

# **Performance Measurement and Hotel Industry in Kenya – A Review**

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## **Abstract:-**

Extant literature indicates that performance measurement has been widely studied elsewhere in large manufacturing and generic small businesses but there has been little study of this area in tourism and hospitality, particularly in Kenya. However, there is evidence that some hotels in Kenya may be using the existing performance measurement models without appropriate adjustments to reflect the unique challenges of the Kenyan hotel industry. This paper reviews the most popular measurement models from the literature and identifies the characteristics that they demonstrate. The paper then identifies key performance measurement dimensions; reviews their relationships and finally presents these relationships in a framework. This paper should expand debate on performance measurement generally and hotels in Kenya in particular. It should further assist in making informed decisions with regard to policy formulation and implementation of performance measurement in Kenya's hotel industry.

**Key words:** performance measurement, hotel industry, Kenya

measurement is a systematic attempt to learn how products and services of organizations are responsive to the needs of the customer and the organizations' ability to improve effectiveness. Thus, measuring performance offers an effective method of determining whether or not an organization is meeting its goals and achieving its mission (Brown 1996). Subsequently, Hotels have to adopt effective and strategic performance measurement tools in order to meet their goals. For the full benefit of measurement to be realized, it is important for hotels to maximize the appropriateness and effectiveness of measurement activities at all levels of their operations.

In Kenya, many hotels are currently struggling to gain the International Organization for Standardization (ISO) certification and Company of the Year Awards. The managements of hotels in Kenya have further perfected this pursuit by focusing their attention on achieving the coveted five-star classification. This classification provides hotels with a window of opportunity to join membership of international organizations and schemes. These endeavors have therefore compelled many hotels to turn to performance measurement systems as a means of achieving superior financial and non-financial objectives. Hotel industry practitioners and scholars in Kenya have struggled to assess firm performance and to identify good practice. Given that hotels are an integral part of the Kenyan tourism industry which is an important pillar of the Kenyan economy, a review into the dimensions that affect the industry is justified. However, there is still limited research regarding the performance measurement of hotels. This paper therefore purposes to contribute to the theoretical framework and expand debate on performance measurement generally and hotels in Kenya in particular. The paper further purposes to identify the missing performance gaps with a view

## **INTRODUCTION**

Performance measurement is essential for business as the basis for continuous improvement and for designing an adequate information system (Nudurupati 2003). Kaplan and Norton (2001) suggested that integrated performance measurement frameworks are essential for businesses as the basis for defining strategic objectives that integrate lagging and leading indicators. Performance measures are therefore the means of support to organizations, since without them no decisions can be made (Zairi, 1996). Epstein (1997) posits that performance