

Full Length Research Paper

Relationships between drivers and results of performance in the Kenyan hotel industry

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Better understanding of performance measurement and relationships between the key elements of drivers and result is a must for hotels aspiring to be and remain successful. This paper reports the use of Structural Equation Modeling (SEM) technique to test relationships between drivers and results of performance. These elements (enablers and results) were identified through the critique of five landmark performance measurement models. Data gathered via a questionnaire survey were analyzed using SEM. The statistical results revealed significant positive relationships between the enablers and results of performance.

Key words: Kenyan hotel industry, drivers, results, structural equation modeling.

INTRODUCTION

Hotels have experienced enormous growth in business volume thereby making them larger and more complex to manage and meet challenges of customer demands. As a result, sophisticated service technologies and production processes have led to a new demand on hotels' systems of control. In this regard Nudurupati (2003) noted that performance measurement is essential for business as the basis for continuous improvement and for designing an adequate information system. Performance measures are the means of support of organizations, since without them no decisions can be made (Zairi, 1996). Performance measurement therefore, is a systematic attempt to learn how products and services of organizations are responsive to the needs of the customer and the organizations' ability to improve effectiveness (Epstein, 1997). Brown (1996) further

argues that measuring performance offers an effective method of determining whether or not an organization is meeting its goals and achieving its mission.

Hotels have to adopt effective and strategic performance measurement tools in order to obtain the stated benefits. For the full benefit of measurement to be exploited, it is important for hotels to maximize the appropriateness and effectiveness of measurement activities at all levels of their operations. This is true for all industries including Kenyan hotels. Hotels have always been evaluated by performance measurement models that emphasize financial aspects of performance (Brander-Brown and Harris, 1998; Neely, 1999). Such measures of performance have been criticized for lacking of neutrality; encouraging short-termism; and lacking balance (Kaplan and Norton, 1992). However, when evaluating an organization's performance, hotels have recognized that the industry should consider not only financial figures, but also non-financial aspects. Studies by Neely (1998) and Daly (1996) suggested that a comprehensive performance evaluation system has greater predictive

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validity than one that is purely financially oriented. Kaplan and Norton (1992,1993, 1996a, 1996b, 2000) advised that long-term organizational excellence can only be achieved by taking a broad, holistic, and balanced approach and not by focusing solely on the financial aspect. Managers are encouraged to take a balanced view across a range of performance measures (Amaratunga et al., 2001) including financial and non-financial measures relating to a company's critical success factors.

Dimensions of performance

Performance is a complex concept that has been explored in numerous studies (for example, Ford and Schellenberg, 1982). In the early research of business performance, there was considerable disagreement about how it should be conceptualized. However, over time an improved understanding has developed and performance has been conceptualized in the literature in two fundamental ways, by the drivers of performance and results that are the performance outcomes (Neely et al., 2000). Researchers have classified the drivers of performance according to internal and external factors and the impact they have on managerial decision-making (Pelham, 1999). Understanding the internal and external factors and how they affect a firm's operations is central to effective performance management. A firm's internal environment has been described in terms of structure; strategy; culture; resources; and the roles and responsibilities of individuals, as well as processes and systems (Brignall and Ballantine, 1996). The external environment in which an organization operates on the other hand is often referred to its market or industry. For many firms, it is the external environment that causes the greatest challenges as it is always unpredictable and uncontrollable and, even for the most successful managers, can impact negatively on business performance.

To measure business performance, it is important to understand that the results are the outcomes of the drivers and how they are managed. In the early studies of performance, results were mostly defined and measured by the firm's financial outcomes (Harris and Mongiello, 2001). The limitations in using only financial measures of performance are that they are lagged indicators which are the result of management action and organizational performance and not the cause of it (Brignall and Ballantine, 1996). Over time the importance of non-financial measures emerged as it was acknowledged and the traditional performance measures could not provide information for the development of strategy. It is now understood that organizational success is a multidimensional concept (Emmanuel and Otley, 1985) and that the key to success is dependent on design, manufacturing, marketing and delivery of the product or

service, often within a complex and dynamic environment. The non-traditional approach to performance measurement, which combines both non-financial and financial measurement activities, provides a number of benefits including the ability to identify simple measures for a specific situation; the assistance provided to strategy development; and the opportunities for greater involvement of staff for continuous improvement.

Performance Measurement Systems (PMSs)

The need for business managers and practitioners to measure and improve performance increased in the late 1980's is due to the effect of dissatisfaction with traditional performance measures and increasing global competition (Harris and Mongiello, 2001). This interest led to a plethora measurement of frameworks designed to help organizations implement a balanced set of measures. Accordingly, a number of new PMSs were generated. The first to emerge was a self-assessment system, the Malcolm Baldrige National Quality Awards (MBNQ). Then in the early 1990's, followed by the European Foundation for Quality Management (EFQM) Excellence Model (Shergold and Reed, 1996). Around the same time, the results and determinants matrix (Fitzgerald et al., 1991) and the Balanced Scorecard (Kaplan and Norton, 1992) were also developed. Finally in 2000, the Performance Prism (Neely et al., 2001) was proposed as an improvement on the previous models. As systems for performance measurement for hotels are only now emerging, the need to further develop this area is apparent and the researcher hoped that previous research would provide a platform for understanding performance measurement practices for hotels in Kenya. Thus, there was value in reviewing existing PMSs, in order to establish the linkages between the components of these models. This review identified variables that describe the enablers and result dimensions of performance. The purpose of the identification process was not only to distinguish these variables but also to build a better understanding of the good practices that managers employ to achieve desired outputs. With this understanding, the link between enablers and results of performance could be established.

This study's exogenous and endogenous variables were drivers (enablers) to the results of performance. There were four exogenous variables (organizational strategy, stakeholders, capabilities, and processes) and two groups of endogenous variable (accounting and non-financial measures of performance). Organizational strategy was measured by strategy formulation and reasons for strategy formulation whereas, organizational stakeholders and their needs were measured by stakeholders importance of presentation, rating, price, product, feedback, and brand. Organizational capabilities were by staff management, frequency of staff activities,

partnerships, and purpose of partnerships while organizational processes were measured by the use of computerized systems and procedures. The accounting measures of performance were further broken down to two factors (financial and competitive measures of performance) whereas non-financial measures were divided into five factors (staff performance, external individuals/groups performance, service quality level, levels of resource utilization, and flexibility of the hotel) and was used in fitting models.

RESEARCH METHODOLOGY

Research design

We used cross – sectional study design. The purpose of the cross – sectional study design was to help establish relationships between drivers and results of performance for hotels in Kenya.

Study population

The population was made up of hotel managers in the rank of General Manager, Assistant General Manager, Resident Manager and Operations Manager. We chose the top four executives because they are knowledgeable about the measurement activities of the entire hotel. We excluded departmental heads on the basis that many sectional heads have measurement knowledge restricted to their areas of operations.

Sample size and sampling procedure

We used a sample of 276 managers calculated using the formula shown:

$$SS = \{Z^2(P)(1-P)\} \div C^2$$

Where: SS = Sample size; Z = 1.96 (for 95% level of confidence); P = 0.5 (the worst percentage that can ever pick a choice); C = 0.45 (confidence interval).

$$SS = \{(1.96)^2(0.5)(1-0.5)\} \div (0.045)^2$$

$$SS = 474 \text{ managers}$$

Since the population was estimated to be 652, it was necessary to adjust for finite population as:

$$\text{New SS} = SS \div \{1 + (SS - 1) \div \text{Pop}\}$$

$$\text{New SS} = 474 \div \{1 + (474 - 1) \div 652\}$$

$$\text{New SS} = (275+1): 276 \text{ managers}$$

We used proportionate stratified random sampling technique to select respondents for this study and then divided the population into 3 non-overlapping groups: town hotels, vacation hotels, and lodges (N_t , N_v , and N_l), such that $N_t + N_v + N_l = N$ (hotels in Kenya). We thereafter randomly selected 23 hotels from each stratum using a within-stratum sampling fraction of 42.59%. We sampled a total of 69 hotels and distributed questionnaires to these hotels producing 276 respondents.

Data collection instruments and procedures

We approached the managements of the hotels that we targeted and briefed them concerning the purpose of the study. We were granted the permission by the hotels to collect data from their top four management positions. Data was collected using self-administered questionnaires. A seven-point Likert – style rating scale was used to measure all the variables. The number of items assigned to each theoretical dimension varied in this study but they were all stated in a statement format. We designed the response scales as seven-point intensity scales where the lowest rating 'one' signified a low preference by the respondent while a rating of 'seven' signified a high preference by the respondent. We anchored all the seven poles of the response scales by defined categories and equally gave the respondents an opportunity to provide additional feedback about any other thoughts, concerns and issues on performance measurement.

Pre-testing the survey instrument

We applied an undeclared pre-test in which we conducted the survey as if it was intended for real. This type of pre-test allowed us to check the choice of analysis and standardization of the survey. The hotels we used in the pilot testing were excluded in the final sample of the research. The pilot-test revealed no compelling reason to make changes in the survey instrument.

Methods of data analysis

We used structural equation modeling (SEM) technique using Analysis of Moment Structures (AMOS) to analyze data for this study. This took place in two steps: validating the measurement model and fitting the structural model (Kline, 1998). We accomplished validating the measurement model through confirmatory factor analysis (CFA) whereby we considered the indicators as measuring the corresponding latent variables if they (indicators) had high pattern coefficients (factor loadings) on their latent factors (Garson, 2010). We fitted the structural models through path analysis whereby we used maximum likelihood estimation (MLE) to establish structural or path coefficients. We used model fit coefficients including relative chi-square (CMIN/DF), comparative fit index (CFI), the Tucker-Lewis index (TLI) and root mean square error of approximation (RMSEA) to determine if the measurement model and the structural model should be accepted or rejected. We accepted the models if: (1) the relative chi-square value was 3 or less but not less than 1 (Kline, 1998); (2) CFI was equal to or greater than 0.90 (Garson, 2008); (3) TLI was equal to or greater than 0.95 (Hu and Bentler, 1999); and (4) RMSEA was less than or equal to 0.80 (Schreiber et al., 2006).

RESULTS

Descriptive statistics of variables

Most of the variables had very high means (above 6), except 5 variables which had relatively low means (staff measures, 5.26; external individuals/groups, 4.72; frequency of staff activities, 5.12; partnerships, 4.35; and purpose of partnership, 4.70). Majority of the measurement constructs (18) had standard deviations less than 1.00 while seven of the constructs (staff measures, 1.12; external individuals/groups, 1.50;

resource utilization, 1.27; frequency of staff activities, 1.29; partnerships, 1.35; purpose of partnership, 1.42; and use of manual systems, 1.52) had standard deviations slightly greater than 1.00. These low deviations suggest that the perceptions of the managers concerning drivers and results of performance were generally similar across the hotels studied.

Distribution test of the observed variables

A common rule-of-thumb test for normality is to run descriptive statistics to get skewness and kurtosis (Garson, 2010). We subjected all the study variables to skewness test based on the recommended ± 2 range for normal distribution (Field, 2005). Eight constructs (competitive measures; staff measures; external individuals and groups; importance of feedback; staff management; frequency of staff activities; partnerships and purpose for partnership) were normally distributed. The remaining 16 constructs (financial measures; service quality; resource utilization; flexibility; strategy formulation; reason for strategy formulation; stakeholders and their importance; importance of presentation; importance of rating; importance of price; importance of product; importance of branding; use of manual systems; use of computerized systems and procedures) were negatively skewed. Generally, most data moderately violated the assumption of normal distribution on the basis of skewness.

Kurtosis also revealed that most variables were outside the ± 2 range when the data are normally distributed except for 7 variables, namely competitive measures; staff measures; external individuals and groups; importance of feedback; frequency of staff activities; partnerships and purpose for partnership. Most data moderately violated the assumptions of normal distribution on the basis of skewness and kurtosis. However, there were no missing data in this study. We chose maximum likelihood parameter estimation over other estimation methods, even though most data were not normally distributed. Slight to moderate departures from normality can be handled by the maximum likelihood estimation (Raykov et al., 1991). Since the data moderately violated the assumptions of normal distribution, we also calculated bootstrapped chi-square values in order to further confirm models' fit in bootstrap samples.

Structural equation modeling (SEM)

SEM centers around two steps: validating the measurement model and fitting the structural model. Validating the measurement model is accomplished through confirmatory factor analysis (CFA), while fitting the structural model is accomplished through path analysis with latent variables.

Validating the measurement models

There were six measurement models: Accounting Measures of Performance, Non-Financial Measures of Performance, Organizational Strategy, Organizational Stakeholders and their Needs, Organizational Capabilities, and Organizational Processes. The Accounting Measures of Performance, Organizational Processes and Organizational Strategy Measurement Models each had two hypothesized measurement factors which were assumed to cause variation and covariation in the observed variables. The Organizational Capabilities, Non-Financial Measures of Performance, and Organizational Stakeholders and their Needs Measurement Models had four, five, and seven hypothesized factors respectively, which were assumed to cause variation and covariation in the observed variables. In each of the six measurement models, the observed variables had high regression weights and strong and positive correlations ($p < 0.01$). The squared multiple correlations were high and greater than the average variance extracted for each factor.

The fit results of the confirmatory factor analysis for the measurement models were acceptable. The statistics were as follows:

Accounting Measures of Performance: $\chi^2 = 52.11$, $df = 39$, $p < 0.01$; $\chi^2/df = 1.34$; $TLI = 0.98$; the $CFI = 0.99$; the $RMSEA = 0.04$;

Non-Financial Measures of Performance: $\chi^2 = 204.29$, $df = 81$, $p < 0.05$; $\chi^2/df = 2.52$; $TLI = 0.88$; the $CFI = 0.92$; the $RMSEA = 0.07$;

Organizational Strategy: $\chi^2 = 48.00$, $df = 21$, $p < 0.05$; $\chi^2/df = 2.29$; $TLI = 0.95$; the $CFI = 0.97$; the $RMSEA = 0.07$;

Organizational Stakeholders and their Needs: $\chi^2 = 338.05$, $df = 181$, $p < 0.01$; $\chi^2/df = 1.73$; $TLI = 0.90$; the $CFI = 0.92$; the $RMSEA = 0.06$;

Organizational Capabilities: $\chi^2 = 112.54$, $df = 65$, $p < 0.01$; $\chi^2/df = 1.73$; $TLI = 0.94$; the $CFI = 0.96$; the $RMSEA = 0.05$;

Organizational Processes: $\chi^2 = 38.18$, $df = 15$, $p < 0.05$; $\chi^2/df = 2.55$; $TLI = 0.97$; the $CFI = 0.98$; the $RMSEA = 0.08$.

Fitting the structural models

Eight structural models resulted from this analysis. The eight structural models incorporated this study's exogenous and endogenous variables, that is, drivers (enablers) of performance and results of performance. There were four exogenous variables (organizational strategy, stakeholders, capabilities, and processes) and two groups of endogenous variable (accounting and non-financial measures of performance). The accounting measures of performance were further broken down to two factors (financial and competitive measures of performance) whereas non-financial measures were

divided into five factors (staff performance, external individuals/groups performance, service quality level, levels of resource utilization, and levels of flexibility of the hotel) and used in fitting models. The final results of the path analysis that tested the relationships in the research are explained subsequently. Although, the objective of the path analysis is not to acquire the best possible fit of the model to the data but to investigate the relationships between the study constructs, all the results of the fit statistics indicated that the models fit the data as well as described in the structural models.

Structural Model 1: Organizational strategy as a predictor of accounting measures of performance

The fit statistics of the resulting model were: $\chi^2 = 228.58$, $df = 153$, $p < 0.06$; $\chi^2/df = 1.49$. Other model fit measures were also acceptable: $TLI = 0.96$, $CFI = 0.96$, $RMSEA = 0.04$. Since the data moderately violated the assumptions of normal distribution, we also calculated bootstrapped chi – square values and the model fitted better in 183 bootstrap samples. The Bollen – Stine $p = 0.005$ provided further assurance about the model fit. The standardized beta values showed that organizational strategy had a more significant positive relationship with financial performance ($\beta = 0.79$; $p < 0.01$; $n = 276$) compared to organizational competitiveness ($\beta = 0.61$; $p = 0.01$; $n = 276$). The coefficient of determination (R^2) also shows that strategy predicts up to 81% ($R^2 = 0.81$) of change in financial performance and 64% ($R^2 = 0.64$) of change in organizational competitiveness.

Structural Model 2: Organizational stakeholders as predictors of accounting measures of performance

The fit statistics of the resulting model were as follows: $\chi^2 = 865.85$, $df = 453$, $p = 0.07$, $\chi^2/df = 1.91$. The $TLI = 0.95$, $CFI = 0.97$, $RMSEA = 0.06$. Those values indicate a good fit between the model and the observed data. Since the data moderately violated the assumptions of normal distribution, we also calculated bootstrapped chi – square values and the model fitted better in 200 bootstrap samples. The Bollen – Stine $p = 0.005$ provided further assurance about the model fit. The standardized beta values show that organizational stakeholders had more significant positive relationship with competitiveness ($\beta = 0.81$; $p < 0.01$; $n = 276$) compared to financial performance ($\beta = 0.55$; $p < 0.05$; $n = 276$). The coefficient of determination (R^2) also shows that stakeholders predict up to 78 % ($R^2 = 0.78$) change in organizational competitiveness and 51% ($R^2 = 0.51$) of change in financial performance.

Structural Model 3: Organizational capabilities as predictors of accounting measures of performance

The fit statistics of the resulting model were as follows:

$\chi^2 = 523.54$, $df = 244$, $p = 0.03$, $\chi^2/df = 2.15$. Other model fit measures were: $TLI = 0.96$, $CFI = 0.90$, $RMSEA = 0.06$. Those values equally indicate a good fit between the model and the observed data. Since the data moderately violated the assumptions of normal distribution, we also calculated bootstrapped chi – square values and the model fitted better in 200 bootstrap samples. The Bollen – Stine $p = 0.005$ provided further assurance about the model fit. The standardized beta values show that organizational capabilities had more significant positive relationship with competitiveness ($\beta = 0.57$; $p < 0.05$; $n = 276$) compared to financial performance ($\beta = 0.28$; $p < 0.05$; $n = 276$). The coefficient of determination (R^2) as well shows that organizational capabilities predict up to 71% ($R^2 = 0.71$) change in organizational competitiveness and 51% ($R^2 = 0.51$) of change in financial performance.

Structural Model 4: Organizational processes as predictors of accounting measures of performance

The fit statistics of the resulting model were as follows: $\chi^2 = 125.18$, $df = 45$, $p = 0.06$, $\chi^2/df = 2.78$. Other model fit measures were also acceptable: $TLI = 0.95$, $CFI = 0.97$, $RMSEA = 0.08$. The standardized beta values show that organizational processes had more significant positive relationship with organizational competitiveness ($\beta = 0.54$; $p < 0.01$; $n = 276$) as compared to financial performance ($\beta = 0.50$; $p < 0.05$; $n = 276$). The coefficient of determination (R^2) too shows that organizational processes predict up to 67% ($R^2 = 0.67$) change in organizational competitiveness and 62% ($R^2 = 0.62$) of change in financial performance.

Structural Model 5: Organizational strategy as a predictor of non-financial measures of performance

The fit statistics of the resulting model were as follows: $\chi^2 = 560.96$, $df = 240$, $p = 0.02$; $\chi^2/df = 2.34$. Other model fit measures were also acceptable: $TLI = 0.95$, $CFI = 0.96$, $RMSEA = 0.07$. Since the data moderately violated the assumptions of normal distribution, we also calculated bootstrapped chi – square values and the model fitted better in 200 bootstrap samples. The Bollen – Stine $p = 0.005$ provided further assurance about the model fit. The standardized beta values show that organizational strategy had more significant positive relationship with external individuals/ groups satisfaction ($\beta = 0.40$; $p < 0.05$; $n = 276$) as compared to measures of staff ($\beta = 0.30$; $p < 0.05$; $n = 276$) and organizational flexibility ($\beta = 0.20$; $p < 0.05$; $n = 276$). Organizational strategy however had a positive but insignificant relationship with resource utilization ($\beta = 0.07$; $p > 0.05$; $n = 276$) and service quality ($\beta = 0.06$; $p > 0.05$; $n = 276$). The coefficient of determination (R^2) also shows that organizational strategy predicts up to 53% ($R^2 = 0.53$) change in external individuals/ groups satisfaction; 47%

($R^2 = 0.47$) of change in measures of staff; 25% ($R^2 = 0.25$) of change in organizational flexibility; 12% ($R^2 = 0.12$) of change in resource utilization and 11% ($R^2 = 0.11$) change in service quality.

Structural Model 6: Organizational stakeholders as predictors of non-financial measures of performance

The fit statistics of the resulting model were as follows: $\chi^2 = 1389.17$, $df = 592$, $p = 0.06$, $\chi^2/df = 2.35$. Other model fit measures were: $TLI = 0.97$, $CFI = 0.96$, $RMSEA = 0.07$. Those values equally indicate a good fit between the model and the observed data. Since the data moderately violated the assumptions of normal distribution, we also calculated bootstrapped chi – square values and the model fitted better in 200 bootstrap samples. The Bollen – Stine $p = 0.005$ provided further assurance about the model fit. The standardized beta values show that organizational stakeholders had more significant positive relationship with service quality ($\beta = 0.74$; $p < 0.01$; $n = 276$); staff measures ($\beta = 0.61$; $p < 0.01$; $n = 276$); external individuals/ groups ($\beta = 0.52$; $p < 0.05$; $n = 276$); and organizational flexibility ($\beta = 0.42$; $p < 0.05$; $n = 276$) compared to resource utilization ($\beta = 0.22$; $p < 0.05$; $n = 276$). The coefficient of determination (R^2) in addition shows that organizational stakeholders predict up to 78% ($R^2 = 0.78$) of change in service quality; 71% ($R^2 = 0.71$) of change in staff measures; 60% ($R^2 = 0.60$) change in external individuals/ groups; 57% ($R^2 = 0.57$) of change in organizational flexibility; and 35% ($R^2 = 0.35$) of change in resource utilization.

Structural Model 7: Organizational capabilities as predictors of non-financial measures of performance

The fit statistics of the resulting model were as follows: $\chi^2 = 946.37$, $df = 356$, $p = 0.02$; $\chi^2/df = 2.66$. Other model fit measures were also acceptable: $TLI = 0.95$, $CFI = 0.91$, $RMSEA = 0.07$. Since the data moderately violated the assumptions of normal distribution, we also calculated bootstrapped chi – square values and the model fitted better in 200 bootstrap samples. The Bollen – Stine $p = 0.005$ provided further assurance about the model fit. The standardized beta values show that organizational capabilities had more significant positive relationship with service quality ($\beta = 0.76$; $p < 0.01$; $n = 276$); resource utilization ($\beta = 0.50$; $p < 0.05$; $n = 276$); organizational flexibility ($\beta = 0.45$; $p < 0.05$; $n = 276$); and staff measures ($\beta = 0.44$; $p < 0.05$; $n = 276$) compared to external individuals/ groups ($\beta = 0.36$; $p < 0.05$; $n = 276$). Moreover, the coefficient of determination (R^2) shows that organizational capabilities predict up to 85% ($R^2 = 0.85$) of change in service quality; 61% ($R^2 = 0.61$) of change in resource utilization; 68% ($R^2 = 0.68$) of change in organizational flexibility; 55% ($R^2 = 0.55$) of change in

staff measures; and 48% ($R^2 = 0.48$) of change in external individuals/ groups.

Structural Model 8: Organizational processes as predictors of non - financial measures of performance

The fit statistics of the resulting model were as follows: $\chi^2 = 1217.78$, $df = 247$, $p = 0.04$, $\chi^2/df = 2.93$. Other model fit measures were also acceptable: $TLI = 0.97$, $CFI = 0.95$, $RMSEA = 0.62$. Since the data moderately violated the assumptions of normal distribution, we also calculated bootstrapped chi – square values and the model fitted better in 200 bootstrap samples. The Bollen – Stine $p = 0.005$ provided further assurance about the model fit. The standardized beta values show that organizational processes had significant positive relationship with organizational flexibility ($\beta = 0.44$; $p < 0.05$; $n = 276$); service quality ($\beta = 0.40$; $p < 0.05$; $n = 276$); staff measures ($\beta = 0.34$; $p < 0.05$; $n = 276$); resource utilization ($\beta = 0.32$; $p < 0.05$; $n = 276$); and external individuals/ groups ($\beta = 0.25$; $p < 0.05$; $n = 276$). Moreover, the coefficient of determination (R^2) shows that organizational processes predict up to 51% ($R^2 = 0.51$) of change in organizational flexibility; 48% ($R^2 = 0.48$) of change in service quality; 42% ($R^2 = 0.42$) of change in staff measures; 40% ($R^2 = 0.40$) of change in resource utilization; and 38 % ($R^2 = 0.38$) of change in external individuals/ groups.

DISCUSSION

The results of this study revealed that there was no significant variation in use of measures of performance within different hotels in Kenya. Majority of the variables had standard deviations less than 1.00 while seven of the variables (staff measures, external individuals/groups, resource utilization, frequency of staff activities, partnerships, purpose of partnership, and use of manual systems) had standard deviations slightly greater than 1.00. These low deviations suggest that the perceptions of the managers concerning drivers and results of performance were generally similar across the hotels studied. When we sought managers' comment about this particular finding, majority of them argued that Kenya as a tourist destination majorly relies on visitors from Western Europe and North America. These visitors, they argued, appreciate more or less similar attributes of service experience thereby forcing the hotels to provide service offerings that could be regarded by others as being similar.

The hotels in Kenya can be considered to be extensively applying performance measurement in their operations. This is attested by the very high mean scores of the individual performance measures. "Kenyan hotels

cannot be left behind, in the globalized borderless world when it comes to best practices in use elsewhere”, was the observation of the managers. These managers also argued that it should not be forgotten that Kenya is a major trainer for the world hospitality and tourism industries through its pioneer training institution – The Kenya Utalii College.

The results of this study also revealed that the enablers of performance were more highly rated as compared to the results of performance. Most of these variables had very high means scores. The managers variously concurred that enablers of performance generally give directions towards achievement. This discovery is very important since it has been reported elsewhere that in Kenya, performance management has been traditionally defined as the process of financial control, in which the mission and strategy are translated into budgets, and subsequently results are compared with budgets (de Waal, 2007). It has also been argued that the overall lack of management skills and expertise in business organizations in developing countries such as Kenya makes it not viable to develop complex structures like sophisticated performance measurement systems. The managers were in agreement that the fact that performance measurement was extensively used in Kenyan hotels is good news since there was no question in theory that adopting practices such as performance measurement, which have been proven to be effective elsewhere, particularly in the developed world, cannot yield similar results here in Kenya.

The results of this study revealed that drivers and the results of performance generally had significant positive relationships between them. This study further revealed that organizational strategy was the best predictor of financial performance of an organization followed by stakeholders, processes, and capabilities. This is consistent with research results showing clear link between firm-level strategy and management control through performance measurement and appropriate use of performance metrics (Langfield-Smith, 1997). Hotel managers rely on a variety of tools including financial statements to evaluate a company's economic performance. Corporate strategy and financial performance go hand in hand; a hotel's strategy affects how its senior management raises operating funds and spends corporate cash, decisions that have ultimate impacts on the company's profitability.

Organizational stakeholders were the best predictors of organizational competitiveness followed by strategy, capabilities, and processes in that order. Post et al. (2002) emphasized that the capacity of a firm to generate sustainable wealth over time, and hence its long-term value, is determined by its relationships with critical stakeholders and any stakeholder relationship may be the most critical one at a particular time or on a particular issue. These results further confirmed the urgent call for new systems of measuring the corporate outcomes

according to a stakeholder framework in line with a more suitable and correct strategic. The stakeholders are important to the entire hotel workforce including the directors to an extent that training exercises are frequently organized whenever a negative comment or complaint emanates from any section of the stakeholders.

Organizational stakeholders were the best predictors of external individuals/group satisfaction followed, in descending order by strategy, capabilities, and processes. This study also revealed that organizational stakeholders were the best predictor of staff performance of an organization followed by capabilities, processes, and strategy. The stakeholders' wants and needs are largely related to customers and employees and are important stakeholders because they have direct contact with customers and can affect customer service. The importance of employees' orientation to service quality has been recognized by many researchers with certain degree of emphasis on various employee related service delivery factors. One important aspect of service quality is the manner in which service is delivered, and that remains critical in customer's evaluation of service quality (Czeipiel et al., 1985). Another important argument by Lovelock (2004) suggested that customers tend to equate the quality of service delivered by the employees with the actual service. This implies that employees should demonstrate a comprehensive understanding of total service concept. An effective internal organizational service business orientation relies primarily on the employee's competence and skills to deliver service quality. Kotler (2003) suggested that successful hiring, training, motivating and remunerating able employees, should come first, and after that managers should focus on the external consumer marketing efforts. The employee's contribution towards overall business success is based on the premise that effective internal organizational procedures will lead to employee satisfaction, which is likely to result to better customer service performance, and customer satisfaction (George, 1990).

Organizational capabilities were the best predictors of service quality levels of a hotel followed by stakeholders, and processes. Organizational strategy, on the other hand had a very negligible impact on service quality levels. Organizational capabilities were also the best predictors of resource utilization by an organization followed, in descending order by processes, and stakeholders. Organizational strategy once again had a small predictive power on resource utilization. This study also revealed that organizational capabilities were the best predictor of organizational flexibility followed by processes, stakeholders, and strategy. This implies that firm-specific capabilities need to be understood mainly in terms of the organizational structures and managerial processes and routines that support productive activity. However, the content of these processes and the

opportunities they afford for developing competitive advantage at any point in time is significantly shaped by the resources the firm possesses (position) and the evolutionary path it has adopted or inherited. The organizational capabilities are embedded in firm routines and are therefore not only manifestations of observable firm structures and processes. Capabilities represent a learned and stable pattern of collective activity and allow hotels to organize, manage, coordinate or govern sets of activities.

Conclusion

We achieved the objectives of this study based on the results we generated. We base these conclusions on the specific answers we obtained from the research questions that we sought. We therefore, made the following conclusions with confidence:

1. The perceptions of the managers concerning drivers and results of performance were generally similar across the hotels in Kenya.
2. The hotels in Kenya are extensively applying performance measurement in their operations and that the results reveal that the enablers of performance are more highly rated compared to the results of performance.
3. The drivers and the results of performance generally had strong positive relationships between themselves and; the performance measurement instrument was internally consistent and an integrated performance measurement module was postulated and confirmed.

RECOMMENDATIONS

1. The study's findings did not relate to any contingent effect or set of moderators. Future research could explore the moderating impact of firm size, firm age, and industry type as well as organizational-level factors including organizational structure, firm size, and life cycle stage which might prove to be important factors affecting the results - drivers link.
2. Although, this study provides unique insights into the link between results and drivers of performance, its conceptual focus and empirical setting impose limitations. For example, there are important micro-level antecedents other than the ones we investigated that future empirical studies should address. As multidimensional constructs, results and drivers of performance have several important facets that could make studies of these types more illuminating.

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