

## Establishing the Effect of Service Tipping on Learning and Growth Performance of Hotels in Kenya Based on Balanced Score Card Perspective

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### Abstract

This study sought to establish the effect of service tipping on the learning and growth performance of hotels in Kenya based on the Balanced Score Card Perspective. The study adopted a mixed-method including descriptive survey and predictive correlation research designs targeting 183 star rated hotels in Kenya. Data collection was mainly done through physical dropping of the questionnaires by research assistants to hotels around towns and by mail, especially to hotels inaccessible either in towns or away from towns. The study was conducted in a period of one month using structured questionnaires. The study used the drop-and-pick procedure for the required data collection, whereas some of the questionnaires were mailed to the respondents. In addition, the study uses descriptive statistics such as means, standard deviation and percentages and inferential statistics using Regression Analysis. This study concluded that the service tipping statistically and significantly influenced the learning performance of the star-rated hotels in Kenya. Therefore, the study recommended that the hotel owners should also see service tipping as a performance opportunity rather than revenue leakage, just as the findings from this study have statistically proved it. This should make them invest in Service Tipping to motivate the employees, who in turn will offer superior services that attract customers leading to the desired satisfaction. In addition, service tipping should be a strategy adopted by the hotels' managers to enhance their performance.

**Key terms:** Balanced scorecard, learning growth performance, service tipping.

## INTRODUCTION

Tipping is an economic phenomenon consisting of voluntary payment by customers for services received (Azar, 2004). The majority of five stars, four-star, three-star hotels in Kenya and multinational hotel brands encourage tipping and charge mandatory service charges as a percentage of a customer's bill. Azar (2003) traces the practice of tipping, with the certainty of its practice in the mid-1600 "s in England in the coffee house and pubs where brass urns could be found with the inscription "To Insure Promptitude" or the initials "T.I.P." Visitors to private homes were expected to provide sums of money (known as vails), at the end of their stay to the servants who would have gone beyond the call of duty. In London by 1795, the practice of tipping later progressed within the hotels for the chambermaid and the person who secured the horses at the hotel entrance. In the 20<sup>th</sup> century, tipping was replaced in several European countries by service charges. Unfortunately, this historical practice in Kenya and around the Globe has received little scholarly.

Tipping and Service charge surfaces in this study as an influential formal practice by well-known popular star rated hotels brands which are believed to impact the general hotel performance. Hotels and other hospitality institutions that offer service charges or allow tipping of service staff realise benefits in the organisational learning and growth perspectives of the balanced scorecard model conceptualised and championed by Norton and Kaplan (1992). Tipping is a great economic activity, and yet its economic implication has hardly been explored (Azar, 2004). Tipping is considered a main source of income for millions of service personnel and is closely related to behavioural and social economics; it has continually received significant though little attention among academic scholars. Many researchers agree that tipping is one of the most efficient and effective ways in monitoring the quality of services, rewarding the effort of service workers, token of appreciation, compliment or as an incentive for good service delivered (Mohd et al., 2011). Furthermore, Lynn et al. (1993) notes that tipping is a voluntary economic transaction between customers and restaurant servers. Thus with all these observed issues as a result of tipping in relation to food service quality, the

study's goal was to examine the tipping impetus on Star rated hotels in Kenya.

At first glance, the exchange of a tip between a customer and a server seems relatively innocuous and innocent, perceived as a token of appreciation for a positive service experience, it seems reasonable. However, it is important to note that tipping goes beyond a token but is a driver of hotel performance (Azar, 2009); this indicates that tipping in Kenya is still a grey area that needs further study. Existing literature, especially from a global perspective, shows that tipping affects service quality in hotels; for example, tipping is positively correlated with service quality (Azar, 2007), and people prefer tipping because it allows them to punish the waiter for bad service and reward him for good service (Azar, 2004).

The Balanced Score Card (BSC), on the other hand, is a strategic management tool that measures performance in much more spectrum; Financial Performance, Customers Satisfaction, Internal performance and learning performance. Several studies have been attempted on the Balanced Scorecard as a strategic measure of performance. For example; Nyangayo (2014); Afande (2015); M'maiti (2014); Mbugua (2015); Seppälä (2010); Alshammari (2011); Mucheru (2008); Karimi. (2010); Ogendo (2010); Muyeshi (2015) and Wekesa (2015). No study examines the effect of tipping on performance, emphasising the balanced scorecard, motivating the current study, which will analyse the effect of service tipping on the learning and growth performance of hotels in Kenya based on the Balanced Score Card Perspective.

## LITERATURE REVIEW

Kontoghiorghes et al. (2002), in their empirical study on the relationship between learning organisation dimensions and adaptation to changes, innovations and performance, identified learning characteristics as open communication and information sharing, risk-taking and new idea promotion, support and recognition for learning and development, resource availability to perform one's job in a professional manner, availability of the high-performance team, the reward for learning and performance, positive training transfer and continuous learning climate and knowledge management.

Several studies documented benefits accumulating from training and development. Kamau and Waudo (2012) indicate that employee competencies contribute to customer satisfaction, while Nwenre (2005) argues that competent employees have a cluster of attitudes and skills affecting their job major part. In the industry of the hotel, Kim et al. (2011) itemised competencies that need to be developed to ensure effectiveness at work as; Practical competencies (patience, good documentation, good presentation, use of computers, and good memory), Adaptability to the work environment (Neat and decent), Ability to make progress in work (recognise customer needs, communicate, able to sell products and meet people ), Interpersonal skills (friendly, control emotions, care for the team members and coping well), Actively participate in social gathering (sense of humour and keep close relationship) and Flexibility (no complaints, work late and weekends). Workplace so as to stimulate efficiency while Raja et al. (2011) and Aretha and Bariha (2012) note the existence of a positive correlation between training and organisational performance and competitive advantage. Organisational performance and competitiveness may be occasioned by a change of behaviour of employees prompted by training.

Dimovski and Škerlavaj (2005) studied the relationship between organisational learning and performance and found that the impact of organisational learning on business performance differs and depends on what they understand by performance. Understanding the performance goals of an organisation enables management to know the knowledge that needs to be required to achieve organisational learning and consequently increase performance. Amulyoto (2004) studied organisational learning practices and their impact on performance among donor agencies in Nairobi, while Khakina (2006) studied the determinants of success in NGOs. They both concluded that organisational learning was a major tribute to the success of non-governmental organisations, and they are increasingly embracing the concept of organisational learning. However, they could not conclusively assume the same impact in competitive firms. Amulyoto (2004) and Khakina (2006) studies did not analyse the effect of service tipping as a competitive advantage on organisational

learning on performance by hotels in Kenya, which was one of the objectives of the current study.

Njuguna (2008) studied how organisational learning influenced Small and Medium Enterprises performance in Nairobi, Kenya and concluded that organisational learning positively influences performance in SMEs but concluded that more research needed to be carried out in larger firms as efficiencies and performance may differ. Therefore, this study sought to examine the effect of organisational learning on organisational performance in food manufacturing firms in Nairobi County, Kenya. Overall, it can be concluded that in an organisational environment in which organisational learning is encouraged, individuals were more committed to achieving the firm's goals, encouraged to share information and learn, develop new skills and knowledge, therefore, facilitating improved firm performance. However, Njuguna (2008) study did not analyse the effect of service tipping as a competitive advantage on organisational learning on performance by hotels in Kenya, which is one of the objectives of the current study. Ambula et al. (2016) found that Learning Organisation (LO) contributed to 6.7 per cent of the financial performance and 39.4 per cent of non-financial performance, while the other remaining percentages could be due to other factors.

Nzuve and Omolo (2012) conducted research to establish the effect of learning organisation practices in Kenya and found that the practices of LO had a positive correlation with organisational performance among 43 Kenyan Commercial Banks and found that most of the banks had largely adopted the practice of a learning organisation. In the Virginia Department of Social Services, Pokharel and Choi (2015) found evidence that individual and group level learning (that is, continuous learning, dialogue and inquiry, team learning and empowerment) had an indirect statistically significant effect on organisational performance. However, two organisational-level factors (a system to capture learning and strategic leadership) had no statistically significant effect on organisational performance, while system connections do have a positive impact on organisational performance. Pokharel and Choi (2015) studies were carried out in commercial banks, whereas the current study will be carried out in the hotel sector in Kenya,

which is the gap the current study filled by analysing the effect of service tipping as a competitive advantage on organisational learning on performance by hotels in Kenya.

Egan et al. (2004) found evidence that organisational learning culture, directly and indirectly, impacts employee turnover intention and service delivery through the mediator of job satisfaction. However, they noted that despite the high correlation between the organisational learning culture and job satisfaction, these two constructs tend to be distinct both conceptually and in terms of measurement. Chang and Lee (2007) conducted quantitative research targeting different industries in Taiwan and found that the operation of learning organisations has a significantly positive effect on employees and clients satisfaction. Egan et al. (2004); Chang and Lee (2007) studied job turnover and employees satisfaction which is the literature gap the current study filled by analysing the effect of service tipping as a competitive advantage on organisational learning on performance by hotels in Kenya.

Organisational learning plays a significant role in determining SMEs performance. Organisational learning is considered a crucial factor within

organisations in explaining their performance (Kim et al., 2017). Various studies demonstrate that researchers pay much attention to organisational learning in determining their performance (Nafei, 2015; Shurafa & Mohamed, 2016). Where members of staff cannot find an opportunity to apply the fresh skills acquired, the incentive to learn is reduced. In contrast, where an organisation's culture identifies or rewards members of staff who take the initiative to practice the new ideas and skills, this may result in a positive impact in terms of continuous learning amongst the members of staff (Mueller, 2011). Husein et al. (2016) sought to investigate the association between learning organisation culture and organisational performance in Public Institutions of Higher Education in Malaysia. Continuous learning was found to be highly associated with organisational performance. Norashikin et al. (2013) study concluded that continuous learning opportunities through scholarships, training programmes, and research grants should be made available to academics to add value to their existing skills and knowledge for higher performance. Most respondents in the current study observed that service tipping is an unbreakable culture.

## FINDINGS AND DISCUSSION

**Table 1: Item-To-Total Correlations on Organisational Learning and Growth Performance**

Organisational Learning	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Tips strengthen hotel culture	.590	.792
Tips make employees willing to change	.381	.826
Tips are a source of new business	.742	.762
Tips have survived changes	.525	.803
Employees willing to introduce tips	.493	.809
Tips make employees partner with the hotel	.585	.793
Tips make staff innovative	.634	.784

The correlated item-total correlation was used to indicate whether there was low or high internal consistency in the measurement scale. A high correlation indicates high internal consistency in the data collection tool under organisational learning and growth variables. According to Kuder and Richardson Formula 20 (KR-20), the threshold is between 0 and 1. In this case, all the items meet the Cronbach's Alpha

threshold. Therefore, organisational learning and growth reliability was checked through the Cronbach's alpha value of the entire scale consisting of 8 organisational learning and growth items, which turned out to be .820 (the least was .762 and the highest .826), well above the threshold value of 0.7. As a result, the variables also exhibited a high item-to-total correlation, as shown in Table 1.

## Organisational Learning and Growth Performance

This section presents the findings on the key variables of organisational Learning Growth, which included; Tips/service charge forms a strong element of our hotels' service culture, in order to get more tips /service charge staff are ready to change and improve tip continuously, service charge and gratuities may be the source of our new businesses, tips/service charge/

gratuities policy has remained despite changes in the business environment, staff outside the tipping/service /gratuity calculations will introduce tippable services in their department, ownership of the business is well spread to all staff in order to protect their interest in tips/service charge/ gratuity and that tips/service charge/gratuities cause staff innovativeness.

**Table 2: Organisational Learning and Growth Descriptive Statistics**

Organisational Learning	SD (%)	D (%)	U (%)	A (%)	SA (%)	X <sup>2</sup>	p
Tips strengthen Hotel Culture	10(9)	21(18)	10(9)	54(46)	22(19)	137.2	.000
Employees willing to change	8(7)	18(15)	4(3)	56(48)	31(26)	106.5	.000
Tips source of new business	17(15)	22(19)	11(9)	44(38)	23(20)	142.7	.000
Business Environment Change	15(13)	37(32)	23(20)	30(26)	12(10)	142.7	.000
Tips introduced to the department	4(3)	6(5)	6(5)	78(67)	23(20)	188.3	.000
Employees partner with hotel	32(27)	51(44)	11(9)	17(15)	6(5)	150.7	.000
Tips make employees innovative	15(13)	24(21)	17(15)	46(39)	15(13)	154.3	.000

Key: SD = Strongly Disagree, D =Disagree, U = Undecided, A = Agree and SA = Strongly Agree

Sixty five per cent of the respondents agreed that service tipping forms a strong element of hotel service culture, where 27 per cent disagreed, and 9 per cent were undecided. The majority of the respondents agreed that staff are ready to change and improve continuously to get more tips, where 24 per cent disagreed while 3 per cent were undecided. On whether tips/ service charge/ gratuity may be the source of new business, 58 per cent of the respondents agreed, 34 per cent disagreed, while 9 per cent were undecided. The majority of the respondents disagreed that service tipping policy has remained despite changes in the environment, while 36 per cent agreed and 20 per cent were undecided.87 per cent of the respondents agreed that staff outside the tipping calculations would introduce tippable services in their departments, while 8 per cent disagreed and 5 per cent were undecided. Seventy one per cent of the respondents disagreed that ownership of the business is well spread to all staff in order to protect their interest in tips and service charges, while 9 per cent were undecided and 20 per cent agreed. The majority, 52 per cent, agreed that tip/service charge/gratuities causes' staff innovativeness while 33

per cent disagreed and they have undecided 15 per cent.

Concerning Organisational Learning and Growth, the study established tipping forms a strong element of hotels service culture, where employees are willing to change to this culture as a means of continuous improvement. Service Tipping was also found as a source of willingness by staff to change with change in a business environment. Tipping being popular in hotels, the results from the study revealed that staff outside the tipping/service charge/gratuity calculations would introduce tippable services in their department, so it has to benefit them. Tipping also enhances business collaboration where the study established that ownership of the business is well spread to all staff in order to protect their interest in tips/service charge/ gratuity; this situation makes employees innovative (See Table 2).

In order to corroborate the quantitative results on organisational learning and growth as far as service tipping was concerned, the researcher qualitatively analysed other related areas based on the managers' views. First, the other element of remuneration to

staff, the managers, preferred when tips/ service charge /gratuity policy was to be replaced to sustain or improve hotel performance was mostly improving compensation on work overtime by the employees. Secondly, the managers expressed views that employees continuously pushed them to develop memorandums to the Directorate of Tourist Board. The Kenya Government adapts service tipping as a Policy to mandate the hotels to graduate it to employees monthly salaries to fully formalise service tipping in the industry. Most hotel managers believe that service tipping is a culture that cannot be broken and if one attempts to deny employees service tipping, then he will not attract good employees hence losing Competitive advantage. A few managers observed that service tipping is a key driver to employee satisfaction, leading to customer loyalty and preference for good workers working in a particular hotel. The overriding expression was the effect of service tipping on the attractiveness of a hotel to qualified staff, which in turn makes the hotel competitive brought about by the fact that service tipping is a culture one cannot break in star-rated hotels in Kenya. This further informs Mueller (2011), who realised that where an organisation's culture identifies or rewards members of staff who take the

initiative to practice the new ideas and skills, this may result in a positive impact in terms of continuous learning amongst the members of staff.

The findings on organisational learning and growth performance established that Tips/service charge forms a strong element of our hotels' service culture; in order to get more tips /service charge staff are ready to change and improve tip continuously, service charge and gratuities may be the source of our new businesses, staff outside the tipping/service charge/gratuity calculations will introduce tippable services in their department and that tips/service charge/gratuities cause staff innovativeness.

### Effect of Service Tipping on Organisational Learning and Growth Performance

The tested independent variable was service tipping as a competitive strategy, whereas the dependent variable was learning and growth perspectives as a component of the Balanced Score Card. The researcher used factor analysis first to isolate customers' satisfaction factors with the aim of identifying the factors that the respondents preferred. The outcomes are presented in Tables 2 and 3.

**Table 3: Factor Analysis Results**

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	2.85052	2.46146	1.0131	1.0131
Factor2	0.38906	0.28253	0.1383	1.1514
Factor3	0.10653	0.14071	0.0379	1.1893
Factor4	-0.03418	0.06498	-0.0121	1.1771
Factor5	-0.09916	0.05433	-0.0352	1.1419
Factor6	-0.15349	0.09223	-0.0546	1.0873
Factor7	-0.24572	.	-0.0873	1.0000

The study further conducted the factor loading analysis to determine the number of variables that were to be retained. Four components, with a

cumulative variance of 1.00 per cent, were extracted. Extraction Method: Principal Component Analysis.

**Table 4: Rotated Component Matrix**

Variable	Fact or1	Fact or2	Fact or3	Uniqueness
T/S charge forms a strong element of our hotel's service culture	0.6555	0.2161	-0.1811	0.4909

In order to get more T/S staff are ready to change & improve continuously	0.43 11	0.35 55	0.11 42	0.6748
T/S/gratuities may be the source of our new businesses	0.821 4	- 31	- 9	0.3193
T/S policy has remained despite changes in the business environment	0.59 32	0.26 64	0.13 33	0.5594
Staff outside the T/S /gratuity calculations will introduce tippable services in their department	0.53 53	0.22 89	0.16 63	0.6334
Ownership of the business is well spread to all staff in order to protect their interests in T/S /Gratuity	0.66 28	- 0	0.03 85	0.4710
T/S/Gratuities causes staff innovativeness	0.694 7	- 28	- 13	0.5051

Rotation Method: Varimax with Kaiser Normalisation.  
 a. Rotation converged in 5 iterations. According to factor coding, lgp\_1 = Tips strengthen hotel culture, lgp\_2 = Tips make employees willing to change, lgp\_3 = Tips is the source of new business, lgp\_4 = Tips have survived business environment change, lgp\_5 = Tips make all employees willing to introduce tippable services in their departments, lgp\_6 = Tips make employees partner with the hotel and lgp\_7 = Tips make staff be innovative.

In the first rotation, almost all the 7 factors were important with coefficient > 0.5; in terms of

uniqueness, four (4) factors were considered unique by the respondents; these were; tips make employees willing to change, tips have survived business environment change, tips make all employees willing to introduce new tippable services in their departments and that tips make staff be innovative. The study further tested the relationship between tipping and learning and growth perspective factors using regression analysis presented in Table 5 and Table 6.

**Table 5: Tipping, Organisational Learning and Growth Performance**

Statistics	Statistical values
R <sup>2</sup>	.502
F	115.948
p-value	.000

Results from Table 5 revealed that the R-value was 0.709, whereas R Square was 0.502, which indicated a high degree of correlation. The R<sup>2</sup> value indicates how much of the dependent variable, "Organisational Learning and growth Performance", was explained by the independent variable, "Service tipping ". In this case, 50 per cent was the R Squared, which was fairly large, indicating a high degree of correlation.

Therefore 50 per cent of the variance in Organisational Learning and growth Performance was explained by other factors outside this study.

The Predictors: "service tipping". The Dependable variable: "Organisational Learning and growth Performance". Table 6 indicated that the regression model predicted the outcome variable significantly

with  $p=0.000$ , less than 0.05, and indicated that, overall, the model statistically and significantly predicted the outcome variable. These outcomes implied that the data collected for the study had a high correlation between the independent variable (service tipping) and dependent variable (Organisational Learning and growth Performance).

**Table 6: Regression Coefficients of the Effect of Service Tipping on Organisational Learning and Growth Performance**

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.398	.225		1.772	.079
	Tipping	.966	.090	.709	10.768	.000

The results indicated that the beta value was significant ( $\beta=0.966$ ,  $p=0.000$ ). An increase in service tipping by 1 unit will increase the performance of star-rated hotels in Kenya by .966 multiple units Table 7. The bivariate regression model can be used to predict hotels Organisational Learning and growth performance from service tipping is given by  $Y = .398 + .966X_1 + \epsilon$  where;  
 $Y$  = Organisational Learning and growth Performance and  
 $X_1$  = Service Tipping competitive advantage strategy

Service tipping as a competitive advantage strategy does not significantly affect the learning performance of hotels in Kenya was rejected and therefore concluded that statistically, Service Tipping competitive advantage strategy affect Organisational Learning and growth performance of the star-rated hotels in Kenya. The findings are supported by Dimovski and Škerlavaj (2005), who studied the relationship between organisational learning and performance and found that the impact of organisational learning on business performance differs and depends on what they understand by performance. Therefore, understanding the performance goals of an organisation enables management to know the knowledge that needs to be required to achieve organisational learning and consequently increase performance.

Nzuve and Omolo further support the findings (2012) conducted research to establish the effect of learning organisation practices in Kenya and found that the practices of Learning Organisation had a positive correlation with organisational performance among 43 Kenyan Commercial Banks and found that most of the banks had largely adopted the practice of a learning organisation. In the Virginia Department of Social Services, Pokharel and Choi (2015) found evidence that individual and group level learning (that is, continuous learning, dialogue and inquiry, team learning and empowerment) had an indirect statistically significant effect on organisational performance. However, two organisational-level factors (a system to capture learning and strategic leadership) had no statistically significant effect on organisational performance, while system connections do have a positive impact on organisational performance.

In the development of learning culture, the findings are supported by Egan et al. (2004) found evidence that organisational learning culture has a direct and indirect impact on employee turnover intention and service delivery through the mediator of job satisfaction. They noted that despite the high correlation between the organisational learning culture and job satisfaction, these two constructs tend to be distinct both conceptually and in terms of measurement. Chang and Lee (2007) conducted quantitative research targeting different industries in

Taiwan and found that the operation of learning organisations has a significantly positive effect on employees and clients satisfaction.

## Moderating Effect of Star Rating on Learning and Growth Performance

Table 7 shows regression results for learning and growth performance and tipping. Column I presents results in which the variables are computed using factor analysis, whilst column II has results in which the variables are computed using averages of scores that were converted into percentages.

**Table 7: Tipping and Learning and Growth Performance**

Variables	Column I	Column II
Hotel allows Tipping	0.335 (1.23)***	2.533 (1.49)**
Star Rating	0.82 (0.96)***	0.758 (1.47)**
Star Rating*Hotel allows Tipping	-0.101 (-1.18)***	-0.775 (-1.50)**
Constant	0.197 (0.71)***	-2.455 (-1.45)
R-Squared	0.033	0.0267
F-Value	0.95 [0.4183]**	0.76 [0.5200]**
Observations	88	87

The asterisks \*\*\*, \*\* and \* represent significance at 1 per cent, 5 per cent and 10 per cent, respectively. The values in parenthesis ( ) are the t-values whilst those in brackets [ ] are the p-values.

The regression results for a column I show that there is a performance improvement for hotels that allow tipping, as is evidenced by a significant coefficient of 0.335. Tipping, therefore, plays an integral role in enhancing the learning and growth performance of hotels. Star rating also plays an important role in the performance of hotels. The higher the star, the better the performance of hotels. This is shown by the significant coefficient of 0.82. However, when it comes to moderating effect of star rating on the performance of hotels, the results show a significant but surprisingly negative relation of the impact of tipping given the star rating of the hotel.

Apart from using factor analysis to correlate the scores and compute our variables of interest, we also converted the scores into percentages and used the percentages in regression analysis. The findings are presented in column 2 of Table 7. The results show that tipping has the highest effect on learning and growth performance with a coefficient of 2.533, followed by a star rating that has a coefficient of 0.758. All the variables are great at 5 per cent. The moderating effect has a negative and significant relationship with learning and growth performance.

Dimovski and Škerlavaj (2005) studied the relationship between organisational learning and performance and found that the impact of organisational learning on business performance differs and depends on what they understand by performance. Understanding the performance goals of an organisation enables

management to know the knowledge that needs to be consequently increase performance. For example, results under the descriptive section show that a tip strengthens hotel culture at (137.2), makes employees innovative (154.3) and makes employees willing to change (142.7). These findings also agree with Mueller (2011), who found out that where an organisation's culture identifies or rewards members of staff who take the initiative to practice the new ideas and skills, this may result in a positive impact in terms of continuous learning amongst the members of staff.

The findings on descriptive statistics of organisational learning and growth performance established that Tips/service charge forms a strong element of hotels service culture; in order to get more tips /service charge staff are ready to change and improve tip continuously, service charge and gratuities are probably the sources of hotel's new businesses, staff outside the tipping/service charge/gratuity calculations will introduce tippable services in their department and that tips/service charge/gratuities cause staff innovativeness.

required to achieve organisational learning and

## CONCLUSION AND RECOMMENDATIONS

**Conclusion:** The study established that overall, the service tipping statistically and significantly influenced the learning performance of the star-rated hotels in Kenya.

**Recommendations:** Kenya tourism Fund should encourage the training of staff and hotel managers on the effect of service tipping so as to formalise and professionalise service tipping. The hotel owners should also see service tipping as a performance opportunity rather than revenue leakage, just as the findings from this study have statistically proved it. This should make them invest in Service Tipping to motivate the employees, who in turn will offer superior services that attract customers leading to the desired satisfaction. Also, service tipping should be a strategy adopted by the hotels' managers to enhance their performance.

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