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Nyambok, A., Senaji, T. A., & Awino, D. O.

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RELATIONSHIP BETWEEN COMPETITIVE STRATEGIES AND ORGANISATION PERFORMANCE AMONG FOUR AND FIVE STAR HOTELS IN NAIROBI COUNTY

[1] Nyambok, A., [2] Senaji, T. A., & [3] Awino, D. O.

[1] Masters Candidate, Strategic Management, Kenya Methodist University [KEMU], Kenya
[2] Professor, School of Business and Economics, Kenya Methodist University [KEMU], Kenya
[3] Doctor, Lecturer, School of Business and Economics, Kenya Methodist University [KEMU], Kenya

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ABSTRACT

Strategic management is a collection of management actions and decisions used by an organization to achieve increased performance and retain a competitive edge over competitors. Organizations deploy competitive strategies with mixed effects on performance. The purpose of this study was to assess the relationship between competitive strategies and the performance of five star hotels in Nairobi County, Kenya. Specifically, the study examined the extent to which differentiation strategy, cost leadership strategy and focus strategy affect organization performance four and five start hotels in Nairobi County, Kenya. A descriptive cross-sectional survey of four and five star hotels was conducted using a questionnaire to collect data on competitive strategies. Data on performance was obtained from the ministry of tourism and from online sources. This study adopted descriptive research design and targeted general managers and assistant general managers of four and five star hotels in Nairobi County, Kenya. Quantitative approaches were used for data analysis whereby Statistical Package for Social Sciences (SPSS version 23) was used to run descriptive statistics such as frequency and percentages, regression model was used. This study may be significant to the management in five star hotels in Nairobi County as it may assist them formulate and deploy appropriate strategies to achieve the set goals, objectives and remain relevant in the ever changing environment and position in the five star hotels' strategic success in the future. The study findings revealed that performance of four and five start hotels in Nairobi County, Kenya was significantly related with cost leadership strategy ($p < 0.05$) and focus strategy ($p < 0.05$). However, the relationship between differentiation strategy and performance was insignificant at $p > 0.05$ but only significant at $p < 0.1$). It was also found that while differentiation strategy had a negative influence on performance ($t = -.240$, $p > 0.5$) both cost leadership strategy, and focus strategy had positive influence on performance (cost leadership strategy: $t = 0.363$, $p < 0.05$; Focus Strategy: $t = 5.266$, $p < 0.05$). The implication of these findings is that managers in four and five start hotels in Nairobi County, Kenya need to adopt cost leadership strategy and focus strategy, which would positively contribute to performance. The four and five star t hotels in Nairobi County, Kenya should continue emphasizing on product differentiation strategy.

Key Words: *Differentiation Strategy, Cost Leadership Strategy, Focus Strategy*

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INTRODUCTION

The environmental needs and demands are ever evolving, management entails adjusting company's business model according to the demand and needs of the environment. When competition increases it threatens Industry's attractiveness as well as reducing the profitability of the industry in the long run. The environmental demands exert pressure on the companies to come up with competitive strategies that are proactive enough in responding to the competitive environment (Rainbird, 2015).

Competitive pressure that is on the rise dictates that companies have to engage competitive strategies that will ensure peak performance as a result of competitive advantage. In this regard companies need to continually differentiate their products and services through innovation. Innovation of products and services is an integral source of improving performance. In addition, it is an indicator of analyzing performance of hotels (Jones & Linderman, 2014).

Additionally, based on positions by Thompson and Strickland (2003), an institution possess a market edge any time it has an advantage over its business competitors and also secured from competing pressures. A position is further advanced on the existence of numerous ways to realize market edge, although the fundamental one is to offer the client the best commodity at a reduced cost, an enhanced commodity worth every penny, an increased offer representing a desirable feature of cost, standard, among other characteristics clients desire. It is competitive plans that enable an institution to realize self-market edge over rivals.

The manner an institution channels its product to the markets is impacted by competitiveness. Based on the resource based view plan; strategy involves the exploitation of key abilities of an institution in relation to its utilities and capabilities to secure market edge and eventually lead to better results and discovery of new grounds, Johnson, Scholes and Whittington (2008). According to Varmah (2012) to attain any meaningful market edge over rivals, organizations ought to undertake key determinations on the form of market edge they plan to achieve as well as the demands of meeting it.

With the goal of most investments being profitability, institutional results therefore become a crucial factor to an institution. (Fwaya, 2006; Porter, 2008) maintain that results are the basic unit for evaluating an institution's relevance based on success, worker motivation and efficiency numbers. The management of hotels and scholars as well has integrated various results indicating measures. In some cases, like that of Odhiambo (2009, a three-staged dimension to institutional results was deduced.

In the year 2007/08, the tourism industry was responsible for close to 600,000 employment opportunities (Wadogo *et al.,* 2010). The analysis further indicated an estimated 638,000 jobs by the year 2017. This dominant performance by the hospitality industry is responsible for its increased contribution to the nation's GDP. An important component of the tourism industry is the hotels, and takes into account every establishment from the 5th to the 1st rank, Ayele. This diversity enables the hotels to offer an increased number of services suiting the consumers demand and taste. This star ranking of hotels is a practice transcending the Kenyan boundaries, to being an international tradition; and is a recognized platform for differentiating consumer preferences and demands.

According to (Johanna, 2010), the agency mandated with the responsibility of rank star classification is also responsible for monitoring their accountability; and is stationed under the WTO wing. The evaluation is based on the infrastructural ability as well as delivery of service levels. In the year 2017, a government circular that was gazetted placed the number of 5-star hotels in the country at eight, all being based in the capital city (Nairobi). These hotels reported bed occupancies ranging between 46-716. Among these 5- star hotels include; Radisson Blu Hotel, Villa Rosa Kempinski, Sankara Nairobi, Hemming ways Nairobi, Fairmont the Norfolk, TheTribe hotel , Sarova Stanley, and Serena

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hotel (Ringa, 2016). Later more establishments were accorded the 5&4-star rank and this comprised of; the Intercontinental hotel, Hilton hotel, Laico regency, Jacaranda hotel, Southern Sand, Crowne Plaza Upperhill, Ole Sereni, Eka Hotel, Panari Hotel, SafariPark, Lazizi Airport, and Hilton Garden Inn**.**The location of majority of these hotels suggests a strange desire for privacy, within an uptown preference and with proximity to international firms and improved infrastructural network.

Statement of the Problem

The increasing competition has exerted significant pressure on the hotel industry to formulate workable and proactive strategies that can respond to the environmental changes (Malburg, 2013). As a result of liberalization of Kenyan market as well as structural adjustments, has opened up hotel industry in Kenya, this has made market forces to affect businesses. In this regard four and five star hotels have faced challenges including dwindling profits, loses and competition.

Four and Five star hotels have therefore deployed competitive strategies to cushion the competition, this includes; focus strategy, cost leadership, differentiation of products, and corporate growth strategies. Various researchers (Wanjere, 2014, Kyengo, 2016; Thiga, 2017) have analyzed the impact of competitive plans towards institutional results. The studies by Tehrani (2013), Kaya (2014), and Ariyawardana (2013) are skewed to developed economies like Europe and US. The previous study findings do not therefore account for Kenyan market; hence their findings cannot be generalized in Kenya.

There are conflicting study outcomes in the previous studies that have been carried in the last five years. The previous studies reveal that the four and five star hotels have been using competitive strategies, however new entrants have managed to gain significant market share in Kenya. Based on this backgroud, this analysis intended to evaluate the relationship between competitive strategies and organization performance among four and five star hotels in Nairobi County.

Objectives of the Study

The major objective of this study was to establish the relationship between competitive strategies and organization performance among four and five star hotels in Nairobi County. The study's specific objectives were;

- To establish how differentiation strategy influence organization performance in four and five star hotels in Nairobi County, Kenya.
- To determine the role of cost leadership strategy on organization performance in four and five star hotels in Nairobi County, Kenya.
- To access the role of focus strategy on organization performance in four and five star hotels in Nairobi County, Kenya.

The study was guided by the following hypothesis;

- **H_{01}:** There is no significant relationship between differentiation strategy and organization performance.
- **H_{02}:** There is no significant relationship between cost leadership strategy and organization performance.
- **H_{03}:** There is no significant relationship between focus strategy and organization performance.

LITERATURE REVIEW

Theoretical Framework

Resource Based View Theory

Resource Based View Theory with respect to making decisions in strategic management defines an organizations capacity to fit in the competitive macro environment. This theory therefore relates to both human and financial resources required by an organization to remain relevant to competitive forces. Firm capabilities are therefore necessary in the performance of tasks that make an organization meet organization goals and objectives. Human resources therefore play an integral role in ensuring competitive strategies are formulated and implemented (Ekundayo & Ajayi, 2011).

Day and Wensley (1988) advances that for firms to have success within this environment, they ought to utilize special, important and non-imitable resources. (Barney 2001; Barney 1991) version of the resource-based theory advances that firms utilize their resources to gain prolonged market edge and thus eventually report positive results (Wiklund & Shepherd 2003). Kropp, Lindsay and Shoham (2006) observes that some intangible utilities like learning orientation, entrepreneurial orientation and market orientation show extreme difficulty towards duplication by rivals and thus are viewed to promote competitive edge over rivals.

Based on the firm's resource based view of Barney's (1991), the academia has detailed strategic orientation to be a feature influencing the capability of an institution to concentrate on the mission of the company and establish a long-term desirable synergy for improved results (Davidsson & Wiklund, 2000; Gatignon & Xuereb, 1997). Venkatraman (1989) maintains that with strategic orientation varying between institutions, as well as varying as a result of the makeup of institutional variables, it is therefore regarded to be multi-factorial. Institutions thus apply utility distribution and signals from the environment to identify the ideal strategy for realizing positive results (Göll & Sambharya, 1995).

According to publications on strategic management, strategic orientation has the ability to increase probability of mutual interests, simplifying the adoption of productive plans and improvement of results. Fundamentally, the resource based view details an institution with regards to the utilities it utilizes. (Teece,2007) asserts that utilities are available to enable attainment of prolonged market edge as well as improved outcomes. With that said, it is important for institutions to utilize utilities according to their ability and thus increasing the likelihood of better results.

The attainment of top results by institutions is not only based on increased or quality utilities, instead it is as a result of their unique capabilities that enable them to outshine rivals. According to the theory, even as institutions are regularly developing better competencies, their business rivals are also regularly enhancing their expertise or duplicating what their top competitors are implementing.

In the end, there is pressure on the firm's internal activities, resources and competitive advantage as limiting features with not only with the ability to counter, but further with the leadership ability to guide the firm's internal strengths. The concept connected with this analysis because it indicated the importance of institutions having key plans so as to have a better market advantage compared to rivals and this translates to improved results.

Strategic orientation encompassed all the key determinations identified by an institution to lead to improved market edge and thus the desire for institutions to have proper resource allocation and the desirable competences to develop approaches that cannot be duplicated by their rivals. With the hospitality sector being increasingly tough and competitive, hotel institutions surviving and recording positive numbers were the ones with solid strategic orientations; and this relied on the utilities they had.

Ansoff's Growth Strategy

Several scholars have come up with numerous competitive strategy models that permit comprehension of the Ansoff's growth strategy. The Ansoff's matrix is a strategic tool that assists marketers as well as managers to come up with strategies that ensure a sustained growth. The early development of strategic thinking includes the work of Ansoff's growth strategy. The contribution of his work has explained the discovery of social strategy as well as managing institutional performance through strategic management (Pleshko, 2008).

Institutions are generally aiming to realize the key goals set out in their mission statement and these leads to the attainment of gains, and among these gains is increased turnover, that has the ability to drive institutions in meeting their targets reflected in terms of market relevance, business development and improved social responsibility (Bustanji ,2013). Thus it is crucial that business firms utilize strategic planning in their entire plans, like marketing strategic planning, as well as utilizing analytics in realizing strategic and marketing objectives from the use of these platforms to aid in choice determination (Lee, 2006).

Each institution ought to possess the capability of determining present and promising business investments in an economy and this is dependent on their internal pool of utilities Azzam *et al.* (2011). Trends keep on changing and no single firm will forever rely on their existing pool of commodities. This calls for institutions to come up with better marketing schedules in order to use suitable marketing opportunities according to their pool of utilities. From diversification, an institution may decide to increase their line of commodities or undertake expansions to new investments that are completely different from the parent one. Institutions with regards to business growth undertake certain policies and schedules to achieve this expansion goal. These growth plans may be integrative, diversification or intensive plans (Hill *et al.,* 2007).

With regard to the intensive plans, an institution tries to reach improved revenue numbers by an intensive and extensive marketing operations within their current economies; intensive and extensive marketing operations of current line of commodities into new economies; utilization of R and D processes to improve revenue by way of current product enhancement. Also, with regards to integration plans, an institution may adopt business operations previously undertaken by their supplier, and this known as "backward integration"; or their distributors "forward integration"; or employ horizontal integration, that deals with business acquisitions, mergers and key partnerships to reduce competition. With regard to diversification plans, business development is realized from an operation into numerous economies or alternatively releasing different commodities into the market.

McKinsey 7S Model

According to this model, there are seven variables starting with 'S' making it easier for recognition in business. These seven variables are; shared values, skills, systems, structure, staff and strategy. The purpose of this framework is to determine features whose adoption leads to beter institutional results (Peters & Waterman, 1982). Daily operations and plans undertaken with regard to institution management form the "system" (Peters & Waterman, 1982). The labour pool of an institution forms the "staff"; the concept of institution capabilities forms the "skill". The organization shown by the company leadership in their conduct forms the "style". Principles defining crucial instructions common across the institutional membership form the "shared value" (Peters & Waterman, 1982). The remaining variables; systems, strategy and structure are sophisticated and normally appear dominant as a result of their strong presence as well as being physical items like publications, strategy documents, reports and institutional tables. According to (Peters & Waterman, 1982), a rigid, hierarchy based institutional organization is normally viewed to lead to bureaucratic institutional structures, where authority is dominant in the top leadership levels.

Empirical Review

An analysis by Ayele (2012) drawn to determine the marketing plans implemented by 5-star hotels based in Nairobi, was undertaken taking into account seven 5-star hotels based in Nairobi, that had received the 5-star rating in 2003 from the tourism ministry. Deductions from the analysis showed institutions implementing varies marketing plans like personal contact, leadership and thorough staff training positioning plans. Positioning plans with regards to customer service quality, tangible attraction, variety of commodity availability, desirable commodity characteristics, IT, security structures were noted to have been largely

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implemented across 5-star hotels. The plans enabled them to remain at top of the competition with rivals.

A review by Demba, Ogal, & Muli, (2018), examining the impact of differentiation strategy towards the results of certain car hire businesses within Nairobi County, indicated the differentiation strategy being numerically insignificant by a P figure greater than 0.05 based on the Chi-square and ANOVA, thus agreeing with the null hypothesis stating that ”differentiation strategy posed zero impact towards results of car renting business within Nairobi. A correlation analysis showed the existence of a negative association among the measures for results enhancement and the differentiation strategy with an r value of 0.05. The correlation analysis further indicated the existence of a positive association among the level of results with the differentiation strategy, with an r value 0.096.

An analysis conducted by Chepchirchir, Omillo, and Munyua (2018) analyzing the manner logistics companies domiciled at Jomo Kenyatta International Airport, Nairobi utilize cost leadership strategy in improving results. Focus was therefore on the level cost leadership plans lead to improved results. The target population comprised of 151 participants, with a sample size made up of 110 senior departmental leaders. Primary data collected was from ten logistics companies that had their websites active. Identification of participants for participation was through simple random sampling approach. Data analysis was through inferential and descriptive statistics. The key deduction was cost leadership having a major positive impact towards results.

A study by Marangu, Mwiti, and Thoronjo (2017), examined Cost Leadership Strategy Impact towards Institutions’ Competitiveness within sugar milling companies in Kenya. A key intention of the review was to examine the effect cost leadership strategy has towards institutions’ competitiveness. Theories like; resource based, generic framework and anchored the study. In meeting the research intention, the investigators had to determine the connection among varied variables linked with the variables with regard to milling companies, thus descriptive cross-sectional study model being utilized. From the findings, there was a revelation of an existing statistically major impact towards institution competitiveness. The analysis thus proposed sugar milling companies leadership increase interventions to utilize cost plans so as to secure an institution’s market advantage.

An institution’s results do not only relates to the revenue from sales, but goes further to include how alterations in sales revenue translate to adjustments in market conditions (Harzing, 2010). Indication of results of an institution compared to business rivals is indicated by the share of the economy the institution has shown capability to own. Revenue from sales is controlled by the value aspect and even as the institution’s sales numbers is easily accessible, the entire market revenues show increased difficulty to identify. Most organizations prefer to improve sales revenue compared to their business rivals. Harzing (2010) additionally adds that an institution may decide to improve its market control in order to take advantage of economies of scale. Operations in increased capacity are critical towards establishing any edge on the cost advantage.

Akintokunbo (2018) undertook a study in Nigeria to examine the connection market focus strategy has towards institutional outcomes of TELCOs in Port Harcourt. The model of the study was that it utilized a cross sectional template comprising of the leadership workforce of four TELCOs in Port Harcourt. The population size was 134, with a sampling size of 100 that was reached at through the use of Yamane formula. After data entry, analysis and presentation, it was deduced that market focus strategy positively and in major way impact institution competiveness. There was a proposal from the review that institutions willing implement market focus plans ought to have their attention towards a smaller market and work towards realizing differentiation in that market.

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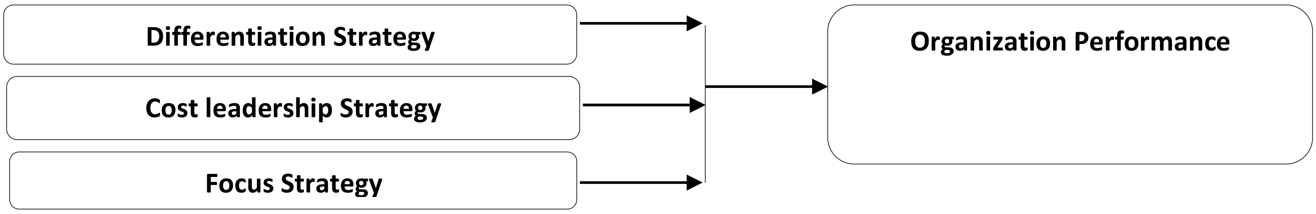

Independent variables **Dependent variable**

Figure 1: Conceptual Framework

Source: Author (2021)

METHODOLOGY

Descriptive survey was utilized in this study to examine features impacting positive adoption of strategies. The population of the study was general managers and assistant general managers of 5 & 4-star hotels within Nairobi County. A census survey was used in the study. The study utilized questionnaire in collection of primary data. Analysis of data was done by the use of SPSS (Statistical package for social scientist) version 23. Inferential and descriptive of data analysis was done and data presentation was done using of frequency tables as the next phase. Multi regression analysis will also be carried out using the following model.

$$\boldsymbol{Y = C + \beta X_1 + \beta X_2 + \beta X_3 + \varepsilon}$$

Whereby;

$$\boldsymbol{Y = C + \beta X_1 + \beta X_2 + \beta X_3 + \varepsilon}$$

Y= Organisation Performance

C =is a constant term

X_1 = Differentiation Strategy

X_2 = Cost leadership Strategy

X_3 = Focus Strategy

ε =is the error term

FINDINGS AND DISCUSSION

Descriptive Analysis

Focus was a presentation of descriptive analysis determinations with regard to the independent (Differentiation Strategy, Cost Leadership Strategy, Focus Strategy) and the dependent variables (Organizational performance).

Organization Performance

Participants were required to state their affirmation levels based on the statements with regards to organizational performance. Deductions are detailed below in table 1.

Table 1: Descriptive Statistics for Organization Performance

	N	Mean	Std. Deviation
Differentiation strategy has greatly increased the number of retained customers	60	4.08	.69
Performance management and employee feedback are key performance drivers in the hotel	60	3.76	1.01
Key performance indicators are used in evaluating performance	60	4.21	.82
The relationship between hotel and team objectives is clearly defined	60	3.81	.89
Departmental KPI's are always linked to organizational objectives	57	3.59	1.03
The link between individual and team objectives is clearly explained	60	4.06	.60
Aggregate mean and standard deviation		**3.91**	**0.84**

Source: Research Data (2021)

Findings from table 1 indicated that the significant group that had the highest (M= 4.21, SD=0.82) affirmed that Key performance indicators are used in evaluating performance. This was closely

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followed by differentiation strategy has greatly increased the number of retained customers (M=4.08, SD=0.69). Furthermore, respondents that the link between individual and team objectives is clearly explained (M=4.06, SD=0.60). The relationship between hotel and team objectives is clearly defined (M=3.81, SD=0.89), and performance management and employee feedback are key performance drivers in the hotel (M=3.76, SD=1.01). Departmental KPI's are always linked to organizational objectives (M=3.59, SD=1.03).

Influence of Differentiation Strategy on Organization Performance

Participants were required to state their affirmation levels based on the question with regards to the influence of differentiation strategy on organization performance. Findings were detailed in table 2 below.

Table 2: Influence of Differentiation Strategy on Organization Performance

	N	Mean	Standard deviation
Having superior product retains customers	60	3.00	1.27
Hotel management make conscious effort to differentiate the product from the competitors	60	4.16	.49
Having a unique brand in the market retains customers	60	4.41	.67
The wide variety of services offered increases the market share of the hotel	60	3.40	1.12
The hotel strive to build strong reputation within the industry	60	4.56	.49
Aggregate mean and standard deviation		**3.90**	**0.80**

Source: Research Data (2021)

Differentiation strategy is one of the factors considered to influence organizational performance in the four and five hotels. The study sought to prove this claim. Deductions from the table 4.8 below indicate the a significant group shows that the majority who scoring the highest mean score (M=4.56, SD=0.49) affirmed that the hotel strive to build strong reputation within the industry. This was closely followed by having a unique brand in the market retains customers (M=4.41, SD=0.67). Additionally, respondents affirmed that hotel management make conscious effort to differentiate the product from the competitors (M=4.16,SD=0.49), and the wide variety of services offered increases the market share of the hotel at a mean score of (M=3.40, SD=1.12).

The findings concur with Demba, Ogal, & Muli, (2018), examining the impact of differentiation strategy towards the results of certain car hire businesses within Nairobi County, indicated the differentiation strategy being numerically insignificant by a P figure greater than 0.05 based on the Chi-square and ANOVA, thus agreeing with the null hypothesis stating that" differentiation strategy posed zero impact towards results of car renting business within Nairobi. A correlation analysis showed the existence of a negative association among the measures for results enhancement and the differentiation strategy with an r value of 0.05. The correlation analysis further indicated the existence of a positive association among the level of results with the differentiation strategy, with an r value 0.096.

An analysis undertook by Nuru (2015) intended to establish the impact of differentiation strategy towards the results of water packaging firms in Mombasa, Kenya, with the qualitative data being analyzed by content analysis. Presentation of findings was through statistical graphs, tables and percentages. Deductions from the analysis showed the existence of a positive association among differentiation strategy and institutional results. Differentiation strategy on an item has a greater contribution on the results of these firms compared to the differentiation strategy on a service.

Influence of Cost Leadership Strategy on Organization Performance

Participants were required to state their affirmation levels based on the question with regards to the influence of cost leadership strategy on organization performance. Findings were detailed in table 3 below.

Table 3: Influence of Cost Leadership Strategy on Organization Performance

	N	Mean	Standard deviation
The hotel continuously exercises tight cost control and pay attention to details	60	3.81	1.04
The hotel identifies underperforming areas in order to cut costs	60	3.96	.90
The hotel has access to low-cost raw materials than our competitors	60	3.01	.98
The hotel improves on production/service delivery process to cut on waste and duplication	60	3.46	.99
The hotel continuously trains staff on effective resource utilization	60	4.46	.50
We pride ourselves as cost leaders in the market with regard to food and beverage cost	60	4.06	.68
Aggregate mean and standard deviation		**3.79**	**0.84**

Source: Research Data (2021)

Cost leadership strategy is one of the factors considered to influence organizational performance in the four and five hotels. The study sought to prove this claim. Findings from table 3 indicated a significant group shows that the majority who scoring the highest mean (M=4.46, SD=0.50) affirmed that the hotel continuously trains staff on effective resource utilization. This was closely followed by we pride ourselves as cost leaders in the market with regard to food and beverage cost=(M=4.06, SD=0.68). Additionally, respondents affirmed that the hotel identifies underperforming areas in order to cut costs (M=3.96,SD=0.90), and the hotel continuously exercises tight cost control and pay attention to details (M=3.96, SD =0.90).

The deductions concurred with A study by Marangu, Mwiti, and Thoronjo (2017), examined Cost Leadership Strategy Impact towards Institutions' Competitiveness within sugar milling companies in Kenya. A key intention of the review was to examine the effect cost leadership strategy has towards institutions' competitiveness. Theories like; resource based, generic framework and anchored the study. In meeting the research intention, the investigators had to determine the connection among varied variables linked with the variables with regard to milling companies, thus descriptive cross-sectional study model being utilized. From the findings, there was a revelation of an existing statistically major impact towards institution competitiveness. The analysis thus proposed sugar milling companies leadership increase interventions to utilize cost plans so as to secure an institution's market advantage.

A summary by Mohamed, Ndinya, and Ogada (2019) detailing the impact of cost leadership strategy towards the results of small scale miners in Taita Taveta, Kenya, intended to determine the impact of cost leadership strategy as a plan towards the results of upcoming mining firms in Taita Taveta. In anchoring the review, Porter's Generic Strategies was employed. A descriptive survey study model that targeted 502 miners based in 22 formal unions and 13 mining firms was used. 222 participants were selected for sampling using simple random technique. Collection of primary data was by administration of questionnaires and this was followed by application of descriptive statistics entailing percentages and frequencies for analysis. From the analysis, deductions showed utilization of cost leadership strategies resulted to lowered operations cost, turnover and success of the firms. There was a proposal that firms must aim for competitive cost per unit of input technique that is easily achievable compared to reduction on costs

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Influence of Focus Strategy on Organization Performance

Participants were required to state their affirmation levels based on the question with regards to the influence of focus strategy on organization performance. Findings are detailed in table 4 below.

Table 4: Influence of Focus Strategy on Organization Performance

	N	Mean	Standard deviation
Our hotel Focuses on specific markets where it provides the best service	60	4.13	1.11
Our hotel occupancy levels are better than our competitors	60	3.71	1.02
The hotel have highly differentiated products for our clientele with regard to variety of menus offered	60	3.95	.87
Customer satisfaction surveys inform our decision making process	60	4.15	1.16
Competitor surveys inform our performance improvement plans	60	2.50	1.37
Aggregate mean and standard deviation		**3.68**	**1.10**

Source: Research Data (2021)

Focus strategy is one of the factors considered to influence organizational performance in the four and five hotels. The study sought to prove this claim. Findings from the table 4.8 below indicate the a significant group shows that the majority who scoring the highest mean score (M=4.15, SD=1.16) affirmed that the customer satisfaction surveys inform our decision making process. This was closely followed by our hotel Focuses on specific markets where it provides the best service (M=4.13, SD=1.11). Additionally, respondents affirmed that the hotel have highly differentiated products for our clientele with regard to variety of menus offered (M=3.95, SD.=0.87), and our hotel occupancy levels are better than our competitors (M=3.71, SD =1.02).

The deductions concur with Akintokunbo (2018) undertook a study in Nigeria to examine the connection market focus strategy has towards institutional outcomes of TELCOs in Port Harcourt. The model of the study was that it utilized a cross sectional template comprising of the leadership workforce of four TELCOs in Port Harcourt. The population size was 134, with a sampling size of 100 that was reached at through the use of Yamane formula. After data entry, analysis and presentation, it was deduced that market focus strategy positively and in major way impact institution competitiveness. There was a proposal from the review that institutions willing implement market focus plans ought to have their attention towards a smaller market and work towards realizing differentiation in that market.

An analysis conducted by Munyoki and K'Obonyo (2015) seeking to establish the contribution of institutional independence and strategic placement in the association among competitive plans and the results of state parastatals in Kenya. The positivist philosophy anchored the research. Collection of primary data was through the administration of questionnaires being issued to the managing director of the state parastatals. Findings from data analysis showed a moderate value for market focus, a translation that market focus according to the participants was not sufficient the state parastatals. State parastatals emphasizing on efficiency recorded top mean score values, with institutions focusing on time management following closely. Conclusions from the analysis was that, competitive plans significantly impacted results.

Hypothesis Testing

The hypotheses in this study were tested by first assessing the relationship between Competitive strategies and organisational performance and the influence of competitive strategies on performance. This section presented correlations, regression analysis and ANOVA as well as co-efficient of determination.

Relationship Between Competitive Strategies and Organisational Performance

Table 5: Relationship Between Independent Variables

Correlations

		1	2	3	4
1. Organization performance	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	57			
2. Differentiation Strategy	Pearson Correlation	.031	1		
	Sig. (2-tailed)	.821			
3. Cost Leadership Strategy	Pearson Correlation	.287*	.463**	1	
	Sig. (2-tailed)	.035	.000		
4. Focus Strategy	Pearson Correlation	.639**	.063	.410**	
	Sig. (2-tailed)	.000	.633	.002	
	N = 60				

Source: Research Data (2021)

Findings from table 5 revealed the existence of a positive correlation between differentiation strategy and organization performance of four and five star hotels in Nairobi County at significant 0.05 level, the strength is average, at 3.1 %. Further, the findings reveal the existence of a positive correlation cost leadership strategy and organization performance of four and five star hotels in Nairobi County at significant 0.05 level, the strength is though week, at 28.7%. The findings continue to signify that there is a positive correlation between focus strategy and organization performance of four and five star hotels in Nairobi County at significant 0.05 level, the strength is strong, at 63.9%.

Influence of competitive strategies on organisational performance

Table 6: Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.626[a]	.391	.359	.41636

a. Predictors: (Constant), Differentiation Strategy, Cost Leadership Strategy, Focus Strategy

b. Dependent Variable: Organization Performance.

Source: Research Data (2021).

Referring to table 6 the study establishes the R to be 0.391implying that 39.1%, of organization performance of four and five star hotels in Nairobi County is explained by differentiation strategy, cost leadership strategy, focus strategy leaving (60.9%) unexplained.

Table 7: Relationship between Independent Variables

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	6.243	3	2.081	12.005	.000[b]
1	Residual	9.708	56	.173		
	Total	15.951	59			

a. Dependent Variable: Organization Performance

b. Predictors: (Constant), Differentiation Strategy, Cost Leadership Strategy, Focus Strategy

Table 8: Relationship Between Dependent and Independent Variables

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.520	.605		2.513	.015
	Differentiation Strategy	-.029	.120	-.028	-.240	.811
	Cost Leadership Strategy	.259	.162	.046	.363	.048
	Focus Strategy	.573	.109	.607	5.266	.000

. Dependent Variable: Organization Performance.

Source: Research Data (2021)

Specifically, focus strategy has the highest influence on organization performance, followed by cost leadership strategy and differentiation strategy. Individual significance of the predictor variables was tested using t-test. The findings reveal that focus strategy and cost leadership strategy were individually statistically significantly related to organization performance ($p < 0.05$). However, differentiation strategy was not individually statistically significant related to organization performance ($p > 0.05$).

$$Y = 1.520 + .573X_1 + .059X_2$$

Where

Y= Organization performance

$\mathbf{X_1}$= Focus Strategy

$\mathbf{X_2}$= Cost Leadership Strategy

The findings reveal that Focus Strategy and Cost Leadership Strategy were individually statistically significantly related to organization performance ($p < 0.05$). Hence two of the three hypotheses were rejected while on the basis of regression results, the one on differentiation was not rejected ($p > .05$). Further, differentiation strategy is not included in the equation bases it did not significantly influence. However, since it had a positive significant relationship with performance, it is concluded that it is positively related with performance. affects

Differentiation Strategy and Organization Performance

An analysis undertook by Nuru (2015) intended to establish the impact of differentiation strategy towards the results of water packaging firms in Mombasa, Kenya, with the qualitative data being analyzed by content analysis. Presentation of findings was through statistical graphs, tables and percentages. Deductions from the analysis showed the existence of a positive association among differentiation strategy and institutional results. Differentiation strategy on an item has a greater contribution on the results of these firms compared to the differentiation strategy on a service. A qualitative analysis conducted by Adhiambo (2018) exploring differentiation strategy and had findings captured in statistical graphs, tables and percentages had the results showing the existence of a positive connection among differentiation strategy and institutional outcomes.

A study by Atikiya, Mukulu, Kihoro, and Waiganjo (2015) examining the impact differentiation strategy towards institutional results of manufacturing companies in Kenya focused on twelve major manufacturing firms based in Nairobi and neighboring regions. It employed an explanatory and descriptive study model. In indicating positive correlation among the input and the output variable, Pearson's correlation was preferred; while in testing the association among the constructs, used regression analysis was preferred. The findings were consistent with other analyses on the existence of a positive association among differentiation strategy and institutional results. A major conclusion from the study was that manufacturing companies eyeing to improve on their results and securing competitive market edge ought to include differentiation strategy in their plans.

Cost Leadership Strategy and Organization Performance

A study by Marangu, Mwiti, and Thoronjo (2017), examined Cost Leadership Strategy Impact towards Institutions' Competitiveness within sugar milling companies in Kenya. A key intention of the review was to examine the effect cost leadership strategy has towards institutions' competitiveness. Theories like; resource based, generic framework and anchored the study. In meeting the research intention, the investigators had to determine the connection among varied variables linked with the variables with regard to milling companies, thus descriptive cross-sectional study model being utilized. From the findings, there was a revelation of an existing statistically major impact towards institution competitiveness. The analysis thus proposed sugar milling companies leadership increase interventions to utilize cost plans so as to secure an institution's market advantage.

A summary by Mohamed, Ndinya, and Ogada (2019) detailing the impact of cost leadership strategy towards the results of small scale miners in Taita Taveta, Kenya, intended to determine the impact of cost leadership strategy as a plan towards the results of upcoming mining firms in Taita Taveta. In anchoring the review, Porter's Generic Strategies was employed. A descriptive survey study model that targeted 502 miners based in 22 formal unions and 13 mining firms was used. 222 participants were selected for sampling using simple random technique. Collection of primary data was by administration of questionnaires and this was followed by application of descriptive statistics entailing percentages and frequencies for analysis. From the analysis, deductions showed utilization of cost leadership strategies resulted to lowered operations cost, turnover and success of the firms. There was a proposal that firms must aim for competitive cost per unit of input technique that is easily achievable compared to reduction on costs.

Focus Strategy and Organization Performance

An analysis conducted by Munyoki and K'Obonyo (2015) seeking to establish the contribution of institutional independence and strategic placement in the association among competitive plans and the results of state parastatals in Kenya. The positivist philosophy anchored the research. Collection of primary data was through the administration of questionnaires being issued to the managing director of the state parastatals. Findings from data analysis showed a moderate value for market focus, a translation that market focus according to the participants was not sufficient the state parastatals. State parastatals emphasizing on efficiency recorded top mean score values, with institutions focusing on time management following closely. Conclusions from the analysis were that competitive plans significantly impacted results.

CONCLUSION AND RECOMMENDATIONS

The first objective of this study was to establish the relationship between differentiation strategy and organization performance among four and five star hotels in Nairobi County. The study established that effect of differentiation strategy affects the organization performance to a large extent and therefore study concludes that differentiation strategy is significant determinant in the organization performance.

The second objective of the study was to determine the role of cost leadership strategy on organization performance in four and five star hotels in Nairobi County, Kenya. The study also established that cost leadership strategy influences organization performance at four and five star hotels and the study concludes that cost leadership strategy affects organization performance to a great extent.

The third objective of the study was to access the role of focus strategy on organization performance in four and five star hotels in Nairobi County, Kenya. The study also established that focus strategy affects organization performance at four and five star hotels in Nairobi County to a great extent. Focus strategy is significant determinant in the organization performance. The responses show that organization performance at four and five star hotels in Nairobi County is significantly influenced by focus strategy. The study concludes that there is a strong positive correlation between the study variable as factors that influence organization performance.

The research study suggested the Management of four and five star hotels in Nairobi County should embrace generic strategies to enhance organization performance. The study recommends for unique marketing strategies that help raise awareness of products while bringing in new clientele. On innovation, four and five star hotels in Nairobi County should move beyond the traditional brochures, magazines and billboards and are instead pushing resources towards appealing to the constantly evolving digital marketing landscape. There, they can have wider reach and greater potential in rapidly increasing their products and services visibility.

The study recommended that the management of the four and five star hotels in Nairobi County have an important role to offer advice, information and intelligence and thereby to think strategically for the future of the whole organization. They are expected to think and act strategically in their own areas of responsibility. This is particularly important if the educational and business environment. There is need for a coherent organizational structure for enrolment management to elevate its importance within the four and five star hotels and highlight the need for improved coordination to achieve long-term enrolment goals.

Finally, the study recommended that a great deal of managerial attention is necessary in order to achieve cost efficiency. Cost leadership requires the construction of efficient-scale facilities and a vigorous pursuit of cost reduction in areas such as research and development, service and marketing. A low-cost strategy should involve developing products having a low price and finally a high market share.

Suggestion for Further Studies

Based on the findings of this study, the conclusion and subsequent recommendation, there is need for a further study on others variables that are not covered in this study to validate the actual factors that affects generic strategies on performance of four and five star hotels whereby the study should seek to provide more insights on the current study findings and validate these findings.

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