INFLUENCE OF COMPETITIVE STRATEGIES ON ORGANIZATIONAL PERFORMANCE OF HOTELS IN KENYA (A SURVEY OF HOTELS IN MOMBASA COUNTY)

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INFLUENCE OF COMPETITIVE STRATEGIES ON ORGANIZATIONAL PERFORMANCE OF HOTELS IN KENYA (A SURVEY OF HOTELS IN MOMBASA COUNTY)

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ABSTRACT

There is increased international competition between destinations and hotels and it is apparent that Kenya's tourism competitive strategies need to be adjusted in order for the nation to be able to successfully compete both locally and internationally. Kenya is a renowned tourist destination competing with countries such as Egypt, Algeria, Tunisia, South Africa, Seychelles and Tanzania. This competition calls for hotels in Kenya to adopt strategies that would give the country advantages over its competitors. To survive, the hotels must be agile enough to respond to the pressures to compete on levels unrivalled in the past. Focus has now shifted to internal processes in order to offer the hotel the best opportunity to take on the unique challenges facing it today. In order for the sector to know if it is competitive in the industry with a lot of competition, implementation of effective competitive strategies is important. The general objective of this study was to assess the influence of competitive strategies on organizational performance of classified hotels in Mombasa County registered under the Kenya Association of Hotel Keepers and Caterers. The study captured the theoretical background on competitive strategies in an attempt to provide basis for appropriate conceptual and theoretical framework for the current study. Descriptive survey research design was adopted in this study and the target population was 24 classified hotels in Mombasa County registered under the Kenya Association of Hotel Keepers and Caterers and the respondents were top level management staff who were 144. The sampling technique used was stratified random sampling. Secondary and primary data was collected using a self-administered questionnaire. The questionnaire was piloted in order to check for validity and reliability. Questionnaires were administered through drop and pick method. The presentation of data was done by the use of tables. All this was achieved by the use of statistical package for social sciences (SPSS) version 22. The information was displayed by the use of bar graphs. From the results it was concluded that all the two competitive strategies of corporate growth and differentiation had a positive and significant influence in the organizational performance of hotels. Hotels should have attractive products and offer better services in order to attract more customers than their competitors and the management should formulate differentiation strategies that will contribute to the competitive advantage of the hotels in Mombasa County. This will give the hotels a competitive advantage over their competitors and should address the cost leadership issues that may jeopardize the growth and stability of the hotels in Mombasa County.

Key Terms: *Competitive Advantage, Competitive Strategies, Strategy, Customer Retention, Differentiation, Organizational Performance, Innovation*

INTRODUCTION

The progression of globalization in service industries, accompanied by the changing competitive situation in the world markets, the changing characteristics of trade relations, and the effects of policies and government frameworks have created a new dynamic business environment and a fair market structure shaped by liberation, interdependence and technological enhancements. In view of the highly competitive market, companies must quickly grasp surprising opportunities, respond to threats and outmaneuver their rivals to endure and succeed. Strategy can be defined as the direction and scope of an organization over the long- term that provides advantage for the organization through its pattern of resources within a demanding environment. Strategies exist at several levels in organizations, ranging from the overall business to individuals working (Thompson, 2006).

Thompson and Strickland (2010) on their part, define competitive strategies as consisting of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position. Brown (2009) avers that competitive strategies must grow out of sophisticated understanding of rules of competition that determine an industry's attractiveness. Lester (2009) on his part argues that competitive strategies enable a firm to define its business today and tomorrow and determine the industries or markets to compete in. Jonsson and Devonish (2009) further recognize that firms that have properly planned and applied competitive strategies have a tendency to have higher performance than those that do not.

Competitiveness has become one of the common concepts employed to approach and describe the sustainable development of the hotel industry .The competitiveness of tourism destinations, generally, the overall competitiveness of the hotel industry, become vital for their survival and growth in the international market, in the conditions of increasing leisure time and rising levels of disposable income (UNCTAD, 2007**)**. As Gooroochum and Sugiyarto (2012) pointed out, the issue of competitiveness of tourism destinations has become increasingly important, particularly for countries and regions that rely heavily on tourism A destination may be considered competitive if it can attract and satisfy potential tourists .Not only does the competitiveness of a destination directly affect tourism receipts in terms of visitor numbers and expenditures, but also it indirectly influences the tourism-related businesses, such as the hotel and retail industries in that destination, to a certain extent .

The hotel industry is positively related to tourism industry because no country can attract tourists without hotels. According to Economic Survey (2007), the Government of Kenya has taken positive steps to improve the growth sectors of the economy such as Tourism. The Kenya Hotels and Restaurants Regulations Act (1988) established standards upon which classification of hotels is based. The regulation classifies Hotels in to five classes denoted by stars with 'five' being the highest and 'one' the lowest. The classification of Hotels and Restaurants is carried out in the manner prescribed by the Hotels and Restaurants Authority Published in the Legal Notice No. 30 of February 16, (2001) of the Hotels and Restaurants Act. According to Economic Survey (2007), the Hotel Industry provides a significant direct employment creation with about 100,000 wage earning employees in Kenya. Indirect employment is created in other sectors such as taxis, souvenirs and supply of goods (Oduori 2006).

According to Wadongo, Odhuno, Kambona, and Othuon (2010), the Hospitality industry made a significant contribution for the economic development of the Country. It is also becoming source of job opportunities for many people. Wadogo *et al.* (2010) argued that the World Travel and Tourism Council (2006) explained that Hospitality industry in Kenya contributed 509,000 jobs in 2007 and forecast that the industry will contribute 628,000 jobs in 2017. This steady growth in the sector shows that it is contributing a lot for the general economic development of the Country Companies operating in the Hotel industry are facing higher competition in the market for skilled labor in the Hospitality profession and for market share. Customers' expectation and preferences are also increasing from time to time. Because of these and other globalization factors, companies should revise their strategy and invest more amount of money in their premises to compete effectively. They should identify their core competences and unique resources to adopt competitive strategies to get competitive advantage in the high competitive market in the industry.

Mombasa County is at the Kenyan coast, the main part constituting the island. It is one of the main tourist destinations in the East Africa hence the expanse network of various kinds of hotels. The first hotel to be recorded in Kenya was built in Mombasa named "The Grand Hotel", (Mwanzia, 2013). The hotels at the Coast offer a variety of accommodation, fronting the balmy Indian Ocean and the sun drenched sandy beaches. These hotels are in different levels in terms of classification, thus offering services and accommodation to tourist from different economic backgrounds. There are also world-class villas within the county which have accommodated some of the famous celebrities in the world. 20% of all the hotels in Kenya are found in the coastal region, and this can be attributed to the traditional beach product which led to the rapid development of tourism infrastructure and beach resorts in the late 70's and early 80's. Currently, the Hotel industry is operating under high competitive business environment. The competition for market share among Hotels and Restaurants in the sector is increasing from time to time. Customers' preferences for products and services are increasing faster than ever. They also give more value for money and seeking alternative services instead of having one supplier. Like any other economic sectors, hotel and tourism industry is facing the challenges of globalization. Due to such increasing rate of competition, hotels have to position themselves strategically by identifying their core competences and unique resources to gain competitive edge.

How companies compete between each other and which competitive strategies they use globally, are the most important questions raised during industry analysis and firms behavior explanation. Understanding the behavior of the firm, serves as input to improve practices of competition (Ormanidhi & String, 2008) realizing a high performance and sustainable competitive advantage. Notwithstanding the rapid growth, the hospitality industry is facing various challenges from external and internal factors in a business environment which affect the organizational performance. Kenya has been experiencing turbulent times with regard to its organizational practices in the last two decades. This has resulted in generally low profits across the economy and this picture is fairly well replicated in the Hotel Industry (Namusonge *et al.,* 2012). The decline in world tourism has grossly affected hotel sales and posed a threat to hotel operators because Kenyan hotels largely depend on the International Tourism Market (Oketch *et al.,* 2010).

Mombasa County is such a strategic hub for the Tourism sector, extending to the hotel sector and Kenya as a whole. The Hotel Industry normally thrives because of the beaches, the marine life and the tropical environment, which attracts a number of visitors who frequent for pleasure and those on business. The hotels have to adopt strategies which will ensure it stays afloat, especially with the turbulent environment. With the current flair of insecurities, some of the hoteliers express their concern that some tourists will change their destination to Zanzibar and Tanzania, which are close competitors to the Kenyan Coast. This requires the hotels to shift the way they do business in order to remain competitive.

Organizational performance of hotels has become a major focus for managers due to the stiff competition witnessed in the hotel industry. Furthermore, not all the hotels can be said to have performed at levels that meet industry and stakeholders expectations. Much as the differences in the performance levels of various companies are to be expected, it is still strongly believed that the strategies pursued by each hotel largely account for its organizational performance. The absence of well-defined competitive strategies results in weak competitive positions. With this in mind, the issue of competitive strategies of the hotel industry has become paramount and all the hotels are preparing for stiff competition from new entrants. To achieve this objective, hotels need a strategy that is competitive, sound and outstanding. The study therefore sought to assess which competitive strategies are employed by the classified hotels and the influence these strategies had on the organizational performance of the hotels.

Objectives

- To establish the influence of corporate growth strategy on organizational performance of hotels in Mombasa County.
- To determine the influence of differentiation strategy on organizational performance of hotels in Mombasa County.

LITERATURE REVIEW

Theoretical Framework

Michael Porter's Competitive Forces

Porter (2008) identifies five forces of competition as fierce rivalry, threat to entry, threat to substitutes, power of suppliers and power of buyers. He upholds that understanding the forces that shape a sectors competition is the basis for developing a strategy. Generic strategies can be effectively correlated to organizational performance by using key strategic practices. Porter posits that if the forces are extreme, no organization earns striking returns on investment and if the forces are benign, most of the companies are profitable. The composition of the five forces varies by industry and that an organization needs a separate strategy for every distinct industry such as hotels. He further shows that generic strategies comprise of low cost, differentiation, focus and combination strategies. These are commonly conventional as a strategic typology for all organizations. This model is an influential tool for methodically diagnosing the main competitive pressures in a market and assessing how strong and significant each one is.

For a firm to adopt cost leadership strategies it appeals to cost-conscious or price-sensitive customers, this is achieved by having the lowest prices in the target market segment. To succeed at offering the lowest price while still achieving profitability and a high return on investment, the firm must be able to operate at a lower cost than its rivals, this could be possible through some fairly unique capabilities to achieve and sustain their low cost position. These include having secured suppliers of a scarce raw material, being in dominant market share position or having a high degree of capitalization (Pearce & Robinson 2011). Low cost producers usually excel at cost reductions and efficiencies, they maximize on economies of scale, implementing cost cutting technologies, stress reductions in overhead and administrative expenses.

Differentiation is aimed at the broad market that involves the creation of a product or services perceived to be unique throughout the industry (Pearce & Robinson, 2011). Organization may differentiate in various methods such as new technology, brand image, design, dealers, network customer service or the number of features. With differentiation strategy is the limitation by competitors, changes in customer tastes and increase in selling price of products due to additional costs incurred in adding unique features on the product to achieve the differentiation.

According to Lawrence (2011), a firm's relative position within its industry determines whether profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. Though a firm can have a myriad of strength and weaknesses, vis-à-vis its competitors, there are two basic types of competitive advantage a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation and focus. He further stated that Competitive strategies attempt to alter a company's strength relative to that of its competitors in the most efficient way and also molds actions and decisions of managers and employees in a coordinated, companywide game plan.

Resource Based View Theory

The emphasis of the RBV approach to strategic management decision making is on the strategic capabilities as basis for superiority of the firm rather than attempting to constantly ensure a perfect environmental fit. Resources are the specific physical, human, and organizational assets that can be used to implement value-creating strategies. Capabilities present the capacity for a team of resources to perform a task or activity, in other words, capabilities present complex bundles of accumulated knowledge and skills that are exercised through organizational processes, which enable companies to coordinate their activities and make use of their assets (Ekundayo & Ajayi, 2009). Clegg *et al*. (2011), says capabilities are always vulnerable to be competed away by a competitor's higher order capability amongst other limitations such as erosion or substitution. Intangible assets are central to the RBV approach to understanding competitive advantage since they cannot easily be acquired or imitated, in contrast to tangible assets.

Gathoga (2011) identified the relevant intangible assets as know-how, product reputation, culture and networks as main contributing factors to the overall success of a firm. Thus, the asymmetric performances between heterogeneous companies are very much driven by the intangible strategic assets. David (2007) denotes that since companies have different attributes at different levels and different bundles of resources, differences in organizational performance are likely to be witnessed. The theory further asserts that firms have three types of resources namely; tangible resources, intangible resources and organizational capabilities. Tangible resources include financial, physical, technological and organizational assets and thus are easily identified on the other hand intangible resources are more complex to identify and thus difficulty to imitate. They include strategies that a firm adopts over time and culminates to improved performance (Barney, 2006). Finally, organizational capabilities are skills and competencies which a firm combines to transform tangible and intangible resources into outputs, for example, outstanding customer service (Dess *et al*., 2007).

The resource-based theory also argues that organizational resources in themselves are not necessarily a source of competitive advantage because rival firms may also possess similar resources. In this case therefore, competitive advantage lies in the resources possessing one or more of other attributes such as valuable substitutes. A firm has to therefore sustain a competitive advantage as long as other firms are unable to duplicate the same attributes (Dess *et al*., 2007). Parnell (2013) accepts that environmental threats and opportunities are essential, but organizations exceptional resources consist of the main variables that allow it create distinctive competencies. This permits an organization to differentiate itself from competitors and develop competitive advantage.

Resource-based theory lays emphasis mainly on individual organizations instead of the competitive environment. It is believed that organizations resources (tangible and intangible) are related to its capabilities, which in turn, create values and improvement in the level of profit achieved.

Ansoff's Growth Strategy

There are several competitive strategy models that various scholars have come up with the aim of giving the study a deeper insight on of them being the Ansoff's growth strategy. The Ansoff Matrix model is a strategic planning tool that provides a framework to help executives, senior managers, and marketer's device strategies for future growth. Ansoff is considered one of the early thinkers who have discovered strategy social role and strategic management is performance institutional pivot our researches represented many researches and ideas that emerged in the end in strategic planning context. The Ansoff Growth matrix is considered to be an important strategic planning tool that helps a business determine their product and market growth strategy through analyzing market penetration, product development, market development and diversification strategies in the market. This theory aids in explaining how the concept of product development strategy is borne in any organization (Pleshko, 2008).

Companies are seeking in general to achieve strategic objectives that are summarized in survive, growth and then realizing benefits. and among such benefits which companies seek for is profitability and to make a profit, which is deemed vital and as a fuel for those companies in order to achieve their objectives represented by survival, growth and benefits, realization including profit and thus successful companies cycle work is completed (Bustanji ,2013), Therefore companies have to use strategic planning at all levels, including marketing strategic planning, and using analysis methods and tools and marketing strategic planning, to achieve strategic and marketing goals through the use of tools to help in decision-making by selecting and appropriate strategy application that lead to the achievement of marketing objectives and strategy that lead to strategic objectives achievement at organization level as a whole (Lee, 2006).

According to Azzam *et al*. (2011), every organization needs to have the ability to identify current and future marketing opportunities in the market based on available company internal resources. There is no organization that can depend on their current products and markets forever. Therefore organization must develop some marketing strategies to utilize appropriate marketing opportunities to company's human, physical and technical resources. Through diversification, the firm can either choose to add new but related products/services (concentric diversification) or expand by focusing on products/services that are unrelated to the firm's existing business (conglomerate diversification. In terms of growth, organizations have a number of strategies that they could adopt to achieve organizational expansion.

Hill *et al*. (2007) have broadly categorized these growth strategies as either intensive, integration or diversification strategies. Firstly, with intensive strategies, the firm attempts to achieve greater sales through intensive marketing efforts in present markets for existing products (market penetration); introduction of present products into new geographical areas (market development); or the use of R and D to increase sales through improvement of products (product development). Secondly, with integration strategies, the firm could either take over business activities formerly performed by its suppliers (backward integration) or its distributors (forward integration); or it could opt to reduce competition through mergers, acquisitions, takeovers, or strategic alliances (horizontal integration). Lastly, with diversification strategies, growth is achieved through operating in different markets or adding different products to its mix.

Conceptual Framework

Independent Variables   Dependent Variable

Figure 1: Conceptual Framework

Review of Influence of Competitive Strategies on Organizational Performance

All competitive strategies have the potential to enhance customer satisfaction; however, all these strategies may not be equally suitable for a firm (Cohen *et al*., 2006).The reason is that these strategies differ on a number of dimensions and pose different requirements, for example in terms of resources, skills, organizational arrangements, control procedures, incentive systems and management style. Performance may vary depending on the wellness of fit between the firm and the selected strategy, which make the decision on the type of strategy to adopt key to the benefits of strategic planning and requires that the choice be well founded. Haslinda and Alimin (2009), further affirm that a business that does something that is distinctive and difficult to replicate has competitive advantage and is likely to be more profitable than its rivals. Factors such as strategic types, adoption of new technologies, quality products among others have also been considered to have important influence on superior performance of firms.

According to Gathoga (2011), the ability of a company to outperform its competitor depends on five major factors. These are ability to take advantage of market Activity trends, ability to capture and protect unfair share of markets, ability to capture premium pricing, prudent creation and introduction of new products. Firm's performance is the measure of standard or prescribed indicators of effectiveness, efficiency and environmental responsibility such as cycle time, productivity, waste reduction, and regulatory compliance. Karanja (2012) describes performance as the outcome of all the organizations operations and strategies. He further states that to obtain firm performance within the scope of sustainable competitive advantage, decisions on shaping firm's competitive strategies are one of the main issues for managers under firms' business level strategy. Competitive advantage is the result of a strategy helping a firm to maintain and sustain a favorable market position.

Porter (2006) analyzed the competitive advantage of a firm in relation to its scope of activities (competitive scope) and came out with three strategies which he called competitive strategies. Porter also contends that generic strategies namely, cost leadership, differentiation, and focus strategies, are mutually limited or at least non complementary, and there are rare companies that can adopt more than one of these strategies simultaneously because of its high cost. He argued that a firm that will implement these strategies will earn returns in excess of the industry returns. Cook *et al*. (2007) notes that this is achieved by finding ways to use resources and capabilities to set a firm apart from competitors. There are different types of strategies that firms use, these are strategic alliances, differentiation, cost focus, market penetration, and diversification. Porter's generic competitive strategies build on the themes of competitive advantage and competitive scope to achieve one of four primary competitive models. Competitive strategies in essence are designed to exploit an organization's competitive advantage. A competitive strategy consists of business approaches to attract customers by fulfilling their expectations, withstand competitive pressures and strengthen market position.

Corporate Growth Strategy

Corporate growth is commonly characterized as a dichotomy. These are organic and in organic growth. Organic growth is usually defined as a company's growth rate excluding any scale increase from takeovers, mergers and acquisitions (Gitman, 2007). This type of growth is referred to as the enterprise's core growth. Organic growth is generated, for example, by selling more products (goods and services) to current customers (penetration/concentration), selling products to new customers (market development) or selling product at higher price. Firms relying on organic growth derive most of their expansion internally, by enhancing current customer relationships and building new relationships.

The increasing competitive pressure requires organization to engage in activities that will generate high performance and a competitive advantage (Jones & Linderman 2014). As a result different firms show distinction in their motivation to innovate (Chen & Yuan, 2007). Product/service innovation can be an important source of competitive advantage that leads to improved performance. It is central to any analysis of flexible manufacturing systems (Camiso'n & Lopez, 2010). Therefore, to reduce both the time used to introduce new product and to modify existing products, firms need to acquire advanced manufacturing systems.

Kozen and Heijden (2006) suggested that product influences have a significant impact on business performance (Product development involves the substantial modification of existing product or creation of new but related product that can be marketed to current customer through established channel. The product development strategy is adopted either to prolong the lifecycle of current products or to take advantage of a favorite reputation or brand name. The idea is to attract satisfied customers to new product as a result of their positive experience with the firm's initial offering.

Harzing (2010) asserts that firms mainly seek to increase their market share to gain reputation since market leaders have an influence that they can use to their advantage. A firm may use its influence in an industry to increase its bargaining power. A larger player has an advantage in negotiations with suppliers and channel members than a smaller player in the industry has. This power enables a firm to be more competitive in the industry which ultimately results to increased performance.

One of the managerial contingencies that are assumed to be contributing positively to the economic performance of organizations is the degree of diversification (Constable and McCormick, 2009). According to (Dibb 2007), firms diversify by extending the scope of their operations into multiple markets. A diversification strategy is pursued according to Chandler (2010), when firms have opportunities embedded in market structures and technology as well as opportunities for growth in the firm's basic business. This means that firms diversify into other businesses if after consolidating their positions in their base industry or market they still possess underutilized resources which can be applied in other sectors of low opportunity.

Porter (2008) pointed out that product diversification is the process of expanding business opportunities through additional market potential of an existing product. He further stated that diversification may be achieved by entering into additional markets and/or pricing strategies. Often the product may be improved, altered or changed, or new marketing activities are developed. The planning process includes market research, product adaptation analysis and legal review.

According to Collis (2007), by pursuing a strategy of related diversification, firms can focus on core organizational capabilities and exploit the interrelationships between business lines to achieve economies of scope by sharing physical business resources and economies of scale through increased coordination and the sharing of marketing, information and technological knowhow and capabilities across related industries all of which result in lower production, selling, servicing and distribution costs, better market coverage, stronger brand image and company reputation and lower order processing costs .

Dupuis and Prime (2007) assert that market development strategy is a growth strategy used by businesses that seek to sell their existing products into new markets. A market development strategy targets non-buying customers in currently targeted segments. It also targets new customers in new segments. Many possible ways of approaching this strategy, include new geographical markets; for instance exporting the product to a new country; new product dimensions or packaging: for example; new distribution channels and different pricing policies to attract different customers or create new market segments hence increasing market share.

A company follows a market development strategy for a current brand when it expands the potential market through new users or new uses (Harzing, 2010). New users can be found in new geographic segments, new demographic segments, new institutional segments or new psychographic segments. Another way is to expand sales through new uses for the product. The key difference between this growth strategy and market penetration is that the definition of the target market must change. In other words, the market potential must increase through this strategy, whereas the market size is "fixed" with a market penetration strategy (Hung, *et al*., 2007).

Differentiation Strategy

This strategy involves uniqueness in doing something that is sufficiently valued by customers to allow a price premium (Johnson *et al*., 2011). The emphasis can be on brand image, proprietary technology, special features, superior service, a strong distributor network or other aspects that might be specific to an industry. According to Ovidiuet *et al*. (2009), differentiation strategy is one of Porter's strategies used in the service industry for the purpose of enhancing customer satisfaction. It is believed that differentiation strategy can be the result of a strong strategic campaign designed to strengthen the unique characteristics of the products/services within the mind of the consumers

Kotler (2008) contends that brand is a name, term, symbol, design or all the aforementioned, and is used to distinguish one's products and services from the competitors. For example, Nike adopts a check mark as its brand image, which creates a positive effect indicating approval. Differentiation strategy appeals to a sophisticated or knowledgeable consumer interested in a unique and quality product. The brand name is a strong differentiation element within such a strategy. Offering unique and a broad range of new services to customers and refining existing services delights customer since they have a variety to choose from. Having a strong brand enables hotels to distinguish its offerings from the competition, create customer loyalty in performance, exert greater control over promotion and distribution of the brand, and command a premium price over the competitors (Abratt & Dion, 2006).

Murphy (2011) posits that differentiation occurs when a firm tries to make the product/service more appealing to the customer than the competition thereby potentially commanding a higher price. A firm adopting differentiation strategy tries to differentiate its products or services from competitors by using unique attributes which are widely valued by buyers. Uniqueness can be achieved through service/product innovations, superior service, creative advertising, better supplier relationships leading to better services, or in an almost unlimited number of ways. With unique attributes, a firm can charge premium prices for the products and services. Thus differentiation is concerned with creating something that is perceived as unique by buyers (Cheah *et al*., 2007).

Differentiation has been adopted in an increasing numbers of industries, specifically in industries that need quality for success (Bacanu, 2010). A differentiation strategy is also based upon persuading customers that a product is superior in some way to that offered by competitors. In differentiation strategies, the emphasis is on creating value through uniqueness, as opposed to lowest cost. According to Barney and Hesterley (2006), a differentiation strategy occurs when a firm gains an unprecedented position within the sector of operation by differentiating its products or services. The rarity of a differentiation strategy depends on the ability of individual firms to be creative in finding new ways to differentiate their products. As rivals try to imitate these firms' last differentiation move, creative firm will already be working on new moves and therefore, remain one step ahead of competition.

Pertaining service differentiation, According to Lahtinen (2006) service delivery should have the form of devising means by which a firm appears different from its rivals. He advocates for factors such as quality of work, the size of the firm, involvement in client organization and uniqueness in the delivery system. To this end, for this strategy to succeed the message of differentiation must reach the targeted clients or customers.

Organizational Performance

Organizational performance refers to how well an organization achieves its market-oriented goals as well as its financial goals. Organizational performance means attainment of ultimate objectives of the organization as set out in the strategic plan. In general, the concept of organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, for the purpose of achieving a shared purpose (Kumar, 2008).When the industry is not growing, the firm still can grow its sales by increasing its market share such growth in market share leads to a growth in revenues which in the long run can be used as a measure of performance.

Organizational performance can be used to view how an enterprise is doing in terms of level of profit, market share and product quality in relation to other enterprises in the same industry. Consequently, it is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organization. Organizational performance includes multiple activities that help in establishing the goals of the organization, and monitor the progress towards the target (Johnson et al., 2006). It is used to make adjustments to accomplish goals more efficiently and effectively. For any business to be successful, functions must be defined and accomplished. It is important for an organization to develop strategies that are designed around the skills that would enhance the performance of the organization.

Kiragu (2005) highlights performance in terms of four perspectives which are the financial, customer, internal processes and innovativeness. The financial perspective identifies the key financial drivers of enhancing performance which are profit margin, asset turnover, leverage, cash flow, and working capital He further states that customer focus describes performance in terms of brand image, customer satisfaction, customer retention and customer profitability. Internal processes involve the efficiency of all the systems in the organization while innovativeness is concerned with the ease with which a firm is able to adapt to changing conditions.

According to Harzing (2010), a firm's performance is not only indicated by the sales figures, rather, changes in sales may simply reflect changes in the market size or changes in economic conditions. Performance of a firm relative to competitors is measured by the proportion of the market that the firm is able to capture (market share). Sales may be determined on a value basis or on a unit basis and while the firm's sales figures are readily available, total market sales is more difficult to determine. Many firms seek to increase their sales relative to competitors. He further stated that a firm may seek to increase its market share to exploit the economies of scale. Operating in higher volumes can be instrumental in developing a cost advantage. Sales growth in a stagnant industry is a reason to increase market share.

METHODOLOGY

The study used a descriptive survey design to cover two main areas of the conceptual framework. This design is usually used when the study seeks to describe the characteristics of certain groups, estimate the proportion of people who have certain characteristics and make predictions. (Vander Stede *et al*., 2007)

The population of interest comprised of 144 top level management staff of classified hotels in the Mombasa County, as per the listing by the Kenya Association of Hotelkeepers and caterers, which is the main association for the hotels in the country. There are total 24 classified hotels in Mombasa County registered under this body and the rating ranges from 3 star to 5 star. The respondents comprised of 105 top level management staff in the rank of either general manager, operations manager or some departmental heads as the sample size.

DATA ANALYSIS RESULTS AND PRESENTATION

Descriptive Analysis of Corporate Growth Strategy

The first objective sought to determine the effect of corporate growth strategy on organizational performance in hotels in Kenya with a specific interest in Mombasa County. Most of the respondents agreed that the hotel was always the first to introduce new products before their competitors with a mean score of 4.15 and a standard deviation of 81.5% signifying high response rate. Most of the respondents agreed that the diversification of hotel services increased customer satisfaction leading to earning more sales revenue with a mean score of 4.20 and a standard deviation of 78%. This results agrees with David (2007), where he emphasized that diversification of company's services improves performance of the company immensely by increasing the sales from the new demand created as a result of service diversification, this also increase the market share in the market. This was clear indication that hotels needed to game up with a strategy on increasing customer satisfaction portfolios and ensuring that they had a competitive advantage over their competitor. Most of the respondents agreed that the hotel introduced innovative product better than their competitors with a mean score of 4.23 and a standard deviation of 63%. This was a clear strategy that hotels should focus on to have a continuous improvement in terms of improving customer services.

Table 1: Corporate Growth Strategy

	N	Mean	Std. Deviation

The hotel regularly deal with broad product serving wider market	65	3.62	1.141
The hotel makes conscious effort to differentiate the product from those of competitors	65	3.85	1.049
Hotel heavily invest in research and development	65	4.14	.827
The hotel is always the first to introduce new products before their competitors	65	4.15	.815
The diversification of hotel services increase customer satisfaction leading to earning more sales revenue	65	4.20	.775
The hotel introduces innovative product better than their competitors	65	4.23	.632

Descriptive Analysis of Differentiation Strategy

Table 2: Differentiation Strategy

	N	Mean	Std. Deviation
Having superior product retains customers	65	4.34	.644
Hotel management make conscious effort to differentiate the product from the competitors	65	4.31	.705
Having a unique brand in the market retains customers	65	4.32	.640
The wide variety of services offered increases the market share of the hotel	65	4.25	.751
The hotel strive to build strong reputation within the industry	65	4.34	.713

The second objective sought to determine the effect of differentiation strategy on organizational performance in hotels in Kenya with a specific interest in Mombasa County. Majority of the respondents agreed that hotel management made conscious effort to differentiate the product from the competitors with a mean score of 4.31 and a standard deviation of 71% signifying that hotel managers have a crucial role to play in ensuring that hotel achieves its differentiation strategy over their competitors. The findings agreed with Barney & Hesterley (2006) assertion that the rarity of a differentiation strategy depended on the ability of individual firms to be creative in finding new ways to differentiate their products as such gives them a competitive on performance among rivals given creative firms will always manage to differentiate themselves from competitors.

Most of the respondents agreed that the wide variety of services offered increases the market share of the hotel with a mean score of 4.25 and a standard deviation of 75%. Hotel industry should differentiate itself by offering products and services of different caliber through this strategy it will give the hotel an advantage over their competitors. Most of the respondents agreed that the hotel strive to build strong reputation within the industry with a mean score of 4.34 and a standard deviation of 71%. Hotel industries should have a sustainable reputation with their customers in order to build a strong relationship that will facilitate higher return profit margins for the hotel.

Descriptive Analysis of Organizational Performance

Table 3: Organizational Performance

	N	Mean	Std. Deviation
Cost leadership strategy positively impact on our sales volume	65	4.18	.882
Cost leadership strategy has greatly improved our market share	65	4.22	.820
Differentiation strategy has greatly increased the number of retained customers	65	4.26	.853
Differentiation strategy has greatly improved our overall performance	65	4.34	.619
Focus strategy has significantly improved the sales volume	65	4.37	.698
Corporate growth strategy has largely contribute to our overall performance	65	4.38	.604
Corporate growth strategy has improved our sales volume over the years	65	4.34	.735
None of the strategies have improved the sales volume, customer retention, market share and overall performance	65	4.42	.610

Most of the respondents agreed that focus strategy had significantly improved the sales volume and corporate growth strategy has largely contributed to our overall performance with a mean score of 4.37, 4.38 and a standard deviation of 70% and 60% respectively. Hotel industry needs to focus on the strategies that will give them a competitive advantage over their competitors in order for them to have big profit margins. Most of the respondents agreed that differentiation strategy has greatly increased the number of retained customers with a mean score of 4.26 and a standard deviation of 85% implying high response rate. Most of the respondents agreed that differentiation strategy has greatly improved the overall performance of the hotels in Mombasa County with a mean score of 4.34 and a standard deviation of 62%. In today's dynamic competitive market, managers in any capacity need to strategize on the parameters that will enhance performance and growth of the hotels.

Regression Analysis

Model Summary

This model explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable.

Table 4: Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.986[a]	.973	.971	.479

a. Predictors: (Constant), Differentiation Strategy, Corporate Growth Strategy

From the above model summary 97.3% of the relationship is explained by the identified two variables namely corporate growth, differentiation, focused market and cost leadership. The rest 2.7% is explained by other factors in the hotel industry not studied in this research.

Analysis of Variance (ANOVA).

The study used ANOVA to establish the significance of the regression model. In testing the significance level, the statistical significance was considered significant if the p-value was less or equal to 0.05. The significance of the regression model was as per Table 5 below with P-value of 0.00 which was less than 0.05. This indicates that the regression model was statistically significant in predicting factors influencing Organizational performance of hotels in Mombasa County.

The probability value of 0.000 indicated that the regression relationship was highly significant in predicting how corporate growth, differentiation, focused market focus and cost leadership strategies influenced competitive strategies on the performance of hotels in Mombasa County Basing the confidence level at 95% the analysis indicates high reliability of the results obtained. The overall Anova results indicated that the model was significant at F = 540.006, p = 0.000.

Table 5: Analysis of Variance

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	495.258	4	123.815	540.006	.000[b]
	Residual	13.757	60	.229		
	Total	509.015	64			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Differentiation Strategy, Corporate Growth Strategy

CONCLUSIONS

Corporate growth strategy had a statistically significant influence on organizational performance of hotels in Mombasa County in Kenya. This clearly showed that by pursuing a strategy of related diversification, hotels can focus on core organizational capabilities and exploit the interrelationships between business lines to achieve economies of scope by sharing physical business resources and economies of scale through increased coordination and capabilities across related industries leading to a better market coverage.

Differentiation strategy had a statistically significant influence on organizational performance of hotels in Mombasa County in Kenya. This specified that differentiation strategy is useful in making an organization's product standout against other products and services in the market. Organizations that apply this strategy are able to create a niche for themselves in the market and even create customer loyalty.

RECOMMENDATIONS

In reference to the findings of the study, corporate growth strategy had a statistical significant influence on organizational performance of hotels in Mombasa County. Consequently, it is paramount for hotels to have attractive products and offer better services in order to attract more customers than their competitors. Furthermore, customers' tastes and preferences keep on changing hence, the product should be reviewed regularly. Hotel should utilize differentiation strategy as it had a statistical significant influence on organizational performance of hotels in Mombasa County in Kenya. The study therefore recommends that, management should formulate differentiation strategies that will contribute to the competitive advantage of the hotels in Mombasa County. Furthermore, they should apply differentiation for the benefit of their organization to spur performance in the hotel.

SUGGESTION FOR FURTHER STUDIES

This study focused on influence of competitive strategies on organizational performance of hotels in Kenya. A survey of hotels in Mombasa County. Since 97.3% of results was explained by the independent variables in this study, it is recommended that a study be carried out on other factors that affect organizational performance. The research should also be done in other regions and the results compared so as to ascertain whether there is consistency on influence of competitive strategies on organizational performance of hotels in Mombasa County in Kenya.

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