

**THE IMPACT OF EMPLOYEE EMPOWERMENT ON CUSTOMER SATISFACTION  
IN THE HOSPITALITY INDUSTRY  
A CASE OF SERENA HOTEL IN KAMPALA DISTRICT**

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**MAY 2022**

**DECLARATION**

I do declare that this research project has been compiled and produced out of my personal exposure and findings and it has never been submitted to any institution for academic award.

Name of student .....

Regression number .....

Signature ..... Date .....

## **APPROVAL SHEET**

I certify that this research project was compiled and produced under supervision for partial fulfillment for the award of bachelors' degree in accounting and finance. I recommend it to be submitted to the department of economics and management, Faculty of Management sciences.

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**Mr. Wadambisha Brian**

Date.....

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## **ABSTRACT**

This study examines the relationship between employees' empowerment and customers' satisfaction in the hotel industry a case study of Serena in Uganda. Based on extant empowerment literature, perceived employee satisfaction, perceived employee loyalty and perceived commitment impact on perceived product quality and perceived service quality delivery. We used a survey of 40 employees from Serena hotel Uganda to examine the relationship between employees' empowerment and customer satisfaction. The results of hypothesis tested confirm that, there is a significant relationship between employee empowerment and customer satisfaction. The challenges facing insurance sub-section in financial sector of Uganda economy is high rate of labor turnover and poor service delivery, therefore, we recommend that management should empower their employees, in order to attract staff retention, loyalty and commitment.

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## **ABBREVIATIONS AND ACRONYMS**

SPSS      Statistical Packages for Social Sciences

ANOVA    Analysis of Variances

## **CHAPTER ONE: INTRODUCTION**

### **1.0 Introduction**

This study was carried out with a purpose of analyzing the impact of employee empowerment to customer satisfaction. This chapter basically looked at the background study, statement of the problem, purpose of the study, research questions, scope of the study, significance of the study, the conception frame work and definitions of the key terms.

### **1.1 Background of Study**

Globally, the hotel industry has been one of the most competitive industries especially in the 21<sup>st</sup> century. For this reason, enhancing customer loyalty is one of the key aspects of enhancing competitiveness in the industry as well as ensuring business continuity. According to Tibaingana (2020), the main difficulty facing most industries in Uganda is the ability to continue satisfying their customers while at the same time making huge profits. Competition puts pressure on many hotel services providers to provide quality services. Lake Kivu Serena Hotel is one of the major players in the hospitality industry in Rwanda.

Employee empowerment as independent variable has been described as the act of giving individuals and teams more responsibility for decision making and ensuring they have the training, support and guidance to exercise that responsibility properly (Armstrong, 2004). The notion of devolving decision making authority and responsibility to frontline employees for control and enhancement of service quality and customer satisfaction during service delivery (Klidas, 2001) and its effect to dependent variable Customer satisfaction therefore is defined as customer perception regarding a particular product / service according to his / her already set expectations (Schiffman & Kanuk, 2005), argued that quality in services is an essential part of customer satisfaction. He suggested that service providers should provide best quality services to their customers to ensure their satisfaction. The above information implies that service quality is commonly noted as a critical prerequisite for establishing and sustaining satisfying relationship with valued customers. It is pertinent to state that the association between service quality and customer satisfaction has emerged as a topic of significant and strategic concern (Cronin & Taylor, 1992). In general, perceived service quality is an antecedent to customer satisfaction in hotel industry (Spreng & Mckoy, 1996). Thus, a proper understanding of the antecedents and determinants of customer satisfaction can be seen as to have an extraordinarily high monetary value for service organization such as hotel business in a competitive environment. Bigne, Moliner

& Sanchez (2003) found that the overall employee empowerment has a significant relationship with satisfaction.

The study shall be guided by (McGregor's 1960) Theory X and Kanter's theory. Theory X is the root cause of micromanagement. The concept surmises workers need to be constantly watched and instructed on what to do. Managers who believe this philosophy assume that the average staff member dislikes work and avoids work whenever possible. The work is only motivated by money, position, and punishment. In addition, the worker avoids increased responsibility and seeks to be directed. The acceptance of Theory X will result in an authoritarian management style over the team and allowing for little collaboration or even participation in decision making (Weinbach, 2008), states that this theory is a cognitive theory which seeks to explain post purchase or post-adoption satisfaction as being a function of expectations, perceived performance, and disconfirmation of beliefs. The theory was originally pointed by Richard L. Oliver in 1977 and 1980, since then it has appeared in numerous psychological and marketing literatures.

As it applied to the hotel front office, the structure of opportunities of the hotel, the power structure within the hotel, including, the proportions of the front office staff as presented by the management of the hotel determines the behavior of the front office personnel. Hamborstad & Perry (2011) upheld this view as they reported that it is not the behavior of the frontline employees in the hotel industry that determined the quality-of-service delivery to customers, but the structure of the hotel for which the staff are working. Abu Kassim et al (2012) posits that if there was to be any progress on offering of quality service that could translate to customer satisfaction, it would come about because the hotel organization changed, and not necessarily the front office staff.

Kanter's theory also talks about employee empowerment and the argument of customer satisfaction when the question of customer satisfaction and customer loyalty comes in (cryrus osinde, 2020). In the event that customers are satisfied with products or brands, they most likely become loyal customers and keep spreading good word of the hotel. In that manner, in the event that they are disappointed, they will probably switch off brands and talk bad of the brand to different customers about the hotel. (Hussain et al., 2015) Basically, customer dissatisfaction is mostly caused by offering low quality products and services to customers. Customer satisfaction assumes an imperative part of your business. Not only is it the main pointer to quantify client unwaveringness, but also a key purpose of separation that helps you to draw in new clients in focused business situations (Nurminen, 2007). Consumer satisfaction is a good measure of the quality of services offered to customers. This can be measured by customer emotional reactions,

perceived service quality and decision-making processes used by these customers. Hotels can create strategies to improve the quality of their services and products by measuring the level of their customers' loyalty. In most cases, customer satisfaction lays out a blueprint that can be used to improve services. It gives the hotel management a reason to understand the needs of their customers and keep on offering quality services.

## **1.2 Statement of the Problem**

Customer satisfaction is considered first priority in hospitality industry. Hotels like hotel Serena work tirelessly beyond customer expectations to impress different clients who visit the hotel. This is especially through delivering on promise to maintain customer loyalty since happy customers are loyal customers. Hotels being service-oriented industries have tried to provide quality service to its customers like; keeping records correctly, caring and individualized attention to customers (maister, 2005). Despite all efforts to satisfy its customers hotels have continually registered increasing numbers of dissatisfied customers in respect to slow service since customers don't want to wait for long, and low levels of responsiveness to customers' complaints. Continued Failure to meet customer expectation may result in customer dissatisfaction and negative emotions (Koc et al.,2017), which may result in the loss of customer loyalty as dissatisfied customers rarely return to the same hotel or the same brand hotel on subsequent visits (Tefera & Govender, 2017).

## **1.3 Purpose of the study**

The purpose of the study is to determine the impact of employee empowerment on customer satisfaction in the hospitality industry of Uganda

## **1.4 Research objectives**

- i. To determine the effect of training of employees on customer satisfaction in the hotel industry.
- ii.To determine the strategies used by hotel to enhance customer satisfaction the hotel industry.
- iii. To determine the strategies used to enhance employee empowerment and customer satisfaction in the hotel industry.

## **1.5 Research questions**

- i. What is the effect of training of employees on customer satisfaction in the hotel industry?
- ii. What are the strategies used by hotel to enhance customer satisfaction in the hotel industry?

- iii. What is the relationship employee empowerment and customer satisfaction in the hotel industry?

## **1.6 Scope of the Study**

The scope of the study entails the content scope, geographical scope and the time scope of the study a case study of crossroads hotel.

### **1.6.1 Content Scope**

The study considered the impact of employee empowerment on customer satisfaction in the hospitality industry specifically Serena Hotel, Kampala

### **1.6.2 Geographical Scope**

In this study we are generally basing on Serena hotel Located in Kampala, Uganda.

### **1.6.3 Time Scope**

The research took a period of three months to be conducted, the first month was used to write proposal consisting of chapter one to chapter three. The second month was used to analyzing data and finally the third month was used for compiling research proposal in year 2022.

## **1.7 Significance of the Study**

### **Academic Significance**

- The study helped to build on my knowledge and understanding of the study variables.
- It also helped me to gain more skills of conducting research and this was important to me while in office or pursuing further studies.
- The study helped me as a partial fulfillment of the requirements for the award of the degree of Bachelor of Tourism and Hotel Management of Busitema University.
- It also helped me to appreciate the concept of service quality.

### **Industry Significance**

- To related companies, the study will help to always provide better quality services since it's directly related to customer satisfaction to the hotel industry.
- It will also benefit other business service providers to make informed decisions as far as service is concerned.

### **Policy Significance**

- The study is also expected to add knowledge on the existing knowledge about customer care services to the public. This will help the public recognize and appreciate customer care services.

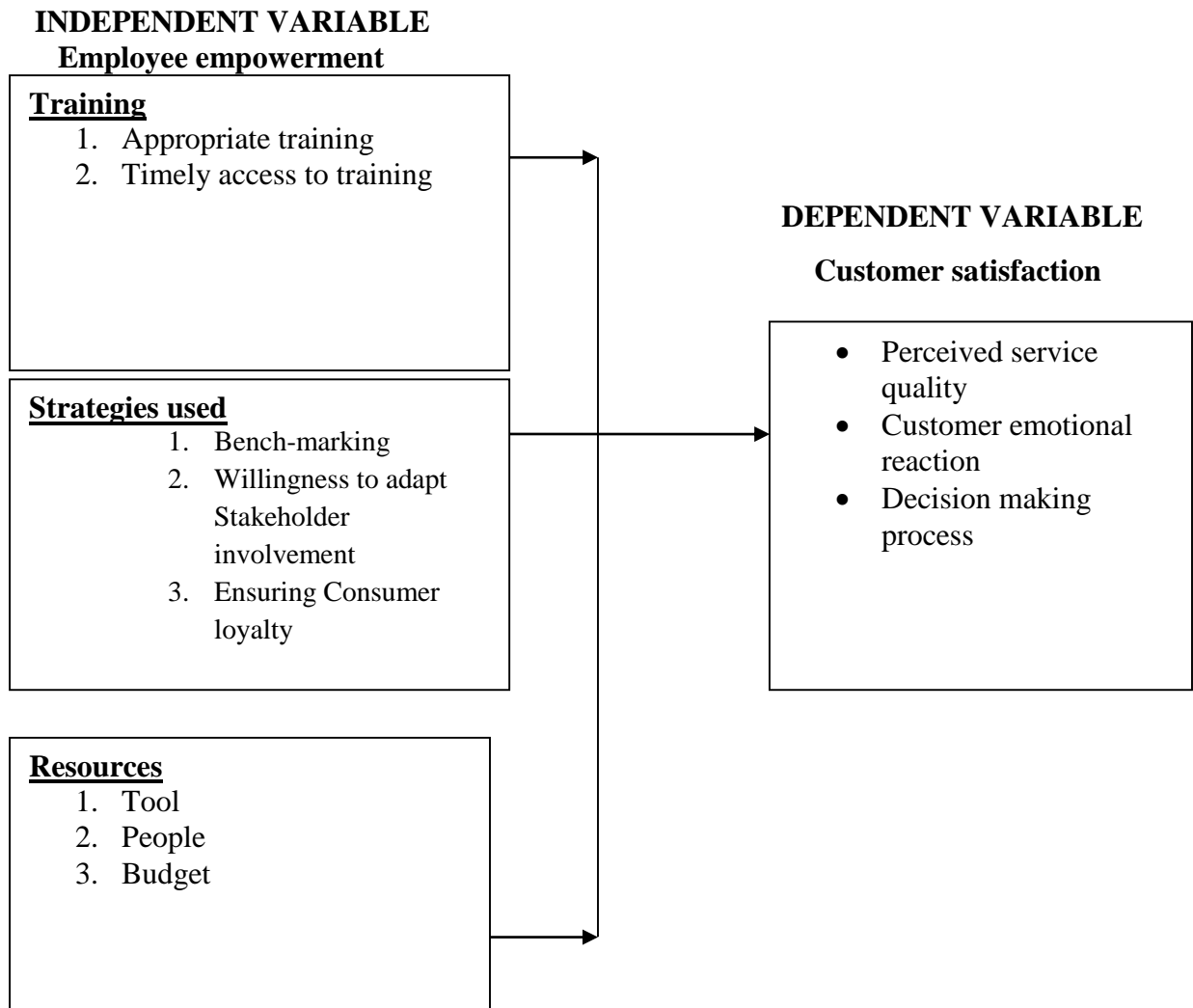
- The public especially customers of the hotels were able to recognize certain customer care services they are supposed to receive from service providers.

**To the Government,**

- The study will help in making policies that are aimed at providing quality services in the government owned enterprises. Hotels, game parks, and reserves, corporate entities, business policy makers and other researchers will also benefit from this research in making informed decisions when it comes to quality customer service to satisfy the customers.

## 1.8 Conceptual frame work

Figure 1. 1: Conceptual frame work



*Source, Ongori & Shunda(2009 )*

In regards to this study, it will consider employee empowerment has an impact on customer satisfaction, in this study the conceptual framework will look at the impact of employee empowerment on customer satisfaction. It is looking at employee empowerment as the independent variable while customer satisfaction is the dependent variable. According to Biesok and Wrobel (2017) Customer satisfaction is measured by perceived service quality, customer emotional reaction and decision-making process according to this study as shown in figure 1

**Training of employees:** should be encouraged by management in organizations in order to develop the knowledge and skill of the employees. This is measured by appropriate training to the employees and timely access to training



**Strategies:** managers should act as develop various standard operations procedures in their organizations

**Resources:** these include financial information, tools and equipment.

## **1.9 OPERATIONAL DEFINITIONS**

### **Perceived service/ product quality.**

Perceived quality is defined as the customer's assessment of the overall superiority or excellence of service (Zeithaml 1998). According to Parasuraman et al. (1985) the customer's assessment of he depends on overall service quality depends on the gap between expectations and perception of actual performance level.

Product quality means to incorporate features that have a capacity to meet consumer's needs (wants) and gives customer satisfaction by improving products (goods) and making them free from deficiencies or defects.

### **Decision making process**

Decision making is the process of making choices by identifying a decision, gathering information, and assessing alternative resolutions. Using a step-by-step decision-making process can help you make more deliberate, thoughtful decisions by organizing relevant information and defining alternatives. This approach increases the chances that you will choose the most satisfying alternative possible.

**Identify the decision,** you realize that you need to make a decision. Try to clearly define the nature of the decision you must make. This first step is very important.

**Gather relevant information, collect** some pertinent information before you make your decision: what information is needed, the best sources of information, and how to get it. This step involves both internal and external "work." Some information is internal: you'll seek it through a process of self-assessment. Other information is external: you'll find it online, in books, from other people, and from other sources.

**Identify the alternatives,** as you collect information, you will probably identify several possible paths of action, or alternatives. You can also use your imagination and additional information to construct new alternatives. In this step, you will list all possible and desirable alternatives.

**Weigh the evidence,** draw on your information and emotions to imagine what it would be like if you carried out each of the alternatives to the end. Evaluate whether the need identified in Step 1 would be met or resolved through the use of each alternative. As you go through this difficult

internal process, you'll begin to favor certain alternatives: those that seem to have a higher potential for reaching your goal. Finally, place the alternatives in a priority order, based upon your own value system.

**Choose among alternatives**, once you have weighed all the evidence, you are ready to select the alternative that seems to be the best one for you. You may even choose a combination of alternatives. Your choice in Step 5 may very likely be the same or similar to the alternative you placed at the top of your list at the end of Step 4.

**Take action**, you're now ready to take some positive action by beginning to implement the alternative you chose in Step 5.

**Review your decision & its consequences**, in this final step, consider the results of your decision and evaluate whether or not it has resolved the need you identified in Step 1. If the decision has not met the identified need, you may want to repeat certain steps of the process to make a new decision. For example, you might want to gather more detailed or somewhat different information or explore additional alternatives.

**Customer emotion reaction**, Customer emotion is a measure of how customers feel about their experience with a company. The dynamics behind customer emotion are surprisingly complex. The increasing importance of customer emotion in customer experience can be summed up by appropriating an old quote.

In one study, customers with an emotion connection spent twice as much as customers who were merely satisfied with the product. Businesses need to understand how emotion plays into both individual decisions, and the customer's long-range journey. Determining these will help you figure out how to make customer emotions a key part of a customer experience strategy.

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