

INFLUENCE OF CUSTOMER ORIENTATIONS ON ORGANIZATIONAL PERFORMANCE OF STAR RATED HOTELS IN KENYA

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Submitted: March 14, 2025

Accepted March 25, 2025

Published: April 28, 2025

ABSTRACT

This study sought to establish the influence of customer orientation on organizational performance in star-rated hotels in Kenya. The study was guided by the Market Orientation Theory, Relationship Marketing Theory, and the Service-Profit Chain Model. The target population was the 51 four star and five star hotels in Kenya. The target respondents was the 171 managers from various departments at the hotel's under investigation. Primary data was collected and analyzed using both measures of central tendency and the regression analysis. The findings revealed a positive and significant relationship between customer orientation and hotel performance ($p > 0.05$). Based on these findings, the study recommends that hotel managers enhance their customer-oriented strategies by focusing on personalized services, strengthening loyalty programs, and cultivating a customer-centric culture through employee training.

Keywords: *Customer orientation, Organizational performance, Customer focus, Relationship building, Customer-centric culture, & Star-rated hotels*

1.0 INTRODUCTION

Introduction and Background

The hospitality industry in Kenya played a pivotal role in the country's economy, particularly as a major contributor to tourism, employment, and national revenue (UNWTO, 2021; Gikandi & Wamitu, 2020). Star-rated hotels, regarded as higher-end establishments, faced intense competition in the market while striving to provide high-quality services to guests (Kandampully et al., 2015). As the industry evolved, customer expectations became increasingly demanding, and customer orientation emerged as a key strategy for star-rated hotels to maintain competitive advantage and ensure long-term sustainability (Liu et al., 2020; Gikandi & Wamitu, 2020).

Customer orientation, a central component of market orientation, referred to the degree to which organizations focused on delivering superior value to customers (Narver & Slater, 1990; Kohli & Jaworski, 1990). In the context of Kenya's star-rated hotels, customer orientation encompassed understanding guest preferences, gathering feedback, personalizing services, and building long-term relationships with guests (Mwaura & Ngugi, 2022). As customer needs evolved, driven by both local and international factors, hotels realized the need to adopt customer-oriented strategies to meet these demands (Liu et al., 2020; Kandampully et al., 2015).

The performance of star-rated hotels was closely tied to their ability to implement customer-oriented strategies. These strategies directly impacted customer satisfaction, loyalty, profitability, and overall market share (Liu et al., 2020; Mwakisha et al., 2020). Hotels that focused on customer orientation, such as offering personalized services and continuously responding to customer feedback, experienced higher customer satisfaction and overall performance (Mwaura & Ngugi, 2022). However, despite the critical importance of customer orientation, there was limited research on its direct impact on the performance of star-rated hotels in Kenya (Gikandi & Wamitu, 2020; Mwakisha et al., 2020).

This study sought to fill this gap by investigating the influence of customer orientation on the organizational performance of star-rated hotels in Kenya. Specifically, the research explored how customer-oriented practices—such as understanding customer preferences, implementing personalized services, and collecting customer feedback—could enhance hotel performance in Kenya's competitive hospitality market (Narver & Slater, 1990; Kohli & Jaworski, 1990). The study aimed to provide valuable insights into how adopting customer-oriented strategies could improve operational efficiency, customer satisfaction, and overall performance for hotels in Kenya.

Customer Orientation in the Kenyan Hospitality Sector

In Kenya, the adoption of customer orientation by star-rated hotels gained significant momentum as customer expectations evolved. The concept of customer orientation involved aligning hotel offerings with customer preferences and continuously adapting to changes in customer behavior (Narver & Slater, 1990; Liu et al., 2020). For star-rated hotels in Kenya, this meant focusing on personalized services, guest satisfaction surveys, loyalty programs, and tailored marketing approaches (Gikandi & Wamitu, 2020).

Hotels that prioritized customer orientation recognized the importance of engaging with guests throughout their entire stay, from booking to post-departure, to ensure that guest needs were consistently met (Kandampully et al., 2015). Personalized experiences, such as offering customized services based on guest preferences and responding promptly to requests, became key differentiators for these hotels in a competitive market (Liu et al., 2020).

Larger star-rated hotels, particularly in urban centers, had more resources to implement sophisticated customer orientation strategies, such as customer relationship management (CRM) systems and advanced feedback mechanisms (Gikandi & Wamitu, 2020). In contrast, smaller hotels, especially those in less developed areas, faced financial or logistical constraints that hindered their ability to fully adopt these practices (Mwakisha et al., 2020; Nyambura et al., 2021). Despite these challenges, smaller hotels increasingly adopted digital tools, such as

social media platforms, online booking systems, and mobile apps, to engage with customers and manage feedback in real time (Mwaura & Ngugi, 2022).

The Kenyan hospitality sector's success in implementing customer orientation was dependent on a strong organizational culture that prioritized guest satisfaction and a willingness to adapt to emerging customer needs (Kandampully et al., 2015). Furthermore, the diversity of guest profiles in Kenya required hotels to tailor their offerings to meet the expectations of both local and international visitors (Liu et al., 2020).

Research Problem

In Kenya, star-rated hotels have increasingly embraced customer-oriented practices, such as personalized services, customer feedback mechanisms, and loyalty programs, to enhance guest satisfaction, loyalty, and market competitiveness (Mwakisha et al., 2020; Gikandi & Wamitu, 2020). However, despite the growing recognition of the importance of customer orientation, there remained a gap in understanding how it directly affected the organizational performance of star-rated hotels in Kenya (Gikandi & Wamitu, 2020). While customer orientations are acknowledged as essential for improving customer satisfaction, studies on the relationship between customer orientation and hotel performance in Kenya were limited. This inadequacy in related research created a gap in the knowledge that was required for effective decision-making among hotel managers when adopting customer-centered practices to improve organizational performance (Kandampully et al., 2015).

Previous studies on customer orientation in the hospitality industry have yielded mixed results. Some studies, such as those by Liu et al. (2020) and Kandampully et al. (2015), suggested that a strong focus on customer orientation leads to improved customer satisfaction, loyalty, and financial performance. On the other hand, other studies point out that customer orientation does not always directly correlate with better performance, especially when hotel management practices or staffs training are not sufficiently aligned with customer needs (Mwaura & Ngugi, 2022). Despite the increasing importance of customer orientation, few studies have specifically addressed the relationship between customer orientation and the performance of star-rated hotels in Kenya. Given these knowledge gap in the literature, further investigation into the influence of customer orientation on the performance of star-rated hotels in Kenya was necessary.

Objective of the Study

The objective of the study was to investigate the influence of customer orientation on the organizational performance of star-rated hotels in Kenya.

Study Hypothesis

H₀: Customer orientation has no significant effect on the organizational performance of starrated hotels in Kenya.

H₁: Customer orientation has a significant effect on the organizational performance of starrated hotels in Kenya.

2.0 LITERATURE REVIEW

This section presents the theoretical review, which discusses key theories related to customer orientation and organizational performance, and the empirical review, which examines previous studies and research findings related to the study objective.

Theoretical Review

The theoretical review explores several theories that offer a framework for understanding how customer orientation influences organizational performance in the hospitality industry. These include the Market Orientation Theory, Relationship Marketing Theory, and the Service-Profit Chain Model.

Market Orientation Theory

The Market Orientation Theory, developed by Kohli and Jaworski (1990) and Narver and Slater (1990), posits that organizations that focus on understanding and responding to customer needs, competitor actions, and market trends are better positioned to achieve higher performance. This theory is based on three key components: customer orientation, competitor orientation, and interfunctional coordination. Customer orientation, in particular, is a core element, and it emphasizes a deep understanding of customers' needs and preferences, which guides the development of products and services that satisfy those needs (Narver & Slater, 1990).

In the context of star-rated hotels in Kenya, the Market Orientation Theory suggests that hotels that prioritize customer needs and feedback through personalized services, guest engagement, and proactive service delivery are likely to enhance customer satisfaction and retention, leading to improved overall organizational performance (Madhavaram & Hunt, 2008). Additionally, hotels that integrate market intelligence into their operations by continuously monitoring customer trends and behaviors can better position themselves to gain competitive advantage and sustain long-term growth (Kohli & Jaworski, 1990). However, challenges such as limited access to customer data and varying levels of customer feedback across regions may hinder the effective implementation of market orientation strategies in Kenya's diverse hotel industry (Karanja & Njiru, 2020).

Relationship Marketing Theory

The Relationship Marketing Theory, developed by Berry (1983), focuses on the long-term benefits of building strong, lasting relationships with customers. This theory suggests that organizations that invest in customer relationship management (CRM) and work to maintain ongoing interactions with their customers enjoy higher customer loyalty, increased repeat business, and positive word-of-mouth, which ultimately improve organizational performance. According to the theory, customer retention is more cost-effective than customer acquisition, as it leads to sustained revenue streams over time (Grönroos, 1994).

For star-rated hotels in Kenya, adopting relationship marketing strategies, such as loyalty programs, personalized services, and follow-up interactions post-stay, can create a loyal customer base, enhance guest experiences, and drive continuous business (Morgan & Hunt, 1994). Additionally, relationship marketing encourages hotels to create emotional connections with their customers, which can result in stronger customer loyalty and improved reputation.

However, challenges such as inconsistent service delivery and the lack of resources for developing comprehensive CRM systems in some Kenyan hotels could limit the full benefits of this theory (Berman & Evans, 2013).

Service-Profit Chain Model

The Service-Profit Chain Model, proposed by Heskett et al. (1994), connects the internal service quality within an organization with customer satisfaction, customer loyalty, and ultimately, organizational profitability. According to this model, if employees are satisfied and well-trained to meet customer needs, they will deliver better service, leading to increased customer satisfaction. In turn, satisfied customers are more likely to be loyal, which results in improved profitability for the organization.

In the context of the hospitality industry, the Service-Profit Chain suggests that star-rated hotels in Kenya can improve their organizational performance by focusing on employee satisfaction and customer service training, which directly impacts customer satisfaction and retention (Heskett et al., 1994). For example, hotels that invest in staff training programs to improve service quality are more likely to create positive guest experiences, leading to repeat visits and referrals. Additionally, implementing customer-centric strategies, such as personalized services and guest feedback systems, can directly improve customer satisfaction, which contributes to increased profits (Kim et al., 2011). However, limited resources for training and operational challenges in some hotels in Kenya may hinder the effective implementation of the Service-Profit Chain model (Otoo et al., 2019).

Interconnection between Theories

The Market Orientation Theory, Relationship Marketing Theory, and Service-Profit Chain Model collectively provide a comprehensive framework for understanding how customer orientation influences organizational performance. While the Market Orientation Theory focuses on understanding and responding to customer needs and market dynamics, the Relationship Marketing Theory emphasizes the importance of building long-term customer relationships. The Service-Profit Chain Model links internal service quality with customer satisfaction, demonstrating the interconnectedness between employee satisfaction, service quality, customer loyalty, and organizational profitability.

Together, these theories suggest that for star-rated hotels in Kenya to improve their organizational performance, they must not only focus on understanding and responding to customer needs but also prioritize building lasting relationships with customers and ensuring high levels of internal service quality. This multi-dimensional approach allows hotels to enhance customer satisfaction, drive loyalty, and ultimately improve their overall business outcomes (Day, 1994; Grönroos, 1994; Heskett et al., 1994). Moreover, applying these theories in the Kenyan context requires careful consideration of local market dynamics, customer behavior patterns, and operational challenges that may affect the implementation of customer-oriented strategies (Karanja & Njiru, 2020; Otoo et al., 2019).

Empirical Review

Numerous empirical studies have explored the impact of customer orientation on organizational performance in various industries, including the hospitality sector. This section reviews relevant studies to understand how customer orientation influences the performance of star-rated hotels, with a specific focus on Kenya. A comparative analysis between developed and developing regions is also included to provide a more nuanced understanding of the challenges and benefits faced by hotels in different contexts.

In their study, Liao et al. (2020) examined the relationship between customer orientation and hotel performance in China. The research found that hotels with a strong customer orientation, characterized by a focus on understanding and responding to customer needs, exhibited improved performance outcomes such as higher customer satisfaction, loyalty, and financial performance. This was particularly evident in hotels that utilized customer feedback mechanisms and personalized services. However, the study did not address external factors such as market saturation or the impact of digital transformations on customer preferences, which could affect the generalizability of the findings to other regions.

A similar study by Homburg et al. (2017) in the U.S. found that customer-oriented hotels performed better in terms of customer retention and brand loyalty. The study emphasized the importance of customer relationship management (CRM) strategies and the use of technology to tailor services to individual customer preferences. This, in turn, contributed to improved organizational performance. However, challenges such as high implementation costs of CRM systems and the need for continuous staff training were noted as potential barriers to achieving these outcomes.

In Europe, a study by Reimer and Kuehn (2015) analyzed the impact of customer orientation on hotel performance. The study concluded that customer-oriented hotels experienced better service quality, higher customer satisfaction, and improved market positioning. The research highlighted that customer orientation helped hotels differentiate themselves in competitive markets. However, it also pointed out the limitations of applying customer orientation strategies in markets with low customer engagement or limited access to customer data.

In Kenya, the influence of customer orientation on hotel performance has also been investigated. A study by Muriithi et al. (2018) focused on the role of customer orientation in enhancing the competitiveness of star-rated hotels in Kenya. The study found that customer-oriented hotels, which prioritized customer needs and personalized services, showed better performance in terms of customer satisfaction and loyalty. However, the research highlighted that the level of customer orientation was inconsistent across Kenyan hotels, with some hotels struggling due to limited resources, insufficient customer feedback systems, and inadequate training for staff. These factors hindered their ability to fully leverage customer orientation strategies.

In another study, Wanjiru et al. (2019) examined how customer orientation influenced the performance of hotels in Nairobi. They found that hotels that implemented customer-oriented strategies, such as personalized services and loyalty programs, experienced increased customer satisfaction and repeat business. The study also indicated that customer orientation helped hotels build stronger relationships with customers, leading to positive word-of-mouth and

referrals. However, it was also noted that many hotels in Kenya faced challenges in effectively implementing these strategies due to the high costs associated with developing personalized services and the lack of skilled staff to engage customers effectively.

Kwach and Ochieng (2019) explored customer orientation's role in improving service quality in Kenyan star-rated hotels. The study revealed that hotels with a high level of customer orientation achieved better customer service outcomes, which, in turn, positively affected their overall performance. The research emphasized the importance of training staff to deliver exceptional customer service and the use of customer feedback to refine service offerings. However, the study also noted that while customer orientation strategies were effective in larger, more established hotels, smaller hotels struggled to implement similar strategies due to financial constraints and lack of expertise in customer service management.

Comparative Insights between Developed and Developing Countries

Comparing studies from developed and developing regions offers valuable insights into the challenges faced by hotels in adopting customer orientation strategies. In developed countries, research by Narver and Slater (1990) and Kohli and Jaworski (1990) consistently shows that customer orientation leads to higher customer loyalty, better financial performance, and increased competitive advantage. These findings are supported by studies in the U.S., Europe, and other developed regions where hotels are more likely to have the resources to invest in customer service training, customer data management, and personalized services.

However, in developing countries like Kenya, the implementation of customer orientation strategies faces unique challenges. According to Wanjiru et al. (2019), hotels in Kenya often struggle with limited resources, inadequate staff training, and poor infrastructure for implementing customer-oriented strategies. The lack of consistent customer feedback mechanisms and access to data analytics tools further complicates efforts to tailor services to individual customer needs. While customer orientation is acknowledged as important, many Kenyan hotels face significant barriers to fully embracing these practices due to financial constraints and operational challenges. Additionally, cultural differences in customer expectations and preferences play a crucial role in shaping how customer orientation strategies are perceived and implemented in Kenya.

Gaps in the Literature

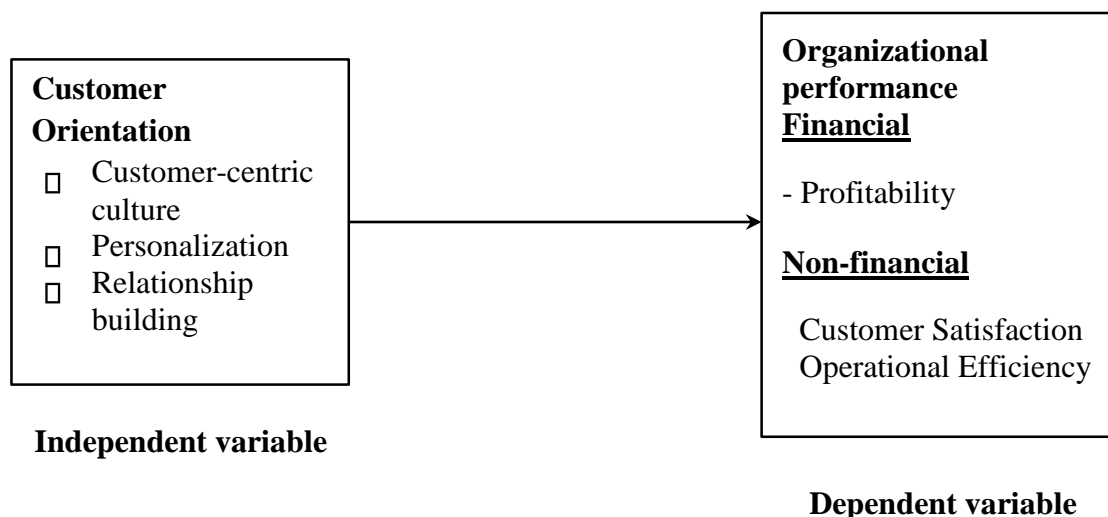
Despite the positive findings regarding customer orientation's influence on hotel performance, several gaps remain, particularly in the Kenyan context. First, while existing studies have shown a positive relationship between customer orientation and hotel performance, few studies explore the long-term effects of customer orientation on operational sustainability and profitability. The research often focuses on short-term benefits such as improved customer satisfaction and repeat visits, but there is limited empirical evidence on how these effects contribute to long-term competitive advantage or profitability in Kenyan hotels.

Additionally, there is a gap in understanding the challenges that hotels in Kenya face in maintaining a customer-oriented approach over time. Factors such as fluctuating economic conditions, limited access to customer data, and resistance to change among hotel staff are not always sufficiently explored in existing research. Furthermore, there is a lack of research that

compares customer orientation practices in Kenyan hotels with those in other developing regions, which could provide insights into best practices and strategies for overcoming common barriers to customer orientation adoption.

Conceptual Framework

A conceptual framework illustrates the relationships between the key variables of interest in a study. In this research, the independent variable is customer orientation, which refers to the degree to which a hotel adopts and integrates technological innovations into its operations. The dependent variable is organizational performance, which is measured by factors such as profitability, customer satisfaction, and operational efficiency. The study proposed that customer orientation positively influences organizational performance in star-rated hotels in Kenya. This framework helps to guide the research by identifying the key variables and their interactions, providing a basis for understanding how customer orientation can lead to improved performance outcomes in the Kenyan hotel industry.



3.0 METHODOLOGY

The research employed a positivist philosophy, which asserts that scientific knowledge is valid only when it is supported by observable and empirical evidence (Crossan, 2003). A quantitative research approach was adopted for this study to test hypotheses and examine the relationships between strategic orientations and organizational performance in the context of star-rated hotels in Kenya. According to Creswell (2008), quantitative research is ideal for studies that involve the collection and analysis of numerical data to describe, explain, and predict phenomena. The sample size of 171 managers was determined based on a power analysis, which ensured sufficient statistical power to detect meaningful relationships between the variables of interest (Cohen, 1988; Field, 2013). This approach was chosen to enhance the rigor and reliability of the study's conclusions.

The study focused on a population of 51 star-rated hotels in Kenya, comprising 4-star and 5star establishments, with a sample size of 171 managers drawn from various departments across the hotels. The selection of these hotels was based on regional representation, ensuring coverage of hotels from both urban and rural areas in Kenya. Additionally, only those hotels that had been operational for at least 3 years and held their star rating during that period were included to maintain consistency in the study's context. A cross-sectional survey design was employed, collecting data at a single point in time to allow for the analysis of the influence of customer orientation on organizational performance. The data was collected through structured questionnaires, which were administered to managers using a 5-point Likert scale to ensure consistency in responses. Data collected through the surveys was processed and analyzed using the Statistical Package for Social Sciences (SPSS) version 20.0. Descriptive statistics, including means, standard deviations, and frequencies, were used to summarize the data. Linear regression analysis was utilized to determine the impact of multiple strategic orientations on organizational performance.

The simple linear regression model used in this study was specified as follows:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where:

Y = Organizational performance; β_0 = the intercept; β_1 = The coefficients for customer orientation; X_1 = Values of the independent variable (Customer orientation) and ε = The error term.

4.0 FINDINGS

Descriptive Analysis Results

The respondents were requested to rate their level of agreement with statements provided inquiring on various aspects of customer orientation. The section covered statements covering the following indicators of customer orientation: Personalization, relationship building and a customer-centric culture. The results from the respondents are presented in Table 1.

Table 1: Descriptive Results for Customer Orientation

	<u>M</u>	<u>STD</u>
Personalization		
The hotel provides training and resources to help staff understand guests' individual preferences and needs	3.2	1.16
The hotel encourages the staff to build rapport with guests to better understand their individual needs	3.7	0.93
The hotel recognizes and rewards employees who excel in delivering personalized service to guests	3.3	1.19
Aggregate score for Personalization	2.8	1.19
Relationship building		

The hotel encourages the staff to build strong relationships with guests during their stay.	3.2	1.15
The hotel values and recognizes employees who excel in building rapport and fostering guest loyalty.	3.3	1.17
The hotel's culture emphasizes the importance of building long-term relationships with guests to drive loyalty and repeat business.	3.2	1.20
Aggregate score for Relationship building	3.0	1.30
A customer-centric culture		
The hotel prioritizes customer satisfaction above all else.	3.5	1.07
The hotel encourages employees to always consider the impact of their actions on the guest experience.	3.1	1.24
The hotel values feedback from guests and encourages employees to use it to improve the customer experience.	3.0	1.18
Aggregate score for A customer-centric culture	3.2	1.28
Aggregate score for Customer Orientation	3.0	1.26

Key: M = Mean; STD = Standard Deviation

Source: Research Data (2025)

Regarding the personalization aspect of customer orientation, the respondents agreed to a moderate extent that the hotel provides training and resources to help staff understand guests' individual preferences and needs (Mean = 3.2; Standard Deviation = 1.16). There was stronger agreement that the hotel encourages staff to build rapport with guests to better understand their individual needs (Mean = 3.7; Standard Deviation = 0.93). Additionally, respondents agreed to a moderate extent that the hotel recognizes and rewards employees who excel in delivering personalized service to guests (Mean = 3.3; Standard Deviation = 1.19).

The findings on personalization aspects reveal a mixed yet generally positive perspective from respondents. The moderate agreement that the hotel provides training and resources for staff to understand individual guest preferences indicates a foundational effort in personalized service (Solomon et al., 1985). This is consistent with the importance of training in enhancing staff capability to deliver personalized experiences, as emphasized in hospitality management literature (Heung & Kucukusta, 2010). The stronger agreement regarding the encouragement of staff to build rapport with guests aligns with studies that highlight rapport-building as a critical element in personalizing guest interactions and fostering satisfaction (Sweeney & Soutar, 2001). The recognition and reward system for employees excelling in personalized service also support the findings from research that suggests reward mechanisms can enhance service delivery quality and motivate staff (Morrison, 2006).

Regarding relationship building, respondents indicated a moderate level of agreement that the hotel encourages staff to build strong relationships with guests during their stay (Mean = 3.2; Standard Deviation = 1.15). They also perceived that the hotel values and recognizes employees who excel in building rapport and fostering guest loyalty (Mean = 3.3; Standard Deviation =

1.17). Furthermore, respondents agreed that the hotel's culture emphasizes the importance of building long-term relationships with guests to drive loyalty and repeat business (Mean = 3.2; Standard Deviation = 1.20).

The moderate level of agreement on relationship building aspects indicates that while the hotel encourages staff to foster strong guest relationships, there is room for improvement. Building rapport and fostering loyalty are key drivers of repeat business and guest retention (Patterson & Smith, 2001). The perception that the hotel values and recognizes employees for their efforts in relationship building suggests an acknowledgment of the importance of longterm guest relationships, which is supported by the literature on customer loyalty and retention strategies (Dick & Basu, 1994). However, the moderate scores across these areas suggest that while the hotel emphasizes relationship building, enhancing these efforts could further strengthen guest loyalty and satisfaction (Parasuraman et al., 1988).

In terms of a customer-centric culture, respondents agreed that the hotel prioritizes customer satisfaction above all else, with a mean score of 3.5 and a standard deviation of 1.07. They also agreed to a moderate extent that the hotel encourages employees to always consider the impact of their actions on the guest experience (Mean = 3.1; Standard Deviation = 1.24). Additionally, respondents agreed that the hotel values feedback from guests and encourages employees to use it to improve the customer experience (Mean = 3.0; Standard Deviation = 1.18).

Respondents' agreement that the hotel prioritizes customer satisfaction reflects a strong customer-centric culture, which is crucial for achieving high levels of guest satisfaction and loyalty (Berry et al., 1988). The moderate extent to which the hotel encourages employees to consider the impact of their actions on the guest experience aligns with the literature that highlights the importance of aligning employee behavior with customer-centric values (Heskett et al., 1994). The value placed on guest feedback and its use for improving the customer experience supports research suggesting that feedback mechanisms are essential for continuous improvement and service excellence (Boulding et al., 1993).

Regression Analysis Results

The hypothesis stated in the null form is as follows:

H₀: There is no significant relationship between customer orientation and the performance of star-rated hotels in Kenya.

To test this hypothesis, a simple regression model was employed, with customer orientation as the independent variable and the performance of star-rated hotels as the dependent variable. The aim was to determine whether customer orientation has a statistically significant impact on hotel performance in Kenya. This hypothesis was tested by regressing customer orientation and performances of star rated hotels guided by the equation:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where X represented customer orientation and Y denoted performances of star rated hotels. The results of the regression are presented in Tables 2, 3, 4. As presented in Table 2, the coefficient of determination R-Square is 0.188; the adjusted R squared is 0.182. The model indicates that customer orientation explains 18.2% of the variation in performance of star rated hotels in Kenya.

Table 2: Model Summary

Model	R	Adjusted R Square	Std. Error of the Estimate	Durbin Watson
1	.433 ^a	.188	8.47218	1.744

a. Predictors: (Constant), Customer orientation

Source: Research Data (2025)

This means 18.2% of the performances of star rated hotels are influenced by Customer orientation. This implies that there exists a positive significant relationship between customer orientation and performance of star rated hotels in Kenya. Table 3 shows the ANOVA for customer orientation.

Table 3: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2340.895	1	2340.895	32.613	.000 ^b
	Residual	10120.664	141	71.778		
	Total	12461.559	142			

a. dependent variable: Performances of star rated hotels

b. Predictors: (Constant), Customer orientation

Source: Research Data (2025)

The F-Calculated (1, 141) = 32.613 which is greater than F-Critical (1, 141) = 3.96 at 95% confidence level. The findings further confirm that the regression model of organizational performance on customer orientation is significant and supported by F= 32.613, p = 0.000 < 0.05. Table 4 shows the coefficient for customer orientation.

Table 4: Coefficients Unstandardized Standardized Coefficients Coefficients

Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	45.287	2.210		20.494	.000
	Customer orientation	.782	.137	-.433	-5.711	.000

a. Dependent Variable: Performances of star rated hotels **Source:**
Research Data (2025)

Based on the findings the following equation was derived:

$$Per = 45.28 + 0.782CO$$

Where Per = Performances of star rated hotels, CO = Customer orientation

The findings presented in Table 4 indicate that, when customer orientation is held constant, the performance of star-rated hotels in Kenya is 45.287 units. Each unit increase in customer orientation leads to a 0.782 unit increase in hotel performance, with this effect being statistically significant ($p\text{-value} = 0.000$). This finding leads to the rejection of the null hypothesis and supports the alternative hypothesis that customer orientation positively affects the performance of star-rated hotels in Kenya.

The observed positive relationship between customer orientation and hotel performance aligns with several studies and theoretical perspectives on customer orientation. Kim and Atuahene-Gima (2020) suggest that while the effect of customer orientation on performance might appear short-term, particularly if companies focus solely on existing consumer needs, it is essential to recognize that in a dynamic market environment, customer orientation can lead to significant long-term growth. They argue that while exclusively responding to articulated consumer needs might limit opportunities for new insights, maintaining a strong customer focus is crucial for sustaining performance in a competitive market.

In the UK, Appiah-Adu and Singh (2021) found a positive impact of customer orientation on SME performance, including measures like new product success and return on investment (ROI). Their research highlights that customer orientation, coupled with factors like innovation orientation and market dynamism, positively affects SME performance. This finding supports the idea that customer orientation is beneficial for performance, though its effects can vary depending on other contextual factors.

In Kenya, Arasa and K'Obonyo (2019) report that customer orientation enhances organizational performance by providing direction and control, which improves coordination and control of activities. Mokhtar (2020) similarly notes that customer focus is critical for achieving sustainable performance. Owiti (2020) emphasizes that satisfied customers not only enhance competitiveness but also contribute to profitability through referrals and increased customer numbers.

The results from the Kenyan hotel industry corroborate the findings from both global and local studies, reinforcing the significant impact of customer orientation on performance. By focusing on customer needs and preferences, hotels can enhance their performance and competitiveness. This alignment with existing literature supports the conclusion that customer orientation is a critical factor for improving hotel performance and achieving longterm success in the industry.

5.0 CONCLUSIONS

The study concludes that customer orientation significantly influences the organizational performance of star-rated hotels in Kenya. The findings indicate that hotels that prioritize customer orientation through personalization, relationship building, and fostering a customercentric culture experience improved customer satisfaction, loyalty, and overall business performance. Statistical evidence supports the positive impact of customer-oriented strategies, showing a clear correlation between a strong focus on customers and enhanced hotel operations. Personalization, by tailoring services to individual guest preferences, leads to a more satisfying experience and strengthens customer loyalty. Relationship building, through continuous engagement with guests, ensures that hotels maintain long-term connections, which

contribute to repeat visits and positive word-of-mouth. Additionally, a customer-centric culture across all levels of the organization enables hotels to consistently meet and exceed guest expectations, driving their competitive advantage in the dynamic hospitality industry. Overall, the study underscores the importance of customer orientation as a key factor in the success and sustainability of star-rated hotels in Kenya.

6.0 RECOMMENDATIONS

Based on the findings of this study, it is recommended that star-rated hotels in Kenya adopt a comprehensive approach to customer orientation by focusing on three key areas: personalization, relationship building, and fostering a customer-centric culture. To enhance personalization, hotels should prioritize gathering and utilizing guest data to tailor services to individual preferences. This can include customizing room settings, providing personalized offers, and leveraging technology to offer a more personalized experience, such as mobile apps or CRM systems. Personalization not only improves the guest experience but also helps in building a loyal customer base that feels valued and understood.

For relationship building, hotels should implement strategies that encourage long-term engagement with their guests. Establishing loyalty programs, sending follow-up communications, and offering personalized rewards for repeat visits are key ways to nurture relationships. Engaging with guests' post-stay, through surveys, personalized offers, or thankyou notes, reinforces the connection and encourages guests to return. Building these ongoing relationships can significantly impact customer retention and brand advocacy. Lastly, to foster a customer-centric culture, hotel management should instill a mindset of service excellence throughout the organization. This involves continuous training of staff to ensure they understand the importance of anticipating guest needs, providing prompt solutions, and offering exceptional service at every touch point. A customer-centric culture should be evident in every aspect of hotel operations, from the front desk to housekeeping, with a focus on creating positive, lasting impressions with every guest interaction.

By integrating these strategies into their operations, star-rated hotels in Kenya will not only improve their organizational performance but also strengthen their competitive edge. A customer-oriented approach will lead to enhanced guest satisfaction, increased loyalty, and a reputation for providing exceptional experiences in an increasingly competitive hospitality market.

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