CUSTOMER RELATIONS MANAGEMENT AND PRODUCTIVITY
IN SELECTED HOTELS IN NAKAWA DIVISION,
KAMPALA DISTRICT
UGANDA

BY
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A RESEARCH REPORT
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IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD
OF DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION
DECLARATION A

I Naume Kwakunda declare that this research report is my original work and has not been presented for a degree or any other academic award in any University or Institution of Learning.

Signature: ____________________________
Date: ________________________________
DECLARATION B

We confirm that the work reported in this Research report has been carried out by the candidate under our supervision.

Mr Richard Masaaba
Signature: .................................. Date: ..................................

Mr Rwabuhiihi Festus
Signature: ................................. Date: .................................
DEDICATION

I dedicate this research report to the God Almighty, my parents Mr. and Mrs. Mujuni Moses Mugarura and Mable, friends, family and my lecturers who supported me in the best ways possible during the course of my studies. May the good Lord bless you abundantly.
ABSTRACT

This study established the relations between customer relations management and level of productivity in selected hotels in selected divisions in Nakawa Kampala, central Uganda. The study was guided by four objectives, (i) profile of respondents (ii) extent of customer relations (iii) level of productivity and (iv) whether there was significant relationship in the extent of customer relations and level of productivity in selected hotels in selected divisions in Nakawa Kampala, central Uganda. A survey design was used specifically descriptive correlation and descriptive comparative. Data were collected from 109 respondents using self-administered questionnaires as the key data collection instruments. The findings revealed that customer relations was very high, high level of business productivity, no significant difference between customer relations and level of productivity and no significant relationship between customer relations and level of productivity was established, accepting the Null hypothesis. From the above findings appropriate conclusions, recommendations and areas for further research were made. Conclusions were made regarding various research objectives (i) on profile of respondents, majority were of age group 20-39 (61%), Gender (67%) male and (33%) female, (84%) of respondents were married, (80%) of respondents had university degrees, and 61% of respondents had working experience of above 8 years. (ii) Very high customer relations strategies were used according to respondents (mean 3.70) (iii) High level of Business productivity was established (mean 3.67), (iv) no significance difference (F = 0.637, sig. = 0.811), (v) no significant relationship between customer relations and productivity was established (r = 0.280, sig. = 0.033) and regression indicated by a high Adjusted R² of 0.048 was established. Recommendations based on the findings were that, selected hotels should; (i) develop marketing plans, (ii) improve branding, (iii) develop proper packaging (ix) improve marketing communications (v) segment and target markets (vi) improve on their distribution strategy, (vii) improve product strategy management, (viii) innovativeness and creativity be improved (ix) carry out marketing research (x) improve on complete intelligence (xi) develop quality products and services (xii) and establish good relationships with customers. Areas of further research were suggested as impact of new marketing communications.
technologies (ICTS) on communication effectiveness, further research on branding and level of productivity was also suggested.
CHAPTER ONE

THE PROBLEM AND ITS SCOPE

Background of the Study

Globally, in the mid-twentieth century, mass production techniques and mass marketing changed the competitive landscape by increasing product availability for consumers. However, the purchasing process that allowed the shopkeeper and customer to spend quality time interacting with each other was also fundamentally changed. As a result, customers lost their uniqueness becoming an “account number”. Shopkeepers lost track of their customers’ individual needs as the market became full of product and service options.

Many companies today are striving to re-establish their connections to new as well as existing customers to boost long-term customer loyalty (Chen & Popovich, 2003). Nowadays, hospitality industry is encouraged to adopt Customer relationship management (CRM) to maintain relationship with their targeted customers. The world has come full circle from selling to marketing and from seller’s market to buyer’s market. The customer today has the option to buy what he thinks he should and from whom,
being in his best interest. Product development, technological improvement, cost optimization and excellent service facility are very important for any organisation but their importance is only if the customer appreciates it. For example, both diamond and coal are carbon but they are priced differently due to different valuations by the customer.

Therefore, any business begins and ends with the customer (Sugandhi, 2002). Thus, service organizations are shifting their focus from “transactional exchange” to “relational exchange” for developing mutually satisfying relationship with customers. Extended relationships are reported to have a significant impact on transaction cost and profitability, and customer lifetime value. Serving the customers, in true sense, is the need of the hour as the customer was, is and will remain the central focus of all organizational activities.

The growing realization of keeping the customers that you have is as important as customer acquisition, has come about because of the cost involved in attracting new customers. This realization has evolved into understanding customers lifetime values F Buttle, 2004. The centrality of customer relations management CRM to the Hotels sector in the contemporary environment of business competition is the dire need to attract and retain good customers. For this to happen there must be a deliberate customer relations system that ensures customer satisfaction swift, (Payne, 2001:12).

Inadequate customer relationship management has led some companies to fail in retaining and attracting good clients. The purpose of CRM is to improve marketing productivity (Sheth & Sisodia, 1995). A sound base of satisfied customers allows the organization to move on the path of growth, enhance productivity, fight out competition and carve a niche in the market place (Bennett, 1996).

The process of industrialization which began in Britain in the eighteenth century brought an unprecedented period of productivity growth. In America, productivity growth resulted from the exploitation of natural resources and was further accelerated after the Civil War by enhancing human capital through the education system. Indeed, there was technology progress between 1929 and 2008 but the technology progress neither speeded up nor diminished. Since 1929, Americans have enjoyed relatively fast productivity
growth. From the end of the 1920s to the beginning of the 1970s, the American living standard doubled.

It has been suggested that this is the result of the huge size of the American economy which allowed the exploitation of scale economies, investment in human capital, the removal of social barriers, and World War II which destroyed Europe but not America. The productivity of Canada actually gained 15 percent of and converged to the States’ productivity during this period. After 1973, however, the growth in productivity slowed down in developed countries. The United States’ labor productivity growth in 1974 fell to 1.4 from 3.5 percent the previous year, marking the beginning of a long period of stagnation that lasted two decades. Productivity growths will no longer rely on human labor but on computational technology for the integration of data mining, energy management, and knowledge-based systems design (Tzu-Ching 2005). The focus on revenue in hotel businesses has been one of the most common issues in the industry ever since it has begun. However, the accounting professionals should be aware that the financial measures might not meet the needs of this type of industry which is so dynamic. We cannot blame the people who concentrate on profits and occupancy rates though. This is because this type of approach has originated in the classification of relationships amongst the economic factors in the hospitality industry. For several years, many of them believed that there is a relationship between the price of the hotel property and the room rates. Today, we see that hotel efficiency reflects more on a sophisticated understanding between the relationship of profitability and productivity (Sam miller, 2007).

According to Bose 2002, p.15 CRM is defined as “an enterprise wide integration of technologies and functions such as data warehouse, Websites, intranet/extranet, telephone support system, accounting, sales, marketing and production”. According to Swift 2001, p.16 CRM is defined as “an enterprise approach for understanding and influencing customer behavior through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty and customer profitability”. Freeman, 2008 Productivity is a measure of the efficiency of production. Productivity is a ratio of production output to what is required to produce it inputs. The measure of productivity is defined as a total output per one unit of a total input. The benefits of high
productivity are manifold. At the national level, productivity growth raises living standards because more real income improves people's ability to purchase goods and services, enjoy leisure, improve housing and education and contribute to social and environmental programs. Productivity growth is important to the firm because it means that the firm can meet its perhaps growing obligations to customers, suppliers, workers, shareholders, and governments taxes and regulation, and still remain competitive or even improve its competitiveness in the market place.

**Statement of the Problem**
Low productivity within service industries especially the issues relating to profitability, labour retention and sustainability of hotel sector has been a major concern. In Nakawa, division, this situation has not been any different for both small, medium to large hotel facilities (Payne, 2009). Due to this situation, many hotels are experiencing high rate of collapse, labour turn over and high operational costs including loss of vital customers (Payne, 2009). Poor management, customer care and inadequate hotel sector experience amongst others are likely to blame for the above situation. In the entire above scenario, there is always a problem on the role of customer relations management in improving the productivity of these hotels in Nakawa division. Therefore, this study intends to assess the contribution of customer relations management to the Productivity of selected Hotels in Nakawa Division.

**Purpose of the Study**
The purposes of this study will be:-

1. To identify the strength and weakness of respondents in terms of customer relations management and productivity of selected Hotels in Nakawa Division.
2. To validate the dynamic structural model by Franses (2005).
3. To test the null hypothesis of no significant relationship between customer relations management and productivity of selected Hotels in Nakawa Division.
4. To identify existing gaps and contribute to existing knowledge by filling the gaps identified.
Research Objectives

**General:** This study will determine the correlation between customer relations management and productivity of selected Hotels in Nakawa Division of Kampala District

**Specific:** it will seek in this study the following:

i. To determine the profile of the respondent in terms of;
   a. Gender
   b. Age
   c. Educational Qualifications
   d. Years of Experiences

ii. To determine the extent of Customer Relations Management (customer feedback, customer knowledge, customer information management and repeat purchases) in selected hotels in Nakawa Division of Kampala District.

iii. To determine the level of productivity (market share, quality of services, customer satisfaction, employee satisfaction, and owners satisfaction) in selected hotels in Nakawa Division of Kampala District.

iv. To determine the significance difference between the extent of customer relations management and productivity of selected Hotels in Nakawa Division of Kampala District.

v. To establish whether there is significant relationship between customer relations management and productivity of selected Hotels in Nakawa Division of Kampala District.

Research Questions

This study will seek to answer the following research questions:-

i. What is the profile of the respondent in terms of;
   a) Gender?
   b) Age?
   c) Educational Qualifications?
   d) Years of Experiences?
ii. What is the extent of Customer Relations Management (market share, quality of services, customer satisfaction, employee satisfaction, and owner’s satisfaction) in selected hotels in Nakawa Division of Kampala District?

iii. What is the level of productivity (market share, quality of services, customer satisfaction, employee satisfaction, and owner’s satisfaction) in selected hotels in Nakawa Division of Kampala District?

iv. What is the significant difference between customer relations management and productivity of selected hotels in Nakawa Division of Kampala District?

v. What is the significant relationship between customer relations management and productivity of selected hotels in Nakawa Division of Kampala District?

**Null Hypothesis**

i. There is significant relationship between customer relations management and productivity of selected Hotels in Nakawa Division of Kampala District.

**Scope**

**Geographical Scope**
The study will be carried out in selected hotels in Nakawa division of Kampala District, which is located about 10 kilometers from the city centre.

This is chosen because it is one of the first growing divisions of Kampala city. There are many old and new hotels in the area ranging from retail shops, supermarkets and most importantly mushrooming hotels and restaurants among others. Finally, this area is accessible and convenient to the researcher.

**Content Scope**
The study will intend to examine the extent of customer relations management, level of productivity and the relationship between customer relations management (independent variable) and productivity of selected hotels (Dependent variable).

**Theoretical Scope**
This study was based on Dynamic structural model was developed by Franses, (2005) which suggests that one needs to use multiple services and products to raise customer
switching costs over time suggests that this model might be useful foundation for structural models describing customer behaviors in the context of multi-category buying, especially when these needs are natural results of changes in the consumer life stage or future rewards (e.g., loyalty programs). In this model, customer relation management implementation entails the following tactical steps in order to create a realistic profile on the spending and stay patterns of the guests, thereby allowing the hotel to formulate guest-centric marketing for increased loyalty and spending. The idea of ‘cherry picking’ valuable clients and directing more resources to these clients has gained tremendous significance in the hotel industry.

Time scope
This study will cover a time scope of one year from 2012 and 2013. This one year considered will provide enough data to assess the contribution of Customer Relation Management and Productivity.

Significance of the Study
This study focuses on assessing the contribution of customer relations management and the productivity of selected Hotels in Nakawa division, Kampala. The findings of the study will of benefit to the following;

Management and staff of Hotels: The findings of the research will be of benefit to the management of staff of hotels so that they can improve on customer satisfactions and productivity in general.

Government and Policy Makers: Government planners and policy makers will benefit from the research findings so that to enhance their annual planning and focus in terms of improving revenue and employment generation in Hotel sector.

Future researchers and Academics: The study might be used by academicians as reference for further studies to be conducted in Hotels sectors. The study will be beneficial to the researcher in earning a Master’s degree in Business Administration.

Community in General: The study may also benefit communities through employment and creation market for their produce to the hotel sector in efforts aimed at improving their livelihoods.
Operational Definitions of Terms

Profile of the respondents is attributes looked for in this study in terms of gender, age, educational qualifications and years of experiences.

Customer is a person or organization that buys goods or services from a store or other business.

Relation is the way in which people are connected.

Management is the process of dealing with or controlling things or people.

Customer relations management is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit.

Productivity is the measure of the efficiency of a person, machine, factory, system, etc., in converting inputs into useful outputs.
CHAPTER TWO

REVIEW OF RELATED LITERATURE

Concepts, Ideas, Opinions from Authors/Experts

Customer Relation Management

Customer Relationship Management (CRM) “is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit (Buttle, 2004).

Customer relationship management is a business strategy to identify, cultivate, and maintain long-term profitable customer relationships (Winer, 2001). It requires developing a method to select your most profitable customer relationships or those with the most potential and working to provide those customers with service quality that exceeds their expectations.

McDonald,(2002) argued that a comprehensive customer relationship management is a collection of integrated components such as customer service 0800 numbers, faxback/customer comments cards, e-mail, FAQ, frequency, loyalty and reward programmes, customization and community building e.g. virtual communities.

Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer (Dyché, 2002). It involves the integration of marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value.

Customer relationship management can be regarded as the art of employing rhetorical, experimental and personal information in order to personalize customers’ stay while creating incremental revenue opportunities (Buttle, 2004). So for example, knowing that a customer had a less than memorable experience in the hotel provides the hotel manager with a chance to win them back the next time they are in town. By use of customer relationship management, the hotel can develop a comprehensive guest profiles for reservation information. This demonstrates to guests that the hotel is in touch with their needs. It can also drive customer-centric data down to the transaction level, thereby
allowing the workers and the guest-facing technology to deliver greater value to the customers.

Customer Relation Management refers to all business activities directed towards initiating, establishing, maintaining, and developing successful long-term relational exchanges Reinartz & Kumar, (2000).

Kalakota & Robinson (2000) defined “Customer Relation Management” as an integrated sales, marketing and service strategy that prevents “lone showmanship” and relies on coordinated actions, while Coldwell 1998 defined Customer Relation Management as a combination of business processes and technology.

Productivity
Productivity is the quantity of output formed by one unit of production input in a unit of time (Buttle, 2004). Inputs used in the production of the goods and services are the major determinants of any country’s productivity they are also called factors of production. There are four major determinants of productivity of any country’s economy.

Land: the land itself, and raw materials such as oil and minerals beneath it. The natural resources that is available without alteration or effort on the part of humans. Land as a resource includes only unique fertility and mineral deposits, topography, climate, water and vegetation. The reward for letting others use land is called rent.

Labor: In order to produce the things, a human resource must be used. Human resources consist of the productive aid of labor made by individuals who work—for instance, miners, artists, and professional baseball players. The contribution of labor to the production process can be amplified. Whenever potential workers obtain schooling and training and whenever actual workers acquire new skills, labor’s contribution to productive output will raise. In other words it is human effort, mental or physical. The reward to labor is label wages.

Capital: When labor is applied to land to grow wheat, for instance, something else is used. Generally it is a plow or a tractor. That is to say, land and labor are shared with manufactured resources in order to produce the things that we need. These manufactured resources are called capital, which consists of machines, buildings, and tools. Additionally, capital consists of enhancement to natural resources, such as irrigation
ditches. Money is used to buy factors of production — it is not a factor itself. The return for investing in capital is called interest.

Enterprise or Entrepreneurship: The fourth factor of production, involving human resources that carry out the functions of raising capital, organizing, managing, bringing together other factors of production, and making fundamental business policy decisions. The entrepreneur is a risk taker. Risk taking activity that utilizes land, labor and capital to produce goods or services in the expectation of a future return. That reward is term profit in economics.

For any economy the use and employment of all these factors is necessary and each of their contribution effect productivity. Thus all of these factors determine the output and productivity of any country.

Productivity measures the efficiency and effectiveness with which resources are used in economic activity (Farrell, 1957). Efficiency comprises two components: technical efficiency which reflects the ability of a firm to obtain maximal output from a given set of inputs, and allocative efficiency which is a reflection of how a firm uses the inputs in optimal proportion given their respective prices and the production technology.

Productivity is defined as the relation between output and input, in other words, a ratio of output to input (Atkinson, et al, 1995). Some argue that productivity needs to address both efficiency and effectiveness because an economic activity will not be productive if it is only efficient but not effective, or vice versa. Some others, however, use productivity, efficiency and effectiveness interchangeably (Debreu & Koopmans, 1951). Unclearly defined concept and definition of productivity give rise to the difficulties in productivity measurement and vice versa.

Productivity is an overall measure of the ability to produce a good or service (Debreu & Koopmans, 1951). More specifically, productivity is the measure of how specified resources are managed to accomplish timely objectives as stated in terms of quantity and quality. Productivity may also be defined as an index that measures output (goods and services) relative to the input (labor, materials, energy, etc., used to produce the output). As such, it can be expressed as: Hence, there are two major ways to increase productivity: increase the numerator (output) or decrease the denominator (input). Of
course, a similar effect would be seen if both input and output increased, but output increased faster than input; or if input and output decreased, but input decreased faster than output (Ed Marilyn M. Helms.2006).

Organizations have many options for use of this formula, labor productivity, machine productivity, capital productivity, energy productivity, and so on. A productivity ratio may be computed for a single operation, a department, a facility, an organization, or even an entire country.

Productivity is an objective concept. As an objective concept it can be measured, ideally against a universal standard. As such, organizations can monitor productivity for strategic reasons such as corporate planning, organization improvement, or comparison to competitors (Buttle, 2004). It can also be used for tactical reasons such as project control or controlling performance to budget.

Productivity is also a scientific concept, and hence can be logically defined and empirically observed. It can also be measured in quantitative terms, which qualifies it as a variable. Therefore, it can be defined and measured in absolute or relative terms. However, an absolute definition of productivity is not very useful; it is much more useful as a concept dealing with relative productivity or as a productivity factor.

Productivity is useful as a relative measure of actual output of production compared to the actual input of resources, measured across time or against common entities. As output increases for a level of input, or as the amount of input decreases for a constant level of output, an increase in productivity occurs. Therefore, a "productivity measure" describes how well the resources of an organization are being used to produce input.

Productivity refers to an economic measure of output per unit of input. Inputs include labor and capital, while output is typically measured in revenues and other GDP components such as business inventories. Productivity measures may be examined collectively (across the whole economy) or viewed industry by industry to examine trends in labor growth, wage levels and technological improvement.

Productivity is often confused with efficiency. Efficiency is generally seen as the ratio of the time needed to perform a task to some predetermined standard time. However, doing unnecessary work efficiently is not exactly being productive. It would be more correct to
interpret productivity as a measure of effectiveness (doing the right thing efficiently), which is outcome-oriented rather than output (Ed Marilyn, 2006).

Productivity improvement can be achieved in a number of ways. If the level of output is increased faster than that of input, productivity will increase (Stevenson, 1999). Conversely, productivity will be increased if the level of input is decreased faster than that of output. Also, an organization may realize a productivity increase from producing more output with the same level of input. Finally, producing more output with a reduced level of input will result in increased productivity. Any of these scenarios may be realized through improved methods, investment in machinery and technology, improved quality, and improvement techniques and philosophies such as just-in-time, total quality management, lean production, supply chain management principles, and theory of constraints.

A firm or department may undertake a number of key steps toward improving productivity. William J. Stevenson, (1999) lists these steps to productivity improvement:

Develop productivity measures for all operations; measurement is the first step in managing and controlling an organization.

Look at the system as a whole in deciding which operations are most critical, it is over-all productivity that is important.

Develop methods for achieving productivity improvement, such as soliciting ideas from workers (perhaps organizing teams of workers, engineers, and managers), studying how other firms have increased productivity, and reexamining the way work is done.

Establish reasonable goals for improvement.

Don’t confuse productivity with efficiency. Efficiency is a narrower concept that pertains to getting the most out of a given set of resources; productivity is a broader concept that pertains to use of overall resources. For example, an efficiency perspective on mowing the lawn given a hand mower would focus on the best way to use the hand mower; a productivity perspective would include the possibility of using a power mower.
As a cautionary word, organizations must be careful not to focus solely on productivity as the driver for the organization. Organizations must consider overall competitive ability. Firm success is categorized by quality, cycle time, reasonable lead time, innovation, and a host of other factors directed at improving customer service and satisfaction.

**Theoretical Perspectives**

Dynamic structural model was developed by Frances, (2005) which suggests that one needs to use multiple services and products to raise customer switching costs over time suggests that this model might be useful foundation for structural models describing customer behaviors in the context of multi-category buying, especially when these needs are natural results of changes in the consumer life stage or future rewards (e.g., loyalty programs). In this model, customer relation management implementation entails the following tactical steps in order to create a realistic profile on the spending and stay patterns of the guests, thereby allowing the hotel to formulate guest-centric marketing for increased loyalty and spending. The idea of ‘cherry picking’ valuable clients and directing more resources to these clients has gained tremendous significance in the hotel industry.

It also ensures that management supports and encourages productivity improvement by considering incentives to reward customers for contributions. Another area of interest regarding dynamic structural model in customer relationship management is the optimal allocation of services, such as the outsourcing of inbound services calls (Li, Sun & Zhou, 2004). To guarantee both long term cost efficiency and overall customer satisfaction, a firm might sacrifice short-term efficiency by strategically assigning a few callers to the various call centers to learn about their service quality. A better knowledge of service centers’ efficiencies can reduce future service time and improve overall customer satisfaction.
Related Studies

Customer Relations Management and Productivity

Creation and data mining of a database of customer activity; given the analysis, decisions about which customers to target, how to target, contact and build relationships with them; development of personalized customer experiences; channel management for enabling efficient share of guest knowledge across the organization, so that guests can get personalized and consistent service at anytime, anyplace, anywhere, any platform; management of privacy issues; and metrics for measuring the success of Customer Relation Management (Rance, 2004).

To achieve these, businesses may need to undertake major organizational changes and transformations at a higher level, whose identification has generated wide interest and debates. Companies growing towards a genuine 1-to-1 customer orientation realize focus shifts in their balanced score card over time; from a turnover focus towards a guest life time value focus, from average guest satisfaction to individual loyalty and commitment, from a task and department centric organization towards a guest need centric organization, from dispersed learning to a shared and intelligence based learning (Peelen, 2004).

Fredrick F. Reichheld 1996 put forward that the loyalty of customers, employees and investors are the essence of success of any business. In order to keep track of their loyalty, retention and defection rates must carefully be measured. The links between loyalty and financial results were first documented by Reichheld (2001). Loyalty was studied as a result of satisfaction see e.g., Scotland & Siguaw, (2004), generally showing only weak links, and as a separate performance area independent from service satisfaction, but rather fostered by Customer Relation Management efforts Johnson & Gustafson, 2000; Mittal et al, (2005).

From a strategic perspective, Winer (2001) described the Customer Relation Management performance areas, which typically include customer service, frequency/loyalty programs, customization based on guest profiles, rewards programs and community building. Shoemaker & Lewis (1999) establish that the hotel industry currently uses six value-adding or value-recovery strategies to influence loyalty:
financial, saving money on future transactions; temporal, saving time e.g. by priority check-in; functional e.g., check cashing, Web site available; experiential e.g., upgrades or turndown services; emotional e.g., customer recognition or more pleasurable service experience; and social e.g., interpersonal link with the hotel.

Mason (2006) validates the financial and emotional rewards and possible experiential features, but the impact of other strategies appears to be absent or minimal. Bernstein 1999 explains that conversations open the door to presenting the hotel's facilities in a context that is meaningful to the individual guest. Traditionally, Customer Relation Management efforts are planned along the guest life cycle Peelen, (2004): exploration profile and inform, growth surpass expectations, commitment customization and downturn intensive recovery.

Barsky & Nash (2002) differentiate the performance focus for different guest segments also in terms of relationship inclination and type of loyalty. From a guest perspective Scanlan (2000) determines the critical relational attributes in the face-to-face service encounter that were most influential in the formation of a service relationship from the business traveler’s perspective: personalization, social bonding, reliability, and familiarization. According to Gummesson 2002, the core variables of modern marketing from a customer perspective are relationships, networks and interactions, which cause the design of a framework to be complex because of the difficulty to measure their performance and value.

Peel (2002) argues that early Customer Relation Management efforts made contacts efficient but killed involvement; new Customer Relation Management efforts should develop processes, procedures and systems that reestablish local community tenets in a global and virtual setting. Insider knowledge - often tacit- and reciprocity drive communication and collaboration in such communities. A sense of togetherness needs to be established. Forsyth 2001 and Dyche 2002 extensively document the common roadblocks and causes of failure to achieve CRM benefits; from both a stakeholder, program planning and change management perspective.

Matta 2003 states that managers use project plans, timelines, and budgets to reduce “execution risk" - the risk that designated activities won’t be carried out properly -
but they inevitably neglect two other critical risks: the "white space risk" that some required activities won't be identified in advance, leaving gaps in the project plan, and the "integration risk" that the disparate activities won't come together at the end. They plead for cross-functional vertical rapid result projects. The Customer Relation Management-7-18 model of Hermans & Melissen 2008 presents a detailed agenda for bottom-up, cross-level and cross-department Customer Relation Management strategy formulation and change towards Customer Relation Management focus CRM service processes and service support processes.

They identify accountability staff-to-guest allocation and matching allocating appropriate relationship benefits and communication mix to the appropriate guest as core functions of operational Customer Relation Management. One of the results of Customer Relation Management is the promotion of customer loyalty Evans & Laskin, 1994, which is considered to be a relational phenomenon, Chow & Holden, 1997; Jacoby & Kyner, (1973); Sheth & Parvatiyar, (1995); cited by Macintosh & Lockshin, 1997.

The benefits of customer loyalty to a provider of either services or products are numerous, and thus organizations are eager to secure as significant a loyal customer base as possible Gefen, (2002). Reinartz et al, (2000). Managers primarily rely on quantitative performance metrics such as revenue, market coverage, margin, net profit, sales profitability, share of new customers, life time value, frequency of visit etc., but they increasingly include qualitative indicators such as customer satisfaction, customer retention or brand familiarity Reinecken & Reibstein, (2002). Ambler, & Puntoni, (2002), argues financial indicators have been criticized as being unsuitable for strategic decisions Kaplan and Norton, 1992). Loss of customer is loss of business along with the opportunity for business growth and profitability. Feedback collection from the customer is essential for the supplier to ascertain customer satisfaction and scope for improvisation Sugandhi, (2002). Customer relation management is considered to be one of the most important outcomes of all marketing activities in a market-oriented firm. The obvious need for satisfying the firm’s customer is to expand the business, to gain a higher market share, and to acquire repeat and referral business, all of which lead to improved

Hospitality organizations could benefit from focusing more explicitly on the link between customer relationship management and performance management. A study in The Netherlands has shown that most hospitality managers support the adoption of a customer intimacy strategy Frenken, (2004). However, customer centricity is easy to assert, yet difficult to build Galbraith, (2005). If customer relation management is the organization’s business strategy or philosophy e.g. Zablah, (2004); Mitussis, (2006); Hermans & Melissen, (2008), and thus is fully integrated in guest service operations, its implementation is approached as a process of continuous change in performance areas critical to ongoing guest relationships and for optimized customer equity and competitive advantage.

Stone’s findings Alford (2001) also revealed that people, customer management and detailed measurement are the most critical elements for successful Customer Relation Management, while ICT was found to act as an enabler only when the previous elements were in place. Loftness 2001 highlighted the development of measurement processes and organizational culture around of customer satisfaction. Cline & Warner (1999) also found that the collection and use of customer information are frequently intermittent, delayed and fragmented.

Bowen (1999) advocated that service business can retain customers and achieve profitability by building reciprocal relationships founded on safeguarding and affirming customer security, fairness and self esteem. It requires that companies view customers as people first and consumers second. Trust, commitment, ethical practices, fulfillment of promises, mutual exchange, emotional bonding, personalization and customer orientation have been reported to be the key elements in the relationship building process (Bejou et al,1998).

Taylor (1992) in service sectors such as: banking, pest control, dry cleaning, and fast food; found that customer satisfaction has a significant effect on purchase intentions in all four sectors. Similarly, in the health-care sector, McAlexander et al. (1994) found that patient satisfaction and service quality have a significant effect on future purchase
intentions Kandampully & Suhartanto, (2000). Dev & Olsen (2000) reported that although hotels capture considerable amount of customer data, those data are rarely assembled to create useful knowledge about customers. Customer Relation Management incorporates all the things that organizations use to administer customer relationships, which also include analysis and capture of client information and analytics to power that information towards improved sales performance Paul Gillin (2007).

Duggal, Saltzman & Klein (2008) found that the rapid growth in productivity in the US during the 1990s is mainly due to intensive investment, both private and public in R&D. Martinez, Rodriguez & Torres (2008), however, found a so called productivity paradox, after differentiating the investment of R&D into information and communication technology ICT and non ICT, the net effect of the non ICT on productivity is negative in Spain.

CHAPTER THREE

METHODOLOGY

Research Design

This study will employ the descriptive survey design specifically the descriptive correlational strategies. It will also be cross-sectional and expost facto. It will be descriptive in that respondents in the hotels will describe the characteristics of the various activities. It will be correlational because it will establish the relationship between the independent variable and dependent variable. It will be cross sectional because data will be collected from all respondents within the same period of time. It will be expost facto as it will involve events that have already taken place and may be related to present conditions.
Research Population
The target population will include a total of 40 managers and 69 workers of selected hotels in Nakawa Division of Kampala District.

Sample Size
The Slovin’s formula will be used to determine the minimum sample size.

\[ n = \frac{N \alpha^2}{1+N \alpha^2} \]

Where:
N=Target population
n=Sample size
\( \alpha = 0.05 \) that is the level of significance

<table>
<thead>
<tr>
<th>Category of population</th>
<th>Population size</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Females</td>
<td>95</td>
<td>77</td>
</tr>
<tr>
<td>Males</td>
<td>55</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>109</td>
</tr>
</tbody>
</table>

Table: 1 shows the population and sample size distribution

Sampling Procedures
The criteria sampling will be utilized to select the respondents. From the list qualified respondents will be chosen basing on the inclusion criteria, the systematic random sampling will be used and finally select the respondents with consideration to the computed minimum sample size.
Research Instruments

The research tools that will be used in this study include the following: (1) face sheet to gather data on the profile of respondents (gender, age, educational qualification and years of experience) (2) researcher devised questionnaires to determine the extent of customer relations management and the level of productivity. The response modes and scoring will be as follows 1); strongly disagree (2); disagree (3); agree (4); strongly agree

Validity and Reliability of the Instruments

Content validity of the instruments will be ensured through use of valid concepts and / or words which measure the study variables. The instruments will be given to content experts to evaluate the relevance, wording and clarity of questions or items in the instrument, after which a content validity index will be computed. A content validity index of 0.83 was greater than 0.7 which is the minimum CVI will be used to declare an instrument content validity, as per Amin (2005). The Cronbach alpha coefficient will be used to ensure reliability of the instrument, using SPSS.

Data Gathering Procedures

The Researcher will obtain an introductory letter from the College of Higher Degrees and Research of Kampala International University to the selected hotels under study to obtain an authorization to conduct the research on the selected respondents. The researcher together with the research assistants will prepare the questionnaires; using the agreed sampling techniques. The researcher together with researcher assistants will request the respondents: (1) to sign the informed consent; (2) to answer all questions without leaving any item on the questionnaire; and to be objective in answering the questions. Retrieving the questionnaires will be done within 14 days from the day of distribution. All Questionnaires will be checked to ensure they are completely filled. Finally, data gathered will be collated, coded into the computer and statistically treated using the Statistical Package for Social Sciences (SPSS).
Data Analysis

The frequency and percentage distribution will be used to determine the profile of the respondents.

The means and interpretations will be applied for the levels of customer relations management and productivity of selected hotels.

The following mean range will be used to arrive at the mean of the individual indicators and interpretation:

A. For the extent or level of Customer relations management and Productivity

<table>
<thead>
<tr>
<th>Mean Range</th>
<th>Response Mode</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.26-4.00</td>
<td>strongly agree</td>
<td>Very high</td>
</tr>
<tr>
<td>2.51-3.25</td>
<td>Agree</td>
<td>High</td>
</tr>
<tr>
<td>1.76-2.50</td>
<td>Disagree</td>
<td>Low</td>
</tr>
<tr>
<td>1.00-1.75</td>
<td>strongly disagree</td>
<td>Very low</td>
</tr>
</tbody>
</table>

To determine whether there is a significant relationship between customer relations management and productivity of selected hotels, Pearson linear correlation coefficient (PLCC) will be used to compute the influence of the independent variable to dependent variable.

Also the regression analysis $R^2$ (coefficient of determination) will be used to compute the influence of the independent variable on the dependent variable.

Ethical Considerations

To ensure utmost confidentiality for the respondents and the data that will be provided by them as well as reflecting on the ethics practiced in this study, the research will be guided by the principles of respect for people, beneficence, and justice. The researcher will ensure that participant’ rights, including the right to be informed about the study, the right to freely decide whether to participate in the study, and the right to withdraw at any time without penalty will be considered. The participants will be requested to sign an informed consent assuring them that all data collected will be coded to protect their identity and privacy.
Limitations of the Study
In view of the following threats to validity, the researcher will claim for an allowable 5% margin of error at 0.05 level of significance. Measures are also indicated in order to minimize if not to eradicate the threats to the validity of the findings of this study. There may be misinterpretation of the questions by the respondents therefore this can be controlled by the researcher by refreshing and explaining for them. There is limited data and record keeping on the issues affecting hotels among the respondents. There is a possibility that people may hide out some valuable information from the researcher, therefore there is need for multiple approaches in getting information. The respondents may be shy to answer some of the questions in this case the researcher needs to build rapport with the community in order to get the valuable information.
CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

Introduction

This chapter presented, analyzed and interpreted data gathered from the field on profile of respondents, level of customer relationship management, level of productivity, significant differences between the level of customer relationship management strategies and productivity in selected hotels in Nakawa division, Kampala central and the relationship between customer relationship and productivity in selected hotels in Nakawa division, Kampala central.

Profile of respondents

Respondents in the study were described according to gender, age, education qualification and, working experience, selected hotels in Nakawa division, Kampala central. In each case respondents were asked through a close ended questionnaire, to provide their perspective profile information, to enable the researcher classify and compare them accordingly. Their responses were analyzed using frequencies and percentage distributions as summarized in table 2 below;
Table 2  
Profile of Respondents  
n= 109

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>70</td>
<td>67</td>
</tr>
<tr>
<td>Female</td>
<td>39</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>109</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td><strong>Age group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-39</td>
<td>85</td>
<td>61</td>
</tr>
<tr>
<td>40-59</td>
<td>24</td>
<td>39</td>
</tr>
<tr>
<td>60 and above</td>
<td>00</td>
<td>00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>109</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td><strong>Education qualification</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diploma</td>
<td>70</td>
<td>8</td>
</tr>
<tr>
<td>Degree</td>
<td>34</td>
<td>80</td>
</tr>
<tr>
<td>Masters</td>
<td>04</td>
<td>12</td>
</tr>
<tr>
<td>PhD</td>
<td>00</td>
<td>00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>109</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td><strong>Working experience</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 3 years</td>
<td>30</td>
<td>5</td>
</tr>
<tr>
<td>Between 3-7 years</td>
<td>60</td>
<td>34</td>
</tr>
<tr>
<td>Above 8 years</td>
<td>19</td>
<td>61</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>109</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: primary data 2013
Table 2 showed that most of the respondents in relation to gender, majority of the sample respondents were male (67%) and (33%) female. This is in line with African statistics that indicate men dominate office work. In the study majority of the respondents were of age group between 20-39 (61%), while the rest were of age group 40-59. This was because employees in the youthful age are preferred because they are still energetic and can afford to work for more extended hours, beyond scheduled time if need arises.

Regarding highest education qualification, majority of the sample respondents had diplomas (80%) the rest had (8%) university bachelor’s degree and masters (12%) this was because most organizations employ educated employees who can deliver quality services. In relation to working experience majority of the sample respondents (61%) had worked for above 8 years, this indicated high retention capacity of the companies.

**Extent of customer relationship management**

The independent variable in this study was customer relationship management, operationalized into customer feedback, customer knowledge, customer information management, and repeat purchases. relationship strategies was measured using questions divided in four sub sections distributed as follows 3 questions customer feedback, 4 on customer knowledge, 3 on customer information management, and 3 on repeat purchases. All questions on customer relationship management strategies were likert scaled using four points ranging between 1= strongly agree, 2= disagree, 3=agree, 4= strongly agree. Respondents were required to indicate the extent to which they agree with each of the items or statements by filling the number that best describes their preparations. Their responses were analyzed and described using means as sanctioned in table 3.

**Table 3A**

**Extent of customer relations management in selected hotels in Nakawa Division, Kampala district Uganda**

n= 109

<table>
<thead>
<tr>
<th>Mean</th>
<th>Interpretation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer feedback</td>
<td>Mean</td>
<td>Rating</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
<td>------</td>
<td>----------</td>
</tr>
<tr>
<td>Your hotel quickly responds to customers' problems, suggestions, and complaints'</td>
<td>3.86</td>
<td>Very high</td>
</tr>
<tr>
<td>Your hotel uses phone calls, e-mails, and personal visits to communicate with customers</td>
<td>3.83</td>
<td>Very high</td>
</tr>
<tr>
<td>Your hotel actively responds to customers' enquires of your services</td>
<td>3.72</td>
<td>Very high</td>
</tr>
<tr>
<td>Average mean</td>
<td>3.81</td>
<td>Very high</td>
</tr>
<tr>
<td>Customer knowledge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Your hotel actively understands customers' service food and expectations.</td>
<td>3.85</td>
<td>Very high</td>
</tr>
<tr>
<td>You practice flexibility depending on customers' requirements.</td>
<td>3.84</td>
<td>Very high</td>
</tr>
<tr>
<td>Your are able to use customers' ideas to develop a new market</td>
<td>3.83</td>
<td>Very high</td>
</tr>
<tr>
<td>Your hotel has different marketing patterns for target customers</td>
<td>3.73</td>
<td>Very high</td>
</tr>
<tr>
<td>Average mean</td>
<td>3.82</td>
<td>Very high</td>
</tr>
<tr>
<td>Customer information management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>You are able to provide price discount for faithful customers</td>
<td>3.77</td>
<td>Very high</td>
</tr>
<tr>
<td>You are capable of using computer system to categorize targeted markets</td>
<td>3.63</td>
<td>Very high</td>
</tr>
<tr>
<td>You use a computer system efficiently to handle customers' information</td>
<td>3.58</td>
<td>Very high</td>
</tr>
<tr>
<td>Average mean</td>
<td>3.66</td>
<td>Very high</td>
</tr>
<tr>
<td>Repeat purchases</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Customers come back for second time to buy from you | 3.79 |  
Our customers often introduce other customers to our hotels | 3.79 | Very high 2  
Our customers can easily find our hotels services related information to help us grow. | 3.68 | Very high 3  
**Average mean** | 3.75 | Very high  
Overall average mean | 3.76 |  

Source: primary data 2013

Results in Table 3A, showed that there are different customer relationship management strategies. Respondents rated the level of customer feedback to be Very high (mean= 3.81) equivalent to strongly agree, customer knowledge Very high (mean= 3.82) equivalent to strongly agree, customer information management rated Very high (mean =3.66) equivalent to strongly agree, and repeat purchases was also rated Very high (mean= 3.75) equivalent to strongly agree. Overall, all items on customer relations management were rated to be Very high (mean= 3.76) indicating that the hotels in Nakawa division Kampala district used various customer relationship management.

**Level of productivity**

The dependent variable of this study was business growth operationalised as sales, market share, profits, customer satisfaction, quality services, employee satisfaction and owners satisfaction. Each aspect was measured using different questions in the questionnaires; each question was rated on likert scale where 1= strongly disagree, 2=disagree, 3=agree and 4= strongly agree. This objective was set to determine the level of business growth where respondents were required to rate the level of business growth.
by indicating the rate to which they agree with each item. They had to do this by filling in
the number that best describes their perceptions. Their responses were analyzed and
described using means as summarized in table 4A and 4B.

Table 4A
Level of productivity of selected Hotels in Nakawa Division Kampala district
Central Uganda

<table>
<thead>
<tr>
<th>n=109</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Business growth indicators</th>
<th>Mean</th>
<th>Interpretation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3.82</td>
<td>Very high</td>
<td>1</td>
</tr>
<tr>
<td>Sales in your organization meet your organization expectations</td>
<td>3.82</td>
<td>Very high</td>
<td>1</td>
</tr>
<tr>
<td>Sales in your organization are as good as other players in the industry</td>
<td>3.51</td>
<td>Very high</td>
<td>2</td>
</tr>
<tr>
<td>Sales in your organization are set to be increasing in future</td>
<td>3.44</td>
<td>Very high</td>
<td>3</td>
</tr>
<tr>
<td>Sales in your organization are high compared to other players in the market</td>
<td>3.33</td>
<td>Very high</td>
<td>4</td>
</tr>
<tr>
<td>Sales in your organization are increasing compared to other players</td>
<td>3.33</td>
<td>Very high</td>
<td>4</td>
</tr>
<tr>
<td>Average mean</td>
<td>3.48</td>
<td>Very high</td>
<td></td>
</tr>
<tr>
<td>Market share</td>
<td>3.72</td>
<td>Very high</td>
<td></td>
</tr>
<tr>
<td>Average Mean</td>
<td>3.72</td>
<td>Very high</td>
<td></td>
</tr>
<tr>
<td>Market share of your organization is high compared to other players</td>
<td>3.83</td>
<td>Very high</td>
<td>1</td>
</tr>
<tr>
<td>Market share of your organization faces little or no challenges</td>
<td>3.76</td>
<td>Very high</td>
<td>2</td>
</tr>
<tr>
<td>Market share of your organization is as big as the organization expects</td>
<td>3.74</td>
<td>Very high</td>
<td>3</td>
</tr>
<tr>
<td>Description</td>
<td>Interpretation</td>
<td>Average Mean</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>----------------</td>
<td>--------------</td>
<td></td>
</tr>
<tr>
<td>Market share of your organization is increasing because of charging consumer friendly prices</td>
<td>3.65</td>
<td>Very high</td>
<td></td>
</tr>
<tr>
<td>Market share of your organization is set to be increasing in the future compared to other players</td>
<td>3.63</td>
<td>Very high</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** primary data 2012

**Key**

<table>
<thead>
<tr>
<th>Description</th>
<th>Average Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.26-4.00</td>
<td>Strongly agree</td>
</tr>
<tr>
<td>2.51-3.25</td>
<td>Agree</td>
</tr>
<tr>
<td>1.76-2.50</td>
<td>Disagree</td>
</tr>
<tr>
<td>1.00-1.75</td>
<td>Strongly disagree</td>
</tr>
</tbody>
</table>

**Table 4B**

Level of productivity of selected hotels in Nakawa Division Kampala district Central Uganda

n=109

<table>
<thead>
<tr>
<th>Profits</th>
<th>Average Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profits in your organization satisfy organizational expectations</td>
<td>3.73</td>
</tr>
<tr>
<td>Net profits in your organization are high compared to other players in the industry</td>
<td>3.70</td>
</tr>
<tr>
<td>Net profits in your organization are as good as the best players in the market</td>
<td>3.63</td>
</tr>
<tr>
<td>Net profits (after deducting taxes and interest) in your organization are high</td>
<td>3.62</td>
</tr>
<tr>
<td>Net profits in your organization are set to be measuring in the future</td>
<td>3.57</td>
</tr>
<tr>
<td><strong>Average mean</strong></td>
<td>3.65</td>
</tr>
</tbody>
</table>
Quality products

<table>
<thead>
<tr>
<th>Quality products</th>
<th>Mean</th>
<th>Interpretation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your organization communicates to consumers in the language they last understand and listens to them</td>
<td>3.82</td>
<td>Very high</td>
<td>1</td>
</tr>
<tr>
<td>Your organization produces that customers want</td>
<td>3.67</td>
<td>Very high</td>
<td>2</td>
</tr>
<tr>
<td>Yours organization produces products and services that are reliable</td>
<td>3.66</td>
<td>Very high</td>
<td>4</td>
</tr>
<tr>
<td>Your organization provides products that are safe</td>
<td>3.65</td>
<td>Very high</td>
<td>5</td>
</tr>
<tr>
<td>Your organization provides products services that are accessible to consumers whenever needed</td>
<td>3.55</td>
<td>Very high</td>
<td>7</td>
</tr>
<tr>
<td>Average mean</td>
<td>3.66</td>
<td>Very high</td>
<td></td>
</tr>
</tbody>
</table>

Source: primary data 2013

Key

<table>
<thead>
<tr>
<th>Mean range</th>
<th>Description</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.26-4.00</td>
<td>Strongly agree</td>
<td>Very high</td>
</tr>
<tr>
<td>2.51-3.25</td>
<td>Agree</td>
<td>High</td>
</tr>
<tr>
<td>1.76-2.50</td>
<td>Disagree</td>
<td>Moderate</td>
</tr>
<tr>
<td>1.00-1.75</td>
<td>Strongly disagree</td>
<td>Low</td>
</tr>
</tbody>
</table>

Table 4C

Level of productivity of selected hotels in Nakawa Division Kampala district Central Uganda

n=109

<table>
<thead>
<tr>
<th>Consumer satisfaction</th>
<th>Mean</th>
<th>Interpretation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your organization offers consultant channel of distribution management for its services</td>
<td>3.70</td>
<td>Very high</td>
<td>1</td>
</tr>
<tr>
<td>Your organization gives consumers value for</td>
<td>3.72</td>
<td>Very high</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Rating</td>
<td>Category</td>
<td>Rank</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>--------</td>
<td>------------</td>
<td>------</td>
</tr>
<tr>
<td>their money</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Your organization offers well after sales services</td>
<td>3.70</td>
<td>Very high</td>
<td>3</td>
</tr>
<tr>
<td>Your organization keeps consumers informed</td>
<td>3.61</td>
<td>Very high</td>
<td>4</td>
</tr>
<tr>
<td><strong>Average mean</strong></td>
<td>3.69</td>
<td>Very high</td>
<td></td>
</tr>
<tr>
<td><strong>Employee satisfaction</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Your organization pays you on time</td>
<td>3.85</td>
<td>Very high</td>
<td>1</td>
</tr>
<tr>
<td>Your organization of employees</td>
<td>3.77</td>
<td>Very high</td>
<td>2</td>
</tr>
<tr>
<td>Your organization gives employees benefits that are adequate</td>
<td>3.75</td>
<td>Very high</td>
<td>3</td>
</tr>
<tr>
<td>Your organization pays you’re commensurately to your efforts.</td>
<td>3.70</td>
<td>Very high</td>
<td>4</td>
</tr>
<tr>
<td>Your organization offers a safe working environment for its employees</td>
<td>3.70</td>
<td>Very high</td>
<td>4</td>
</tr>
<tr>
<td><strong>Average mean</strong></td>
<td>3.75</td>
<td>Very high</td>
<td></td>
</tr>
<tr>
<td><strong>Owners satisfaction</strong></td>
<td>3.75</td>
<td>Very high</td>
<td></td>
</tr>
<tr>
<td>Your organization is committed to keep safe earn per share for its share holders</td>
<td>3.81</td>
<td>Very high</td>
<td>1</td>
</tr>
<tr>
<td>Your organizations earnings per share are better than those of other players in the market</td>
<td>3.80</td>
<td>Very high</td>
<td>2</td>
</tr>
<tr>
<td>Your organization keep share holders informed of the latest development</td>
<td>3.75</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Earnings per share in your organization are set to be increasing</td>
<td>3.73</td>
<td>Very high</td>
<td>4</td>
</tr>
<tr>
<td>Your organizations gives earnings per share on time</td>
<td>3.64</td>
<td>Very high</td>
<td>5</td>
</tr>
<tr>
<td><strong>Average mean</strong></td>
<td>3.74</td>
<td>Very high</td>
<td></td>
</tr>
<tr>
<td><strong>Overall average mean</strong></td>
<td>3.67</td>
<td>Very high</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** primary data 2013
Table 4D
Summary Table on Level of productivity of selected hotels in Nakawa Division Kampala district Central Uganda

<table>
<thead>
<tr>
<th>Business growth indicators</th>
<th>Mean</th>
<th>Interpretation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee satisfaction</td>
<td>3.75</td>
<td>Very high</td>
<td>1</td>
</tr>
<tr>
<td>Owners satisfaction</td>
<td>3.74</td>
<td>Very high</td>
<td>2</td>
</tr>
<tr>
<td>Market share</td>
<td>3.72</td>
<td>Very high</td>
<td>3</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>3.69</td>
<td>Very high</td>
<td>4</td>
</tr>
<tr>
<td>Quality products</td>
<td>3.66</td>
<td>Very high</td>
<td>5</td>
</tr>
<tr>
<td>Profits</td>
<td>3.65</td>
<td>Very high</td>
<td>6</td>
</tr>
<tr>
<td>Sales</td>
<td>3.48</td>
<td>Very high</td>
<td>7</td>
</tr>
<tr>
<td><strong>Overall mean</strong></td>
<td><strong>3.67</strong></td>
<td><strong>Very high</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data 2012

Table 4A, 4B, 4C and 4D results showed that the level of productivity was very high in selected hotels in Nakawa division kampala district central Uganda. All business growth indicators were measured, as perceived by the respondents. Employee satisfaction was rated very high (mean= 3.75) rated very high on the likert scale; owner’s satisfaction was rated high (mean= 3.74) rated strongly on likert scale, market share was rated very high
mean = 3.72) rated strongly agree on likert scale; customer satisfaction was rated very high (mean = 3.69) rated strongly agree on the likert. Scale; quality products was rated very high (mean = 3.66) rated strongly agree on likert scale, profit level was rated high (mean = 3.65) rated strongly agree on likert scale and sales high (mean = 3.18) rated strongly agree on the likert scale. Overall mean on level of productivity indicators was high (mean = 3.67) rated strongly agree on likert scale.

**Significant difference between the Degree of customer relations management and productivity of selected hotels in Nakawa division Kampala district central Uganda.**

The fourth objective of the study was to determine whether there was significant difference between the level of customer relations management and productivity in selected hotels in Nakawa division in Kampala. To determine this the researcher compared the mean perceptions computed in table 3 and 4 for respondents involved in this study, using Fisher’s one way analysis of variance (ANOVA) results of which are indicated in table 5 below;

**Table 5**

<table>
<thead>
<tr>
<th>Customer relationship management Vs productivity</th>
<th>Mean</th>
<th>F-Value</th>
<th>Sig.</th>
<th>Interpretation</th>
<th>Decision on Ho</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>.637</td>
<td>.811</td>
<td>Insignificant difference</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

**Source:** Primary data 2013

One way ANOVA results in table 5 showed that there was no significant difference in the level of customer relations management and productivity in selected hotels in Nakawa division Kampala district central Uganda. For example, the overall
mean perceptions obtained from all the three items analyzed did not significantly differ. For instance, demand ($F=0.210$, sig. = 0.935), competition ($F=1.307$, sig. = 0.021) and and overall customer relations was ($F=0.637$, sig. = 0.811) Therefore, basing on these results, the null hypothesis was accepted, leading to a conclusion that customer relations management strategies and productivity in selected hotels in Nakawa division Kampala district central Uganda significantly differed.

**Relationship between Degree of customer relations management and productivity of selected hotels in Nakawa division Kampala district central Uganda.**

The fifth objective of the study was to determine whether there was significant relationship in the level of customer relations management and productivity in selected hotels in Nakawa division Kampala district central Uganda. To determine this the researcher compared the mean perceptions in Table 3 and 4 for respondents involved in the study, using person's linear correlation coefficient (PLCC, $r$) results of which are indicated in table 5 below;

Table 6

<table>
<thead>
<tr>
<th>Variables correlated</th>
<th>R-value</th>
<th>Sig</th>
<th>Interpretation</th>
<th>Decision on Ho</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer relationship management Vs productivity</td>
<td>0.280</td>
<td>0.121</td>
<td>No significant relationship</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

*Source: Primary data 2013*

Table 6 results showed that customer relations management strategies and productivity were not positively and significantly correlated in selected hotels in Nakawa division Kampala district central Uganda ($r = 0.280$, sig. = 0.121). For example, sales ($r=0.596$, sig. =0.289); market share ($r=0.554$, sig. =0.033); profits ($r=0.531$, sig. 0.033); quality products ($r=0.730$, sig. 0.270); employee satisfaction; ($r=0.540$, sig. 0.05)
owners satisfaction ($r=0.498$, sig. 0.209); except consumer satisfaction ($r=0.991$, sig. 0.009) which was positively related. On the basis of the above findings with the sig. value indicate that there is no significant correlation (sig. = 0.000 < 0.05), leading to a conclusion that customer relationship management strategies do not significantly influence productivity in selected hotels in Nakawa division Kampala central, Uganda at a 5% level of significance.

Therefore the null hypothesis which states that “there is no significant relationship between customer relationship management and productivity in selected hotels in Nakawa division Kampala district central Uganda” was accepted. To get a general picture on the overall relationship between customer relations management and productivity, two mean indices were computed for customer relationship management strategies and productivity, after which the indices were linearly regressed, as per results in table 7.

**Table 7**

<table>
<thead>
<tr>
<th>Variables regressed</th>
<th>Adjusted $R^2$</th>
<th>F-Value</th>
<th>Sig.</th>
<th>Interpretation</th>
<th>Decision on Ho</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer relationship management Vs level of productivity</td>
<td>.048</td>
<td>2.548</td>
<td>.121</td>
<td>Insignificant effect</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Source: primary data 2013

The Linear regression results in Table 6 above showed that customer relationship management (independent variable) contribute over 48% towards variations in productivity (dependent variable) in selected hotels in Nakawa kampala district central, Uganda as indicated by a high Adjusted $R^2$ of 0.048. This implies that strict attention has to be put on customer relationship management if hotels in Nakawa division Kampala, central Uganda have to flourish.

Results further suggest that the independent variables included in the model significantly influence changes in the dependent variable (productivity) ($F=2.548$, sig. =0.000). These results led to a conclusion that customer relationship management
significantly explains the high rates of business productivity in Nakawa division central, Uganda.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Introduction
This chapter presents a summary of the findings, conclusions drawn and recommendations with relevance to specific objectives of this study.

Findings
A summary of the major findings are indicated below in answer to specific objectives of the study.

Profile of the respondents
Regarding age, most of the respondents were of age group 20-39 (61%) and the rest were 40-59. This was because youthful and energetic employees were preferred. In terms of marital status majority of the respondents were married (84%) while the rest were single (9%) and divorced (7%) on the highest level of education majority of the respondents were educated with university degrees (80%) Diplomas (8%), and masters (12%) respectively. This was because most companies preferred highly trained and competent workforce.

In relation to working experience majority of the sample respondents (61%) had work experience for above 8 years, and the sample respondents were fairly distributed among the selected soft drink companies although century bottling company (30%) and crown beverages (26%) dominated as they are the leading players in the industry.
Level of customer relationship management and productivity in selected hotels in Nakawa division Kampala district central Uganda

The findings indicate that there are different levels of customer relations management strategies. Respondents rated the level of customer feedback to be Very high (mean= 3.81) equivalent to strongly agree, customer knowledge Very high (mean= 3.82) equivalent to strongly agree, customer information management rated Very high (mean =3.66) equivalent to strongly agree, and repeat purchases was also rated Very high (mean= 3.75) equivalent to strongly agree. Overall, all items on customer relationship management were rated to be Very high (mean= 3.76) indicating that the hotels in Nakawa division Kampala district used various customer relationship management.

Level of productivity in selected hotels in Nakawa division Kampala district central Uganda

The findings show that the level of Business productivity was very high in selected districts in central Uganda. All productivity indicators were measured, as perceived by the respondents. Employee satisfaction was rated very high (mean=3.75) rated very high on the likert scale; owner’s satisfaction was rated high (mean=3.74) rated strongly on likert scale, market share was rated very high mean=3.72) rated strongly agree on likert scale; customer satisfaction was rated very high (mean=3.69) rated strongly agree on the likert. Scale; quality products was rated very high (mean=3.66) rated strongly agree on likert scale, profit level was rated high (mean=3.65) rated strongly agree on likert scale and sales high (mean 3.18) rated strongly agree on the likert scale. Overall mean on productivity indicators was high (mean= 3.67) rated strongly agree on likert scale.
Significant difference between the level of relationship management and level of productivity of selected hotels in Nakawa division Kampala district in central Uganda

The findings indicate that there is no significant difference in the level of customer relationship management strategies and level of productivity in selected hotels in Nakawa division Kampala, central Uganda. Overall customer relationship management was (F=0.637, sig. = 0.811) Therefore, basing on these results, the null hypothesis is accepted, leading to a conclusion that customer relationship management and level of productivity in selected hotels in Nakawa division Kampala central, Uganda significantly differed.

Relationship between the level of relationship management and productivity of selected hotels in Nakawa division Kampala district central Uganda

Findings showed that customer relationship management and level of productivity were not positively and significantly correlated in selected soft drink companies central Uganda (r = 0.280, sig. = 0.121). On the basis of the above findings with the sig. value (r = 0.280, sig. = 0.121), indicate that there is no significant correlation (sig. = 0.000 < 0.05), leading to a conclusion that customer relationship management does not significantly influence level of productivity in selected hotels in Nakawa division Kampala, central, Uganda at a 5% level of significance.

Regression analysis between the level of relationship management and productivity of selected hotels in Nakawa division Kampala district central Uganda

The Linear regression results indicate that customer relationship management (independent variable) on regression model contribute over 48% towards variations in level of productivity (dependent variable) in selected hotels in Nakawa division Kampala district central, Uganda as indicated by a high Adjusted R² of 0.048. This implies that strict attention has to be put on customer relationship management if selected hotels Nakawa divisions in central Uganda have to flourish.

CONCLUSIONS

Based on the study findings the study concludes that there is no significant relationship between customer relationship management and level of productivity (r = 0.280, sig. = 0.121). The level of productivity was very high in selected hotels in Nakawa division, in
Employee satisfaction was rated very high (men 3.75), owner’s satisfaction was rated high (mean=3.74), market share was rated very high mean=3.72), customer satisfaction was rated very high (mean 3.69), quality products was rated very high (mean=3.66), profit level was rated high (mean 3.65) sales was rated high (mean=3.18) Overall mean on level of productivity was high (mean=3.67). On the level of customer relationship management findings indicated that there are different levels of customer relationship management. Respondents rated the level of customer feedback to be Very high (mean= 3.81) equivalent to strongly agree, customer knowledge Very high (mean= 3.82) equivalent to strongly agree, customer information management rated Very high (mean =3.66) equivalent to strongly agree, and repeat purchases was also rated Very high (mean= 3.75) equivalent to strongly agree. Overall, all items on customer relationship management were rated to be Very high (mean= 3.76) indicating that the hotels in Nakawa division Kampala district used various customer relationship management. Therefore, basing on these results, the null hypothesis is accepted, leading to a conclusion that customer relationship management and level of productivity in selected hotels in Nakawa division, central Uganda significantly differed.

The Linear regression results indicate that level of customer relationship management (independent variable) on regression model contribute over 48% towards variations in level of productivity (dependent variable) in selected soft drink companies central, Uganda as indicated by a high Adjusted R$^2$ of 0.048.

The study therefore did not significantly agree Dynamic structural model developed by Franses, (2005) which states that management supports and encourages productivity improvement by considering incentives to reward customers for contributions. Another area of interest regarding dynamic structural model in customer relationship management is the optimal allocation of services, such as the outsourcing of inbound services calls (Li, Sun & Zhou, 2004). To guarantee both long term cost efficiency and overall customer satisfaction, a firm might sacrifice short-term efficiency by strategically assigning a few callers to the various call centers to learn about their service quality. A better knowledge
of service centers’ efficiencies can reduce future service time and improve overall customer satisfaction. However regression analysis shows that customer relation strategies account for 48% variations in level of productivity which is not very significant but important.

**RECOMMENDATIONS**

Based on the findings of the study, the following are suggested.

Hotels should develop proper marketing plans as this will help all employees and their managers to work towards common goals. In addition it will serve as a basis upon which actual and expected performance will be measured. Further still marketing plan will provide a sense of direction to the organization.

Hotels should improve on their branding as this will help them to properly distinguish themselves before their customers in this highly competitive business environment.

Proper packing needs to be done by the Hotels need as this will help ease their distribution and also help the members of distribution channel in easily carrying and distributing their products.

Hotels need to improve on their marketing communications, specifically by tailoring their messages to the specific characteristics and interests of free selected customers. Modern ICTS can help the companies in achieving this objective.

Market segmenting and targeting needs also to be improved by the Hotels need this will help in figuring out the rightful customers and therefore help to develop products that appeal and satisfy the selected customers.

Hotels need to improve on their distribution strategy. This can be done specifically by creating company owned agents in various parts of the market. Further
still partnership can be done with private retailers and wholesalers through giving them incentives like discounts, sharing advertising costs and giving them storage facilities for these products.

Hotels need to improve on their product strategy management. Care should be taken in developing the proper product lines, product mix and other related product strategy decisions.

Hotels need to improve on their innovativeness and creativity. They need to keep come up with new products and services that appeal to customers.

Continuous market research needs also to be done by the Hotels need so as to find out the needs and complaints of customers. Marketing research will also help the soft drink companies' in finding out whether their marketing strategies are meeting the objectives of the company.

Hotels need also to improve on them competitive intelligence as this will help them to monitor the plans and actions of their competitors and recent accordingly.

Hotels need should improve on the quality of their products and services as this will improve on the customer satisfaction levels and improve them market share.

Hotels need to develop proper relationship management strategies as this will result into repeat business, positive ward –of- month, increased sales and profits and subsequence business growth.

**SUGGESTED AREAS FOR FURTHER RESEARCH**

There is need to do research on quality services and business growth, further research can also be done on advertising and sales productivity of selected hotels in Nakawa division kampala, central Uganda.
REFERENCES


Fletcher, K. and Wright, G. (1996). The strategic context for information systems use; An empirical study of the financial services industry. *International Journal of Information Management*


APPENDIX IA

FACE SHEET: DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

Gender (Please Tick)

__ (1) Male
__ (2) Female

Age
__i) 20-39 years
__ii) 40-49 years
__iii) 50-59 years
__iv) 60 years

Education Level (Please Specify):
(1) Certificate__________________
(2) Diploma _______________________  
(3) Bachelors ____________________  
(4) Masters _______________________  
(5) Ph.D. _______________________

Number of Years (Working Experience) (Please Tick):
__(1) Below 2 years
 __(2) 3-5 years
_i (3) 6 years and above
APPENDIX IVB

QUESTIONNAIRE TO DETERMINE THE EXTENT OF CUSTOMER RELATIONS MANAGEMENT

Direction: Please respond to the options and kindly be guided with the scoring systems below.

<table>
<thead>
<tr>
<th>Description</th>
<th>Response Mode</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>You agree with no doubt at all</td>
<td>strongly agree</td>
<td>4</td>
</tr>
<tr>
<td>You agree with some doubt</td>
<td>agree</td>
<td>3</td>
</tr>
<tr>
<td>You disagree with some doubt</td>
<td>disagree</td>
<td>2</td>
</tr>
<tr>
<td>You disagree with no doubt at all</td>
<td>strongly disagree</td>
<td>1</td>
</tr>
</tbody>
</table>

1) Your hotel without delay responds to customers’ problems, suggestions, and complaints.

2) Your hotel uses phone calls, e-mails, and personnel visits to communicate with customers.

3) Your hotel actively responds to customers’ enquiries of our services.

4) Your hotel actively understands customers’ service food and expectations.

5) Your hotel has different marketing patterns for target customers.

6) You are able to use customers’ ideas to develop a new market.

7) You practice flexibility depending on customers’ requirements.

8) You are capable of using computer system to categorize targeted markets.

9) You use a computer system efficiently to handle customer’s information.

10) You are able to provide price discount for faithful customers.

11) Our customers often introduce other customers to our hotels.

12) Our customers can easily find our hotel’s services related information to help us grow.
APPENDIX IVB

QUESTIONNAIRE TO DETERMINE THE EXTENT OF PRODUCTIVITY IN SELECTED HOTELS OF NAKAWA DIVISION

Direction: Please respond to the options and kindly be guided with the scoring systems below.

<table>
<thead>
<tr>
<th>Description</th>
<th>Response Mode</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>You agree with no doubt at all</td>
<td>strongly agree</td>
<td>4</td>
</tr>
<tr>
<td>You agree with some doubt</td>
<td>agree</td>
<td>3</td>
</tr>
<tr>
<td>You disagree with some doubt</td>
<td>disagree</td>
<td>2</td>
</tr>
<tr>
<td>You disagree with no doubt at all</td>
<td>strongly disagree</td>
<td>1</td>
</tr>
</tbody>
</table>

**Capital**

1) You have money to buy all foods required by customers.
2) You get enough money to pay your workers and rent.
3) You have enough seats for your customers while eating or drinking tea.
4) You have enough rooms for your customers.
5) You have enough items like televisions, beds, towels, e.t.c

**Labour**

1) You have enough workers in your hotels.
2) Everybody works for required hours.
3) You have skilled workers in your hotels.
4) You produce quality foods, drinks compared to others around you?
5) You are able to deliver your services in time to your customers.
6) There’s no insufficient man power

THANK YOU FOR YOUR PARTICIPATION

APPENDIX IVD

VALIDITY AND RELIABILITY TESTING

53
### Overall Reliability Statistics on level of customer relationship management

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.821</td>
<td>12</td>
</tr>
</tbody>
</table>

### Overall Reliability Statistics on level of productivity

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.873</td>
<td>11</td>
</tr>
</tbody>
</table>

**Sample Size**

The Slovin's formula will be used to determine the minimum sample size.

\[
N = \frac{n}{1 + N \alpha^2}
\]

Where:

- \(N\) = Target population
- \(n\) = Sample size
- \(\alpha\) = 0.05 that is the level of significance