



INFLUENCE OF LOCAL DEMOGRAPHICS COGNITION ON ORGANIZATIONAL PERFORMANCE OF RATED HOTELS IN KENYA

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ABSTRACT

Though cognition, which we refer to in this study as “native thoughts” is an important disposition of managers, there is a dearth of empirical evidence on the relationship between cognition and performance of organizations. Drawing from the social cognitive theory, we investigated the influence of local demographics cognition on organizational performance of rated hotels in Kenya using a descriptive. Cross-sectional survey of 249 managers from 150 three, four and five-star hotels was used. A psychometrically validated questionnaire with items anchored on a five-point Likert type scale was used to collect quantitative data which were analyzed using SPSS software version 26. A binary logistic regression model was used to test the study hypothesis. The model fit the data that was collected with a Hosmer Lemeshow statistic that was insignificant t 5% level of significant ($p > .05$) suggesting that the observed odd ratios were not by chance but as a result of the local demographics cognition. Overall, the logit model result was that local demographics cognition significantly predicted the odds for performance of the rated hotels ($\beta = 1.189$, Wald = 32.162, $p < .05$, OR=3.282). Further, on a scale of 1 to 5 the modal score for local demographics cognition was 3.282. This implied that managers’ cognition of local demographics was high and hence the use of this in strategy decisions increased the likelihood of satisfactory organizational performance of hotels. Consequently, null hypothesis that local demographics do not influence performance of rated hotels in Kenya was rejected. The conclusion was that managers of rated hotels in Kenya practised local demographics cognition - the “native thoughts” of demography and that it had a significant influence on organizational performance of hotels.

Key Words: Native Thoughts, Demographics, Organizational Performance

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INTRODUCTION

Long term survival of organizations is dependent upon continual interactions and networks with the external environment and this leads them to have added responsibilities to the society. According Mullins (2016), for an organization to become effective, and maintain survival and growth, it must respond to the opportunities, and challenges presented by the external environment. Further, it must have a balance between managing the individuals, internal and external environments, in order to cope with the dynamic society changes and the demands.

Naturally, society expects organizations to contribute more benefits in the long run. Some of these include developing the infrastructure, providing employment, buying and selling goods and services to the local market, contributing to health services, and community recreation opportunities among others. Therefore, there is need for them to operate in a responsive manner that gives greater benefits to society. Unfortunately, some of organizations operate from the traditional approach, whose main focus is on profits and shareholder value, as observed by Li et al., (2016). This may lead to conflict between them and the community in which they operate, which may render them unable to achieve their expected performances, leading them to become unsustainable. This calls for the managers to have local context consideration in their strategic business decisions, if the organizations are to become sustainable. It is within this context that this study on effect of local demographics cognition on organizational performance is positioned.

The way managers perceive the local environment and use the perceptions to make decisions is a cognitive process that is underpinned by the social cognitive theory (SCT). *Native thoughts* are managers' cognitions of the local context or environment in which they operate. Its context comprises local geography, demographics, culture, politics, and economic status. Hamzeh and

Mohammed et al., (2019) theorize that strategic decision-making determines the performance of organizations. Further, the quality and timing of these decisions are the essence of competitive dynamics and are informed by the knowledge base of the managers. It is this knowledge that managers draw on to act or react to environmental cues. The more knowledgeable they are, the better the quality and timing of actions will be.

McShane and Gilnow (2018) describe the mental process behind decisions comprising competitive dynamics as cognitions. Mohammed et al. (2019) assert that in a knowledge economy, knowledge management is a meticulous approach that is used to optimize an organizational performance leading to organizational effectiveness. Hence the need for managers to have sufficient knowledge, both internal external to their organization, of the local operating context. Managers with superior cognition of the local context may succeed much more than those with inferior capability. A sufficient pool of managers with appropriate cognitive abilities constitutes a strategic resource for an organization as predicted by the firm's Resource-Based View (RBV) perspective (Barney, 1991 & Penrose, 1959). In this regard, sensitivity to and knowledge of the local context constitute native thoughts which is an important aspect of organizational knowledge.

The need for native thoughts has been highlighted recently by the emergence of the corona virus disease of 2019, code-named COVID-19, which has brought a local negative impact on all facets of life, including organizations and their immediate neighbourhoods, in far-reaching ways. Coincidentally, similar effects have been observed before, whenever an epidemic or a major disruptive event takes place, to the point that it has become a phenomenon. That raised the question of the *extent to which businesses respond to community needs*. Consequently, it was appropriate to suggest that managers should "think natively" - have the local context in mind - and incorporate those thoughts in

important management decisions to achieve the projected performances.

Upon cognition of the environment, organizations make decisions that are enacted through strategic plans, which are implemented through a process of change. However, a relationship between cognitive process (native thoughts) and organizational performance has been scarcely documented in the empirical literature. Further, it is not clear in empirical literature what the prevalence of native thoughts by managers was, whether and how they were incorporated in organizational decisions, particularly in the hospitality industry, and the impact that had on organizational performance. In particular, the relationship between local demographic cognition and organizational performance has received little empirical investigation.

Past studies on external environmental factors have focused on aspects of those factors, importance to the communities and Government but little information is available on cognitions of those factors and performance of the organizations. For example, United nation conference (UN, 1992) discussed key action areas to address demographic dynamics and sustainability from a global perspective, but did not come out with a clear local focus on how to implement them, leaving it as a largely macro initiative. Consequently, the local context is still left out in development because it is not clear how organizations can get involved directly. Most of the studies done have focused on concepts, application and impact of environmental factors but not cognitions of those factors, leading managers not to prioritize the local context and hence have no cognitions of it. In particular, it is noted that cognition of the local external environment and its influence on performance in hotels has largely not been covered.

The study, therefore, was about how hotel managers interpret the local context in which they operate, and whether that translated to decisions

that lead the hotels to high performance. It was focused on the connection between local demographic cognition of managers and the organizational performances of hotels.

Native Thoughts

The researcher observed life in different settings within the city and dismissed his perceptions about it as “native thoughts” without thinking what that meant. The frequency of those perceptions increased with time, making the researcher attempt to find the meaning of the words. The reasoning behind that was that the meaning would emerge from studying people in their workplaces, how they relate to the environment around them, and how such environment affects their work and work outcomes. From the findings, the researcher suggested that those studies be called ‘native thoughts’ and theorized with the intension of integrating them with the environments in which people live or work, as people go about their lives normally. The researcher made some observations which led to interest about those two words leading to a search for the meaning of each word and that of the combination of the two.

The words “Native thoughts” are derived from ‘native’ and ‘thoughts,’ whose meanings are different. The linguistic meaning is simply thoughts about the “native” or the thinking of the natives. Grubber (1991), explained that linguistics is simply understanding meaning without relying on intent and assumptions. However, pragmatics suggest that meaning is something contextual with respect to language and the world, and something active towards other meanings and the world. In this regard, “native” is contextual, and “thoughts” are active to the thinker, translating them into concepts. This study uses both contextual and active meaning of each word, and ultimately, for the combination – ‘native thoughts. In this regard, the words native and thoughts have had both negative and activist connotations from the word’s origins, through the times to contemporary times.

The term native was used in old French, to mean a woman born in slavery; in the mid-19th Century,

original inhabitants of non - European nations such as American Indians were contemptuously referred to as natives. What is more, white colonialists used it to refer to those they colonized (usually non-white) as natives in a derogative manner. Then in the 1970s, activists Indians began calling themselves “native Americans” as a reminder to whites who were on the premises first (English Etymology Dictionary). On a positive outlook, in contemporary times, the word native means a person born in a specific place, or associated with a place by birth, or a resident, a local inhabitant or indigenous to a place; indigenous origin or growth, domestic or home-grown homemade, local, or endemic. Lastly, in computing, it refers to what the item is designed for or built into a given system, especially denoting the language indicated with a given processor computer and programs within it.

A thought is described as a process of using the mind to consider something or the product of the process. From the English Etymology Dictionary, the word thought originated from the old English, denoting the process of thinking or a thought: conception, to conceive in he, mind or to consider. Its meaning evolved to cognate with the element of memory, attention, and devotion, and then to consideration, deliberation, and then to the contemporary meaning where its adjective usage defines it in action hence thoughtful as being contemplative, prudent, moody, anxious, or showing consideration for others. From Vocabulary.com, thoughts are defined as organized beliefs of a period, individual or group, cognitive content, a personal belief or judgment not founded on proof or certainty. A thought is also described as an idea, an opinion, or a notion. Some of the synonyms of thoughts are belief, concept, conception, view, impression, conviction, or perception. Further, when taken as a mental picture, thoughts also mean assumption, presumption, hypothesis, theory postulation, abstraction, apprehension, understanding, supposition, conceptualization, mental cognitions, perspectives, and beliefs about ourselves and the

world around us.

The study proposes that “Native thoughts” denote sensitivity to the local situation where sensitivity refers to responsiveness, vulnerability, consideration, care, thoughtfulness, diplomacy, fact, understanding, empathy, feeling, or intuition. It also means perception, discernment, insight, or *savoir fair*, which means the ability to act or speak appropriately in social situations. All these words and synonyms describe the ability to sense, register, interpret, adapt, and respond to an external situation in a tactical diplomatic creative, and clear way, intuitively as outlined by Bret and McKay (2016). Further, the idiom which is related to Pope Clement XIV (1777), that when in Rome, do as Romans do (*“cum Romanus Eris”*), refers to the importance of adapting oneself to customs of the people who are in certain places or circumstances and behave as they do, to avoid being visibly different or being an outlier.

Drawing from those explanations, we extrapolated the words native and thoughts to organizations and their relationship with where they are situated. Subsequently we refer to native as the “local” within the external environment of the organization, and projected “thoughts” as thinking about the native which renders to sensitivity - a predisposition to a context - understood in this study as the external situation. The external is the native or local while thoughts, sensitivities, and perceptions are cognitions. Therefore, this study proposes that ‘native thoughts’ (NT) means ‘cognition of the local context.’

Demographics

Brassington and Pettit (2013), describe demographics as the measurable aspects of population structures which includes birth rates, age profiles, family structure, education levels, occupation, income, and expenditure patterns. Further, Mullins and Larreche (2019), view demographics as attributes of individuals such as age, gender, household lifecycle, income, occupation, education, anniversaries, race, ethnic origin as well as local geography. Drawing from

those views, the study perceives cognitions of demographics as the cognitive perspectives on population dynamics, demographic data and demographic environment.

Demographers seek first to understand population dynamics by looking at three main demographic characteristic: birth, migration, and aging (including death), which contribute to change in populations, how people inhabit the earth, formation of societies and development of culture (Brassington & Pettit, 2013). According to Mugenda and Mugenda (2012), some of the vital demographic statistics used include fertility rates, mortality rates, birth rates, population growth rates, incidences of common diseases, sex ratio, dependency ratio and age structure.

Meister (2017), explains that demographic changes can influence the underlying trend rate of economic growth, structural productivity, standards of living, saving rates, consumption, investments, unemployment rate, equilibrium rate of interest, market trends in housing and demand for financial assets. For example, a young population has a high potential for providing employees to organizations, and they can propel communities to growth while an aging population does the reverse. Loretta (2017) added differences in demographic trends across countries can influence current account balances and exchange rates. In line with this view, it is important for businesses to have cognition of local demographics, so as to make decisions that enable optimization of opportunities and mitigate the challenges that they pose.

Organizational Performance

Organizational performance can be summarized as 'how well an organization is, in achieving its planned objectives. Luo et al. (2012) suggest that organizational performance can be measured in terms of economic performance such as financial and economic markets, as well as operational performance which includes observable indices. Organizations are projected to perform effectively

in the long term. According to Johnson, (2018), organizational performance is achieved when an organization finds a balance between its employees, shareholders, customers, and the community.

Naylor (2004) established that success of an organization is determined by how effective it is after assessment of its set objectives is determined and requires an evaluation criterion. Drawing from that, Elkington (2018) developed an evaluation criterion for organizational sustainability called 'Triple Bottom Line' (TBL). It is a three-dimension accounting structure for measuring performance in terms of environmental, social, and financial goals. He argues that it surpasses the traditional accounting structure of measuring shareholders' value, return on investment, and profits by including two more dimensions - social and environmental.

Following those discussions, the study concludes that organizational performance is achieved when an organization meets the needs of all stakeholders who include shareholders, employees, customers and society. Therefore, performance of an organization was considered effective when indicators of social, economic, and environmental spheres show continual improvement and are sustainable. The study focused on the influence of local demographic cognition on organizational performance of rated hotels in Kenya. Managers' cognition of local demographics was used to determine the decisions managers make and if such decisions lead to organizational performance. Performance was measured using the effectiveness indicators of sustainability that are based on Triple Bottom Line (TBL) theory.

LITERATURE REVIEW

Theory and Hypothesis

Social Cognition Theory

This theory postulates that learning occurs in a social environment with dynamic and communal interaction of the person, the environment, and behaviours. It was formulated by Albert Bandura in

1986 as an expansion of the “social learning theory” offers a framework for understanding how learning occurs in the social contexts and the lively interaction between the environment, the person, and behaviours.

The concept of SCT is that part of an individual’s knowledge achievement can be linked to observing how others perform within the background of experiences and social interactions outside of media influences. The theory holds that individuals learn by observing other people in action where behaviours, environment and cognition act as the key factors that influence development in a collaborative triadic relationship where each behaviour observed can change the thinking of a person, which is cognition. It emphasizes on reciprocal influence of behaviour, environment and personal cognitive factors, (Markus O., 2019)

The distinctive focus of social cognitive theory is on how individuals obtain, retain, carry out behaviour, and the social setting where the behaviour happens. It considers an individual’s past experiences, which influences if a behaviour will occur and how that will happen, bearing in mind that past experiences influence underpinnings and anticipations - a combination that determines if a person engages in a specific behaviour or not, and the reasons why that happens.

The attributes of cognition are salience, munificence, identity and internal/external focus and are used to measure the managers’ cognition of the local context, in determining the sustainability of organizations. They were used to determine how each attribute measured the relationship of managers’ cognition of geographical location, demographics, culture, politics and economic status of the local context with sustainability of organizations.

SCT has attracted a significant number of debates from scholars and researchers. Some of the critics argue that: (i) the theory works on the assumption that changes in the environment lead to individual changes which, according to them, is not valid; (ii)

the theory is not well organized because it is dependent on the relationship between people, behaviour and ecology; (iii) it has no guidelines to ascertain the extent the variables influence each other; (iv) it concentrates on the learning process only instead of considering other factors such as hormones that influence behaviour as well, and (v) it does not consider motivation and emotions, which are essential factors that affect behaviour. Consequently, SCT is hard to operationalize. Despite these critics, the theory is widely used by scholars and researchers. It was applied to the study as how managers perceive the local demographics and how that shape their strategic decisions which in turn impact performance of their organizations.

Cognition and Organizational Performance

Organizational performance refers to analysis of a firm’s performance against its set goals and objectives. Cole and Kelley, (2015) suggest that it is dependent upon analysis but suggests that a more strategic and integrated approach is to increase the effectiveness of organizations, which is a measure of organizational success. Musheke et al., (2021) added that organizational performance should be assessed in terms financial performance, customer service, social responsibility and employee’s stewardship, noting that it is managers and not organizations that perform; therefore, organizational performance should be appreciated as a combination of their assigned works.

To achieve organizational performance, organizations need to fulfill their mandate to all stakeholders including shareholders, employees, and society comprising corporate citizenship and community outreach, (Richard et al., 2009). Supporting that view, MBA Knowledge Base (2022) outlined the factors that organizations need to perform to fulfill and listed human and cultural factors, technology, natural resources, economic, regulatory, organizational strategy and markets, among others. Through these factors, the organization gets effectiveness, efficiency, development and participant’s satisfaction. Further, the study suggested that factors which determine

the structure, aims and activities of organizations include organizational and environmental dimensions comprising individual, internal and external factors. By meeting these factors, the organization fulfils the requirements suggested by the Triple Bottom Line Theory, as guided by Elkington (2018), that for organizations to be sustainable, they must meet the needs of the people, profit and the planet which espouse social, economic and environmental bottom lines.

Following these study outcomes, it is prudent to suggest that managers need to make strategic decisions that are geared towards meeting the Triple Bottom Line, in order to achieve their projected sustainability. Further, it can be ascertained that organizational sustainability explains organizational performance, and is a consequence of manager's cognition of local context, in which they operate. In fact, it is an expression of organizational effectiveness viewed through a System Resource Approach which focuses on interdependency of processes that relate the organization to the environment, as explained in MBA Knowledge Base report of 2022. Therefore, managers' cognition of the local context relates with sustainability; therefore, organizational performance.

In this study, we investigate how managers perceive local demographics of the external environment and how they use those viewpoints to achieve sustainability for their organizations. We draw from social cognitive theory (SCT) and empirical literature to conceptualize the relationship between local demographics cognition and organizational performance. In particular, we propose that managers' cognition of local demographics is significantly related to organizational performance. Subsequently, we envisaged that the study outcomes will motivate managers to consider local economic status in their strategic decisions, in order to achieve sustainability. Further, it is contemplated that research should focus on managers' cognitions of local demographics and how it affects the organizational performance.

Local Demographics Cognition and Organizational Performance

A demographic is defined as a statistical view of a population in terms of age, gender, income, schooling, and occupation. Mullins and Larreche (2019), describe demographics as attributes of individuals such as age, gender, household lifecycle, income, occupation, education, anniversaries, race, ethnic origin as well as geographical locations. Demographers seek to understand population dynamics by investigating three main demographic processes; birth, migration, and aging (including death). These processes contribute to change in populations, how people inhabit the earth, formation of societies, and development of culture. Cognitions of local demographics are the cognitive perspectives on population dynamics, demographic data and demographic environment, demographic changes and influences of the local community.

Meister, (2017), observes that demographics change can influence the underlying growth rate of the economic, structural productivity growth, living standards, saving rates, consumption and investments. It can also influence the long term unemployment rate, equilibrium interest rate, housing market trends and the demand for financial assets. For example, a young population has a high potential for providing employees to organizations, and they can propel communities to growth while an aging population does the reverse. Unfortunately, the focus on how policy makers think about demographics is not adequately covered in empirical studies.

From an organizational perspective, the role of demographics internally and externally is critical. Unfortunately, majority of the organizations focus on it from internal environment only. However, Mullins, (2016), expresses that organizational survival is dependent upon a series of continual interactions and exchanges between it and the environment that give rise to several broader responsibilities in general. He defined the phenomenon but not how such knowledge can be acquired by managers. We seek to bridge this gap

between definition of demographics to have managers cognitively determine it and make strategic decisions based on those cognitions. In particular, we seek to make managers appreciate the importance of local demographics on organizational performance of their firms.

Hypothesis

Consistent with the reviewed theoretical and empirical literature we tested the null hypothesis, *Ho: There is no significant relationship between local demographic cognition and organizational performance of rated hotels in Kenya.*

METHODOLOGY

The study used a descriptive cross-sectional survey design, targeting 450 managers from 150 hotels rated 3, 4 and 5 stars in Kenya. The target population comprised of hotel directors, general managers and heads of departments as its population, because they were expected to have the information that was required for the study.

A structured questionnaire was used for data collection. It was selected because they reduce thinking load on the respondents, lead to higher response rate and accurate data which is easier to code and analyze. The items on the questionnaire were anchored on a five point Likert scale was used for data collection. The questionnaire was pretested using 27 respondents, and refined based on the input from the pre-test before it was used for the survey. The research tool was tested for reliability using composite Cronbach's alpha statistics and validity, testing for content, construct and criteria. The outcomes for composite Cronbach alpha statistic of all questions indicated that all the items were suitable to measure the variables ($\alpha > 0.7$), based on the recommended limits of 0.70 and ≤ 0.90 , by Tavakol and Dennick (2011). Further, the instrument was tested for validity; and adjusted for both content and construct validity after assessing respondents' opinions and making an informed judgement. Furthermore, results of criterion validity showed that there was a significant correlation between all independent variables and

organizational performance, based on acceptable correlation coefficient criteria ($r > 0.7$), recommended by Nunnally (1978). Also, all variables had values of at least 0.5 suggesting that the constructs were accurately measured by the items that were specified for measuring it, hence, the tool met convergent validity requirements.

The study set out to do a census of 150 hotels, rated 3, 4 and 5 stars, targeting directors, general managers, heads of departments or their representatives as respondents since they are expected to have the required information. The quantitative data were analyzed using SPSS software version 26, and analytical model statistical assumptions - the assumptions of classical linear regression model - were checked to arrive at the most suitable analytical model to answer the study hypothesis. The data violated the assumptions of classical linear regression model leading to the selection of the binary logistic regression model which was used to assess the how local demography cognition - the local demography "native thoughts" predicted the odd for organizational performance of star rated hotels in Kenya.

The study performed an exploratory factor analysis to arrive at a parsimonious set of factors on local demographics cognition and organizational performance, that were used to model the relationship between local demography cognition and organizational performance of star-rated hotels in Kenya. Local demographics and organizational performance met the thresholds of for KMO value and Bartlett's test, in accordance with the thresholds recommended by Zach (2019) of KMO value greater than 0.5 and a significance level below 0.05 ($p < 0.05$) of Bartlett's test as adequate for assessing correlation between the variables. Further, the rotated sums of squared loadings were greater than 1 which showed the 6 components extracted for local demographic cognition and 16 for organizational performance were appropriate in representing the underlying construct (local demographics cognition) and organizational performance. Furthermore, the factor loadings of

the transformed data for native thoughts of local demographic cognition and organizational performance had high average extracted variances (AVE > 0.5) which is considered acceptable as recommended by Fornell and Larcker (1981).

A factor matrix for local demographics cognition was done starting with 8 items representing salience, munificence, identity and internal/ external focus which are the sub - variables of local demographics cognition were the measures of cognition. After rotation using Promax with Kaiser Normalization, 2 items formed new patterns and were dropped while 6 formed the pattern matrix for local demographic cognition. The two items dropped were representing internal/ external focus; while those left represented the other sub-variables. Therefore, internal/ external focus had no influence on the variable. Further, the item highest loading had a factor was 0.855 while the lowest had 0.665, hence the factors strongly influence local demographic cognition since they were close to 1.

Testing the hypothesis required determination of a correct model through testing the data on regression assumptions - linearity, multi-collinearity, normality and homoscedasticity where all tests passed except normality. If one of these tests fail, classical linear regression assumptions are assumed violated, and a non-parametric analytical model has to be explored and used to answer the research objectives by testing the hypotheses.

Different non-parametric tests were assessed to determine the most suitable analytical model given the nature of the data that was collected. The first one was ordinal regression since the dependent variable (organizational performance) was in ordinal scale format but it failed the test of parallel lines

because the data did not fit it; it was thus found not appropriate to test the research hypothesis and hence answer the objectives. Consequently, it was ruled out. The second test was for the binary logistic regression model which required the dependent variable to be transformed into binary. The scale values 1, 2, and 3 were coded as 0 "disagreed" and scale values 4 and 5 were coded 1 "agreed" to make it a dichotomous variable. This agrees with the recommendation by Abiad and Ionescu, (2020); Abrudan et al., (2020); Milovanovic and Peric, (2019) and Mustafizmunir, (2016) on the use of binary logit regression in the customer satisfaction aspect of organization development and its influence on organizational performance.

It was found that the data fitted the binary logistic regression model (logit). The omnibus test of the model coefficient was significant ($p < .001$) in all the hypothesis tests. Further, the model fit was tested using Hosmer Lemeshow (HL) test where it passed the fitness test with the HL statistic having a p-value greater than .05 ($p > .05$). This result indicated that the p-value associated with confirmed that the observed odd ratios were not by chance but were as a result of the predictor variables the local demographics cognition (also referred to native thought on local demographics). Therefore, the logit model was selected and was therefore, used to test the study hypothesis.

RESULTS AND DISCUSSIONS

Regression Analysis for Sub - variables

Regression analysis was done on the three sub-variables: salience, munificence and identity. The results were shown in the model summary and in the variables in the equation.

Table 1: Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	207.357 ^a	.172	.264

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

Table 2: Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a	S_LD	.279	.202	1.915	1	.166	1.322
	M_LD	.697	.214	10.550	1	.001	2.007
	I_LD	.219	.205	1.146	1	.284	1.245
	Constant	-2.389	.648	13.589	1	.000	.092

a. Variable(s) entered on step 1: S_LD, M_LD, I_LD.

S_LD – Salience of local demographics

M_LD – Munificence of local demographics cognition

I_LD – Identity of local demographics cognition

The model summary showed that the model is a good fit (-2 Log likelihood [207.357]) for testing the null hypothesis in the study. The variables in the equation indicate that only munificence is significant ($p < 0.05$) while salience and identity are not. This implies that the only important sub-variable is munificence, ($\beta = 0.697$, Wald 10.550,

$p < 0.05$, Odds ratio [exp(B)] = 2.007). Hence, munificence significantly influences local demographic cognition and can predict the odds for cognition organizational performance.

Regression Analysis for Local Demographic Cognition

Regression analysis for the independent variable – local demographic cognition was done and presented on table 3.

Table 3: Model Summary

Step	Deviance	Cox & Snell R ²	Nagelkerke R ²
1	209.648 ^a	0.164	0.252

a. Estimation terminated at iteration number 5 because parameter estimates changed by $< .001$.

Table 4: Variables in the Equation

		B	S.E.	Wald	df	Sig.	OR	95% C.I. OR	
								Lower	Upper
Step 1 ^a	Local demographics cognition	1.189	0.210	32.162	1	>.001	3.282	2.177	4.95
	Constant	-2.429	0.637	14.528	1	<.001	0.088		

a. Variable(s) entered on step 1: local demographics cognition

Source: Research data (2021)

The findings of regression analysis on local demographics cognition (predictor variable) indicated that local demographic cognition significantly influenced organizational performance ($\beta = 1.189$, Wald = 32.162, $p < .05$, OR=3.282) and can predict the odds for it. In other words, a unit increase in local demographic cognition increased the likelihood of satisfactory organization performance of rated hotels in Kenya by a factor of 3.282; that is 3.282 times. Based on this finding the null hypothesis was rejected and alternate

hypothesis accepted. It was concluded that local demographics cognition significantly influenced organizational performance of Kenya's rated hotels.

Discussion

Our findings are consistent with those by Jingyuan and Photchanachan (2021) that demographic variables characteristics and perceptual behaviour could have significant influence on artistic consumption behaviour and purchase intention. Further, Rvanniekerk and Nel (2015) suggested that

demographic variables, together with other factors, can be used to elaborate the differences in behaviour of effective leaders since they ultimately affect performance. These differences are visible in organizations where performances are also different, hence it is important for managers to have cognitions of the organization's local demographics.

Loretta (2017) suggests that changes in demographics can affect the economic performance of an economy. Meister (2017) gives the example of a young population and observes that it has a high potential for providing employees to organizations, and they can propel communities to growth while an aging population does the reverse. This suggests that organizational managers need to have cognition of local demographics to counter the effects of demographic changes. Further, Loretta (2017) added differences in demographic trends across countries can influence current account balances and exchange rates. Hence, it is important for businesses to have cognition of local demographics, and make decisions that enable optimization of opportunities and mitigate the challenges that demographic trends present.

This study appreciates the relationship between demographics and the organizational performance of business. In particular, hospitality industry is affected by both global and local demographic changes and trends because it is positioned to serve both local and international guests. Some of these changes/ trends include employment trends, exchange rates, interest rates, housing, immigration issues, tax applications, fraud restriction, border controls, and visitor requirements, among others. It is therefore prudent that managers are cognitively driven by cognition of demographics in some of their strategic decisions.

CONCLUSION AND RECOMMENDATIONS

The study concluded that managers of rated hotels in Kenya exhibited local demographics cognition and that a cognitive perspective of the relationship between the local demographics and the performance of hotels has been demonstrated. It

was also noted that local demographic cognition is influenced by munificence which can also predict the odds for performance of hotels. Further, the practice of local demographic cognition can improve performance of hotels.

Hospitality is sensitive to factors in the external environment that can influence change. The COVID 19 pandemic has influenced change not known before (World Health Organization (WHO, 2021) and brought far-reaching effects on the business environment. It is prudent that managers think about their external environmental conditions.

It has been noted that the global environment and in particular local environment is part of external environment of the business, therefore, demographic changes locally and globally can have an effect on the local community and affect organizations, including employment trends, exchange rates, interest rates, housing, immigration issues, tax applications, fraud restriction, border controls, and visitor requirements, among others. Hospitality industry depends heavily on these trends hence; it is prudent that managers are cognitively driven by cognition of demographics in some of their strategic decisions.

The study recommended that the hospitality industry takes an interest in the local demographics and include them in their important decisions because these will influence their performance. Hospitality managers should embrace the native community and include their concerns in organizational decisions. By doing this, the hotels will reduce conflict with local communities, improve close relationships collaboration in seeking solutions to common challenges such as poverty eradication, capacity building, education, insecurity, gender-based issues, health, unemployment, and climate change, among others, which define demographics.

In addition, we suggest that researchers and scholars engage in find out how local demographics cognition can be used in other settings to predict performance.

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