Analysis of the Relationship between the Risk Management Strategies and Customers Satisfaction in the Golf Clubs in Nairobi City and Kiambu Counties

Paul Nderitu Mwangi¹, Vincent Maranga², Moses Miricho³

¹School of Hospitality, Tourism and Leisure Studies, Kenyatta University, Kenya
²School of Hospitality, Tourism and Leisure Studies, Kenyatta University, Kenya
³School of Hospitality, Tourism and Leisure Studies, Kenyatta University, Kenya

doi: 10.51505/IJAEMR.2022.7211 URL: http://dx.doi.org/10.51505/IJAEMR.2022.7211

Abstract
The study sought to investigate the relationship between risk management strategies and customer satisfaction in the golf clubs in Nairobi City and Kiambu Counties, Kenya. A total of 17 golf clubs’ captains and 271 golfers/customers were targeted for this study. The cross-sectional descriptive survey was adopted where semi-structured questionnaires, an interview schedule and secondary sources were used for data collection. The study established a statistically significant relationship between the risk management strategies and customer satisfaction with p=0.008<0.05. It is recommended that the golf clubs' management formulate and implement effective risk management strategies for ultimate customers (golfers) satisfaction. This is informed by the findings these strategies have a great impact on satisfaction levels of the customers in the golf clubs.

Keywords: Risk Management Strategies, Mitigation Strategies, Customer Satisfaction, Captains, Golfers

1.0 Introduction
In recent years, golf has emerged as a key sport and has grown both in popularity and significance, particularly in the older population as it provides an opportunity for them to engage in their leisure time (Sports Marketing Surveys, 2018). From a health perspective, golf is popular as a form of exercise because it provides an activity with a low level of physical exertion over an extended period without the physical contact required in many other sports (Lee, 2015). Furthermore, golf sport has become an avenue where people interact to make business deals (AON, 2018). In this regard, golf clubs are striving to ensure they retain their customers by ensuring they meet their expectations and that they are satisfied. According to Reiman (2018) in their endeavor to succeed, to reach and attract customers, golf clubs seek different ways to differentiate themselves and their offerings from their competitors. Their goal is to retain customers on a long-term basis and to continue recording good performance (Golf 20/20, 2017). The golf clubs have realized that the key to attaining an advantageous position in the market is to have the ability to respond quickly to customers’
requirements and to adjust (Ramly & Rashid, 2010). The golf clubs therefore, they ensure that they offer services that can meet their customers’ expectations (Lee, 2015). In this way, the golf clubs create and maintain a good and long-term loyal relationship with their customers which assist in achieving the best possible results. Through this, the golf clubs retain their existing customers in addition to attracting new golfers, as they entirely depend on membership enrollment for their growth (Gacheru, 2018).

According to Rowany Golf Club Limited (2019) proceeds from the membership fee are the main source of revenue for the golf clubs. Clubs' operations are usually severely affected when adequate revenue is not realized from their customers (Kraker, 2017). Therefore, golf clubs' management ought to create a perfect atmosphere and pleasant ambiance for their customers. This will make them feel safe and comfortable, and, remain loyal and frequent users of the clubs' services (Yeomans, 2017). In the golf industry and related sectors, it is generally acknowledged that finding a new customer is far more challenging than to retain a current one. Club Managers Association of America. (2017) stated that the main objective of the golf clubs' management was to create an environment where customers are proud to be present. The key areas that the golf clubs’ management focuses on are effective handling of all hazards and ensure proper risk mitigation measures are in place. This would further ensure that golfers/players are not exposed to harm or injuries (Resolution Insurance, 2018).

Recently, golf clubs have increased focus on risk management to enhance customer satisfaction which is achieved by avoiding excessive losses in settling claims (Aven and Krohn, 2013). Risk management has been observed to be an important factor in improving customer satisfaction and revenue performance of many firms (Siba, 2012). According to Redja, (2008), golf clubs usually fail when risks are inadequately managed hence their management should take the center stage in all service-based organizations’ firms’ all operations. Currently, there are serious challenges and fundamental changes in the economic, natural, political, social sphere and demanding risky environment (Christophe, 2018). Golf clubs have put great emphasis on the management of risks as determinants of their survival, customer satisfaction, and revenue improvement through risk-based performance management on emerging risk issues (Mikes & Kaplan, 2014).

Golf clubs deal with risky activities that affect their customers and so it’s necessary for them to manage risk to eliminate losses and compensation claims (Redja, 2008). According to Gacheru (2018) golf sport in Kenya date back to the colonial era when the British settlers constructed private golf courses, which have since evolved to be the current golf country clubs countrywide. Due to the risks attributed to golf sport, insurance companies currently provide cover for legal liability and personal injuries, total disablement, death, caddies injury, and theft of equipment (UAP 2018; Resolution Insurance, 2018).

In Africa and Kenya in particular, golf sport is a means of attracting tourists from around the world (Hall 2018).

1.1.1 Risks Experienced in Golf Clubs

Golf clubs often experience various risks ranging from injuries sustained by golfers, caddies, and spectators in addition to the destruction of the environment (Lee, 2015). There are major risk
areas affecting golf clubs customers, which have been identified such as golf cart and equipment operation defects, negligence in the golf course and its environment and errant golf shots (Kraker 2017). According to Jacobs (2018) the increasing number of golf courses, tournaments, and banquet events presented a special problem in risks and environmental compliances. Reigman (2018) observed that non-golfers such as walkers and cyclists are not accustomed to the rules of golf and the landscape and often suffer injuries from errant shots, slips, trips, and falls, an identified risk that has attracted compensation claims costs. Currently, emerging litigation issues and regulatory compliance have negatively affected the golf clubs’ operations (KPMG International Cooperative, 2016).

1.1.2 Risk Management
Saleem and Abideen (2011), noted that risk management entails analyzing, identifying, assessing, control and monitoring for potential risks resulting in better decisions. Amaya and Mamba (2015) stated further that firms undertaking effective risk management practices report a higher competitive edge and financial returns. Freeman (2015) observed that businesses transfer their risk management function to insurance companies, to compensate and manage their clientele claims. In the hospitality industry, risks have become a priority matter for policymakers and practitioners thus no doubt that these issues need effective attention (Yeomans, 2017). Despite the current circumstances, it is a low priority issue of concern area due to a negative feeling about risk management concept, and in handling the emerging issues in particular (Bardi, 2018). The objective of managing risks is to raise the probability of favorable events and reduce their negative impacts (Yeomans, 2017).

However, golf clubs neither embrace risk management strategies nor documented policies to deal with risks accordingly or systematically. Darzi (2011) noted that many businesses have encountered losses and collapsed as a result of known risks which were not properly managed. According to Lee (2018), golf clubs are not exceptional and do suffers the risk of negligence from situations among other risks. Golf clubs are sophisticated operations covering a large part of real estate and ultimately should be treated as a collection of mini-organizations (Jacobs, 2018). It is therefore imperative to have proper risk mitigation strategies to minimize accidents and losses that are apparent in golf clubs worldwide (Signature Golf Information Centre 2018). According to Magali (2014) corporate governance, internal and external audits and controls are the backbones of welfare organizations such as golf clubs.

1.1.3 Mitigation Strategies
Mitigation strategies involve knowing, evaluating, and determining the occurrence and behavior of risks within the operations (Ernst & Young, 2018). Mikes and Kaplan (2014) noted that mitigation is a multi-step activity that supports the decision-making process through a better understanding of the inherent operational risks and the likely results. The strategies involve risk transfer to other parties, risks avoidance, minimizing their probability, actual risk acceptance, or potential consequences of threats and opportunities. Bagshaw (2013) noted that the optimal control risk strategy adopted by a firm must be in line with the organization’s strategy for effective risk management. This does not eliminate loss but results in better value in line with the golf clubs’ aims and objectives. According to Dick’s Sporting Goods Inc. (2018) golf club
operations cover a large piece of the real estate with numerous recreational and foodservice facilities which require proper risk mitigation strategies to minimize financial loss. The insurance cover helps the golf clubs to bring some measure of control and technical guidance in mitigating these risks. According to Rowany Golf Club (2018), insurance firms play an integral role in helping golf clubs to identify, assess and address the risks they face. An effective risk mitigation program assists the golf clubs to maintain profitability and achieve customers’ satisfaction despite the operations challenges and hazards present (Signature Golf, 2018).

1.1.4 Customer Satisfaction
Customer satisfaction refers to a state in which the needs of customers are met fully as per their expectations. It is a state in which the attributes of the quality they get match their expectations. According to Gacheru (2018), golf clubs’ service performance can only be viewed from the customer satisfaction point and revenue generated to cater to their needs. Danjuma et al. (2015) defined satisfaction as the extent, to which the needs or expectations of the customers have been met whether obligatory or implied. As Oliver et al., cited in Amoah-Mensah (2010), satisfaction is when the provider of service meets the customers’ norms and expectations, a point of view shared by Anderson et al. (1994). Oliver and Westbrook (1991) admitted that satisfaction means consumer cognitively compares expected performance to actual performance of the service with expected performance. Kotler (1991) postulated that satisfaction is the post-purchase evaluation of products or services, taking into consideration the customer expectations. Abdullahi and Ruzariu as cited in Amoah-Mensah (2010) noted that the customers’ satisfaction levels are influenced by both internal and external elements implying that it was difficult to determine satisfaction. Veloutsou et al. (2015) indicated that total customer satisfaction was not a static process but changes when customers gain experience with the service provider. Amoah-Mensah (2010), pointed that affirmative evaluations regarding one service are signals of impressive customer satisfaction. This satisfaction if continued will result in customer loyalty (Gacheru, 2018). According to Freeman (2015), regulatory compliance and control have been the main risk management focus instead of Customer satisfaction enhancement (Banks, 2014). Mike and Kaplan (2014) noted that poor risks mitigation is the primary causes of distress in firms, and thus a need to manage these elements efficiently to avoid clubs’ poor customer satisfaction and failure.

1.2 General Objective
The relationship between the risk management strategies and customers satisfaction in the golf clubs in Nairobi City and Kiambu Counties in the golf clubs
The main objective of this study was to analyze the relationship between risk management strategies and customer satisfaction in golf clubs in Nairobi City and Kiambu Counties, Kenya.

2.0 Methods

2.1 Research Design

The study employed a cross-sectional survey design with both quantitative and qualitative approaches that explored and explained the relationship between the study variables (Kothari, 2004) The target population of interest to the researcher comprised of the respondents drawn from two categories namely; 30 golf clubs’ Captains and 28,713 active golf players in Nairobi City and Kiambu Counties (KGU, 2019; KNCA, 2019).

2.2 Sampling Procedures

Since the population of the captains in the 15 golf clubs was homogenous and reachable, census sampling was considered. The decision to sample the entire captains’ population followed recommendations by Kothari (2004) which posited that, if the target population was relatively small, then all the respondents should be included in the sample to minimize the sampling error. Convenient sampling was applied to the customers (golf players) as per their availability during the study. This sampling technique was necessary because specific vital information could only be obtained from the active golfers who frequented the golf clubs. Convenient sampling further assisted the researcher to obtain data from customers during their visits to an establishment (Vitiis, Stefano, Francesca, Alessandrai, Nicoletta, & Monica, 2014).

2.3 Sample Size and Data Collection Instruments

From this population, total of 288 respondents comprising of 17 golf clubs’ captains and 271 customers were considered for the study. For the golfer/player/customers, the sample size was determined by the application of Cochran (1963:75) sampling formula. Both primary and secondary data were used by the application of semi-structured questionnaires, interview schedule, and journals with related literature. Secondary data sources included any author(s) publication work, which is/are not a part the direct participants of the study (Mugenda &
Mugenda, 2003). The semi-structured, close and open-ended questionnaire was used to collect data from the customers/golfers on demographics, policies, membership, risks, and customer satisfaction. This tool was preferred because it assisted to collect general information and current data in respondents’ own words and views (Creswell et.al 2010), and improved the quality of opinions and reliability (Murgan, 2015). A semi-structured interview Schedule was administered to golf club captains to obtain additional data for the triangulation purpose focusing on demographics, membership, audit, risk mitigation, and customer satisfaction. This tool helped to gain further insight and in-depth information that would have been left out or omitted, helped to test responses consistency, and increased the reliability of the data obtained (Mugenda and Mugenda (2008).

2.4 Pretesting
From the pretesting exercise, a 0.771 reliability coefficient was obtained from the calculation. This coefficient showed that the data collection instruments were well reliable to give quality data since a coefficient alpha of 0.70 and higher is usually recommended (Mugenda & Mugenda 2008). Table 3.1 presented the reliability test for all the variables of the study.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach's Alpha</th>
<th>Cronbach's Alpha Based on Standardized Items</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Management Strategies</td>
<td>.789</td>
<td>.789</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2020

The reliability coefficients were determined to maximize the internal consistency of the study variables. The study variables Cronbach’s alpha coefficients were as follows; Risk Exposure (0.751), Risk Management Strategies (0.789), Corporate Governance (0.771), Environmental Conservation Strategies (0.767), Golf Industry Context (0.783) and Customer Satisfaction (0.765). From the above analysis, all the items had a coefficient above 0.7 which indicated a strong reliability level (Sauro, 2012). The overall Cronbach’s alpha coefficient (0.771) and the alpha based on standardized items (0.772) indicated that the data collection instruments were reliable to replicate similar results with their subsequent application.

3.0 Results and Discussion
3.1 Risk Management Strategies and Customer Satisfaction in the golf clubs.
Analyses were conducted to explore the overall impact of the independent (predictor) variables on the study dependent variable. Multiple regression analysis was employed to determine the risk exposure and the risk management strategies influence on the customer satisfaction in golf clubs in Nairobi City and Kiambu Counties. This analysis further helped to establish the impact of each of the independent variables on the study dependent variable. To begin with, correlation
analysis was done to determine the relationship between risk exposure and management strategies on customer satisfaction. The findings are illustrated in table 4.22.

Table 3.1: Model Summary for Moderated Multiple Regression Analysis on Risk Management Strategies as determinants of Customer Satisfaction

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
</tr>
<tr>
<td>1</td>
<td>.829(^a)</td>
<td>.687</td>
<td>.682</td>
<td>.55334</td>
<td>.521</td>
</tr>
</tbody>
</table>

a. Predictors (Independent Variables): (Constant), Risk Management Strategies  
b. Dependent Variable: Customer Satisfaction

Based on the analysis, the R-value denoting the simple correlation was calculated to be 0.829. The r-value (0.829) obtained further indicated a high correlation degree between the risk Exposure, Management Strategies, Corporate Governance, Environmental Conservation Strategies and Customer Satisfaction. The resulting $R^2$ (Square) value obtained was 0.687, which indicated that risk exposure and management strategies explained 68.7% of Customer Satisfaction among Customers (golfers) in Nairobi City and Kiambu Counties. Therefore, this meant that other determinants which were not studied or covered by this research accounted for 31.3% of the satisfaction among customers at the selected golf clubs. Therefore, further research was suggested to be conducted to investigate these other determinant (31.3%) of customer satisfaction in the golf clubs. The findings were as illustrated in table 3.2.

Table 3.2: Analysis of Variance Statistics (ANOVA)\(^a\)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>25.181</td>
<td>5</td>
<td>5.036</td>
<td>11.715</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>6.019</td>
<td>14</td>
<td>.430</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>31.200</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Satisfaction  
b. Independent (Predictor) Variables: (Constant), Risk Exposure, Management Strategies,

The analysis of variance results showed the F statistics = 11.715 and the p-value = 0.000 where the p value was less than a conventional level of significance (p=0.0001<0.05). The findings denoted that the regression model obtained was statistically significant. The analysis findings further showed that the overall regression model obtained was sufficient to predict the impact of the risk exposure and management strategies on customer satisfaction among customers (golfers) in golf clubs within Nairobi City and Kiambu Counties. The model further indicated that there
was a statistically significant and positive relationship between the predictors and the dependent variable as shown by the resulting p-value (p=0.0001). The findings were as illustrated in table 3.2.

The purpose of specific objective two was to establish the relationship between management strategies and customer satisfaction in golf clubs in Nairobi City and Kiambu Counties. This research objective was achieved through regression analysis of the hypothesis. The null hypothesis (H₀₁) and the alternative hypothesis (Hₐ₁) were presented and stated as follows:

H₀₁: β₁= 0 (There is no significant relationship between risk management strategies and customer satisfaction in golf clubs in Nairobi City and Kiambu Counties).

Hₐ₁: β₁≠ 0 (There is a significant relationship between risk management strategies and customer satisfaction in golf clubs in Nairobi City and Kiambu Counties). The analysis was done and the results were as shown in table 3.3.

Table 3.3: Regression Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.375</td>
<td>.661</td>
<td>2.081</td>
<td>.052</td>
</tr>
<tr>
<td>Risk Management Strategies</td>
<td>.702</td>
<td>.237</td>
<td>.573</td>
<td>2.967</td>
</tr>
</tbody>
</table>

The findings showed that risk management strategies coefficient had a t-statistic=2.967 and p-value=0.008. This calculated p-value was less than the significant value of 0.05 that would confirm the hypothesis (0.008<0.05). The null hypothesis was therefore rejected and a conclusion made that there was a significant relationship between Risk Management Strategies and Customer Satisfaction in golf clubs in Nairobi City and Kiambu Counties. The findings implied that the risk management strategies put in place is key determinants of customer satisfaction among golf players.

In this study, it was hypothesized that effective risk management strategies would contribute to customer satisfaction among golfers. Based on the analysis, the study established that generally, the golf clubs in Nairobi City and Kiambu Counties had put in place effective risk management strategies. The analysis of the hypothesis gave a conclusion that there was a statistically significant relationship between risk management strategies and Customer Satisfaction. The findings implied that the risk management strategies put in place is key determinants of customer satisfaction among golf players. The study respondents were of the view that these management strategies put in place by the golf clubs are vital in determining the service delivery which in turn affects customer satisfaction. The study findings are in line with La and Choi (2012) who observed that risk management had a positive and significant relationship to any firms' performance, including customer satisfaction. According to the respondents, besides ensuring service delivery, effective risk management strategies ensure that the risk exposure among the golfers is minimized hence increasing their comfort and satisfaction. The study is also in line
with DeFranco and Schmidgall (2014) whose findings posited that efficient operations and effective risk management are vital in achieving excellence customer satisfaction. The management strategies further ensured that there is fairness in service delivery among all the customers by fostering a sense of responsibility among the golf clubs’ staff. However, Čáslavová et al. (2018) study the level of customer satisfaction among golfers in the Liberec region concluded that risk management is just one of the elements. According to the study findings, effective managers who are risk conscience are vital in promoting the performance of the club.

4. Conclusion and Recommendation

Regarding management strategies, the study concludes that golf clubs with effective management strategies had higher-level customer satisfaction as compared with the clubs with poor management strategies. The study identified that those risk management strategies used by the golf clubs influence customer satisfaction among the golfers. This is because it is the management that determines how resources are effectively allocated and managed to meet the customers’ needs, also, it is the role of the management to reshape the employee’s behavior in a manner that enables them to deliver quality services. The risk management strategies were further found to be significant determinants of customer satisfaction among golfers. In this regard, it emerged that the customers were more concerned with how the golf clubs identified and measured the golf related risks. Customers/golfers were also concerned with how these golf clubs employed monitoring and mitigation strategies to counter the prevailing risks that affect their satisfaction. The golf club’s management in Nairobi City and Kiambu Counties was thus recommended to ensure effective risk management are in place as a measure to ensure that their customers.

References


Magali, J. J. (2014). The Influence of Leadership, Corporate Governance and Regulations on Credit Risk Management: The study of rural financial institutions from Tanzania, Management and Administrative Sciences Review, 3(2),