CAPACITY MANAGEMENT AND SERVICE INDUSTRY PERFORMANCE, A CASE OF SUNSET HOTEL-KISUMU

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REG NO: D61/77212/2015

A RESEARCH PROJECT SUBMITED AS PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF MASTERS OF BUSINESS ADMINISTRATION, UNIVERSITY OF NAIROBI

NOVEMBER, 2016

DECLARATION

I declare that this research project is my original work and has not been submitted for an award of a degree in any other University for examination/academic purposes.

Signature……………………………………   Date: ………………………………

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D61/77212/2015

This research project has been submitted for examination with my approval as the University

Supervisor

Signature……………………………………   Date: ………………………………

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DEDICATION

To my family members; Mama Magdalena Otiende, Eunice, Travis, Yvonne, Hillary and my late father Mr. Onyango.

ACKNOWLEDGEMENT

I wish to thank God almighty for through Him, my prayers find solution, meaning and purpose.

I am immensely indebted to my supervisor, Kongere, Tom O and Stephen Onserio Nyamwange, for their patience, tolerance and understanding knows no limit. I also thank Ernest Akello and Dr. X.N. Iraki for their practical coverage of research methods finds meaning even outside the confines of a lecture room. Special thanks also to my colleagues Prof. W.O.Ogara (Director, C.I.P.L), Ezekiel N. Odongo, Linet Oeba and Linda Aduda for their encouragement and humble time to carry out this work and not forgetting the Sunset Hotel-Kisumu management and Staff members who availed the relevant information which contributed to the success completion of this project work.

Finally, I acknowledge my family members; Mama Magdalena O., My wife Eunice Akinyi, Travis Onyango jr, Yvonne Rays Otiende , Hillary West and Millicent who bore my burden while I was away. Your unwavering support kept me going. Thank you and God bless you all.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS AND ACRONYMS

- CM - Capacity Management
- TOC - Theory Of Constraint
- CF - Capacity Forecasting
- CO - capacity Out sourcing
- IM - Inventory Management
- PI - Price Management
- JIT - Just In Time
- PDCA - Plan, Do, Check, Act
- MRP - Material Resource Planning
- MRPII - Manufacturing Resource Planning
- KTDC - Kenya Tourist Development Corporation
- UNCTAD - United Nations Conference on Trade and Development

ABSTRACT

Effective capacity management in an industry leads to improved performance in the operations within the organization and good relationships with its stakeholders. The service industries in Kenya are going through profound changes. Customers' needs have changed overtime which have put a strain on the provider's ability to effectively provide service to its customers. The main objective of the study was to find out the impact of capacity management on service industry performance. Specific objectives were to: establish capacity management practices used in SunSet Hotel - Kisumu; and assess the impact of capacity management practices on service industry performance. The study adopted cross-sectional survey on 60 employees of SunSet Hotel-Kisumu. The researcher used questionnaires to collect primary data from the respondents using closed ended questions. Descriptive statistics and regression and Correlation analysis was used to analyse data. The study found that inventory management practices, price management practices, capacity outsourcing practices and capacity forecasting practices had a strong positive relationship with Service Industry Performance. These Capacity management practices therefore had a positive influence on service industry performance at Sunset Hotel-Kisumu. The study found that price management practices that influenced service industry performance included price discounting and regular customer pricing as well as product bundling and price discrimination. The study recommended that Sunset Hotel – Kisumu should employ effective capacity management practices to ensure that they meet the customers demand. The hotel can have flexible practices that allow them to reduce and increase capacity in relation to demand. It also recommended that Sunset Hotel – Kisumu should invest more in market research where it should work with experts to come up with expected demand charts in its stations to curb problems of shortages in some stations while there is surplus in others. This will ensure that they serve their customers better hence better service quality.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Service industry progress reveals an organizations' capability to have a greater output or value- addition. Performance is a multifaceted construct, the determination of which differs depending on various elements that make it up Fitzgerald and Moon (2006). During the last decade, companies have discovered the critical value of non-fiscal development determination which plays a crucial role in effective management Alastair, (2001). Customer service is a critical aspect in an organization's growth and hence a lot of expertise is needed in a continually cutthroat business environment. Organizations need to go beyond customer satisfaction to ensuring their happiness.

As a result of technological advancements, constraints to attain organizational objectives, the desire to enhance productiveness and efficiency, the desire to cut down operational costs and limit the misuse of resources, it is imperative to enhance the quality of the services rendered to the customers. Nowadays, customers desire to be handled as equal associates with civility and efficiency hence the necessity of organizations to impress upon the customers that the price paid is worth the value of the product or services offered Bradley, (2000).

Heshmati and Su (2014) undertook an investigation on the progress and determinant of work performance in 31 different Chinese provinces for the period starting from 2000 up to 2009. From their observations, they pinpointed the various factors that had an influence on industry success which include financing of capital assets, telecommunications, mean labor wages and firms' profitability. Sala and Silva (2011) have demonstrated that vocational apprenticeship is a crucial factor of productive development. They developed a multi-nation, multi-sectoral dataset and measured experimentally the level to which vocational training had impacted the rise in the progress of workforce productivity in Europe from 1999 to 2005.

Customer service is meeting of the clients' requirements and aspirations in a manner that will stick in their memories and encourage return customers. In a cutthroat business environment, it's critical for companies to understand the value of customers since this is determinant of its progress. It is necessary to appreciate that its continued presence is determined by its customers and therefore should do all that is within its potential to draw, sustain and get the customers' trust. In the first place, identification of the customer requirements so as to provide them efficiently and effectively (Maxhand & plowman, 1992).

1.1.1 Capacity Management

Capacity is defined as the ability of a production or service asset such as a plant, method, department, or equipment to perform its function during a given time Alp and Tan, (2006). The assets for accessible to the company e.g. plants, machinery, and labor, their organization, and their effectiveness as guaranteed by specified work phases and procedures impact capacity. Alp and Tan, (2009) describe service capacity as the greatest possible quantity of output achievable in a specified time with a predefined level of employees, establishments and machinery.

Capacity management involves planning, analysis and optimization of potentiality to meet demands efficiently and cheap cost Armistead and Clark, (1994). They observed capacity management as a process with wide dimension that sums up business; utility and asset capacity requirements to secure maximum utilization of assets to attain the acceptable standards of performance.

Capacity management, therefore, is the most critical and strategic decision area of operations incorporating decisions on how to juggle demand and the potential of delivering services to meet demands. A service company's achievement or failure in the process of juggling service quality and assets control, represented in terms of asset productivity, depends on its skill in controlling capacity to meet demand Armistead & Clark, (1991). On the contrary, if the company were to embrace a plan to utilize surplus demand by constantly operating over optimal or close to full capacity, it would make the firm vulnerable to continual threats of decline in the service quality Heskett (1990). Heskett (1986) documented an investigation conducted in a restaurant that reported an increase in service quality by 75% usage capacity and thereafter declining steeply beyond that figure.

Kadampully (2009) in a study on managing service quality in tourism industry observed that, when customers are much in need of a particular service and this surpasses the organization's ability to offer that service, then it forfeits the opportunity of serving these customers. Equally, when there is low demand in regard to capacity, the company suffers loss of income due to idle resources. Capacity being a fixed aspect, the only best solution for operations managers is the development of strategies that stimulate the customers to change their demand on their own voluntarily.

1.1.2 Service Industry

Davies and Paul (2004) defined service sector as a field composed of firms that mainly earn income through provision of no-physical goods and services. Service sector firms are engaged in retailing, transportation, circulation, education, entertainment, food services, in addition to other service-specialized enterprises. Also known as service or tertiary sector of industry.

The service industry is complicated to define and confine. There are several avenues of identifying the industry, its segments, its industries and the different jobs associated with them. The whole service category covers an extensive filed of industries, which can however be divided into customer focused (direct provision of services to customers), business focused (direct provision of services to other businesses) or mixed (provision of services to individual clients and business enterprises), Garner. C. Alan (2004).

According to McCarthy and John C (2002), the services department practices can be explained through their economic practices such as physical, psychological, cultured and experimental practices. Physical activities encompass working using abstract objects; for instance repair of vehicles, shaving of hair or preparation of meals. Intellectual activities encompass provision of consumers with cultural or observable experience: theater plays and musical presentations among others. Lastly, other experimental activities entail providing clients with relaxation like camping, amusements and tour of zoos.

Goodman, Bill, and Reid Steadman (2002) classifies services based on the transformations taking place through the services. A service might change an object, which takes place when there is repairs, alterations, or improvements. Custom-making a clothing garment, remodeling of a room, or repairing of an appliance involves transformations of the object. Service category jobs might also bring alterations to the consumer. Examples of alterations to a consumer include education, where the consumer acquires knowledge and skills; improving an individual’s health; or private services, for instance when a hairstylist shaves a customer’s hair. An alteration to a company is a third form of transformation engaged in the services sector. For example, a management consulting company may make modifications to a company’s framework or business processes to boost it. Finally, the last group of jobs in this division deals with those fields where there is no physical object. For instance, an attorney providing legal services to a client, provision of services in competitive sports, even if no physical object is present.

1.1.3 The Service Industry in Kenya

The Kenyan service industries accounts for approximately 63 percent of Gross Domestic Product and it’s majorly in the tourism sector. The tourism industry has posted a steady progress in many of the years from attaining of independence and end of 1980s it was the major provider of foreign exchange. During the ‘90s, due to terrorism, tourism was overtaken by tea exports, UNCTAD (2014).

For a long time, the service industry has played an important part in Kenya’s economic development through job creation, contributing to the GDP and foreign exchange income for the better part of the period after the country’s independence. Furthermore, the significance of the sector has grown tremendously, the GDP rose to 46%, 58% and 60% in the years 1980, 2002 and 2005 respectively. Even more significant is the service industry's contribution to creation of job opportunities with its portion in cumulative wage employment shooting from 55% to 62% in the years 1980 and 2004 respectively World Bank (2000).

The input of the services industry to the country's economic growth can be viewed in relative aspects, and most importantly in regard to trade equilibrium. Hence, for a greater part from 1980, yearly service exports contributed to half of the foreign exchange incomes and approximately a quarter of the expenditure in the nation's expenditure account, UNCTAD (2005).

The excellent performance in the services industry has not had a significant impact in the country's poverty alleviation. In the period of 1972-2003, the yearly growth rate of the country's GDP witnessed an increment of 3.3% whereas per capita revenue increased only at 0.2% per year. To aggravate the situation, due to the nation's susceptibility to domestic and foreign shocks the growth witnessed was intermittent in nature. By the year 2002, approximately 56.8% of the people were impoverished and this was a marked increase from 45% and 30% in the mid-90s and early 70s respectively. Whereas the country has continued to witness a positive growth from 2003, the country is moreover striving to acquire a novel path of continuous growth, with recent efforts being the current continuous implementation of Vision 2030, UNCTAD (2005).

The service sector generates a candid and substantial contribution to GDP and employment creation, and provision of vital inputs (coordination, energy, monetary or ICT services) for the other sectors of the economy, hence having a substantial impact on the whole investment scenario, being a critical determinant of progress and development. Some service industries like health care, educational, water and sanitation sectors contribute directly to achievement of social advancement goals. But which form of utilities can bequeath to economic revolution, what are existing connections amongst services and economic revolutions, described as mobile labour between industries, enhancing factor productiveness, and trade diverseness, World Bank (2015).

1.1.4 SunSet Hotel – Kisumu

SunSet Hotel-Kisumu is a representative of service industries which is under the category of Hospitality industry in Kenya. Hospitality is the relations process, presentation, formality and procedure nurtured between a customer and a host. It particularly deals with warmly receiving and entertaining the guests who are on visit to their premises. Considering all these, so as to offer outstanding customer service. The manner in which people with different cultural backgrounds desire to be handled as regards to hospitality differs widely. Subsequently, hospitality should be analyzed based on customer expectations and not the perceptions of the workers Sunset Hotel- Kisumu report (2016).

SunSet Hotel – Kisumu became fully operational on 26th November 1977 and was built to the architectural pattern of that time, transformed to be the modest gray stoned - yellow stucco complex building Sunset Hotel- Kisumu report (2016). Presently, the hotel is co-owned by the Kenyan government under the Kenya Tourist Development Corporation (KTDC) and the Kisumu County Council Sunset Hotel- Kisumu report (2016).

Sunset hotel is a three star having an occupancy capacity of 50 rooms that provide wide options for the guests. Every room is fully furnished and has a TV set, Wi-Fi connection, private bath shower, balcony, and weather control gadget. SunSet Hotel is situated in green outskirts of Kisumu's Milimani Estate, offering excellent patronage to its guests who visit the "the millennium city" for holiday vacations, conferences and business deals, Sunset Hotel- Kisumu report (2016).

SunSet Hotel also offers other services that ensure the smooth holding of functions. The flawless service is benchmarked on industry based training, most current web robotics and sales procedures. Moreover, its local collection, offering a range of delegate experiences which reveal the uniqueness of the characteristics of each destination. The board room accommodates 10-300 people, Sunset Hotel- Kisumu report (2016).

1.2 Research Problem

Effective capacity management in an industry leads to improved performance in the operations within the organization and good relationships with its stakeholders. These stakeholders include staff, suppliers and above all customers who expect nothing less than efficiency, reliability and quality service. Capacity management and service quality problems are caused by among others, uncertainty of demand often caused by uncertainty of supply and resources required to satisfy these orders ,Slack (1989). Operations Managers controlling this industries will either succeed or fail in the processes of juggling service quality and effective asset control, represented in terms of asset productiveness, relying on their technique in manipulating capacity in meeting demand. Focus should be placed on factors in capacity management which influence service industry performance, Bitner and Zeithamal (2003).

The service industries in Kenya are undergoing significant transformations. Customers' needs have changed overtime which have put a strain on the provider's ability to effectively provide service to its customers. The main capacity management challenge faced by service industry has been managing the balance between the supply and demand in the market to meet the customer's needs. Keeping the staff upbeat and motivated is therefore proving to be a challenge due to the pressure of work and the dynamics of business environment. Thus, operations have grown from customer service to focus on revenue generation, customer support and sustainable relationship building, Ndhiwa (2012).

Several scholars have done studies on capacity management. Internationally, Betts, Meadows and Walley (2000) studied twelve U.K based bank call centers on how forecasting, capacity management and scheduling tasks were affecting the call centers. The study found out that shortterm variations in demand could not be met timely and time allocated to customers was inadequate. Adenso-Diaz, Gonzalez-Tore and Garcia (2002) carried a study on capacity management model in service industries and found that uncertain demand and personalized requirements made it difficult to plan and assign productive capacity. Ochieng (2006) in his study of capacity management strategies at Kenya airways observed problems in managing capacity in service sector.

Barnhart et al (2012) studied demand and capacity management in air transport whereas Klassen and Rohleder (2002) examined demand and capacity managing decisions in services as a whole and their impact on one another. A study by Adenso-Diaz et al, (2002) looked at capacity management model in service industries with a focus in nursing and catering while Armistead and Clark (1994) examined the coping capacity management strategy in service and its influence on quality performance. Armistead and Clark (1991), concentrated on capacity managing in provision of utilities and its impact on quality and productiveness development.

Locally, Ochieng' (2006) did an investigation of capacity management strategies: the case of Kenya Airways while Ong"ondo (2013) conducted a study on effect of capacity management strategies on service quality in Safaricom and Wairimu (2014) studied on Capacity Management Strategies And Service Quality In Petroleum Distribution Firms In Kenya. The documented information on proper managing of services has also been increasing fast. Berry et al., (1990) looked at a conceptual model of service quality and its implications for future research. Armistead and Clark (1992) researched on the significance of capacity managing in service enhancement.

All these investigations however never focused on the impact of capacity management on service industry performance and more so in Hospitality industry in which SunSet Hotel - Kisumu fall. This study therefore intended to fill this gap by determining capacity management practices applied by SunSet Hotel - Kisumu and their influence on service industry performance. The study will be guided by the following questions; what are the Capacity management practices applied in SunSet Hotel- Kisumu? and What are the impacts of capacity management practices on service industry performance in SunSet Hotel- Kisumu?

1.3 Research Objectives

The general objective of this study is to find out the impact of capacity management on service industry performance. The specific objectives are;

(i) To establish capacity management practices used in SunSet Hotel- Kisumu.

(ii) To assess the impact of capacity management practices on service industry performance.

1.4 Value of the Study

This paper will contributes towards building of literature on the relationship of capacity management implementation and service industries' performance especially on how to utilize capacity management practices towards improving performance which in turn leads to sustainable business firms that continue to play a key role in Kenya's economy.

Service firms, especially those in the hospitality industry, will make use of the findings of this research project in understanding the extent and relationship of capacity management implementation on their industries performance.

This paper will also seek to advance the body of knowledge so that future managers build upon the concept of capacity management integration and industries performance. The result of the study will puts forth a simple framework of capacity management solutions that enhance industries performance and explain why managers should consider their use.

Capacity management is a growing field of study that has not been widely looked into and therefore other researchers and academicians in institutions of higher learning will use the findings of this study to answer and gather more information or knowledge about capacity management implementation in service firm operations and its contribution to organizations performance and the economy at large.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews the material from other researchers who have carried out their research in the same field of study. The first part discusses various theories related to the study, the second part deals with empirical studies, summary of the discussion and knowledge gap and closes with the conceptual framework.

2.2 Theoretical Review

This part anchored to various theories related to the study which include the theory of constraints, Theory of Capability and.

2.2.1 Theory of Constraints

Theory of constraints (TOC) is about thinking in coherent, orderly, or precise procedure resembling the PDCA learning loop, Cox (2008). It is concerned on analysis of cause and effect, verification of fundamental assumptions, examining alternatives and procedure enhancement. The objective of TOC is to maximization of the effectiveness of a procedure precisely at the very important points, thereby maximizing profitableness, quality, or other organizational objectives, Jeff (2008).

Several studies argued that Theory of Constraint (TOC), Just In Time (JIT) and Material Resource Planning (MRP) are collectively exclusive stock management systems, Grunwald et al., (2000). Gelders and Van Wassenhore (2000) proposed similar suggestions and resolved that TOC would appear first in planning the hindrances facilities in the intermediate time scope. MRP ought to be applied in generating time phased needs while JIT ought to be utilized in maximizing the movement of inputs and outputs through a given system. However, Plenert and Best (1996) resolved that both TOC and JIT are more productive in comparison to MRP, and the TOC framework is more exhaustive in comparison to the JIT system. Various studies did comparison on the performances of TOC, JIT and MRP through applying computer simulations, Neely and Byrne (1992). A simulation investigation by Cook (1994) revealed that TOC outrun JIT on several key performance indicators, such as cumulative output and standard deviation of flow time. However, the common agreement arrived at from the various comparability is that a firm requires a blend of these production management techniques to benefit from each system's tenacity, Neely and Byrne (1999).

Boyd and Gupta (2004) set forth TOC as a theory through a clear identification of the underlying construct "throughput orientation" in addition to its three dimensions: Mindset, Measures and Methodology. The rate of throughput of the whole system determines the rate at which the purpose (the goal) of the organization is accomplished. TOC further describes an obstacle as anything impeding the company's performance in regard to meeting its objectives. When considered on a functional perspective, there are several constraints in various functions or departments. Nonetheless, the chain metaphor implies not in all cases that a problem is found at the weakest connection of the chain; some problems may be attributed to the ability of the firm moving towards meeting its organizational objectives.

2.2.2 Theory of Capability

Capabilities theory is identified as a tenet that guides firms towards sustainable competitive advantage. It is based on the premise that resource deployments, not resources alone, are the effective drivers of sustainable competitive advantage Vorhies et al., (2009). Foss (1993) indicated that "the capabilities view" of the firm bears a distinct lineage to the production theory of classical economists. Thus, firms are conceptualized in terms of their specialized knowledge – bases (their capabilities) and learning is placed centre stage. However modern capabilities theories diverge from the classical theory of production as they view firm specialization not in terms of product, but rather in terms of activities and capabilities that underpin them. Hence highly diverse organizations may specialize to the point where diversification may be assisted by its functional capabilities. In turn diversification may assist the accumulation of novel capacities, Foss (1997).

The capabilities of organizations are considered as social aspects, sometimes considered as segments of a company's organizational principal while the traditional authors only regarded personal skills Demsetz, (1993) Casselman and Samson (2007) describe capabilities as an organization's intricate batch of techniques and cumulative knowledge, applied through organizational procedures that allow the organization to coordinate its operations and maximize the use of resources. Thus the basis of several capabilities is in the distinct techniques and cumulative knowledge, exercised through organizational procedures that allow the organization to regulate practices and maximize the utilization of assets. Thus, the basis of several capabilities is in the distinct techniques and knowledge of an organizations' staff, and the occupational expertise of those workers.

2.3 Capacity Management Practices

Gilmore and Carson (1993) argue that capacity management practices can be classified under two major categories: pricing and Non-pricing tool. Pricing tool may be directed at optimizing the rate of return on assets through either revenue enhancement or cost reduction or both. On the other hand Non-pricing tool entails debt and asset management strategies through, regulation of debt and borrowing costs. Asset management is aimed at optimizing the profit of the firm's assets to attain higher productivity ratios.

2.3.1 Capacity Forecasting

Forecasting entails the utilization of various projection techniques in order to offer the operations managers with predictions concerning the future progress of CM metrics, demand and supply. Outstanding utilization of capacity forecasting control calls for service industry capability in predicting demand (Tranter et al., 2008).

Capacity forecasting attempts to align the capacity standards in relation to the varying demand patterns. To actualize the strategy flexibility in work hours, several number of employees and various numbers of equipment in each time frame is required. It is better for firms that produce either perishable products or are unable to store their outcomes like customer processing.

It holds a better advantage of the right level of employees at all times in regard to the demand in a given season (Alp and Tan, 2006). This practice needs modifications in capacity through various methods i.e. providing overtime during peak and fewer hours during off-peak periods, regulating the number of staff in regard to the seasonal needs, part-time contracts and subcontracting (Jones and Kutsch, 2007). In this practice, the number of employees need to be altered to enhance the continuous service levels. Development of a novel facility also chases the rise in demand that is expected due to new deals down town.

2.3.2 Inventory Management

Inventory management involves capacity managing and regulation, overbooking and length of stay controls. Capacity managing and regulation and overbooking are two major prominent methods and, equally, very controversial challenges deliberated in capacity management Karaesmen & van Ryzin (2004).

Based on a confined view, hotel's capacity only describes Rooms Division accommodation, i.e. the sum number of overnights that a hotel can provide at particular period. Basically, the hotel can effectively reduce the room capacity through by shutting partitioned wings, or extension through provision of daytime rental rooms, but as a matter of fact the room accommodation capacity has restricted flexibleness as described by Pullman and Rogers (2010). Basing on a broader view, hotel's capacity covers also the size of the F&B space, the golf course, the events space and other income points at the hotel which offer various alternatives for capacity control.

2.3.3 Price Management

Many researchers have determined the significance of cost and cost alterations, as regards to the nature of the market, as a foundation for forming of consistent competitive edge, Cross et al., (2009) .In the service industry the most widely used pricing revenue management tools include price discrimination, dynamic pricing ,Koenig & Meissner (2010), lowest price guarantee and they have been extensively researched Noone & Mattila (2009) for both individual and group booking requests Cross et al., (2009).

Price determination is the core of pricing CM tools, Tranter et al., (2008). Basically, price discrimination is where the clients pay varied prices for same accommodation the economic justification is the variations in price fluctuations of hotels' market segments for instance business class travelers are insensitive to higher prices in comparison to customers who are on leisure tour. Nonetheless, in a bid to curtail customers going for the cheaper products, price fences are put in place that put some conditionality on particular products, Zhang & Bell, (2010). These charge fences include day of the week, length of stay, type of guest, cancellations, amendments and payment conditions, Kimes, (2009). Basically these terms are incorporated in the checking in agreements. To eliminate claims from clients, the conditions ought to be clarified expressly and implicitly before checking in.

2.3.4 Capacity Outsourcing

Outsourcing is described as a legal relation between an outside buyer and a firm under which the buyer takes charge for a single or several business elements of the firm White & James (1996). Johnson (1997) links outsourcing with the sub-contracting of important but non-core business activities. By outsourcing to "experts in the area", Johnson (1997) believes that organizations can improve the delivery of goods and services to customers and hence increase their competitive advantage. Savage (1996) and Doyle (1991) supports the theory of service enhancement through contracting out. Savage's investigation of a hospital engaged in a contracting out plan revealed progressive results in operations in comparison to local arrangements. Doyle's (1991) study affirms this perspective, and also affirms the assumption that contracting out in the health sector cuts down on costs by cost-sharing of costly equipment.

2.4 Industry Performance

Industry performance is a set of quantifiable measures that a company uses to gauge its productivity over time. A few of the very common Key Performance Indicators (KPIs) rotate around income and profitability margins. The most common profit-based measurement is net profit. Sometimes referred to as the bottom line, net profit is obtained after deducting from the company revenue all the expenses, interests and taxes for that trading period, Joseph (1992).These indicators are applied in determination of a firm's progress in attaining the strategic and operations objectives and benchmarking it with other industry players, Joseph (1992).

Efficient performance control is constructed to increase productivity, locate performance needs, offer feedback related to the specific needs and aid with career progress, Smith and Millership (2008). The idea is that performance management is best served by building a framework that is participatory and able to resolve performance related issues. Organizations make investments in their human capital to improve performance and focus higher market areas through delivering of highly advanced services, Appelbaum, Bailey and Berg (2000). Industries performance impacts the general progress of the business and its profitability, Purcell and Hutchison (2007).

Industries performance is affected by stimulus. Armstrong (2009) asserts that stimulus is directed to the strength and dimension of character and the elements that affect individuals to act in particular ways. Buchner (2007) points to control theory as a basis for critically assessing performance feedback provided through performance management. Stearns and Aldag (1987) define feedback as information that is received about activities in the organization. In circumstances performance is lower than the desired, a reappraisal enables staff to understand how their performance assessed and the requirements to boost enhanced performance, Williams (2002).

2.5 Capacity Management Practices and Industry Performance

Operations managers use CM to minimize the trade-off between resource performance and quality. Quality and resource performance are important in the strategy context as they impinge on the ability of the service industry to attain its added value (by customer) and price (Bowman 1990). Service quality and customer satisfaction is aligned to perceived added value for the customer and resource performance and unit costs affect price and profitability.

2.6 Empirical Studies

A few papers have investigated capacity extension and financing strategies together with stock administration or contracting policies Bradley and Arntzen (1999), observed that companies attained better financial outcomes through optimization of capacity and manufacturing/stock choices concurrently. They present their outcomes by application of a case study undertaken at an electronics company. With the rapid advancement in technological innovations and the rising cost of production equipment, several OEMs are hesitant to act on economic cycles through adjustment of their internal capacity. Subsequently, capacity contracting has become a critical part in capacity investment choices (Mason et al., 2002). According to Atamturk and Hochbaum (2001), a four-channel pact among capacity, productiveness, subcontracting and stock levels spread through a fixed scope. Kouvelis and Milner (2002) focus on a double-phase supplies connections and examine the effect of supply/demand unpredictability and contracting choices. They resolve that higher supply unpredictability enhances vertical assimilation since the OEMs have stimulation to create investments in their creditors to guarantee predictable and regular supply. On the contrary, outsourcing appeals more as unpredictability in demand rises.

Locally, Ochieng' (2006) did an investigation of capacity management strategies: the case of Kenya Airways while Ong'ondo (2013) conducted a study on effect of capacity management strategies on service quality in Safaricom. The study intended to determine the extent of adoption of capacity management strategies, factors influencing implementation of capacity management strategies and to establish the effect of capacity management strategies on service quality in Safaricom retail outlets. The findings showed that implementation of capacity management strategies by Safaricom limited at its various retail outlets throughout Kenya enhanced the provider‟s quality of service provision. Wairimu (2014) conducted a research on capacity management strategies and service quality in petroleum distribution firms in Kenya.

Pindyck (1993) demonstrates how demand unpredictability discourages organizations from capacity extension in the presence of unflawed competition; whereas Kulatilaka and Perotti (1998) demonstrate that greater unpredictability may enhance the company's stimulus in investing in the presence of flawed competition.

Table 2.1: Summary of Literature review and knowledge gap

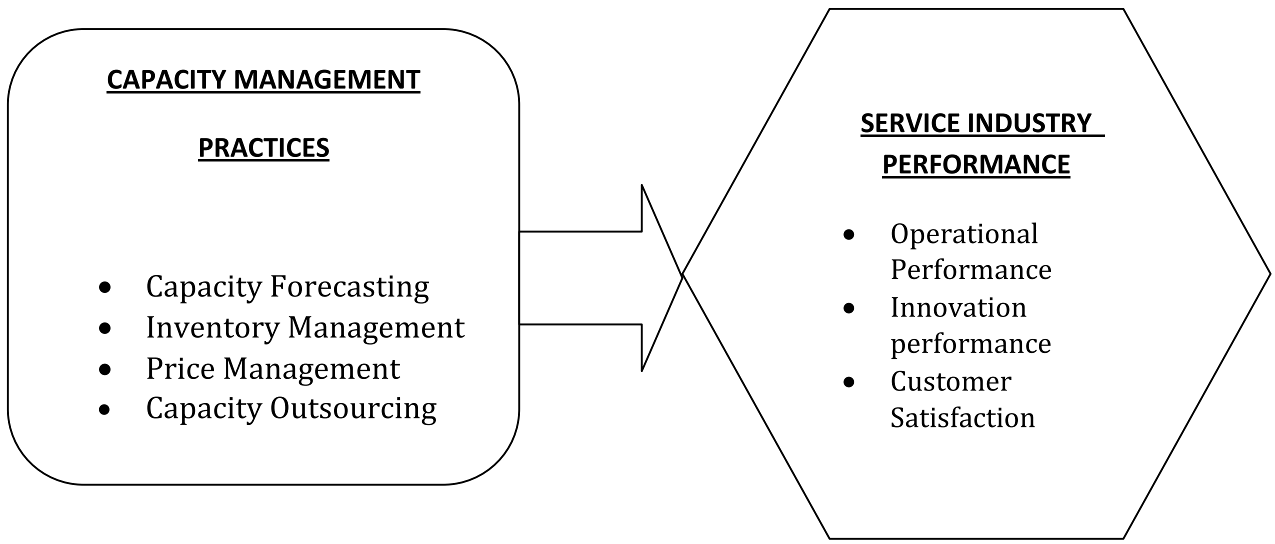
AUTHOR(YEAR)	TOPIC	FINDINGS	GAP
Bradley and Arntzen (1999)	The concurrent planning of manufacturing capacity, and stocks in recurrent demand environments.	It was observed that companies attained better financial outcomes through optimization of capacity and manufacturing/stock choices concurrently.	With the rapid advancement in technological innovations and the rising cost of production equipment, several OEMs are hesitant to act on economic cycles through adjustment of their internal capacity.
Kouvelis and Milner (2002)	Supplies connections and examination of the effect of supply/demand unpredictability and contracting choices.	They resolve that higher supply unpredictability enhances vertical assimilation since the OEMs have stimulation to create investments in their creditors to guarantee predictable and regular supply.	Outsourcing appeals more as unpredictability in demand rises.
Ong'ondo (2013)	Effects of capacity management strategies on service quality in Safaricom retail outlets.	The findings showed that implementation of capacity management strategies by Safaricom limited at its various retail outlets throughout Kenya enhanced the provider's quality of	The study involved only one out of four players in the industry, the sample may not be representative of all the industry players in Kenya.
Wairimu (2014)	Capacity management strategies and service quality in petroleum distribution firms in Kenya	The study concludes that capacity management approach positively and significantly influenced service quality in petroleum distribution firms in Kenya.	A discrepancy between the capacity of an organization and the demands of its customers results in inefficiency, either in under-utilized resources or unfulfilled

2.7 Conceptual Framework

This part provides information on the interaction of the variables (elements) as depicted in the conceptual frame work.

Figure 2.1: A research model of Capacity management and service industry performance

Independent variables **Dependent variables**



Source: Researcher (2016)

From the above research model, It shows that there exists a relationship between capacity management practices i.e. capacity forecasting, Inventory management, Price management and capacity outsourcing and service industry performance i.e. Operational performance, Innovation performance and customer Satisfaction.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the procedures and the methods the researcher will employ to carry out the study. The section comprises of the research design, target population, sample and sampling procedures, data collecting instruments and procedures and methods of data analysis.

3.2 Research Design

The research will be approached as a cross-sectional survey, which will be used as it enabled the researcher to provide a holistic, in-depth insight and generalized understanding of the impact of Capacity Management on service Industry performance at the SunSet Hotel-Kisumu. Cross- sectional surveys have been described as snapshots of the populations about which they gather data (Churchill, 1991). The benefit of a cross-sectional study design is that it allows researchers to compare many different variables in existence at a given point in time in a population and therefore it will be important for this study since it will help in collecting data to make inferences about a population of interest at one point in time.

3.3 Target Population

The total population of employees at SunSet Hotel-Kisumu is 245 SunSet Hotel – Kisumu report (2016). The researcher will only focus its studies in Human Resource, Sales and Marketing and Room Operations departments which consists of sixty (60) permanent employees in the Hotel. This is because these three units function directly affects Industry's performance, Capacity requirements of customers and perception of quality expected by customers. The total target population is as follows:-

Table 3.1: Target Populations, SunSet Hotel-Kisumu

Category	Population Size
Human Resource	4
Sales and Marketing	20
Room operation	36
Total	**60**

Source: SunSet Hotel-Kisumu profile (September 21, 2016)

3.4 Data Collection

The researcher will use questionnaires to collect primary data from the respondents using closed ended questions which give the researcher a chance to get specific answers towards the research. The questionnaire will be administered to the respondents through the hotel's Human Resource Department and collected after two days using the drop – and – pick method. The questionnaire will be divided into three parts. Part one to capture general information about the respondents' organization, respondents' current job position and length of service in that function among other information. Part two will capture information in relation to capacity management applications and practices. Part three to focus on capacity management practices and their influence on service Industry performance.

3.5 Data Analysis

Descriptive statistics will be used to analyse objective one, giving percentages and frequencies to the data. Data presented will help to explain the capacity management practices applied in SunSet Hotel-Kisumu, which will be presented using frequency tables and charts.

In objective two, dataset of the variables will be analysed using Regression and Correlation analysis that will be able to assess impact of capacity management on service Industry performance. Analysis will involve identifying the relationship between the dependant variable and one or more independent variables using multiple linear regression equation as;

$Y = b0+b1 + b2+ b3+ b4+\varepsilon$

Where: Y = Service Industry Performance,

b0= constant factor, which is also the value of the dependent variable when b1, b2, b3, b4 are equal to zero,

b1 = Capacity Forecasting,

b2 = Inventory Management,

b3 = Price Management

b4= Capacity Outsourcing, all associated with capacity management techniques being explored in this study.

ε = Error term

CHAPTER FOUR: DATA ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter covers the analysis of data collected and its interpretation thereof of the results on the impact of capacity management on service industry performance. The study questionnaires were administered to 60 respondents at SunSet Hotel-Kisumu. Nonetheless, of all the questionnaires administered only 52 were properly filled representing an 87 % response rate which is admissible in statistical presentation. Mugenda et al, (1999) suggests that a response rate of above 70% is considered excellent.

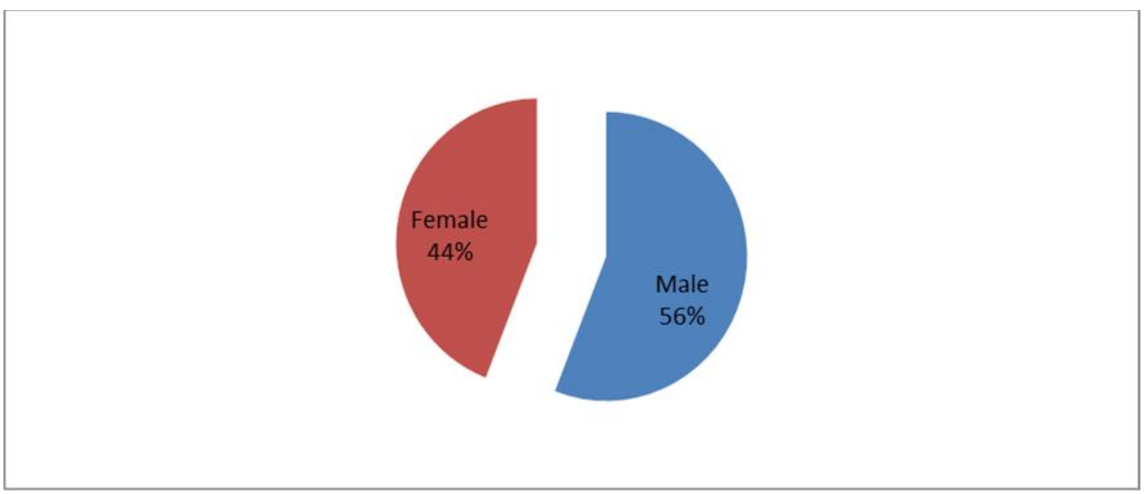
4.2 Demographic Information

The study wanted to ascertain the demographic details of the participants taking part in the research. This involved the gender, department, rank and length of service. The personal details reveal the participants' suitability to participate in the research. Details are presented below.

4.2.1 Gender

The study requested the respondents to state their gender. Figure 4.1 presents gender of the respondents.

Figure 4.1: Gender Distribution of the Respondents



From the findings in figure 4.1, 56% of the respondents were male and 44% were female. This implied that SunSet Hotel-Kisumu has more males than female in their various levels of management and consequently, most of the responses emanated from the males. However gender distribution at the hotel is above the minimum threshold of 30% for any of the genders set by the constitution of Kenya, 2010.

4.2.2 Distribution of Respondents by Departments

The participants were requested to state in which departments they worked. Results are presented in figure 4.2 below.

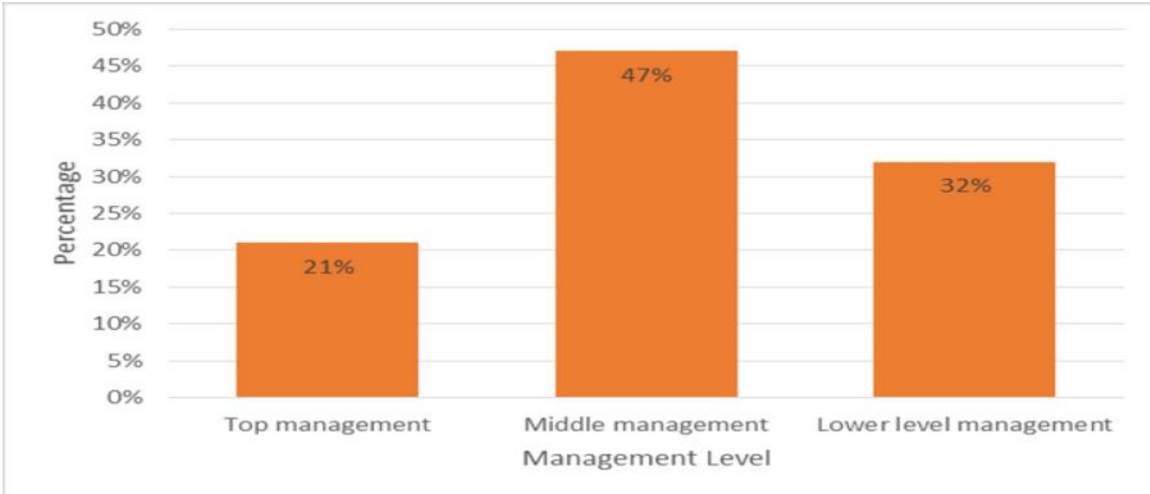
Figure 4.2: Distribution of Respondents by Rank

From the findings in figure 4.3, majority of the respondents (38%) were working in room operation, 32% in human resource department and 30% in sales and marketing. The study implies that the study got almost equal representation of staff from the three departments under SunSet Hotel-Kisumu.

4.2.3 Respondents' Management Level

The study requested respondents to indicate their current management level. The findings are presented in Figure 4.3 below.

Figure 4.3: Distribution of Respondents by Rank

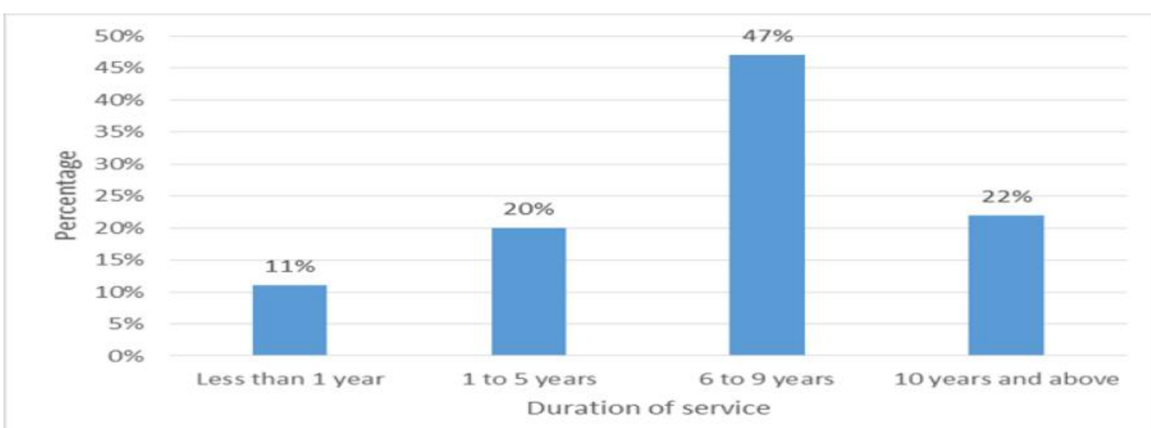


The findings of the study revealed that majority of the respondents (47%) were in middle management level, 32% were in lower level of management whilke 21% were in top level management. This shows that respondents were well conversant and had access to information about the impact of capacity management on service industry performance in the hotel industry.

4.2.4 Respondents' Length of Service

The respondents were asked to indicate the duration their tenure at SunSet Hotel-Kisumu. Findings are presented in figure 4.4.

Figure 4.4: Respondents' Lengthy of Service



From the results in figure 4.4, majority of the respondents (47%) had worked at SunSet Hotel- Kisumu for 6 to 9 years, 22% for more than 10 years, 20% for 1 to 5 years while 11% had worked for less than a year. These findings mean that most of the employees at SunSet Hotel- Kisumu had worked for a long duration of more than 6 years, and hence had rich information on the impact of capacity management on service industry performance in the hotel industry.

4.3 Existence of Capacity Management Practices

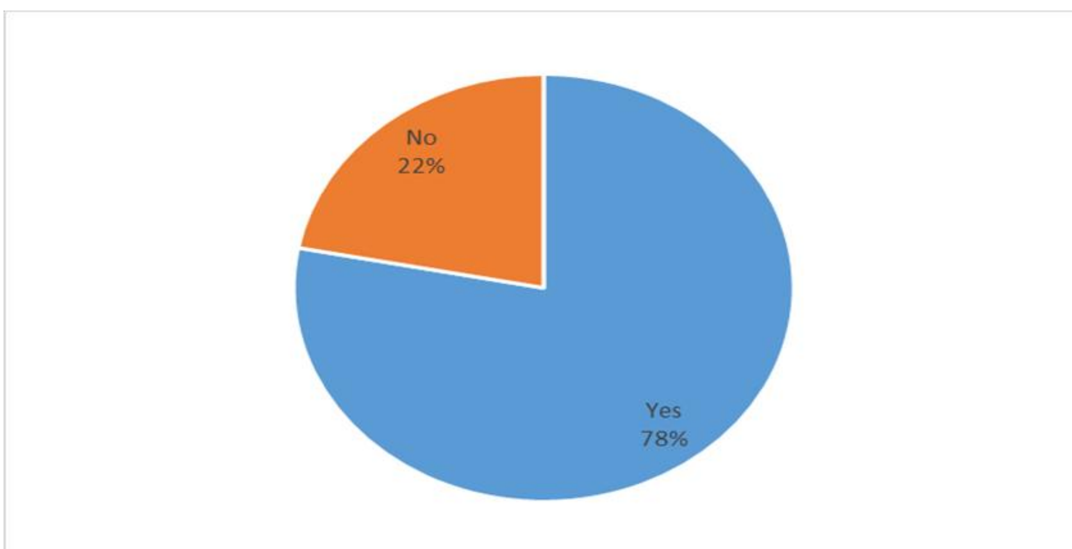
The study in this section sought information about the existence of capacity management practices at the Hotel. The findings are presented in the following sections.

4.3.1 Capacity Management Practices Awareness

The study asked respondents if they were aware of capacity management practices at SunSet Hotel-Kisumu. All the respondents were in agreement that they were aware of capacity management practices at SunSet Hotel-Kisumu.

The study further requested respondents to indicate if SunSet Hotel – Kisumu practice capacity management

Figure 4.5: Practice of Capacity Management



From the findings, majority of the respondents (78%) were in agreement that SunSet Hotel – Kisumu practice capacity management practices while 22% were not in agreement. The findings show that SunSet Hotel – Kisumu do practice capacity management practices in their operations.

4.3.2 Capacity Management Practices

The study asked respondents to select the practice(s) of capacity management applied in SunSet Hotel – Kisumu. The findings are presented in Figure 4.6 below.

Figure 4.6: Capacity Management Practices

The findings of the study reveals that 97%, 96%, 92% and 87% accepted that SunSet Hotel – Kisumu practice capacity forecasting, price management, inventory management and capacity outsourcing practices respectively. The findings indicate that SunSet Hotel – Kisumu practice capacity management practices.

4.4 Capacity Management Practices and Service Industry Performance

The study in this section sought information about capacity management practices and service industry performance. With regard to Respondents capacity management practices, participants were prompted to reveal the degree of their influence on Service industry Performance at the SunSet Hotel-Kisumu. Table 4.1 presents the findings.

Table 4.1: Capacity Management Practices and Service Industry Performance

Inventory management	Mean	Standard Deviation
Overtime to staff	4.29	1.119
Offer short time to staff	4.57	1.397
Offer “Do it Yourself” procedures to customers	4.71	0.983
Skill sets development	4.93	1.455
Price Management	3.78	1.168
Product bundling	3.85	1.196
Price discounting	4.83	0.990
Regular customer pricing	4.51	0.837
Price discrimination	3.38	0.790
Capacity outsourcing	3.60	1.211
Engagement of contractors in service provision	3.85	1.237
Rental of rooms space	4.38	0.818
Equipment sharing	4.15	0.916
Engagement of temporary staff members	3.42	0.631
Capacity forecasting	4.26	0.767
Alter operations with fluctuating demand	4.44	0.700
Demand forecasting	3.88	1.228
Service scheduling	4.27	0.867
Customers segmentation	4.29	1.119

On the practice of inventory management, majority of the respondents were in agreement that skills sets development influence service industry performance on a great extent with a mean of 4.29, overtime to staff (4.29), offer “Do it Yourself” procedures to customers (4.71) while offer short time to staff (4.57). The findings indicate that inventory management practices influence the Service industry Performance. On price management, the results reveal that many of the participants concurred that price discounting and regular customer pricing influence Service industry Performance with means of 4.83 and 4.51 respectively. Respondents also agreed that Product bundling and Price discrimination influence service industry performance with means of 3.85 and 3.38 respectively. On capacity outsourcing, respondents were in agreement that Rental of room's space and Equipment sharing influence service industry performance with a mean scores of 4.38 and 4.15 respectively. More respondents also were in agreement that engagement of contractors in service provision as well influence service industry performance with means of 3.85 and 3.42 respectively. On capacity forecasting practices, majority of the respondents were in agreement that Alter operations with fluctuating demand, customers' segmentation and service scheduling influence service industry performance with means of 4.44, 4.29 and 4.27 respectively. The findings indicate that inventory management practices, price management practices, capacity outsourcing practices and capacity forecasting practices influence service industry performance at SunSet Hotel-Kisumu.

4.5 Customer Satisfaction

The study in this section sought information about customer satisfaction. Respondents were requested to indicate how they would rate the level of satisfaction during service delivery process in various circumstances. Table 4.2 presents the findings.

Table 4.2: Customer Satisfaction

	Mean	Standard
Ability to provide services as promised	3.50	0.051
Dependability in handling customer"s problems	3.22	0.780
Performing services right the first time	3.43	1.293
Providing services at the promised time	4.55	1.068
Maintaining error free records	4.25	0.876
Informing client when services will be performed	2.08	0.661
Prompt service to customers	4.11	0.947
Willingness by staff to help customers	3.12	1.001
Readiness of staff to respond to customers requests	3.44	1.187
Understand exactly what each customer needs	4.23	0.812
Communicating regularly with the customer	4.20	0.368
Confidence instilled in customers by staff	3.98	0.754
Making customers feel safe in transactions	3.65	0.118
Courtesy of staff to customers	3.51	0.800
Staff technical knowledge to answer customer	3.50	0.051
Ability to perform the promised service	3.22	0.780
Individualized attention to customers by staff	3.43	1.293
Employees who deal with customers in a caring	4.55	1.068
Customers" best interest at heart by staff	4.25	0.876
Staff understanding of customer needs	2.08	0.661
Convenience of office business hours	4.11	0.947
A composite of understanding and access	3.12	1.001
Modernity of the office equipment	3.44	1.187
Visual appeal of the office facilities	4.23	0.812
Neatness and professionalism of staff in	4.20	0.368
Appeal of serviced equipment	3.98	0.754

According to the study findings above, majority of those who took part agreed to a moderate extent that providing services at the promised time satisfied with service delivery with a mean of 4.55. With a mean score of 4.25, the respondents agreed to a moderate extent that maintaining error free records was satisfactory. The respondents also agreed to a moderate extent that understanding exactly what each customer needs provides satisfaction with a mean of 4.23, communicating regularly with the customer with a mean of 4.20, prompt service to customers with a mean of 4.11, confidence instilled in customers by staff with mean score of 3.98, making customers feel safe in transactions with a mean score of 3.65, courtesy of staff to customers with a mean score of 3.51 and staff technical knowledge to answer customer with a mean score of 3.50.

Furthermore, most of the respondents were neutral that readiness of staff to respond to customers requests provides satisfaction with mean score of 3.44, individualized attention to customers by staff with mean score of 3.43, ability to perform the promised service with mean score of 3.22 and willingness by staff to help customers with mean score of 3.12. However, the respondents agreed to a low extent that informing client when services will be performed with a mean score of 2.08. Therefore the findings show that at SunSet Hotel-Kisumu, the level of customer satisfaction during service delivery process is high.

4.6 Relationship between Capacity Management Practices and Service Industry Performance

The research aimed to investigate the relation amidst capacity management practices and service industry performance at SunSet Hotel-Kisumu. The variables were all measured using a 5-point likert scale. Table 4.3 presents the correlation analysis.

Table 4.3: Correlation Analysis

Dimension	Y	X1	X2	X3	X4
Y	1.000				
X1	0.527	1.000			
X2	0.616	0.512	1.000		
X3	0.621	0.497	0.390	1.000	
X4	0.542	0.401	0.461	0.510	1.000

Where; Y = Service Industry Performance X1= Capacity Forecasting
X2= Inventory Management X3= Price Management
X4= Capacity Outsourcing

The greatest correlations are between Service Industry Performance and Capacity pricing; Service Industry Performance and Inventory Management with correlations of 0.621 and 0.616 respectively. However, the study also found strong positive correlations between Service Industry Performance with Capacity Outsourcing and Service Industry Performance with Capacity Forecasting having correlation coefficients of 0.542 and 0.527 respectively. The correlation test shows that there is a positive relationship between four independent variables (Capacity Forecasting, Inventory Management, Price Management and Capacity Outsourcing) and dependent variable (Service Industry Performance). Table 4.4 shows the model summary

Table 4.4: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.798a	.637	.598	0.42620

a Predictors: (Constant), Service Industry Performance

From the table above, the coefficient of determination was found to be .637 indicating that Capacity Management Practices (Capacity Forecasting, Inventory Management, Price Management and Capacity Outsourcing) account for 63.7% of the variability in Service Industry Performance. This represents a good fit since the rule of thumb has it that an R-square between 60% and 69% represents a good model. Table 4.5 presents the ANOVA results

Table 4.5: ANOVA

Model		Sum of squares	Df	Mean square	F	Sig
1	Regression	17.986	4	2.998	16.503	.00b
	Residual	4.178	48	.182		
	Total	22.164	52			

a Dependent Variable: Service Industry Performance

b Predictors: (Constant), Capacity Forecasting, Inventory Management, Price Management and Capacity Outsourcing

From the table above, the F-statistic was 16.503 with a P-value of 0.000 which is less than .05. This indicates that the model was statistically significant at the 5% level of significance implying that Capacity Management Practices have a statistically significant relationship with performance. Table 4.6 presents coefficients estimates.

Table 4.6: Coefficients Estimates

Model	**Unstandardized Coefficients**		**Standardized Coefficients**			
	B	**Std. Error**	**Beta**	**t**	**Sig.**	
1	(Constant)	.175	.271		.647	.524
	X2	0.14	.049	.019	.279	.783
	X2	.380	.083	.474	4.586	.000
	X3	.273	.063	.323	4.319	.000
	X4	.379	.081	.370	4.694	.000

a Dependent Variable: Service Industry Performance

The model was:

$$Y = \sim_0 + \sim_1 X1 + \sim_2 X2 + \sim_3 X3 + \sim_4 X4 + \pounds$$

Y = b0+b1 + b2+ b3+ b4+ε

Where: Y = Service Industry Performance,

b0= constant factor, which is also the value of the dependent variable when b1, b2, b3, b4 are equal to zero,

b1 = Capacity Forecasting, b2 = Inventory Management,

b3 = Price Management b4= Capacity Outsourcing,

All associated with capacity management techniques being explored in this study.

ε = Error term

The resulting equation was as follows

Y = .175 + 0.014X1 + 0.380X2 + 0.273X3 +0.379X4

From the table above, given all the independent variables (Capacity Forecasting, Inventory Management, Price Management and Capacity Outsourcing) at zero, Service Industry Performance will be at 0.175. For any unit change in Capacity Forecasting, Inventory Management, Price Management and Capacity Outsourcing, Service Industry Performance will change by 0.014, 0.380, 0.273 and 0.279 respectively.

CHAPTER FIVE: FINDINGS, DISCUSSION AND CONCLUSIONS

5.1 Introduction

This chapter is divided into four main sections: summary of the findings, conclusions, recommendation and suggestions for further studies.

5.2 Summary of the Findings

From the findings, the study found that inventory management practices, price management practices, capacity outsourcing practices and capacity forecasting practices influence service industry performance at SunSet Hotel-Kisumu. It revealed that employees were aware of capacity management practices at SunSet Hotel-Kisumu. It was established that SunSet Hotel – Kisumu practiced capacity forecasting, price management, inventory management and capacity outsourcing practices. The study noted that skills sets development, offer “Do it Yourself” procedures to customers, and offer short time to staff are inventory management practices that influence service industry performance at the hotel. The study found that price management practices that influenced service industry performance included price discounting and regular customer pricing as well as product bundling and price discrimination. The study also revealed that capacity outsourcing practices such as rental of room’s space, engagement of contractors in service provision and equipment sharing influence service industry performance at the hotel.

The study found that inventory management practices led to customer satisfaction on various circumstances which were: providing services at the promised time, maintaining error free records, understanding exactly what each customer needs, communicating regularly with the customer, prompt service to customers, confidence instilled in customers by staff, making customers feel safe in transactions, courtesy of staff to customers and staff technical knowledge to answer customers.

The study found a positive relationship between four independent variables (Capacity Forecasting, Inventory Management, Price Management and Capacity Outsourcing) and dependent variable (Service Industry Performance). However, Price

Management and Inventory Management were found to have the highest relationship with Service Industry Performance. The study found that Capacity Management Practices (Capacity Forecasting, Inventory Management, Price Management and Capacity Outsourcing) accounted for 63.7% of the variability in Service Industry Performance at SunSet Hotel-Kisumu.

5.3 Conclusions

The study concluded that SunSet Hotel – Kisumu practiced capacity forecasting, price management, inventory management and capacity outsourcing practices and they influenced service industry performance at SunSet Hotel-Kisumu. It concluded that Price Management and inventory management had the strongest relationship with service industry performance. The study concluded that skill sets development, offer "Do it Yourself" procedures to customers and offer short time to staff are inventory management practices that influence service industry performance at the hotel. The study concluded that price management practices that influenced service industry performance included price discounting and regular customer pricing as well as product bundling and price discrimination. The study concluded that inventory management practices led to customer satisfaction on various circumstances which were: providing services at the promised time, maintaining error free records, understanding exactly what each customer needs, communicating regularly with the customer, prompt service to customers, confidence instilled in customers by staff, making customers feel safe in transactions, courtesy of staff to customers and staff technical knowledge to answer customers.

5.4 Recommendations

Based on the study findings and conclusions, the study recommends that SunSet Hotel – Kisumu should employ effective capacity management practices to ensure that they meet the customers demand. The hotel can have flexible practices that allow them to reduce and increase capacity in relation to demand.

The study also recommends that the SunSet Hotel – Kisumu should invest more in market research where it should work with experts to come up with expected demand charts in its stations to curb problems of shortages in some stations while there is surplus in others. This will ensure that they serve their customers better hence better service quality.

5.5 Suggestion for Further Studies

The study suggests that SunSet Hotel – Kisumu should ensure it has qualified employees who can offer service and resolve the clients' needs efficiently. This ensures that there is customer contentment which will bolster services quality at the hotel hence attracting more customers.

This study focused on the impact of capacity management on service industry performance at SunSet Hotel – Kisumu. A similar study can be undertaken in other hotels for comparison purposes and other sectors like banking, insurance and health sectors.

Another investigation can be performed focusing on the problems of capacity management practices and financial growth of service industry firms.

5.6 Limitations of the Study

The results of this study may have been affected by the small size of the sample i.e.60 employees which could have limited confidence in the results. The study relied on convenient sampling as far as the respondents were concerned hence getting response from hotels in Kisumu City alone. The hotels in Kisumu City differ from the ones in rural areas and hence the results may not be generalized. Some questionnaires were not returned and this reduced the response rate to 87%. However, conclusions were made with the response rate.

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APPENDIX

APPENDIX 1: QUESTIONNAIRE

This questionnaire is for academic purposes and meant to investigate the CAPACITY MANAGEMENT AND SERVICE INDUSTRY PERFORMANCE; A CASE OF SUNSET HOTEL -KISUMU. It is divided into three parts as follows;

Part 1 enquires about general information on employees in Sunset Hotel-Kisumu, part two investigates the existence of capacity management and practices applied and part three examine influence of capacity management on service Industry performance.

The data collected will be kept strictly confidential and remain anonymous.

Part I: General Information

1. Employee name (optional)

Please tick in the appropriate box.

2. Sex Male ( ) Female ( )

3. Department where you work

( ) Human Resource ( ) Sales and Marketing ( ) Room operation

4. Job positions

( ) Top management ( ) Middle Management ( ) Lower level management

5. For how long have you been in the Sunset Hotel-Kisumu?

Less than 1 year ( ) 6 to 9 years ( )

1 to 5 years ( ) 10 years and above ( )

Part II: Existence of capacity management practices. Please tick in the appropriate box.

6. Are you aware of the practice of Capacity Management?

Yes ( ) No ( )

7. Does Sunset Hotel – Kisumu practice capacity management in matching the demand and supply of its products?

Yes ( ) No ( )

8. Does the following practice(s) of capacity management applied in Sunset Hotel - Kisumu?

Please tick in the appropriate box

a. Capacity forecasting (CF) Yes ( ) No ( ) b. Inventory management (IM) Yes ( ) No ( ) c. Price Management (PM) Yes ( ) No ( ) d. Capacity outsourcing (CO) Yes ( ) No ( )

e. Other practice/s, please specify ……………………………………

Part III (a): Capacity management practices and service Industry performance.

The following relate to capacity management practices and the extent to which they influence the Service industry Performance at the Sunset Hotel-Kisumu. Please tick in the appropriate box in spaces provided in the table using a scale of 1 to 5, where 1 = no extent, 2= little extent, 3= average extents, 4 =great extent and 5 = a very great extent.

Capacity management practices	Impact extent				
Inventory management	1	2	3	4	5
Overtime to staff					
Offer short time to staff					
Offer “Do it Yourself” procedures to customers					
Skill sets development					
Price Management					
Product bundling					
Price discounting					
Regular customer pricing					
Price discrimination					
Capacity outsourcing					
Engagement of contractors in service provision					
Rental of rooms space					
Equipment sharing					
Engagement of temporary staff members					
Capacity forecasting					
Alter operations with fluctuating demand					
Demand forecasting					
Service scheduling					
Customers segmentation					

Part III (b): Customer satisfaction

Please tick in the appropriate box to indicate how you would rate your level of satisfaction during service delivery process in the following circumstances.

	Very	Poor	Fair	Good	Excellent
Ability to provide services as promised					
Dependability in handling customer’s problems					
Performing services right the first time					
Providing services at the promised time					
Maintaining error free records					
Informing client when services will be					
Prompt service to customers					
Willingness by staff to help customers					
Readiness of staff to respond to customers					
Understand exactly what each customer needs					
Communicating regularly with the customer					
Confidence instilled in customers by staff					
Making customers feel safe in transactions					
Courtesy of staff to customers					
Staff technical knowledge to answer customer					
Ability to perform the promised service					
Individualized attention to customers by staff					
Employees who deal with customers in a caring					
Customers‟ best interest at heart by staff					
Staff understanding of customer needs					
Convenience of office business hours					
A composite of understanding and access					
Modernity of the office equipment					
Visual appeal of the office facilities					
Neatness and professionalism of staff in					
Appeal of serviced equipment					

-------------------------------THANK YOU ---------------------------