Effects of Total Quality Management Principles on Customer Satisfaction in Hotels: A Case Study of Merica Hotel in Nakuru County, Kenya

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ABSTRACT: *Significant knowledge gaps exist on Organisational performance and organisational excellence which are the main two focuses of the management of any organisation. Resources of an organisation, both tangible and intangible can determine the level of performance of one organisation from its rivals. The question is always to identify the key success factors that can enhance the organisational strategy implementation initiatives that can produce value and create the competitive advantage. In today's changing business environment, improvement and development of internal resources are very crucial to compete externally and globally. Today, Quality issues and dynamic institutions and companies are working hard to achieve quality and continuous improvement. The purpose of this study was to examine the effectiveness of TQM principles on customer satisfaction in Hotels, Case of Merica Hotel in Nakuru County. The specific Objectives of the study were: To determine the effect of Customer Focus on customer satisfaction in the hotel industry, to determine the impact of Process Improvement on customer satisfaction in Kenya, and to evaluate the effect of Total Involvement by all employees on customer satisfaction in the hotel industry in Kenya. The research design used was descriptive study involving survey method. Target population consisted of 2950 customers and 50 hotel attendants in Merica Hotel, Nakuru.Based on the population size, a sample size of 341 respondents was selected. Data was collected using questionnaires. A pilot study was done to ensure reliability and validity of research instruments. The data was analysed using regression analysis. The model generated from the study is: $CS= 2.435 + .323X_1 + .230X_2 + .159X_3$. The Adjusted R^2 statistic was 0.558. The results were presented in graphs, charts, tables and figures. The correlation between Customer Focus and Customer satisfaction was 0.582, the correlation between Process Improvement and Customer satisfaction was 0.504, the correlation between Total Involvement by all Employees and Customer satisfaction was 0.460, this indicates that there was a strong positive relationship between selected variables and Customer satisfaction. The $F_{Table(3,297)}$ value of 2.6802 is lower than the $F_{calculated}$ value of 29.356 hence we fail to reject the null hypothesis at α=0.05 significance level. The study concluded that Merica Hotel applies TQM principles in its operations. The study recommends that management and employees should strive to work together in order to create a strong value environment where people will have the primal role and thus attract more customers. The study will assist the hotel industry to come up with strategies of improving customer satisfaction thereby boosting their income. The study will boost government efforts of promoting tourism because hotel industry plays a key role. The study recommends that further research be carried out on how the hotel industry carries out their strategic planning processes because this is an area that if managed well may help them in benchmarking of their competitors. The study forms a basis on future research on same subject.*

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

In today's competitive business environment, organisations need to evaluate their internal and external environment for opportunities and challenges in order to sustain their growth and remain competitive (Ramlall, 2002). In such a competitive environment, they should grow, survive and seek excellence by leading the innovation.Currently, there

are all indicators that the World is in the midst of 'Quality Revolution', where both service and manufacturing companies are confronted with a challenging and increasingly competitive environment.

This competition focuses on before and after sales services rather than products' attributes and manufacturing (Silver & Baker-Prewitt, 2000). There has been a range of explanations and definitions of Quality; Quality should be aimed at the needs of the customer, present and future (Deming, 1986). It is fitness for purpose (Juran, 2003), the totality of features and characteristics of a product or service

that bear on its ability to satisfy stated or implied needs(ISO 840: Quality Vocabulary).

Service and hotel industry output approximately accounts for 60 to 70 percentage of the total Worldwide GNP (Franklin, 1997), a true reflection in the Kenyan perspective, thus leading to an increase in the importance of service management and marketing (Bates, Bates, Johnston, 2003). This has led to change in service management that include shift from internal consequences of performance e.g. productivity of labor and profits to an interest in the external consequences e.g. consumer behavior in terms of his/her loyalty and satisfaction. There has been a shift from focus on structure to more on the process of service production and consumption as it governs consumer behavior in the service industry where the consumer is an active participant.

Whereas main focus in Marketing was 4P's namely, Product, Place, Promotion and Price, most of the hotel businesses have remained unsuccessful if the Q for Quality is lacking (Youssef &Bovaird, 1996). Globalization has led to customers demanding for better and quality services and it is in the wake of this challenge that many businesses have come up with measures and techniques of remaining relevant in the competitive world; Total Quality Management(TQM) being one of the most modern strategies.TQM entails action plan to produce and deliver goods and services that are consistent with customers' needs or requirements by better, cheaper, faster, safer and easier processing than competitors with the participation of all employees under top management leadership. The most challenging business in the hospitality industry is the hotel business, this is because hotels offer more than one product to its guest and customers, such as accommodation and foodservice, and this means that managing quality in hotels in more challenging to hotel managers and staff than it is in any other hospitality business (Stills &Wortman, 2006).

The, operations involved in the accommodation sector in hotels include reservation, reception, housekeeping hilling and concierge (Janes, 2002). While inside the foodservice

sector, there are three systems operating, the first system is food production, the second system is the delivery or service sequence, the third system is customer management (Cousins et al 2002).

Quality is considered to be of very great importance in the hospitality industry. Mill (1986) identifies the aim of service quality as being able to ensure a satisfied customer. However, the focus of quality initiatives has been primarily on selection and training of front line staff (see, for example, Gober&Tannehill, 1984; Mill, 1986; Cathcart 1988). The issues of measurement and process improvement have been largely neglected. Over the last decade, a significant number of Kenyan hospitality companies have embraced the concepts of TQM (Cannon, 2002), as service expectation of customers and potential customers have escalated. Hospitality businesses have found the implementation of quality processes to be a vital competitive component (Cannon, 2002).

Merica Hotel Nakuru is located in Nakuru town, along Kenyatta Avenue. Merica Hotel has been a pioneer in the hospitality industry within the region since the year 2000. Merica Hotel is the most modern hotel in the region and is a true oasis of comfort and luxury with top class modern facilities. Despite the huge investment the hotel has been experiencing declining number of customers for last few years. This has impacted negatively on company's profits and therefore the purpose of this study is to examine the effectiveness of TQM principles on customer satisfaction in Hotels, Case of Merica Hotel in Nakuru County.

The purpose of TQM principles in Hotel Industry aims at implementing a process that is long term to bring about Continuous Improvement Initiatives through integrating the fundamental techniques and principles of quality deployment, taguchi methods, just-in-time, statistical process control and existing management tools into a structured approach. It is a critical determinant in the success and survival of any organization in environment where consumers are much aware or rising standards in service quality, prompted by competitive trends which have developed higher expectations (Yavas&Shemwel, 2001)

The Hotel Industry in Kenya has in the recent past diversified, and though services in most of the hotels are the same, the qualities of these services are differing. To achieve service efficiency and excellence, hotels must strive to zero defects, retaining every customer that the company can profitably serve. Zero defects require continuous efforts to improve the quality of the service delivery system (Lim & Tang, 2000).

While the effect of TQM practices on the organizational performance has been confirmed by many studies, (Aravati, 2005; Li et al., 2003; Yasin*et al*., 2004), some other studies argued that not all TQM initiatives were successful, (Samson &Terziovski, 1999; Sanchez-Rodriguez & Martinez-Lorente, 2004; Sohal&Terziovski, 2000). To resolve this inconsistency and bridge this theoretical gap, there have been many calls for more research to be extended.The main purpose of this study is to establish the effects of TQM practices in the hotel industry and to measure the effects of these factors on non-financial performance in 3-5 star hotels in Nakuru, Kenya.

1.2 Statement of the Problem

The hospitality industries has become globally dynamic and competitive and in the hindsight arepolitical and economic problems making the industry experience operational difficulties as customers require maximum satisfaction. TQM has been evolving in the hotel business since it was introduced in 1980s (Brecter et al, 1995). However, many hotels are still struggling to reach a real understanding of what is meant by total quality management (Breiter et al, 1995). Hotels managers are not able to reach the right TQM critical success factors mix that could have a direct and positive impact on the hotels performance to reach their own financial and market objectives, and to solve the accumulated and repeated complaints by both clients and employees. Therefore, the purpose of this studywas to examine the effects of TQM principles on customer satisfaction in Hotels, Case of Merica Hotel in Nakuru County.

1.3 Objectives of the study

General Objective

The general purpose of this study was to examine the effects of TQM principles on customer satisfaction in Hotels, a Case Study of Merica Hotel inNakuru County.

The specific objectives of the study were:

i) To determine the effect of Customer Focus on customer satisfaction in the hotel industry
ii) To determine the impact of Process Improvement on customer satisfaction in Kenya
iii) To evaluate the effect of Total Involvement by all employees on customer satisfaction in the hotel industry in Kenya

1.4 Research Questions

i) What is the effect of Customer Focus on customer satisfaction in the hotel industry?
ii) What is the impact of Process Improvement on customer satisfaction in Kenya?
iii) What is the effect of Total Involvement by all employees on customer satisfaction in the hotel industry in Kenya?

1.5 Significance of the Study

Quality is an important aspect towards realizing the objective of service provider in terms of providing relevant products in the market and to the customer in terms of getting maximum utility from usage of the product. All the players in the society will appreciate an accommodative environment where satisfaction in all areas is achieved through Quality services and practices. This study laid a basis for more research on the direct relationship between Quality issues and positive performance in the hotel industry.

1.6 Scope of the Study and Limitations of the Study

The study was limited to establishing the effects of TQM principles on customer satisfaction in Hotels in Nakuru. This study focused on the importance of practicing Quality Management in achieving the main objectives of customer satisfaction in Merica Hotel in Nakuru Town. The study was carried out between the month of July and August, 2014, time of tourists' peak. Consumers and employees opinions, beliefs, attitudes, and perceptions on the

effectiveness of hotels Quality ability to meet their needs were sought.

The Hotel operates under controlled access to confidential information. This was a major issue as the management showed some fear for information misuse yet very critical in realizing the core objective of the research. Further, residential consumers were not easily accessed due to timing. Some subjects seem to have denied admittance for fear of retribution. Less sophisticated respondents had difficulties in clearly understanding the questions and were not able to make out the meaning of such questions easily without further explanations which was time consuming.

1.7 Delimitations of the Study

The researcher tried to overcome these limitations by familiarizing with the Hotel management and taking time in mapping out the location of the target hotel and population. Secondly, an introduction letter was issued to all subjects prior to data collection exercise. Finally, less sophisticated respondents were explained to on the nature of the study and each questionnaire item clarified in a language they were able to understand. More importantly the questionnaire copies were distributed in the evening prime time.

1.8 Assumptions of the study

i. The research assumed that respondents would fully participate and give genuine information.

ii. It was assumed that adequate data would be collected and that Merica Hotel management and staff would be available to give information.

iii. There was an assumption that management would avail the necessary information and documents the researcher needed.

iv. There was also an assumption that all respondents would understand the concepts, respond to questionnaires as required by the researcher

1.9 Operational Definition of Terms

Business Performance: A set of management and an analytical process that enables the management of an organization achieve its goals.

Business Process Management: BPM is a business improvement strategy based on documenting, analyzing, and redesigning processes for greater performance.

ERP: Stands for Enterprise Resource Planning. ERP refers to software packages that attempt to consolidate all the information flowing through the company from finance to human resources. ERP allows companies to standardize their data, streamline their analysis process, and manage long-term business planning with greater ease.

Globalization: Process by which businesses develop international influence or start operating on an international scale.

ISO: Series of standards and documented technical specifications used as guidelines toensure that products, processes, and services are manufactured consistently. European countries established the ISO organization as a way to certify the quality control systems of companies across international boundaries.

JIT: Stands for Just in Time. Just in time is the cornerstone philosophy of LeanManufacturing and MRP. Using the just-in-time philosophy, raw materials arrive no earlier than they are required to reduce costs and inefficiencies associated with large inventory.

Kaizen: A Japanese quality improvement philosophy named after the phrase "continuousimprovement." Kaizen aims to create a quality-oriented culture that permeates all levels of the business from manufacturing to management and aims to improve the organization in small increments from the ground up.

Lean Manufacturing: A quality methodology focused on eliminating all waste from themanufacturing process. Lean manufacturing aims to cut down on processing times and inventory by reducing human involvement and streamlining the supply chain.

MRP: Stands for Material Requirements Planning. MRP aims to increase manufacturingefficiency by

managing the production schedule, reducing inventory, increasing cash flow, and delivering products in a timely manner. ERP is a technical subset of MRP.

Non-Financial Performance Indicators: Elementsthat provide information on performance without having a direct monetary implication

Organizational Excellence: DELIVERING SUSTAINED SUPERIOR PERFORMANCE THAT MEETS AND WHERE POSSIBLE EXCEEDS THE EXPECTATIONS OF STAKEHOLDERS

Organizational Performance: An analysis of a company'sperformance as compared to goals and objectives.

QFD: Stands for Quality Function Deployment. The goal of QFD is to prioritize and translate customer needs into technical requirements for engineers, and deliver a quality product or service that aims to satisfy the customer.

Six Sigma:A quality management tool that aims to reduce defects and variation in a business process. The goal of any Six Sigma initiative is to reduce to the number of defects to 3.4 per one million opportunities thereby increasing customer satisfaction and business profits.

Supply Chain Management: Managing the movement of goods from raw materials to the finished product delivered to customers. Supply Chain Management aims to reduce operating costs, lead times, and inventory and increase the speed of delivery, product availability, and customer satisfaction.

Taguchi methods: Quality controlmethodology that combines control charts and process control with product and process design to achieve a robust total design.

Total Quality Management: A holistic approach to long-term success that views continuous improvement in all aspects of organization as a process.

Zero Defects: A practice that aims to reduce defects as a way to directly increase profits. The concept of zero defects lead to the development of Six Sigma in the 1980s.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews both theoretical and empirical literature with an aim of indentifying a gap that forms the basis of the study.

2.1 Theoretical Review

2.1.1 Management Theories

In this study a few management theories in general were explored to illustrate the impact of management on performance. Performance was viewed in this study as the organization ability to achieve its intended goals. Theory provides the basis for action (Bush & West-Burnham, 1994). In order for the manager to be effective he/she needs a theoretical management base (Beck & Cox, 1980). Hoyle (1986)stated that a management theory is concerned with guiding practice and enables the practitioner to improve the organization's effectiveness. This implies that there is a relationship between management and performance. Hoyle and MacMahan (1986) concurred with Hoyle's statement adding that management theory guides practice which also includes decision-making and authority.

2.1.2 Scientific Management Theory

This management approach is aimed at increasing productivity and makes work easier by scientifically studying work methods and establishing standards (Rue &Byars, 2000). This can be done through the selection and training of workers and supervisory support (Schermerhorn 2005). This management approach provided methodsof addressing motivation because it offers wage incentives by linking pay to the outputs (Daft and Noe, 2001). Fayol, (as cited in Hanson, 2003 p 15), outlines the assumptions of the scientific approach about workers.

He stated that workers were unable to work out the relationships of their positions without detailed guidance from their superiors. He further stated that coordination at work would not be achieved unless it was planned and directed from above. The principles of the Scientific Management approach according to Hanson (p19) are that the manager had a duty to find a basic unit of work in any task through the use of scientific means and measurement. Secondly the most efficient and simplest manner of accomplishing that task had to be defined through the elimination of all wasted motion and resources. Next the

procedures and the rules that were required to perform the task would be set for all workers in a prescribed manner.

Schermerhorn (2005) identified the following steps in the scientific management process: The manager had to carefully select workers with the right abilities for the job. The selected workers had to be carefully trained to do the job. They were given proper incentives to cooperate with the job. He further stated that the workers were supported by carefully planning their work and by smoothing the way as wentabout their job. Rue and Byars (2000) added to these steps by stating that the scientifically selected work area should be taught and developed progressively in order to match the job with the worker.

They concluded by stating that the division of work would result in interdependence between management and workers and cooperation would follow naturally. The results of this approach were that workers performed well when they are trained to do the job, goals of the organization are clearly articulated and documented in addition to the management being supportive.

2.1.3 Contingency Theories

The Situational Theory and the Path Goal Theory are discussed as Contingency Theories. Daft &Noe (2001) identified the Situational Theory of Hersy and Blanchard and the Path Goal Theory of Evans and House that formed the Contingency Theories. The former Theory stated that people at work vary in readiness level. People are low in task readiness because of their little working ability and insufficient training or insecurity. Such people needed a different management approach than those who were high in readiness and had good ability, skills, confidence and willingness to work. The latter Theory asserted that it was the manager's responsibility to increase the followers" motivation to attain organisational goals". Daft &Noe (2001) concluded that the manager had to match his/her management approach with the organizational situation to offer the best solution.

Linstead and Linstead(as cited in Linstead, Fulop and Lilley 2004 p20)argued that these theories set themselves the objectives of identifying as many solutions to the problems as possible. The best solution for the organisation and environment is then chosen. The nature of the task, the structure of the organization, the human factors and the technology involved must all be taken into consideration before decisionsare made. This Theory maintains that different situations and conditions require different

management approaches and the proponents believed that there was no one best way to manage but the best way depended on the specific circumstances (Rue and Byars 2000).

2.1.4 Systems Approach Theory

Barnard (as cited in Schermerhorn (2005 p4) defines the System Approach Theory as a collection of interrelated parts working together towards a purpose. He viewedorganizations as systems that achieve great things by integrating the contributions of individuals to achieve the common purpose. Robbins (2000) agreed with the former view by adding that the Systems Approach viewedorganizations as made up of interdependent factors including individuals, groups, attitudes, motives, formal structure, interactions goals status and authority.

Another definition of the Systems Approach was that it is a way of thinking about the job of managing that provides a framework for visualizing internal and external environmental factors as an integrated whole (Rue &Byars 2000). The manager views the human, physical and informational facets of his/her job as linked in an integrated whole (Rue &Byars, 2000). The manager's job was to ensure that all parts of the organization were coordinated internally so that the organization could achieve its goals (Robbins 2000).

The Systems Approach recognized the importance of environment for the organization's sustainability (Robbins 2000). It depends on the manager to choose the management approach that suited him/her in order to have an effective and efficient organization that performs according to acceptable standards. No single management approach offerred a complete solution and practitioners needed to use approaches together (Boddy& Paton 1998). Management approaches may be effective or unproductive, depending upon their application and appropriateness to given situations (Pettinger, 2002).

2.2The Concept of TQM

Literature on TQM involved a rich spectrum of Research. Garvin (1987) defined Quality and TQM in terms of Transcendent, Product Based, User Based, Manufacturing Based, Value Based approach by identifying different qualities. Juran(2003)(as cited from Miltra, 1987 p12), defined quality as "fitness for use", focusing on quality

planning, quality control and quality improvement He tied Quality to having requirements based on customer needs and specifications. Deming (1986), stated that quality had a predictable degree of uniformity and dependability, at low cost and suited to the market. He developed 14 principles of Quality management to improve productivity and performance of the organization. Ishikawa (as cited from Miltra, 1987) emphasized the importance of TQM Control to improve organizations performance by using a cause and effect diagram (Ishikawa diagram) to diagnose Quality problems.

TQM is a holistic approach to long-term success that views continuous improvement in all aspects of organization as a process (Pfau, 1989). TQM can also be defined as "a cooperative form of doing business that relies on the talents and capabilities of both labor and management to continually improve quality and productivity using teams. Embodied in this definition are the three ingredients necessary for TQM to flourish in any company and these are: 1.) participative management, 2.) continuous process improvement, 3.) the use of teams" (Jablonski, 1991, p.4). Also defined are six basic principles of TQM: customer focus, focus on the process as well as the results, prevention versus inspection, mobilizing the work force, fact-based decision making, and feedback. (Jablonski, 1991)

2.3 Benefits of TQM

TQM is an effective method that can accomplish the task of higher quality levels and increased productivity. It is the culture of an organization committed to customer satisfaction through continuous improvement. This culture is so diverse in different environments in its objectives of achieving greater market share, increased revenue, profits and reduction in costs (Kanji & Wallace, 2000).

Guran (2001) highlighted that TQM leads to delighted customers, and empowers the employees. Chin and Pun (2002), stated that implementation of TQM can generate improved products and services, reduced costs and improved bottom-line financial performance. Other benefits include improved company image, improved certainty in operations,

improved morale, improved management and committed customers, (Davies, 2003). Kaynak (2003) suggested that a positive relationship existed between the extent to which companies implement TQM and firm performance.

2.4 Evolution and the Critical Factors of TQM

There was initially a rising need for the top management in different organizations to be aware of TQM and its importance towards gearing for a relevant competitive edge catalysed by benchmarking movement to seek, study, implement and improve on best practices(Zairi&Youseff, 1995). This led to insurgence of TQM from the manufacturing industries to the service sector.Various studies have been carried out and different instruments developed by researchers to determine the critical factors of TQM, and as a result, a wide range of management issue, techniques, approaches and systematic empirical investigation have been generated.

Research by Saraph, Benson and Schroder (1989), developed 78 items which were classified into 8 critical factors to measure the performance of TQM in an organization. These critical factors were; Role of divisional top management and quality policy, role of the quality department, training, product and service design, supplier quality management, process management, quality data and reporting, and employee relations.

Flynn, Schroeder &Sakakibara (1994) further developed seven quality factors that included; top management support, quality information, process management, product design, work force management, supplier involvement, and customer involvement. Anderson, Rungtusanatham& Schroeder,(1994), developed the theoretical foundation of quality management practice by examining Deming's' 14 points. They used Delphi Method and came up with seven concepts; visionary leadership, internal and external cooperation, learning, process management, continuous improvement, employee fulfilment and customer satisfaction.

Black and Porter(1996), using the Malcolm Baldrige Award Criteria analysed 32 items which they classified into 10 critical factors; Corporate Quality Culture, Strategic Quality Management, Quality Improvement Measurement Systems, People and Customer Management, Operational Quality Planning, External Interface Management, Supplier Patnerships, Teamwork Structures, Customer Satisfaction

Orientation and Communication of Improvement Information.

Ahire, Golhar and Waller (1996) later on came up with twelve integrated quality management constructs to determine critical factors of quality management of organizations. These were; supplier quality management, supplier performance, customer focus, statistical process control usage, benchmarking, internal quality information usage, employee involvement, employee training, design quality management, employee empowerment, product quality, and top management commitment.

2.5 Obstacles to TQM

From a manager's perspective, there are 8 barriers to TQM; inadequate human resource development and management, lack of planning for quality, lack of leadership for quality, inadequate resources for TQM and lack of customer focus. Many organizations aren't willing to undertake the total cultural transformation that TQM requires (Ugboro&Obeng, 2000).

TQM demands that resources be available to sustain the organization over the full period of implementation and beyond and it could prove to be too demanding for the weak (Nwabueze, 2001) A study by Ljungstrom and Klefsjo (2002) determined that the six areas for obstacles to TQM are management, continuous improvement, quality methods and tools, work development, proper orientation and unions. Unions have a great influence in many ways, either positively or negatively.

2.6 Measuring performance through TQM criteria in service industry

Performance measurement is considered as very important for the optimum management of an organization. It wasseen as impossible to improve something without measuring it (Deming, 1986). Therefore, to improve organizational performance, one needs to determine the TQM criteria and measure their effect on business performance (Gadenne, Sharma, 2002). Traditionally, success of business performance has been measured financially, i.e. profit margins, market share earnings and growth rate. These critical indicators only reflect and measure the past performance (Kaplan & Norton, 1996). To overcome shortcomings, there was a need to add non-financial indicators to the traditional performance measurement system.

There are a number of studies that measure business performance through TQM criteria (Wilson & Collier, 2000), (Fynes& Voss, 2001) and (Montes, Jover& Fernandez, 2003). These studies have provided an arena for exploring a variety of theoretical and empirical issues with a common denominator that if TQM is well carried out and implemented, it can lead to satisfaction of customers, improved services, improved internal and external communication and also higher levels of product innovations and inventions. Lenka and Suar (2008) based on the review of literature identified 6 core concepts for the realisation of TQM in service sector e.g. Hotels. These included transformational leadership, customer orientation, human resource management, organizational culture, continuous improvement and quality measurement.

2.7 TQM as Organizations Non-Financial Performance Measure

With popularity of TQM, there is a growing awareness of importance of linking business drivers with organization non-financial issues such as leadership, leadership, strategic quality planning, service design, people and process management (Pannirselvam& Ferguson, 2001). This has significant stress on the importance of total quality, customer satisfaction and management process to the attainment of superior competitive position. TQM leads to higher business performance, which indicates efficiency, cost effectiveness and higher perceived service quality by customers.

However, some Researchers found out that the implementation of TQM did not improve organizations' non-financial performance. For example, Dow et al. (1999) showed that some TQM factors such as employee commitment, shared vision and customer satisfaction contribute to superior quality outcome and factors such as benchmarking and work teams, do not contribute to superior quality outcomes.Elements of TQM are its customer driven philosophy and the empowerment of the employee to effect change (Schmidt, 1993.) High quality customer service requires the employer to be empowered to make immediate decisions for the customer at the moment of contact, also known as the "moment of truth" (Carlzon, 1987)

2.8 TQM in the Hotel Sector

Several studies have been carried out on their relevance in relation to businesses performance though they have not been fully conclusive. If most of the hotels did not

encompass and accommodate TQM practices, then their non-financial performance would deteriorate and be forced to close down.

This study provided the foundation by introducing TQM practices as the mechanism through which organisational efficiency regarding the non-financial performance of hotels could be achieved. Merica Hotel, being a Star Hotel in a fast growing town was my case study. This study sought to identify the gaps in the Hotel operations, projecting how they were applying TQM in their operations and more so fundamentally establishing what they needed to do to stay competitive and identify themselves as Quality gurus in the Hospitality Industry. These research findings adds to the body of TQM knowledge and is of much help hotel managers to identify their strong points as far as TQM and performance is concerned and establish areas that need more emphasis.

Hotel services provide an open arena for interaction between customers and service providers. It is one of the largest hospitality industries that cater for needs of different segments of the population reflecting the diversity of the society. This sector provides an environment to capture and represent almost all the critical features of customer-perceived service quality and the critical dimensions of excellence that management may encounter in order to effectively manage a service organization.

2.9.1 TQM and Customer/Employee Satisfaction

Kotler et al. (1996) discussed satisfaction as 'the level of a person's felt state resulting from comparing a products perceived performance in relation to the person's expectations'. It is the difference between perceived performance and expectation (Stahl, 1999).Unlike the quality of goods which maybe tangible and measured objectively by using indicators such as performance, features and reliability, service quality, however is not tangible and thus defined in terms of 'attitude, interaction and perception'. Thus service quality is judged by what a customer perceives rather than what a provider offers.

Customer satisfaction is perceived to be the key success factor for every profit-oriented organization as it affects its market share and customer retention. Satisfied customers tend to be less influenced by competitors, less price sensitive and stay loyal longer (Dimitriades, 2006).Vora, (2002) asserts that customer and employee satisfaction and streamlined processes together produce improved

operational and financial results which would eventually lead to business excellence.Agus, (2004) supported this argument and added that there was a positive association between TQM and customer satisfaction as service quality promotes and stimulates intention to return, encourages recommendations and thus leading to customer satisfaction. Research has proven that businesses that apply TQM have more satisfied customers than others, (Tanninen et al., 2010).

2.9.2 Summary of Literature and Research Gaps

Researchers have greatly looked at the variable in details. However, much of the literature on TQM is written from different cultural contexts of the developed countries. Kenya is a developing economy and most of the suggested quality structures have not been put in place, meaning that some of the ways proposed by the studies already reviewed may not be in existence. The country also faces problems of unpredictability of the political, social and economic situations characterized by riots, political violence, public demonstrations, and changes in trade policies, among others. Many of these unique environmental factors face a number of developing countries like Kenya have not been studied keenly within TQM.

Secondly, organizational culture is thinly defined to mean that all are expected to behave in a certain way. As much as this works best in the western world, it might be difficult especially in African countries like Kenya that has many cultures and vary in the way they look at things. Literature has not considered the variations of the different cultures exhibited by people who bring the same to the firms (people who influence culture in an organization)

2.10 Conceptual framework

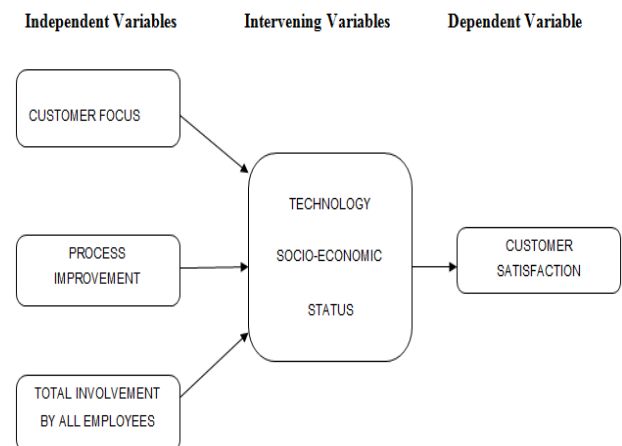The Conceptual Framework is given below.

Figure 1: Conceptual framework

Explanation of variable linkage

The conceptual framework above gives a diagrammatic presentation of the linkage between the variables of the study. The arrow flows from the independent variable towards the dependent variable. Whether a correlation exists between the independent variables and the dependent variables was the point of contention in this study.

The relationship of the independent variable was reviewed to establish if there was any relationship between the three factors and business performance. It was expected that product customer focus had a positive correlation with customer satisfaction, since it is the customer who determines what the business is (Pheny&Teo, 2003). Process Improvement was also expected to have a positive correlation to customer satisfaction. Totalinvolvement by all employees was expected to have an influence on customer satisfaction, since people who know the most about what is right or wrong with a system or process are those who do it (Mohanty&Lakhe, 2002).The indicators were to be increased to market share, communication effectiveness and motivation for the independent variables respectively. The intervening variables were taken to be technology and socio-economic status since organizations have no control over such.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section outlines the research design that was adopted and the methods of data collection and analysis employed to answer the research questions.

3.2 Research Design

This study adopted a case study method since the method allows an in-depth focus on the case of the study and as such it gave room for the researcher to keenly examine the effects of total quality management principles on customer satisfaction in the hotel industry. The researcher preferred case study approach because it involves in depth, contextual analysis of similar situations in other organizations, where the nature of the problem happens to be experienced in the current situation in cognizance of the research design. Mugenda&Mugenda (2003) notes that, a case study is a very powerful form of quantitative analysis. It is a method of study which focuses on depth rather than in breadth.

The researcher used a research design for descriptive and diagnostic research studies. Descriptive research studies was concerned with the description of particular variables; while diagnostic research studies determined the frequency with which such variable occurred or was associated with another. The design in this study was rigid and not flexible and focused attention on: formulating the objective of the study, designing the methods of data collection, selection of sample, collection of data, processing and analysis of data, and reporting the findings.

3.3 Target Population

The target population was 3000 respondents which consisted of 2950 customers and 50 hotel attendants in Merica Hotel, Nakuru County.

3.3 Sampling Technique and Sample Size

The target population of this study included all the customers and hotel employees in Merica Hotel during the period of the study. A list of the customers and employees formed the sampling frame which was defined to include all. This list was used to select the study sample. The minimum sample size for this study was established from a formulae described by Bartlett *et al.,* (2002) and Lwanga and Lemeshow (1991) as 341.In order to fulfil this criteria, the sample size was determined with reference to the Krejcie and Morgan (1970) table. The formula used is presented as:

$$n = \frac{Z^2 \, p \, (1- p)}{e^2}$$

Z is the Z value for the corresponding confidence level (1.96 for 95 percent confidence level); *e* is the margin of error (0.05) and *p* is the estimated value for the proportion of a sample that is not known (taken as 0.5). Inserting this figures in the minimum sample size formula, $n = 384$.

The formula above assumed strictly random sampling and that the sample size is small relative to the population size. When the target population is less than 10,000, it is prudent to use the Finite Population Correction (FPC) to calculate a corrected sample size. The new sample size (*n'*) that accounts for the FPC was calculated from the formula

$$n' = \frac{n}{1 + \dfrac{n}{N}}$$

where, n was the sample size based on the calculations above, and N the population size. The corrected minimum sample became 341.

3.4 Data Collection Method

Therewas both primary and secondary data. Secondary data was collected from library and journals. The primary data was gathered using structured questionnaires on five point Likert scale. The researcher used closed ended questionnaires. Whitely(2002)contendsthatclosedended questionsshouldbe preferred in socialresearch undertakings given thatthealternative answers are set in a way that can easily be quantified by the researcher.

Further, when structured questions are used, information got caneasily be interpretedand presented. The questions constituted approximately twenty items touching on matters relevant to theresearch. In order to increase accuracy and relevance of information, thequestionnaireitems were carefullyworded to ensure thatambiguous and/or leadingquestionsare avoided (Zigmund, 2003).

The study collected data from the respondents. In cases where elaborations were needed, the researcher complemented the process through word of mouth and telephone interviews and this had the advantage of making clarifications on the questionnaire items although it had the disadvantages of being costly and expensive in administration

3.4.1 Interviews

The Researcher collected data through interviews to the respondents who included the employees and the customers.

3.4.2 Questionnaires

A self administered questionnaire was used in the study. The instrument had a series of items simple enough for the subjects to understand and accurately respond to. The respondents in the study were expected to be largely literate and reachable.

The questionnaire items were closed- ended. This was purposely done to ease response and subsequent analysis. This was also reinforced by the fact that they gave alternative answers that could easily be quantified, interpreted and presented.

The questionnaires were in English, each item rated on a 5-point Likert scale, ranging from "very low" to "very high". The questionnaire was pre-tested several times to ensure that the wordings, format and sequencing of questions are appropriate.

3.5 Pilot Study

To help establish the validity and reliability of the questionnaire used, a pilot study was carried out in Nyahururu Town. This involved selecting 20 prospective respondents (these 20 will not included in the 200 to be studied) and issuing them with the proposed questionnaire. The pilot test respondents were selected randomly and their responses were analysed before undertaking the main research.The responses in the pilot study indicated consistency of results, and the questionnaire was taken to be reliable enough to be used in the main study, (Lees, 2007). This test helped reveal deficiencies in the design of the main research thus giving the researcher valuable insights on issues that needed to be redress prior to execution of the main study (Zigmund, 2003)

3.6 Data Analysis and Presentation

Data wasanalyzed with the help of Statistical Package for Social Sciences (SPSS). Data was initially "cleaned" to ensure consistency, exhaustiveness and completeness in information expected. In order to analyze data, descriptive and inferential statistics was employed. Descriptive statistics like frequencies, median and percentage was used to summarize and inferential statistics was used to test the hypothesis.

The relationship between each of the independent variables (Customer Focus, Process Improvement and Total Involvement by all Employees) and Customer Satisfaction was tested using Pearson Correlation Analysis. Regression analysis was also computed to determine the overall relationship between Customer Focus, Process Improvement

and Total Involvement by all Employeesand Customer Satisfaction. The regression equation was of the form:

$$CS = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mathcal{E}t$$

The variables are explained as follows:

CS = Customer satisfaction (Dependent Variable)

α_0 = Constant associated with the regression equation.
β_1, β_2, β_3 = Coefficients of the independent variables.

X_1 = Customer Focus

X_2 = Process Improvement

X_3 = Total Involvement by all Employees

$\mathcal{E}t$ = Error Term

3.7 Data Management and Ethical Considerations

Prior to field activities, the researcher obtained an introductory letter from LaikipiaUniversity. He also sought permission from relevant organization authorities to carry out the research in their firm. Every after field work, the report was edited and kept for data analysis. The respondent's consent was sought and confidentiality was observed. The respondents were made to understand that the study was meant for academic purposes only. An introduction letter confirming that the research information would be treated confidentially and was meant for academic purposes was also attached.

CHAPTER FOUR

DATA ANALYSIS,PRESENTATION AND DISCUSSION

4.0 Introduction

This chapter shows on how data collected from respondents was analyzed and presented. Tables, narratives and descriptions are used to organize and analyze the data to explain the effects of total quality management principles on customer satisfaction in the Kenyan Hotel Industry.

4.1 Response Rate

The findings presented here are based on 324 questionnaires which were successfully prepared and administered out of 341. This represented a response rate of 94.64% which was considered sufficient. This was possible since the questionnaires were administered in person by the researcher who after administering the questionnaires, waited for the respondent to complete and collected immediately. This ensured that the sample size as was originally designed remained the same thereby ensuring representativeness of the target population and validity of the result of the study. The pie chart below represents the response rate..
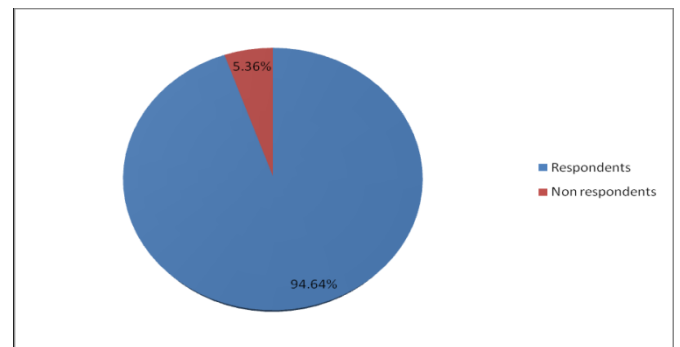

Figure 4.2: Response Rate

Source (Researcher, 2014)

The analyses based on age were to provide the reliability and validity of recommended indicators of quality that would sufficiently advocate their use in the hospitality industry. A final set of recommendations were made for the hospitality industry of relevant qualities for future studies

4.2 Respondent Bio data

This was an introductory part of the questionnaire and on the basis of that, the respondents were asked to state their gender, age, highest level of education attained, occupation, marital status and area of residence.

Although age categories are based on natural and physical attributes, the boundaries between the categories are fuzzy and the representations (stereotypes) about the categories are centred on prototypes (the image of a 'typical' member of the category).

4.2.1 Gender of the Respondent

In the data collected out of the 324 respondents 41% of the total was male and 59% of the total was female. This is an indicator that the area population has got higher proportion of female than male. Gender was an important part in the questionnaire because the current constitution provides for a 30% representation either gender in any study.

Table 4.1: Gender of respondents

Gender Respondent	of Frequency	Percent
Male	133	41
Female	191	59
Total	**324**	**100**

4.2.2 Age Distribution

According to the findings in the study, 8% are less than 18 years old, 30% were aged between 18 and 24 years, 35% respondents were between 25 and 34 years old, 12% respondents were between 35 and 44 years old,9% respondents were between 45 and 59 years old and 6% of the respondents were over 59 year old. This data is presented in Table 4.1. Cumulatively 73% of the total sampled data were 34 years and below. The researcher found it paramount to establish the age bracket of the respondent. This is a demographic feature that affects behaviour or perception of an individual on issues in organizations. This is because the younger and the mature persons tend to understand a given concept and the more active a person they are as opposed to old people. The highest population is between the age of 25 and 34 this is because Nakuru County is an entertainment hub centre, attracting the youth from all over the world.
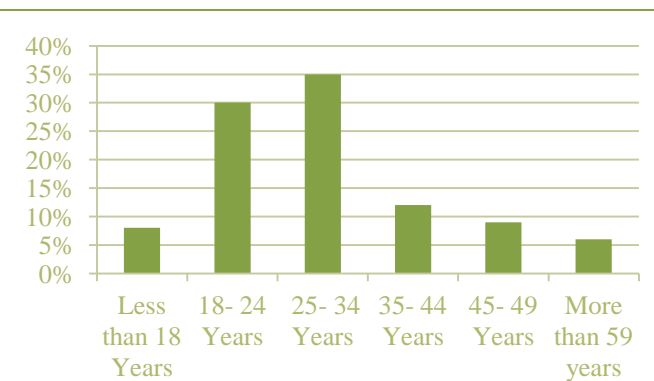

Figure 4.3: Age group of respondents

Source (Researcher, 2014)

4.2.3 Level of Education

The study sought to establish whether the academic level of the customers and employees all levels of management had any influence on strategic formulation in response to the industry competition.

On the levels of education amongst the respondents, 16% respondents have a qualification of elementary education, 38% respondents have attained secondary education, 46% respondents have university degree and above. This data is presented in Table 4.2 below. This data revealed that literacy levels in the industry were high with approximate of 46 % having university education.

Table 4.2 Level of Education

Level of Education	Frequency	Percent
Elementary Education	52	16
Secondary Education	123	38
University Education and above	149	46
Total	**324**	**100**

4.2.4 Occupation

The research collected data to establish the main occupation of respondents. The data collected showed that 25% were government staff, 28% were employed in the private sector, 36% were self-employed, 3% were housewives and 8% of the respondents were students. Occupation was an important factor to consider because it plays an important role in group formation and establishes buying and purchasing pattern of different employment categories. 36% of the population is selfemployed; this is a clear indication that entrepreneurship is very high.

Table 4.3: Occupation of respondents

Age Group of Respondent	Frequency	Percent
Government Staff	26	25
Private Sector	97	28
Self-Employed	114	36
Housewives	39	3
Students	29	8
Total	**324**	**100**

4.2.5 Marital Status

Marital status is a key factor in determining the family structure and the dependency levels. This is important because it affects the reliability of hospitality purchasing patterns. According to the data collected, 42% of the respondents are married, 26% single, 15% separated and/or widowed and 17% don't know. This was an important consideration because the number of dependents may affect the purchasing pattern. The highest percentages of the respondents have two dependent and the lowest more than three dependents .This would likely suggest that respondents are using Family Planning methods.

Table 4.4: Marital Status

Marital Status	Frequency	Percent
Married	136	42
Single	84	26
Widowed/Separated	49	15
Don't know	55	17
Total	**324**	**100.0**

4.2.6 Area of Residence

Data that was collected by the researcher shows that 21% of the respondents are residents of Nakuru Town. Further 22% of the respondents hail from Nakuru County, 27% from Africa and 30% from outside Africa. Table 4.4 shows this data. From this data it can be seen that the Hotel is popular among foreigners than locals.

Table 4.5: Area of Residence

Area of Residence	Frequency	Percent
Nakuru Town	68	21
Nakuru County	72	22
Africa	87	27
Outside Africa	97	30
Total	**324**	**100**

4.2.7 Employee Category

A total of 24 employees were engaged. According to the data collected, 18% represented Top Management, 54% Middle Management and 28% Lower Level Management.

Table 4.6 Age group of respondents

Employee Category	Frequency	Percent
Top Management	4	18
Middle Management	13	54
Lower Management	7	28
Total	**24**	**100**

4.3 Employee Perception on Customers Satisfaction

The first objective of the study was to establish the extent to which TQM principles affect customer satisfaction in the Hotel Industry. To meet this objective the researcher was to find out the hypothesis: The employees' perception on customers' satisfaction.

4.3.1 The Hotel fully understands customers needs and it compares its customers satisfaction with competitors

The data collected in the study to show if the Hotel fully understands customers' needs and compares its customers satisfaction with competitors indicates that 9% of the respondents strongly disagree, 10% disagree, 13% are neutral, 44% agree and 24% strongly agree.

Table 4.7:The Hotel fully understands customer's needs and it compares its customers' satisfaction with competitors

The Hotel fully understands customers needs and it compares its customers satisfaction with competitors	Frequency	Percent
Strongly Disagree	2	9
Disagree	2	10
Neutral	4	13
Agree	11	44
Strongly Agree	5	24
Total	**24**	**100**

4.3.2 Work standards are based on Quality rather than Quantity alone

According to the data collected in the study and presented in Table 4.5, 18% of respondents of employees totally disagree that the hotel concentrates on both Quality and Quantity, 57% disagree, 6% are undecided, 12% agree and 7% strongly agree. Therefore the hotel barely concentrates on both Quality and Quantity.
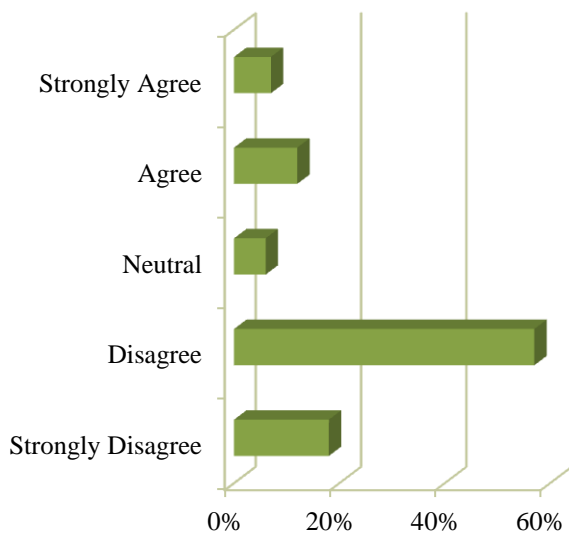

Figure 4.4: Work standards are based on Quality rather than Quantity alone

Source (Researcher, 2014)

4.3.3 Quality related training is given to Managers, supervisors and employees

According to the data collected in the study and presented in Table 4.6, 13% of respondents of employees totally disagree that the hotel organises Quality Trainings to its staff, 52% disagree, 11% are undecided, 21% agree and 3% strongly agree. Therefore we can conclude that the does not offer Quality trainings since 52% do not agree.

Table 4.8: Quality related training is given to Managers, supervisors and employees

Work standards are based on Quality Rather than Quantity alone	Frequency	Percent
Strongly Disagree	3	13
Disagree	12	52
Neutral	3	11
Agree	5	21
Strongly Agree	1	3
Total	**24**	**100**

4.3.4 Top Management assumes responsibility for the Quality of performance and communicates to all the players in the Hotel

The data collected in the study to show if the Top Management assumes responsibility for the Quality of performance and communicates to all the players in the Hotel indicates that 34% of the respondents strongly disagree, 49% disagree, 3% are neutral, 7% agree and 7% strongly agree. Therefore, the management does not assume responsibility for Quality of performance since 83% of the respondents disagreed.

Table 4.9: Top Management assumes responsibility for the Quality of performance and communicates to all the players in the Hotel

Top Management assumes responsibility for the Quality of performance and communicates to all the players in the Hotel	Frequency	Percent
Strongly Disagree	7	34
Disagree	12	49
Neutral	1	3
Agree	2	7
Strongly Agree	2	7
Total	**24**	**100**

4.3.5 Towards efficient services, does the Hotel face any obstacles in Implementing TQM Principles

The data collected in the study to show if the Hotel faces any obstacles in Implementing TQM Principles indicates that 84% of the respondents said Yes whereas 16% said

No.Therefore, the hotel faces obstacles since 84% of the respondents said yes.

4.4 Customers Perception on their Satisfaction

4.4.1 Services offered are efficient and up to standards by courteous and friendly employees

The data collected in the study shows that a majority of customers (34%) agree to the fact that the services offered are efficient and up to standards. This however is a below par representation showing that more needs to be done as far as efficient services to customers are concerned.

Table 4.10: Services offered are efficient and up to standards by courteous and friendly employees

Services offered are efficient and up to standards by courteous and friendly employees	Frequency	Percent
Strongly Disagree	37	12
Disagree	41	14
Neutral	74	25
Agree	102	34
Strongly Agree	46	15
Total	**300**	**100**

4.4.2 Quality of the Hotel Products and Services meet my expectations

The data collected in the study to show if the Quality of the products and services offered meet the customers' expectations, 10% strongly disagree, 17% disagree, 34% remained undecided,28% agree and 11% strongly agree. This shows that a lot needs to be done to improve on the Quality as the undecided clients remain to be doubtful clients in future.

Table 4.11: Quality of the Hotel Products and Services meet my expectations

Quality of the Hotel Products and Services meet my expectations	Frequency	Percent
Strongly Disagree	29	10
Disagree	52	17
Neutral	103	34
Agree	86	28
Strongly Agree	30	11
Total	**300**	**100**

4.4.3 I am a satisfied customer who cannot be influenced by competitors or less prices elsewhere

The data collected to indicate if customers are satisfied and that competitors threat cannot influence their faithfulness to Merica Hotel,4% strongly disagree, 12% disagree, 27% remained undecided,45% agree and 12% strongly agree. This shows that the Hotel has tried to remain competitive and offer Quality services as compared to other players in the industry.

Table 4.12: I am a satisfied customer who cannot be influenced by competitors or less prices elsewhere

I am a satisfied customer who cannot be influenced by competitors or less prices elsewhere	Frequency	Percent
Strongly Disagree	11	4
Disagree	37	12
Neutral	81	27
Agree	134	45
Strongly Agree	37	12
Total	**300**	**100**

4.4.4 Services provided by this Hotel will definitely stimulate me to come back and recommend the Hotel to others

The data collected to indicate if Services provided by this Hotel will definitely stimulate customers to come back and recommend the Hotel to others, 2% strongly disagree, 10% disagree, 29% remained undecided, 44% agree and 15%

strongly agree. This shows that the Hotel has what it takes to retain clients but still has a lot to do to improve on this.

Table 4.13: Services provided by this Hotel will definitely stimulate me to come back and recommend the Hotel to others

Services provided by this Hotel will definitely stimulate me to come back and recommend the Hotel to others	Frequency	Percent
Strongly Disagree	7	2
Disagree	30	10
Neutral	87	29
Agree	132	44
Strongly Agree	44	15
Total	**300**	**100**

4.5 GENERAL OBSERVATIONS AND COMMENTS

Based on the above data, most of the respondents appreciated Quality services offered. Of concern was the rate at which clients were being attended to and the waiting period which needs to be checked.A higher percentage touched on cleanliness of the rooms as the main area that needs a thorough check.

4.6 Inferential Statistics

Inferential statistics was done in order to establish the relationship between each of the independent variables (Customer Focus, Process Improvement and Total Involvement by all Employees) and Customer satisfaction. These were carried out while testing the hypotheses in line with the objectives of the study.

4.6.1 Objective I: To determine the effect of Customer Focus on customer satisfaction in the hotel industry

The correlation between Customer Focusand customer satisfaction was calculated using Pearson's Correlation in order to establish the relationship between the two variables. The results are as shown in the table below:

Table 4.14: Correlation between Customer Focusand customer satisfaction

		Customer Focus	Customer satisfaction
Customer Focus	Pearson Correlation	1	.582**
	Sig. (2-tailed)		.000
	N	300	300
Customer satisfaction	Pearson Correlation	.582**	1
	Sig. (2-tailed)	.000	
	N	300	300

**Correlation is significant at the 0.01 level (2-tailed).

The r-value of .582 shows a strong positive correlation between Customer Focus and Customer satisfaction. This means that there is a strong positive relationship between Customer Focus and Customer satisfaction. We thus fail to accept the null hypothesis and state that there is a significant relationship between Customer Focus and Customer satisfaction.The p-value which is the probability that you'd see an r-value of this size just by chance is .000 so we reject $H_o$since p ≤..05. The standard level of significance used to justify a claim of a statistically significant effect is 0.05. For better or worse, the term statistically significant has become synonymous with $P \leq 0.05$.

4.3.2 Objective II: To determine the impact of Process Improvementon Customer satisfaction in KenyaThe correlation between Process Improvementand Customer satisfaction was calculated using Pearson's Correlation as shown in the table below:

Table 4.15: Correlation between Implementation of Process Improvement and Customer satisfaction

		Implementation of Process Improvement	Customer satisfaction
Implementation of Process Improvement	Pearson Correlation	1	.504**
	Sig. (2-tailed)		.000
	N	300	300
Customer satisfaction	Pearson Correlation	.504**	1
	Sig. (2-tailed)	.000	
	N	300	300

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation between Implementation of Process Improvementand Customer satisfaction is 0.504. This means there is a strong positive relationship between Implementation of Process Improvementand Customer satisfaction. We thus fail to accept the null hypothesis and state that there is a significant relationship between the Implementation of Process Improvementand Customer satisfaction in the hotel industry in Kenya.

4.3.3 Objective III: To evaluate the effect of Total Involvement by all Employees on Customer satisfaction in the hotel industry in KenyaThe correlation between effects of Total Involvement by all Employeesand Customer satisfaction was calculated using Pearson's Correlation as shown in the table below:

Table 4.16: Correlation between effects of Total Involvement by all Employees and Customer satisfaction

		Total Involvement by all Employees	Customer satisfaction
Total Involvement by all Employees	Pearson Correlation	1	.236**
	Sig. (2-tailed)		.000
	N	300	300
Customer satisfaction	Pearson Correlation	.236**	1
	Sig. (2-tailed)	.000	
	N	300	300

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation between Total Involvement by all Employeesand Customer satisfaction is 0.460. This means there is a weak positive relationship between Total Involvement by all Employeesand Customer satisfaction. We thus fail to accept the null hypothesis and state that there is a significant relationship between Total Involvement by all Employeesand Customer satisfaction in the hotel industry in Kenya.

4.3.4 Objective IV: To determine the relationship between Customer Focus, Process Improvementand Total Involvement by all Employeesand Customer satisfaction in the Hotel Industry in Kenya.

Regression analysis was done to determine the relationship between Customer Focus, Process Improvement and Total Involvement by all Employeesand Customer satisfactionin the hotel industry in Kenya. The results are as presented below.

Table 4.17: Regression analysis between Customer Focus, Process Improvement and Total Involvement by all Employees and Customer satisfaction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.806ᵃ	.558	.253	1.080	1.801

a. Predictors: (Constant), Customer Focus, Process Improvement and Total Involvement by all Employees

b. Dependent Variable: Customer satisfaction

The coefficient of determination (Adjusted R^2) indicates the strength of the variables selected. When we have low R^2, it can be inferred that these predictor variables do not influence the dependent variable. The Adjusted R^2 statistic of 0.558 indicates that the selected predictor variables (Customer Focus, Process Improvement and Total Involvement by all Employees) account for 55.8% of the variation in the Customer satisfaction. This means that even that the selected predictor variables are significant in determination of the dependent variable (Customer satisfaction). However, there are still other variables that influence Customer satisfaction that are not captured in this particular model that account for the remaining 41.2% in variation of the customer satisfaction. The Durbin-Watson statistic of 1.801 indicates that the predictor variables are not auto-correlated since it is greater than 0.8 (White, 1992).

Table 4.18: ANOVA using Customer satisfaction

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	207.623	3	72.541	29.356	.000ᵃ
	Residual	650.807	297	1.166		
	Total	857.430	300			

a. Predictors: (Constant), Customer Focus, Process Improvement and Total Involvement by all Employees

b. Dependent Variable: Customer satisfaction

The regression sum of squares tells us how much *variability* (not variance yet) is accounted for by the regression model while the residual sum of squares tells us how much *variability* (again, not variance yet) is unaccounted for by the regression model. The total variability is the sum of both regression and residual variability and shows the extent to which the regression sum of squares is small relative to the residual sum of squares is the extent to which less variability than not is accounted for by our model.

The F-ratio for the regression model is computed by taking a ratio of MS Regression to MS Residual. As such, for our data, it is equal to 72.541/1.166= 29.356. The F test is a test of the null hypothesis that R Square (or just R) is equal to zero in the population from which our sample was drawn. The test of significance reveals that the probability of obtaining an F-stat from an F distribution on 1 and 99 degrees of freedom is very small, less than .001. Hence, we can reject the null hypothesis that R Square in the population is equal to zero, and conclude the statistical alternative hypothesis that it is not equal to zero.Likewise the *p*-value = 0.000 ≤ 0.001, we reject the null hypothesis over the Customer Focus, Process Improvement and Total Involvement by all Employees in customer satisfaction.

.**Table 4.19: Correlation Coefficients for the Independent Variables using Customer satisfaction**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	2.435	.145		10.956	.000	1.307	1.878
Customer Focus	.410	.035	.323	6.039	.000	.141	.278
Process Improvement	.315	.023	.230	.881	.378	-.024	.064
Total Involvement by all Employees	.271	.038	.159	9.818	.000	.297	.445

a. Dependent Variable: Customer satisfaction

Table 4.20: Residuals Statistics for the independent variables

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.19	4.60	3.65	.632	695
Residual	3.224	2.517	.000	1.078	695
Std. Predicted Value	2.308	1.489	.000	1.000	695
Std. Residual	-2.986	2.331	.000	.998	695

a. Dependent Variable: Customer satisfaction

The model generated from the study is:

$$CS = 2.435 + .323X_1 + .230X_2 + .159X_3 + \varepsilon$$

Where:

CS = Customer satisfaction (Dependent Variable)

X_1 = Customer Focus

X_2 = Process Improvement

X_3 = Total Involvement by all Employees

ε = Error term

The $F_{Table(3,297)}$ value of 2.6802 is lower than the $F_{calculated}$ value of 29.356 hence we fail to reject the null hypothesis at α=0.05 significance level. We therefore fail to reject the model generated for determining Customer satisfaction usingCustomer Focus,Process Improvementand Total Involvement by all Employees.

It thus means that the factors influencing Customer Focus, Process Improvementand Total Involvement by all Employees are critical to customer satisfaction in the hotel industry in Kenya.

CHAPTER FIVE

SUMMARY, CONCLUSION & RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the major findings of the study based on the research objectives, conclusions from the findings and recommendations derived from the conclusions. It also covers suggestions for further research.

5.2 Summary of Findings

5.2.1 DEMOGRAPHIC INFORMATION

Gender of the Respondent: Gender of the respondent was sought. The findings show 41% of the respondent are male and 59% female. Age of the Respondents: the majority of the employees are aged between 25 and 34 years.

Occupation: Most of the respondents were from the Private Sector forming 36%.Employee Category: The top management forms 18% of the organization, middle management 54%, and lower management 28%.

Level of Education: 38% of the organization employees have attained secondary level as their highest level of education, 16% have reached elementary level, and 46% at university level. Marital Status: 42% of the Respondents are married, 26% single, 15% separated/widowed and 17% don't know.

Area of Residence: The majority of respondents are from outside Africa representing 30%.

A routine aspect of demographic surveys is the collection of conceptually relevant information about the personal and social characteristics of participants. This data was reported in and addressed via a series of frequencies and percentages. Subsequent reference to such information in the discussion of the results of customer satisfaction survey typically related to reports of group differences. However, this approach to the analysis of demographic data does not grossly undervalue its potential contribution. The relationships show how groups of people occupy social space in terms of variables indicative of economic and cultural aspects. Distinguished between education differences large amounts of cultural capital, office workers with some cultural capital, craftsmen with some financial capital, and entrepreneurs with large amounts of economic capital showed that individual taste in relation to customer satisfaction did essential provide explanations in differentiating these groups.

5.2.2 Summary Results

Objective I: To determine the effect of Customer Focus on customer satisfaction in the hotel industry

The correlation between Customer Focus and Customer satisfaction is 0.582. This means there is a strong positive relationship between Customer Focus and Customer satisfaction. We thus fail to accept the null hypothesis and state that there is a significant relationship between Customer and Customer satisfaction.

Objective II: To determine the impact of Process Improvement on Customer satisfaction in Kenya

The correlation between Process Improvementand Customer satisfaction is 0.504. This means there is a strong positive relationship between Process Improvementand Customer satisfaction. We thus fail to accept the null hypothesis and state that there is a significant relationship between Process Improvementand Customer satisfaction in the hotel industry in Kenya.

Objective III: To evaluate the effect of Total Involvement by all Employees on Customer satisfaction in the hotel industry in Kenya

The correlation between Total Involvement by all Employeesand Customer satisfaction is 0.460. This means there is a weak positive relationship between Total Involvement by all Employees and Customer satisfaction. We thus fail to accept the null hypothesis and state that there is a significant relationship between Total Involvement by all Employees and Customer satisfaction in the hotel industry in Kenya.

Objective IV: To determine the relationship between Customer Focus, Process Improvement and Total Involvement by all Employees and Customer satisfaction in the Hotel Industry in Kenya.

The coefficient of determination (Adjusted R^2) indicates the strength of the variables selected. When we have low R^2, it can be inferred that these predictor variables do not influence the dependent variable. The Adjusted R^2 statistic of 0.558 indicates that the selected predictor variables (Customer Focus, Process Improvement and Total Involvement by all Employees) account for 55.8% of the variation in the Customer satisfaction. This means that even that the selected predictor variables are significant in determination of the dependent variable (Customer satisfaction).

The model generated from the study is:

$$CS = 2.435 + .323X_1 + .230X_2 + .159X_3 + \varepsilon$$

Where:

CS = Customer satisfaction (Dependent Variable)

X_1 = Customer Focus

X_2 = Process Improvement

X_3 = Total Involvement by all Employees

The $F_{Table(3,297)}$ value of 2.6802 is lower than the $F_{calculated}$ value of 29.356 hence we fail to reject the null hypothesis at $\alpha = 0.05$ significance level. We therefore fail to reject the model generated for determining Customer satisfaction using Customer Focus, Process Improvement and Total Involvement by all Employees. It thus means that the factors influencing Customer Focus, Process Improvement and Total Involvement by all Employees are critical to customer satisfaction in the hotel industry in Kenya.

5.2.3 Employees and Customers Information

The performance of the hotel in understanding customers needs is rated as good with a total percentage of 41%. Cumulatively, a total of 68% agree to this.. This indicates that the organization is not in its excellent performance level.

A majority of employees disagree to the fact that Quality is considered more to Quantity. This is a reflection of what the industry feels and to them numbers matter more than any other parameter.

In matters relating to satisfaction of the customers from the services offered, efficiency and willingness of them to remain loyal to Merica Hotel, a fair percentage (51%) was positive as a result of accommodating TQM Principles by the Hotel.

Customer focus is highly considered to have influence in business performance of the organization as far as customer satisfaction is concerned. Process Improvement is considered to have influence on customer satisfaction through motivated and encouraged employees. Involvement of employees is considered to have influence in their performance and delivery. The Hotel also considers other principles of TQM like mutual beneficial supplier relationship, all-involving decision making processes, continuous improvement, system approach to management, and process approach, to have influence on their levels of customer satisfaction. The rating "considered" indicates not to the expectation. The hotel focuses on customer needs; it focuses on understanding current and future customer needs.

Similarly, increased revenue and market share obtained through flexible and fast response to market opportunities is considered to be an outcome of customer focus in the hotel. In addition increased use of the hotel's resources to enhance customer's satisfaction, and improved customer loyalty leading to repeat business is considered to be an outcome of customer focus in the organization. Customer focus typically leads to communicating customer needs and expectations throughout the organization; measuring customer satisfaction and acting on results; systematically managing customer relationship; ensuring a balanced approach between satisfying customers and other interested parties (such as owners, employees, suppliers, financiers, local communities, and society as a whole); research and understanding customer needs and expectations; and ensuring that the objective of the organization are linked to the customer needs and expectations in the organization.

Process improvement seeks to improve on daily basis how services are offered with a mentality of a better and improved service on next offer. This creates an urge to clients to come again and a catalyst to employees on improving their services on a personal level. Through on ob n off job training, stipulated new processes and procedures, adaptation of technology and new ideas and ways of doing things, this works out positively as far as customer's satisfaction is concerned.

Total Involvement by all employees ensures good atmosphere which people can become fully involved in achieving the hotel's objectives. The outcomes of total involvement in this Hotel are: employees understand and are motivated towards the hotel's goals and objectives; activities are evaluated, aligned, and implemented in a unified way; and minimized miscommunication between levels of the hotel and at the end the customers get satisfied. The hotel's leadership establish trust and eliminate fear, establish a clear vision of the organization's future; consider the needs of all interested parties including customers, owners, employees, suppliers, financiers, local communities, and society as a whole; creating and sustaining shared values, fairness and ethical role models at all levels of the hotel; inspiring, encouraging and recognizing people's contributions;

providing people and recognizing people's contributions, training and freedom to act with responsibility and accountability.

Employees at all levels are the essence of any organization and their full involvement enables their abilities to be used for the organization benefit. Motivated, committed, and involved employees within the organization; innovation and creativity in furthering the organization's objectives; employees being accountable for their own performance; and employees eager to participate in and contribute to process improvement and continual improvement, is considered to be the outcome of employee involvement in the organization.

Employee involvement in the hotel leads to; employees openly discussing problems and issues; employees freely sharing knowledge and experience; employees actively seeking opportunities to enhance their competence, knowledge and experience; employees evaluating their performance against their personal goals and objectives; employees accepting ownership of problems and their responsibility for solving them; and employees understanding the importance of their contribution and role in the hotel.

5.3 Conclusions and Recommendations

5.3.1 CONCLUSIONS

The research study has shown that the independent variables which are customer focus, process improvement and total involvement by all employees are part of the Merica Hotel's TQM implementation process. Each independent variable not only influenced dependent variable but also complement each other as well.The study found that the hotel focuses on current and future customer needs. Similarly, increased revenue and market share obtained through flexible and fast response to market opportunities; increased use of the hotel's resources to enhance customer's satisfaction; and improved customer loyalty leading to repeat business are the outcomes of customer focus in the hotel.

The study also found that excellent process improvement level is not being realized by the organization. This is because only customer focus is highly considered to have influence on customer satisfaction.

The study similarly found out that that employee involvement though considered to have effect on customer

satisfaction has not been given the required level of attention. This affects the level of customers satisfaction in the Hotel, since the organization has attained the expected environment where employees can absolutely, freely, openly discuss problems and issues; share knowledge and experience; actively seek opportunities to enhance their competence, knowledge and experience; valuate their performance against their personal goals and objectives; accept ownership of problems and their responsibility for solving them; and understand the importance of their contribution and role in the hotel.

The study concluded that Merica Hotel applies TQM principles in its operations which are customer focus, process improvement and total involvement by all employees are part of the TQM implementation process

5.3.2 Recommendations

Based on research findings and conclusions, the researcher felt that the following recommendations were necessary for the hotel.

i)   Management and employees should strive to work together in order to create a strong value environment where people will have the primal role and thus attract more customers.

ii) The organization should grow a stronger culture that nurtures high-trust social relationship and respect for individuals, a shared sense of membership of the hotel, and a belief that continuous improvement is for the common good.

iii) The hotel management should improve on their level of motivation of their employees towards the hotel's goals and objectives.

iv) Top management should actively collect information that suggest new approaches, create a network of listening systems, among other strategies to understand the hotel environment and any signs of change.

v) Leaders should develop "Kaleidoscope" thinking-a way of constructing patterns from the fragment of data available and then manipulating them to form different patterns. The aim is to find many solutions to a problem from different perspectives. This can be achieved through job rotation, creation of work teams, investing in new opportunities and sending employees to work outside the organization-on field trips.

5.4 Recommendation for Further Study

Further research should be carried out on the following areas: It is recommended that further research be carried out on how the hotel industry carries out their strategic planning processes because this is an area that if managed well may help them in benchmarking of their competitors. How other related principles in TQM implementation (mutual benefit supplier relationship, factual approach to decision making, continual improvement, system approach to management, and process approach.) implementation affects customers' satisfaction in the Hotel Industry in Kenya is another key area. Similarly, the study should be done nationwide to compare widely with other Hotels to be able to establish what strategies are being used in TQM implementation to achieve excellent standards.

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