training	.707	.055	.784	12.815	.000	.784	.784	.784

a. Dependent Variable: Hotel\_Performance

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