APPLICATION OF OUTSOURCING STRATEGY IN THE HOTEL INDUSTRY IN MOMBASA COUNTY KENYA

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DEDICATION

This project is dedicated to my dear late mother, Tarsillah Mkawughanga Mwambuwa , who truly believed in me. She would have been so proud of me.

I also dedicate this project to my sister Maria Mghoi Mwambuwa, who stepped into the magnanimous shoes and helped us achieve our dreams. She is the wind beneath my wings.

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ABSTRACT

Outsourcing is an important phenomenon in hotel sector. It is changing from a tactical to a strategic perspective, with greater scope and relevance to improving individual competitiveness. To survive economically today, organizations must transform themselves and their markets in an ever daunting challenge to redefine the business world before it redefines them. To the end, outsourcing has emerged as the single most powerful tool available to executives seeking this level of business change.

According to Manuel and Thomas (2006), highly significant changes are currently taking place in tourism, with a notable increase in competition between hotel companies and especially between emerging and consolidated tourist destinations. The outsourcing of non-core activities allows the hotel to increase managerial attention and resource allocation to those tasks that it does best and to rely on management teams in other firms to oversee tasks at which the outsourcing firm is at a relative disadvantage.

In Kenya, the tourism industry has not been spared by the current turbulence in the business environment. The Kenyan hotels, especially at the Coastal strip, have been hard hit recording, declining tourist arrivals. Hence the need to embrace outsourcing as a strategy, that can be used to improve the management of the hotels to level out the environmental turbulence. The study employed a descriptive survey design to establish the extent of outsourcing among the hotels in the Mombasa County. The yielded results ascertained that outsourcing as a strategy is being employed, thou partly. Hence, it is not possible to reap the full advantages of outsources, if not fully implemented. There is need to look beyond the poor performance when a strategy fails to yield the desired results and find out the root causes other than disbanding it all together.

CHAPTER ONE: INTRODUCTION

1.2 Background of Study

Outsourcing has emerged as one of the popular and widely adopted business strategies of this globalized era. Research indicates that the sheer size of spending on outsourcing and active involvement of top management executives make outsourcing decisions more strategic in an organization today than ever (Willcocks, 2010). Outsourcing has been defined by Chase *and* Aquilano *(*2004), as an "act of moving some of a firm's internal activities and decision responsibilities to outside providers". Quinn and Hilmer (1994), defined outsourcing as external acquisition of activities, including those traditionally considered an integral part of any firm, provided that they do not form part of the firm's core capabilities. In addition to the potential cost saving, another widely cited rationale for outsourcing is to gain access to unique resources, knowledge, and capabilities possessed by other firms, as well as increased flexibility to manage demand swings, and improve quality (Quinn, 1999).

Strategy is a pattern of objectives, purposes or goals and the decisions and actions that result in the formulation and implementation of these plans designed to achieve a company's objectives (Pearce and Robinson 2011). Therefore when outsourcing is used as a corporate strategy, this implies an attempt to achieve the corporate goals, that is, a company's strength relative to that of its competitors through outsourcing. Among the widely cited rational for outsourcing is potential cost saving, to better focus on their core competencies to gain access to unique resources, knowledge, and capabilities possessed by other firms, as well as increased flexibility to manage demand swings, and improve quality, (Edvardsson, 2011). More recently, the literature has supported outsourcing as a strategy, allowing organizations, for instance, to better focus on their core competencies.

The most common theoretical approaches to outsourcing decisions are resource-based theory (Barney, 1991) and transaction cost economics (Williamson 1985). Resource-based theory (Barney, 1991) is of the view that organizations should formulate internal strategy to gain competitive advantage from its own internal resources. Transaction cost economics (Williamson, 1985), on the other hand, ensures that economic efficiency is achieved by a comparative analysis of production and transaction costs exchanged between parties to a transaction. In other words, transactions that have low asset specificity, low uncertainty and high frequency of contracting should be outsourced while when the reverse becomes the case, the use of in-house staff is recommended.

The hotel industry in Kenya has a rich history dating back to the period before the 19^{th} century, when the first catering unit was built in the Kenyan Coast. The hotels at the Coast offer a variety of accommodation, fronting the sun drenched white sandy beaches along the clear waters of the Indian Ocean. 20% of all the hotels in Kenya are found in the coastal region, and can be attributed to the traditional beach product which led to the rapid development of tourism infrastructure and beach resorts in the late 70's and early 80's, (Koskei, 2013). Due to the need to remain competitive and need to counter the recent challenges of terrorism, the hotels within the county have to adopt strategies that will enable them mitigate these challenges. Outsourcing is among the strategies that when well implemented can ensure stability of the hotels.

1.2.1 Outsourcing

The concept of outsourcing represents a results-oriented relationship with an external service provider for activities traditionally performed within the company. Outsourcing occurs when a company uses an outside firm to provide a necessary business function that might otherwise be done in-house. It is a strategic management tool for transferring part of the business process to another company. Yabs (2010) ,defines outsourcing as contracting work outside the company that was originally done inside the firm, or any new work that could be done inside the company. Outsourcing is essentially a basic redefinition of the corporation around core competences and outside relationships (Brown and Wilson, 2007).

In general, some of the motivating forces thought to be behind outsourcing include lower costs and staffing requirements, improved access to competence, closer integration with suppliers, and access to specialized skill sets and creativity (Lynch, 2004). As suggested by Calantone and Stanko (2007), when the firm cannot efficiently perform certain tasks, it can make use of the best-in-world knowledge of other firms. This allows a company to leverage capabilities' from suppliers, since the outsourcing "supplier" who specializes in a particular non-core business function has the economy of scale and the expertise and the capital investments in the leading technology to perform the same tasks more efficiently and better than the internal departments of the outsourcing "buyer".

According to Brown and Wilson (2007), there are three levels of outsourcing; tactical, strategic and transformational. While traditional outsourcing was contracted on the basis of long-term stability, transformational outsourcing is predicated on continuous change of all participants. Two main criteria to define outsourcing as transformational are strategic policy on company level concerning outsourcing, and preparation to consider outsourcing of core activities (Alexander and Young, 1996). Leading firms have been adopting more sophisticated outsourcing strategies and have been outsourcing core processes such as design, engineering and marketing (Argyres, 1996). Brown and Wilson (2007), consents that, a company may even want to outsource some current core functions that are expected to become less important in the future due to changes in the nature of business. Such a company might even outsource a function that is considered key to company survival-if it can find a supplier that can perform the function better. In its most advanced form, outsourcing makes it possible to build a large, entirely virtual company with only a single employee – the entrepreneur (Rebernik and Bradac, 2006).

1.2.2 Concept of Strategy

Strategy is a pattern of objectives, purposes or goals and the decisions and actions that result in the formulation and implementation of these plans designed to achieve a company's objectives (Pearce et. al 2011). Mintzberg (1978) redefined the concept of strategy as 'a pattern in a stream of decisions'; which are plan, pattern, position, perspective and ploy. This depicts strategy as a pattern, is therefore retrospective and strategy as a plan is forward-looking. A combination of these two, with the critical analysis of internal and external processes, can broadly be defined as strategy. Mintzberg's intent was to move the common conception of strategy as deliberate and intended ''plans'' to be implemented as thought-out in advance , to perceiving strategy as realized patterns; which included unintended and emergent strategies incorporating social processes that lie beyond explicit, deliberate decision-making activity.

Johnson and Scholes (2010), portrays strategy through different lenses; namely strategy lenses. Strategy as design; a logical process in which economic forces and constraints on the organization are weighed carefully to establish clear strategic direction and in turn carefully planned in its implementation . Strategy as experience; here the view is that there is a tendency for the strategy of the organization to build on and be a continuation of what has gone before. Strategy as ideas; here strategy is seen as emergent from within and around the organization as people cope with an uncertain and changing environment in their day-to-day activities.

Strategy aims to assess the internal resources and external factors and align them with the aim of gaining an edge within the industry its operating. Outsourcing, as a strategy, seek a rapid, sustainable, step-change improvement in enterprise-level performance (Linder, 2004).

1.2.3 Hotel Industry in Kenya

The hotel industry in Kenya is quite crucial because of its direct link with the tourism industry. Tourism contributes quite a substantive percentage of the GDP. According to Travel & Tourism Economic impact 2013-Kenya Report by World Trade and Tourism Council (2013) records that in Kenya, the direct contribution of Travel & Tourism to GDP was KES183.4bn (4.8% of total GDP) in 2013, and is forecast to rise by 2.9% in 2014, and to rise by 5.2% pa, from 2014-2024, to KES314.1bn (4.7% of total GDP) in 2024. Tourism is a major source of foreign exchange in the country.

The hotels in Kenya are classified by star ratings which are benchmarked with the international standards. Kenya Tourist Board is a body mandated with marketing Kenya as a tourist destination, thus markets the hotels inclusive. According to Kenya Tourist Board, records as at 2009, there were a total of 2,228 licensed hotels, with 72,665 beds within the country. Of all these, 6% are classified as 3 star and above, which constitute the 46% of total hotels, comprising 55% of the bed capacity. A 54% bed capacity comprises of budget and economy class hotels, mostly of which are in the outskirts of the major towns, but are of quality and offer very reasonable rates for the not-so-much of a high spender tourist.

The 20% of all the hotels in Kenya are found in the coastal region, accounting for the 39% of total bed capacity. Kenya Association of Hotelkeepers and Caterers is a private body that brings tourist players together for better bargaining power. Majority of their members comprise of the hotels. This is the main association locally that deals with the issues of the hotels, ensuring that they maintain the standards set and representing them to other bodies internationally. Due to tourism linkage with other sectors, it has a very high multiplier effect on the economy and as a result, the capacity to stimulate demand for locally produced goods and services.

1.1.4 Hotel Industry in Mombasa County

Mombasa County is at the Kenyan coast, the main part constituting the island. It is one of the main tourist destinations in the East Africa hence the expanse network of various kinds of hotels. The first hotel to be recorded in Kenya was built in Mombasa named "The Grand Hotel", (Mwanzia, 2013). The hotels at the Coast offer a variety of accommodation, fronting the balmy Indian Ocean and the sun drenched sandy beaches. These hotels are in different levels in terms of classification, thus offering services and accommodation to tourist from different economic backgrounds. There are also world-class villas within the county which have accommodated some of the famous celebrities in the world. 20% of all the hotels in Kenya are found in the coastal region, and this can be attributed to the traditional beach product which led to the rapid development of tourism infrastructure and beach resorts in the late 70's and early 80's .

Among the attractions in Mombasa County is the rich culture which has its roots from the Arabic and Portuguese culture. We still see this culture reflected in the architects, the cuisines, the dressing and drape and some of the remaining landmarks; The Forte Jesus and the Gedi ruins. The warm tropical weather virtually throughout the year rates Kenya as among the best tourism destination anytime of the year. The presence of a reserve park, the Bamburi Nature Trails, is an added advantage. The proximity of other tourism attractions to Mombasa County makes it a place that is richly toured hence the high demand of accommodation, (Mombasa and Coast Tourism Association, 2013).

However, over the past decade, the Kenyan Coast has faced challenges, including the sense of insecurity arising from the terrorist attacks. This has often lead to travel advisories being raised, cautioning visits to the Kenyan coast. As a result hotel booking cancellations have been experienced. Most of the hotels have experienced a low season which they have not felt in the recent past. The Kenya Tourist Board in June 2014, on their website launched an online media campaign on tourism recovery as part of the strategies to reassure tourists of Kenya's safety. The

Kenyan Government on the other hand allocated a budget for promotion activities to restore the fading glory of Kenya.

1.2 Research Problem

Outsourcing is a strategic decision that entails the external contracting of determined non-strategic activities or business processes necessary for the manufacture of goods or the provision of services by means of agreements or contracts with higher capability firms to undertake those activities or business processes, with the aim of improving competitive advantage (Espino-Rodriguez and Padron-Robaina, 2006). Thus from the definitions, first is that it states that outsourcing has to be a strategic decision that forms part of the firm's strategy and must be aimed at the pursuit and maintenance of competitive advantage. The second is that it considers that the firm must be able to identify which activities or business processes are candidates for outsourcing and must be developed by suppliers whose capabilities and skills are superior to those of the firm. That means recognizing that outsourcing decisions are related to the firm's resources and capabilities.

Mombasa County is such a strategic hub for the Tourism sector, extending to the hotel sector and Kenya as a whole. The Hotel Industry normally thrives because of the beaches, the marine life and the tropical environment, which attracts a number of visitors who frequent for pleasure and those on business. The hotels have to adopt strategies which will ensure it stays afloat, especially with the turbulent environment. With the current flair of insecurities, some of the hoteliers express their concern that some tourists will change their destination to Zanzibar and Tanzania, which are close competitors to the Kenyan Coast. This requires the hotels to shift the way they do business in order to remain competitive. There is dire need to adopt strategies that will help counter these challenges and ensure stability of the hotels within County.

Studies have been done in this vast area of outsourcing. Munyaka (2013) carried out a research on outsourcing and competitive advantages at Safaricom limited. The study established that outsourcing influenced a high level of competition in the market. The research revealed that the main factors that influenced the company to outsource were economical and technological. Among the main challenges was the selecting of the right vendors. Kig'ori (2013) undertook a study on strategic outsourcing at Airtel Kenya and found out that the benefits accrued due to outsourcing vary with different departments. She emphasized the need to do a thorough feasible study prior to outsourcing. Both of the studies were biases towards the telecommunication industry.

A research on the relationship between outsourcing and organizational performance by Bolat and Yılmaz (2007), explained outsourcing but in the context of Turkey. The challenges and development level of Turkey is far ahead of Kenya, thus not possible to apply the finds in Mombasa County. Mwanzia (2012) executed a research on creating competitive advantage through outsourcing; A survey of five star hotels in Nairobi. This study was solely on specified class of hotels and in the context of Nairobi. Findings in this study did not address the issues concerning the need to outsource across the various levels of hotels and specifically at the Mombasa County. This particular research will address the mentioned knowledge gap by answering the following question; to what extent are the hotels in Mombasa County outsourcing? And what factors influence the outsourcing strategy in hotels in Mombasa County.

1.3 Objectives of the Study

The overall objective of the study is to establish the outsourcing of activities, both non-core and core within the hotels in Mombasa County.

Specific objectives of the study are;

i. To determine the extent of outsourcing in the hotel industry within the Mombasa county.

ii. To establish factors that may influence outsourcing in the hotels within the Mombasa County.

1.4 Value of the Study

This study is of value to the hotel industry, as it will give an insight to other aspiring hotels on how outsourcing strategy is employed. It also gives imminent information as to why hotels outsource and the gains that stand to be realized. The related industries unto which hotel outsource to will also find this study informative as they will know how to align themselves in order to the exploit opportunities that arise with outsourcing.

To the potential and current scholars, this study will provide information on the importance of outsourcing within the hotel industry and the future of outsourcing in the industry. This will hence provide further input for future research on outsourcing, to those that will find the study relevant in the scholarly field.

Government agencies and policy makers will use the results to formulate positive national policies on tourism, which has a direct influence on the hotel industry, by providing a safe environment for the industry to thrive and be stable. Also, the policy makers will use the same results to come up with a framework of polices that is sensitive to the forces influencing the hotel industry in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews the information from other researchers who have carried out their research in the same study .This chapter discusses the theories behind the concept of outsourcing strategy and the past literature concerning outsourcing and outsourcing models.

2.2 Theoretical Review

Outsourcing hinges on a number of theories. Strategic outsourcing decisions have been mainly motivated by the transaction cost theory (Williamson 1985), resource-based view (McIvor, 2009 and Barney, 1991).

2.2.1 Transaction Cost Theory

This theory has been initiated by Coase (1937) who proposes that under certain conditions, the costs of conducting economic exchange in a market may exceed the costs of organizing the exchange within a firm. In this context, transaction costs are the costs of running the system and include costs related to developing and negotiating on the contract and monitoring the agreements (Rindfleisch and Heide 1997). According to Coase (1937), transaction cost theory explains how companies consider the relative costs of transaction using own employees and on the other hand external parties.

The transaction cost theory, was mainly developed by Williamson (1981, 1985), who put forward that there are specific costs connected to the use of a market. Williamson (1985) distinguished between production and transaction costs. The former refer to the costs of producing a good or service while transaction costs represent all the costs incurred as the product moves from one supply-chain partner to the next. The organizing of economic operations relies on how internal and external production costs are balanced against the costs of transaction. The classical question based on transaction cost theory is the “make-or-buy” decision.

Williamson (1985), transaction cost theory has been developed to facilitate an analysis of the "comparative costs" of planning, adapting and monitoring task completion under alternative governance structures. According to Williamson (1985), transaction costs arise for "ex-ante" reasons (drafting, negotiating, and safeguarding agreements between the parties to a transaction) and "ex-post" reasons (mal-adoption, haggling, establishment, operational and bonding costs).

TCT is described with three key dimensions: the asset specificity required to support the transaction; the degree and type of uncertainty surrounding the transaction; and the frequency of the transaction. Asset specificity refers to the degree to which an asset can be redeployed to alternative uses and by alternative users, without sacrifice of productive value (Williamson, 1985).

2.2.2 Resource Based View (RBV)

This approach suggests that a firm should invest in those activities that constitute its core competences and outsource the rest (Prahalad and Hamel, 1990; Quinn and Hilmer, 1994). Hamel and Prahalad (1994) use the term core competence to describe the strategies that make up those activities that the firm executes better than its competitors. Prahalad and Hamel (1990) believe that core competencies are organisation-specific resources with additional characteristics and allow new markets to be exploited. Core capabilities consist of the processes that combine physical resources and the cooperation of the human resources responsible for the organisation's tacit and explicit knowledge (Olavarrieta and Ellinger, 1997). The strategic value of these resources depends on their capability to be a source of competitive advantage by enabling the organisation to set strategies that improve its effectiveness and efficiency, exploit market opportunities and neutralize potential threats (Barney, 1999).

This theory considers an organization as a bundle of assets and resources that, if employed in an optimal way, can create competitive advantage (McIvor, 2009). Grant (1991) identifies five categories of resources: financial, physical, human, technological, and reputation. The RBV theory regards a company as a set of these resources and capabilities that are treated as the strengths that must be supported and that should guide the company's outsourcing strategy in order to achieve competitive advantage (Espino-Rodriguez and Padron-Robaina, 2006).

In order to understand the sources of sustainable competitive advantage, Barney (1991) establishes the hypothesis that a firm’s resources can be heterogeneous and immobile. Competitive advantages result from owning valuable resources that allow firms to perform activities better or more cheaply than their competitors. According to Barney (1991), a resource must meet the following four conditions in order to have that potential: it must be valuable, rare, imperfectly imitable and non-substitutable.

(Prahalad and Hamel, 1990) distinguish a core competence from a regular competence. He defines a core competence as one that; contributes significantly to the customer benefit of a product; is competitively unique; and potentially provides access to new markets. Prahalad and Hamel (1990) believe that core competencies are organization-specific resources with additional characteristics and allow new markets to be exploited. However, according to this author, firm competences are systemic by nature, i.e. there are dependencies and interrelationships between various activities, between core and close-to-core competences, and even to non-core competences. Logically, the corresponding suggestion is that non-core competences should either be developed into core competences or they should be contracted out of the firm.

Addressing the outsourcing decision in a strategic way, based on resources and capabilities, means a deep understanding of the core competences, on which organizations attempt to build their future competitive advantage. The RBV helps to distinguish the core competences and provides knowledge about which activities must be performed in-house and which must be outsourced, determining that the possession of some resources and capabilities is what defines what the firm itself will do and what it will obtain from third parties, (Espino-Rodriguez and Padron-Robaina, 2006)

According to Grant (1991), the conventional approach to the creation of resources has centered on the lack of firm resources and capabilities. He believes that the firm has to decide between developing resources internally and acquiring them externally. Therefore, in order to exploit the combination of resources and capabilities existing in the firm and to develop a strategy leading to competitive advantage, it may be necessary for the firm to acquire complementary resources from outside, and therefore an organization must not be limited to exploiting its own stock of resources and capabilities ,(Espino-Rodriguez and Padron-Robaina, 2006).

2.3 Factors Influencing Outsourcing

There have been different reasons forwarded by different authors on the factors, which influence the outsourcing decision. There is, however, increasing awareness in management literature that the decision to outsource is a complex one fraught with uncertainties (Hui and Tsang, 2004). Kakabadse and Kakabadse (2001) gave four main reasons for the growing popularity of outsourcing among organizations. These are to achieve best practice; to improve cost discipline skills of managers; to improve quality of service and to help managers focus more clearly on core competences of organizations.

Quinn, Julien, and Negrin (2000) stated that outsourcing arrangements are influenced by the following factors: need for greater leverage of core competencies and intellectual assets; desire for faster and higher-value innovation; urgency for decreased capital investments and returns; stress to increase organizational flexibility and lower fixed costs; requirement of better technology usage to improve timing and quality of information for critical decisions. According to Quinn *et al.*, (1990), in principle outsourcing can provide access to “best in the world” quality for particular activities or components. Firms increasingly outsource as they desire to gain access to suppliers' capabilities (Barney, 1999).

Ghodeswar and Vaidyanathan (2008) classified drivers of outsourcing into organizational, improvement, financial and cost and revenue drivers. The authors explain organizational drivers as considerations that hint on the organization's desire to achieve a higher quantum of focus on core business, increase flexibility to deal with ever-changing business conditions, demand for products and services, leveraging emerging technologies and achieving higher stakeholder value. Improvement drivers seek to improve operating performance such as obtaining expertise, skills and technologies; improve management control; improve risk management; acquire innovative ideas; and improve credibility and image by associating with superior providers. The authors also posit that financial and cost drivers of outsourcing are to reduce investment in assets, free-up resources for other purposes and generate cash by transferring assets to the service provider.

2.4 Models of Outsourcing

2.4.1 Mapping Outsourcing Decisions Model

Outsourcing has become more global and extensive in its scope, involving more business functions and complex contractual arrangements (Tadelis, 2007). Managers at client companies are faced with an overwhelming choice: if they don't outsource, their companies won't be able to survive the harsh competitive global business environment; if they do outsource, they run an array of risks, pitfalls, and criticisms. Thus there is a dire need for a framework that will act as a guide in making these decisions. Several outsourcing models have been developed overtime by various researchers. One of such has been developed by Mohr, Sengupta and Slater,(2011) in their study on 'Mapping the outsourcing landscape'.

Mohr et al(2011) explain that, since the objective is to maximize efficiency and effectiveness of every business function, then particular attention needs to be paid to governance (organization and management) of these functions. The resources a firm controls can lead to sustainable competitive advantage provided they are valuable, rare, inimitable and cannot be substituted (Barney, 1991). Those business functions that meet these characteristics are clearly mission-critical and contribute to core competencies. Thus, the issue of appropriate governance must consider the question: is the function that the company is considering outsourcing mission-critical?

In contemplating whether a specific business function, should be outsourced, a firm must also assess whether it has the requisite assets and capabilities to perform the function in-house. Resources available will also be important in determining appropriate governance. A desired outcome for a firm contemplating outsourcing is to obtain cost efficiencies. Whether such cost efficiencies can be obtained is a third important determinant of governance.

To guide managers' outsourcing decisions for a specific business function, the model proposed maps three critical factors in an economical framework. First, a company must carefully define what its ''mission critical'' business processes are – those processes and functions that provide the foundation for sustainable competitive advantage in the marketplace. For a technology-based company, one mission-critical function is research-and-development. For a service-oriented company, cultivating and cementing key customer relationships is likely mission-critical to its future. Although generally wary of outsourcing mission-critical functions, increasingly companies are finding that outsourcing can deliver new insights and cost savings in these functions. A key issue in outsourcing such functions is the potential dilution of competitive advantage – and at the extreme, the hollowing out of the company's skills and competencies. To mitigate this risk, a company must match the degree and type of outsourcing to the function.

Second, a company must assess whether it has the requisite resources to perform the business function. If a company identifies vulnerabilities in specific resources that prevent it from competing effectively in the market, it may be motivated to seek an outsourced service provider that could compensate for its weaknesses. Third, a company must appraise the source of cost savings that outsourcing can deliver.

According to Mohr et al (2011), in this framework, in going counter-clockwise from Cell 1 to Cell 4, the continuum is one of increasing reward and risk. To use the framework, a company considers each question, and on the basis of the combination of answers, matches the underlying needs, resources and desired outcomes to the optimum way to organize and structure the performance of that business function. This matching enables a company to determine precisely when outsourcing makes sense – and when it does not – as well as to select the appropriate type of outsourcing to maximize the benefits of and to minimize the risks. Based on how a company answers each of the three questions in the model, eight different scenarios emerge.

Figure 1: Mapping Outsourcing Decisions

Mission Critical Function?

		No	Yes	No	Yes
Client has requisite resources for the function?	No	**1.** Simple procurement of standard business services	**4.** Transformational outsourcing	**5.** Procurement of custom business services	**8.** Learning partnership e.g. joint venture
	Yes	**2.** Transactional outsourcing: lift and shift	**3.** Strategic outsourcing	**6.** In-house organization of basic business processes	**7.** In-house development of core, proprietary know-how
		Yes	Yes	No	No

Cost-efficiencies arise due to economies of scale?

This framework helps managers address two important questions: ‘Should this function be outsourced?’ and ‘If so, which types of outsourcing make the most sense?’ At its heart, the framework helps managers to identify the risks involved with a range of options on the make-versus-buy continuum, and to match the appropriate form of governance to the underlying conditions to mitigate those risks.

2.4.2 The Principal Diagonal Model

In reference to their research; ‘What type of outsourcing relationship should hotels maintain? ; a model based on internal and relational strategic value’, according to Espino-Rodriguez and

Manuel Rodriguez-Diaz (2008), within the relational view context, the relationships between firms and the service companies subcontracted to perform determined activities are a key element for the improvement of competitiveness, the social and economic development of destinations by means of strengthening the small and medium size companies that support the hotels.

Table 1: Types of Relationships and Characteristics.

Types of Relationship	Characteristics
Arm's length	Multiple transactions between two parties over time, with no commitment agreements or joint operations.
Partnerships Type I	The organizations involved recognize each other as partners and, on the basis of a limited collaboration, coordinate activities and planning within a narrow perspective, applied to a functional area or a division in each organization.
Partnerships Type II	Involves a process that goes beyond coordinating activities, which are fully integrated. This relationship is maintained in the long-term and involves many divisions and functions in each of the participating organizations.
Partnerships Type III	The organizations are significantly integrated and each party considers the other an extension of its own company, such partnerships generally not having any ‘‘end date.’’
Joint ventures	Relationships between organizations defined in specific agreements with regard to characteristics and period of duration.
Vertical integration	The maximum level of coordination and integration is attained as a consequence of a proprietary relationship between the parties. This case does not mean outsourcing of core activities.

Source: Adapted from Lambert, Emmelhainz, and Gardner (1996).

Lambert et al., (1996) above identify the different types of relationship that firms can maintain, based on the degree of process integration that they can achieve through cooperation .Table 1 above, show the different types of relationship that hotels and suppliers can maintain. To identify the type of partnership that the hotel has with its suppliers it is necessary to know the aspects of orientation to the partnership (short-term vs. long-term), strength of the relations (strong vs. weak), the level of involvement of the organizations.

The principal diagonal model of evaluation of the outsourcing strategy contains a double entry matrix, which refers to internal strategic value, on one hand, and to relational strategic value, on the other. The matrix comprises three different areas, the main diagonal, the area below the diagonal and the area above the diagonal. This model represents the balanced situation of a sector at a given moment of time regarding outsourcing or other alliances, and the section to which companies must move in order to define their outsourcing strategies.

Table 2: Principal Diagonal (Model of Evaluation of Outsourcing)

<table>
<tr><th colspan="3" rowspan="2">Relational / Internal</th><th colspan="3">Strategic value of activity</th></tr>
<tr><th>Low</th><th>Medium</th><th>High</th></tr>
<tr><td rowspan="3">Strategic relational value of the activity</td><td>Type I</td><td rowspan="2">Arm's length</td><td>C
Activities not generating relational capabilities</td><td></td><td></td></tr>
<tr><td>Type II</td><td></td><td>B
Potential activities of relational capabilities</td><td></td></tr>
<tr><td>Type III</td><td>Integration</td><td></td><td></td><td>A
Activities generating relational capabilities</td></tr>
</table>

By Espino-Rodriguez and Manuel Rodriguez-Diaz (2008)

From the table above, the diagonal has three boxes, A, B and C, where companies that outsource activities should position themselves in order to obtain relational capabilities, maintain long-term relationships with suppliers or simply perform specific transactions with third party service companies.

A model of evaluation of outsourcing includes all the activities that have low strategic values and are easily substitutable and imitable and, therefore, the hotel should normally outsource them using a Type I or Arm's length relationship, where there may not be specific investments or expectations of continuity of the relationship. This represents box C. The activities included in B have medium strategic values and, consequently, the hotel outsources them to service companies following a Type II relationship. Lastly, the activities in section A constitute the focal company's core competence and the hotel should only outsource them if a highly qualified supplier is available (Espino-Rodrı´guez & Robaina, 2005) and there is a possibility of developing a Type III relationship.

In applying this model to the hotel sector, the internal strategic value applied to the hotel sector permits the classification of hotel operations into three groups (high strategic value operations, medium strategic value operations and low strategic value operations) (Espino-Rodriguez & Robaina, 2005). The high strategic value services or the core services like are sources of competitive advantage and that are suitable to generate the core competences of the hotel. These are services that, if outsourced, require a high integration of specific resource processes in the relationship, and shared routines that stem from values based on cooperation in determined routines (Kale, Singh, & Perlmutter, 2000).

The medium strategic value services are the complementary competences and are essential to offer a good service. This type of activity requires Type II relationships or strategic alliances, which are necessary for outsourcing. The low strategic value operations comprise the activities that are the most standardized and homogeneous and comprise the non-core operations. These are usually the activities to be outsourced first.

2.5 Empirical Studies

There have been a number of studies on different aspects of outsourcing. Willcocks (2011) carried out a study on outsourcing: still on the learning curve ‘.This study assessed the evolution of client and supplier approaches and capabilities from 1989 to 2010 in relation to outsourcing and delineate four phases which client learning can be observed to pass through over time. The study detailed a review of 20 years of research into approximately 1600 outsourcing arrangements studied overtime.

Willcocks (2011) states that in retrospect: outsourcing is still on the learning curve. The rapid growth of outsourcing has had several impacts. One is that clients and suppliers alike have had to run very fast to catch up with the latest twists in the market and new sources of competition and value. Relatedly, finding out what works and what does not has been, perhaps too often, a trial and error experience.

Third, creating a body of knowledge about outsourcing, in terms of governance, contracting, measurement, processes, relationship practices, is still very much work in progress, though we would like to believe we have made, in previous work, substantive contributions in this area. Fourth, the outsourcing industry is still at the early stages of professionalizing itself. The benefits of professionalization in terms of ; standard practices, codes of conduct, minimum standards of competence, an understanding of roles required and what it takes to fill them are not really with us yet. Throughout this short history there has been much learning and evolution by clients and suppliers alike.

Willcocks(2011) found out that client organizations have been on a learning curve with four phases. An organization contemplating its first generation outsourcing arrangement will be at Phase 1. Such clients are either far too believing of what they read in marketing brochures and hear from suppliers pitching for work, or far too disbelieving and skeptical of what to expect;

which had proven to be no a sound basis for entering into an outsourcing relationship. In Phase 2, clients tend to focus mainly on cost; they outsourced stable, discrete activities they could write complete contracts for, on three- to five-year contracts to multiple suppliers. A client will learn much from its first generation outsourcing deal, and this can be put to good use for the second generation.

Clients that have reached Phase 3 are older and wiser, and are able to get the balance of contract and relationship management right, have secured the right internal capabilities to keep control of their destiny, and focus on leveraging the relationship with their supplier(s). In Phase 4, institutionalized focus is on value-added Client learning. By 2010, very few organizations had reached Phase 4 of their journey. There are multiple reasons why so many organizations have progressed quite slowly, often painfully up the learning curve. Key people learn, and then leave. Organizational learning is not institutionalized, nor is learning on one type of outsourcing routinely. Organizations seem to prefer to have experienced it themselves, they never quite believe, the advice given to them or available. This brief history indicates that each client organization will, at any one moment in time inhabit its own distinctive place on the learning curve.

Zhu, Hsu, and Lillie (2011), in their study, they expounded that outsourcing is a process with four stages, and they should be followed in every detail for outsourcing to succeed. These four stages are; the planning stage, the development stage, the implementation stage and lastly evaluation stage. In the planning stage, like many other business decisions, should start with a sound business plan. The development stage further details the vendor agreement, the business relationship, the employee benefits, the employee separation plan, the outsourcing timeline and the communication plan.

The implementation stage lays down the outsourcing transition plan and outsourcing transition check list. Lastly, the evaluation, which is the post outsourcing review. The post-outsourcing review should compare the objectives identified in the business plan and determine if these objectives have been met. The researcher concluded that, the process described in this study can be modified and extended to a specific industry and used as a general guideline for outsourcing specific business functions.

In Kenya, studies on outsourcing have been done in various areas. Mwanzia (2012), undertook a study on creating competitive advantage through outsourcing; a survey of classified five star business hotels in Nairobi. From the findings, failure to manage risks averagely contributed mainly to adoption of outsourcing strategy. Other factors include poor service delivery and reduced productivity among others. The results presented in this study provide support for the claims of outsourcing proponents that outsourcing allows companies to enhance expertise, improve service quality, reduce staff, streamline processes, lower costs and reduce the administrnative burden and saving time. Outsourcing in this sense, is beneficial to organizational performance.

King'ori (2013), researched on strategic outsourcing at Airtel Kenya. Findings according to the research indicated that, the then prevailing economic conditions and technological changes had the greatest influence on Airtel decision to engage in strategic outsourcing. In the competitive environment, the significant factor was the size of the vendors of key technology equipment and the influence they extended on the cost of business. The effect of outsourcing on the business was; it enabled the organization to focus on core-activities, attain cost savings and costs control, manage vendor influence, access superior services, reduce the risk of technology obsolescence and bring standardization.

However, since the decision to outsource was from the parent company, the various head of departments did not have an opportunity to carry out a formal process of evaluation of whether to outsource or not; and if so, which functions to outsource. This also resulted in a gap in understanding what was to be expected from the vendors. Where vendors were hand-picked by the parent company, they tended to have an upper hand over the company management. Thus the reporting of poor performance of the vendors to the parent company and the arbitration, to settling to a solution took time, leading to inefficiency.

2.6 Summary

Outsourcing has become more global and extensive in its scope, involving more business functions and complex contractual arrangements (Tadelis,2007). However there are traps to avoid for outsourcing to be a success. Zhu, Hsu, and Lillie (2011), according to their research, they emphasized on the outsourcing process as a key to success. They only gave the detailing of the process from planning to review, but they did not give any direction of model to be used in order to determine what to be outsourced or not. There was no mention of how to deal with the suppliers and the contracts involved. Hence their study constituted only a section of the whole outsourcing process and cannot be used to benchmark the success of outsourcing.

Willcocks (2011), carried out a study on outsourcing: still on the learning curve ‘.This study assessed the evolution of client and supplier approaches and capabilities for the last 20 years. According to the study, Willcocks (2011) suggests that for the last 20 years, outsourcing has been on the same learning curve. The researcher further states that the outsourcing field is still undeveloped, the benefits of professionalization are not really built-up. She further confirms that organizations prefer what we call ‘hard-learning’- unless they have experienced it themselves, they never quite believe, let alone enact the advice given to them or available. This is not possible because with the competitiveness within the industries, no firm can afford to depend only on its own learning in order to implement a strategy while others are already miles ahead.

That is why outsourcing is about leveraging capabilities and resources from others, which are not within.

Other research works concur that the field of outsourcing has made tremendous strides over the last 2 decades. Outsourcing is moving towards transformational outsourcing; where traditional outsourcing was just about costs considerations, sweating the assets, transformational version is about changing the paradigm to something smarter, more flexible and more streamlined. Rather than being contracted on the basis of long-term stability, transformational outsourcing is predicated on perpetual volatility and change. It is about changing the business paradigm in a joined-up way.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology that was used in gathering the data. This included the research design, population of interest, the data collection methods that were employed and the data analysis techniques.

3.2 Research Design

This study was a survey. It aimed to establish to what extend outsourcing strategy was being employed in the hotel industry and the factors influencing the outsourcing within the industry. In a survey, the researcher explores the existing status of two or more variables at a given point in time.

3.2 Population of Study

This study was a purposed to be a census, but not all responded. The total number of hotels targeted was twenty five in total, but those who responded were twenty (20). The population of interest was the star rated hotels in the Mombasa County, as per the listing by the Kenya Association of Hotelkeepers and caterers, which is the main association for the hotels in the country. The geographical coverage extended to the Northern part will be up to Shanzu, and the Southern part will be upto the Likoni Ferry region.

3.4 Data Collection Methods

The study utilized primary data which is more reliable and up-to date and hence the method of choice. The main instrument for data collection was through semi structured questionnaires, which were self administered. They were given to at least two senior managers in each hotel, who have ample information on the strategic alignment and management of the hotel. The questionnaires were dropped at the hotel and collected later after they have been completed.

The questionnaire used for collection of the primary data was divided into two sections: Section A and section B. Section A collected personal introductory information and the other part sort to collect information on how outsourcing strategy is employed and the factors that influence the adoption of the strategy.

3.5 Data Analysis

Analysis of data was guided by the research objectives. Descriptive statistics were used to analyze the data as the data collected were qualitative in nature. Qualitative in that it seeks to find out if outsourcing was being practiced in hotels. This was in regard to the different activities that the hotels undertake and so, among these activities which were being outsourced. The extent of the outsourcing was being gauged in terms of percentages as per the respondents.

The factors affecting outsourcing are also qualitative in nature. These factors were listed for the respondents to choose what had the most effect in their influence in outsourcing in the hotels. Descriptive statistics used included mean and standard deviation. These factors were also rated in series of very high, high, average, low and very low. The rating were also awarded values cascading from 5 (five) for very high to 1(one) for very low. These helped in respondents grading the factors and the awarding of values helped in calculating means and standard deviations. The information was displayed by use of frequency tables, graphs and pie charts.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter discusses the findings, analysis, interpretation and presentation of data. The objectives of the study were to determine the extent of outsourcing in the hotel industry within the Mombasa County and to establish factors that may influence outsourcing in the hotels within the Mombasa County. A descriptive survey study was undertaken which targeted managers of various hotels within Mombasa County. The target respondents were various level managers within the hotels concerned with outsourcing. Data was collected using self administered questionnaires.

4.2 Profiles of Respondents' Hotels.

This section is on demographic information the respondents and their organization. The researcher was interested in knowing the years the hotel has been in operation, the size of the hotel in terms of the number of rooms and the types, the number of branches the hotel belongs to and the bed capacity.

4.2.1 Number of Years in Operation

The respondents were asked to indicate the number of years the hotel has been in operation, as presented in Table 4.1.

Table 4.1: Years in operation

	Frequency	Percentage	Cumulative
0 – 10 years	3	15	15
11 – 20 years	5	25	40
21 – 30 years	3	15	55
31 – 40 years	4	20	75
41 – 50 years	3	15	90
Over 50 years	2	10	100

According to the study, 25% of the respondents reported that the respective hotels have been in operation for the period between 11 to 20 years, which constitutes the largest number. 20% of the respondents indicated that their hotels have been operating for the period between 31 to 40 years. While 15% reported that their hotels have been in operation between 21 to 30 years and 41 to 50 years. The least being 10%, pointed out that their hotels have been in operation for over 50 years.

4.2.2 Bed Capacity

On the bed capacity, the respondents indicated that 35% of the hotels had a bed capacity of between 301 to 400 units while 30% responded that their respective hotels had a bed capacity of between 101 to 200 units. 5% reported that their hotels had a bed capacity of between 1 to 100 units while 10 % pointed out a bed capacity of 201 to 300 units and 401 to 500 units respectively. The respondents who gave the bed capacity of their hotels as above 500 units were 10% , as shown in Table 4.2 below.

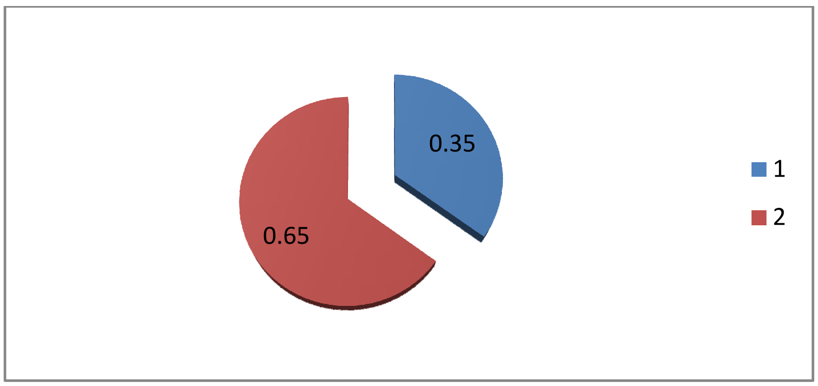
Table 4.2: Bed Capacity

Bed Capacity	Frequency	Percentage	Cumulative
1 – 100 units	1	5	5
101 – 200 units	6	30	35
201 – 300 units	2	10	45
301 – 400 units	7	35	80
401 – 500 units	2	10	90
Above 500 units	2	10	100

4.2.3 Number of hotel members

Hotel members constitute the different units in different locations who are associate partners. The different members are run as separate units in their respective locations but they are still managed under the same umbrella. The respondents were requested to give information of the number of associate members and the results below were put across. The results indicated that those who has more associate members tended to outsource more as compared to those who were single members. This can be concluded that there is a tendency to consult and learn from other members about outsourcing and implementing what has been learnt. Thus the processes that have succeeded are shared by other members and as a result each member benefits from the shared information as illustrated in figure 4.1.

Figure 4.1: Number of hotel members



KEY:

1. More than one member
2. Single member

From the findings, the respondents indicated that 65% of the hotels were a single member, while 35% had associate members. These associate members are spread, some only within the country and others are spread beyond the country.

4.3 Categorization of Hotel Activities

The study sought to find out, how the various hotels categorize their activities. The respondents were asked to cluster the list of the hotel activities given, into categories of core, non-core and complimentary. These results were tabulated below.

The need to categorize these activities arose in order to be able to determine whether there is a certain category of activities that the hotels tend to outsource more than the others. As Hilmer (1994) defines outsourcing as external acquisition of activities, including those traditionally considered an integral part of any firm, provided that they do not form part of the firm's core capabilities, indicates the propensity to outsource less of core activities. From the resource based view perspective, the core competences approach is one of the most powerful frameworks to explain why companies turn to outsourcing (Gilley et al. 2000) This approach suggests that an organization should invest in those activities constituting core competences and outsource the rest (Prahalad et al. 1990; Quinn 1992; Quinn and Hilmer 1994), since the former activities are those providing the organization's growth and direction.

An affirmation by Bolat et al (2008), that an increased focus on a firm's core competencies is an important benefit associated with outsourcing; hence the need to outsource those activities not considered strategic. Thus according to this literature, there was need to seek categorization of these activities, as this acts as a framework for outsourcing. The researcher sought to find out the activities the respondents considered core and thus the rest non-core as recorded on Table 4.3.

Table 4.3: Categorization of Hotel Activities

	Activity	**Number of times mentioned as Core.**	
		Frequency	**Percentage**
1	Reception	20	6.69
2	Reservations	20	6.69
3	Purchasing and receiving	12	4.01
4	Kitchen	19	6.35
5	Restaurant	19	6.35
6	Bars	18	6.02
7	Sales activity	14	4.68
8	Administration	16	5.35
9	General maintenance	15	5.02
10	Hotel leisure activities	8	2.68
11	Employee training	8	2.68
12	Personnel selection	16	5.35
13	Information systems	8	2.68

14	Promotion and advertising	11	3.68
15	Common areas cleaning	16	5.35
16	Room cleaning	19	6.35
17	Laundry	16	5.35
18	Swimming pool maintenance	15	5.02
19	Gardening	13	4.35
20	Safety and security	16	5.35
	TOTAL	**255**	**100**

According to the findings, reception and reservations had the highest citation as core activity with a percentage of 6.69 % for each. Those which followed, that had also mentioned by most respondents as core activities were; Kitchen, restaurant, and room cleaning with a percentage of 6.35. This was further followed by the respondents quoting bars as the next core activity at 6.02%. Those that were indicated as the least core observably was regarded as non-core thus, the following activities were singled out as the absolute non-core; employee training and hotel leisure activities and information systems with a percentage of 2.68 each.

The other that followed with some relative absolute, regarded as non-core was promotion and advertising at 3.68%. The remaining activities had an average indication from the respondents; hence there was no absolute categorization of these activities as either a core or non-core. It depended on how a particular respondent perceived the activity.

4.4 Extent of Activities Being Outsourced

The objective of the study was to find out the extent of outsourcing among the hotels in the Mombasa County. An inquiry on outsourcing revealed that indeed outsourcing is being applied as recorded in Table 4.4 below.

The activities were grouped into; group A as core activities, group B as non-core activities and /or complementary activities. Regarding this grouping, according to a study done by Rodriguez et al (2006), he states that it is necessary to identify the different activities of the hotel process as well as the strategic value of each of the activities. He further ascertained that also previous studies identified the strategic value of the different hotel operations. The internal strategic value applied to the hotel sector permits the classification of hotel operations into three groups (high strategic value operations -group A, medium strategic value operations -group B and low strategic value operations -group C) (Espino-Rodriguez et al, 2005).

Rodriguez et al (2006) details that group A contains strategic value services that are sources of competitive advantage and that are suitable to generate the core competences of the hotel. As they are the least transferable and most non-substitutable services and the most liable to generate value for the hotel, they are not very prone to outsourcing. Group B includes services that, in general, have medium strategic value and comprise the complementary competences and are essential to offer a good hotel service. This type of activity requires relationships or strategic alliances, which are necessary for outsourcing. Group C comprises the activities that are the most standardized and homogeneous for the hotel and comprise the non-core operations of the hotel sector. These are usually the activities that the hotel considers outsourcing first. Thus this grouping order has been used in the tabulation below, with group B and C combined under 'group B'.

Table 4.4: Activities Being Outsourced

	Hotel Activities	Number of times activities mentioned as outsourced	
		Frequency	**Percentage**
Group A:	Reception	0	0
	Reservations	0	0
	Purchasing and receiving	2	2.38
	Kitchen	1	1.19
	Restaurant	2	2.38
	Bars	1	1.19
	Sales activity	3	3.57
	Administration	0	0.00
Group B:	General maintenance	8	9.52
	Hotel leisure activities	6	7.14
	Employee training	5	5.95
	Personnel selection	2	2.38
	Information systems	5	5.95
	Promotion and advertising	10	11.90
	Common areas cleaning	5	5.95
	Room cleaning	2	2.38
	Laundry	6	7.14
	Swimming pool maintenance	4	4.76
	Gardening	7	8.33
	Safety and security	15	17.86
TOTAL		**84**	**100**

The information in table 4 shows the percentages of outsourcing as per the 'frequency of mention' by respondents. The activity being outsourced the most is safety and security with a 17.86% out of all citations. This was followed by promotion and advertising with a 11.90% and general maintenance with 9.52%. It's important to note that there were activities that were not mentioned by respondents as being outsourced at all. These activities included reception, reservations and administration. Kitchen and Bars were pointed out by the respondents to be outsourced by just a meager 1.19% of each.

From these results it is evidently that those activities grouped under ‘group A’ were less outsourced. These activities were deemed as core activities, hence the thought that these are high strategic value activities and according to Prahalad et al. (1990), he suggests that an organization should invest in those activities constituting core competences and outsource the rest. From the table above, the activities in ‘group A’ which constituted a total of 8 activities out of 20, being considered as core activities had an aggregate frequency of only 10.71%.

These results imply that virtually most hotels are implementing outsourcing and that any activity can be outsourced; even what is considered as a core activity can be outsourced even thou by a small margin and caution.

4.5 Activities Planned to be outsourced

Information was sought on whether or not the hotels had plans to outsource more activities in future. The outcome was also grouped into core, non-core and complementary activities as documented Table 5.4; grouping sourced from Rodriguez et al (2006). In accordance to the respondents interviewed, 25% confessed that there are no strategic plans for future outsourcing. The remaining 75% of the respondents shared various levels of activities planned to be outsourced.

Table 4.5: Activities Planned to be Outsourced

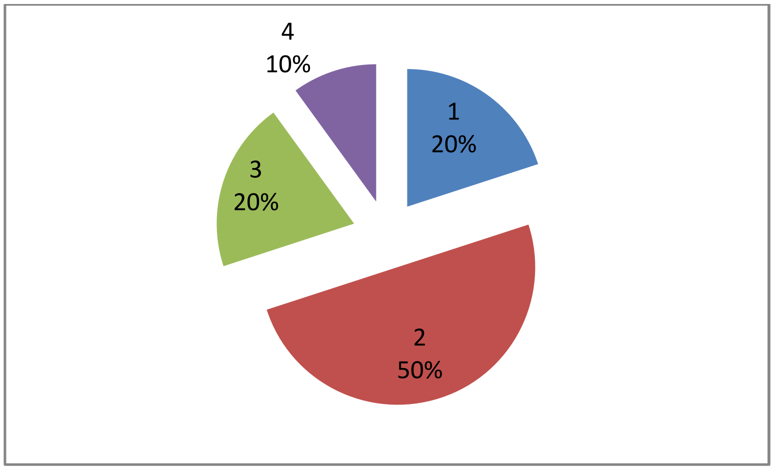
	Hotel Activities	Number of times activities mentioned as planned to be outsourced	
Group A:		**Frequency**	**Percentage**
	Reception	0	0
	Reservations	1	1.41
	Purchasing and receiving	2	2.82
	Kitchen	1	1.41
	Restaurant	2	2.82
	Bars	1	1.41
	Sales activity	4	5.63
	Administration	1	1.41
Group B:	General maintenance	8	11.27
	Hotel leisure activities	3	4.23
	Employee training	3	4.23
	Personnel selection	0	0.00
	Information systems	3	4.23
	Promotion and advertising	4	5.63
	Common areas cleaning	10	14.08
	Room cleaning	1	1.41
	Laundry	5	7.04
	Swimming pool maintenance	4	5.63
	Gardening	10	14.08
	Safety and security	8	11.27
TOTAL		**71**	**100**

From the findings, the respondents admitted that they were still reluctant to outsource some areas. They believed that the reception area still needs to be fully in control by the management, hence no plans whatsoever to outsource. Further, the respondents also specified that personnel selection was preferred to be retained in-house over being outsourced. The hotel activities that had been mostly mentioned as planned to be outsourced in the future included common areas cleaning and gardening, each with a percentage of 14.08%. The next more cited activities, which are more likely to be outsourced in the future, were general maintenance and safety and security with a percentage of 11.27% each.

According to the respondents, there were some hotels that didn't have any future outsourcing planned activities. Then, there were those activities which were indicated to be planned for outsourcing with a paltry 1.14%; these included reservations, kitchen, bars, administration and room cleaning. These activities with meager plans are mostly found in the core activities group. Hence the indication that even if they are to be sourced from outside, this would be partly outsourcing. The aggregate percentage of the core activities (group A) planned to be outsourced as per the mentioned frequency is 16.90. This is a slight increase in outsourcing of core activities, as compared to the aggregate of 10.71%, being what is currently outsourced, as per the respondents' reports.

When inquiries were made on whether outsourcing as a strategy was part of the wider strategic objectives of the hotels, only a scanty 20 % of the respondents indicated this to be factual. The bulk of the respondents indicated that outsourcing was not a main objective in the organization hence outsourcing being viewed from a tactical and not strategic perspective. Only 15% of the respondents pointed out that there was a specific target of outsourcing level set to be achieved by the hotel. From the correspondence, only 20% of the respondents conceded that outsourcing is an important phenomenon in hotel sector and there is need for it to be given a given a strategic perspective. These findings are recorded in Figure 4.2.

Figure 4.2: Rating of importance of outsourcing



KEY:

1. High
2. Average
3. Low
4. Very low

When the respondents were requested to indicate the magnitude with which they weighted outsourcing strategy, these were the results. On a scale of very high, high, average, low and very low, none indicated very high as an option. Only 20% of the respondents graded outsourcing with the high level. The majority of the respondents, consisting of 50% ranked outsourcing strategy as average.

4.6 Factors Influencing Outsourcing in Hotels in Mombasa

One of the objectives of the study was to establish factors that influence outsourcing in the hotels within the Mombasa County. The results were tabled below on Table 4.6 as revealed by the respondents. The respondents were expected to concede or refute if the given factor influenced outsourcing in the organization or not. The outcome was organized in a table indicating the factor influencing outsourcing and the frequencies and percentages of the respondents who agreed and those who disagreed.

The factors that most respondents considered that influence outsourcing in their organizations, according to their frequency of indication were; improve customer satisfaction and reduce costs with percentages of 12.71% and 11.02% respectively. Other factors that were regarded by the most respondents that would influence outsourcing were; the belief in cost reduction and quality service, need for specialist equipment, each being rated at 8.47% and increase in profitability, requirement for special skills with each rating 7.63% of the total frequency of citation.

Among those indicated by the respondents as factors that influence outsourcing the least were; retirement of own personnel and playing along with fashion and trend of privatization, both being rated at 0.85% and others too with lesser influence were belief in mixing direct labour with external contractors as a influencing factor , mentioned only by 1.69% of the respondents.

Table 4.6: Factors influencing outsourcing

Factors Influencing Outsourcing	**Number of times mentioned**	
	Frequency	**Percentage**
Restrict own activities; to focus on core activities	5	4.24
increase profitability;	9	7.63
Solve capacity problems by shifting to an outside supplier	4	3.39
Make cost transparent;(cost efficiencies)	3	2.54
Reduce cost;	13	11.02
Gain access to knowledge	7	5.93
Use competence which has been developed by supplier;	6	5.08
Restrict own investments in staff/or capital goods.	3	2.54
An institutions policy to increase competition;	4	3.39
Insufficiency in own resources;	5	4.24
Retirement of own personnel;	1	0.85
Belief in mixing direct labour with external contractors;	2	1.69
Belief in cost reduction and quality services;	10	8.47
Lack of special know-how;	5	4.24

Playing along with fashion trend of privatisation;	1	0.85
Requirements for special skills;	9	7.63
To have better adjustments for work fluctuations;	6	5.08
Need for specialist equipment;	10	8.47
To improve customer satisfaction.	15	12.71
TOTAL	**118**	**100**

The above tables enlist the factors considered to influence outsourcing decisions by respondents in their respective organizations. Hence the percentage given is an indicator of the frequency of respondents who mentioned the particular activity.

The study also searched to find out from the respondents point of view, how they would rank the listed factors influencing outsourcing in a scale of 1 to 5. Where 1 represented very low, 2 low, 3 average, 4 high and 5 very high. Below are the results, as obtained from the respondents, enlisting the factors influencing outsourcing and their respective weighted means as detailed in the following tables.

Table 4.7: Focus on Core Activities

Statement	V. High		High		Aver-age		Low		V. Low		Totals		Mean	STD
	F	%	F	%	F	%	F	%	F	%	F	%		
Restrict own activities; to focus on core activities	7	35	3	15	7	35	0	0	3	15	20	100	3.55	1.57
Restrict own investments in staff/or capital goods.	1	5	3	15	4	20	8	40	4	20	20	100	2.45	1.58
Belief in mixing direct labour with external contractors to maintain only the core needed.	1	5	1	5	6	30	7	35	5	25	20	100	2.3	1.75
Grand Mean													**2.77**	**1.63**

From Table 4.7 above , which contains the results of focusing on core activities as a factor influencing outsourcing, the respondents indicated that restricting own activities to focus on core activities is quite prominent ranking, above the grand mean of 2.77. This could be due to the fact that 35% of the respondents rank the factor as very high, and a further 15% ranking it as high. Only 15% dismiss it as non influential.

Table 4.8: Focus on costs

Statement	V. High		High		Aver-age		Low		V. Low		Totals		Mean	STD
	F	%	F	%	F	%	F	%	F	%	F	%		
Reduce cost;	10	50	7	35	2	10	1	5	0	0	20	100	4.3	2.2
make cost	7	3	6	3	3	1	4	2	0	0	2	10	3.9	1.5

transparent; (cost efficiencies)		5		0		5		0			0	0		
belief in cost reduction and quality services	4	20	7	35	6	30	3	15	0	0	20	100	3.6	1.43
Grand Mean													**3.93**	**1.71**

Table 4.8 above displays the outcome from the respondents on their view about the desire to outsource in order to focus on costs and reduce costs. There was evidence that focus on costs was rated as an important factor, giving a mean of 3.93. This is highly supported by 50% of the respondents who believe very highly on outsourcing in reducing cost and another 35% believing highly on reducing costs through outsourcing. Very few of the respondents think otherwise, with a paltry of 5% only believing the need to reduce cost is not a major factor influencing outsourcing.

Table 4.9: Leverage on Supplier Knowledge

Statement	V. High		High		Aver-age		Low		V. Low		Totals		Mean	STD
	F	%	F	%	F	%	F	%	F	%	F	%		
Gain access to knowledge	2	10	4	20	5	25	5	25	4	20	20	100	2.75	0.95
Use competence which has been developed by supplier	2	10	2	10	5	25	7	35	4	20	20	100	2.55	1.3
Lack of special know-how	4	20	4	20	5	25	4	20	3	15	20	100	3.1	0.6
Requirements for special skills	7	35	7	35	3	15	3	15	0	0	20	100	3.99	1.55
Need for specialist equipment	4	20	7	25	5	35	3	15	1	5	20	100	3.5	1.19
Grand Mean													**3.18**	**1.12**

Table 4.9 above, which contains the results of leveraging on suppliers' knowledge, as a factor that sways the outsourcing decision, the respondents, indicated that this factor was considered as average. The main reason this factor would have a substantial influence is when there is requirement for special skills and need for specialist equipment. These factors had a mean of 3.99 and 3.5 respectively, above the grand mean of 3.18.

Table 4.10: Solving Capacity Problems

Statement	V. High		High		Aver-age		Low		V. Low		Totals		Mean	STD
	F	%	F	%	F	%	F	%	F	%	F	%		
Solve capacity problems by shifting to an outside supplier	2	10	5	25	7	35	3	15	3	15	20	100	3.0	1.18
Insufficiency in own resources	1	5	2	10	5	25	6	30	6	30	20	100	2.3	1.55
Retirement of own personnel;	0	0	0	0	5	25	7	35	8	40	20	100	1.85	2.32
Need to have better adjustments for work fluctuations	6	30	7	35	3	15	3	15	1	5	20	100	3.7	1.2
Grand Mean													**2.71**	**1.56**

Table 4.10 above lists the outcome from the respondents regarding the need to solve capacity problems by outsourcing. This seemed to be weak factor, with an average mean of 2.71. Respondents felt that this factor would come mainly in consideration when the issue on the table is the need to have better adjustments for work fluctuations. This is affirmed by 30% of the respondents who very highly concurs while 35% highly concurs. Only 5% of the respondents felt that this still was not a weighty factor to be considered when outsourcing.

Table 4.11: Increase in Efficiency

Statement	V. High		High		Aver-age		Low		V. Low		Totals		Mean	STD
	F	%	F	%	F	%	F	%	F	%	F	%		
Increase profitability;	5	25	7	35	5	25	0	0	3	15	20	100	3.73	1.37
An institutions policy to increase competition;	0	0	3	15	6	30	6	30	5	25	20	100	2.35	1.53
Need to improve customer satisfaction.	15	75	5	25	0	0	0	0	0	0	20	100	4.75	3.37
Grand Mean													**3.61**	**2.09**

Table 4.11 yields the results from the respondents on their view of the desire to increase efficiency in different areas as a factor influencing outsourcing. The efficiency here was pegged on profitability, developing an edge on competition and the need to improve customer service. Apparently, 75 % the respondents agreed that the need to improve customer satisfaction ranked very highly with the remaining 25% still regarding highly on it. The respondents were in consensus thou, that the requirement to put outsourcing as an institution policy in order to increase competition was not an important factor. This was openly indicated by this factor realizing a mean of 2.35, below the grand mean of 3.61.

From the findings above, the respondents indicated that the need to improve customer satisfaction and the desire to reduce costs highly contributed to adoption of outsourcing strategy in hotels as indicated by the means of 4.75 and 4.3 respectively. The respondents further pointed out that the necessity to make cost transparent (for cost efficiencies) and the requirements for special skills contributed significantly on the higher side to adoption of outsourcing strategy as indicated by a mean of 3.9 for each.

Further, the outcome from the respondents illustrated that the desire to have better adjustments for work fluctuations and the belief in cost reduction and quality services proved as a reasons for hotels to embrace outsourcing , as indicated by their respective means of 3.7 and 3.6 respectively. Need for specialist equipment, increase profitability and restriction of own activities in order to focus on core activities are also ranked averagely with a mean of 3.55 for each by the respondents, as reasons for adoption of outsourcing strategy in hotels.

Among the least ranked factors that would press for consideration of adoption of outsourcing are, playing along with fashion trend of privatization and retirement of own personnel with a mean of 1.75 and 1.8 respectively. Most of the factors have been ranged averagely, hence if well expounded and exploited, they still offer a valid reason for considering implementing outsourcing as a strategy within the hotel industry.

4.7 Discussion

The study resonates with the literature review where Willcocks (2010) states that; outsourcing has emerged as one of the popular and widely adopted business strategies of this globalized era. In addition to the potential cost saving, another widely cited rationale for outsourcing is to gain access to unique resources, knowledge, and capabilities possessed by other firms, as well as increased flexibility to manage demand swings, and improve quality (Quinn, 1999). The research reveals that outsourcing has been integrated within the hotels in different sections, either partly or outsourcing the entire activity. The top management is involved in decision making concerning lying down and implementation of outsourcing as a strategy. It has emerged that the hotels that include outsourcing plans in the overall wider strategic objectives, normally have a specific targets and definite laid down procedures formulated for outsourcing. As a result, such hotels have a tendency more boldly embrace outsourcing as they consider outsourcing as an integral strategy for growth and survival.

The Resource Based View approach suggests that a firm should invest in those activities that constitute its core competences and outsource the rest (Prahalad and Hamel, 1990; Quinn and Hilmer, 1994). Hamel and Prahalad (1994) use the term core competence to describe the strategies that make up those activities that the firm executes better than its competitors. Thus there is need for the organizations to be able to categorize their activities into those that are core and the non- core. This acts a guide when deciding on whether to outsource a certain activity of retain its management in-house.

From the study, we find that those activities that were classified as core competences were the least outsourced. Activities like reservations and reception were opted to be retained in-house. Others like kitchen, bars, and restaurants were being outsourced at a paltry 5 to 10 %. Still for the hotels that outsource these activities, they confirm that the do it partly. Addressing the outsourcing decision in a strategic way requires a deep understanding of the core competences, which form the basis for future competitive advantage (Bettis, Bradley, & Hamel, 1992).

The results presented in this study provide support for the claims of outsourcing proponents that outsourcing allows companies to lower costs and make costs transparent (cost efficiencies) , improve service quality , enhance expertise, , reduce staff, streamline processes, and thus increase profitability. The study reveals that irrespective of the benefits accrued due to outsourcing, the future plans for outsourcing are quite restrictive. This could still be the fear of losing control over the management of these activities and lack of competent partners to outsource the activities to. In this context, the creation and consolidation of relational capabilities take on special importance because firms operating in a network achieve competitive advantage not only through strengthening their internal capabilities, but also through the idiosyncratic relationships with services companies that lead to an associative competitive advantage (Rodrı´guez-Dı´az & Espino- Rodrı´guez, 2006). Thus getting the right partners have a substantial influence on the success of outsourcing.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four and it also gives conclusions and recommendations of the study based on the objectives of the research. The objective of this study was to establish the extent of outsourcing and the factors that influence the outsourcing decision.

5.2 Summary of the findings

The research established that outsourcing has been integrated in the hotel industry at different levels by various hotels. Those hotels with more than one branch, and especially those with branches beyond the country, tend to outsource more. This could be as a result of more exposure and learning from and leaning on other branches for assistance. Most of the activities that are outsourced are those that are considered non-core and complementary. The core activities tend to be retained more in-house. Hence there is a critical need for the hotels to be able to clearly define their core and non-core activities. Lack of a definite demarcation of the activities is one of the bottle-necks to outsourcing as it is complex to decide what to outsource and what not to when one don't know what are the sources of competitive advantages. This also leads to holding on to activities which were better off being off-loaded to partners who can perform them better, hence a higher the quality product.

Relative to influence of factors on outsourcing, various factors were found to manifest varying degree of effect on outsourcing according to various respondents. Specifically, the need to improve customer service and costs reduction has the greatest influence on outsourcing, followed by need for specialist equipment, making costs transparent and need for better adjustments for work fluctuations. According to the findings, most of the hotels have not ingrained outsourcing as part of the main objective in their overall organizational strategic goals. Thus this indicates there are no definite laid down procedures for outsourcing, from deciding what to outsource, how to vet the third-parties, hoe to draw contracts and implementation. This results in not having any specific target of outsourcing level to be obtained, and clear-cut timelines. As a result, outsourcing was ranked as of average or low importance as a strategy.

The lack of planning is planning to fail. When the objectives are ambiguous it is not possible to assess and measure the results. Thus outsourcing has not been deeply ingrained in the hotel industry. As a result, according to the respondents, planned activities to be outsourced have been kept at a minimal. This indicates that what is currently been outsourced is not yielding as encouraging results as expected. There are still activities that can be outsourced but they are still being managed within. This denies the hotels time and resources to concentrate on the core competences by off-loading these activities to vendors.

On the other hand, high levels of interdependencies between processes- either internally or with other outsourced processes- increase the need for co-ordination, joint problem solving and mutual adjustments. Difficulties with measuring the contribution and performance of the supplier can also create problems in the relationship, as the sourcing organization must expend additional resource on monitoring performances. Furthermore, differences in relation to the interpretation of performance can also create difficulties in the relationship. Such as, where effective performance measures have not been developed for the outsourced activities, it will be difficult to determine whether the supplier has executed the process better than when it was in-house.

5.3 Conclusion

The study concluded that there are a number of potential gains to be accrued from outsourcing. Thou the hotel industry is not at its peak on outsourcing, is has made strides in the right direction. Much progress has been made in outsourcing areas like safety and security, gardening and common areas cleaning. The presence of future plans for outsourcing confirms that the hotels are determined to continue exploring outsourcing as a strategy. In so, the hotels will continue learning and gaining more understanding and returns and thus move more higher on the learning curve.

Outsourcing as strategy, like any other plan, when properly formulated and implemented and given the attention it is due, can be a sure source of competitive edge. Thus there is need for outsourcing strategy to be embedded within the main objectives of the company for the company to reap the full benefits from it. From the findings, most of the hotels have not included the outsourcing strategy in within the main goals as a result there are management gaps and so not being able to benefit fully from outsourcing currently.

5.4 Recommendations

The study recommends that managers developing and implementing outsourcing strategies for their activities should look beyond just the indicators of poor performance. Rather, they should seek to unearth the root causes of the poor performance instead of discarding the strategy all-together. There is need for tenacity in order to ensure continuity as that is the only way to understand the strategy and the intricate involved, and be able to benefit from it. Outsourcing within the hotels in Mombasa County has still a long way to go get to the peak. Most hotels need to seek to understand and implement more of outsourcing as there are still opportunities to be explored.

The study also recommends that the managers should understand the processes and associated interdependencies. Organizations often outsource activities without fully understanding the nature of the processes and linkages with other parts of the business, which for example, can lead to lack of co-ordination, hence poor performance. The managers should also fully understand the consequences involved.

The study will facilitate the policy makers in the hotel industry to come up with policies and regulations governing the outsourcing framework. The findings of the study will be beneficial to the hotel industry in implanting superior policies that will enhance the understanding of how to adopt the outsourcing strategy and how to buffer mal-practices in order to reap the full benefits.

5.5 Limitations of the Study

The study was not able to quantify exactly the extent of outsourcing in the various hotels. This is because even the hotels do not have means of measuring the effects of outsourcing hence it was not possible to determine if outsourcing improved overall performance. Hence the decision to either continue or stop outsourcing is a challenging one. Also due to the challenges of the season in Mombasa hotels and the cut throat competition, some respondents very cautious with details and even were reluctant to divulge information, citing confidentiality.

5.6 Suggestions for Further Research

It is suggested that a study on the extent outsourcing as a strategy be undertaken within the hotel industry in Kenya. Further studies also are suggested on the outsourcing strategy as undertaken by multinational hotels with branches in Kenya. In so doing, the hotel industry will be able to gain insight on the policies and processes these hotel employ as they seem to be further ahead with outsourcing strategy.

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Appendix 1

QUESTIONNAIRE

OUTSOURCING STRATEGY IN THE HOTEL INDUTRY WITHIN THE MOMBASA COUNTY

Purpose

The researcher will appreciate your feedback on how outsourcing strategy is being implemented in the hotels and the factors influencing the adoption of this strategy. This survey will be carried out in hotels within the Mombasa County. Please give your opinion as honest as possible.

1. PRELIMINARY DETAILS.

i. Name of the Hotel ____________________

ii. Age of the Hotel ____________________

iii. Size of the Hotel; ____________________

iv. Ownership; ____________________

v. Location : ____________________

vi. Classification: ____________________

v. Number of branches ____________________

vi. Bed Capacity; ____________________

2. PERSON DETAILS

i. Name (Optional) ____________________

ii. Job Title; Tick appropriately

a) CEO [ ]

b) General Manager [ ]

c) Manager [ ]

d) Supervisor [ ]

3. The hotel has various activities that they undertake and these activities can be categorized in three categories; a) Core activities, b) Non-Core activities and c) Complementary activities. Complementary activities are those that are important but non- core.

Below is a list of hotel activities; according to the classification in this specific hotel, group the activities as core, non-core or complementary by ticking the appropriate box.

	ACTIVITY	CORE	NON-CORE	COMPLEMEN-TARY
1	Reception			
2	Reservations			
3	Purchasing and receiving			
4	Kitchen			
5	Restaurant			
6	Bars			
7	Sales activity			
8	Administration			
9	General maintenance			
10	Hotel leisure activities			
11	Employee training			
12	Personnel selection			
13	Information systems			
14	Promotion and advertising			
15	Common areas cleaning			
16	Room cleaning			
17	Laundry			
18	Swimming pool maintenance			
19	Gardening			
20	Safety and security			

4. Within each group of the activities below, tick the activities that are currently being outsourced by the hotel.

	Hotel Activities	Activities being outsourced
Group A:	Reception	
	Reservations	
	Purchasing and receiving	
	Kitchen	
	Restaurant	
	Bars	
	Sales activity	
	Administration	

	Hotel Activities	Activities being outsourced
Group B:	General maintenance	
	Hotel leisure activities	
	Employee training	
	Personnel selection	
	Information systems	
	Promotion and advertising	

	Hotel Activities	Activities being outsourced
Group C:	Common areas cleaning	
	Room cleaning	
	Laundry	
	Swimming pool maintenance	
	Gardening	
	Safety and security	

5. Are there any activities that the hotel is planning to outsource in the future, within 1 to 3 years in future?

a) Yes [ ] b) No [ ]

If yes, tick appropriately, within the list below.

	Hotel Activities	Activities planned to be outsourced
Group A:	Reception	
	Reservations	
	Purchasing and receiving	
	Kitchen	
	Restaurant	
	Bars	
	Sales activity	
	Administration	

	Hotel Activities	Activities planned to be outsourced
Group B:	General maintenance	
	Hotel leisure activities	
	Employee training	
	Personnel selection	
	Information systems	
	Promotion and advertising	

	Hotel Activities	Activities planned to be outsourced
Group C:	Common areas cleaning	
	Room cleaning	
	Laundry	
	Swimming pool maintenance	
	Gardening	
	Safety and security	

6. Are outsourcing plans among the wider strategy objectives of the hotel?

a) Yes [ ]   b) No [ ]

7. Is there a specific target of outsourcing level set be achieved, in reference to the hotel as a whole?

a) Yes [ ]   b) No [ ]

8. If yes, what is the level target to be achieved?

a) 0% - 25% [ ]   c) 51% - 75% [ ]

b) 26% - 50% [ ]   d) 76% - 100% [ ]

9. What are the timelines for the above targets to be achieved?

a) 1 to 2 years [ ]   c) 3 to 5 years [ ]

b) 2 to 3 years [ ]   d) Not set. [ ]

10. Who are involved in decision making concerning outsourcing plans? Tick appropriately.

a) CEO [ ]
b) General Manager [ ]
c) Manager [ ]
d) Supervisor [ ]

11. Do you have a definite, laid down procedure formulated that is used when outsourcing?

a) Yes [ ]   b) No [ ]

12. How do you rank the importance of outsourcing as a strategy as perceived by the hotel as a whole?

a) Very high [ ]
b) High [ ]
c) Average [ ]
d) Low [ ]
e) Very Low [ ]

13. Below is a list of factors that influence outsourcing activities. Kindly tick those that influence outsourcing to this specific hotel currently.

1	restrict own activities; to focus on core activities	
2	increase profitability;	
3	solve capacity problems by shifting to an outside supplier	
4	make cost transparent;(cost efficiencies)	
5	reduce cost;	
6	gain access to knowledge	
7	use competence which has been developed by supplier;	
8	Restrict own investments in staff/or capital goods.	
9	an institutions policy to increase competition;	
10	insufficiency in own resources;	
11	retirement of own personnel;	
12	belief in mixing direct labour with external contractors;	
13	belief in cost reduction and quality services;	
14	lack of special know-how;	
15	playing along with fashion trend of privatisation;	
16	requirements for special skills;	
17	want to have better adjustments for work fluctuations;	
18	need for specialist equipment; and	
19	Want to improve customer satisfaction.	

14. Various factors influence the outsourcing strategy generally in firms. Some of these factors are listed below.

On a scale of **1** to **5** where **1** is **Very Low, 2** is **low, 3** is **Average, 4 is High** and **5** is **Very High**. To what extend do you think each of the listed factor has influenced the outsourcing strategy in the hotel.

		Very High 5	**High 4**	**Average 3**	**Low 2**	**Very Low 1**
1	restrict own activities; to focus on core activities					
2	increase profitability;					
3	solve capacity problems by shifting to an outside supplier					
4	make cost transparent;(cost efficiencies)					
5	reduce cost;					
6	gain access to knowledge					
7	use competence which has been developed by supplier;					
8	Restrict own investments in staff/or capital goods.					
9	an institutions policy to increase competition;					
10	insufficiency in own resources;					
11	retirement of own personnel;					
12	belief in mixing direct labour with external contractors;					
13	belief in cost reduction and quality services;					
14	lack of special know-how;					
15	playing along with fashion trend of privatisation;					
16	requirements for special skills;					
17	want to have better adjustments for work fluctuations;					
18	need for specialist equipment; and					
19	Want to improve customer satisfaction.					

HOTELS IN MOMBASA COUNTY

1	Bamburi Beach
2	Bamburi Beach Resort
3	Baobab Beach Resort & Spa
4	Bahari Beach Hotel
5	Castle Royal hotel
6	Eden Beach Hotel
7	Kahama Hotel
8	Milele Beach Hotel
9	Mombasa Beach Hotel
10	Mombasa Continental Resort
11	New Palm Tree Hotel- Msa Old Town
12	Nyali beach Hotel
13	Nyali International Beach Hotel
14	Pangoni Beach Resort and Spa
15	Pride Inn Hotel
16	Reef Hotel
17	Royal Court Hotel
18	Sai Rock Hotel
19	Sarova Whitesands
20	Sentido Neptune Beach Resort
21	Serena Beach Hotel & Spa
22	Severin Sea Lodge
23	Shanzu Beach, Mombasa
24	Travellers Beach
25	Voyager Beach Resort

As extracted from the Kenya Association of Hotelkeepers and Caterers(KAHC).