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The moderating effect of Hotel Star Rating on the Relationship between Service Tipping Strategy and Performance of Hotels in Kenya

The main purpose of this study was to investigate the moderating effect of Hotel star rating on the relationship between service tipping and performance of hotels in Kenya based on Balanced Score Card Perspectives. The study was based on Resource-Based Theory and Balanced Scorecard Framework. The study adopted descriptive quantitative survey design with a sample frame of 183 hotels in four tourism circuits in Kenya. The unit of analysis of the study included star rated hotel managers featuring General Managers, supervisors and head of departments as respondents. The researcher adopted the Yamane (1967) formula that was used to calculate a suitable sample size of 126 elements. The study used a structured questionnaire to collect the required data from the respondents. The study established that when star rating was introduced as a moderating variable, the relationship between service tipping strategy and hotels performance remained statistically significant, although the value of the regression coefficient reduced slightly ($r=1.089-1.088 = 0.001$). This slight change in the coefficient is the statistical proof that when star rating was introduced, it slightly reduced the regression coefficient although the relationship between service tipping and hotels performance remained statistically significant. The study recommended that Tourism Regulatory Authority (TRA) which is the policy body of Hotel industry in Kenya develops a Service Tipping Policy to guide in service operations in the star rated hotels in Kenya and promote service tipping strategy among the star rated hotels for effectiveness of Service tipping policy across all the levels of star rated hotels. Further the study calls upon players in the industry to consider adoption service tipping strategy to revive hotel business after the pandemic.

Key Words

Service Tipping Strategy, Financial Performance, Internal Business Process, Organizational Learning,

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