

Human Resource Systems in Kenya

A Case Study of Hotel Human Resources Performance

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A study of 160 managers and employees in four hotels in Nairobi and Mombasa, Kenya, found that functionally flexible human resource systems in conjunction with differentiation strategies are associated with high organizational performance, whereas numerically flexible human resource systems and cost-reduction strategies are linked with low organizational performance. Functionally flexible human resources systems emphasize mutual obligations between management and workers. By contrast, numerically flexible human resources systems are based on a straight work-for-hire relationship, in which employment is subject to unilateral termination at any time by employee or employer. The research also found that the independent hotels pursued numerically flexible human resource systems in conjunction with cost-reduction strategies, whereas the chain hotels applied functionally flexible human resource systems and differentiation-focus strategies.

Keywords: human resource systems; Kenya; Nairobi hotels; Mombasa hotels

As service industries become more competitive, service organizations face challenges in delivering superior service quality to their customers. Indeed, mistakes, failures, and resultant customer complaints in service industries are frequent occurrences (Yavas et al. 2002), and 65 percent of these complaints are initiated with frontline employees (Tax and Brown 1998). The past decade has witnessed increased scholarly interest in effects of human resources (HR) systems on organizational performance. As a result, practitioners and scholars have concurred that there exists a positive relationship between the application of HR policies and corporate performance

(Becker and Gerhart 1996; Guest, Conway, and Sheehan 2003; Huselid 1995). However, the debate has now shifted toward the nature and causes of these positive relationships. Consequently, a consensus is emerging that informed understanding of the interaction between organizational strategy and HR will be significant in accounting for any positive relationships. It is particularly being argued that practices that are aligned to organizational strategy should be more effective (Miles and Snow 1984; Schuler and Jackson 1987; Truss and Gratton 1994). Organizations pursue different approaches in managing their HR. However, concern has centered on the type of the HR system that best helps the organization remain competitive. Despite studies addressing the impact of HR systems and competitive strategies on organizational performance (see Delery and Doty 1996; Guthrie 2001; Huselid 1995; Ichniowski, Shaw, and Prennushi, 1997), we have seen few studies that investigated the links between HR systems, competitive strategies, and organizational performance in hospitality industry. More particularly, we have seen no such studies that apply to the Kenyan situation. Therefore, this study focused on how HR performance of hotels in Kenya is affected by the HR systems and competitive strategies. After explaining our research methodology and findings, we offer conclusions and recommendations.

Human Resources System

For our purposes, “human resources system” refers to one of two exclusive classifications: functionally flexible systems and numerically flexible systems. Functionally flexible HR system strategy emphasizes mutual obligations between management and workers. Management invests in workers through training and assures them some degree of employment security. The idea is that workers are more

likely to reward the firm with loyalty because management’s actions reinforce workers’ identification with the firm.

In numerically flexible HR systems, by contrast, the employment relationship is strictly contractual. The employee works and the employer pays for that work. The arrangement is subject to unilateral termination at any time by the employee or the employer, with no further obligation. With this approach, organizational staffing flexibility is achieved by hiring workers as needed and releasing them to the labor market when they are no longer needed, rather than reassigning or developing existing employees (Atkinson 1984).

Competitive Strategy

The firm’s competitive strategy represents its core idea about how that firm can best compete, typically choosing between cost reduction, differentiation, and focus strategies (Porter 1985). Schuler and Jackson (1987) linked these three strategies with the associated behavior of employees and HR practices that a firm would adopt. They contended that HR practices will prove useful only when those practices are congruent with the firm’s competitive strategy. Organizations pursuing a cost-reduction strategy emphasize elaborate cost-reporting measures; well-defined objective measures of performance; and conservative spending on compensation, acquisition, and development of employees. The other two competitive strategies, differentiation and focus, tend to require continuous long-term efforts to serve specific market segments (Greer 1995). Such efforts can be enhanced by the development of customized and well-fitted strategic capabilities (Greer 1995). This is particularly true for focus strategies, which stress concentrated devotion to the demands of a specific market segments. As a result, firms pursuing such strategies emphasize, among other things, compensation tied to

individual skill development and to achieving organizational goals, development of employees' skills through training and work experience practices that promote employee participation and flexibility on the job, and emphasis on a long-term relationship between employee and organization.

Organizational Performance

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

Statement of the Problem

A close look at the HR practices in Kenyan hotels suggested relatively limited evidence of the use of functional flexibility in conjunction with a differentiation or a focus strategy and much greater reliance on numerical flexibility and cost-reduction strategies. Unlike other parts of the world, Kenya has no readily available record of empirical research done on choices of employment systems and competitive strategies. Consequently, this is an area ripe for research. From field observations, a numerical flexibility approach seems to be heavily applied in Kenya's hotels, thus suggesting further research to justify its popularity or propose alternative systems.

In particular, the study set out to achieve the following objectives: to identify the HR systems and competitive strategies used by

different hotels in Kenya; to identify significant variables that link the competitive strategies and HR systems in Kenyan hotels; to analyze the relationship between the competitive strategies and HR systems; and to analyze relationships among HR systems, competitive strategies, and organizational performance.

We believe that a growing body of scholarly research has documented the potential for HR systems and competitive strategies to markedly improve organizational performance. There was no theoretical reason to explain why efforts at aligning HR systems with strategy would not have a positive impact also in the hospitality industry. However, few researchers had investigated this issue.

Research Methodology

We used a cross-sectional design to gather the survey data. This involved administering the survey once to a sample of hotels employees. Cross-sectional design is useful when the information needed involves testing relationships between population characteristics (Graziano and Raulin 1993).

Area of Study

We conducted this study at four hotels, two each in Nairobi and Mombasa, cities that are home to more than half of the hotels in Kenya. Mombasa's hotels are mostly aimed at tourists, while Nairobi's hotels serve both tourists and business clients. Thus, Mombasa's customer demand is cyclical, while Nairobi is less affected by demand peaks.

Population

The study population comprised both managerial and nonmanagerial employees. We observe, however, that nonmanagerial employees are the ones that bear the burdens of the hotels' employment systems and who

play the chief role in the organizational performance.

Sample and Sampling Procedures

We selected the hotels in our sample based on ownership, location, and star rating. We divided the population to be sampled by department (in this case, accounting, food and beverage [F&B], sales and marketing, engineering and maintenance, front office, HR, and others). We took five random samples from each department. We combined the results so that we had 160 participants who represented the population of study. Our procedure included a stratified random sample to ensure that each department was adequately represented.

Data Collection

We collected data in March through June 2007, which marks the end of the peak season for Mombasa's tourist-reliant hotels. The sample period presented the respondents at the four hotels with enough time to respond to the self-administered questionnaires. We received 125 of the 160 questionnaires that we distributed to the employees who agreed to participate in the study. We consider this response rate, 78.1 percent, to be sufficient for the study. Because we promised confidentiality to our respondents, we identify the hotels only by letter. Hotel W is a four-star city hotel, located in Nairobi, which is owned by an international chain. Hotel X, also in Nairobi, and Hotel Y, in Mombasa, are both three-star independent city hotels. Finally, Hotel Z, also in Mombasa, is an independent four-star beach hotel.

The survey instrument addressed three areas: demographic characteristics, factors of human-resources systems and competitive strategies, and employee satisfaction. Demographic questions addressed education levels, duration of employment, job classification, age, marital status, and income, as well as the

department the respondent worked in. Questions on employment systems and competitive strategies assessed factors such as training, layoff, qualifications, attraction to the organization, terms of service, recruitment method, ability to work in different departments, performance appraisal, and career opportunities. Finally, the satisfaction survey used a four-point Likert-type rating scale, with responses ranging from 1 = *very satisfied* to 4 = *very unsatisfied*.

Methods of Data Analysis

Statistical procedures used included descriptive statistics and inferential analysis, Spearman's r_s correlation coefficient, Kruskal-Wallis one-way analysis of variance, and chi-square goodness of fit test.

We used the chi-square test to identify the significant variables linking the competitive strategies and HR systems and also to analyze the relationships between HR systems, competitive strategies, and organizational performance.

We interpreted the descriptive statistics to identify the HR systems and competitive strategies used by the four hotels. To make this comparison, we considered the presence or absence of the variables studied and the extent of their use in the hotels. A Kruskal-Wallis one-way analysis of variance was also used to analyze the differences in use of HR systems, competitive strategies, and organizational performance in the four hotels.

Demographic Characteristics

Exhibit 1 shows the respondents' demographic characteristics. The majority of respondents were married (72.0 percent) and older than twenty-six (87.2 percent). More than one-half (56.0 percent) had completed college or tertiary education, and about the same figure (57.6 percent) earned no more than US\$134.30 (at this writing's exchange rate of KShs 67.0 per dollar). Nearly three-quarters of respondents (73.6 percent) were

Exhibit 1:Demographic Characteristics of the Sample ($N = 125$)

Characteristic	Frequency	%
Level of education		
Primary	5	4.0
Secondary	39	31.2
College/tertiary	70	56.0
University	10	8.0
Missing	1	0.8
Age of respondents		
21-25	16	12.8
26-30	49	39.2
31-35	31	24.8
36-40	17	13.6
41+	12	9.6
Marital status		
Single	34	27.2
Married	90	72.0
Divorced	1	0.8
Position of respondents		
Head	7	5.6
Supervisor	26	20.8
Line staff	92	73.6
Income/month		
US\$134.3 and below	72	57.6
US\$134.4-313.4	24	19.2
US\$313.5+	29	23.2

line workers, and slightly above one-fifth (20.8 percent) were supervisors.

In general, the study gives a favorable picture concerning the level of education of the employees in Kenya's hotels. A substantial proportion of the workforce had at least a secondary education. A negligible percentage, (4.0 percent, or five employees) had no more than a primary education. These employees, all over age forty, were hired in a period when the industry needed laborers. At the other end of the educational spectrum, thirty-nine (31.2 percent) of the respondents had a secondary education, and seventy workers (56 percent) had a college education. This is an indication that formal training in relevant skills needed by the industry

is still necessary for hiring. Another observation worth noting is that a paltry 8.0 percent of the labor force had university education (not the same as college). This is due to the fact that hospitality training at university level is about six years old in Kenya.

A look at the composition by age of the workforce shows a great diversity. The great majority of employees were under forty. A plurality of the employees, 49 (39.2 percent) were age twenty-six to thirty, another 31 (24.8 percent) were age thirty-one through thirty-five, 17 (13.6 percent) were age thirty-six to forty, and 16 (12.8 percent) were age twenty-one to twenty-five. A mere 12 (9.6 percent) respondents were over forty.

Respondents' median age was 28.3 years, with a mean of 29.9 years, underscoring the youth of these hotels' workforce. When managers were asked about the employees' age, they observed that, given that the hotel industry is dynamic and prone to environmental turbulence, they believed the industry requires a young labor force that is not only flexible but also willing and ready to learn and change. We also note that young people constitute the traditional labor market of the hospitality industry.

The results indicate that more than one-half of the respondents (57.6 percent) earned monthly incomes of US\$44.80 to \$134.30. These are low rates, especially given the Kenyan government's requirement that the least paid worker should earn US\$134.30. It is worth noting that the *lowest* paid worker in Hotel W earned at least US\$268.70, whereas the *highest* paid employees in Hotel X earned US\$223.90 and those in Y earned US\$313.40. It can be argued that the management of Hotel W appreciates the fact that organizational reward system usually has a significant impact on employee performance and commitment. It came out clearly from the study that those at higher positions earned better than the rank and file employees.

Exhibit 2:

Participation in In-House Training

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

Out of the seven respondents who were heads of departments, five earned well above US\$403.00. In fact, even the remaining two respondents earned above US\$134.30. We point to these statistics as a reason that salaries in the hospitality industry have been a focus of criticism. Various surveys concur with this assertion: “At the top end there is plenty to be cheerful about. At the bottom end it is a different and sadly familiar story, worse in some sectors than others” (Webster 1999).

Hotels’ Characteristics and Activities

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

Training. Nearly three-fifths of the respondents (58.4 percent) were given no in-house training (Exhibit 2). Most of the respondents who did receive training worked at Hotel W. With the bulk of trained employees at Hotel W, more than two-thirds of employees at the other three hotels had no formal training.

Looking at Hotel W, it used in-house training to provide its workforce with specific skills (22.6 percent) and broad skills (51.6 percent). We also found that most of

the trained respondents were more satisfied than were those who had not been trained and thus had not obtained any skills. Thus we can infer that acquisition of skills improves an employee’s appreciation for the workplace.

Qualifications. Although the hotels clearly preferred to employ individuals with experience in addition to formal education, Hotel W employed nearly half of its workforce (48.4 percent) formally trained but without experience (Exhibit 3). This approach is attributable to the fact that this hotel had an in-house training program. On the other hand, we note that the bulk of those employees who were formally trained and also had experience when they were hired belonged to three departments: F&B, housekeeping, and front office. This indicates the significance of training and on-the-job experience in such key service points in the industry.

Layoffs. A key finding in this study is that Hotel W alone employed its workforce permanently—that is, as regular employees (Exhibit 4). In contrast, more than two-thirds of the employees at the other three hotels were serving on temporary terms (contractual or casual). In particular, these people worked largely in the F&B department. Most of the contractual and casual employees in Hotel X served in the food and beverage and housekeeping departments, and in Hotel Y the majority of such employees served in the food and beverage department. Having temporary

Exhibit 3:

Employee Qualification upon Joining the Organization

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

Exhibit 4:

Terms of Service of Employees

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

employees in these sections enabled management to easily adjust to changes in demand by hiring or releasing workers.

We see the results of these contrasting policies in employees' job satisfaction. Permanently employed individuals recorded at least some approval with the six measures of satisfaction. On the other hand, the majority of contingent employees registered dissatisfaction on the six measures. This means that permanent employees are most likely to contribute substantially toward achievement of organizational goals.

Flexibility. All respondents in Hotel W except three said that they were able to serve in at least one department beyond the one where they work (Exhibit 5). By contrast, few of the employees in the remaining hotels indicated an ability to serve in different departments. We say this because, considering our total sample, sixty-three respondents (50.4 percent) felt that they could serve in

different departments, while the other sixty-two indicated that they were not competent to do that. Most of the flexible workers in the F&B department reported being capable of moving between service and production sections and can even serve in housekeeping. The flexible workers in the housekeeping department felt that they could competently serve in service sections. On the other hand, those in the front office said that they could mostly serve in housekeeping.

All that supposed flexibility seems to be only theoretical. In all the hotels, few of the respondents who indicated an ability to serve in at least one extra department had ever done so. Contrary to their belief that they were flexible, the a majority of respondents (90.6 percent) had never served in the purported alternative departments. An insignificant number of respondents, just twelve, noted that they filled in for absent employees in a different department.

Exhibit 5:**Employee Ability to Serve in Additional Department(s) within Hotels**

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

The perception of flexibility did have one favorable outcome, even if the hotels did not make use of their employees' willingness to serve. The greater part of the respondents who indicated that they were able to serve in more than one department were satisfied with the six measures of satisfaction, as compared to those who could not serve in extra departments. This suggests that employees' ability to serve additional department contributes to a feeling of happiness with their jobs.

Terms of service. Respondents stated that career opportunities, employment terms, and benefits, in descending order, were the most important factors that influenced them in joining these four hotels (Exhibit 6). Nearly half of the respondents working at Hotel W, for instance, said that they were attracted to that facility by all three of those factors combined. Career opportunities alone were the motivation for nearly half the workforce in Hotel X (44.8 percent) and Hotel Z (48.3 percent). As did employees at Hotel W, respondents in Hotel Y considered career opportunities (38.9 percent), benefits (33.3 percent), and employment terms (19.4 percent) as being important to them.

Even though perceived career opportunities constituted the top reason for working at the hotels, three-quarters of respondents in hotels X, Y, and Z stated that they were not informed about available career options and opportunities in those organizations. In contrast, nearly three-quarters of the workforce

in Hotel W were made aware of the existing options in this hotel. These employees, who were informed about available career options, recorded far greater satisfaction than did those who had no such information.

Performance appraisal. Almost three-quarters of the respondents had never taken part in any form of performance evaluation in the four hotels studied (Exhibit 7). Two-thirds of the remainder, who had participated in appraisal, came from Hotel W. Along that line, employees who indicated that they participated at some time in performance evaluation were at least satisfied according to the six measures of performance. Those who never participated in the performance reviews, on the other hand, were not satisfied.

Indeed, nearly two-thirds of the respondents, virtually all of them from Hotels X, Y, and Z, revealed that their immediate supervisors had never informed them about how they were doing on the jobs (Exhibit 8). In Hotel W, by contrast, all except one respondent indicated that their immediate supervisors had at least hinted to them how they were doing on job. It is also worth mentioning that the respondents who indicated that they received information from supervisors concerning how they were doing on job indicated some job satisfaction.

Respondents' views of career opportunities mirrored the amount of information given to them by their employers. More

Exhibit 6:

Distribution of Workers according to Main Attraction to Current Place of Work

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

Exhibit 7:

Frequency of Workers' Participation in Performance Reviews

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

than two-thirds of the workforce viewed the hotels as having either few options or opportunities or had no idea about career options and opportunities (Exhibit 9). The exception again was Hotel W, where well over three-quarters of respondents, 77.4 percent, perceived the hotel as having plenty of career options. This explains the average employment duration of five years in this hotel. Once again it was noted that employees perceiving their organizations as rich in options and opportunities recorded satisfaction. This

implies that this feeling of availability of options contributes to employees' happiness.

Job satisfaction. Ironically, the median for all the factors measuring satisfaction was a paltry 3.0, except for satisfaction with career options, which hit 2.0. Thus, even though most employees have no idea what their career options are and were not told about them, they are nevertheless satisfied with those career options. On the other hand, they were not satisfied with the remaining five factors. The range in all

Exhibit 8:

Supervisor's Comment on Employee's Performance on Job

<i>Commented</i>	<i>Hotel W</i>		<i>Hotel X</i>		<i>Hotel Y</i>		<i>Hotel Z</i>		<i>Total</i>	
	<i>Freq.</i>	<i>%</i>	<i>Freq.</i>	<i>%</i>	<i>Freq.</i>	<i>%</i>	<i>Freq.</i>	<i>%</i>	<i>Freq.</i>	<i>%</i>
Commented	30	96.8	11	37.9	24	66.7	13	44.8	78	62.4
Did not comment	1	3.2	18	62.1	12	33.3	16	55.2	47	37.6
Total	31	100.0	29	100.0	36	100.0	29	100.0	125	100.0

Exhibit 9:

Employee Perception of Organization regarding Career Options

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

the six measurements was 3 points, denoting diverse views of employees regarding satisfaction with the factors. In Hotel W, however, both the median and the range for the six factors was 2.00, meaning that the workforce in this hotel was satisfied with the six factors identified.

Exhibit 10 shows the results of the chi-square test that identified significant variables linking the HR systems and competitive strategies and showed relationships between the competitive strategies and HR systems.

The analysis revealed that the following variables were significant in linking the HR systems and HR strategies: skills learned, qualification upon employment, term of service, mode of recruitment, and additional departments an employee could serve. In the following chi-square statistics, the sample size, N , equals 125, and the degrees of freedom in the statistic are

shown in parentheses. The greater the value, the stronger the connection.

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

Supervisor's comments on how an employee was doing on job had strong relationships with skills learned, $\chi^2(5) = 22.40, p < .001$; and a moderately significant linkage with qualification upon employment, $\chi^2(3) = 11.38, p < .05$; and terms of service in the

Exhibit 10:

Relationship between Competitive Strategies and Human Resources Systems

<i>Variable</i>	N	df	χ^2
Participation in in-house training vs. skills learnt	125	5	99.27***
Participation in in-house training vs. term of service	125	2	26.17***
Attraction to the organization vs. skills learnt	125	30	65.06*
Attraction to the organization vs. term of service	125	12	29.16**
Attraction to the organization vs. mode of recruitment	125	24	36.92*
Participation in performance reviews vs. skills learnt	125	25	49.18**
Supervisor's comment vs. skills learnt	125	5	22.40***
Supervisor's comment vs. qualification upon employment	125	3	11.38*
Supervisor's comment vs. term of service	125	2	9.02*
Information about career openings vs. skills learnt	125	5	20.59**
Information about career openings vs. term of service	125	2	13.20**
Information about career openings vs. additional department served	125	14	26.66*
Employee perception of the organization vs. skills learn	125	10	32.29***
Employee perception of the organization vs. qualification upon employment	125	6	20.41**
Employee perception of the organization vs. term of service	125	4	30.64***
Employee perception of the organization vs. aAdditional department served	125	28	44.31*

Note: Variables on left represent competitive strategies while those to the right represent human resources systems.

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

hotel, $\chi^2(2) = 9.02$, $p < .05$. Information about career openings was significantly related to skills learned, $\chi^2(5) = 20.59$, $p < .01$; terms of service, $\chi^2(2) = 13.92$, $p < .01$; and additional departments that can be served by an employee, $\chi^2(14) = 26.66$, $p < .05$.

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

The second category of chi-square analysis was performed to test the significance of the relationships between the variables

symbolizing the HR systems. Only the significant variables linking HR systems to HR outcomes such as skills and attitudes learned, qualification on employment, terms of service, mode of recruitment, and alternative departments served were tested. Skills learned was significantly related to qualification upon employment, $\chi^2(15) = 26.25$, $p < .05$; and term of service, $\chi^2(10) = 29.72$, $p < .01$.

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

The third and the last category of chi-square analysis was performed to determine

Exhibit 11:

Correlations of Variables of Human Resources Systems, Competitive Strategies, and Employee Satisfaction for Hotel Employees

	<i>Adept</i>	<i>Partic</i>	<i>Percept</i>	<i>Career</i>	<i>Benefit</i>	<i>Train</i>	<i>Recselect</i>	<i>Term</i>	<i>Evaluate</i>
Adept		.31**	.19*		-.18*			-.18*	
Partic	.31**			-.38**	-.44**	-.40**	-.27**	-.40**	-.35**
Percept	.19*			-.44**	-.46**	-.40**	-.30**	-.26**	-.27**
Career		-.38**	-.44**						
Benefit	-.18*	-.44**	-.46**						
Train		-.40**	-.40**						
Recselect		-.27**	-.30**						
Term	-.18*	-.40**	-.26**						
Evaluate		-.35**	-.27**						

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

*Significant at $\alpha = .05$ level. **Significant at $\alpha = .01$ level.

the relationships between the variables representing HR strategies. It was discovered that most of the measures of competitive strategies had significant relationships with each other. The only variables that had no significant relationships were attraction to the organization and participation in evaluation and attraction to organization and supervisors' comment.

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

performance ($p < .05$). These results are shown in Exhibit 11.

We also tested for the differences in use of the HR systems, competitive strategies, and organizational performance among the four hotels studied. A Kruskal-Wallis test was performed to determine mean differences of the variables representing HR systems, competitive strategies, and organizational performance as used in the four hotels. The computed chi-square values showed that indeed the HR systems, competitive strategies, and organizational performance varied across the four hotels ($p < .05$).

Kenya's Human Resources Systems and Competitive Strategies

Results of the analysis can be used to conclude that Hotel W uses a functionally flexible HR system. Workers in this hotel acquired technical and broad interactive skills that would enable them not only to serve customers better but also to work in other departments. Hospitality organizations that institute in-house training, such

Exhibit 12:

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

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

as Hotel W, furnish their workers with both technical and broad skills.

Hotel W equally had HR practices designed to ensure long-term relationships with its workers. Practices relating to method of recruitment, term of service, and employee compensation seemed to encourage employees to stay longer with this hotel. Another consequence of Hotel W's policies is that most of its employees were recruited through referrals. Byars and Rue (1994) reported that employee referrals were a more effective recruitment source than walk-ins and special invitation. These studies in the Byars and Rue meta-analysis found that turnover rates for employees hired from employee referrals were lower than for employees hired through the other two methods. We also underscore the average employee tenure of five years—far longer than that of the other hotels—and the fact that this hotel hired all its workers permanently and had given them the market's best pay packages.

Hotel W is considered to be pursuing a differentiation or focus strategy. We believe this hotel's HR system supports that differentiation strategy, because the hotel develops

employees' skills through in-house training and practices that promote employee participation and flexibility on job. This hotel also emphasized long-term relationships with its employees through communicating to the employees the available career options and opportunities. Finally, it created an environment that made an employee perceive it as having plenty of career opportunities.

The remaining three hotels, X, Y, and Z, pursued numerically flexible HR systems, in keeping with what we see as their cost-reduction strategies. These three hotels practice conservative spending on compensation, acquisition, and development of their employees. These hotels paid most of their workforce not more than Ksh. 9,000, the bulk of the employees were recruited through walk-ins, and hardly anyone was trained in-house.

Hotels X, Y, and Z also emphasized short-term relationships with their employees. The proportion of temporary workers, the monthly pay rates, levels of education, and method of recruitment support this observation. More than three-quarters of employees in these three hotels were temporary workers who could be released at any time. Also,

around two-thirds of workers in these hotels were employed through walk-in applications. Experience has shown that when workers enter employment through unsolicited applications, they usually exit easily. Again, in these hotels the levels of pay were low—an indication that these organizations sought to save on wage costs.

These three hotels' (X, Y and Z) cost-reduction strategy is also shown by their conservative spending in HR compensation, acquisition, and development. They maintain no training program, set no performance measures, and even their employee acquisition used methods that ensured the least possible spending.

These three hotels also saved money by not focusing on long-term relationships with employees and not communicating about available job options and opportunities. Almost all the employees either felt that these organizations offered few career opportunities or were unaware of these opportunities.

Human Resources Systems and Competitive Strategies

We used visual inspection to analyze how the HR systems and competitive strategies affected the hotels' performance with regard to their employees. This was possible by applying the information that accrued from interpreting the results concerning HR practices and measures of HR strategies that the hotels exhibit and also calculations of the levels of employee satisfaction with regards to the six factors. The following two observations were made.

The use of functionally flexible HR systems in conjunction with a differentiation or focus strategy is associated with high organizational HR performance. This revelation is confirmed by what was observed from Hotel W. Hotel W, as mentioned earlier, uses a functionally flexible HR system in conjunction with a differentiation or focus strategy. The measures of the levels of employees'

satisfaction showed that almost all the respondents were satisfied. This level of satisfaction cut across all the six measures of performance.

We also observed that respondents at hotels that use numerically flexible HR systems in conjunction with a cost-reduction strategy (i.e., Hotels X, Y, and Z) were overall less satisfied. Specifically, respondents at Hotels X and Z indicated dissatisfaction with all the six measures of levels of performance, while respondents in Hotel Y showed satisfaction with only two of the measures.

Recommendations

Although we studied only four hotels, there is no reason to believe that these four are any different from others in Nairobi and Mombasa. Particularly with regard to Hotels X, Y, and Z, our study highlights the perception that this country's hotel industry views employees as an expense, rather than an investment. Worse, employees are still considered to be variable costs in certain operations—easily employed, easily terminated.

We propose a different model, of which Hotel W is an exemplar. Owners and practitioners should realize that employees contribute to a hotel's success. To support a competitive strategy of differentiation, and for a hotel to register and maintain good performance, it should have highly skilled and knowledgeable employees who are relatively stable. At the same time, these workers also expect the organizations to design and communicate to them the available career options and opportunities. They also want to know how they are doing on job, and they should be paid enough to make a reasonable living.

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