

**EVALUATING THE FACTORS THAT AFFECT THE PERFORMANCE
OF HOTEL BUSINESSES IN UGANDA**

A CASE STUDY: DESERT BREEZE HOTEL LTD ARUA DISTRICT

BY

SODRI VIOLA

REG No: 2012-B021-10170



UGANDA MARTYRS UNIVERSITY

April, 2015

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**A DISSERTATION SUBMITTED TO THE FACULTY OF BUSINESS
ADMINISTRATION AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF A DEGREE OF BACHELORS OF
BUSINESS ADMINISTRATION AND MANAGEMENT OF
UGANDA MARTYRS UNIVERSITY**

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DEDICATION

In the Spirit of Jesus Christ through my faith, I would like to dedicate the whole of this work to the Almighty God for have given me the Strength and Wisdom to complete the three year course of BAM successful. In special way, I dedicate this work to my beloved Mum Ondoru Madelina, brothers, sisters and entire family who supported me financially, spiritually and encouraged me in the course of my studies at University. Thank you all and May the Almighty God bless you. I also dedicate this work to my supervisor FR. Ssemwogerere Edward, Management and students of Uganda Martyrs University without whose continuous support I would not produce this dissertation, may God bless you all abundantly.

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LIST OF ACRONYMS/ ABBREVIATIONS

MTT1:	Ministry of Tourism, Trade and Industry
MTTI:	Mechanical Transport Training institute
SPS:	Statistical Package for Social Scientists
UBOS:	Uganda Bureau of Statistics
UHA:	Uganda Hotel Association
UHA:	University Health Alliance
UTA:	Uganda Tourism Association

ABSTRACT

This study sought to evaluate the factors affecting the performance of Hotel businesses in Uganda. Looking at the fact that hotel businesses play enormous role in bringing innovation, economic growth and prosperity through employment and contributing to GDP of an economy.

The study specifically looked at three factors that affect Hotels performance in terms of return on investments, Efficiency of staff and sales growth, the factors include: Employee motivation, Management style and Location of Hotel.

A case study survey was used in the study; both quantitative and qualitative techniques were employed in the data collection process, analysis, presentation and discussion of findings. The data used in this study was both secondary and primary, a stratified random sampling technique was employed to 52 respondents consisting of; management, employees and customers of Desert Breeze Hotel Arua using self-administered questionnaires, oral interviews were carried out and observations made where necessary.

The relationships between the independent variables and dependent variables were analyzed, the findings and results presented. From the study findings, it can be concluded that factors (employee motivation, management style and location) have significant and positive effect on the performance of Desert Breeze Hotel Arua thus increasing their return on investments, efficiency of staff and sales growth.

Therefore, for Desert Breeze Hotel to improve their performance and remain competitive in the hospitality sector, they need to consider factors like employee motivation, management style, location, technology, and customer care. The study also recommends management to involve the view of employees in decision making for easy communication and management.

The study generally shows that the three hypotheses were developed and successfully tested and the analysis results showed that the three factors hypothesized significantly affecting hotel's performance in Uganda and their availability positively impacts on the performance of hotel businesses.

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

Hotel businesses have become vital in the economic development of both developed and developing countries, since they are essential in bringing innovation, economic growth and employment opportunities to the local people in the country. The business atmosphere has become dynamic and as a result the hotel business has also become dynamic in the business environment.

This chapter evaluates the various factors affecting the performance of hotel businesses in Uganda with specific reference to Desert Breeze Hotel Arua. The chapter presents the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, research hypothesis, study scope, significance and justification of the study and definitions of key terms.

1.1 Background of the Study

A hotel is an establishment providing accommodation and meals and hotel is expected to provide superior range of facilities than establishments such as guest house. The hotel industry is a very important industry because it plays a very great role not only on people's lives but also on the national economy (Ying-Chang 2011). Hotel operating fundamentals are generally holding strong and in some cases outperform expectations because of the economic pressures (LaSalle, 2013).

Due to the development of technology, service market of hotels has developed rapidly, the economy globalization has become a part of the necessary requirement for enterprises to sustain a successful business operating in a competitive environment, and hence global expansion of hotel operations has increasingly become a significant strategic development for big hotel corporations (Ying-Chang 2011).

Today, many hotels in the world try to differentiate their products with unique concepts as compared to the traditional hotel products; this has created an increase in interest in unique concepts among the customers, hence a large variety of hotels with unique concepts are now found around the world (Forsgren and Franchetti, 2004).

With globalization at high rate and people continually traveling abroad to and from different countries, the hotel industry faces many challenges in accommodating these different cultural influences (Seo, 2007). The hotel industry is a very competitive business in which customers place great emphasis on reliability and timely service delivery. The Ritz-Carlton hotel corporation, United States of America (U.S.A), received the Malcolm Baldrige National Award (MBNQA) in 1992 for demonstrating quality excellence and establishing best practice standards in the hotel service industry. Due to its sustained performance it was ranked again the second company to receive the award in 1999. The hotel focuses on the principal concern of its main customers and strives to provide them with personalized services. Attention to employee performance and information technology is the main strength that helped it achieve its superior quality (Evans and Lindsay, 2011).

Top management can build high-performance cultures by their efforts to create organizational climate devoted to quality and their active involvement in promoting quality by engaging the workforce and establishing lasting relationships with customers (James, 2011). The issues of employee involvement which entails continuous improvement programs, employee training and functioning of teams acts as critical success factors for hotels.. Hotels rank highly for sustained excellence in terms of provision of superior services and financial performances have a culture focused on quality performance and meeting customer needs and other stakeholders.

In Africa, according to the African pipe line survey (2013), the international and regional hotel chains had a total of 207 hotels in their pipe lines, with about 40,000 rooms; the pipe line in North Africa experienced relatively little growth because of the several hotels that existed in the region before the pipe line research and the recent political turmoil in the region. In South Africa, Johannesburg alone saw an additional 4100 rooms in the Sandton and the Rosebank area during the 2010 FIFA world cup season, much as the business has experienced some depression after the World cup. Out of the 99,000 chain hotels operating in Africa, 54600 are located in sub-Saharan Africa, and in the last three years, there has been 53% increase in new hotel projects in sub-Saharan Africa compared to only 9.7% in North Africa (African business, 2012).

Uganda, since 2000 has seen the hotel industry contributing to 39% of its foreign exchange inflows and has enhanced the growth of the country's Tourism sector through encouraging tourist inflows which is now rising at 20% per annum (UBOS, 2013). The industry also employs 70,967 people, which represents 15% of the total work force engaged in nonfarm activities (UTA, 2007).

Sajith Ansar (2013), (a Dubai based business design and branding expert), warns that old hotels need to spruce up their image in order to stay afloat. Sheraton and Serena are considered some of the brand hotels, but Anser says branding must extend beyond sticking a logo on building signage and letterhead, to tap into the psyche of customers in order to stimulate the highest level of interactivity and he says that many hotels do not tap into the psyche of customers. Gilbert Arinaitwe (2013) says that for the past two years the bureau has been conducting training with dozens of hotels with the hope that they will standardize their operations and receive certification that will grant them international recognition.

1.2 Problem Statement

Despite the enormous actual and potential contribution made by the hotel industry to Uganda's economy, majority of the hotel industries especially those that belong to the small and medium scale economies (SMEs) are making negligible contribution (UHA, 2007). Out of the 300 major hotel service providers that Uganda has, less than 10% contribute significantly to the above benefits for the country (Sekyewa 2012), the major contributors include Speak Resort Munyonyo, Kampala Sheraton Hotel, Hotel Africana and Entebbe Resort Beach Hotel (Kasanga, 2005).

Turyahebwa, *et al* (2013) acknowledged that service businesses like hotels are making positive contributions to economic growth and development in Uganda but the rate of failure is high. The performance of hotels in terms of profitability and growth are in most cases hindered by little attention given to factors that influence the business efficiency. UIA (2012) reports that starting a hotel business is a big problem in Uganda because most people do not fully understand the factors that affect performance of hotel businesses.

Simon Kaite (2013) stated that most hotels and hospitality sectors in Uganda are being ruined by the influx of unskilled personal and unprofessional business owners and that 76% of the workers have not received any training for their job this makes hotels lag behind because hotel owners are more interested in making easy money than maintaining professional standards.

There are number of problems associated with hotel businesses in Uganda most especially in Northern part of the country since businesses in Northern Uganda operate in environment that is characterized by fragmentation (Okello Obura 2007). Therefore, this study sought to analyze the major factors affecting the performance of hotel businesses to inform business owners, managers, policy makers and government to take appropriate action in order to develop this sector in Uganda.

1.3 Objectives

1.3.1 General Objective

To assess the factors that lead to variation in the performance of hotel businesses with specific reference to Desert Breeze Hotel Arua.

1.3.2 Specific Objectives

1. To examine how employee motivation affects the return on investments
2. To determine the effect of management style on the efficiency of the staff
3. To find out the effect of location on the growth of sales in hotel business

1.4 Research Questions

1. What is the effect of employee motivation on return of investment in hotel business?
2. How does the management style affect the efficiency of staff in the hotel business?
3. What is the effect of the location of a hotel on the growth of sales?

1.5 Hypothesis

1. Increase in the employee motivation increases the return on investment.
2. Good management style increases the efficiency of the staff in hotel business.
3. Poor location of a hotel leads to a reduction in the growth of sales in the hotel business.

1.6 Scope of the Study

1.6.1 Content scope

This study mainly focused on the major factors that directly or indirectly affect hotel business such as management style, location, employee motivation, market size as the independent variable while the performance of hotel businesses such as productivity, the number of staffs employed, return on investment, sales growth are the dependent variables.

1.6.2 Geographical scope

Due to constraints in terms of time and other resources, the study dwelled on Desert Breeze Hotel Ltd located in Arua municipality, 500metres from Arua post office along weather head lane and along Odaa close in Arua district. The targeted population was the management, employees and the customers of the Hotel, more especially the routine customers.

1.6.3 Time scope

The researcher focused on the period of three years that was 2012 to 2015 because the period was long enough for the researcher to find out the truth about factors that affect the performance of hotel businesses.

1.7 Significance of the Study

In light of the objectives above which this study is set to achieve, the following are the significance of the study to researcher, policy makers, Desert Breeze Hotel and their customers;

Although many researchers have researched about performance of small and medium businesses, few have carried out research on the performance of hotel businesses. This research benefits Desert Breeze Hotel as well as individuals intending to start hotel businesses to guide them in avoiding problems associated with management style, location of the business and relation with employees. This helps to them to improve their productivity of efficiency of operation hence better performance in the hotel sector.

The research enabled the researcher to fulfill the requirements of degree of Bachelor's of business Administration and Management (BBAM) of Uganda martyrs University.

The study findings regarding the factors affecting performance of hotel businesses was also meant to form basis for further research.

1.8 Justification of the Study

Much as there have been several studies carried out in regards to hotel businesses, there are few who eloquent on the factors affecting the performance of hotel businesses, and more so, among the few are Ugandan based.

Given the limited research on the factors affecting the performance of Hotel businesses in Uganda, this research is imperative in providing understanding to the people of the factors to be considered when operating Hotel businesses so as to ensure better performance of the business.

There is high competition in the modern world in which organizations are operating, and this requires organizations to analyze factors that affect their business to ensure efficiency and effectiveness hence helping them to have competitive advantage over other competitors.

Conclusion

The factors affecting the performance of Hotel businesses are very important and needs to be examined before an enterprise is established in order to achieve better performance.

1.9 Definitions of Key Terms

Hotel

According to business dictionary.com, hotel is a commercial establishment providing lodging, meals, and other guest services.

Motivation

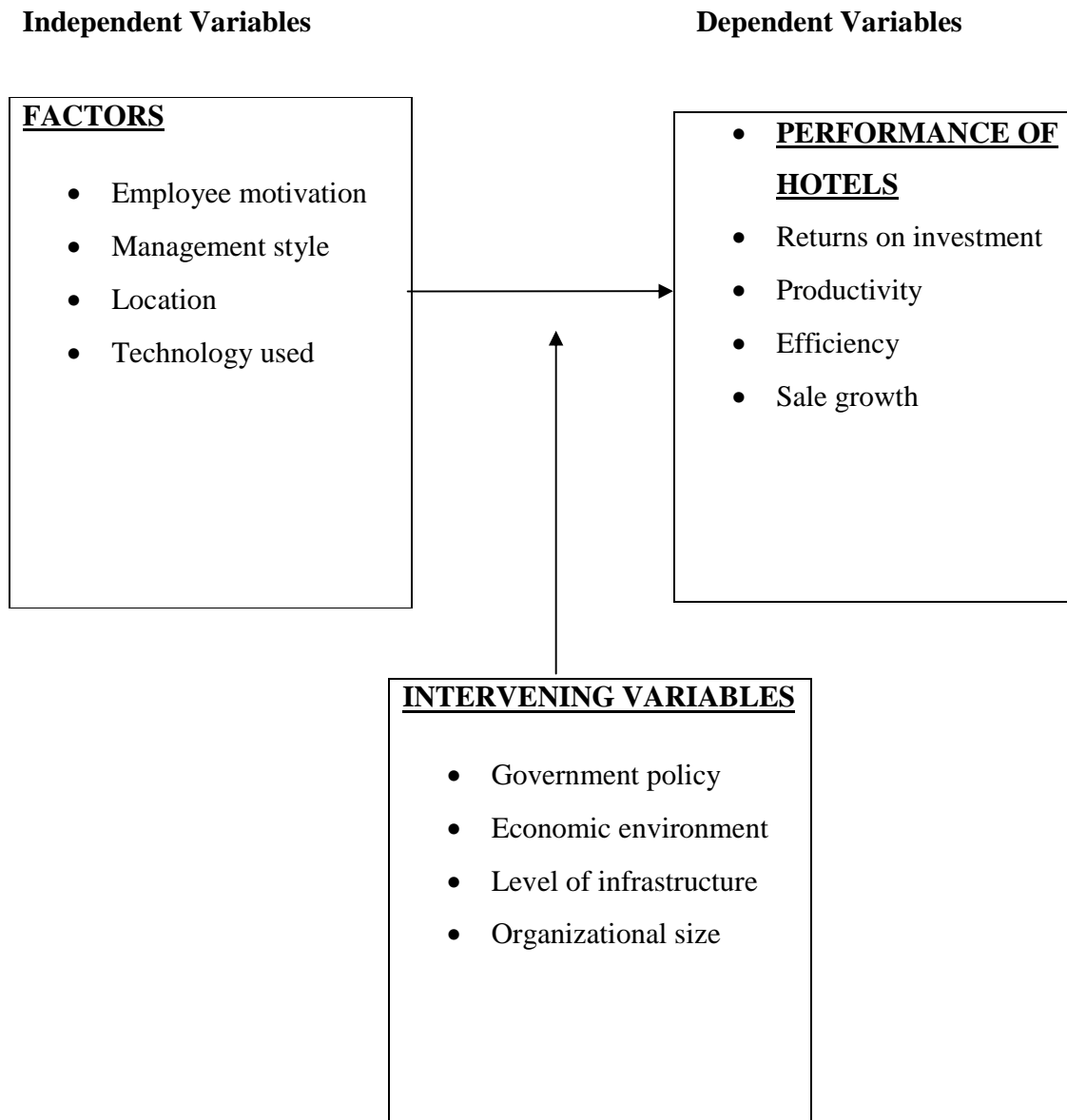
According to Kreitner (1995), motivation is the psychological process that gives behavior purpose and direction. Motivation refers to a predisposition to behave in a purposive manner to achieve specific, unmet needs (Buford, Bedeian, & Lindner, 1995). Motivation is the process of boosting the morale of employees to encourage them to willingly give their best in accomplishing assigned tasks. Motivation is the key to achieving extraordinary results.

Management: Management is the process of getting activities completed efficiently and effectively with and through other people (Mintzberg 1973). According to Peter Ducker (2005) management is the organization and coordination of the activities of a business in order to achieve defined objectives.

Location: According to Entrepreneur.com, location is physical space where business exists. Location is also named geographical place (such as an airport, seaport, container freight station or terminal) that provides permanent facilities for movement of goods good (such as customers, storage, and other support services) or is designated for a stated purpose (Business dictionary.com).

1.10 THE CONCEPTUAL FRAMEWORK

Figure 1: Conceptual Framework



Source: Developed by the Researcher after the literature review of; Gursoy & Swanger (2007), Boone and Kurtz (1995) and Chien Wen. T (2008)

Explanation of the Conceptual Frame work

The arrow linking the two variables, that is, the independent and the dependent variables demonstrate that the two are interrelated. Each of the aspect under the independent variable is used to generate both positive and negative results on the dependent variable. The independent variables like Management Style, Location, Employee Motivation, Market Size and Technology used envision on dependent variables like productivity, Return on investment, Efficiency and sales growth. The performance of the dependent variable can be hindered if the factors are not evaluated well or effectively. Superior evaluation of the Factors leads to good performance. However, the independent variables and Dependent variable are surfaced by the Intervening variables like Government policy, Economic environment, Level of Infrastructure and Organizational Size.

Conclusion

Having looked at the background of the study, the problem statement, the objectives of the study, research questions, the hypothesis; the significance of the study, Justification of the study, scope of the study, definitions of key terms used, and the conceptual framework, it is imported to consider both the independent variables and dependent variables while carrying out research since both go hand in hand and they are surfaced by the Intervening variables like Government policy, Economic environment and others. So to determine how the independent variables influence the dependent variables, the researcher went ahead to review related literature on the objectives of the study in order to expose the various views of the different scholars who have carried out a similar research.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

In this chapter, the works of the past researchers are summarized and only those with pertinent ideas to this study are highlighted. As such areas which were not sufficiently covered in the past studies are identified and only those in line with the objectives of the study are captured. The literature review was conducted in accordance with the objectives and citations made in each objective indicating the research gaps that the study intends to fulfill.

2.1 Over view of Hotel Businesses

Ying-Chang *et al.* (2011) describes hotel industry as a very important industry because of the great role it plays not only on people's lives but also on the national economies. According to UBOS (2013), since 2000, Uganda has seen the hotel industry contributing to 39% of its foreign exchange inflows and has enhanced the growth of the country's Tourism sector through encouraging tourist inflows which is now rising at 20% per annum. The industry also employs 70,967 people, which represents 15% of the total work force engaged in nonfarm activities (UTA, 2007). UHA, (2007) and Sekyewa, (2002) report that out of the 300 major hotel service providers in the country, less than 10% contribute significantly to the above benefits for the country; only very few hotels such as Speak Resort Munyonyo, Kampala Sheraton Hotel, Hotel Africana and Entebbe Resort Beach Hotel make significant contribution (Kasanga, 2005), yet Uganda has a lot of dormant potential for tourism business

The success of a hotel company depends on a number of external and internal factors. External factors include several macro-environments such as demographic, economic, natural, and technological and therefore companies have little or no control over this factor (Gursoy & Swanger, 2007). Internal factors include various kinds of knowledge, production equipments, buildings personal capital, marketing capabilities and other company resources that can influence the company level of success. These internal factors can be labeled company competencies (Harmson et al, 2000).

2.2 Theoretical Framework

The research stands on the theory of F.W Taylor's principle of scientific management in which he proposed that by optimizing and simplifying jobs, productivity would increase. He advanced the idea that workers and managers needed to cooperate with one another. This was very different from the way work was typically done in businesses beforehand. A factory manager at that time had very little contact with the workers and he left them on their own to produce the necessary product. There was no standardization, and a worker's main motivation was often continued employment, so there was no incentive to work as quickly or as efficiently as possible. Taylor developed four principles which included; the development of a true science, the scientific selection of the workman, scientific education and development of the workman and Intimate and friendly cooperation between the management and the workers to encourage efficiency and effectiveness (Smith 2007 and Mind tools 2014).

The research also stands on the Expectancy theories of motivation. The underlying basis of this theory is that people are influenced by the expected results of their actions. According to this theory motivation is a function of the relationship between effort expended and perceived level

of performance and the expectation that rewards will be related to performance. There is also expectation that rewards are available. This relationship determines the strength of motivation link. Performance therefore depends upon the perceived expectation regarding effort expended and achieving the desired outcome (Mullins, L.J 2010)

Theory X and Y also applied for this research. Mc Gregor (1960) describes theory X as a model of management style based on an assumption that employees naturally dislike work, and avoid it where possible. Lacking personal motivation, staff must be persuaded to work and must be closely supervised and controlled. This means that managers must manage, direct and control the efforts of their staff to ensure high performance in the organization (Morden Toney 2004). Mc Gregor (1960) describes theory Y as a model of management style based on the assumption that subordinates find the investment of physical and mental effort in work as natural and desirable as that in leisure. The management process should aim to release in work as great a part as possible of the personal potential of subordinates, involving them by encouraging staff to take increasing personal responsibility for the organization and management of their own affairs and encouraging personal autonomy and self supervision while giving clear guidance on the operating constraints and values within which individual is to work. That is, managers need to delegate sufficient authority in management to ensure high performance in order to achieve organization goals and objectives.

Review of Related Literatures

2.3 Employee motivation and performance of hotel businesses

According to Pessaran (2011), one of the important and effective components of human resource management is the employee's motivation or maintaining an effective workforce. Mullins Laurie (2010) noted that the aim of motivation is to give people what they really want most from work and in return managers expect more in the form of productivity, quality and service.

Motivation is the creation of stimuli, incentives and working environment that enable people to perform to the best of their ability. Motivation also refers to any efforts to set an individual or individuals into action for a definite purpose (Çetin, 2013). Motivation of employees is major issue in all service businesses whether professional, skilled or unskilled (Petcharak 2002) and Petcharak noted that hotel industry forms a significant part of the tourism industry worldwide and its employees play a key role in delivering services for creation of lasting positive experiences for their customers.

Similarly Kingir and Mesci (2010) argued that Employees' performance and efficiency is among the factors that affect the success of hotel businesses and that, employees showing high rate of performance and working efficiently relate to the adequate satisfaction of their jobs (Toker, 2007). Therefore today, to remain standing in competitive world, hotel businesses need both to increase their employees' motivation and to be in effort of continuous development of their businesses facilities provided for their customers (Aksu, 2000). I agree with the arguments above since employees need to be motivated through different means like rewards, promotions and others to increase their productivity since lack of motivation among the employees of hotel establishments has many possible adverse effects such as not enjoying the works assigned,

reluctance, discontent, failure to complete a work in time and even the desire to quit may be seen.

In the research carried out by (Zhang & Wu, 2004), the factors that affect the employees of hotel industry in a negative way are insufficient wage, job insecurity, limited training programs, new opportunities' not developing, business managers being deprived of manager qualifications and high job transfer speed. Yu (2005) reported that in order to reduce labor turnover and retain productive employees, management has to improve working conditions and keep the employees properly motivated. Human resource managers therefore need to understand the motivational processes and human needs in different cultures (Petcharak, 2002). According to Lundberg, et al (2009), to get optimum benefit from the knowledge and competence of the human resources in hotel establishments depends on how psychological and material needs of the workers, who constitute the intellectual capital, are analyzed, met and eventually how they are motivated. Rutherford (2010) stated that all managers realize that motivation is important and if employees are enthusiastic about task accomplishments, they try to do their jobs to the best, the organization will benefit. And Pattarinee, Petcharak (2002) noted that organizational goals cannot be effectively attained unless employees work together, so it is obvious that the need for teamwork in the hospitality organization is essential.

The fact that the products offered at hotel establishments are abstract and created by a lot of people by its very nature thrusts the behaviors of workers to the forefront. These behaviors leave an impression on consumers' perception in accordance with the motivation levels of the workers. Not being the only factor, morale is highly important in human relations and workers with high morale are more enthusiastic, joyful, committed and productive (Mescon, Bovee and Thill, 2002).

According to Serpil Aytaç (2003), individuals whose needs are met contribute in the productivity of organization in which individual and organizational goals are achieved, and there is cooperation and harmony between the employers and employees. Saud Aarabi et al (2013) also stated that employee's performance can increase organizational productivity by varying the inputs needed to attain their expected outputs and Akelof Kranton (2010) reported that many organizations would be successful in their goals and purposes if the identity economics and people's identity is identified, that is, their conception of who they are and of whom they choose to be.

According to Lemieux et al (2009), existing evidence shows that when there is good performance measure, performance pay can enhance employee productivity and improve match quality. Warbler and Harris (2009) stated that employees are ready to make an extra effort if they are satisfied with strategic decisions of their organizations. Although most of the pervious researches showed that employee motivation improves productivity and general performance of the organization, this may vary from one organization to another since employee motivation is not the only factor considered to ensure productivity.

2.4 Management styles and performance of hotel businesses

According to Robbins (2013) management style is defined as the leadership method a manager uses in administering an organization and it includes controlling, directing, indeed all techniques and methods used by leaders to motivate subordinates to follow their instructions. Management styles can be categorized according to the manager's power, usage of such power and behavior as; autocratic, democratic, and laissez-faire, where management styles are distinguished by the influence managers have on subordinates (Dr. Mukhles Al. Ababneh 2013). According to Kavanaugh and Ninemeier cited by Karadag Islam (2002), autocratic style is embedded by leaders who have full organizational power and authority for decision making without sharing it with their subordinates, while a democratic style implies that leaders do not share their authority of decision making with employees and delegate, and finally a laissez-faire exists where leaders give their employees most of the authority over decision making (Erkutu, Chafu 2006).

According to the findings by Robbins (2013), Democratic management style encourages employees to be part of the decision making in the organization since democratic manager develops plans to help employees evaluate their own performances, allows employees to establish goals, encourages employees to grow on the job and be promoted, recognizes and encourages achievement. This helps employees to develop high sense of personal growth and job satisfaction hence leading to efficiency of the staffs in hotel businesses. Considering the role of employees in service businesses, I agree with Robbins' argument that democratic management helps to develop high sense of personal growth and job satisfaction since involving the view of employees makes them feel part of the organization and promotes interaction.

On the other hand, Laissez-faire management style is the one where the manager provides little or no direction and gives employees as much freedom as possible. All authority or power is given to the employees and they determine goals, make decisions, and resolve problems on their own. A laissez-faire manager abdicator's possibility, delays decisions, gives no feedback, and makes little effort to help followers satisfy their needs. There is no exchange with followers of any attempt to help them grow (Karadag, Islam 2002). Basing on theory X of management style, Karadags' argument is true since staffs must be persuaded, closely supervised and controlled due to lacking personal motivation to work.

Autocratic management style is the one in which the manager retains much power in decision-making. The premise of the autocratic management style is the belief that in most cases the worker cannot make a contribution to their own to meet their goals, to deliver the products and services they are specialized , and finally to achieve competitive advantage (Godwin Charles et al 2011). Accomplishing tasks and performing at a high level can be a source of satisfaction, with feelings of mastery and pride. Low performance and not achieving the goals might be experienced since dissatisfying the employees because they feel they are not part of the organization which can lead to inefficiency (Scotter and Motowidlo, 2000).

Following the different management styles discussed above, General Managers for hotels occupy a crucial role in the midst of hotel operations. The decisions they make in this strategic position play a large part in determining the effectiveness of the hotel staff and the satisfaction of the hotel guests. A hotel's success is largely a function of the general manager's expertise. According to Karadag, Islam (2002), effective hotel general managers need specific management skills and personal characteristics and Schyns and Sanders (2007), argued that the management styles employed by a manager can either motivate or discourage employees, which in turn can cause

employees increase or decrease in their level of performance In order to achieve the desired objectives of hotel businesses. According to Jaskyte (2004), managers must ensure that there is interaction between management and staff because the management style that characterizes the inter-action between managers and their staff members is most important in terms of employees 'efficiency and productivity. Similarly, Godwin Charles (2011) stated that hospitality organizations like hotels need to employ effective leadership to improve guest services and employee job satisfaction since Organizations in the hospitality industry are under constant pressure to meet change, develop their structures, and improve performance and he stated that Managers can improve employee job satisfaction by using their leadership style to motivate employees and to achieve organizational goals. Charles also argues that an autocratic leadership style is deeply rooted in the hospitality industry, due to the unpredictability of demand.

According to Auzair (2011), the survival and success of hotel businesses thus depend on manager's endeavor towards meeting their customer's expectation and Damonte *et al.* (2010) contended that, an appropriate information system in a hotel can help managers satisfy their customers' expectations and achieve organizational goals. Mia and Partiar (2001) acknowledged that, due to the level of uncertainty in the work faced by managers, empirical evidence available in the manufacturing industry may not be directly applicable to hotel industry and that it is important for managers in the hotel industry to understand the business strategy in order to improve performance of hotel businesses.

Hotels and restaurants are continually competing for employees, locations, and more recently information about customers (Koutroumanis, 2011) this calls for a continuous improvement of company's performances in order to beat competition and the dynamism of the business world and many approaches now days are available to improve organizational performance and

develop better management techniques (Jean and Mzera, 2012). Like most sectors of the economy, the hotel industry has gone through turbulent times in the last two decades, there is a stiff competition in the hotel industry which makes tourists some times to prefer other destinations (Jean and Mzera, 2012). So the managers need to employ effective management style in order to ensure efficiency of the employees to provide quality products and services to the customers in order to compete with other competitors since the hotels operate on dynamic environment which requires a lot of innovation to be unique from others.

2.5 Location and performance of hotel businesses

Right location is crucial to service businesses like hotels and consideration of factors like income level of people, security and safety of the region, customer accessibility, availability of labour, raw materials, suppliers and population of people within area of location are vital to service businesses most especially in the sector of hospitality since customers need places which are safe and easily accessible at cost effective (Barrile Steve et al 2002).

Spatial location is one of the most important factors for a new hotel establishment (Yang *et al.*, 2012) and Customer accessibility is generally an important consideration in locating service businesses. According to William Peltry *et al* (2008), service businesses like hotels must be located in accessible places so as to make access convenient for target customers since customers are not willing to regularly travel long distances to get services due to transport costs .The hotel operators management ability, the scale and level of the hotel and ties with the local markets are the general conditions for deciding the success or failure of Hotel management, but prior to the above conditions, location environment of the hotel needs to be satisfied on the preferential basis for its importance as a factor directly affecting the success of the investment (Park, 2012).

Findings from previous research showed that most travelers consider hotel attributes like cleanliness, location, room rate, security, service quality, and the reputation of the hotel chain when selecting a hotel (Ndhlovu & Senguder, 2002). Similarly, Fottler Ford, Roberts & Spears (2000) important principle learned by the guest service industry is to create an environment that meets customers' needs for safety, security, support, competence, physical comfort (MD, Fottler 2000) and stated that Spatial location is one of the most important factors for a new hotel establishment compared with enterprises in manufacturing industry, since service industries,

such as hotels, rely heavily on an effective location strategy to succeed in the competition to attract hotel guests to rent their rooms (Yang 2011). A strategic location will undoubtedly augur well for superior performance by the hotel in terms of revenue generation, in the short as well as long term (Johnset al., 1997; Nicolau, 2002).

According to Barros (2005) one incentive for choosing to locate close to other hotels is to gain a significant positive influence in hotel efficiency which means that hotels can get positive spillover effects from their neighbors. Rivers et al. (1991) stated that the convenience of location influences tourists' hotel selection significantly especially for all business tourists. As a service industry, hotels are keen on locations that are proximate to their potential markets because hotels seek for increased demand from potential guests. Barros (2005) also stated that hotels close to potential market outperform their counter parts with poor accessibility in terms of efficiency. In this case, large demands for accommodation are situated in the city center which may be the central business district or the tourist district. Shoval (2006) and Weaver (1993) argued that this is because tourists prefer a location where various services are available. Investments for successful hotels start from a comprehensive assessment of not only the value at present time, but also the future value of the site from the time of the selection of the location (Joo, Jag-Geon, 2005).

Hotel location factors such as the convenience of transportation and parking are among the most important factors in assessing the service quality of hotels (Tsaur and Tzeng, 2010). According to SBA studies (2012) poor location is among the chief causes of all business failures. In determining a site for a retail operation, you must be willing to pay for a good location. The cost of the location often reflects the volume and quality of the business you will generate.

According to Small Businesses Encyclopedia (2006), the most important consideration for choosing a site for a service business is convenience for customers. Service businesses that deal directly with customers, like hotels, restaurant, lodges and travel agencies do not need to locate in high-rent districts; they just need to be conveniently located on the beaten path and visible to their customers since the customers are not willing to move to inaccessible places due to fear of insecurity and reducing costs in terms of transport.

Conclusion

In general, the literature indicates that there is important relationship between Employee Motivation and return on investment, Management Style and efficiency of staff, Location and growth of sales and finally there is relationship between factor like Employee Motivation, Management Style, Location and general performance of Hotel businesses. Proper evaluation of these factors by the organization positively impact on the performance of Hotels.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the study design used in the research, the study area, the targeted population, sample size of the study, the sampling techniques, data sources, data collection methods, data instruments that are used, reliability and validity of the data, research procedure, data analysis, ethical considerations and limitations of the study. These guidelines provided information for evaluating the factors that affect the performance of Hotel businesses.

3.1 Research Design

The researcher used a case study design where data was collected from the Management, employees and customers of Desert Breeze Hotel Arua. Case study research design was used because it was appropriate for the co relational nature of the research and it allowed the researcher to examine individuals and groups by giving them the opportunity to express their views and best suited the collection of primary data from the organization.

Since in modern research, it is inevitable to triangulate methodologies, study was both quantitative and qualitative. Under the quantitative method, the researcher used cross sectional survey where data was collected on the variables of interest from the selected sample. Under the qualitative method, the researcher availed information as given by the respondents on thematic basis.

3.2 Study Area

The study dwelled on Desert Breeze Hotel located in Arua municipality, 500metres from Arua post office along weather head lane and along Odaa close in Arua district. As researcher, I considered the choice was sufficient because desert breeze is the biggest hotel in Arua district which made it easy to get data from the management, employees and customers of desert breeze hotel.

3.3 Study Population

The study was carried out in Desert Breeze Hotel Ltd in Arua district. The targeted population to give the required information was 60 which included the management, employees and customers especial the potential customers. The study population was obtained based on the table below;

Category	Number
Management	4
Employees	24
Customers	32
TOTAL	60

Source: interview with Mr. Oluma Micheal the manager of desert breeze hotel Arua2014

3.4 Sampling procedures

3.4.1 Sample Size

According to Mugenda and Mugenda (2003), it is not possible to study the whole targeted population and therefore the researcher decided on the sampled population

The researcher used the population of the management, employees and customers of Desert Breeze Hotel Ltd Arua to select the sample size. The researcher selected the sample size of 52 people of which 4 were the management, 20 were employees and 28 were customers.

The respondents were arbitrarily selected and they were given questionnaires and interviews which was conducted and used to get information needed to evaluate the factors that affect the performance of hotel businesses. The sample size was based on the formula or statistical method below;

$$n = \frac{N}{1 + Ne^2}$$

Where

- n = sample size
- N = population
- e = standard error (0.05)

$$n = \frac{60}{1 + 60(0.05)^2}$$

$$n = \frac{60}{1 + 0.15}$$

$$n = \frac{60}{1.15} \quad n = 52$$

3.4.2 Sampling Techniques

The probability technique (simple random sampling) was used in the case study of Desert Breeze Hotel Arua among the employees, managements and customers of the hotel because it ensured that specific groups are represented, even proportionally, in the sample(s) (for example., by gender), by selecting individuals from strata list.

3.5 Data Source

The researcher used the relevant books and other literature as regards to the topic to obtain information needed. This method was used because it is the best way to get secondary data with primary data. Therefore the proposed source of collecting data by the researcher included; the use of library (secondary) and field visiting as well as observation (primary source).

3.6 Data Collection Methods

Data collection methods included questionnaire surveys and interviews and observation as discussed below;

Questionnaire: questionnaire was the main collection tool used where by respondents we are given questionnaires to fill in the answers of their own choice which the researcher analyzed and it helped the researcher to get first hand, additional accurate information about the factors that affect the performance of hotel businesses.

Interview: interview was mainly used to cater for those respondents who were not in hurry and do not understand the language used in the questionnaire because it permits clarification for questions.

Observation: observation method was also used to see some tangible indicators of factors that affect business performance. This method was used because it is cheap to obtain accurate information that may not be captured using the questionnaire and interview method.

3.7 Data Collection Instruments

Under the questionnaire survey, questions were designed which was answered by the respondents; under Interview method, an interview guide and check list was used. Under the observation, pens, eyes, digital camera and other natural senses were used.

3.8 Quality control methods

This is a process through which researcher seeks to ensure that the research quality is maintained and errors are reduced or eliminated. The researcher used this method to make sure that data collected was of required quality by using the methods below;

3.8.1 Reliability and Validity

To ensure reliability and validity, the researcher pre-tested the instruments to check the accuracy of perception. The degree of truthfulness was measured by the use of face validity where by the researcher made conclusions that what was intended to be measured had been successfully measured. The instruments were also subjected to expert review and the Content Validity Index (CVI) was calculated. In order to be certain that a valid concept was measured and not something else, the following types of validity was used. Content validity ensured a representative set of items and adequate items was included in the instruments.

Permission to conduct the research was obtained from relevant authorities; questionnaires were administered to management, employees and the customers who get service from Desert Breeze hotel. The data was collected, edited and validated by the researcher.

3.9 Data Analysis

After collecting data, it was compared and reduced into table and was allocated into values or percentages. The SPSS was used to process data. Data processing involved editing, summarizing and tabulation. The findings were analyzed, interpreted to give meaning to the raw data. Editing, coding was necessary and narration of personal experiences. This technique allowed the researcher to categorize data according to the study objective and research questions.

The instruments that were used gave both quantitative and qualitative data. The quantitative and qualitative data were analyzed differently as seen below;

3.10.1 Qualitative data, content analysis approach was used by which the researcher picked the main points from the various responses given by many different respondents to compile the findings.

3.10.2 Quantitative data, statistical package for social science (SPSS) was used to analyze data. By this, the researcher came up with tabulated percentages of the data and made references from numbers to generate findings. The data collected after analysis was compared to the information in the literature review or secondary data so as evaluate the factors that affect performance of hotel businesses.

3.10 Ethical Consideration

Before carrying out the study, the researcher got introductory letter from the university to get permission for carrying out research in Desert Breeze Hotel Ltd. The researcher took the letter to top management to seek for permission. The researcher clearly explained to the respondents the purpose of the study and provided assurance to the respondents that the study will help them on how to benefit from findings of the factors that affect the hotel. Issues to do with the research were confidentiality and conditions of anonymity emphasized to the respondents. Seeking approval and permission from the authorities as well as obtaining consent from the respondents was guaranteed to the respondents. Data sources for the research were recognized by citing or referencing the data sources.

3.11 Limitations of the Study

The researcher faced some challenge during the process of collecting data and some of the limitations include the following;

Lack of accuracy of the data, this was due to some respondents falling to fill the information required since making some data's to be missing during the final data analysis.

Finance problem, it was costly to collect the filled questioners from the respondents since the respondents were lazy in filling the questions and they kept postponing the days for giving back the questioners which made it costly in terms of transport and time.

The management of Desert Breeze Hotel safeguarded some of the information as confidential and was not willing to discharge it to the researcher which made it hard to get all the information required for the research.

The researcher faced problem with the customers who were not willingly to fill in the questions since they were arguing that there were releasing stress of office work hence facing allot of challenges with the customers.

Some respondents found the questionnaire hard to understand that the researcher had to take more time to explain to them. There was also difficulty in obtaining recent related literature about the variables since there were few journals about hotels.

Conclusion

This chapter provided a broad explanation of the research design, study population, sample size, sampling design, methods of data collection, instruments of data collection, procedures followed, validity of data, data analysis, ethical consideration of the researcher and limitations of the study. The chapter also involved the questionnaire as a measuring instrument that was used for the study and how the data was analyzed by using descriptive Statistics.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction

In this chapter the researcher analyzed, presented and interpreted both quantitative and qualitative data got from the field on the factors that affect the performance of Hotel business at Desert Breeze Hotel Arua and discussed the research findings from observations, interview, and questionnaires in line with the objectives of the study.

In order to ensure adequacy, the researcher designed questionnaires and supplied them to the Management, employees and customers of Desert Breeze Hotel. The researcher distributed 52 questionnaires and 2 of them were not returned. The researcher conducted interview by the use of the interview guide, and observations were also made. This therefore provided the researcher with enough reliable information for the study. The chapter presents two sections, that is, section one explains General information of the respondents who participated in the study and section two presents results of the findings, analysis and discussion of findings.

4.1.0 General information of respondents

The general information that the researcher considered significant in the study included the Position of the respondents, Gender of respondents, Age of the respondents, level of education attained, Experience of the respondents and rate of performance of the Hotel.

4.1.1 Position of the respondents

The positions of the respondents at the Hotel were looked at in their different categories. And this was believed to help in analysing the different factors in relation to their position within the Hotel. Details about the respondents' position are presented in table 1 below;

Table 1: the respondents' Position in the Hotel

Position	frequency	Percentage (%)
Management	4	8
Employee	20	40
Customer	26	52
Total	50	100

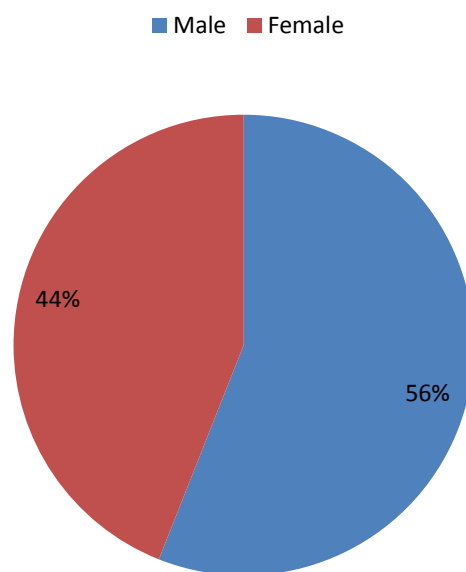
Source: Primary data 2015

From table 1 above, 8% of the respondents were the management, 40% of the respondents were the employees and 52% were the customers, this result demonstrated that different categories of staffs and clients participated. This indicated that there was element of hierarchical diversity. However, there were few respondents from management because members of management were few in number compared to the employees, and customers.

4.1.2 Gender of the respondents

This part considered the gender distribution of the respondents. This was stated with the aim of establishing whether there was gender balance in the hotel as inclusion strategy. The result is presented in figure 2 below;

Figure 2: Gender of the respondents



Source: Primary data 2015

The data presented in figure 2 above shows that 56% of the respondents were male and 44% are female. This indicates that there was almost a balanced representation of respondents of both genders in the hotel. This difference was because the composition of male customers was higher than that of female.

4.1.3 Age of the respondents

The age composition of the respondents was studied by age grouping the respondents. Studying the age composition of the respondents was essential to the researcher because it helps in studying different age groups in the hotel. The results are presented in table 2 below;

Table 2: Age of the respondents

Age Group	frequency	Percentage(%)
18-25	10	20
26-35	20	40
36-45	15	30
46-55	4	8
56 and above	1	2
Total	50	100

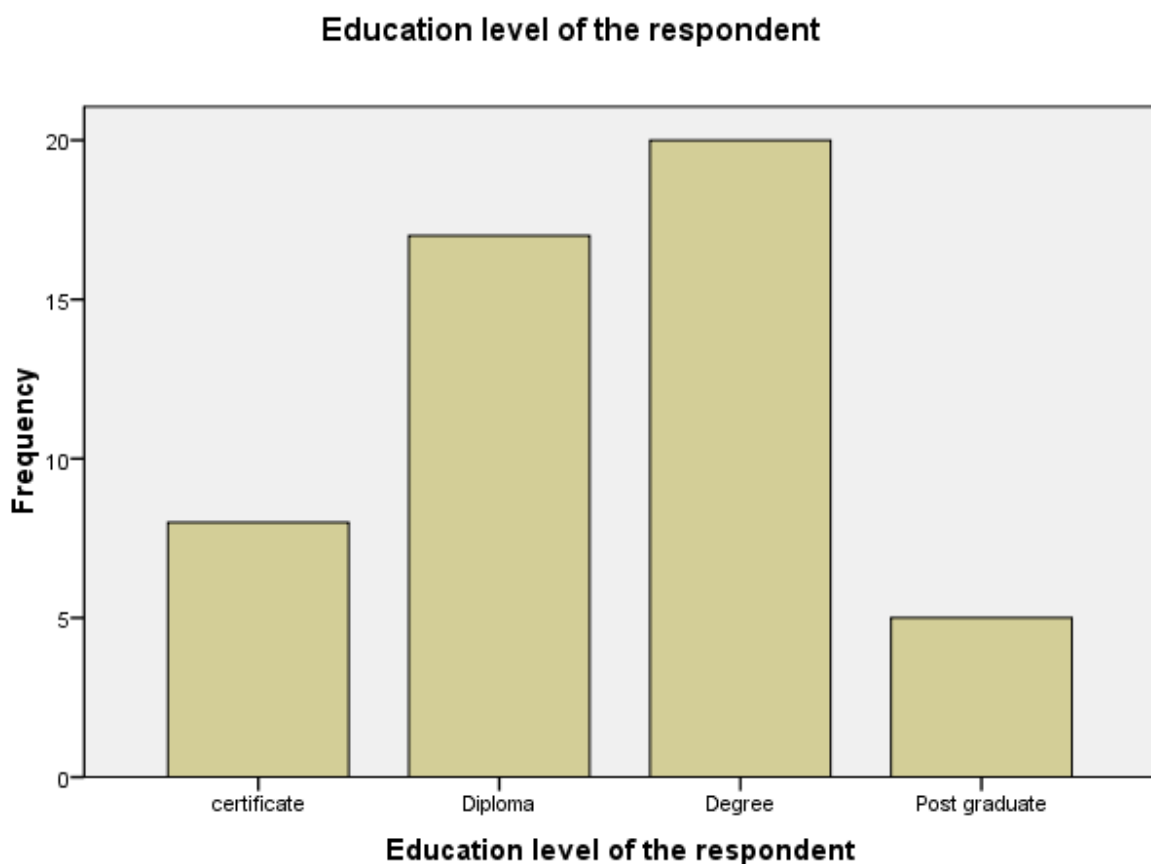
Source: Primary data 2015

The table above indicates that the majority number of the respondents were aged 26-35 years forming 40% followed by those between 36-45 years which forms 30%, followed by those between 18-25 years which forms 20%, between 46-55 years were 8% and final 56 years above forms 2%. So the research shows that majority of the people in the hotel are within the useful age bracket of 25-35 years which is active and hardworking. These greatly impacts on the performance of the hotel.

4.1.4 Education level of the respondents

The education level of the respondents at the Hotel was looked at in their different categories. And this was believed to help in analysing the level of education attained by the different people in the hotel. Details about the respondents' education levels are presented in figure 3 below;

Figure 3: Education level of respondents



Source: Primary data 2015

The data in the figure 4 above indicates that majority of the people in the hotel had degree followed by those with diploma, certificate and finally post graduate. This implies that the population sampled had more of the Bachelors Degree level people than Diploma, Certificate

and Post Graduate. This is because most of the customers from the hotel were with degree level of education.

4.1.5 Experience of the respondents

The study also looked at the level of experience of the respondents. The data is presented in table 3 below;

Table 3: Level of experience of the respondents

Level of experience	frequency	Percentage(%)
1 year	5	10
2 years	15	30
3-5 years	22	44
5-10 years	8	16
Total	50	100

Source: Primary data 2015

Basing on the research carried out at Desert Breeze Hotel Arua, the researcher found out that majority number of the management, employees and customers have experience in this Hotel for a period of 3 to 5 year forming 44%, followed by 2 years that is 30%, then 5to10 years who forms 16% and lastly 1 year that is 10%.

4.1.6 Rate of performance of the hotel

The table below shows the rate of performance of Desert breeze hotel among hotels in Uganda;

Table 4: Rate of performance of the hotel

Rating	frequency	Percentage (%)
Excellent	10	20
Good	40	80
Total	50	100

Source: Primary data analysis 2015

In the table above, 80% of the respondents rated Desert Breeze Hotel as good while 20% as excellent. This implies that all respondents believe that Desert Breeze Hotel is doing well in many aspects like, offering quality service, accommodations, customer care, security, and management, among others.

Qualitative data collected on what motivated the respondents to join Desert Breeze Hotel, majority of the respondents gave various reasons and these include; good customer care, good road, good location, prompt payment of salary. Hospitality, good administration, conducive environment, cheap services, security and others were brought by friends.

4.2 Effect of Employee Motivation on Performance of Hotel Businesses

The table below shows the analysis of the quantitative data on the Effect of employee motivation on the performance of hotel businesses in summary for 50 respondents.

Table 5: Effect of Employee motivation on performance of hotel businesses

Code	1	2	3	4	5			
Status	Strongly agree	Agree	Neutral	Disagree	Strongly agree			
Value in	Number and Percentages (%)							
Employee motivation and performance	1	2	3	4	5			
1	There is low level of employee motivation by shareholders in Uganda			10(20)	23(46)	13(26)	4(8)	0
2	Lack of employee motivation is a key hindrance to Hotel performance in Uganda			10(20)	29(58)	8(16)	3(6)	0
3	High level of employee motivation leads to increase in productivity and better performance			26(52)	21(42)	3(6)	0	0
4	Employee motivation increases return on investment in Hotel business			14(28)	29(58)	7(14)	0	0
5	Employee motivation increases customer care and Satisfaction			35(70)	13(26)	1(2)	1(2)	0
6	It is possible to achieve high performance without employee Motivation.			0	1(2)	4(8)	25(50)	20(40)
7	Employee motivation improves general performance in hotel an organization			27(54)	22(44)	1(2)	0	0

Source: Primary data 2015

The analysis in table 5 about the statement that there is low level of employee motivation by shareholders in Uganda, 20% of the respondents strongly agreed that there is low level of employee motivation by shareholders in Uganda, and 46% also agreed with that, while 26% were neutral that is, they were not sure and only 8% of the respondents disagreed. This analysis implies that there is low level of employee motivation by shareholders in Uganda because in total 66% of the respondents agreed with the statement. This response is related to Zhang & Wu (2004) who stated that factors that affect the employees of hotel industry in a negative way are insufficient wage, job insecurity, limited training programs, new opportunities' not developing, business managers being deprived of manager qualifications and high job transfer speed.

On the statement that employee motivation is a key hindrance to hotel performance in Uganda, table 5 shows that 20% of the respondents strongly agreed, and 58% also agreed with the idea. While 16% of the respondents were neutral and 6% disagreed with the idea that lack of employee motivation is a key hindrance to hotel performance in Uganda. This implies that lack of employee motivation is responsible for hindrance of hotel businesses in Uganda because 78% of the respondents agreed with the idea. This implies that majority of the respondents agreed with the argument of Kingir and Mesci (2010) that Employees' performance and efficiency is among the factors that affect the success of hotel businesses.

In response to the statement that, high level of employee motivation leads to increase in productivity and better performance, 52% of the respondents strongly agreed and 42% also agreed to the response, while 6% were are neutral that is, not sure. Basing on this response, majority view of the respondents are similar to that of Toker (2007) who stated that employees showing high rate of performance and working efficiently relate to the adequate satisfaction of their jobs.

On the question that employee motivation increases return on investment in hotel businesses, 28% strongly agreed and 58% agreed with the same statement, while 14% were neutral. This implies that majority of the respondents agreed with Rutherford (2010) who stated that all managers realize that motivation is important and if employees are enthusiastic about task accomplishments, try to do their jobs the best, the organization will benefit. Rutherford also noted that organizational goals cannot be effectively attained unless employees work together, so it is obvious that the need for teamwork in the hospitality organization is essential.

On the question that employee motivation increases customer care and satisfaction in table 5 above, 70% of the respondents strongly agreed, 26% agreed, while 2% were neutral and 2% disagreed with the statement. This response implies that employee motivation increases customer care and satisfaction in hotel businesses because majority of the respondents agreed with the idea and this connects to the argument of Aksu (2010) that, to remain standing in competitive world, hotel businesses need both to increase their employees' motivation and to be in effort of continuous development of their businesses facilities provided for their customers.

About the statement that it is possible to achieve high performance without employee motivation, 40% of the respondents strongly disagreed and 50% disagreed with the idea, while 8% were neutral and 2% agreed that it is possible to achieve high performance without employee motivation. According to the analysis showed in table 5 above, it is not possible to achieve high performance without employee motivation because majority of the respondents disagreed with the idea. This idea relates to the argument that morale is highly important in human relations and workers with high morale are more enthusiastic, joyful, committed and productive (Mescon, Bovee and Thill, 2000)

Finally about the statement that employee motivation improves general performance in an organization, 54% strongly agreed and 44% agreed, while 2% were neutral. This means that employee motivation improves general performance in an organization because 98% of the respondents agreed with the statement. This response relates to the argument of Pessaran (2011) that one of the important and effective components of human resource management is the employee's motivation or maintaining an effective workforce.

The researcher had asked additional question in the questionnaire and the interview guide in order to know how employee motivation helps to improve the performance of hotel business, majority of the respondents stated that employee motivation has positive impact on hotel business through various ways like, increase of productivity, hard work, creating understanding between employees and employers, good customer care since increase of sales and profit.

In qualitative data collected about the ways of motivating employees to their expectation, the respondents stated that employees can be motivated through salary increase, promotion, involving employees in decision making, awarding best performers, providing allowances like accommodation, medical, transport and meals, overtime payment, organizing parties and giving leaves.

4.3 Effect of Management Style on Performance of Hotel Businesses

The table below shows the analysis of the quantitative data on the effect of management style on performance of hotel businesses in summary for 50 respondents.

Table 6: Effect of management styles on performance of Hotel businesses

Code	1	2	3	4	5		
Status	Strongly agree	Agree	Neutral	Disagree	Strongly disagree		
Value in			Number and Percentages (%)				
Management style and performance			1	2	3	4	5
1	Implementation of management style by managers greatly affect the efficiency of staffs		15(30)	23(46)	7(14)	5(10)	0
2	Allowing employees to take part in decision making increases their efficiency		22(44)	22(44)	6(12)	0	0
3	Employees perform better when they are not directed by the Managers		0	0	14(28)	21(42)	15(30)
4	Delegating upon employees improve their performance		6(12)	28(56)	12(24)	4(8)	0
5	Interaction between management and staff lead to better Performance		33(66)	14(28)	3(6)		0

Source: Primary data 2015

Results of the statement that implementation of management style by managers greatly affect the efficiency of staffs, 30% of the respondents strongly agreed and 46% also agreed, while 14% were neutral and 10% disagreed with the statement that implementation of management style by manager greatly affect the efficiency of staffs. This result means that implementation of management style by managers greatly affect the efficiency of staffs because majority of the respondents agreed with the statement. This result therefore corresponds to the argument of Auzair (2011) who stated that the survival and success of hotel businesses thus, will depend on manager's endeavor towards meeting their customer's expectation.

In response to whether allowing employees to take part in decision making increases their efficiency, 44% strongly agreed and 44% also agreed, while 12% were neutral. This response implies that great majority view of the respondents are similar to that of Robbins (2013) that democratic management style encourages employees to be part of the decision making in the organization since democratic manager develops plans to help employees evaluate their own performances, allows employees to establish goals, encourages employees to grow on the job and be promoted, recognizes and encourages achievement and this helps employees to develop high sense of personal growth and job satisfaction.

On the question that employees perform better when they are not directed by the managers, 30% of the respondents strongly disagreed and 42% disagreed, while 28% were neutral. In this case, majority of the respondents disagreed with the idea that employees perform better when they are not directed by the managers because 72% disagreed with the idea. This response shows that the idea of the respondents relates to the argument of Morden Toney (2004) that due to lacking personal motivation, staff must be persuaded to work and must be closely supervised and

controlled. This means that managers must manage, direct and control the efforts of their staff to ensure high performance in the organization.

Based on the statement whether delegating upon employees improves their performance, 12% strongly agreed and 56% also agreed, while 24% were neutral and 8% disagreed with the statement. This response implies that delegating upon employees helps to improve their performance because majority of the respondents agreed with the statement. In this case, the views of the respondents were related to that of Godwin Charles (2011) who stated that the premise of the autocratic management style is the belief that in most cases the worker cannot make a contribution to their own to meet their goals, to deliver the products and services they are specialized and finally to achieve competitive advantage.

Finally looking at the statement that interaction between management and staff leads to better performance, 66% strongly agreed, 28% agreed and 6% were neutral. This implies that the view of majority of the respondents agreed with the argument of Jaskyte (2004) that in order to achieve the desired objectives of hotel businesses, the managers must ensure that there is interaction between management and staff because the management style that characterizes the inter-action between managers and their staff members is most important in terms of employees efficiency and productivity.

The researcher also asked questions in the questionnaire and in the interview guide to know the management style which best suits for the hotel, and majority of the respondents stated that democratic management style suits for the hotel. They gave various reasons for their response, and these include: making employees feel part of the organization, enabling employees to bring

new ideas on board, easy understanding between management and other staffs, better performance and easy management.

4.4 Effect of Location on the Performance of Hotel Businesses

The table below shows the analysis of the quantitative data on effect of location on the performance of hotel businesses in summary for 50 respondents.

Table 7: Effect of location on the performance of Hotel Businesses

Code	1	2	3	4	5	
Status	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	
Value in	Number and Percentages (%)					
Location and performance of Hotel businesses		1	2	3	4	5
1	Easy accessibility of business location attracts more customer and increases sales growth	32(64)	18(36)	0	0	0
2	Good location leads to easy accessibility of raw materials and suppliers	24(48)	25(50)	0	1(2)	0
3	Financial status of people within the business premises affects the profitability of the business	8(16)	22(44)	16(32)	4(8)	0
4	Availability of labour within the location of business reduces cost and increases profitability	16(32)	30(60)	4(8)	0	0
5	Good transport and communication network within business location leads to high productivity and increases sales growth	37(74)	13(26)	0	0	0
6	Existence of many competitors within the location of business increases quality and productivity	11(22)	18(36)	14(28)	7(14)	0

Source: Primary data analysis 2015

In table 7 above, the response to the statement that Easy accessibility of business location attracts more customers and increases sales growth showed that 64% of the respondents strongly agreed and 36% agreed to the statement. This implies that all the respondents agreed to the argument of William Peltry (2008) that Customer accessibility is generally an important consideration in locating service businesses like hotels since customers need places which are safe and easily accessible at cost effective and this eventually increases sales.

On the question of whether good location leads to easy accessibility of raw materials and suppliers, the response indicate that 48% strongly agreed, 50% also agreed and 2% disagreed. This response shows that good location leads to easy accessibility of raw materials and suppliers since 98% of the respondents agreed with the statement. This response relates to the statement of Barrile Steve (2002) that right location is crucial to service businesses like hotels and consideration of factors like income level of people, security and safety of the region, customer accessibility, availability of labour, raw materials, suppliers and population of people within area of location are vital to service businesses most especially in the sector of hospitality.

Based on the statement whether financial statuses of people within the business premises affects the profitability of the business, 16% strongly agreed and 44% also agreed, while 32% were neutral and 8% disagreed with the statement. This result shows that financial status of the people within business premises affects profitability of the hotel and this is shown by 60% of the respondents agreeing to the statement. The response corresponds to the statement of Barros (2005) that hotels close to potential market outperform their counter parts with poor accessibility in terms of efficiency. In this case, large demands for accommodation are situated in the city center were majority of the people are financial stable.

Response to the question that availability of labour within the location of business reduces costs and increases profitability showed that 32% of the respondents strongly agreed, 60% agreed, 8% were neutral. This result shows that over 90% of the respondents agree that availability of labour within the location of business reduces costs and increases profitability since cheap labour due to availability of labor.

Also on the statement that good transport and communication network within the business location leads to high productivity and increases sales growth, 74% of the respondents strongly agreed and 26% agreed. This result therefore implies that good transport and communication network within the business location has positive effect on the performance of hotel businesses since 100% of the respondents agreed with the statement. This is supported in the findings by Tsaur and Tzeng (2010) who stated that hotel location factors such as the convenience of transportation and parking are among the most important factors in assessing the service quality of hotels.

In the last question in table 7, the researchers aim was to find out whether existence of many competitors within business location increases quality and productivity, and the response was that 22% of the respondents strongly agreed that existence of many competitor within business location increases quality and productivity and 36% agreed, while 28% were neutral and 14% disagreed. This indicates that existence of many competitors within business increases quality and productivity since majority of the respondents agreed with the statement. According to Barros (2005), one incentive for choosing to locate close to other hotels is to gain a significant positive influence in hotel efficiency which means that hotels can get positive spillover effects from their neighbors hence helping an organization to ensure quality of its products and services in order have competitive advantage over other organizations.

The researcher also asked additional question in the questionnaire and the interview guide in order to know whether the respondents find it easy to access the location of the hotel, all the respondents affirmed that the location of the hotel is good since making it easy to access. And the respondents gave number of reasons and these include: good road, good location within town, advertisement, and sign posts, city clock by the road side, and the hotel has website which it easy to access information on internet.

4.4 Conclusion

General conclusion can be made that, although the findings of the study reveal that there are significant, positive relationship between the independent variables (Employee motivation, Management Style and Location) and dependent Variables (Return on investment, efficiency of staffs and sales growth), these relationships vary from one value of objective to the other according to the significance of their influence on the dependent variable.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

In this chapter the researcher presents the summary of the findings from questionnaires, interviews and personal observation during data collection. The summary focuses on the findings in relation to objectives of the study that it intends to achieve and concludes on each of the research objectives; gives recommendations to the organization on issues to be addressed; and suggests areas for further research.

5.1 Summary of Findings

The researcher obtained data from different respondents and these include; Management, Employees and Customers, male and female of age between 18 to 56, with various education levels and experiences. Both qualitative and quantitative data was collected using various methods like questionnaires, interviews, and observation with regard to the specific objectives of the study.

5.1.1 Findings on the effect of employee motivation on the performance of Hotel Businesses

Following the analysis of both qualitative and quantitative data, majority of the respondents affirmed that employee motivation has positive effect on the performance of hotel businesses. This is showed by employee motivation enhancing performance of employees leading to better hotel performance in terms of sales, customer care, productivity, profitability and returns on investment.

The findings also revealed that there is low level of employee motivation by shareholders since causing hindrance to Hotel performance in Uganda. Suggestions by the respondents to the ways to motivate employees include; salary increase, promotion, involving employees in decision making, awarding best performers, providing allowances like accommodation, medical, transport and meals, overtime payment, organizing parties and giving leaves for employees.

5.1.2 Findings on the effect of management style on performance of hotel businesses

From the researcher's analysis of both the qualitative and quantitative data, majority of the respondents affirmed that implementation of management style by managers affects the performance of hotel businesses. The findings also revealed that interaction between management and staff, and Democratic management style has positive effect on the performance of hotel businesses by enabling employees to bring new ideas on board, easy understanding between management and other staffs, making employees feel part of the organization, easy management and better performance since increasing the efficiency of the employees. However, majority of the respondents complained of the autocratic management style used in the hotel and they suggested the management to use democratic management to involve the view of the staff in decision making because employees interact with the customers more than the management, although the majority of the respondents also disagreed with laissez-faire management style.

5.1.3 Finding on the effect of location on the performance of hotel businesses

Findings on both qualitative and quantitative data indicate that good location has positive effect on the performance of hotel businesses. Based on the responses, majority of the respondents affirmed that easy accessibility, good transport and communication network leads to high productivity, attracts customers since increasing sales and profitability.

The research also revealed that good location leads to easy accessibility of raw materials and suppliers since reducing cost of production. However, other factors which are vital in the location of hotel business includes; financial status of the people, number of the competitors, and availability of labour within the location of the hotel.

5.2 Conclusion

The study looked at the effect of employee motivation, management style and location on the performance of Hotel businesses in terms of returns on investment, efficiency of staff and growth of sales in Desert Breeze Hotel Arua.

Momentous issue drawn from finding of each objectives of the study has led to the following conclusions;

5.2.1 Employee motivation and Return on investment

From the findings, it was found out that employee motivation leads to high returns on investment in hotel businesses because employee motivation enhances performance of employees leading to better hotel performance in terms of sales, customer care, productivity, and profitability hence high returns on investment. However, the shareholders need to take the issue of employee motivation into consideration because there is still low level of employee motivation by the shareholders in Uganda.

5.2.2 Management Style and Efficiency of Staffs

Management style like democratic management style has a positive impact on the efficiency of the staff in Desert Breeze Hotel as it gives opportunity for the employees to participate in the

activities of the hotel like decision making which makes them feel part of the organization hence improving their efficiency.

5.2.3 The location of Hotel and Growth of Sales

Concerning the location of hotel, it can be concluded that sales growth for Desert Breeze Hotel has increased due to its good location in terms of easy accessibility, good transport and communication net work. This has attracted more customers because majority of the customers affirmed that they easily access the hotel due to its location within town area hence increased sales growth.

5.3 Recommendations

The following are the recommendations the researcher would like to make to the management of Desert Breeze Hotel.

The management should increase level of employee motivation through different ways like promotions, parties, giving the allowance to improve their efficiency since there is still low level of employee motivation in the hotel.

The directors of the hotel should employ competent manager to manage the hotel so as to ensure efficiency and effectiveness of the business.

The management should hire part time employees especially during workshops to avoid cases of overworking the employees.

The shareholders of desert breeze hotel should open more branches in Arua and other neighboring districts like Koboko, Moyo and Adjumani in order to capture large market.

It would be important for the management to involve the view of the employees in decision making because the employees interact with the customers more than the management since bring customer complaints to the board for effective and efficient operation.

5.4 Suggestions for further research

Research needs to be conducted on the influence of employee motivation on customer care.

Further studies should compare Democratic management style to Autocratic management style and their effect on the performance of service organizations.

Future research on a similar topic should focus on other factors like customer care, competition, information technology, influence of family members.

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Appendix I: Questionnaire Survey

Questionnaire for management, employees and customers

Dear respondent, I am SODRI VIOLA, a student of Uganda Martyrs University pursuing bachelor degree of Business Administration and Management, I am carrying out a research on the topic “Evaluating the factors that affect the performance of Hotel businesses in Uganda” with a specific reference to Desert Breeze Hotel and this research is purely for academic purpose.

Kindly fill in this questionnaire as honestly as possible, I guarantee you that all the information provided will be treated with highest degree of confidentiality and anonymity and will be used only for the purpose of this study.

I thank you in advance for your corporation.

Section A: General Information

Please tick the box after the specific category in which you fall.

Position: (please tick the appropriate)

Management Employee Customer

Gender: Male Female

Age: 18-25 26-35 36-45 46-55 56 and above

Level of Education

Certificate Diploma Degree Post graduate

Experience:

1yr 2yrs 3-5 yrs 5-10 yrs

What has motivated you to join Desert Breeze Hotel?

.....

How do you rate Desert Breeze Hotel's performance among Hotels in Uganda?

- a. Excellent
- b. Good
- c. Poor
- d. Very poor

SECTION B TO D

Answer the following statements by ticking the appropriate response basing on the scale below for section B to D. Please answer all the items.

SECTION B: Effect of Employee motivation on performance of hotel businesses

Code	1	2	3	4			5	
status	Strongly agree	Agree	Neutral	Disagree			Strongly agree	
Employee motivation and performance				1	2	3	4	5
1	There is low level of employee motivation by shareholders in Uganda							
2	Lack of employee motivation is a key hindrance to Hotel performance in Uganda							
3	High level of employee motivation leads to increase in productivity and better performance							
4	motivation increases return on investment in Hotel business							
5	Employee motivation increases customer care and satisfaction							
6	It is possible to achieve high performance without employee Motivation.							
7	Employee motivation improves general performance in hotel an organization							

How does employee motivation help in improving the performance of your business?

.....

.....

SECTION C: Effect of management styles on performance of Hotel businesses

Code	1	2	3	4	5				
Status	Strongly agree	Agree	Neutral	Disagree	Strongly disagree				
Management style and performance				1	2	3	4	5	
1	Implementation of management style by managers greatly affect the efficiency of staffs								
2	Allowing employees to take part in decision making increases their efficiency								
3	Employees perform better when they are not directed by the managers								
4	Delegating upon employees improve their performance								
5	Interaction between management and staff lead to better performance								

Which management style do you think best suits for your organization? Explain why

.....

.....

SECTION D: Effect of location on the performance of Hotel Businesses

Code	1	2	3	4	5			
Status	Strongly agree	Agree	Neutral	Disagree	Strongly disagree			
Location and performance of Hotel businesses				1	2	3	4	5
1	Easy accessibility of business location attracts more customer and increases sales growth							
2	Good location leads to easy accessibility of raw materials and suppliers							
3	Financial status of people within the business premises affects the profitability of the business							
4	Availability of labour within the location of business reduces cost and increases profitability							
5	Good transport and communication network within business location leads to high productivity and increases sales growth							
6	Existence of many competitors within the location of business increases quality and productivity							

Do you find it easy to access location of this Hotel? If so, explain why

.....

.....

.....

Appendix II: Interview guide

1. What factors affect the performance of your Hotel?
2. Do customers easily access the location of your Hotel?
3. How do you determine the performing of your Hotel, is it through sales, profits, and return on assets?
4. Is motivation of employees necessary for your Hotel?
5. Do you normally involve the view of employees in the management and decision making of your organization?
6. Which management style is commonly used in your organization and what is its effect on the employees.

Appendix III: Introductory Letter

Uganda
Martyrs
University

making a difference



Office of the Dean
Faculty of Business Administration and Management

Your ref.:
Our ref.:

Nkozi, 5th February, 2015

To Whom it may Concern

Dear Sir/Madam,

Re: Assistance for Research:

Greetings and best wishes from Uganda Martyrs University.

This is to introduce to you SODRI VIOLA who is a student of Uganda Martyrs University. As part of the requirements for the award of the Degree of Bachelor of Business Administration and Management of the University, the student is required to submit a dissertation which involves a field research on a selected case study such as a firm, governmental or non governmental organization, financial or other institutions.

The purpose of this letter is to request you permit and facilitate the student in this survey. Your support will be greatly appreciated.

Thank you in advance.

Yours Sincerely,


Fr. Edward Ssemwogerere
Associate Dean

