

**ASSESSMENT OF THE CHALLENGES FACING SMALL AND MEDIUM
SIZED HOTEL OPERATORS IN UNGUJA, ZANZIBAR**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF TOURISM,
PLANNING AND MANAGEMENT OF THE OPEN UNIVERSITY OF
TANZANIA**

2017

CERTIFICATION

The undersigned certifies that he has read and recommends for acceptance by the Open University of Tanzania a dissertation entitled, “*Assessment of the Challenges Facing Small and Medium Sized Hotel Operators in Unguja, Zanzibar*” in partial fulfillment of the requirements for the degree of Master of Tourism, Planning and Management.

.....

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Date

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DECLARATION

I, **Emmanuel Zakayo Jambi**, declare that this dissertation is my own original work and that it has not been presented and will not presented to any other university in a similar or any degree award.

.....

Signature

.....

Date

DEDICATION

This work is dedicated to my Father Mr. Zakayo Jambi and Mother Mrs. Rehema Jambi who laid foundation for me to climb the ladder of knowledge.

ACKNOWLEDGEMENT

Conducting research is a difficult task that one cannot do alone without assistance from others. A number of people have contributed in one way or another in accomplishing the task of writing this dissertation. To them all I say thank you.

My sincere gratitude is first being directed to my supervisor Dr. Emmanuel Patroba Mhache of the Open University of Tanzania (OUT) for devoting a lot of his time offering counselling, scholarly criticism, encouragement, comments and reading drafts of this work from initial stage up to this final version. Secondly, I would like to express my grateful gratitude to the Head of Tourism and Hospitality Department of OUT Dr. Shogo Mlonzi for her guidance and advice on how to prepare the dissertation.

My special appreciation also goes to the small and medium sized hotel operators and hotel employees in the study area for providing me with all necessary data. Finally, I am grateful to thank my family, especially my beloved wife Dorcus Jambi, my children Eliezeri, Daniel and Esta, and my friends who always encouraged and prayed for me to meet my achievements.

ABSTRACT

The purpose of this study was to explore the challenges facing small and medium sized hotel operator in Unguja, Zanzibar. The study examined the challenges facing the development of small and medium sized hotel operators. Also, the study asserted the measures taken by small and medium sized hotel operators to address challenges facing them. The sample included 103 respondents. The respondents were small and medium sized hotel employees (82) and small and medium sized hotel operators, managers and assistance managers (21). The small and medium sized hotel employees were selected through random sampling while small and medium sized hotel operators, managers and assistance managers were selected through purposive sampling techniques. This study adopted descriptive research design and both qualitative and quantitative research approaches were employed. Data collection methods included interviews, questionnaires, observation and documentary literature review. Findings revealed that small and medium sized hotel operators faced various challenges, namely; unqualified hotel employees, insufficient in job training and lack of capital. Other challenges which were found included unreliable electricity and inadequate of essential hotel services and facilities. Besides that, the findings also indicated that measures taken by small and medium sized hotel operators to address the above identified challenges included conducting in job training, using personal serving and selling of beach grounds and using generators. Finally the study recommended various measures which should be taken by decision and policy makers to address the identified challenges for development of small and medium sized hotel operators as well as for the growth of the tourism sector.

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LIST OF ABBREVIATIONS

EAT	East African Community
FDI	Foreign Direct Investment
MICTS	Ministry of Information, Culture, Tourism and Sport
MNRT	Ministry of Natural Resources and Tourism
NCT	National College of Tourism
OUT	Open University of Tanzania
SMEDP	Small and Medium sized Enterprises Development Policy
SMEs	Small and Medium sized Enterprises
SMMES	Small, Medium and Micro Enterprises
TANESCO	Tanzania Electricity Supply Company
UDOM	University of Dodoma
UNCTAD	United Nations Conference on Trade and Development
WTO	World Tourism Organization
ZECO	Zanzibar Electrical Company
ZIToD	Zanzibar Institute of Tourism Development

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Small and medium sized hotels have been growing more and more global, especially in developing countries where most of them are operated by local investors. According to Belisle, (1983) lower and small hotels are owned by locals while larger sized and high class hotels are owned and managed by foreigners. Tefler and Wall (2000) maintained that, the big hotels in developing countries are just extensions of groups of hotels abroad. Small and medium sized hotel operators play significant role in developing tourism industry by offering accommodation to tourist during their holiday in an area of destination. Hotels provide the base, from which tourists can engage in any activities at, a destination, therefore the travelling will be incomplete in the absence or in poor development of hotel sector (Cooper *et al.* 2008). Beyond that, small and medium hotel operators also generate government revenue by paying tax and create job opportunities for people.

In Tanzania hotel sector have been growing rapidly and can be traced back in parallel with the development of the tourism industry. In 2000, the stock of hotel, lodge and tented camp accommodation in Tanzania was estimated to be 10,650 rooms (Integrated Tanzania Tourism Master Plan, 2002), though not all rooms were used by tourists. Including the tented camps, the estimated stock of accommodation used by foreign leisure tourists was about 5,000 rooms. Based on an expected foreign bed, night demand of almost 5 million in 2005, the total hotel, lodge, and tented camp

room requirements were 12,000 rooms of which an estimated 8,500 rooms were required to meet international standards by the year 2005 (Integrated Tanzania Tourism Master Plan, 2002). Considering 8,500 international standard rooms which were required, 5,000 rooms were currently operated and 500 rooms were currently under construction or refurbishment (Integrated Tanzania Tourism Master Plan, 2002). The remaining 3,000 rooms that were required by 2005 were expected to involve a combination of refurbishment from the existing stock of accommodation and the construction of new rooms (Integrated Tanzania Tourism Master Plan, 2002).

According to Ministry of Natural Resources and Tourism (2012), 174 tourist hotels offering 11, 568 rooms were registered and licensed in Tanzania mainland, especially in big cities like Dar Es Salaam and Arusha. Due to location of tourist hotels in big cities, it has been suggested that, investment is required for additional hotel capacity in existing tourist destinations and new investment in untapped areas. Hotel investment on undeveloped tourist destinations was also recommended by Tanzania Tourism Master Plan in 2002. According to Zanzibar Commission for Tourism in 2009, 349 hotels and lodges offering 7,009 rooms and 13,198 beds were registered in Unguja and Pemba.

According to the ministry of information, culture, tourism and sport in Zanzibar, hotel sector in Zanzibar has been growing rapidly whereby in 2014, 405 hotels and lodges offering 8,237 rooms and 16,334 beds were registered in Unguja and Pemba. The distribution of these hotels in Unguja and Pemba is as presented in Table 1.1.

Table 1.1: Distributions of hotels in Unguja, Zanzibar in 2014

S/N	Place	Registered hotels	Rooms	Beds
1	Stone Town	102	1631	3505
2	West District	31	510	927
3	North Region	116	3622	7199
4	Central	19	503	924
5	South Region	111	1713	3304
6	Pemba	26	258	475
Total		405	8237	16334

Source: Tourism database of Zanzibar Commission for Tourism, 2014

Small and medium sized hotel operators play important role in developing tourism industry in Tanzania. They promote tourism and provide accommodation to tourists during their visit in Tanzania. Besides that, small and medium hotel operators also generate government revenue through paying taxes and create employment among the Tanzanian particularly the youth. Despite the benefits of small and medium hotel operators there are challenges which hindering development of these hotel operators. Small and medium sized hotel operators seem to be not well growing while some of them are failing miserably compared to the larger hotels which are owned and operated by foreigners. Like Small and Medium Sized Enterprises (SMEs), small and medium sized hotel operators faced with various challenges. According to UNCTAD (2008) report, SMEs are faced with numerous challenges, with many of them operating at the margin of survival. Therefore; this study will critically examine and identify the challenges faced by small and medium sized hotel operators in Unguja Zanzibar, Tanzania.

1.2 Statement of the Problem

The hotel is the base of tourism industry since it is a significant element of the tourism industry. Tourists require hotel where they can stay during their holidays

within a tourism destination (Cooper, 2008). Tanzania has been encouraging both Foreign Direct Investment (FDI) and local entrepreneurs, especially small and medium sized enterprises to invest in tourism industry particularly in the hotel sector. According to Ministry of Natural Resources and Tourism (2014) luxury hotels have been constructed in Tanzania Mainland and Zanzibar. The small and medium sized hotel operators working in Small and Medium sized Enterprises (SMEs) play a vital role in the development of rapidly growing tourism industry in Tanzania. The SMEs serves useful functions in the tourism industry such as development of linkage to other sectors and providing personal services (Dieke, 2003).

Though there is no universally agreed definition of SMEs, countries use different criteria in determining whether a particular enterprise is small, medium or large. The definition of SMEs in Tanzania is provided under the Small and Medium Sized Enterprises Development Policy (SMEDP) of 2002. The policy sets the criteria which are based on the number of employee and size of investment capital as indicated in Table 1.2.

Table 1.2: Categorization of SMEs in Tanzania

Category of enterprise	Number employees	Capital investment (Tsh)
Micro	1 – 4	5, 000, 000
Small	5 – 49	5,000, 000 – 2,000,000
Medium	50 – 99	2,000, 000 – 8,000,000
Large	100+	8,000, 000+

Source: SME Development Policy, 2002

The government notes the contribution of SMEs in developing the economy of the national particularly through job creation and revenue generation. Tanzania adopted

an SME development policy (SMEDP) in 2002 mission, that is, “to stimulate development and growth of SME activities through improved infrastructure, enhanced service provision and creation of a favourable legal institutional framework so as to achieve competitiveness”. In order to create a positive environment for investment in the tourism sector and to encourage entrepreneurship, especially for small and medium sized enterprises, the Integrated Tanzania Tourism Master Plan (2002, 110 – 111) suggested the following; (1) Reformation of the application and issuing procedures of the many regulations to be observed during starting and expansion of businesses. (2) Reduction of the burden of taxation on the tourism sector (3) Elimination of the price exhausting system for resident and non- residents in respect of tourism services, including air fares, and (4) Through World Bank and other financial institutions; Financing facility for start-up and existing SMEs, this includes capital, loans at preferential interest rates, loan guarantees and matching grants.

However, though the government has been undertaking efforts to ensure the SMEs are growing and achieve competitiveness, the small and medium sized hotel operators are facing numerous challenges. Studies reported that small and medium sized hotel operators have been rapidly growing globally, especially in developing countries, though they faced many difficulties. For example the study by Reynolds (1994) revealed that among the problems faced by small and medium sized business in the tourism sector are financial, management and liquidity. Seaman and Slabbert (2003) stated that small business in tourism sector faces financial problems such as funds and lack of knowledge on how to approach financial institutions.

Tanzania Tourism Master Plan (2002) claimed that hotels and other tourism business are characterized by unskilled staff. In the light of the above mentioned challenges as reported by studies, the small and medium sized hotel operators in the study area in Unguja, Zanzibar are also facing with various challenges. Thus, this study critically examined and identified challenges facing small and medium sized hotel operators at South East Zone in Unguja, Zanzibar. Secondly, this study also identified measures taken by small and medium sized hotel operators in the study area to address the identified challenges. Finally, the study recommended various measures which should be undertaken, particularly by decision and policy makers to address the challenges facing small and medium sized hotel operators.

1.3 Objectives of the Study

1.3.1 General Objective

The main objective of this study was to explore challenges facing small and medium sized hotel operators in Unguja, Zanzibar.

1.3.2 Specific Objectives

- i) To examine the qualification of employees working in small and medium sized hotels in Unguja, Zanzibar.
- ii) To identify challenges facing small and medium sized hotel operators in Unguja, Zanzibar.
- iii) To examine measures to address the challenges facing small and medium sized hotels in Unguja, Zanzibar.

1.4 Research Questions

- i) What are qualifications of employees working with small and medium sized hotels in Unguja, Zanzibar?
- ii) What are the challenges facing small and medium sized hotel operators in Unguja, Zanzibar?
- iii) What are the measures to address the challenges facing small and medium sized hotel operators in Unguja, Zanzibar?

1.5 Significance of the Study

This study covered small and medium sized hotel operators in Unguja, Zanzibar. Small and medium sized hotel operators play significant role in developing tourism industry as well as economy of the national though they are faced with various challenges. Therefore, as noted above in this chapter the study critically examined and revealed various challenges facing the small and medium sized hotel operators and recommended measures which should be implemented in order to address those challenges. This will help small and medium sized hotel operators and owners as decision makers to understand how to deal with challenges facing their hotels in order to achieve the expected objectives. Furthermore, the information on this study will be useful to tourism planners and policy makers, particularly governments through ministry of natural resources and tourism (MNRT) for Tanzania mainland and the ministry of information, culture, tourism and sport (MICTS) for Zanzibar. It is expected that, tourism planners and policy makers through this study not only will understand the challenges facing small and medium sized hotel operators, but also will see how to develop small and medium sized hotels through recommendation

which provided by this study. In addition, the researchers and academicians in the tourism context will find the results of this study are useful for the reference.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature related to small and medium sized hotels. It presents definitions of key concepts used in this study, theoretical literature review and empirical literature review. The chapter also presents a conceptual framework guiding this study and the research gap.

2.2 Definitions of Key Concepts

2.2.1 Tourism

Tourism is simply the movement of people away from their usual environment. According to World Tourism Organization (2002), tourism is the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited. Mathieson and Wall (1982) maintain that, tourism is the temporary movement of people to destinations outside their normal places of work and residence, the activities undertaken during their stay in those destinations, and facilities created to cater their needs. Macintosh and Goeldner (1986) also claimed that, tourism is the sum of the phenomena and relationships arising from interactions of tourists, business suppliers, host government and host communities in the process of attracting and hosting these tourists and other visitors. Therefore, in the light of aforementioned definitions, tourism is the activities of people travelling to the places outside their usual

environment for a specific period of time for leisure, business and other activities which travellers cannot be paid within the places visited. In addition, tourism is the activities which involve the interactions of tourists and tourist stakeholders, namely business suppliers, host government and host community.

2.2.2 Small Sized Hotel

Tourism regulations and standards play a significant role in the development of any country's tourism industry. Among tourism regulations and standards which have been facilitating growth of tourism are those which cover the classification of hotels and other accommodation facilities. The process of breaking down hotels and other accommodation facilities into classes or grades and grouping them according to their common physical, facilities and amenities as per set tourism regulation and standards is an imprecise science. However, according to Cooper (2008), as there is no internationally accepted and requisite hospitality establishment classification system, there are many ways of classifying hotel establishments according to the countries. The genesis of the hospitality classification system is entrenched in the efforts of Automobile and Cycling Clubs in United States of America in 1880s.

Automobile Cycling Clubs displayed establishment amenities in their tour books, which in turn recommended to their membership based on guaranteed facilities and services which were offered. Historically, hotel classification systems were developed to ensure safe and reliable lodging and food for travellers at a time when very few such trustworthy establishments existed. According to World Tourism Organization (WTO) records, by 1970 only five European countries had a national

classification system in place while by 1980 the number increased to 22 in Europe and 60 worldwide. In Tanzania the recognition of the necessity for quality assurance in the tourism industry has been acknowledged since the 1980s. The competitive nature of international tourism, the rising level of consumer rights and the need to stamp the country's destination credentials drove this initiative. In September, 2000, the Tanzania Government through the Ministry of Natural Resources and Tourism (MNRT) formed the panel of expert of standardization and classification of hotels and restaurants and other tourist facilities. This decision was in line with provisions of East African Community (EAC) treaty; article (115) 2 and subsequent directions and decisions made by the EAC Council of Ministers.

However, hotels are classified on the bases of size, location and ownership. According to World Tourism Organization (WTO) there are small hotels (up to 150 seats), hotel medium (151 to 400 seats) and larger hotels (over 400 seats). Besides that, Stutts and Wortman (2005), pointed out that, there are small sized hotel (up to 25 rooms), medium sized hotel (26 to 90 rooms), above average hotels (80 to 250 rooms) and larger hotels (250 rooms and above). Therefore, as East African Community members of states standardize and classify hotels according to star ranking and there are no agreed criteria which should be observed in order to classify hotels according to the size, in this research, a small hotel is a hotel with 4 to 25 rooms.

2.2.3 Medium Sized Hotel

Hotels are classified on the bases of size, location and ownership. According to World Tourism Organization (WTO), hotel medium is a hotel with 151 to 400 seats. According to Stutts and Wortman (2005), medium sized hotel is a hotel with 26 to 90 rooms. However, each of the countries of the world is using the specific rating system, which prevents the application of single classification system worldwide. East African Community members of states standardize and classify hotels according to star ranking. Therefore, in this study a medium sized hotel is one with 26 to 99 rooms.

2.3 Theoretical Literature Review

2.3.1 Networking Theory

Since the firms noted the importance of working together, they have turned gradually more to the network form of organization. The information and knowledge based on the economy have sped up the need to better understand the development of strong and flexible relationships with both customers and stakeholders in the supply chain (Terziovski, 2003). As far as Small and Medium Enterprises (SMEs) literature is concerned, an area of research that has begun to take some prominent since the beginning of e-commerce is that of networking whereby the researchers have provided helpful and fundamental data on the role of networks for strategic planning, supply chain relationship, the share of technical know-how and increasing market share of SMEs (MacGregor, 2004). O' Donnell (2004) describes networking in a small firm context as "An activity in which entrepreneurially oriented SME owners build and manage personal relationships with particular individuals in their surroundings".

Valkokari and Helander (2007) defined strategic SME network as long-term co-operative agreements whereby more than two partners share critical knowledge, resource and financial assets in order to attain, sustain or improve the firm's future competitive positions.

Networks and relationships are important to small organizations as they enable these organizations to link activities and tie resources together, identify new market opportunities and contribute to building market knowledge (Mort and Weerawardena, 2006). Valkokari and Helander (2007) argued that, strategic co-operation and networks are the means that allow SMEs to compete and innovate in a dynamic business environment. The organization uses networking strategies to deal with the uncertainty they identify in their environment and accordingly develop their performance in the market (Babakus *et al.* 2006). Hence, the firm's achievement depends on its cooperation with other firms which manipulate the creation and delivery of its product or service. Networks play a significant role in business due to their creation in terms of gathering information and provision of the infrastructure to communicate, purchase, sell products and services and collaborate with others (De Klerk, 2007).

Networks offer interactive, personal relationships with individual consumers, and offer the opportunity to discover individual preferences and needs. Therefore, the employment of networks through the process of networking offers a range of benefits. MacGregor (2004) claimed that networks are used by SMEs to pool resources and talents together to bring in results which would not be possible due to cost limits and

economies of scale if the organization operates in isolation. Mart and Weerawardena (2006) argued that, the absence of networks hinders effort of farms' to expand into multiple markets. It is further suggested that, by integrating into a group and making relation-specific investment, independent can lower cost of transacting with each other (Tretyak and Popov, 2009).

Therefore networking is a fundamental qualification for effective business performance for SMEs. The results of the study from barbecues et al (2006), shows that, SMEs need to take decisive steps to adopt a network form of organization for their success. The application of networking theory to small and medium sized hotel operators is that, small and medium sized hotel operators required to adopt network form of organization whereby two or more small and medium sized hotel operator partners can share important skills, resources and financial assets in order to attain or sustain competition. Beyond that, through a network form of organization small and medium sized hotel operators can link activities together, identify new market opportunities and contribute to build market knowledge. Furthermore, strategic co – operation networks can be the means that might allow small and medium sized hotel operators to communicate and innovate in a dynamic business environment. In addition to network strategies can be employed by small and sized hotel operators to deal with uncertainties so as to improve service provider performance.

2.3.2 Resource Based Theory

Resource based theory is based on social exchange theory whereby establishment are open system and depend on input and output resources to meet their objectives

(Buvik, 2001). The studies show that, the lack of effective and efficient application with respect to firms' resources creates potential dependency on that particular firm controlling these resources. The lack of control firms' flow of input and output resources will introduce an uncertainty problem for its decision making unit (Buvik and Reve, 2002). Based on resource theory, the firms faced with external dependency will try to employ inter-organizational arrangements as strategic responses to conditions of environmental uncertainty and inter-firm dependency (Heide, 1994). The resource based theory perspective addresses the importance of resources, exchanged and the firm's ability to control the flow of input and output resources (Buvik and Gronhaug, 2002).

Therefore, small and medium sized hotel operators can achieve competitiveness and meet their goals when they effectively depend on their input and output resources. According to resource based theory and related studies, if small and medium sized hotel operators confronted with external dependency they can employ inter-organizational arrangements as strategic responses to conditions of environmental uncertainty and inter-firm dependency.

2.3.3 Skills Theory

The skills theory emerged as a prominent theory in 1955 when Robert Katz published his paper "Skills of an Effective Administrator" in the "Harvard Business Review article." Katz's theory was relatively simple, and focused on three primary skills needed for effective management: Technical Skills, Human Skills, and Conceptual Skills (Katz, 1955). Technical skills can be defined as knowledge about

and proficiency in a specific type of work or activity (Northouse, 2016). According to Katz (1955) activity involving methods namely; processes, procedures or techniques. Human skills can be seen in interactions between leaders, their followers, and team members. How leaders uses those relationships to pursue the organization goals (Northouse, 2016). Conceptual skills could be described as a leader's ability to work with ideas and concepts (Northouse, 2016), and the ability to see the enterprise as a whole (Katz, 1955). Conceptual skills may allow a leader to communicate the vision of an organization and brainstorm on ways for the organization to reach certain goals (Northouse, 2016). Therefore, based on skilled theory it is clear that, small and medium sized hotel operators should recruit skilled staff in order their organization to reach the intended goals.

However, this study will be guided by networking theory as networking is a fundamental qualification for effective performance for SMEs such as small and medium sized hotel operators. SMEs need to adopt a network form of organization for their success (barbecues *et al.* 2006). If small and medium sized hotel operators adopt a network form of organization they will be able to deal with challenges easily together rather than operating individually.

2.4 Empirical Literature Review

2.4.1 Difficulties Facing Small and Medium Sized Hotel Operators

There has been rapid growth of small and medium sized hotels globally, particularly in developing countries. However, researchers reported many challenges which hinder the development of these small and medium sized hotels. The results of study

carried out by Kim and Chan (2008) in Malaysia reported the following key challenges faced by the hotel operators, especially small and medium sized hotel operators; (1) mushrooming of new hotels, (2) human resource issues, (3) government regulations and policies, (4) season demand issues and (5) operational issues. The study further claimed that, the major challenges faced by small and medium sized hotel operators are related to competition, financial issues, human resource, government regulation and policies, customer services and satisfaction and marketing.

The study by Reynolds (1994) revealed that among the problems faced by small and medium sized business in tourism sector are financial management and liquidity, management inexperience and incompetence, limited adoption of technology, poor or non-existent of books and records, and failure to seek and use expert advice, Saayman and Slabbert (2003) stated that small business in tourism sector face financial problem such as shortage of funds and lack of knowledge on how to approach financing institution. Funding for small, medium and micro enterprises (SMMEs) in tourism are not only insufficient, but also funding mechanism is not coordinated. Funding institutions see the tourism sector as risky business due to several reasons such as lack of government's commitment to tourism, safety and security, and fact, tourism is a relatively new industry (Lu and Chiang, 2003).

The findings of study by Shikuri and Chepkwonyi (2013) in Kenya, suggested that the accommodation sector in Kenya, especially small and medium sized accommodation business faced many challenges such as competition, insecurity, lack

of working capital, government policies and power interruptions. In Tanzania, according to Tourism Master Plan (2002), the hotel sector and other tourism related sectors such as transportation, food and beverage were mostly characterized by unskilled staff. However, to encourage entrepreneurship, particularly for small and medium sized enterprises, Tourism Master Plan (2002, 110) suggested reduction of the burden of taxation and financing facility for the start up and existing small and medium sized enterprises.

2.4.2 The Importance of Trained and Qualified Staff in Hotel Industry

Training is the process that provides employees with the knowledge and the skills required to operate within the system and standards set by management (Sommerville, 2007). Training in the most simplistic definition, is an activity that changes people's behaviour (Maccleland, 2007). Furthermore, training defined as a systematic approach of learning and development to improve individual, team, and organizational effectiveness (Goldstein and Ford, 2002).

Staff training is a crucial aspect particularly in tourism business due to fact that tourism is a service provision oriented industry. In hotel business; it is all about competence in people, especially the staff's qualities. The level of service quality depends on the qualities of the staff.

The qualities are about knowledge, skills and thoughts which lead to hotel's survival and development. Therefore, staff training is important in many ways; it increases productivity while employees are armed with professional knowledge, experienced

skills and valid thoughts. Staff training also motivates and inspires workers by providing employees all needed information on work as well as helping them to recognize how important their jobs are (Wang, 2008). Training and development can be seen as a key instrument in the implementation of Human Management Recourse practices and policies. Successful hotels always include staff training as their important development strategy (Nickson, 2007).

Staff training is an important part as well as the key function of Human Resource Management and development; it is the crucial part of motivation and increasing employee productivity in the business (Maccllelland, 2002). Because of the development of technologies and the entire business environment, employees are required to be skilled and qualified, nevertheless they are good. The employee might be out of the system if they don't keep studying. Companies need staff training frequently if they want to be competitive among others (Wang, 2008). Employee training is the key strategy to help everybody in the firm to be more united. The organization could hire experienced employees or train them to be skilled. When firm trains their own staff, by providing and forming harmonious atmosphere, accurate work specification and the passion of work, team spirit will be built between employee and management team within the process.

According to Tanzania Tourism Master Plan (2002), an evaluation of operational standards conducted as part of the master plan fieldwork in 1996 revealed that employee from hotels and other tourism sectors were consistently friendly and helpful but lacked the important skills required to meet the international service

standards. It is further; assessment found that, though in house training is carried out, is usually not on a standard or planned basis to decide the criteria by qualified trainers. In addition, it is noted that, there was a serious training problem at entry level and for existing staff within the industry. In 2002, there was no provision in Tanzania for tourism management training to degree or diploma level; Therefore, the Tourism Master Plan (2002) suggested construction of Tourism and Hotel School in Arusha for provision of training in tourism and hotel management to degree level.

However, currently in Tanzania there are many governmental and private academic institutions which provide tourism and hotel management trainings to certificate, diploma, degree and master levels, and these intuitions include, National Collage of Tourism, The Open University of Tanzania, Tumaini University and University of Dodoma.

2.4.3 The Importance of Adequate Hotel Amenities

The difficulties of operating hotel to meet its objective have become significant. Since planning to reach the objective, the reputation of the hotel is the function of the standards of amenities and services delivered. In order to meet the objective, hotels are expected to recognize and to satisfy guests' desires and problem (Sammons *et al.* 1999). Tourists are looking for a home away from home or office from the office. This approach was considered by hotel industry as a road map to serve tourists, according to their needs and wants. Most of the tourists wanted hotel rooms to let them feel as they are at home. Therefore, they wanted cleanness, comfort, safety, attentive service and peace and quiet (Pierson, 1996). According to Spano (1998),

security seemed to be a primary factor. An increase number of consumers demand safe and secure environment while patronizing a hotel (Clow *et al.* 1994).

In some cases, tourists required to work while are in holidays. Hotel facilities and services, namely secretarial services, copying machines, fax machines, cable services, computers, telephone jacks for computer modems, and other types of service and equipment were increasingly needed and were expected by business travellers (Spano 1998). Business travellers always are in a hurry and need fast service in every department of the hotel (Stephans, 1990). Surveys of the hotel showed that the bedroom was considered important than the public area such as restaurant, bars and leisure facilities (Foster, 1993). The standard facilities found in bedrooms in threes and four star hotels are tea and coffee making facilities, trouser presses. Hair dryers and in house movie channels (Foster, 1993). Business travellers who usually stay in hotels makes critical assessments as to which hotel they will select. The decision will be typically based on experience, recommendations, advertising, and hotel characteristic (Griffin *et al.* 1996). However, hotel characteristics are normally recognized as amenities. Amenities are extra items, facilities and services available to guests that are not included in the basic accommodation of a room and a bed (Rushmore, 1989; Griffin *et al.* 1999).

Results of research from Marriot group found that 70% of over 1,000 frequent business travellers used their room as an office when they were travelling for business (Hill, 1999). Also Seo's study (1997) reported that 81.1% of respondents worked in their hotel room as an office when they travelled for business. To meet the

needs of the guests at the Starwood Hotel in Taiwan, guest room amenities includes workplace with large desks, telephone with data ports, coffee makers, irons and ironing boards, and complimentary newspapers (Lenhart, 2000).

2.5 Conceptual Framework

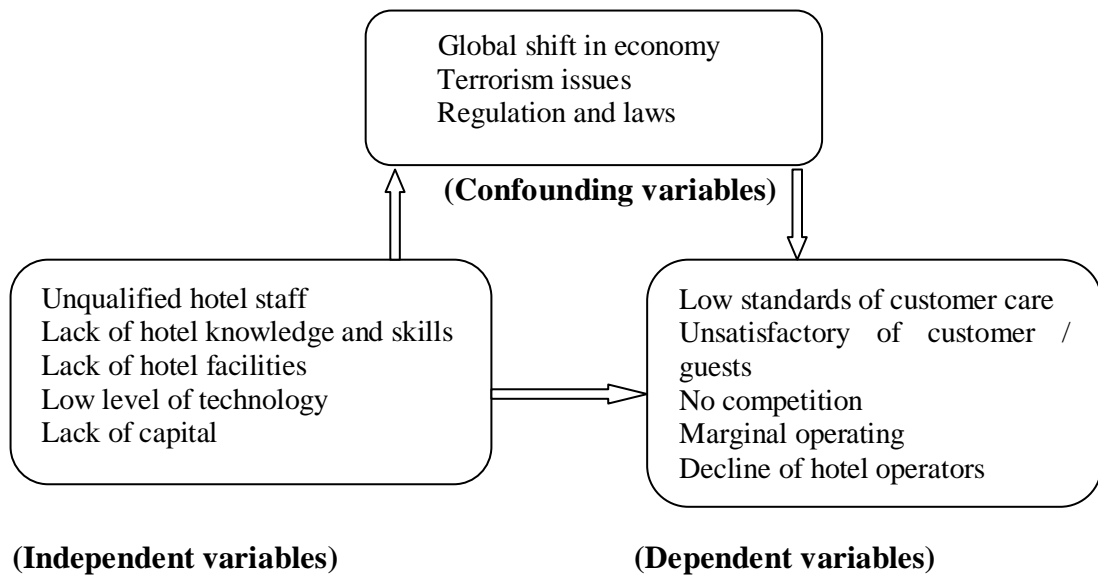


Figure 2.1: Challenges Facing the Development of Small and Medium Sized Hotel Operators

Source: Researcher, 2015

Based on literature review, as small and medium sized hotels face various challenges, they lack rivalry, operate in marginal survival and finally they fail or decline. Conceptual framework, figure 2.1 above, depicts the challenges faced by small and medium sized hotel operators and their consequences to the development of these hotel operators. Conceptual framework describes challenges facing small and medium sized hotel operators as independent variables and their impacts as dependent variables. Besides that, conceptual framework also describes hidden

challenges which indirect facing small and medium sized hotel operator as confounding variables. Conceptual framework shows that, unqualified hotel staffs, lack of hospitality skills, lack of hotel facilities, low level of technology and lack of capital are independent variables while global shift in economy, terrorism issues and regulation and laws are confounding variables. Then, conceptual framework describes that, unsatisfactory of guests, low standards of service lack of competition, marginal operating and fail or decline of small and medium sized hotel operators are dependent variables. As noted above, conceptual framework reveals that, unsatisfactory of guests, low standards of service, lack of competition and decline of small and medium sized hotel operators is primarily due to lack of qualified hotel staff, lack of hospitality skills, inadequate hotel facilities, low level of technology and lack of capital.

2.6 Research Gap

The success of small and medium sized hotel operators depends on their ability to satisfy the clients. The study carried out by Chan and Quan (2008) in Malaysia claimed that the major challenges faced by small and medium sized hotel operators are related to competition, financial issues, human resource, government regulation and policies, customer services and satisfaction and marketing. However, the study by Reynolds (1994) revealed that among the problems faced by small and medium sized business in the tourism sector are financial management and liquidity, management inexperience and incompetence, limited adoption of technology, poor or non-existent of books and records, and failure to seek and use expert advice. The finding of study by Shikuri and Chepkwonyi (2013) in Kenya, suggested that the

accommodation sector in Kenya, especially small and medium sized hotel business faced a number of challenges such as competition, insecurity, lack of working capital and power interruptions. In Tanzania, according to Tourism Master Plan (2002), hotel sector, particularly small and medium sized hotels and other tourism related sectors such as transportation, food and beverage were mostly characterized by unskilled staff. These studies have not stated the measures to address the challenges faced by small and medium sized hotels. The above mentioned studies also were not carried out, particularly from small and medium sized hotel operators in Unguja, Zanzibar. Thus, this study specifically examined and identified challenges faced by small and medium sized hotel operators in Unguja, Zanzibar. The study also recommends measures to address the identified challenges faced by small and medium sized hotel operators in Unguja, Zanzibar.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology and a study area. The chapter presents research design, study area and target population. The chapter also presents sampling procedures and sample size, data sources and data collection methods. Finally, the chapter presents data analysis, interpretation and presentation of data; and validity and reliability of research.

3.2 Research Design

Research design is the conceptual structure within which research is conducted; it constitutes the plan for the collection, measurements, and analysis of data, and how the report will be prepared. According to Berg (2001), research design is a road map used by researcher in planning when she or he is undertaking the research. There are various types of research design, however the main types of research design include exploratory research design, descriptive research design, experimental (hypothesis testing) research design and case study research design. Exploratory research design is a preliminary study of an unfamiliar problem about which the researcher has little or no knowledge. Descriptive research design is a fact finding investigation with adequate interpretation. Descriptive research design is more specific than exploratory research design as it clearly defines what will be measured and has focused on particular aspects or dimensions of problems studied. In descriptive research design researcher, must find appropriate methods of collecting data such as observation,

interview and questionnaire. Experimental (hypothesis testing) research design is the type of research design whereby the researcher tests the hypothesis of causal relationships between variables. Experimental research is designed to assess the effects of particular variables on a phenomenon by keeping the other variables constant or controlled. The experimental research design aims at determining whether and in what manner variables are related to each other. Case study, research design is a research design which involves studying deeply as an individual or single group at one point in time. For example, study of political development after general election.

In research design, research approaches used are qualitative, quantitative and mixed approach. The qualitative research method approach is the type of the method whereby the researcher acquires very detailed information through interview, text analysis and observation of participants. According to Snape and Spencer (2003), a qualitative research approach used by research when he or she aims to obtain in depth and interpreted understanding of the social world of research participants by learning their social and material circumstances, their experiences, perspectives and histories. The quantitative research approach is the type of approach that designed to produce statistically reliable data which says researcher how many people do or think something mostly through a questionnaire that completed by participants. Quantitative data is typically in numerical form such as averages, ratios or ranges. Jennings (2003) points out that, quantitative method deal mainly with different types of surveys, and regarded as suitable approach in collecting statistical data.

This study used descriptive research design where both qualitative and quantitative research approaches was employed. The reason of using the descriptive research design is based on the fact that, this study is not only the fact finding investigation, but also the study is more specific as it clearly defines what was measured and has focused on a particular problem as described in general objective and in specific objectives in chapter one. As explained in above, the descriptive research design is the type of research design that is a fact finding investigation, and which is more specific with focus on particular problem which will be studied. Qualitative research methodology which used as the main research methodology helped researcher to get a full overview of the situation and capture data on perception of respondents (Lee *et al.* 2007). This method was used critically to identify and understand the difficulties faced by small and medium sized hotel operators, particularly through detailed interviews, observations and documentary review. Besides that, also a qualitative research methodology was used in order to get deeper information regarding measures which taken to address challenges faced by small and medium sized hotel operators in Unguja, Zanzibar. In addition, qualitative method was not only used to find out whether the small and medium sized hotel operators have qualified employees, but also the qualitative research method was used to understand how the small and medium sized hotel operators improve the hospitality skills of their employees. On the other hand, the main purpose of using quantitative method was statistically to identify whether small and medium sized hotel employees in Unguja, Zanzibar were qualified. Through this strategy employees of small and medium sized hotels were provided with a questionnaire to complete.

3.3 The Study Area

This study was conducted on Unguja Island, Zanzibar (Figure 3.1). Unguja Island consists of four zones of tourist destination, namely North West Zone, South East Zone, North Zone and North East and Mnemba Zone. The study was carried out at South East Zone. This area was selected because it is among the famous tourist destination areas in Unguja concentrated with many tourism businesses especially hotels. The researcher also selected this area because it is the one of the areas in Unguja where most of small and medium sized hotel operators are located.



Figure 3.1: The Map of Zanzibar, Unguja Showing the Study Area

3.4 Target Population

Target population is the element from which sample is obtained. The research population forms the main focus of scientific inquiry (Mugenda, 1999). The target population for this study was staff, owners and operators of small and medium sized hotels in South East Zone in Unguja, Zanzibar. According to statistics from Zanzibar Commission for Tourism, there are 31 small and 10 medium sized hotel operators with about 1500 staff.

3.5 Sampling Procedure and Sample Size

While a sample is a smaller collection of units from a population used to determine truths about that population, sampling involves selection of a number of study units from a define study population. Kothari (2004) argues that, because it is difficult to deal with the whole of the targeted population, the researcher should choose only the portion of the population called sample. There are two main types of sampling namely probability sampling (random sampling) and non probability sampling (non random sampling). Probability sampling is a process when each subject has a known probability of being selected while non probability sampling the probability of being selected is unknown. Probability sampling techniques include simple random sampling, systematic random sampling, stratified random sampling and cluster random sampling. Simple random sampling means that every member of the sample is selected from the total population in such a manner that all samples in the population have an equal likelihood of being selected. Systematic random sampling is systematically random method of selecting a sample from the population. Stratified random sampling is a refinement of simple random sampling.

Stratification introduces a secondary element of control as a means of increasing precision and representative. For example, researchers can divide the population into groups, and then randomly he or she selects a member in each group. Cluster random sampling is a technique of a sampling when the population is organized into groups, then groups are randomly selected and all members of group are sampled. The main types of non probability sampling include convenience, purposive snowball and quota. Convenience sampling is a method of sampling when a sample selected for ease of access. Purposive sampling is when the researcher selects who he or she thinks should be in the study. Snowball sampling is type of sampling, which is useful when a population is difficult to gain access to. In this type of sampling researcher starts with one or two respondents and ask them if they know people who know a lot about his or her topic. Quota sampling is one when a researcher selects sample according to some fixed quota. For example, when the researcher is selecting sample according to gender, age, education and ethnicity. The sample should be of the required sample size and must be selected using an appropriate sampling technique. The larger the sample size is not necessarily the better the results. However, the samples for qualitative studies are much smaller than those used in quantitative studies (Mason, 2010).

Therefore, in this study, the sample was drawn from a targeted population whereby 21 small and medium sized hotels of South East Zone in Unguja, Zanzibar were selected for study. The selection of respondents was based on simple random sampling and purposive sampling technique. Under simple random technique 82 staff by 51% of small and medium sized hotel operators were selected and provided with

questionnaires to complete. Researcher used lottery method to select the above mentioned staff. The staff from 51% of small and medium sized hotels assigned a unique number. The numbers were placed in a bowl and mixed thoroughly. Then the blind -folded researcher selected numbers from the bowl. Employees who found having selected numbers were included in the sample. On purposive sampling technique owners, managers and assistance managers from 21small and medium sized hotels were selected according to their positions to participate in an interview.

3.6 Sources of Data

There are two sources of data, namely primary and secondary data sources. Primary data are the data collected directly from the study area while secondary data are the data collected by others, such as previous research, official statistics and governmental reports. Thus, in this study, researcher used both primary and secondary data where primary data were collected from respondents in the study area while secondary data was obtained from previous studies and documented sources such as thesis, books, documents and reports from the Ministry of Natural Resource and Tourism, Tanzania Tourists Board and Zanzibar commission for Tourism.

3.7 Data Collection Methods

There are various methods which have been identified as being useful for collecting data, namely questionnaire, interview, in-depth interview, observation and case studies (McLeod, 2008). Questionnaire, interview, observations and documentary review methods were used to collect data for this study.

3.7.1 Questionnaires

Questionnaire (Appendix 1) is the most common data collection instrument that consists of questions printed in a definite order or form. The questionnaire can be structured, unstructured or mixed. Structured questionnaire has definite and pre arranged questions with a list of possible answers. Unstructured questionnaire has open questions and respondents write to responses they want. Mixed questionnaire consists of both close and open questions. Since mixed questionnaire is a combination of both types of questions it is popular in social research. Therefore, in this study the mixed questionnaire was used to collect statistical data which related to qualification of staff working with small and medium sized hotels in Unguja, Zanzibar. Moreover, a questionnaire was used to collect data concerning with challenges facing small and medium sized hotels in Unguja, Zanzibar. Besides that, also questionnaire was employed to gather data which shows how small and medium sized hotel operators address the challenges facing their hotels in Unguja, Zanzibar.

3.7.2 Interview

An interview is a conversation between two or more people where questions are asked by the interviewer. Interviews are performed by using survey forms or interview guide (Appendix 2). In this study, small and medium sized hotel managers and owners were interviewed. Deep interview was used in order to identify whether small and medium sized hotels have qualified staff. The other information which collected through interview was challenges facing small and medium sized hotels and how they are addressed.

3.7.3 Observation

Observation (Appendix 3) involves watching practice or activity as it being done in a natural setting. In this study, standards of service offered and availability of hotel essential amenities was observed. The researcher was doing observation during survey of small and medium sized hotels.

3.7.4 Documentary Literature Review

Documentary (Appendix 4) review is a method of collecting data from written or recorded material. Documentary review is a data collection instrument that was employed in the study. It is a systematic examination of documents to investigate specific information or topic (Jacobs and Razavieh, 1996). In this study documentary review was used to collect information from small and medium sized hotel operator's documents such as hotel journals, flyers, magazines and brochures. From the documents, the information which was collected includes the service and facilities which were offered to the guests by small and medium sized hotel operators.

3.8 Data Analysis, Interpretation and Presentation

Analysis means categorization, ordering, codification, manipulating and summarizing of data to obtain answers to research questions. The purpose of analyzing data is to reduce data to intelligible and interpretable form in order to enable the research problem to be studied and conclusion to be reached (Gopaul, 2006). In this study both quantitative and qualitative analysis approaches were adopted. The analysis of closed ended questions, Statistical Package for Social

Science (SPSS) version was used. The data were analyzed by using descriptive statistics in order to establish numerical frequency distribution, percentages and frequencies as well as tabulations, the data generated were further summarized and converted into tables and pie charts using Microsoft Office Excel 2007. Qualitative data which were obtained through interview, observation and documentary review were sorted, analyzed and transcribed according to their theme as they emerged.

3.9 Ethical Consideration

Ethics are principles that govern a person's behavior or conducting of an activity. Morrison (1993) argues that, ethical principles in the conduct of research include acquiring research clearance, seeking consent from respondents and confidentiality of respondent's information. The reasons for a researcher to observe research ethics while her or him conducting research include; protection of rights and welfare of research participants and as well protection of the wider society or community within the research is being conducted. Therefore, in the light of the information above, researcher sought a permission and clearance from director before start conducting research. Besides that, questionnaires and interview guides which used during research contain introductory part that requiring for respondents cooperation in providing required information and ensuring them that the information given is only for this study and will be confidential. Therefore, the researcher highly observed code of conduct for research ethics before and during conducting and while writing report of this research as according to Creswell (2012), in all steps of research process, researcher need to engage in research ethical practices.

3.10 Validity and Reliability

Validity refers to the accuracy of information obtained. Accuracy of information depends on procedure or the quality of the instruments used in collecting data. According to Veal (2006) validity refers to how well gathered data reflect the phenomena being studied. It is very important to the researcher to be aware that questions about the survey need to be formed to support the whole idea of research. In addition, another significant aspect of research is that, the respondents understand the questions in the same way as the researcher does and answer them accurately.

Reliability depends on how consistent research procedures or instruments are. Reliability is the extent to which research funding would be the same over time if a certain survey would be conducted with different samples of subject (Bryman 2012). The key point here is that the measures that are developed in regards to the concepts are consistent. In order to achieve validity in this study, researchers designed questions which not only focus on the challenges facing small and medium sized hotels, but also the questions in questionnaires are short, simple and clear which will be easily understood and accurately answered by hotel staff. Beyond that, the researcher decided to conduct interviews with hotel manager and owners so as to obtain the right, correct, accurate and detailed information related to the challenges facing small and medium sized hotels.

Research procedure and data collection instruments have been designed consistently so as to maintain reliability of this study. Easily understood questions in the questionnaire and clear questions in interview guide will come out with results which

will not change every time when tested in the same way with the same subject. In addition, testing of collecting data instruments will be employed in order to eliminate reliability error.

CHAPTER FOUR

4.0 DATA PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter presents the findings and discussion of data collected from the study area. Since the aim of the researcher is to meet the objectives of this study, thus analysis and discussion of findings are presented based on the objectives and questions of the study as indicated in chapter one of this document.

4.2 Characteristics of Respondents

4.2.1 Gender of the Respondents

According to 82 questionnaires which were completed by respondents, 59% of all respondents were females and 41% were males (Figure 4.1). The number of female respondents was higher than the number of male respondents because most the women have been employed in housekeeping and waitress positions which are not preferred by males. According to the small and medium sized hotel operators through interview most of their employees were females working in housekeeping departments, the departments which are not preferred by males. When the researcher wanted to know why males dislike to work at housekeeping department, small and medium sized hotel operator acknowledged that most of the males don't prefer making the beds and cleaning the rooms the duties which performed by housekeeping staffs. Therefore, the study has found that the number of female employees in small and medium sized hotels in the study area is higher than the number of male employees.

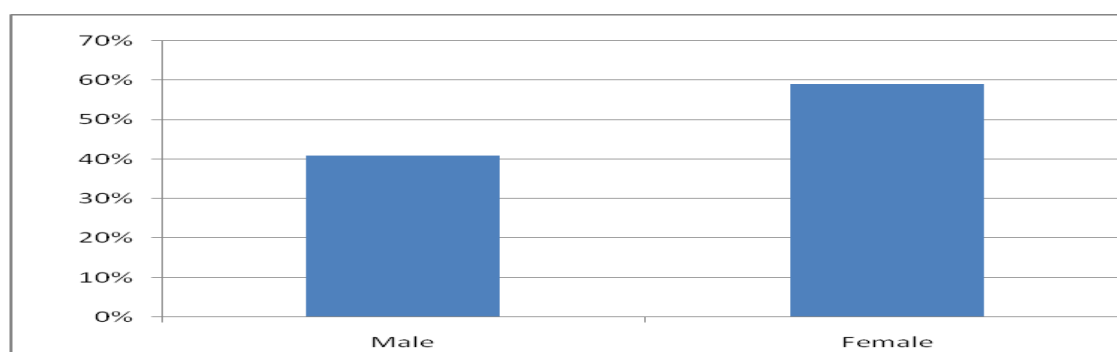


Figure 4.1: Respondents by Gender

Source: Field survey, 2015

4.2.2 Age of the Respondents

The study found that there was a big number of youth respondents compared to middle aged respondents. 61% of all respondents were in the age group between 18 – 30 years, 22% were aged group 31 – 40 years, 15% were in the age group between 41 – 50 years and only 2% of the respondents were age group between 50 – 60 years. Based on respondents by age as highlighted in Table 4.1, it implies that the youth are mostly recruited by small and medium sized hotel operators. One female manager of a small hotel during an interview said that, hotel sector employs more youths because they are strong enough and they can adjust to new environment quickly and easily, since the hotel business stands in a competitive and fast changing environment.

Table 4.1: Respondents by Age Group

S/N	Age groups	Number of respondents	Percentage
1	18 – 30	50	61
2	31 – 40	18	22
3	41 – 50	12	15
4	51 – 60	02	02
Total		82	100

Source: Field survey, 2015

4.2.3 Respondents by Education Level

Respondents by education level indicated that, most of respondents, particularly females have completed standard seven, few of them completed form four, very few have completed form six and none found with degree (Table 4.2). Among 55 respondents who completed standard seven, 40 respondents were females and 15 respondents were males. Among 22 respondents who completed form four, 8 respondents were females while 14 were males and both 5 respondents who found completed form six were males. Thus, in light of these findings the study revealed that, most of employees in small and medium sized hotel operators were females as mentioned earlier in this chapter and their level of education is lower than the level of education of males.

Table 4.2: Respondents by Education Level

S/N	Education level	Sex		Total	Percentage
		Female	Male		
1.	Standard Seven	40	15	55	67
2.	Form Four	8	14	22	27
3.	Form Six	-	5	5	6
4.	Undergraduate	-	-	-	-
Total		48	34	82	100

Source: Field survey 2015

4.3 Qualification of Employees Working in Small and Medium Sized Hotels

While the main objective of this study was to explore the challenges facing small and medium sized hotel operators, the first objective of the study was to examine the hospitality qualifications of employees working in small and medium sized hotels as indicated earlier in chapter one of this document. The aim of researcher to examine

the qualifications of employees working in small and medium sized hotels was to understand whether employees working in these hotels are qualified. Therefore, the study examined the qualifications of employees working in small and medium sized hotels at field area and revealed that, most of small and medium sized hotel employees were unqualified. Findings indicated that, most of the respondents were females (Figure 4.1) with very low levels of education (Table 4.2) and high number of respondents does not qualify for the job they're doing while few respondents found with certificate and diploma qualifications. As indicated in Table 4.3, 53 respondents who found unqualified, 40 were females and 13 respondents were males. Among 18 respondents who found with certificate 6 respondents were females while 12 respondents were males and between 11 respondents who found with diploma 3 respondents were females and 8 were males.

Table 4.3: Respondents by Hospitality Qualification

S/N	Qualifications	Sex		Total	Percentage
		Female	Male		
1.	Certificate	6	12	18	22
2.	Diploma	3	8	11	13
3.	Unqualified	40	13	53	65
Total		49	33	82	100

Source: Field survey, 2015

Moreover, the findings through interview discovered that hotel employees, particularly those of small sized hotels were lacked many of the essential skills needed to do their job to the standard that is required. One female manager of a small hotel during the interview pointed out that, many of the small hotels included her hotel lacked competitiveness and has not been able to met required standards

basically because many of their employees lacked essential knowledge and skills needed to perform their duties to the standard that is required.

Furthermore, the findings also revealed that very few employees of small and medium sized hotels were trained from hospitality training institutions and from large hotels while many of the employees of these hotels were employed from the local community. Managers and owners of small and medium sized hotels acknowledged that their employees are recruited from various areas, namely; hospitality training institutions, large hotels such as Serena and Plan hotels and the majority of them employed from villages which are located nearby hotels. When researcher wanted small and medium sized hotel operators to acknowledge why they recruit many employees from local community, one male manager from small hotel said that they don't have much money to pay employees from training institutions and also they are aiming to improve the life standard of local community.

4.4 Challenges Facing Small and Medium Sized Hotel Operators

The main objective of this study was to explore the challenges facing small and medium sized hotel operators in Unguja, Zanzibar. The researcher found it is important to explore the challenges faced by small and medium sized hotel operators because of the importance of these hotels in developing tourism industry and the economy of the nation. It is clear that if all the challenges are solved small and medium sized hotel operators will not only be able to satisfy their potential clients by offering good service but also they will meet their expected objectives. Therefore, this study revealed the following challenges. Lack of enough qualified staff,

insufficient of hotel staff trainings and lack of capital. The other challenges which were found include unreliable power and inadequate of essential hotel amenities and services. These challenges are presented and elaborated in subsequent sections of this chapter.

4.4.1 Shortage of Qualified Staff

Shortage of qualified staff is one of the challenges facing small and medium sized hotel operators. As noted previously in this chapter most of employees of small and medium sized hotels were females with no hospitality qualification and also they were characterized by low levels of education. Figure 4.1 indicates that 59% of all respondents were female and 41% were male. 55 respondents completed standard seven, 22 respondents completed form four while only 5 respondents completed form six and none had a degree. As shown in Table 4.3, only 11 respondents were diploma holders, 18 respondents found with hospitality certificates while 53 respondents were not qualified. Moreover, hotel managers and owners, especially those of small sized hotels acknowledged that most of their employees were not really qualified as they were recruited mostly from the local community or from villages which are close to the hotels. Hotel managers and owners reported that they recruit the employees from the local community and not from the training institution because they want to improve the life standards of local people.

4.4.2 Lack of Hotel Staff Training

Training is the process that provides employees with the knowledge and the skills required to operate within the system and standards set by management (Somerville,

2007). Lack of training may have a negative impact to hotel operation. It was revealed through respondents that there was insufficient training among the small and medium sized hotel employees. 32% of all respondents agreed that they undertaken in job training while 68% of all respondents didn't undertake in job training (Figure 4.2). Managers and owners of small and medium sized hotels through interview asserted that few employees have undertaken in job training because it's difficult to organize training for every new employee as they are hired at separate times and will be reasonable and cost efficient to organize training for a group of new employees.

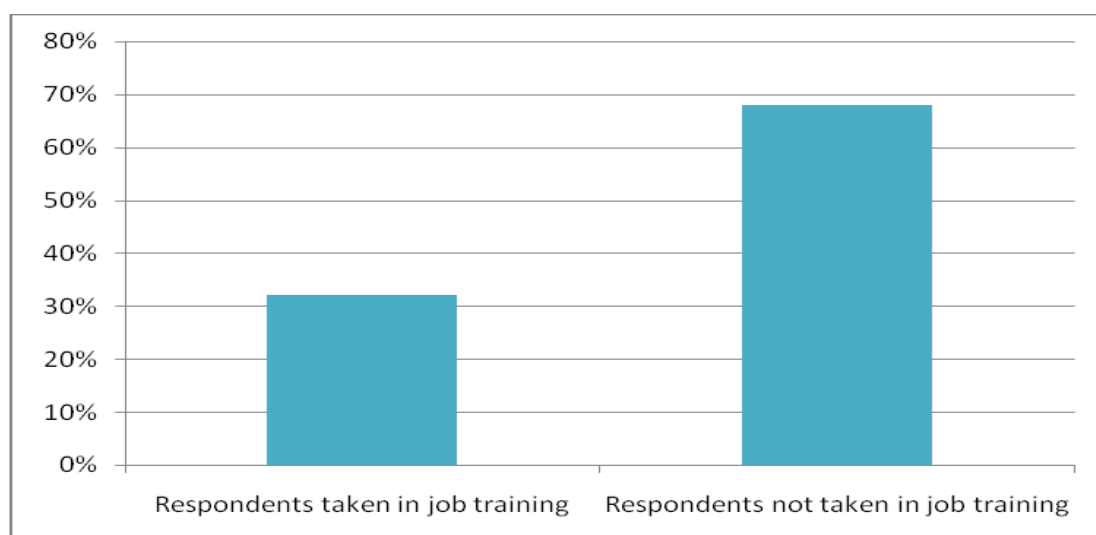


Figure 4.2: Respondents by in Job Trainings

Source: Field survey, 2015

4.4.3 Lack of Capital

The third challenge facing small and medium sized hotel operators is lack of capital. The finding through interview to hotel managers and owner revealed that hundreds of small and medium sized hotels are being established in various parts of tourist destinations; but majority of these are not growing due to lack of capital. These

findings above are supported by Reynolds (1994) who revealed that among of challenges which facing small and medium sized business in tourism sector is lack of liquidity. According to managers and owners of small and medium sized hotels in field area, lack of capital has been drawing back development of their hotels.

4.4.4 Lack of Reliable Power

The other challenge that small and medium sized hotel operators encountered is lack of reliable power. Though the Revolutionary Government of Zanzibar has improved infrastructure such as road networks, airport and seaport in order to encourage tourism investment, the study found that small and medium sized hotel operators are encounter by unreliable electricity. One manager of small hotel reported that his hotel is characterized with unreliable electricity following national power rationing by the Tanzania Electricity Supply Company (TANESCO). He said that this scenario has been raising complaints particularly from guests and kitchen staff as situation has been negatively affecting guests' holidays and working processes. According to the manager, this challenge is more serious at night times since guests can't sleep when Air Conditioning (AC) are not working. Hotel manager added that, also the food production process has been interrupted as most of kitchen equipments are using electricity.

4.4.5 Inadequate of Essential Hotel Facilities

The study through observation found that many small and medium sized hotels lack the essential hotel services and facilities. The observation has exposed that the small and medium sized hotels have limited internet access and secretarial facilities such as

copying machines, fax machine and computers. Through documentary review, though the small and medium sized hotel brochures, flyers, magazines, and journals found presenting services and facilities which are offered by these hotels, the study observed that only few of these services and facilities were offered to the guests. The study also observed that these services and facilities were not provided to the expectation of the guests. One male respondent acknowledged that though the hotel offered internet, the guests were complained because the internet was very weak. The respondent added that these circumstances normally cause complaints from the guests as most of them required to communicate to their family at home through internet. The importance of essential hotel facilities is supported by Foster (2004) who claimed that the hotels not only provide accommodation and meals but also offer various facilities and services.

4.5 Measures to Address the Challenges Facing Small and Medium Sized Hotel Operators

Apart from exploring challenges facing small and medium sized hotel operators, the study also examined measures taken by the small and medium sized hotel operators to address challenges of small and medium sized hotels. This was important because researcher wanted to know how the small and medium sized hotel operators address the challenges in order to satisfy the guests.

4.5.1 Lack of Enough Qualified Staff

There are measures taken by small and medium sized hotel operators to address the challenges of insufficient of qualified staff. As noted above in this chapter that small

and medium sized hotel operators' recruited unqualified employees from local people who are living closed the hotel for the purpose of improving their life standards, the study found that some of the employees undertake training before they start a new job. Through interviews, small and medium sized hotel managers reported that though they recruit unqualified employees from the local community for the purpose of improving their life, they give them training before starting new the jobs. The above report from small and medium sized hotel manager supported by hotel employees when 26 (32%) respondents agreed that they undertaken training before beginning the new jobs. The small and medium sized hotel managers further acknowledged that they most conduct training to housekeeping employees, food production employees and food and beverage employees as these departments employ many unqualified staff. This statement also maintained by hotel employees when out of 26 (32%) of all respondents who agreed that they undertaken training before commencing new jobs, 12 (46%) respondents agreed that they undertaken housekeeping training, 8 (31%) respondents agreed that they undertaken food production training and 6 (23%) respondents agreed that they undertaken food and beverage training (Figure 4.3).

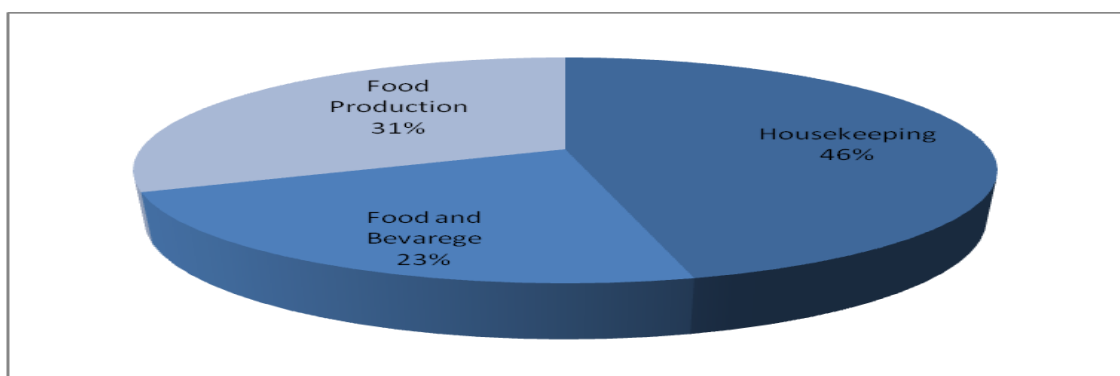


Figure 4.3: Respondents Undertaken Training by Department

Source: Field survey, 2015

Furthermore, the findings also revealed that, the other measure that has been undertaken by small and medium sized hotel operators to deal with unqualified employees is recruiting employees from large hotels such as Serena Hotels and Plan Hotels. Through interview, small and medium sized hotel managers asserted that they recruit some staff from large hotels such as Serena and Plan Hotels as one of the measures which they have been undertaking to deal with unqualified employee. One male manager from small hotel said that, he recruits the employees from big hotels such as Serena and Plan hotels because they are qualified and have good hospitality experience.

The study also found that small and medium sized hotel operators practice cheap labour. This was revealed by researcher when he wanted to know why small and medium sized hotel operator don't recruit their employees from hospitality training institutions such as Zanzibar Institute of Tourism Development (ZIToD), National Collage of Tourism (NCT) and Njueni institute. The male manager of small manage responded that they don't recruit the employee from hospitality training institution because the employees from this institution demand high salary and hotels operators, particularly small sized hotel operators can't afford to pay such high salaries.

4.5.2 Solution to Lack of Capital

Small and medium sized hotel operators have been reacting to the challenge of lack of capital at small and medium sized hotels. It was noted through interview that small and medium sized hotel operators use their personal savings and others sell their ground especially beach grounds in order to acquire the funds either for developing

existing hotels or for new investment. One male operator of small sized hotel argued that as most of small sized hotel operators are reluctant to take loans from financial institutions, they use their personal savings while others sell their properties such as cars and beach grounds in order to get money either for developing the existing hotels or for establishing new ventures.

4.5.3 Measures to Unreliable Power

Lack of reliable power is one of the challenges facing small and medium sized hotel operators. As noted earlier in this chapter, unreliable electricity at small and medium sized hotels is primarily due to national power rationing by the Tanzania Electricity Supply Company (TANESCO). The study found that generators have been used during power cut – off crisis. This power back – up solution seems to be very expensive as generators use fuel. One male medium sized hotel operator acknowledged that they use generator as a power back – up option while most of hotel operators particularly those of small sized hotels don't have power back – up plan when the power went off because they can't afford to run generators.

4.6 Discussion of the Findings

This section is intended to discuss the findings of the study. The study focuses on explore the challenges facing small and medium sized hotel operators in Unguja, Zanzibar. However the study was based on the specific objectives which used as a road map of conducting research. Thus, the discussion of the findings was based on specific objectives.

4.6.1 Qualification of Employees Working in Small and Medium Sized Hotels

The first objective of the study was to examine qualification of employees working in small and medium sized hotel operators in Unguja, Zanzibar. The aim of this objective was to identify whether small and medium sized hotels at study area have qualified employees. The expectation here is that if small and medium sized hotel operators employ qualified staff the standard of service deliverance required and satisfaction of clients will be attained.

The findings indicated that, the small and medium sized hotel operators in study area employ unqualified staff. The findings revealed that many employees working in small and medium sized hotels were females (Figure 4.1) with very low level of education (Table 4.2) and unqualified (Table 4.3). The above findings obtained from hotel employees through questionnaires were supported by one male hotel manager of a medium sized hotel through interview also argued that, many of hotel employees, particularly those who working in small hotels are unqualified as they are recruited from villages which located nearby hotels. Similarly, one female small hotel manger pointed out that employees working in small and medium sized hotels are cheap labour and lacked many of the essential knowledge and skills needed to do their job to the standard required. Tanzania Tourism Master plan (2002) reported that, though employees of the hotel and other tourism business were invariably friendly and helpful they lacked essential knowledge and skills. The challenge of shortage of qualified employees working in hotel business, especially small and medium sized hotels also was acknowledged by Reynolds (1994) who claimed that small and medium sized business in the tourism sector are characterized by

unqualified staff. Experience shows that in any hotel business, shortage of qualified staff such as receptionists, waiters, room attendants and cooks always result to poor service provision hence unsatisfactory of guests.

4.6.2 Challenges Facing Small and Medium Sized Hotel Operators

The second objective of this study was to identify the challenges facing small and medium sized hotel operators in Unguja, Zanzibar. The researcher found it was important to identify the challenges faced by small and medium sized hotel operators as it is hopeful that if all the challenges are addressed small and medium sized hotel operators will be in a good position of achieving their expected objectives. Therefore, these findings revealed the following challenges, namely; Shortage of enough qualified staff, insufficient of hotel staff trainings and lack of capital. The other challenges which were found include unreliable power and inadequate of essential hotel amenities and services.

4.6.2.1 Shortage of Qualified Staff and Insufficient of Hotel Staff Trainings

As indicated in the previous section above small and medium sized hotel operators are characterized by unqualified employees. The findings from the field area revealed that many employees working in small and medium sized hotels were females (Figure 4.1) with very low level of education (Table 4.2) and unqualified (Table 4.3). The hotel managers through interview also, reported that many of employees working in small and medium sized hotel were cheap labour and lacked the essential knowledge and skills needed to do their job to the standard required. Besides the above results, the findings through respondents showed there was insufficient

training among the small and medium sized hotel employees. 32% of all respondents agreed that they undertaken in job training while 68% of all respondents didn't undertake in job training (Figure 4.2). Managers and owners of small and medium sized hotels through interview asserted that few employees have undertaken in job training because it is difficult to conduct training for every new employee as they are hired at separate times and will be reasonable and cost efficient to do training for a group of new employees.

Study from Reynolds (1994) claimed that small and medium sized business in tourism sector, particularly small and medium hotels was characterized by unqualified staff. The challenge of unqualified staff and insufficient of hotel staff trainings is facing small and medium sized hotel operators in different tourism destinations. However, this challenge is more serious in developing countries such as Tanzania, where tourism is a new industry. According to Tanzania Tourism Master Plan (2002), an evaluation of operational standards conducted as part of the master plan fieldwork in 1996 revealed that employee from hotels and other tourism sectors were consistently friendly and helpful but lacked the important skills required to meet the international service standards. It is further; assessment found that, though in house training is carried out, is usually not on a standard or planned basis to decide the criteria by qualified trainers. In addition, it is noted that, there was a serious training problem at entry level and for existing staff within the industry.

In 2002, there was no provision in Tanzania for tourism management training to degree or diploma level; Therefore, the Tourism Master Plan (2002) suggested

construction of Tourism and Hotel School in Arusha for provision of training in tourism and hotel management to degree level. Currently in Tanzania mainland and Zanzibar there are many governmental and private academic institutions which provide tourism and hotel management trainings to certificate, diploma, degree and master levels, and these intuitions include, Zanzibar Institute of Tourism Development (ZIToD), National Collage of Tourism (NCT), The Open University of Tanzania (OUT), Tumaini University and University of Dodoma (UDOM).

4.6.2.2 Lack of Capital

Finding through the interview to hotel managers and owner revealed that hundreds of small and medium sized hotels are being established in various parts of tourist destinations; but the majority of these are not growing due to lack of capital. One male manager of small hotel during an interview said that they were not able to implement new technologies and hotel facilities due to insufficient funds. The results of study by Reynolds (1994) revealed that among of challenges which facing small and medium sized business in the tourism sector is lack of liquidity. The challenge of lack of capital also noted by Saayman and Slabbert (2003) who reported that small business in tourism sector face financial challenges such as shortage of funds and lack of knowledge on how to approach the financing institution.

4.6.2.3 Lack the Essential Hotel Services and Facilities

Finding through observation found that many small and medium sized hotels were lacking the essential hotel services and facilities. The observation has exposed that the small and medium sized hotels have limited internet access and secretarial

facilities such as copying machines, fax machine and computers. Through documentary review, though the small and medium sized hotel brochures, flyers, magazines, and journals found presenting services and facilities which are offered by these hotels, the study observed that only few of these services and facilities were offered to the guests. The study also observed that these services and facilities were not provided with the expectation of the guests. One male respondent acknowledged that though the hotel offered internet, the guests complained because the internet was very weak. The respondent added that these circumstances normally cause complaints from the guests as most of them required to communicate with their family at home through internet. Several studies acknowledged the importance of essential hotel facilities to the satisfaction of the guests. Study from Foster (2004) claimed that the hotels not only provide accommodation and meals but also offer various facilities and services. Study from Spano (1998) reported that in some cases, tourists required to work while are on holidays, hotel facilities and services, namely secretarial services, copying machines, fax machines, cable services, computers, telephone jacks for computer modems, and other types of service and equipment were increasingly needed and were expected by guests

4.6.2.4 Lack of Reliable Power

Availability of reliable power in the hotel business is very crucial in provision of services and in working process. Both small and medium sized hotel operators and employees agreed that power interruption in one of the challenges which facing small and medium sized hotels. The finding, disclosed that small and medium sized hotel operators were encountered by unreliable electricity in field area. One manager

of small hotel reported that his hotel is characterized with unreliable electricity following national power rationing by the Tanzania Electricity Supply Company (TANESCO). He said that this situation has been a source of complaints, particularly from guests and kitchen staff as situation has been negatively affecting guests' holidays and working processes. According to the manager, this challenge is more serious at night times since guests can't sleep when the Air Conditioning (AC) are not working. Hotel manager added that, also the food production process has been interrupted as most of kitchen equipments are using electricity. The challenge of unreliable electricity was noted by study of Shikuri and Chepkwonyi (2013) in Kenya who suggested that the accommodation sector in Kenya, especially small and medium sized accommodation business faced many challenges such as competition, insecurity, lack of working capital, government policies and power interruptions.

4.6.3 Measures to Address the Challenges Facing Small and Medium Sized Hotel Operators

To examine measures to address the challenges facing small and medium sized hotel operators was the last specific objective of the study. The purpose of this objective was to enable researchers to understand the measures taken by small and medium sized hotel operators to address the identified challenges.

The findings indicated that there are measures which had been taken by small and medium sized hotel operators to address the challenges encountered. The findings showed that, though small and medium sized hotel operators recruited unqualified employees from areas located nearby hotels, they give them in job training before

starting new jobs. Besides that, the finding exposed that hotel operators, particularly those of medium sized hotels recruited qualified employees from large hotels such as Serena and Plan hotels and few of hospitality training institutions.

Secondly, the findings described that small and medium sized hotel operators had been reacting to the challenge of lack of capital at small and medium sized hotels. Findings through interview noted that small and medium sized hotel operators use their personal savings and others sell their properties, especially beach grounds in order to acquire the funds either for developing existing hotels or for new investment.

Finally, the findings found that generators have been used during power cut – off crisis. However, this power back – up solution seemed to be very expensive as generators use fuel. The findings disclosed that medium sized hotel operator used generator as a power back – up option while most of hotel operators, particularly those of small sized hotels don't have power back – up plan when the power went off because they can't afford to run generators.

The above measures which employed by small and medium sized hotel operators to address challenges seemed insufficient and unsustainable. Several Studies suggested the measures to address the challenges facing small and medium sized hotels. Tanzania Tourism Master Plan (2002) recommended the construction of tourism and hotel Schools for the provision of training in tourism and hotel management to certificate, diploma and degree level in order to enable hotel operator and the other

tourism sector to employ qualified staff. This strategy was implemented in order to address challenges of unqualified employees working in the tourism sector. Furthermore, the Tanzania Tourism Master Plan (2002) recommended and encouraged application of loans from financial institutions such banks in order to address the challenge of lack of capital to small and medium sized enterprises in the tourism sector.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

As set out in chapter one, the main objective of this study was to explore challenges facing small and medium sized hotel operators. This chapter presents a summary of the study and conclusions of the researchers. The study also describes the recommendations of researcher based on the results of the findings.

5.2 Summary of the Study

The purpose of this study was to explore the challenges facing small and medium sized hotel operator in Unguja, Zanzibar specifically in South East Zone. However the study was based on specific objectives as described in chapter one of this document. Therefore, the study examined the quality of employees working in small and medium sized hotel operators. Secondly, the study identified the challenges facing small and medium sized hotel operators. Finally, the study examined measures to address identified challenges facing small and medium sized hotels taken by hotel operators. The researcher found it is important to explore the challenges faced by small and medium sized hotel operators because of the importance of these hotels in developing tourism industry and the economy of the nation.

Literature review covered theoretical and empirical findings related to the study. Studies reported that thousands of small and medium sized hotel are being established in various parts of the world, particularly in developing countries; but a majority of these hotels is not developing as they face many challenges. The study by

Reynolds (1994) revealed that among the problems faced by small and medium sized business in the tourism sector are financial management and liquidity, management inexperience and incompetence, limited adoption of technology, poor or non-existent of books and records, and failure to seek and use expert advice. Similarly, Saayman and Slabbert (2003) stated that small business in tourism sector faces financial problem such as shortage of funds and lack of knowledge on how to approach the financing institution.

This is a descriptive research design. Both qualitative and quantitative research approaches were employed. The study was conducted in Unguja, Zanzibar in South East Zone. This area was selected because it is among the famous tourist destination areas in Unguja concentrated with many tourism businesses especially hotels. The researcher also selected this area because it is the one of the areas in Unguja where most of small and medium sized hotel operators are located. The target population for this study was staff, owners and operators of small and medium sized hotels in South East Zone in Unguja, Zanzibar. The sample included 90 respondents. The respondents were small and medium sized hotel employees (82) and small and medium sized hotel operators (8). The small and medium sized hotel employees were selected through random sampling while small and medium sized hotel operators selected through purposive sampling techniques. Data collection methods included interviews, questionnaires, observation and documentary literature review.

The results of the findings indicated that small and medium sized hotel operators were facing challenges, namely; shortage of qualified employees, insufficient of

hotel employee trainings, lack of capital, insufficient of essential hotel facilities and unreliable electricity. Secondly, the results of findings also showed that there were measures taken by hotel operators to address some the above identified challenges facing small and medium sized hotels.

These measures included; conducting in job trainings to new unqualified employees, employing qualified staff from large hotels and selling of personal property's particularity beach grounds. The other measure to address challenges taken by small and medium sized hotel operators are using the personal savings and generators.

However, as a researcher found that the above mentioned measures to address identified challenges facing small and medium sized hotels taken by hotel operators are insufficient and unsustainable, He recommended best measures to address the challenges facing small and medium sized hotel operators which should be implemented by both hotel operators and policy makers. Some of the suggested measures are (1) The Ministry of Information, Culture, Tourism and Sport (MICTS) have to introduce and implement by- laws which will enforce small and medium sized hotel operators to recruit qualified employees from hospitality training institutions. (2) The Government through the Ministry of Labour, Economic Empowerment and Cooperative in collaboration with financial institutions has to ensure the there conducive environment for small and medium sized hotel operators and other SMEs to get loans. (3) The small and medium sized hotel operators shouldn't be reluctant to look for loans.

5.3 Conclusions

The following conclusions were derived from findings primarily based on research objectives and questions. Basing on research findings, the researcher concluded that the small and medium sized hotel operators were really faced with various challenges, namely; shortage of qualified hotel employees, lack of hotel employee trainings, lack of capital, unreliable power and, inadequate of essential hotel facilities. These challenges negatively affected the development of small and medium sized hotel operators. The challenges could have been solved if there was a reliable and effective cooperation between small and medium sized hotel operators and hospitality training institutions, financial institutions and government through the Ministry of Information, Culture, Tourism and Sport (MICTS).

Moreover, it was revealed by this study that there were measures taken by small and medium sized hotel operators to address the challenges face small and medium sized hotel operators. These measures include, conducting training for hotel employees, using personal savings and selling properties particularly beach grounds.

The researcher concluded that these measures were insufficient. In light of this, small and medium sized hotel operators should employ sustainable strategies that would consequently address these challenges.

5.4 Recommendations

In light of a study finding, the following recommendations are suggested.

5.4.1 Recommendations for Policy Makers

- i) The Ministry of Information, Culture, Tourism and Sport (MICTS) in collaboration with hospitality training institutions such as the Zanzibar Institute of Tourism Development (ZIToD) should enrol many students for hospitality training courses. This will enable hotel operators, particularly small and medium sized hotel operators to recruit qualified staff.
- ii) The Ministry of Information, Culture, Tourism and Sport (MICTS) has to introduce and implement by- laws which will enforce small and medium sized hotel operators to recruit qualified employees from hospitality training institutions.
- iii) The MICTS as a mother Ministry has to establish hospitality training institutions in tourism destination areas such as South East Zone in order to enable local communities to get enrolled for hospitality training courses. This will enable small and medium sized hotel operators to recruit qualified employees from the local community.
- iv) The Government through the Ministry of Labour, Economic Empowerment and Cooperative in collaboration with financial institutions has to ensure their conducive environment for small and medium sized hotel operators and other SMEs to get loans.
- v) As small and medium sized hotel operators at study area were found reluctant to search for loans, the findings which supported by Saayman and Slabbert (2003) who acknowledged that small business in tourism sector face financial problem such as shortage of funds and lack of knowledge on how to approach financing institution, researcher suggested that Ministry of Labor, Economic Empowerment

and cooperative has to provide education to small and medium sized hotel operators on how to approach financial institutions.

- vi) Both governments through the Tanzania Electricity Supply Company (TANESCO) and Zanzibar Electricity Corporation company (ZECO) should guarantee availability of electricity in order to facilitate development of small and medium sized hotel operators.

5.4.2 Recommendation for Small and Medium Sized Hotel Operators

- i) The small and medium hotel operators should operate together under one umbrella. If small and medium sized hotel operators operate jointly under the same umbrella and adopt networking form of organization they will be able to address their challenge effectively and easily together rather than operating individually.
- ii) The small and medium sized hotel operator should recruit qualified hotel employees from hospitality training institutions. If they recruit them from the local community, they should improve training by hiring good instructors from recognized hospitality training institutions.
- iii) The small and medium sized hotel operators shouldn't be reluctant to look for loans.
- iv) The hotel operators, especially those of small hotel should adopt joint venture form of investment rather than selling their beach grounds.

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APPENDICES

Appendix 1: questionnaire for small and medium sized hotel staff

My name is Emmanuel Zakayo Jambi. I'm a student of Open University of Tanzania pursuing the degree of Master of Tourism. This is a questionnaire for the case study of my research about the challenges facing small and medium sized hotel operators in Unguja, Zanzibar.

The questionnaire will not ask your name, and it is for the purpose of academic only. Therefore, I would be grateful if you could kindly complete this questionnaire as truly as possible.

1. Gender:

Male Female

2. Age

18 – 30 31 – 40 41 – 50 51 - 60

3. Education Standard seven Form four Form six Universities

4. Do you have any hospitality qualification? Yes No

5. If yes what are these qualifications? Certificate Diploma Degree

6. Do you undertake in job training? Yes No

7. If yes, what are these trainings about?

Housekeeping

Food and beverage

 Front office

Food production

Other _____

8. How did you get employment / job?

By Application

Friends or relative

Other

9. How do other staffs get employment in this hotel?

By application

Friends or relative

Other

10. What challenges facing your hotel?

11. What measure undertaken by your hotel to address these challenges?

**Appendix 2: Interview Guide For Small And Medium Sized Hotel Operators
And Managers**

My name is Emmanuel Zakayo Jambi. I' m master's degree student of Open University of Tanzania. Currently I' m writing my master's dissertation. The main objective of this study is to identify challenges facing small and medium sized hotel operators in Tanzania.

I would appreciate if you could cooperate in developing this study by taking a little moment of yours to participate in an interview. The interview is for the purpose of academic only and nothing else.

1. Name_____

2. Name of hotel _____

3. Name of village / shehia_____

4. What hospitality qualification of staff working in your hotel?

Certificate

Diploma

Degree

5. Do you have enough qualified staff in your hotel?

Yes

No

5. If no, why

6. How does the management, improve staff, hospitality skills?

7. How do you recruit your staff? _____

8. From which training institutions do you recruit your staff?

9. Do you have any comments regarding qualified staff in the hotel sector?

10. What challenges are facing your hotel? _____

11. What measures do you undertake to address these challenges?

Appendix 3: Observation checklist

The following is a list of items that the researcher expects to observe during the study.

1. The availability of essential hotel facilities such as swimming pool, Spa, boutique, photocopy machine, fax machine, conference and seminar rooms.
2. The services provided to guests, such as internet, laundry services, flight confirmation, printing and shuttle services.
3. The standard of service provided.
4. The hotel staff's ability and competence.

Appendix 4: Documentary review schedule

The researcher expects also to gather information from various documents. The following documents were examined during the study:

1. Hotel brochures
2. Flyers
3. Magazines
4. Journals
5. Guest comments books.