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Effect of Revenue Enhancement Measures on Financial Performance of Selected Hotels in Eldoret Town, Kenya

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Abstract:
Financial performance of hotels is as important and critical to the overall thriving of the firms in the industry. Failure to meet the required level of revenues by the hotels in terms of incomes earned, profitability and returns on investment may jeopardize the running of the hotel activities. This may lead to the collapse or closure of the hotels. The purpose of the study was to establish the effect of revenue enhancement measures on the financial performance of selected hotels in Eldoret Town, Kenya. The study looked at the effect of cost management measures, payment option measures, revenue automation measures and internal control measures on the financial performance of selected hotels. The study adopted transaction cost theory, the state theory of money, rational expectations theory of technology adoption and Control theory of performance management system. This study used a descriptive survey research design. The target population was 70 employees comprising of managers, accountants and cashiers from 10 selected hotels in Eldoret town. The study used a census survey. A pilot study was conducted to test for the validity and reliability of the research instruments. Content validity was used as a validity test while reliability was tested using Cronbach's alpha coefficient. Descriptive statistics including mean, percentages and frequencies were used while inferential statistics that are multiple regression model and product-moment correlation were used to make inferences of the population using data drawn from the population. The study results revealed that there was a significant relationship between cost management measures and financial performance of selected hotels (β=0.170, $p \le 0.05$); there was a significant relationship between payment option measures and financial performance of selected hotels (β=0.263, $p \le 0.05$); there was a significant relationship between revenue automation measures and financial performance of selected hotels (β=0.231, $p \le 0.05$) and that there was a significant relationship between internal control measures and financial performance of selected hotels (β=0.213, $p \le 0.05$). The study concluded that cost management measures, payment option measures, revenue automation measures, and internal control measures have a significant effect on the financial performance of selected hotels in Eldoret town. This study recommended that hotel managers should institute cost budgeting in their respective hotels. The hotels should develop more robust systems that minimize the risk of losing money. The study also recommended that the hotels' industry introduce an intuitive comparison system and that in order to provide appropriate access to information and systems and to prevent unauthorized access, safeguards based on business and legal requirements must be identified and applied.

Keywords: *Revenue enhancement, cost management, revenue automation, payment options, internal controls, financial performance*

1. Introduction

1.1. Background of the Study

The hotel industry has been the cash cow to the Kenyan economy. It has specifically, the hotel industry in Kenya contracted by 45% in 2013 compared to loan expansion of 2.6 percent in 2012. The Kenya Economic Report (2013) reports that the industry strives to attain and retain leadership amid the rest of industries operating in the country through continuous improvement of its internal and external processes and thorough alignment of its strategic decisions to those of the environment in which it operates. The hotel sector plays a critical role but despite that, the industry faces tough times ahead (Sainaghi, Phillips & Corti, 2013). World Travel and Tourism Council (2012) argues that the sector of tourism and travel accounts for 0.09 global, national income.

It is projected that by 2022 the tourism in the world sector will increase by 4% of global GDP and over 328 million jobs thereby ejecting about US$ 20 trillion in the world economy. Hotels are expected to contribute the most significant share of employment opportunities as a result of new ventures. The National Tourism Strategy (2013) argues that the number of rooms a hotel has determined its performance. Kenya is rated as the second country with the greatest number of hotel rooms after South Africa (National Tourism Strategy, 2013). In 2013 tourism generated Kshs. 102, 150, 000, 000 which represented an increase from that realized in the previous year (Kenya Economic Report, 2013).

Hotel industry experience high competition which is largely explained by many firms that are striving to offer specialized services (Mwihaki, 2017). Despite superior quality services and facilities in the Kenyan hotels, competition over market share in the industry has become extremely high (Ayele, 2012). Furthermore, the business environment in the sector has become so complex to manage due to the demands of the dynamic business environment. Therefore, hotels and restaurants are resorting to drivers of revenue management performance to qualify for international recognition, certification, and star-classification (Kiragu, 2016).

Revenue Enhancement (RE) has been identified as one of the several functional areas of management and it is seen as the center to the success of any business (Tian, 2014). Xi (2015) argue that RE is a system of management concepts and methods, combined with scientific prediction and information technology, market segmentation, pricing, and other methods, sold products to different types of customers at different prices timely, in order to maximize hotel revenue. Revenue enhancement is said to be the process of allocating the right type of capacity to the right kind of customer at the right price so at maximizing revenue or yield in any organization (Guillet & Mohammed, 2015). In addition, the expectations of customer sand preferences increase from time to time.

The ability of RE on impacting hotel performance becomes more important and hotel RE attracts more attention from hotel owners and managers. Inefficient revenue enhancement, combined with the uncertainty of the business environment often leads business enterprises to serious problems (Lakew & Rao, 2014). Kwame (2010) states that poor revenue enhancement may cause business enterprises failure. Regardless of whether it is an owner-manager or hired-manager, if the financial decisions are wrong, the profitability of the company was adversely affected. Consequently, a business organization's profitability could be damaged because of inefficient revenue. Revenue enhancement measure helps business enterprises especially hotels set goals to achieve measured, sustainable growth, and achieve those goals every step of the way without hidden costs.

According to Lakew and Rao (2014), enterprises have often failed due to a lack of knowledge of efficient revenue enhancement. Moreover, the uncertainty of the business environment causes enterprises to rely excessively on equity and maintain high liquidity which affects the general performance of the firm. Paramasivan and Subramanian (2009) argued that revenue enhancement helps to improve the profitability position of organizations with the help of strong financial control devices.

While the hotel managers always feel more optimistic about RE implementation, the psychological perception of RE measures improvement perhaps proves different from the actual financial result (Jauncey, Mitchell & Slamet, 2015). Moreover, hotel RE is an effective means to improve the hotel economic benefits, and the hotel RE performance measurement must be based on the financial data (Ivanov & Zhechev, 2012). Revenue enhancement is recognized as the art and science of constantly and closely monitoring consumer market conditions, such as shifts in level of demand or changes in consumer preferences, and responding appropriately by applying various product bundling, packaging, pricing, capacity allocation, forecasting, and market distribution channel strategies and tactics (Lee, Guillet & Law, 2013).

Hotels should put in place an effective and efficient financial performance system in monitoring framework that ensures adequate supervision of the budgeted programs and projected activities to enhance accountability and absorption of resources (Amin, 2013). For any hotel to match in performance with the growth and expectations of its clients, it needs to increase its fiscal depth without incurring costly recurring overheads (Gidisu, 2012). Automated systems have been proven to be capable of introducing massive efficiencies to business processes that can result in increased financial performances (Zhou & Madhikeni, 2013).

Companies use revenue management as a cost measure. The success of this cost can be measured in terms of balanced supply and demand and increase profits (Hormby & Morrison, 2016). Competition in the hotel sector is set to go a notch higher as international brands set up shop in Kenya in their bid to get a share of the middle to high-income earners market segment (Johanna, 2010). Several other global brands have set up bases in the country in the past few years (Waudo, 2012). The hotel industry alone is a multi-billion dollar and growing enterprise. The emerging positive trend in the tourism industry indicates that the hotel industry is like a reservoir from where foreign exchange flows (Ministry of Tourism- Kenya, 2012). According to Kenya Space (2008), there are over 500 hotels licensed to operate in international standards. Despite high competition in the hotel industry, high quality and good facilities of Kenyan hotels, competition for resources and market share in the hotel industry Kenya are becoming extremely high competitive (KTB, 2010).

Revenue enhancement as a measure of performance plays an important role in planning and decision- making and makes the link between hotel performance and revenue enhancement (Tian, 2014). Due to limitations on revenue enhancement measures, the impact on financial performance and increasing competition in the hotel industry, hotels have been forced to look into their current performance measurement (Waithaka, 2012). This is more focused on financial aspects, to a more balanced measurement which has both financial and non-financial dimensions. In the current dynamic environment, it is becoming ever more challenging for hospitality organizations to actively manage and maintain their performance and competitive advantage (Mohammed, 2015). Within the hospitality industry, Cohen and Olsen (2013) argue that revenue enhancement and financial performance facet is used to improve hotel revenues and as a result improved financial performance.

1.2. Statement of the Problem

The financial performance of hotels is as important and critical to the overall thriving of the firms in the industry. Financial performance of the hotels is indicated by the level of revenues earned, profits earned, return on investments and level of sales. A good financial performance leads to the growth of hotel capital base, growth in profit and meeting its obligation in time. However, some hotels have failed to meet the required level of financial performance in terms of revenue earned, profitability and returns on investment which jeopardize their activities. This may lead to the collapse or closure of the hotels (Akinyi, 2014). With poor financial performance and failure to solve the problem, hotels end up losing customers, high employee turnover, poor economic performance, poor market and closure of a business. Njagi (2016) did a study on the effects of revenue management measures and the performance of hotels in Kenya and recommend that all hotels should have a revenue management policy. Marane & Omer (2013) did research on evaluation of hotel performance based on financial management, marketing, and operations, and management measures issues and proposed to the hotel management to enhance its strengths and minimize the effects of its weaknesses to be able to capture the business opportunities and avoid environmental threats. Hence, by adopting the right strategies, the hotel has great potential to enhance its performance and decrease its future cost of sales performance. According to Maingi (2012), most empirical evidence has come from developed economies such as the United States of America and therefore there seems to be a lack of sufficient evidence from less developed countries like Kenya. Therefore this study was undertaken to determine the effect of revenue enhancement as a measure of the financial performance of selected hotels to bridge this gap.

1.3. Objectives of the Study

- To determine the effect of cost management measures on the financial performance of selected hotels in Eldoret Town.
- To establish the effect of payment option measures on the financial performance of selected hotels in Eldoret Town. iii. To investigate the effect of revenue automation measures on the financial performance of selected hotels in Eldoret Town.
- To assess the effect of internal control measures on the financial performance of selected hotels in Eldoret Town.

1.4. Hypotheses of the Study

The study was guided by the following hypotheses: -

- H01: Cost management measures have no effect on the financial performance of selected hotels in Eldoret Town, Uasin Gishu County.
- H02: Payment option measures have no effect on the financial performance of selected hotels in Eldoret Town, Uasin Gishu County.
- H03: Revenue automation measures have no effect on the financial performance of selected hotels in Eldoret Town, Uasin Gishu County.
- H04: Internal control measures have no effect on the financial performance of selected hotels in Eldoret Town, Uasin Gishu County.

2. Theoretical Review

This section presents a theoretical review of the study. The sectional discusses the Transaction Cost Theory, Rational Expectations Theory, State of Money Theory and Control Theory.

2.1. Transaction Cost Theory

The transaction cost theory was developed by Anderlini and Felli in 2006. The theory argues that prior contractual commitments made by a firm can limit its ability to differentiate or change its governance arrangements in the future condition. It suggests that diversification is an alternative contractual method by which a firm can exploit its resources. The theory assumes that when a firm moves into a market with only a weak connection to its primary line of business, it often lacks the know-how and managerial resources to prevail against the competition in this new industry (Silverman, 2009). The TCT view assumes that value creation can be obtained through the reduction of transaction cost inefficiencies (Foss, 2003). The focus of transaction cost theory lies in the argument that in order to keep the contract could go well then it needs costs. The theory is applicable to this study because transaction cost is a key component of financial performance.

2.2. State Theory of Money

The state theory of money was developed by Knapp in 1926. The theory argues that money's value derives from its issuance by an institutional form of government rather than spontaneously through relations of exchange. The key assumptions in the state theory of money are that the velocity of circulation and volume of transactions is constant in the short term. Together with the evolution of technology, Smartphone usage is also growing, particularly for near field communication-enabled (NFC) devices (NFC is a short-range, standards-based wireless connectivity technology) (Tavilla, 2012). The convenience associated with using smart phones could be a strong motivator for using new technology. There is a clear tendency of awareness and interest in mobile contactless payments among Smartphone users. Many consumers are adopting a new payment system for those actively using mobile banking; they would be more willing to use mobile phones for other types of payment services (Tavilla, 2012).

This theory is relevant to this study as the type of payment is extremely convenient, as it takes very little time to complete and removes the inconvenience. Payment options where technology is further used to track and widen opportunities for customers; it combines existing payment options with mobile and other technology which increases the effectiveness of payments by lowering transaction costs compared to traditional payment methods thereby increasing revenue enhancement in the hotel. The critique of the state of money theory is that the models employ the chart list view of modern, endogenous money to help clarify policy issues relating to the dynamics of government debt (Wray, 2004). The theory is applicable to this study because payment options measures are a key component of financial performance.

2.2.1. Rational Expectations Theory

The rational expectations theory of technology adoption was developed by Davis in 1989. The theory states that maximizing the adoption of technology requires an understanding of the motivations of different groups of users and tailoring the deployment messages and materials to address their perspectives. This theory assumes that much of the technology adoption decision depends on a firm's expectations about the benefits and costs of the technology. Revenue automation systems including automation audits are intended primarily to enhance the reliability of financial performance, either directly or indirectly by increasing accountability among information providers in an organization (Jensen, 2003). Therefore, this theory helps to explain how the revenue should be enhanced by bringing together all activities of revenue automation systems including internal audits to enhance the reliability of financial performance. The critique of this theory is that it assumes that decision makers are able to utilize all available decision-relevant information efficiently and can learn the true value of a prospective investment over time which is not true. The theory is applicable to this study because automation is a key component of financial performance.

2.2.2. Control Theory

The control theory of the performance management system was developed by Dwivedi and Giri in 2016. Control theory of performance management system is a continuous process of identifying, measuring and developing performance in organizations. It is achieved by linking each individual's performance and objectives to the organization's overall mission and goals (Aguinis, 2011).

Business enterprises have often failed due to a lack of knowledge of efficient revenue enhancement. The critique of this theory is that it sounds too mechanical and fails to contemplate that humans are not mechanical objects (Locke, 1991). Control theory sounds more mechanical in terms of human behavior and performance. The theory is applicable to this study because internal controls are a key component of financial performance.

2.3. Empirical Review

Sevim (2014) did a study on cost management measures in the hospitality industry in Turkey. The study was conducted through field and library studies. These cost management measures include three main parts, the first one is about using traditional techniques and the second one is about using contemporary cost management techniques. The third part of the form includes statements about the efficiency of contemporary techniques on some managerial issues. Hotels are familiar with modern cost management techniques. One can argue that modern techniques are not well known or welcomed by hotel managers.

Unegbu (2015) conducted research on service cost management in the hospitality industry Nigeria. Both library studies and Questionnaires were employed in collecting data. SPSS software ANOVA and Parameter Analyses we employed in data analysis. The research showed that while some internal control gaps are critically significant, many others are not significant currently to attract material concerns in service cost management. This research contributes to a new aspect of hospitality management concept and it comes with the new concept of service cost management and makes apparent new critical internal control factors that demand significant hospitality management attentions. The researcher would have expounded on the reasons behind the non-reporting of noticeable cost control gaps by the Middle level.

Mutya (2018) did a study on the effects of cost control as a fundamental tool towards organization performance in Uganda. Both qualitative and quantitative research design methods were used. Data were analyzed using the Scientific Package of Social Sciences (SPSS). The finding of the study is that cost control is consistently applied in the company, it aids in the decision-making process of the management, helps in achieving greater profits, helps in the elimination of unprofitable products, and also strengthens the relationship between cost control and profitability. The researcher would have found out more in the area of accountability accounting to bridge the gap in cost control, stock valuation, and budgetary control.

Kimes and Collier (2014) studied customer-facing payment technology in the restaurant industry in the USA. A survey via questionnaires was conducted to collect data. The researcher used SPSS (Statistical Package for Social Science) to analyze the collected data. The findings of the studies showed that customers prefer to have the post-process be as fast as possible in casual and upscale restaurants.

Carlsson (2014) conducted a study of mobile payment options for the hospitality industry in Finland. The study adopted a web-based questionnaire. The findings showed that there are only two major hotel chains that offer a limited mobile reservation service. Clients can check room availability, make reservations, extend stays or change their room preferences via phones. The wireless solution offered by Accor Hotels presents users with a possibility to browse the worldwide directory of Accor Hotels, to obtain hotel-specific information, to check availability and to make a reservation by placing a phone call. The researcher would have found out the reason why fewer travelers have adapted the mobile payment.

Ivanov (2017) did a study on the adoption of robots and service automation by tourism and hospitality companies in the USA. Findings showed that the potential adoption of service automation and robots by travel, tourism and hospitality companies may not materialize in the next 5-10 years, the advances in robotics and Artificial intelligence, increased robot capabilities coupled with decreased purchase and maintenance costs will make robots a viable alternative to human employees in travel, tourism and hospitality companies.

Koutroumanis (2011) carried out a study on technology's effect on hotels and restaurants building a strategic competitive advantage in North America. The manuscript analyzed the strategic analysis methodology for evaluation. The finding was that technology has played and will continue to play a key strategic role in the growth and progression of the hospitality industry. Technological advances initially developed to aid in the efficiency of operation and reduction in labor, food and other operational costs have ultimately aided these organizations in the attainment of the ultimate goal, customer satisfaction, and repeat business. The researcher would have gone further to find out how automation will help solve other factors that might affect the financial performance of the hospitality industry.

Cobanoglu (2011) did a study on the impact of technology amenities on hotel guests' overall satisfaction in the USA. The study used simple random sampling to collect data. Multiple regression analysis was applied in analyzing the data. The findings indicate that technology amenities can significantly impact a hotel guest's overall satisfaction and since satisfaction is a direct determinant of future behavior, the variety and the type of technology amenities were considered as vital factors in guesthotel selection and return visit intention.

Stringam and Gerdes (2017) conducted a study on the automation of service in the hotel industry in the USA. Findings indicate that artificial intelligence is allowing hotels to learn and predict guest preferences and to deliver a more personal experience. Labor savings from technology is resulting in redeployment of employees to other tasks with the emphasis on improvements in guest service. Critique of the study is that the researcher did not expound on how automation could benefit from the financial performance of the hotel industry.

Yemer (2016) conducted a study on the effect of the internal controls system on hotel revenue in Ethiopia. A quantitative research approach and explanatory research design were used in data collection. Binary logistic regression is one of multivariable statistical analysis which was used in the study to analyze data. The finding of the study was that not all internal control components have a positive significant effect on increasing hotels revenue.

Ama (2011) did an assessment of the internal control system on the image of the hospitality industries in Ghana. The study used questionnaires in the collection of data. The questionnaires were distributed randomly to the employees. Data were analyzed using simple frequency tabulation using excel. Findings showed clearly that there was no certainty that the organization has an up to date accounting policies and procedures manual.

Eke (2018) did a study on the internal control and financial performance of hospitality organizations in Nigeria. The survey research design was adopted for this study. Data analysis was carried out using descriptive statistics of percentages, means, and standard deviations. Linear regression and correlation analysis were used in testing the hypotheses postulated. Findings were that internal controls to a significant extent influence the financial performance of hospitality organizations. Moreover, concluded that the control environment affects total revenue as such influences the financial performance of a hospitality organization that may spell doom for an organization.

Kamau (2014) did a study on the effect of internal controls on the financial performance of the hotel industry in Kenya. The study used a hypothesis-testing research design. The statistical regression analysis was used to analyze data. The findings revealed that most manufacturing firms had a controlled environment as one of the functionalities of internal controls of the organization that greatly impacts on the financial performance of the firms. It was also established that the management had put in place mechanisms for mitigation of critical risks that may result from fraud.

Ejoh and Ejom (2014) conduct a study on the impact of internal control activities on the financial performance of hospitality institutions in Nigeria. The method of analysis employed was survey design while the stratified sampling procedure was adopted in administering the questionnaires. The data were analyzed using simple percentages, tables, correlation coefficient, and z-scores. Findings revealed that there was a regular review of financial transactions by management, strict adherence to budget provisions, and adequate segregation of duties, but that staff is not adequately trained to implement the accounting and financial system.

2.4. Conceptual Framework

The conceptual framework indicates that cost management measures, payment options, revenue automation systems, internal controls constitute the independent variables. On the other hand, financial performance is the dependent variable.

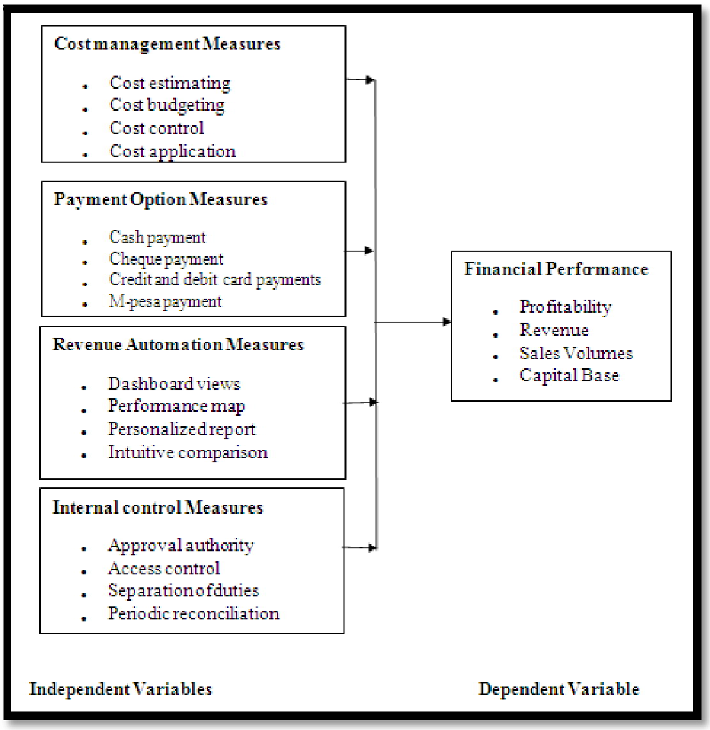

Figure 1;Conceptual Framework

The study is guided by the assumption that both cost management measures, payment option measures, revenue automation measures, internal control measures influence financial performance in selected hotels in Eldoret town, Kenya. The relationship between independent variables and the dependent variable is very important.

2.5. Research Gaps

Studies have been done with regard to the financial performance of hotel industries. Eke (2018) did a study on the internal control and financial performance of hospitality organizations in Nigeria. Ejoh & Ejom (2014) conduct a study on the impact of internal control activities on the financial performance of hospitality institutions in Nigeria. The above studies on the financial performance of hotel industries did not focus on revenue enhancement measures on the financial performance of hotel industries. Ivanov (2017) did a study on the adoption of robots and service automation by tourism and hospitality companies in the USA. Kamau (2014) did a study on the effect of internal controls on the financial performance of manufacturing firms in Kenya. Yuan (2014) studied hotel management's financial competencies with a focus on revenue and cost management in China. It is evident that the studies reviewed did not address revenue enhancement measures on the financial performance of hotel industries. To bridge this gap, this study determined the effect of revenue enhancement measures on the financial performance of selected hotels in Eldoret town, Kenya.

3. Research Methodology

The study adopted a descriptive survey research design. This design was considered appropriate for the type of objective of this study as it enabled the researcher to describe as they exist without manipulation of variables which is the aim of the study. The accessible population for this study was managers, accountants and the cashiers from all the 10 selected hotels in Eldoret town. Since the population is small (70) census was used to collect information from the entire population.

The data collection instrument was mainly a questionnaire that was carefully designed to cover relevant headings or themes of the study.

A pilot study was carried out to test the validly and reliability of research questionnaires. It involves 10% of the sample population hence 7 questionnaires were used in the pilot study.

Content validity of the instrument was ascertained through peer review and scrutiny by research experts, comprising of my supervisor, to ensure that the content in the questionnaire was appropriate and relevant to the study.

Cranach's alpha coefficient was computed to determine how items will correlate among themselves. Data collected was first cleaned, classified and coded to facilitate analysis. Secondly, data solicited was analyzed using inferential and descriptive statistics. Analysis of data was done with the help of SPSS (Version 23.0). The study mainly collected quantitative data and therefore quantitative analysis was adopted to achieve the objectives of the study. Descriptive (frequencies, percentages, mean and standard deviation), as well as inferential statistics (regression model), were adopted to analyze the data. The regression model was used to establish the significant difference between revenue enhancement measures on the financial performance of the hotel industry. Data was presented using mainly tables.

Inferential statistics was done through a regression model.

$Y = \alpha + \beta 1X1+ \beta 2X2+ \beta 3X3+ \beta 4X4+\varepsilon$

Y = Represents the dependent variable (Financial Performance)

α- the constant of equation (represents the changes that cannot be explained by independent variables in the model) $\beta1$, $\beta2$, $\beta3$, and $\beta4$ are the coefficients of independent variables
X1 Represents Cost management measures X2 Represents payment options
X3 Represents Revenue automation systems
X4 Represents internal controls ε - error term
The measures of the financial performance of hotels were profitability, revenue, sales volumes, and capital base. The study measured the financial performance of hotels using a Likert scale (1 to 5). Performance can be measured on a Likert scale (Mummel, 2010).

4. Research Findings and Discussion

4.1. Response Rate

The study targeted managers, accountants and the cashiers from all the 10 selected hotels in Eldoret town. The study sampled 70 respondents and managed to collect data from 65 respondents. This represented a 92.9 percent response rate. This was affirmed by Field (2013) who noted that a response rate of more than 75% is appropriate for data analysis.

4.2. Pilot Study Results

The questionnaire tool was subjected to a pilot study to determine its reliability. The pilot results were as follows;

Objective	Number of items	Alpha Value
Financial performance	3	0.829
Cost management measures	4	0.717
Payment options measures	4	0.841
Revenue automation measures	4	0.750
Internal Control Measures	4	0.711

Table 1: Reliability Results

The pilot results indicated that the reliability of the financial performance of selected hotels was 0.829 using Cronbach's alpha test of reliability; the reliability of the cost management measures was 0.717; the reliability of the payment options measures was 0.841; the reliability of the revenue automation measures was 0.750 and that the reliability of the internal control measures was 0.711. The study results revealed that all the variables gave an alpha test value of greater than 0.70, therefore all the items were regarded reliable hence valid for data analysis.

4.4. Inferential Statistics

Pearson correlation analysis was used to test the association between the study variables. Pearson correlation was used to measure the extent of correlation between variables of the study and to show the strength of the linear relationship between variables in the correlation ranges between +1 and – 1.

		Cost Management Measures	Payment Option Measures	Revenue Automation Measures	Internal Control Measures	Financial Performance
Cost management measures	Pearson Correlation	1				
	Sig. (2-tailed)					
Payment option measures	Pearson Correlation	.580**	1			
	Sig. (2-tailed)	0.000				
Revenue automation measures	Pearson Correlation	0.407	0.104	1		
	Sig. (2-tailed)	0.642	0.306			
Internal control measures	Pearson Correlation	.697	.853	.533	1	
	Sig. (2-tailed)	0.200	0.190	0.302		
Financial performance	Pearson Correlation	.679**	.618**	.413**	.579**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	65	65	65	65	65

Table 2: Relationship between Study Variables
***. Correlation Is Significant At the 0.01 Level (2-Tailed)*

The study findings indicated that there was a statistically significant positive correlation between cost management measures on the financial performance of selected hotels (r=0.679, p<0.05). The relationship between payment option measures and financial performance was analyzed and the study findings indicated that there was a statistically significant positive effect of payment option measures on the financial performance of selected hotels (r=0.618; p<0.05). The study findings indicated that there was a statistically significant positive effect of revenue automation measures on the financial performance of selected hotels (r=0.413; p<0.05). The study findings indicated that there was a statistically significant positive effect of internal control measures on the financial performance of selected hotels (r=0.579; p<0.05).

4.5. Multiple Regression Model Analysis

The study performed a multiple regression model analyses to estimate the relationships between the study variables. The study results were as tabulated in Table 4.14.

Model R	R Adjusted	Std. Error of F	Sig.	Square	R Square the Estimate
1	.836	0.823	0.868	99.676	0.000

Table 4.3: Model Summary

The model indicated the simple correlation was 0.836 which indicates a degree of correlation. The total variation (the adjusted R^2 of the study model is 0.823 with the $R^2 = 0.868$) in the financial performance of selected hotels was 82.3% explained by revenue enhancement measures (R Square=0.868, Standard Error=0.068). This means that the linear regression explains 89.1% of the variance in the data. This implies that there was no first-order linear auto-correlation in the multiple linear regression data. This further implies that 89.1% of the variation in financial performance is accounted for by revenue enhancement measures in the study while 10.9% of the financial performance is accounted for by other factors out of the study.

Analysis of variance was used to determine if the multiple regression model was fit for the data. The results were shown in Table 4.15

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Residual	111.32	4	25.015	99.676	0.000[b]
	Regression	9.232	61	0.0898		
	Total	120.552	65			

Table 4.4: ANOVA Model

The linear regression's F-test has the null hypothesis that the model explains zero variance in financial performance (F=99.676, p=0.000b). The F-test is highly significant, thus it is assumed that the model explained a significant amount of the variance in financial performance. This implies that the multiple regression model was fit for the data and hence cost management, payment options, revenue automation, and internal control measures affect the financial performance of selected hotels.

The study results further revealed that the model summary predicted the financial performance of selected hotels significantly well ($p \leq 0.05$). This indicated the statistical significance of the regression model that was run and that overall the regression model statistically significantly predicted the financial performance of selected hotels (that is, it was a good fit for the data).

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std Error	Beta	t	Sig
(Constant)	0.369	0.224		1.648	0.105
Cost management measures	0.170	0.026	0.319	6.604	0.000
Payment option measures	0.263	0.024	0.534	10.744	0.000
Revenue automation measures	0.231	0.034	0.476	9.876	0.000
Internal control measures	0.213	0.046	0.253	7.345	0.000

Table 4.5 Regression Coefficients
a. Dependent Variable: Financial performance of selected hotels

The regression equation generated for the study was as follows.
Y (Financial performance) = 0.369 (Constant) + 0.170 (Cost management measures) + 0.263 (Payment option measures) + 0.231 (Revenue automation measures) + 0.213 (internal control measures) + 0.224 (Std Error).

From the regression equation, payment option measures were the most important variable to the financial performance of selected hotels contributing 26.3% to the financial performance of selected hotels while cost management

measures contributed 17.0%, revenue automation measures contributed 23.1% and that internal control measures contributed 21.3% to the financial performance of selected hotels respectively.
The regression equation further revealed that there was a significant relationship between cost management measures and financial performance of selected hotels ($\beta=0.170$, $p\leq0.05$); there was a significant relationship between payment option measures and financial performance of selected hotels ($\beta=0.263$, $p\leq0.05$); there was a significant relationship between revenue automation measures and financial performance of selected hotels ($\beta=0.231$, $p\leq0.05$) and that there was a significant relationship between internal control measures and financial performance of selected hotels ($\beta=0.213$, $p\leq0.05$).

5. Conclusions

The study concluded that cost control helps a hotel in analyzing the business positioning in terms of making an acquisition factoring the cost component involved. Cost management is one of the essential requisites for the success of any business for that matter.

The study also concluded that dashboard views help the hotel to optimize business performance by encouraging process effectiveness. A dashboard can provide hotel managers and staff with an interactive portal where they can explore hotel performance from a high level down to an individual location. Dashboards are an effective way of providing insight into their spending patterns.

Segregation of duties is critical to effective internal control; it reduces the risk of both erroneous. Effective internal control helps an organization achieve its operations, financial reporting, and compliance objectives. Internal control ensures the reliability of financial reporting that is all transactions are recorded and that all recorded transactions are real, properly valued, recorded on a timely basis, properly classified, and correctly summarized and posted.

6. Recommendations

This study recommends that hotel managers institute cost budgeting in their respective hotels. This will help in the actual cost incurred and compared to the budgeted to see if any component of the business is spending more than expected.

The hotels should develop more robust systems that minimize the risk of losing money, such as providing a method to confirm the business identity one has registered on their systems, bridging the gap between the various companies and Safaricom especially for the Paybill systems where other remote stakeholders/companies are involved and a faster method of canceling a faulty transaction when it arises.

The study also recommended that the hotel's industry introduce an intuitive comparison system that will aid smaller independent hotels to compete with branded hotels financially.
In order to provide appropriate access to information and systems and to prevent unauthorized access, safeguards based on business and legal requirements must be identified and applied. Controlling access to personal information is a key element of providing information privacy.

7. Recommendations for Policy and Practice

This study recommends the management of the hotels to ensure that their organizations have appropriate revenue enhancement measures that will allow for accountability in these hotels, prevent all financial risks like fraud and misappropriation of funds. These measures should also ensure that revenue processes are effective and efficient in management as well as the enhancement of the financial performance of hotels. In addition, the hotels should try and put in place revenue enhancement systems so as to ease in revenue management and thus the entire revenue management process.

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