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STRATEGY IMPLEMENTATION ON PERFOMANCE OF STAR HOTELS IN NAIROBI COUNTY, KENYA

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ABSTRACT

The specific objectives of the study were to examine the effect of strategic resource allocation, leadership, organization structure and culture on performance of star hotels in Nairobi County. This study was guided by three theories; agency theory, Resource based view theory, human capital theory, and profit maximization theory. The study used the descriptive research design with a target population of 40 hotel managers in Nairobi County. Census sampling strategy was used in data collection where all units were involved. Data collection was done using questionnaires. The data was classified and tabulated according to research objectives and analyzed using Statistical Package for Social Science (SPSS version 21). Descriptive, correlation, and regression analysis was conducted. The findings revealed that there were positive and statistically significant effects of resource allocation, leadership, organization structure, and organization culture on revenue of hotels. The findings also indicated that hotel characteristics had a mediating effect on the relationship between strategy implementation and hotel revenue. The findings of the study supported earlier studies which found positive impacts of these variables.

***Key Words:** Strategic Resource Allocation, Leadership, Organization Structure, Organization Culture*

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PURPOSE

The purpose of this study was to assess the strategy implementation on performance of star hotels in Nairobi County, Kenya

METHODOLOGY

The study adopted descriptive research design which helped to test the correlation between dependent variables and independent variables supported by Kothari (2008). This research design was used since the researcher intended to collect wide range of information through description which was helpful in identifying variables.

FINDINGS

The findings suggested that there was an association between organizational structure and revenue among the hotels (r = 0.049, p = 0.002). This finding agreed with Nzioka and Njuguna study on firm orientations and performance of hotels in Nairobi County results which indicated that organization structure and performance of hotels were positively and significantly related. This finding agreed with Tavitiyaman, Zhang, and Qu (2012) study in Hong Kong which found that organizational structure has no influence on financial performance of the organization. This view was supported by Chen (2013) assertion that by improving the relationship with other employees, it is possible to improve the overall performance and achieve the organizational goal collaboratively.

In order to build relationship within the organizations, managers need to arrange staff into teams and functions in the organization. Thus, the relationship motivates the employees to work cooperatively in a team and improve overall performance. Nzioka and Njuguna (2017) alluded that the existence of formal structures in the organization can have a harmful rather than positive effect on performance. Most hotels have structures such as specialization, departmentalization, centralization, standardization and formalization which need to be critically considered to ensure that the hotels were better placed to handle their businesses with easy for better performance. This means that the existence of formal structures in the organization can have a harmful rather than positive effect on performance.

A multiple regression analysis was conducted to determine the influence of independent variables on the dependent variable. The aim of multiple regression was to determine the effect of independent variables on the dependent variable. Table 1 showed the model summary results which showed the coefficient of determination (R^2) was 0.744 which suggested that the model explained 74.4 % of change in revenue.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.863[a]	.744	.250	.76619

a. Predictors: (Constant), Organization Culture, Resource Allocation, Organization Structure, Organization Leadership

Source: Data collected, 2019

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The Analysis of Variance results showed the F statistic and significance levels of the model summary where Table 2 showed that F statistics was positive ($F = 4.243$, $p = 0.007$) which meant that the model was a good fit.

Table 2: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.964	4	2.491	4.243	.007[b]
	Residual	20.547	35	.587		
	Total	30.511	39			

a. Dependent Variable: Revenue

b. Predictors: (Constant), Organization Culture, Resource Allocation, Organization Structure, Organization Leadership

Table 3 showed the regression coefficients which showed that there was positive and significant association between organization structure ($\beta = 0.110$, $p = 0.033$), organization leadership ($\beta = 0.294$, $p = 0.017$), resource allocation ($\beta = 0.422$, $p = 0.033$), and revenue. A positive and insignificant effect was observed between organization culture and firm performance (β = 0.567, p = 0.041). The findings suggested that organization structure, organization leadership, resource allocation, and organizational culture did not have any effect on revenue of hotels.

Table 3: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.434	1.182		1.213	.233
	Organization Structure	.110	.229	.078	.481	.033
	Organization Leadership	.294	.183	.288	1.606	.017
	Resource Allocation	.422	.244	.301	1.726	.033
	Organization Culture	.567	.376	.250	1.507	.041

a. Dependent Variable: Revenue

Source: Data collected, 2019

The proposed regression model thus becomes:

Revenue = **1.434**+ Organization structure **(0.110)** + Leadership **(0.294)** +Resource allocation **(0.422)** +Organization culture **(0.567)**

The findings suggested that organization culture had the greatest effect on hotel revenue with a Beta value of 0.567 which support earlier studies which have found a positive and statistically significant association between culture and revenue. Malik (2016) research on organizational culture and organizational performance of hotels in India and found that organizational culture played a more prominent role in increasing the performance of the organization. This was also confirmed by Chilla et al. (2014) research on the influence of organizational culture on organizational performance in the hospitality industry and found that there existed a significant and positive effect of organization performance and organization culture rituals and routines.

The results showed that resources allocation had the second highest effect on hotel revenue with a Beta value of 0.422. This finding corroborated other studies such as Christopher and Laura (2019) study on competitive strategies, incentives, and impediments to change which noted that proper resource allocation in firms reduces resistance to change and thus improving staff morale and performance. Ongori et al (2013) found that newly established hotels outperformed long established ones as they are characterized with up-to-date infrastructure, equipment and tools and therefore, able to offer quality services to customers. The study concluded that the performance of hotels in general depends on the nature, size and location of such facilities and related accompanying services and equipment.

This performance was attributed to allocation of modern resources for service delivery in the hotel industry. The findings show that leadership had a 0.294 Beta value influence on hotel performance. This finding agrees with Yuliansyah (2017) who pointed out that leadership is one of the most important influencers to performance in hotels as strategy implementation and high performance requires a leader who is capable of driving implementation effort through creation of strong vision and direction. Blayney and Blotnicky (2010) study on leadership in the hotel industry of Canada found that visionary and strategic leadership had a statistically significant positive impact on hotel performance measured using revenue.

Organization structure had the least effect on hotel revenue as shown by a Beta value of 0.110. This result support earlier studies such as Nzioka and Njuguna (2017) assessment on the effect of firm orientation on hotel performance in Nairobi County which indicated that organization structure and revenue of hotels were positively and significantly related. Ngandu (2017) also noted that decentralized structure leads to increase of revenue of new hotel ventures. The study findings however go against other research (Tavitiyaman et al. 2012) which found no association between organization structure and hotel revenue growth.

Unique contributions to theory, practice and policy

The study recommended that top management of the hotels should develop strategies and work structures that are based on functional departments and develop teams among staff in the organization; that top management should encourage supervisors and middle level managers to create and implement mentorship practices in the organization to develop skills of new staff in the organization; that top management should aim to allocate equipment and machinery resources to departments that are technology intensive in their hotels to enhance performance of service delivery; and that top management should encourage flexible organization culture which enables the organization to adapt to changing market and consumer trends to enhance customer experience which in turn increases their performance.

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