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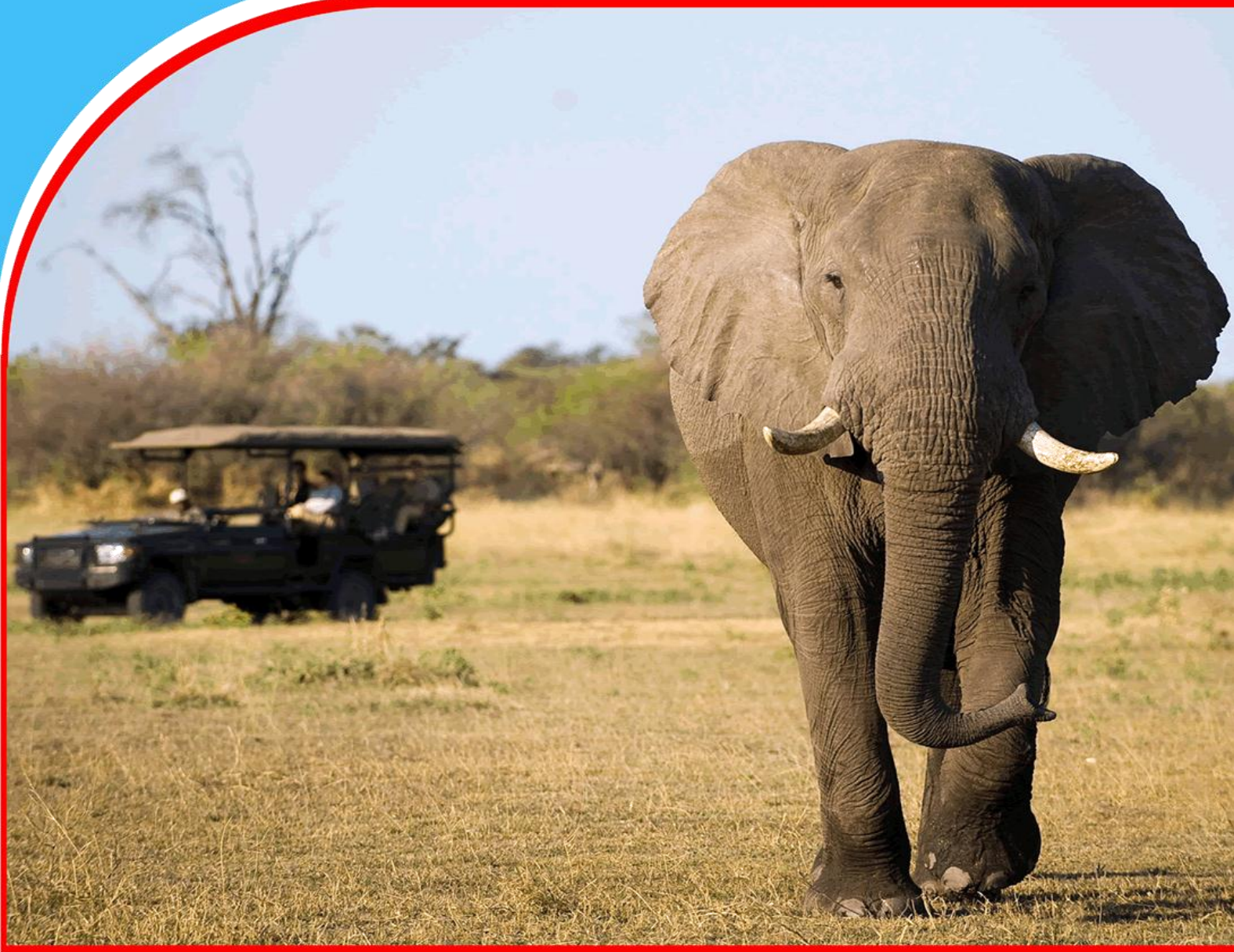

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Cost Reduction Strategies and Guest Satisfaction among Hotels in the Coast Region of Kenya

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ABSTRACT

Purpose: The increase in operations cost in Kenya has seen some hotels close while others lose guests. In addition, poor customer relationship management and the loss of accreditations issued early are thought to be a result of rising operating costs. The study sought to investigate the effects of cost-cutting strategies on guest satisfaction in hotels in the coast region, specifically Mombasa, Kilifi, and Kwale.

Methodology: To collect and analyze data for this study, a quantitative approach using survey design and stratified random sampling were used. A total of 394 questionnaires were distributed to various respondents from various strata across the levels in hotels in Kenya's coast region. Descriptive statistics and regression analysis were used in SPSS version 21 to analyze the data and produce percentages and frequencies to describe the data as well as determine the impact of cost-cutting strategies on guest satisfaction.

Findings: It was discovered that hotels in Kenya's coast region prioritized guest satisfaction and implemented a variety of strategies to improve and retain guest satisfaction. However, it was discovered that not all strategies contributed to increased guest satisfaction. The study discovered that water and energy conservation strategies had a positive effect on guest satisfaction in hotels in Kenya's coast region. Labor cost-cutting strategies, on the other hand, had a negative impact on hotel guest satisfaction. The relationship between labor cost cutting strategies and guest satisfaction is negative (r= - 0.116). There exist positive relationship between energy and water saving strategies and guest satisfaction (r= 0.09). From the model summary, it was established that variances in labor cost reduction strategies, energy and water conservation strategies accounted for 42.7% changes in guest satisfaction among hotels (R squared= 0.42).

Contribution to theory and practice: The study's findings are important for policymakers because they can help develop policies in the hospitality industry that can help hotels improve and maintain guest satisfaction. In addition, hoteliers can learn about the impact of cost-cutting strategies on their customers from the study findings.

Keywords: *Cost Reduction, Strategies, Guest Satisfaction and Coast Region*

INTRODUCTION

The hospitality, hotel and tourism industry is the biggest, fastest growing and leading source of income and livelihoods in the world (Khasebe, Maranga & Gesage, 2021; Manyara & Mutuku, 2020). This is more the case in countries like Kenya where the hotel, tourism and hospitality industry contribute significantly to employment creation and growth of gross domestic product (GDP) (Mwanzia, 2013). To improve and sustain performance of hotel, guest satisfaction is critical. According to Rau and Sahu (2013) guest satisfaction is the feeling of pleasure from an experience which is a top priority for customers when they are looking for a hotel. Guest satisfaction is a product of adding value to customer experience, meeting and exceeding customer experience (Hill, 2015). Akunja (2020) observed that guest satisfaction was the biggest driver of loyalty and repeat business in the hotel industry. Kakuya, Kieti and Kihima (2020) were of the view that guest satisfaction is an expensive enterprise that is affected by the quality of responsiveness in service delivery and the level of training of employees in hotels.

Continuous flow of customers and loyalty of customers are some of the indicators of guest satisfaction in a hotel that enable hotels to gain profits and encourage repeat purchases (Kangogo, Musiega, & Manyasi, 2013). The study by Waitiki (2014) indicated that guest satisfaction contributed to 75% of performance in hotels. The benefits accrued from guest satisfaction entails provision of strong brand value to guests, increased market share, increased number of customers visiting the business, increased profitability and expansion of business (Barsky, 2015). However, some studies, for instance, study by Zeithaml, Berry and Parasuraman (2016) found a negative relationship between customer satisfaction and gross profits. Therefore, the need for this study to determine influence of the cost reduction strategies on guest satisfaction.

In the wake of turbulence in the operating environment, hotels need to lower their cost of operations in order to survive, increase revenue and have guest satisfaction and the attendant (Skogland & Siguaw, 2014). Khasebe et al., (2021) found that hotels in Kenya were rampant on cost reduction strategies to cope with the turbulence in the operating environment. Most of the hotels were using tight internal controls measures with the attendant review and monitoring and evaluation without going into details on the specific strategies being used by the hotels. Hotels in Kenya were adopting low cost strategies characterized by low pricing and use of technology to reduce operational cost (Gathara, 2018). There is hardly any study on the comprehensive cost reduction strategies being used by hotels in Kenya and the effect on guest satisfaction.

Guest satisfaction and quality customer service are under immense threat among hotels in Kenya. The existing turbulence and decline in profitability are thought to contribute to this threat (Khatebe et al., 2021; Mutuku, 2020; Kakuya et al., 2020). Consequently, some hotels have laid off their staff and closed down hotels, making cost reduction strategy imperative particularly during the covid-19 pandemic. There is relatively scant literature on the cost reduction strategies being employed by hotels in Kenya despite presence of a growing body of literature on guest satisfaction characterized with benefits and challenges of achieving guest satisfaction (Watiki, 2014; Kangogo & Manyasi, 2013). The strategies used by hotels to cut costs and effects on guest satisfaction among hotels in the developed world are well researched. For instance, studies have shown that reducing costs on marketing, labor, procurement and utilities have an effect on guest satisfaction (Lancaster, 2015; Bowbrick, & Zheng, 2015; Solomo et al., 2013). The Kenyan experience is not that clear owing to lack of literature and studies on the same. This is the glaring gap that this study

strived to fill. Two research questions were looked at to determine the effects of cost cutting strategies on satisfaction of guest in hotels:

i. What is the effect of labor cost reduction strategies on guests' satisfaction among hotels in the coast region of Kenya?

ii. What is the effect of energy and water conservation strategies on guests' satisfaction among hotels in the coast region of Kenya?

iii. Is there a relationship between cost reduction strategies and guests' satisfaction among hotels in the coast region of Kenya?

LITERATURE REVIEW

Theories of study

Resource based view and transaction cost theories guided this study. Resource based view theory was founded by Penrose (1959) and its premise is that firms utilize both tangible and intangible resources to be competitive in their industry. Bundle of resources in hotels can include systems, innovations and processes put in place to reduce hotels cost (Pearce & Robinson, 2016). The theory guided study in terms of the usage of both tangible and intangible assets by hotels in coast region of Kenya. Transaction cost theory was developed by Coase (1997) and it holds that a firm becomes profitable once it lowers its economic exchange cost, and should ensure that transaction cost is lower (Robins, 1987). Transactions theory enabled conceptualization of all strategies involved in reducing costs in hotels of the coast region. Also, transactions theory guided the study in the establishment of reduction of cost through transactions.

Guest Satisfaction

It has been observed that guest satisfaction among hotels in the coast region of Kenya affected by a number of factors. Manyara and Mutuku (2020) reported that aesthetic factors such as layout, lawns, landscaping and ambience were the key factors. Kanyingi (2018) noted that the quality of care, guest expectations and perceived value were the determinant of guest satisfaction. The empowerment of current hotel patrons due to exposure to multiple information has raised their expectations (Kinoti, 2012). Study by Kotler (2015) reported that the value a customer finds in a firm and the service level can be utilized in quantification of guest satisfaction.

Guest satisfaction is not only important in hotels but also the perception created in guest satisfaction affects customer loyalty (Skogland & Siguaw, 2014). The users' attitude determine cost reduction strategies and satisfaction level. Services provided, cost incurred, quality of welcoming and standards of delivering service to guests determine satisfaction. Also, hotel design and accessibility are important factors that influence guest satisfaction in hotels. However, research on satisfaction of guest and cost reduction strategies have depicted diverse and different perspectives. For instance, Matzler's (2016) study indicated that non-liner influence and few parts require clarification.

Labour Cost Reduction Strategies

The hotel industry is a labour intensive service industry that makes development of cost reduction strategy imperative (Nicolaides, 2013). In this respect, hotels have adopted various ways of saving on cost like adhoc staffing techniques, reduction on training time, curtailing of permanent jobs

(Alonso & O'Neill, 2015). Use of labour as a cost reduction strategy was rampant among five star hotels in Tanzania but was resulting to negative effects in recruitment and retention of talented and committed staff (Mashauri, 2015). Use of some labour cost cutting strategies by hotels, such as retrenchment, redundancy and mass layoffs, was resulting in high staff turnovers in hotels in Kenya (Kuria & Ondigi, 2012). Manjunatha (2013) found that labour cost was the largest but one of the easily controlled cost in the hotel industry but one that also adversely affected hotel business. Mason (2012) found that hotels must focus on reducing the cost of labour for them to survive in an environment where it is increasingly difficult to reduce the other fixed costs in operating a hotel. The bulk of existing literature on the influence of labour cost in the hospitality industry isolated labour cost as the most significant.

Gremler and Brown (2013) attributed this to the fact that staffing directly affects satisfaction and customers hate long queues and the hotel has to balance provision of staff and avoidance of paying staff with little or little to do. To resolve this challenge, the hotels have to undertake cross-training of staff to enable them undertake many tasks in a single shift (Hill & Alexander, 2013; Bitner, Booms & Tetreault, 2013). Among the most compelling strategy for cost cutting is the use of cross-training by firms. According to Czepiel (2013) cross training enables staff to acquire more skills and decrease turnover because the staff are invaluable to the hotel and have more work opportunities and pay. Nguyen (2018) found that cross training is particularly vital yet the most wasteful. Cost reduction in staffing has been shown to be counter-productive. Malik, Ahmad and Hussain, (2013) study found in Pakistan found that downsizing is negatively correlated with both job satisfaction and guest satisfaction in hotels. There are no such studies on exact cost cutting strategies among hotels in Kenya

Energy and Water Conservation Strategies

Emerging studies are reporting increase of green practices by hotels in Kenya such as green energy like solar energy to cut on production cost (Murimi, 2020). Hotels in the coast region of Kenya, especially the 4 and 5 star hotels were making strides in use of cheap and green energy and progress is being hindered by high installation costs and lack of training and awareness (Irungu & Mungai, 2013). Kariuki (2014) found that hotels in Mombasa were using cheap energy saving strategies such as use of green energy in modest bases, use of solar panels and switching off gadgets not in use that had some significant effect on their performance

To some modest extent, energy conservation strategies were aiding the growth of hotels in Kenya especially use of cost effective energy saving strategies, assessing and reviewing energy use and use of energy management systems such as wireless energy. However, the study noted that there was limited attention given to monitoring energy use by hotels in Kenya (Wario, 2020). This was corroborated by Kariuki and Odhiambo (2021) who found that there was a need for energy audits and creation of awareness on efficient use of energy among managers plus provision of adequate policies to guide use of energy. These were the factors responsible for low use of energy conservation strategies among hotels mostly limited to use of a few energy saving appliances.

The profit motives have driven some of the hotels into adopting energy conservation but with numerous challenges including lack of effect ways of review, monitoring and evaluation. So much so that the cardinal principles of reduce, reuse and recycle have not been fully accepted by hotels in Kenya (Osiako & Kummitha, 2020). Omune, Kambona, Wadongo and Wekesa (2021) corroborated the limited use of energy conservation strategies by hotels in Kenya noting that high

cost of installation and lack of sufficient technical wherewithal were hampering the enterprise of reducing energy. The study noted that hotels were keen on monitoring energy bills

Wario (2020) found that hotels in Kenya lacked comprehensive policies and strategies on water conservation although there was modest use of recycling, towel and linen reuse and use of water efficient equipment like faucet aerators and restrictors in selected hotels in Kenya. This was despite the fact that water bills accounted for about ten percent of operational costs. Kariuki (2014) found that hotels in the coast region of Kenya were not very adept at water harvesting and most of them reluctant to undertake regular environmental audit to inform water conservation strategies. Nthiga (2018) found only limited use of water conservation strategies by hotels in Kenya but the hotels were very keen on repair of water leakages and modest use of practices of installation, maintenance and substitution. Omune, Kambona, Wadongo and Wekesa (2021) found that the only comprehensive water conservation strategies among hotels was ensuring water taps were not unnecessarily opened when not in use.

Conceptual Framework

Figure 1 presents a diagrammatic illustration of the relationship among the study variables replete with indicators of measurability of each variable.

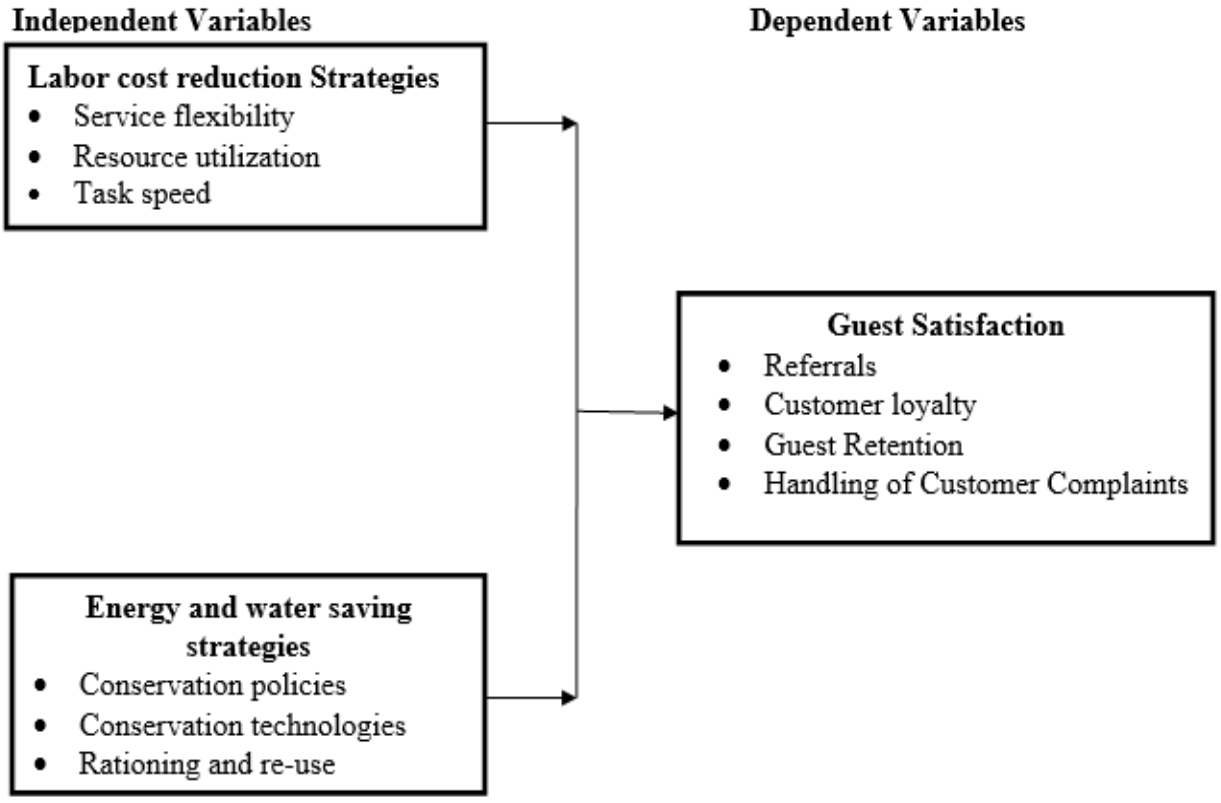

Figure 1 Conceptual Framework

RESEARCH METHODOLOGY

The research adopted a descriptive survey design. This is because the design produced the required statistical information about the scenario of guest satisfaction and cost reduction in hotels through the use of questionnaires and enables sampling (Sekran, 2007; Kothari, 2004). The target population was employees working in hotels in the coast region of Kenya in the three counties of Kilifi, Mombasa and Kwale. According to the Kenya Association of Hotelkeepers and Caterers (2019) there are 44 hotels in the coast region that conform to the accreditation of 1,2,3,4 and 5 star hotels. A census of all the hotels employees was done to gather comprehensive data because the hotels are relatively few and manageable. Employees from 44 hotels formed the sample size. Likewise, a census of all the departmental heads in the hotels was done to yield the sample size. The study had a sample size of 394 respondents as shown in table 1 below.

Table 1: Sampling Frame for Respondents

No	Designations of Departmental Heads	Numbers
1	Account Managers	44
2	Front Office Managers	44
3	Front office supervisors	44
4	Food & Beverage Managers	44
5	Food and Beverages Supervisors	44
6	Housekeeping Managers	44
7	Housekeeping Supervisors	44
8	Guest Relationship Managers	44
9	Security Managers	44
	TOTAL	**394**

The study used questionnaires in collecting primary data. The following measures were undertaken to ensure validity and reliability of the research instruments after piloting them in three hotels in the coast region and undertaking a test-retest on the questionnaires**.** The study adopted the Cronbach Alpha Co-efficient method to ensure reliability of the questionnaires. A threshold of 0.7 on this scale was set as the threshold on each variable failure to which the instruments were edited to boost reliability

The face and content validity of the instrument was determined by giving out the questionnaires to experts for approval before data collection. Data was first analyzed descriptively through the aid of SPSS version 21 to analyze the data and yield percentages and frequencies for describing the data. The SPSS was also used in inferential statistics of correlation analysis and regression

analysis was conducted to determine the strength and direction of influence of each independent variable on the dependent variable using the formula below:

$$\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon}$$

Where;

Y= Dependent variable (Guest Satisfaction)

X_1 = Labour cost reduction strategies

X_2 = Energy and water conservation strategies

α = the model intercept

β = Coefficient of independent variables

ε = Margin of Error

FINDINGS OF THE STUDY

The study had a response rate of 94% and all the items on the variable scored more than 0.7 score on the Cronbach Alpha Co-efficient scale and as such enjoyed the requisite reliability as captured in table 2.

Table 2: Reliability of the Questionnaires

Variable	Average Score on Cronbach Alpha
Guest Satisfaction	0.901
Labour cost reduction strategies	0.843
Water and Energy conservation strategies	0.831

Classification of Hotels

The study sample had the following distribution of hotels in respect to their classification status at the time of data collection as shown below.

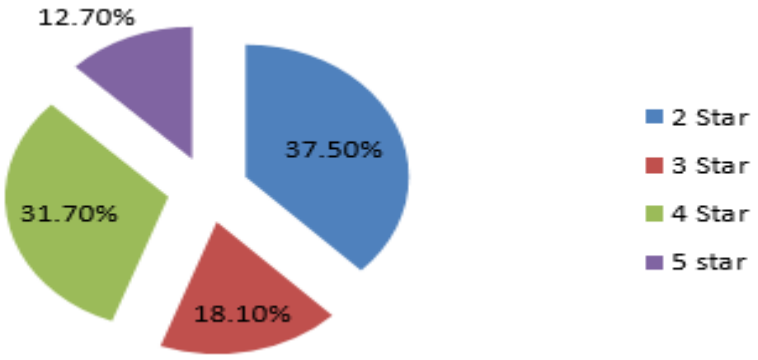

Figure 2: Classification of Hotels

Most of the hotels were 2 star categories of hotels with 37% with the 5 star hotels representing by 13% in the sample.

Descriptive Analysis

Guest Satisfaction

The study sought to establish the state of guest satisfaction among hotels in the coast region and the findings were as follows:

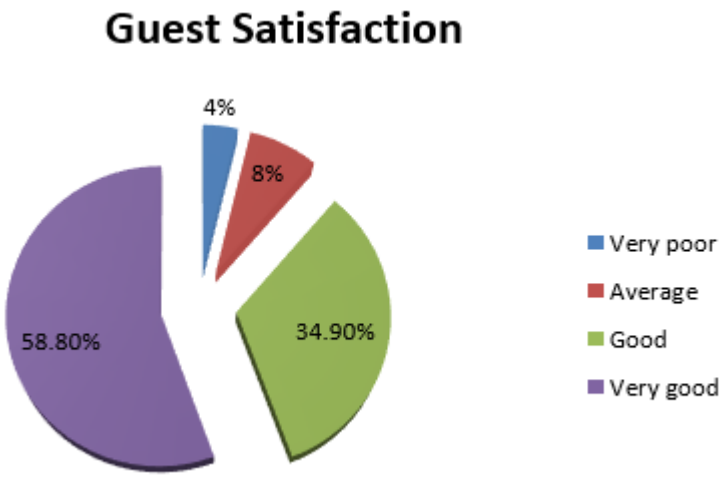

Figure 3: Guest Satisfaction

The findings revealed that the holtels placed a high premium on guest satisfaction as the respondents rated them highly on guest satisfaction with 59% rating the hotels as very good on guest satisfaction, 35% rating them as good.

Detailed Hotels' Performance on Guest Satisfaction

It was found that hotels in the Coast Region of Kenya were performing well in various aspects of guest satisfaction especially return customers, retention and handling of complaints.

Table 3: Detailed Performances of Hotels on Guest Satisfaction

Guest Satisfaction metrics /Frequency		Always	Regularly	Often	Rarely
i.	Customers returning to this hotel many times	50.2%	48.7%	1.1%	0%
ii.	Customers referring others to this hotel	22.2%	50.2%	26.8%	4%
iii.	Managing to retain corporate clients for a long time after the first visit to this hotel	50.2%	46.0%	3.8%	0%
iv.	Handling complaints to the satisfaction of the guests	80.5%	19.2%	4.0%	0%

Labor Cost Reduction Strategies

The study established that hotels in the Coast Region were using labor cost reduction strategies with the following frequency of use. Table 4 shows the frequency with which hotels in the coast region of Kenya used some labor cost cutting strategies on forms of training, use of casual labor and laying-off staff.

Table 4: Frequency of Using Labor Cost Reduction Strategies

	Labor cost reduction strategy /Frequency	Always	Regularly	Often	Rarely
i.	Cross training of staff	4.0%	37.3%	60.8%	1.5%
ii.	Use of hired trainers to train existing staff	1.9%	44.6%	33.1%	20.4%
iii.	Use of casual laborers	3.1%	48.6%	25.5%	22.8%
iv.	Laying off staff	8.0%	46.2%	26.2%	26.2%

The use of cross training of staff, use of hired trainers to train the existing staff and use of casual laborers were regularly and often used as was the use of casual labor. Laying-off staff was a common cost reduction strategy with 8% of the respondents reporting it was always used and a further 46% reporting it was regularly used. It was revealed that it was the hotels enjoying the coveted classifications on 4 star and 5 star that were training the staff regularly and some always using either hired staff or specialized staff in a bid to maintain high service quality. The size of the hotel was a factor in the use of casual labor and laying-off of staff with hotels with less than 100 bed capacity rarely using the practice as guided by the resource based view theory.

The study confirmed that there was widespread use of laying-off staff by hotels in the coast region of Kenya mostly as a result of security situation and constraints in economic environment in Kenya. The laying-off of staff and use of casual labor caused disaffection among the staff and negatively affected guest satisfaction in line with findings of a study by Crosby et al, (2013) in the United States of America and confirming it was the case locally.

Labor Cost Reduction Strategies and Guest Satisfaction

The effectiveness of various labor cost reduction strategies on guest satisfaction among hotels in the Coast Region was established through use of an extent scale ranging from very great extent (VGE) great extent (GE), moderate extent (ME), small extent (SE) and very small extent (VSE) to assess the effect of various labor cost reduction strategies on cost reduction

Table 5: Labor Reduction Strategies and Guest Satisfaction

Labor Cost Reduction Strategy/ Scale		VSE	SE	ME	GE	VGE
i.	Use of Contracted Specialized Staff	0.0%	5.4%	47.5%	44.4%	2.7%
ii.	Use of trained staff to train others	4.0%	11.5%	37.3%	46.2%	4.6%
iii.	Use of Casual Workers	1.2%	29.2%	36.9%	31.2%	1.5%
iv.	Laying off staff strategies	1.2%	5.8%	28.8%	58.5%	5.8%

The use of contracted specialized staff had some significant effect on guest satisfaction in hotels at the Coast region of Kenya with 44% of the respondents reporting that it affected guest satisfaction by great extent and some 48% of the respondents reporting on moderate extent. The use of trained staff to train others in the hotels was even more effective in influencing guest satisfaction with 46% of the respondents polling use of trained staff to train other affected guest satisfaction by great extent and a further 37% by moderate extent.

The use of casual workers had diminished effect on guest satisfaction despite its widespread use with 29% of the respondents reporting that use of casual labour affected guest satisfaction on a small extent and only 31% of the respondents polled that it affected guest satisfaction by a great extent. Use of casual labour had some characteristics that negatively affected guest satisfaction as follows; most of them had insufficient training and proficiency in some technical areas of hotels leading to slow service and complaints from the guest.

The casual labour also lowered service quality as they did not have mastery of standard operating procedures (SOP) required in most of the departments in the hotels. Use of laying-off had significant negative effect on guest satisfaction with some 59% of the respondents reporting that it affected guest satisfaction by great extent. It emerged that some guests request for service from a specific member of staff who had served them well in previous visits and there was manifest disaffection when the said staff is not present. These findings confirmed that labour was the most common cost reduction strategy as had been found by a study by Mason (2012) though with significant effect on guest satisfaction.

There was limited training in the hotels negated findings of studies done among hotels elsewhere that hotels were undertaking frequent training internally and externally including use of cross-training (Bitner, et al,. 2013; Czepiel, 2013). However, the findings confirmed earlier findings that downsizing negatively affected guest satisfaction (Ahmad & Hussain, 2013) and findings that optimal use of permanent staff had a significant role in realization of guest satisfaction among hotels (Knox & Walsh, 2015).

Energy and Water Conservation Strategies

The study investigated the use of energy conservation strategies and effect on cost reduction using a scale ranging from strongly agree (SA), agree (A), neither agree nor disagree (N), disagree (D) and strongly disagree (SD) on propositions on elements of energy conservation strategies. Majority of the respondents agreed that all energy cost reduction strategies led to cost reduction.

Table 6: Energy Conservation Strategies and Cost Reduction

	Energy Saving Strategies/ Cost Reduction Rating	SA	A	N	D	SD
i.	Using renewable sources of energy	4.6%	73.8%	20.8%	8%	0.0%
ii.	Energy management system is efficient	4.2%	53.8%	39.2%	2.7%	0.0%
iii.	Use of modern appliances which consume less energy	3.55	58.8%	32.7%	5.1%	0.0%
iv.	Use of Energy Saving bulbs	5.1%	60.9%	29.3%	4.7%	0.0%
v.	Use of Light and air conditioning	3.1%	52.3%	39.6%	5.0%	0.0%
vi.	Use of fridges and lifts sourced on basis of energy conservation	2.7%	46.2%	43.8%	7.3%	0.0%
vii.	Heating of swimming pools in energy saving manner	3.1%	41.3%	42.5%	11.6%	1.5%

The study also investigated the use of water conservation strategies to reduce cost and found that although a number of water conservation strategies were being used, they had little effect on cost reduction unlike the energy conservation strategies

Table 7: Water Conservation Strategies and Cost Reduction

	Water saving strategies/ Cost Reduction effectiveness %	SA	A	N	D	SD
i.	The hotel regulates the water used in cleaning services	3.8%	39.1%	9.6%	30.7%	16.9%
ii.	Water used for cleaning services is re-used for other purposes	8.0%	36.4%	8.0%	28.4%	26.4%
iii.	There is harvesting of rain water for use	1.2%	30.0%	13.1%	33.1%	22.7%
iv.	The hotel uses censored taps to lower usage of water	8.0%	34.7%	13.9%	28.2%	22.4%
v.	The hotel desalinates sea water	4.0%	16.9%	28.5%	32.3%	21.9%
vi.	The hotel recycles water	4.0%	15.8%	26.2%	43.5%	14.2%

Energy and Water Conservation Strategies and Guest Satisfaction

The study sought to establish the effect of having adequate energy and water provisions in various facilities, applications and service in the hotels in order to assess the effect of energy and water conservation strategies on guest satisfaction. The study used an extent scale and the findings were as follows:

Table 8: Energy and Water Adequacy and Guest Satisfaction

Provision / Effect on Guest Satisfaction		VSE	SE	ME	GE	VGE
i.	Having fridges in the hotels	8.8%	6.3%	14.1%	10.5%	60.3%
ii.	Having smart TVs in the hotel rooms	2.3%	9.1%	10.4%	13.1%	65.1%
iii.	Having air conditioning in the hotel rooms	9.3%	6.2%	6.4%	23.9%	54.2%
iv.	Having warm water for showers	6.4%	4.5%	11.7%	16.3%	61.1%
v.	Having adequate drinking water in the hotel rooms	8.6%	3.3%	8.1%	13.3%	66.7%
vi.	Daily washing of bed sheets and mats	6.0%	2.3%	7.2%	13.4%	71.1%

The findings of the study revealed that energy and water adequacy had great effect on guest satisfaction and thus energy and water conservation was an important imperative for the hotels. Adequacy of adequate water for daily washing of the hotel rooms and clean drinking water for the guests were particularly influential in influencing guest satisfaction. The respondents to the study reported that daily washing of bed sheets affected guest satisfaction by a very great extent as was having warm water in the rooms affected guest satisfaction by a very great extent.

Provision of adequate energy in the hotel rooms also greatly affected guest satisfaction. The respondents polled that provision of the following energy related facilities affected guest satisfaction to a very great extent as follows; having fridges in the hotel rooms by 60%, having smart televisions by 65% and having air conditioning by 54%. Water and energy adequacy affected guest satisfaction more in five and four star hotels where the guests were not cost sensitive but were mostly looking for comfort which they were willing to pay a premium for.

Correlation Analysis

Correlation analysis was conducted to establish the size, direction and statistical significance of the relationship between the dependent variable and independent variables and thus confirm or disconfirm the study hypothesis using Pearson co-efficient of correlation. Table 9 shows the results whereby the dependent variable of Guest Satisfaction is denoted GS and the independent variables are denoted as follows; labor cost reduction strategies (LCRS) and Energy and water conservation strategies (EWCS).

Table 9: Correlation Analysis

		GS	LCCS	EWSS
Pearson Correlation	GS	1.000	-.116	.099
	LCRS	-.116	1.000	.725
	EWCS	.099	.725	1.000
Sig. (1-tailed)	GS	.	.032	.057
	LCRS	.032	.	.000
	EWCS	.057	.000	.
N	GS	372	372	372
	LCRS	372	372	372
	EWCS	372	372	372

Through an interpretation of the Pearson correlations using the co-efficient of correlation (r) it can therefore be deduced if there is a relationship between variable is positive or negative and make inferences if the relationship between variables is statistically significant. The relationship between labor cost cutting strategies and guest satisfaction is negative (r= - 0.116). Thus labor cost cutting strategies negatively affects guest satisfaction among hotels. As such, the null hypothesis that labor cost cutting strategies do not significantly affect guest satisfaction among hotels is accepted because r is more than 0.05 and thus there is not statistical significance. There exist positive relationship between energy and water saving strategies and guest satisfaction (r= 0.09). However, there is no statistical significance thus accepting the null hypothesis that water and energy saving strategies do not significantly affect guest satisfaction in hotels in the coast region of Kenya.

Regression Analysis

A multiple regression analysis was carried out to determine the direction and strength of influence of the independent variables on the dependent variable based on the following model;

Model Summary

The model summary for the regression analysis is presented in table 10

Table 10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.653[a]	.427	.418	.31069	.427	46.913	4	252	.000

a) Dependent variable: Guest satisfaction
b) Predictors: Labor cost reduction strategies and energy and water conservation strategies

The analysis revealed that the two concepts of guest satisfaction and cost reduction strategies were a suitable fit for analysis using the model because the independent variables affected the dependent variable significantly. From the model summary, it was established that variances in the independent variables of labour cost reduction strategies and energy and water conservation strategies accounted for 42.7% changes in guest satisfaction among hotels (R squared= 0.42).

Co-efficient of Determination

The co-efficient of determination for the regression analysis which determined the changes in guest satisfaction as a result of the independent variables are presented in table 11.

Table 11: Co-efficient of Determination

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations		
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
1 (Constant)	1.647	.365		4.512	.000	.928	2.366			
LCRS	-.063	.065	-.072	-.968	.334	-.192	.065	-.116	-.061	-.046
EWCS	.137	.050	.195	2.748	.006	.039	.235	.099	.171	.131

The table on the co-efficient of determination confirmed that changes in the dependent variable of guest satisfaction were as a result of changes in the independent variables. However, only energy and water conservation strategies had statistically significant effects on guest satisfaction with p values of 0.006 respectively. Labor cost cutting strategies (p= 0.334) was not statistically significant to guest satisfaction as they recorded p value of above 0.05 as captured in table 11. From the reading of the standardized co-efficient in the table and assuming that all other factors were constant at zero, energy and water conservation strategies caused 19.5% increase in guest satisfaction at 95% level of confidence.

Conversely, labor cost cutting strategies caused a decrease of 7.2% on guest satisfaction. The findings from the regression analysis on variables having positive and negative effect on guest satisfaction in hotels in hotels was in line with earlier findings that reported diverse and contradicting relationships between cost reduction strategies and guest satisfaction with only some cost reduction strategies positively affecting guest satisfaction (Matzler et al, .2016; Munari et al,. 2013).

CONCLUSION

Use of labor cost cutting strategies had insignificant and negative effect on guest satisfaction among hotels mainly because of the unpopularity of the strategies among the staff, the negative effect of casual laborers and laying off staff on service quality, a manifest lack of structured approach and minimal training of staff in the hotels. Use of energy and water conservation strategies had some significant effect of guest satisfaction among hotels in the coast region of Kenya. The greatest use of energy and water conservation strategies was by the 5 star hotels and 4 star hotels. This was attributed to the fact that the hotels had the financial wherewithal to purchase the energy efficient appliances and water efficient equipment more than the 2 star and 3 star hotels than only effected cheap energy and water conservation strategies such as use of energy saving bulbs and recycling of water for other purposes.

RECOMMENDATIONS

The following recommendations were made in line with the findings of the study:

i. The metrics used for evaluation and classification of hotels as either 5 star, 4 star, 3 star or 2 star should be widely publicized so as they contain essential provisions for guest satisfaction.
ii. The regulator in the hotel and hospitality industry should develop and enforce guidelines for use of casual labor and laying-off of staff as currently the practices are being done on ad-hoc basis and are injurious to the welfare of the staff and guest satisfaction in hotels.
iii. Hotel managers should be sensitized on the cost advantages of using modern and sophisticated energy conservation strategies such as procuring electronic gadgets and other appliances on the basis of energy conservation and efficiency because hotels are mostly using elementary energy conservation measures like use of energy saving bulbs with minimal investments in energy efficient appliances.
iv. Regulations should be enacted and enforced to ensure hotels in fresh water scarce areas such as the coast region of Kenya are compelled to use the basic and cost effective water conservation strategies such as harvesting of rain water, use of censure taps and recycling of water as these conservation measures are not being implemented robustly by hotels despite their obvious cost reduction potential

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