



**COMPETITIVE STRATEGIES AND ORGANIZATIONAL PERFORMANCE OF FIVE-STAR HOTELS IN NAIROBI CITY  
COUNTY, KENYA**

**Lorna Aberi & Dr. Rosemarie Wanyoike, PhD**

## COMPETITIVE STRATEGIES AND ORGANIZATIONAL PERFORMANCE OF FIVE-STAR HOTELS IN NAIROBI CITY COUNTY, KENYA

<sup>1</sup> Lorna Aberi & <sup>2</sup> Dr. Rosemarie Wanyoike, PhD

<sup>1</sup> MBA (Strategic Management) Student, School Of Business, Kenyatta University, Kenya

<sup>2</sup> Lecturer, Department of Business Administration, School of Business, Kenyatta University, Kenya

Accepted: April 9, 2025

DOI: <http://dx.doi.org/10.61426/sjbcm.v12i2.3214>

### ABSTRACT

*This study investigated how competitive strategies associate with the effectiveness of five-star hotels in the city of Nairobi. This study was conducted with all eleven five-star hotels that had been registered with the Tourism Regulatory Authority (TRA) as of the initial three months of 2020. Two five-star hotels in the county of Nairobi were forced to shut down amid the Covid-19 outbreak of 2020. The researcher used census methods to ensure that all members of the limited and manageable-sized population were included in the analysis. A survey was conducted in which participants provided their answers to predetermined questions with the intention of collecting data. The questionnaire was designed to include both open and close-ended questions, and a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) served as the guide to record the responses. The research employed both descriptive and inferential statistics. In addition to analyzing quantitative data with descriptive statistics (e.g., means and standard deviation), the Statistical Package for Social Sciences (SPSS) also examined the same data and presented it in a tabulated format, bar charts, and graphs. The findings showed that costs leadership had a very huge influence in improving the effectiveness of the five-star hotels. The results also showed that applying various product differentiation strategies helped to create an appealing image to the target clients. It was noted focus strategies had minimal albeit positive impacts on the selected hotels. Since they had positive impacts on the performance of these hotels, they were considered to be at the centre of the five-star's hotels expansion plan. Since the three specific objectives were met, it was concluded that the applied competitive strategies had a direct relationship with the effectiveness of the selected hotels in the Kenyan capital.*

Key Words: Leadership Cost Tactics, Merchandise, Service Differentiation, Focus Strategies

**CITATION:** Aberi, L., & Wanyoike, R. (2025). Competitive strategies and organizational performance of five-star hotels in Nairobi City County, Kenya. *The Strategic Journal of Business & Change Management*, 12 (2), 375 – 390. <http://dx.doi.org/10.61426/sjbcm.v12i2.3214>

## INTRODUCTION

Complexity and dynamics, continuous technological change, the influx of new competitors and, most recently, the Covid-19 global health crisis have affected the hospitality sector significantly. Hence, the performance of a hotel necessitates evaluation beyond the financial perspective, which includes the management's, customers', suppliers', and employees' perspectives. Most businesses are concerned with their sustainability in maintaining their competitive advantage and market viability. Therefore, it is reasonable that hotels embrace market changes and maintain a competitive advantage by constantly updating and adjusting their competitive policies and methods (Kitua, 2014). Those, as mentioned earlier, can be achieved through decreased costs and better benefits to satisfy customers' changing needs and wishes, thus providing customers with better value for money. According to Tanwar (2013), competitive strategy, originally proposed by Porter (1985), provides the context for implementing the firm's overall strategy, enabling it to achieve its strategic goals and sustained organizational performance in the industry. As Ayele (2012) points out, the needs and expectations of clients also grow over time. Like other industries, hotels use a strategic approach to control their performance with the aim of achieving comprehensive global standardized credentials, institutional awards, and reputations annually (Ongore et al., 2011). Most states across the globe are currently concerned with improving the strategies adopted by the hospitality sector to maximize performance. According to conclusions by Mayank et al. (2017), the achievements of Indian service sector organizations has been severely affected due to globalization and liberalization in the economy, which has led to a shift in the concept of organizations from how companies maximize profit to the strategies that institutions employ to ensure maximum satisfaction for its client. Therefore, it is found that performance improvement is necessary within the service sector. Some strategies that could aid performance improvement include better competitive measures,

improved quality of merchandise and services, and efficient delivery. The hospitality industry in Kenya is facing huge constraints, such as advanced changes in technology, the proportion of new entrants, and the negativity associated with the Covid-19 global health crisis, whose aftermath has been a drop in tourism and hospitality activity, resulting in some hotels closing down couple with increased complexity in clients' needs and desires.

Organizational performance shows the proficiency of the company management to fulfill its goals and objectives through its devotion to organizational learning, excellence, and customer and staff focus (Sakka, 2013). Machuki et al. (2011) further explain organizational performance as an enterprise's accomplishment in line with specific standards and that organizational performance is a measure of the effectiveness of an enterprise. Gavrea et al. (2011) as that the accomplishment of an organization is essential to constructing a system that allows the organization to recognize, plan and execute arising prospects for continuous improvement and growth. Evaluating the performance of an organization is a complex process that involves the analysis of both economic and non-financial indicators to assess how current operations will affect future outcomes. Luo et al. (2012) recognized the importance of examining operational and economic factors when assessing a company's performance. Economic indicators typically involve the analysis of financial metrics such as revenue, profitability, return on capital employed, market dominance, cost-profitability, and other monetary measures.

The strategies examined included development of new, cost leadership, market core, and differentiation. The data established a positive connection between all four independent variables and how Kenyan commercial airlines perform. Kahingo (2018) further studied how competitive strategies associate with the sustainability of Microfinance enterprises in Murang'a County, Kenya. This research aims to analyze how the competitive strategies that the hospitality industry in the county of Nairobi has employed, specifically

the focus strategy, product development, cost leadership, and differentiation measures, relate to how these institutions in the hospitality industry achieve their expected goals. The motivation behind this investigation includes the necessity to span across the knowledge gap resulting from unique and specific competitive strategies adopted by the hotel sector. Furthermore, the study will build upon the relatable research that has measured the correlation of these strategies with the feasible aspect of Microfinance institutions. This study has various objectives including maximizing; how an institution incorporates differentiation, cutting down on operation costs, and focus strategies as independent variables in five-star hotels, as suggested by Taghipour et al. (2020), Farah (2018), and Kahingo (2018).

As Barrows and Powers (2012) suggested, the hotel and catering sector encompasses a pool of organizations whose objective entails satisfying the needs of clients' seek various services outside of their homes. These services include accommodation and entertainment, a variety of meals and refreshments which can be both alcoholic and soft beverages. In line with the definition provided by Kenya's Hotel and Restaurants Act Cap 494, a hotel is a place of business that provides accommodation, with or without meals and other services, for a fee. The Tourism Regulatory Authority (TRA), under the Tourism Act 2011 and Tourism Regulatory Authority Regulations 2014 (TRA, 2015), governs the field of hospitality in Kenya. According to findings by Letangule (2012), the tourism sector has seen an improvement in overall performance due to the hospitality industry's recognition for boosting tourism and providing jobs to the many Kenyans seeking work opportunities. However, Mwihaki (2017) notes that the rise in the industry has brought about a high degree of competition amongst hotels that have a star rating in the county of Nairobi, leading to a need to provide personalized and specialized services. This has

resulted in a decrease in the performance of hotels since 2020. Faria (2021) found that the arrival of international visitors to Kenya significantly decreased in 2020 following the Corona Virus pandemic, whose catastrophic effects spilled over to the Tourism and Hospitality industries resulting into a hefty income loss.

### **Statement of the Problem**

The Kenyan Government, through the lens of the National Tourism Strategy 2013-2018, has identified the field of Tourism and Hospitality as a critical source of income for the nation as outlined in its National Tourism Strategy 2013-2018. It currently contributes 8.8% of the nation's GDP and has provided job opportunities to improve the balance of payment (National Tourism Strategy, 2019). According to the Kenya Economic Report (2019), the Tourism and Catering field account for a significant number of the Kenya's total jobs estimate 8.5%. The World Travel & Tourism Council (2019) further stated that this sector primarily adds to the nation's Gross Domestic Product (GDP), registering a 5.5 percent estimated growth in 2019. Despite the pandemic, the industry's revenue decreased by almost half, and the number of people employed dropped from 8.5% in 2019 to 6.4% in 2020 due to the repercussions of Covid-19. The hospitality industry has faced several difficulties due to travel restrictions and advisories, some high-end establishments' closures, and increasing market share competition. This has caused an immense loss of revenue and job opportunities. Additionally, customer tastes and preferences have become more sophisticated, and employee needs and satisfaction have become more demanding. As a result, without the proper implementation of competitive strategies, hotels are at a disadvantage of gaining the upper hand to survive in a dynamic environment, or become sustainable.

Consequently, five-star hotels in the city of Nairobi must cultivate effective policies to maintain its competitiveness in the unstable hospitality sector,

arming them with the necessary capabilities to enhance their success in the business. My work aims to explore, consider, and close the space by analyzing and assessing the types of competitive business tactics used as well as the tactics' significance upon the success across five-star hotels in Nairobi, Kenya. Previous analysis has taken into account competitive and non-competitive strategies, as well as industry performance and external business conditions, to explore service sector outcomes. My research will evaluate the connection between competitive approaches and the approach Nairobi's five-star hotels take to deal with current and future obstacles these hotels may encounter while realizing their goals for expansion by examining various factors.

### **Objectives of the study**

This study investigated how competitive strategies associate with the effectiveness of five-star hotels in the city of Nairobi. The specific objectives were:

- To investigate how leadership cost tactics associate with the effectiveness of five-star hotels in Nairobi, Kenya.
- Investigating the impact of various merchandise/service differentiation approaches on the functioning of five-star hotels in the city of Nairobi, Kenya.
- Investigating how focus strategies correlate with the approach Nairobi's five-star hotels take to deal with current and future obstacles they may encounter while realizing their goals for expansion.

## **LITERATURE REVIEW**

### **Theoretical Examination**

#### **Resource-Based View Theory (RBV)**

The resource-based view (RBV), which highlights company assets and potentials as the key to

achieving superior performance, guides companies on how to take on existing assets to over compete their competitors. Organizations should direct their attention inward, analyzing their current resources and exploring ways to use them to increase profits, grow their business, and enhance performance rather than looking outward for external factors (Kozlenkova et al., 2014). Lin and Wu (2014) assert that by leveraging their existing resources and focusing on their core competencies, organizations can identify novel opportunities and create a lasting edge over the competition, resulting in sustained success. Instead of acquiring additional resources, this is the more beneficial choice for an organization. Barney (2014) stated that a company's assets can be tangible or intangible. Tangible resources are physical strengths obtainable from the market. Still, they typically provide minimum benefits, as competitors can generally get access to the same products just as easily. Non-physical resources owned by an organization that does not have any tangible worth are referred to as intangible resources, according to Amit and Schoemaker (2013). These can include assets such as knowledge, reputation, relationships, and brand. They consist of intellectual property, brand recognition, and logos. Intangible resources such as knowledge, brand reputation, and customer loyalty can be a major factor in providing a sustainable competitive advantage, even more so than physical resources. Making the most efficient use of available resources is essential for any organization's success and performance. For the organization to remain competitive, it must ensure that its resources are valuable and of high quality, enabling them to produce products and services that are better than those of its competitors, as well as being able to provide immediate and effective attention to customer needs and expectations; resources should be rare enough that they can only be obtained by one or a small number of organizations, and unique so that it becomes nearly impossible for competitors to imitate or replicate them (Amit and Schoemaker, 2013).



### **Porter's Generic Competitive Strategies**

The implementation of Porter's philosophy on cost leadership approach will solidify the determination of the impact of cost economic policies on the accomplishments of five-star hotels in the county of Nairobi, Kenya. The strategy related to cost leadership is an independent variable. Porter (1985) proposed the differentiation approach, which Hansen et al. (2015) describe as a marketing approach that incorporates branding, packaging, merchandise and service sales, marketing, and advertising initiatives at the same time utilizing creativity to differentiate the product in terms of features, performance, and quality. Wesulah (2016) suggested that through a differentiation strategy, companies can create a unique and unassailable position within the market by providing high-quality, unique merchandise and services to clients. Organizations in the service industry, like hotels, can make their services more effective and efficient by properly managing their time and providing additional value to improve the customer experience and satisfaction due to enhanced performance (Tsatsoula 2018). This approach can yield many benefits for five-star hotels in the county of Nairobi, as utilizing a differentiation strategy can increase organizational success and give them an edge over competitors through the provision of unique services and merchandise, as well as by charging higher prices.

### **SERVQUAL Model Theory**

This theory employs an expectations and perceptions framework to provide a basis for combining dependability, commitment, sensitivity, responsiveness, and tangibility as the aspects of quality of service in order to correspond to the distinct requirements of a particular company (Parasuraman et al., 1991). Other researchers have found that this model was created to gauge customers' opinions regarding the quality of service brought forth by the financial industry. Despite this, over the years, other sectors, such as the tourism and hospitality industry, have adopted this model

(Lacle, 2013; Njau et al., 2017). SERVQUAL scale focuses on assessing the quality of how clients receive their delivery from the customer's perspective and gauging the actual performance against the expected, as well as identifying any discrepancies in how client deliveries are carried out (Al-Ababneh, 2017). Recently, researchers frequently use the SERVQUAL model for the purpose of assessing the standard of service delivery within industries dealing with service provision. The findings have been supported by Kennedy et al. (2011), Jemmasi et al. (2011), and Ahuja et al. (2011). Tanford et al. (2013) supported the consensus that qualifies the SERVQUAL model as appropriate for the service sector due to the services' distinctive features like intangibility, perishability, variability, and inseparability. Thus, Negi (2014) concluded that in line with findings shared among various scholars, it is impossible to have a uniform standard for providing quality service.

### **Empirical Literature Review**

Pearce and Robinson (2015) assert that cost leadership involves achieving and maintaining a cost advantage by utilizing exclusive operations and capacity to achieve a higher level of efficiency through reduced production costs, taking advantage of organizational size to reduce cost, high-quality goods and services, and the use of advanced technology. This approach involves utilizing low expenses, volume discounts, and leveraging a range of resources (Scheele, 2014). Low prices give a company the ability to offer the same goods or services at a competitive rate, thus gaining a sustainable competitive advantage, increasing its profits, and increasing its market share (Porter, 1985).

Bartolome et al. (2021) investigated the strategies employed by the hotel industry at the extraordinary duration of the Corona Virus global health crisis through a dynamic capabilities approach. This research looked into the rate at which hotels adapted to changes in the hospitality sector due to

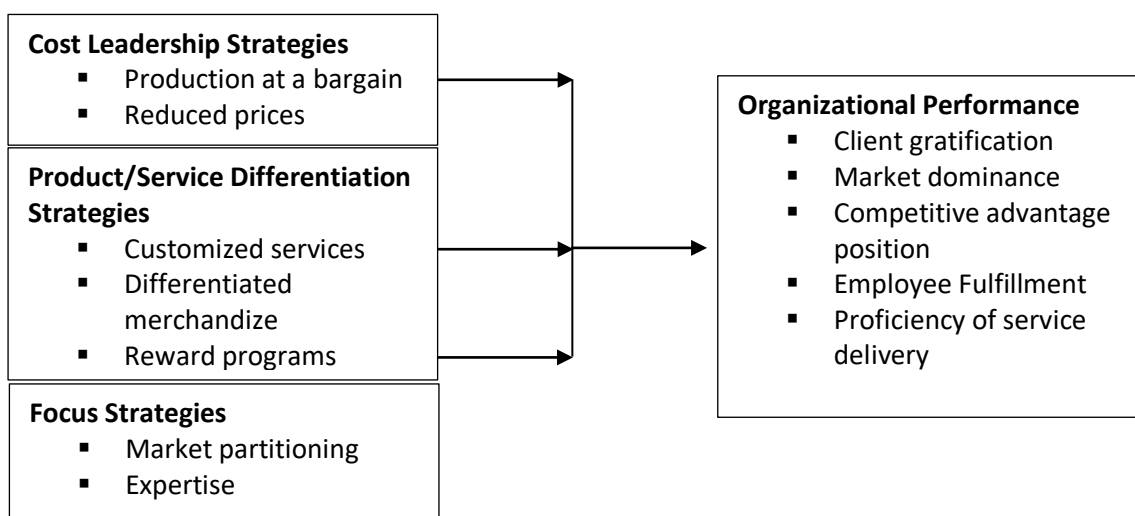
the Covid-19 pandemic and how it impacted the performance of hotels in Spain. The survey of 212 Spanish hotels indicated that leveraging innovation as a differentiating factor reflected a beneficial and noticeable impression on their accomplishments. The research highlighted Innovation competence to be a mediating factor, leaving the possibility of further research into other competitive strategies. This research explored the competitive strategies and the significance they had on how five-star hotels in Nairobi performed.

Ngandu (2017) conducted an investigation with the objective of gauging the tactical approaches that hotels in Thika town employ. Ngandu's investigation also purposed to measure how these tactics influenced how the hotel performed. A

review of the literature was conducted, taking into account Ansoff's growth strategies and Porter's model. This study utilized a descriptive research design and employed an interviewer-administered survey to collect data. The findings showed that using cost leadership and differentiation strategies had a negligible influence on the goal achievement of hotels in Thika town. The survey examined how hotels in Thika town achieve their objective, while the focus of this study was on the five-star hotels of Nairobi City. This research builds on previous studies that examined Ansoff's growth strategies and Porter's model but focus on Resource Based View Theory, Porter's Generic Competitive Strategies, and SERVQUAL Model Theory.

### Conceptual Framework

Table 1: Conceptual framework



### METHODOLOGY

The structure of research is a critical component. It provides sufficient details on the main steps that the research will take to reach the intended goals. This will facilitate the collection of the respondent's insights, judgments, views, and convictions about the topic being studied, as well as help to form conclusive results and effectively analyze both quantitative and qualitative information. The focus of the research included the impact that

competitive strategies have on how five-star hotels in the city of Nairobi perform.

People, elements, or items that align with the criteria for a specific group being observed or examined make up the population. They can be sampled to stand in for the larger population (Cooper & Schindler, 2014). This study was conducted with all eleven five-star hotels that had been registered with the Tourism Regulatory Authority (TRA) as of the initial three months of 2020. Two five-star hotels in the county of Nairobi

were forced to shut down amid the Covid-19 outbreak of 2020.

The researcher used census methods to ensure that all members of the limited and manageable-sized population are included in the analysis. Kothari and Garg (2014) similarly argued that a census is suitable when the size of the population is manageable. This research utilizes a census approach to investigate all General Managers and five Heads of Departments working within the nine open 5-star hotels located in the city of Nairobi.

A survey was conducted in which participants provided their answers to predetermined questions with the intention of collecting data. The questionnaire was designed to include both open and close-ended questions, and a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) served as the guide to record the responses. The managers in the chosen sample were surveyed using the drop-and-pick method. The survey is designed to have five divisions, namely A, B, C, D, and E. The focus of Section A included the participant's basic facts and the company's general overview, section B investigated cost leadership and performance; Section C explored product/service differentiation and performance; Section D looked into focus strategy and performance and section E analyzed the performance metrics. Questionnaires served as the ideal path for gathering data for this research due to their affordability, the anonymity they offer, the ability to quickly get a large amount of data from participants, and the decreased likelihood of introducing any bias.

Before analyzing, the data collected, underwent thorough checks for inconsistencies such as omissions, accuracy, errors in responses, and completeness, among others, then adjusted to make sure it is effective and consistent and further enhanced using coded figures so that it is categorized into meaningful numbers. The research employed both descriptive and inferential statistics.

In addition to analyzing quantitative data with descriptive statistics (e.g., means and standard deviation), the Statistical Package for Social Sciences (SPSS) also examined the same data and present it in a tabulated format, bar charts, and graphs. Additionally, the qualitative data gathered was assessed through content analysis. One-way ANOVA at a 95% confidence level was used to assess if the realization of competitive strategies translates to a reasonable impact on organizational performance. Pearson's product-moment correlation ( $r$ ) served as a measure for the strength and type of correlation. Utilizing the Coefficient of determination ( $R^2$ ) to quantify the level of variability is the approach this research took to assess how competitive policies impact organizational accomplishments. The F-ratio in the ANOVA table is used to determine the probability of a deviation from the line of best fit. After evaluation, the F-ratio generated necessitates a p-value of below 0.05 to qualify for consideration as statistically significant at a 5% rate. This analysis employed Multiple Regression to examine the correlations between the different variables being studied.

## RESULTS



## Descriptive statistics

**Table 1: The competitive strategies used and their contributions to improving performance of a hotel**

In your opinion, have the current competitive strategies improved the hotel's performance?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	43	72.9	72.9	72.9
	No	16	27.1	27.1	100.0
	Total	59	100.0	100.0	

The participants were also required to give their opinions regarding the current competitive strategies. They were expected to answer whether the adopted strategies were vital for enhancing the hotel's performance. It was observed that 72.9% (43) of the hotel leaders interviewed agreed that the adopted strategies played a vital role in improving the performance of their hotels. However, a significant percentage of the

respondents (27.1% or 16 individuals) did not agree at all with the opinion. They held the opinion that the adopted competitive strategy did lead to the eventual improvement of the performance of the hotel. In overall, this meant that most of the employees believed in the competitive strategies of the company. The trend led to the need for analysing the key competitive strategies employed by the Five-Star Hotels in Nairobi.

**Table 2: Cost Leadership Strategy**

We utilize low-cost suppliers					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	3.4	3.4	3.4
	Disagree	1	1.7	1.7	5.1
	Neutral	5	8.5	8.5	13.6
	Agree	19	32.2	32.2	45.8
	Strongly Agree	32	54.2	54.2	100.0
	Total	59	100.0	100.0	

To determine the extent to which the selected hotels in Nairobi were based on cost leadership strategy, the researcher used different metrics. One of the metrics aimed at examining the extent to which low-cost suppliers were utilized. Upon conducting an in-depth analysis of the collected data, the researcher made a special observation that 54.2% (32) of the participants used agreed that they utilized low-cost suppliers. Another 19 respondents, 32.2%, respondents agreed with the same statement. The outcomes resonated with the Ragor's (2014) findings that most the five star hotels in Nairobi outsource for their products by

liaising with reliable and entrusted suppliers. According to Ragor (2014), the strategy works well, as it helps to lower the overall operation costs, as such hotels are shielded from incurring additional costs during times of scarcity of a commodity. This explains why only 1 individual disagreed while other 2 disagreed with the statement that their hotels made use of low-cost suppliers. when required to explain how cost-leadership strategy benefitted the hotel, a sizeable number of the respondents underscored that they on agreement with their suppliers to maintain constant flow of a product at a certain prices and over a given period. Such an

agreement helped to shield them against the predatory prices for most of the agricultural

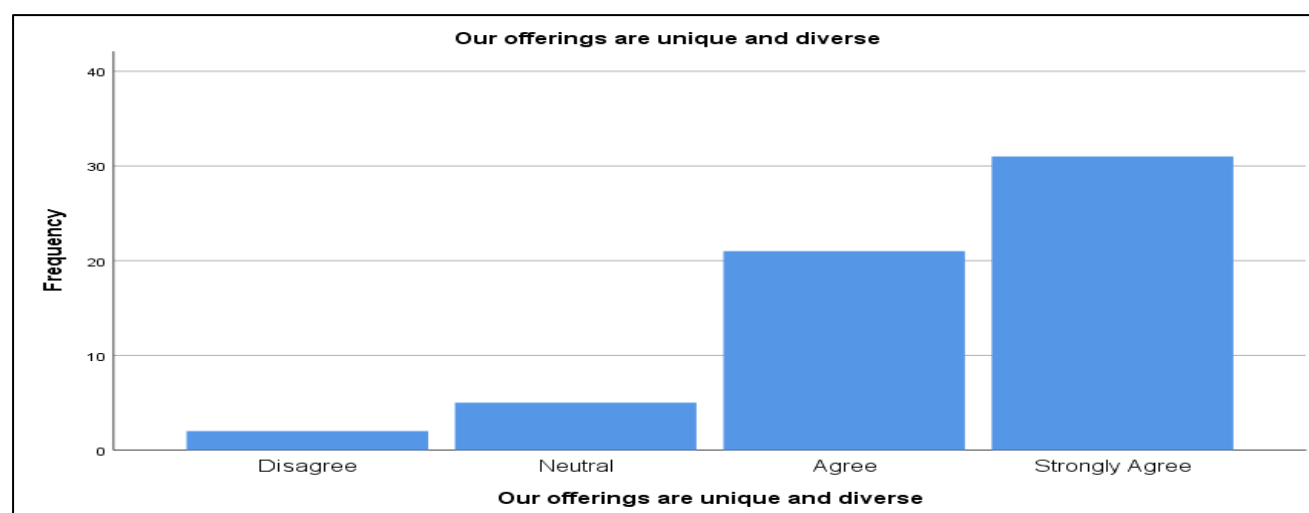
commodities, especially when they are scarce.

**Table 3: Product/Service Differentiation**

		<b>Our offerings are unique and diverse</b>			<b>Cumulative Percent</b>
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	
<b>Valid</b>	<b>Disagree</b>	2	3.4	3.4	3.4
	<b>Neutral</b>	5	8.5	8.5	11.9
	<b>Agree</b>	21	35.6	35.6	47.5
	<b>Strongly Agree</b>	31	52.5	52.5	100.0
	<b>Total</b>	59	100.0	100.0	

In an attempt to investigate the product/service differentiation strategy used, the researched proposed a question that aimed at investigating whether the selected hotels had unique and diverse offerings. This was one of the unique metric that could help to create a clearer picture regarding the product or service differentiation strategy used. The findings revealed that 52.5% of participants used agreed in totality with the presented statement. Another significant percentage of 35.6% of the respondents also agreed with the same with only a small percentage (2.4%) of the respondents not agreeing at all with the same statement. The outcomes coincided with Jawabreh's (2014)

findings, which revealed that five star hotels attempts to create tailor-made or customised hospitality services in an attempt to enhance their customer relationship management skills. In another study conducted by Maoto (2017), it was observed that five star hotels in Nairobi attempted to diversify on their products and services to enhance their operations, financial management, and innovativeness. Thus, it was agreed that product and/or service differentiation was a vital strategy used in the selected Five Star Hotels in Nairobi. The results were further demonstrated schematically as indicated below.



**Figure 1 Unique and diverse offerings**

**Table 4: Focus Strategy**

**We offer categorized pricing based on the value of the product/service**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	5.1	5.1	5.1
	Neutral	6	10.2	10.2	15.3
	Agree	21	35.6	35.6	50.8
	Strongly Agree	29	49.2	49.2	100.0
	Total	59	100.0	100.0	

The researcher also examined whether the selected hotels used focus strategy. To assess this, they aimed at determined whether these hotels offered categorised pricing based on the value of the product or service. Here, 49.2% of the respondent strongly agreed with the assertion with some significant others (35.56%) agreeing with the same. Only 3 individuals disagreed while the rest (6 or 10.2%) remained neutral. According to Agušaj et

al. (2017), big hotels offers varying pries for their rooms, as a strategy for attracting visitors with different purchasing powers. Agušaj et al. (2017) note the approach helps to improving the booking rate of these hotels. As a result, this helps to explain why categorised pricing remains as an important strategy for big hotels. This was a trend that was also confirmed by the respondents used in the study.

**Table 5: Measures of Organisational Performance**

**We have enhanced our customer satisfaction through our loyalty program**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	3.4	3.4	3.4
	Disagree	3	5.1	5.1	8.5
	Neutral	3	5.1	5.1	13.6
	Agree	20	33.9	33.9	47.5
	Strongly Agree	31	52.5	52.5	100.0
	Total	59	100.0	100.0	

The researcher also attempted to investigate how the performance of these hotels could be measured. This study used one of the metrics used to determine this to show how the performance could be measured. When required to show whether they had enhanced their customer satisfaction through their loyalty program, 52.5% (31) of the respondents strongly agreed with the statement with 33.9% (22) others also agreeing with the same sentiments. Only 2 (3.4%) respondents did not agree at all with the statement. The observed trend could be explained

by Alzoubi et al.' (2021) findings that most of five-star hotels in United Arabs Emirates (UAE) offer loyalty programmes to help attract and maintain a steady flow of customers. Top among these strategies entails offering of discounts to return customers to win their loyalty (Alzoubi et al., 2021). Therefore, this helped to explain that the selected hotels in Nairobi were not left behind in terms of creating world-class loyalty programs that could hotel to improve customer satisfactions. The statistical outcomes were further represented using a bar graph, as indicated below.



Figure 2: Customer satisfaction through our loyalty program

### Correlation analysis

Table 7: Correlation Analysis

		Organization Performance	Focus Strategies	Product/Service Differentiation	Cost Leadership
Organization Performance	Pearson Correlation	1	.577**	.339**	.775**
	Sig. (2-tailed)		.000	.009	.000
	N	59	59	59	59
Focus Strategies	Pearson Correlation	.577**	1	.585**	.388**
	Sig. (2-tailed)	.000		.000	.002
	N	59	59	59	59
Product/Service Differentiation	Pearson Correlation	.339**	.585**	1	.162
	Sig. (2-tailed)	.009	.000		.001
	N	59	59	59	59
Cost Leadership	Pearson Correlation	.775**	.388**	.162	1
	Sig. (2-tailed)	.000	.002	.001	
	N	59	59	59	59

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The research did correlation analysis to show the association existing between the organisational performance and the three independent variables. It was identified that a strong positive correlation value of 0.78 at a p-value of 0.000 existed between hotel (organisational) performance and the underlying cost leadership strategy used. It meant that most of selected hotels in Nairobi were set to experience improved performance by using various cost leadership strategies. An equally larger positive

correlation value of 0.58 was also recorded between hotel performance and focus strategies used. This meant that the choice of focus strategies used was equally likely to create a larger positive impact on the performance of the selected hotels in Nairobi. On the other hand, a weak albeit positive correlation value of 0.34 was recorded between product/service differentiation and the performance of the selected hotels in Nairobi. It meant that the product differentiation strategy was

equally liable for improving the performance of the

selected hotels even though in small ways.

## Regression analysis

**Table 8 Regression Statistics**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.135	.548		.245	.807
	Focus Strategies	.022	.123	.017	2.176	.001
	Product/Service Differentiation	.290	.123	.228	2.367	.001
	Cost Leadership	.793	.088	.743	9.007	.000

a. Dependent Variable: Organization Performance

A regression test was carried out through further analysis to help estimate the extent to which each of the selected variable impacted on the performance of the selected hotels in Nairobi. The statistical tests were also meant to assess whether the proposed hypotheses were to be accepted or they could be as well rejected. The tests focused on evaluated costs leadership strategy variable. It was observed that a t-value of 9.01 at a p-value of 0.000 was recorded. This meant that the population mean was 9.01 points further away from the respective null hypothesis mean. What this meant was that a positive relationship was proved to exist between the adopted costs leadership strategy and the eventual performance of the selected hotel in Nairobi City. A standardised value of the beta was recorded to be 0.74. This proved that an absolute unit change in the cost leadership strategy used triggered subsequent 0.74-units change in the absolute value of performance of the selected hotels in the same direction.

The product/service differentiation strategy was determined to have a t-value of 2.37 at a p-value of 0.001. this means that the population mean was 2.37 points further away from anticipated mean of the null hypothesis. As a result, it was concluded that a positive association existed between hospitality services' differentiation strategy and the eventual performance of the selected hotels in Nairobi. The standardised coefficient of beta was recorded to be 0.23. The statistical results also

meant that an absolute unit change in the product differentiation strategies triggered subsequent 0.23-unit changes in the outright value of the hotel performance. This change was direct, which meant that it occurred in the same direction.

The third test entailed using focus strategies and the next independent variable. This had a t-value of 2.18, which meant that the population mean was 2.18 points away from the anticipated mean of the null hypothesis. This led to the acceptance that a positive connection existed amongst the focus strategies employed and the eventual performance of hotels. A standardised coefficient value of beta was 0.02. This meant that an absolute change by a one unit of the focus strategies culminated to an only 0.02-unit change in the eventual value of the performance of the selected hotels. The change was direct, which meant that a rise in the focus strategies used led a subsequent (but very miniature) rise in the performance of the selected hotels, and vice versa.

## General Discussions Of The Derived Findings

### *Summary of the Methodology and Findings*

The research was about examining how competitive strategies associated with the effectiveness of five-star hotels in the city of Nairobi. To complete this study, the researcher had to earmark their population of interest, which was composed of five-star hotels in Nairobi City. Some of the hotels that the study focused on were Radisson Blue Hotel,

Villa Rosa Kempinski, and The Sarova Stanley. Sankra Hotel, The Boma Nairobi Hotel, and Crowne Plaza Nairobi Airport Hotel were some of the other hotels covered. The remaining ones were The Tribe Hotel, Hemingway's Nairobi, and the renowned Dusit D2. Furthermore, the researcher went ahead to reach out departmental heads of these hotels. The key departments targeted general management, sales and marketing, food and beverage, front office, and finance and procurement.

A total of 59 department heads were selected using purposive sampling method. It was worth indicating that the sampling technique was deemed valuable in ensuring that only employees who headed key departments in the selected hotels were deemed eligible for the study. This helped to reduce time that could have otherwise been used to create the appropriate sample size. The appropriate ethical procedures such as the provision of a consent letter from the respective higher learning institution was done. This was meant to underscore the purpose of the study, thus, gaining confidence of the target participants. Since study was based on mixed-method approach, a survey was conducted whereby the target respondents were offered questionnaires to fill information. These questions were based on both closed-ended, as well as, open-ended questions. The closed-ended questions were deemed suitable for collecting qualitative data. Such data was analysed qualitative by identifying key themes that emerged, thus, helping augment what was identified via the quantitative analysis. The closed-ended questions were used to collect quantitative information. The answers given by the target respondents were coded to facilitate the eventual analysis using a statistical software. As a result, the coded data was inserted in SPSS to facilitate deriving the anticipated outcomes. Eventually, the derived results were interpreted. It is based on these derived results that the eventual discussion was based.

### ***Discussions Based on the Findings***

It was determined there existed a strong positive association between cost leadership and the eventual effective performance of the Five-Star Hotels in Nairobi. The statistical analysis revealed that a robust direct relationship between the two factors existed. The affiliation between the two factors could be explained by information derived from several scholarly sources. For example, a study conducted by Pearce and Robinson (2015) asserts that cost leadership involves achieving and maintaining a cost advantage by utilising exclusive operations and capacity to achieve a higher level of efficiency through reduced production costs. Such organisations also take advantage of organizational size to reduce cost, maintain high-quality goods and services, and the use of advanced technology (Pearce & Robinson, 2015). The revelation means that cost leadership approach involves utilising low expenses, volume discounts, and leveraging a range of resources (Scheele, 2014). Low prices give a company the ability to offer the same goods or services at a competitive rate, thus gaining a sustainable competitive advantage, increasing its profits, and increasing its market share (Porter, 1985). This information could be further supported by outcomes of further statistical analysis, which indicated that introduction of cost leadership strategies led to an even larger proportionate change in the performance of the Five-Star Hotels in Nairobi. Briefly, this meant that there was a more established and impactful direct relation between the two factors. This could be further explained using the Resource-Based View (RBV) Theory. According to Penrose (1959), the RBV theory suggests that firms can become competitive by providing exceptional value to customers through innovative methods. Another study suggests that resource-based view of an enterprise is designed to provide insights on why certain firms succeed in their operations while other firms stagnate despite functioning in the same setting (Jay Barney, 2018). Key among the factors that were deemed to enhance success of the Five-Star Hotels in Nairobi related to the creation of strong financial and



internal management structures that could enhance securing basic materials of production at low costs. Most of the respondents pointed out that their respective hotels had established links with key suppliers, thus, helping minimise their production costs. This facilitated such organisations in offering hospitality products and services at affordable prices, thus, attracting more potential clients. Consequently, this helps to rubberstamp the existence of a positive relationship between cost leadership strategies used and the eventual performance (effectiveness) of the selected Nairobi hotels.

It was also observed that mechanise (product)/service differentiation approaches had positive influence on the functioning of the Five-Star Hotels in the city of Nairobi. The descriptive analysis showed that most of the selected hotels in Nairobi offered unique and diverse products and services to their clients. These hotels embraced innovativeness such as developing hospitality services for improved customer interactions. For example, one of the respondents indicated that Radisson Blue Hotel had developed a mobile application to improve customer experience when booking. This was among the product differentiation approaches that made a difference in the performance of Five-Star Hotels in Nairobi City. This also explained why most the statistical outcomes indicated that the differentiation approach had a considerable direct influence on the performance of the selected hotels in Nairobi. Porter's Generic Competitive Strategies Concept can be used to explain how this relationship exists. According to Porter (1985) and Thompson and Strickland (2010), the concept involves the use of tactical elements of a company and its ability to adapt to customer needs and preferences. The use of such strategies paves the way for such entities to gain an edge and remain competitive and successful in the market (Porter, 1985). Porter's (1985) assertions are further echoed by Duran and Akci (2015) who underscore that competitive strategies positively influence the organization's success

primarily under extremely uncertain conditions. This helps to affirm why the use of product/service differentiation approach was identified to be a perfect move for bolstering the competitiveness and the eventual success of the Five-Star Hotels in Nairobi.

The focus strategies were identified to have a direct relationship with the operations undertaken by the Nairobi's Five-Star Hotels. Even though the strategies were identified to have very minimal impact on the performance of these hotels, it was still appreciated that they led to an improvement of the performance of these entities when introduced. The influence of direct and positive influence of the focus strategies on the hotels' performances could be further expounded using SERQUAL Theory. The theory underlines the discrepancies existing between customer expectations and the service provided by an organisation (Agyei, 2012). This theory employs an expectations and perceptions framework to provide a basis for combining dependability, commitment, sensitivity, responsiveness, and tangibility as the aspects of quality of service in order to correspond to the distinct requirements of a particular company (Parasuraman et al., 1991; Agyei, 2012). Other researchers have found that this model was created to gauge customers' opinions regarding the quality of service brought forth by the financial industry (Lacle, 2013; Njau et al., 2017). The assertion could be further explained the statistical results that indicated that most of the Five-Star Hotels in Nairobi offered categorised pricing based on the value of the product or service. Creating of different room booking prices played a crucial role in attracting a wide range of customers, as such a focus strategy covers covered potential clients of different economic statuses. The example helped to explain why focus strategies were still deemed to have some positive influence on the performance of selected hotels in Nairobi, Kenya.

The positive influence of such focus strategies were also identified to have some indirect influence on the plans put in place by the Five-Star Hotels in

Nairobi in dealing with current and future obstacles they may have encountered while realising their expansion goals. When asked about any other plans put in place by these hotels to gain a competitive edge most of the respondents underscored that their respective hotels have come up with strategies for addressing future concerns probably to be raised by their potential and target clients. The need for having a proper future plan, as part of the focus strategy, was, therefore, seen as a mechanism for enabling the selected hotels deals with the future obstacles likely to be faced afterwards. This coincides with Hill and Brierley's (2017) assertions that indicated that organisations need to have steady and reliable future plans. This is seen as part of ensuring that customers' satisfaction is guaranteeing even in the unforeseeable future (Hill & Brierley, 2017). Hennig-Thurau (2000) also agrees with Hill and Brierley's (2017) assertions by further underlining that laying in place the proper future plans helps to win the customers' confidence, thus, creating a stable market niche. This explained why focus strategies put in place by the Five-Star Hotels in Nairobi created a platform for these entities to plan how to handle unforeseen obstacles. This also helped the selected hotels to realise their future expansion goals more effectively.

## CONCLUSIONS

The main objective of thesis project was to investigate how competitive strategies associated with the effectiveness of five-star hotels in the city of Nairobi. To attain this aim, the researcher had to develop three key specific objectives. The first one delved on investigating how leadership costs associated with the effectiveness of the selected hotels. Upon critically analysing the collected data using qualitative, as well as numerical techniques, it was identified that that costs leadership had a very huge influence in improving the effectiveness of the five-star hotels. The strategy was identified to be highly crucial for affirming the competitiveness of this hotels. Most of the interviewed organisational leaders agreed that they had to rely on some key

suppliers to help management the prices of their inputs. This was considered a form of cost leadership that, eventually, improved profitability of the selected hotels in the Kenyan capital. The second specific objective was about investigating the impact of various services and products differentiation approaches on the functioning of these hotels. Again, it was affirmed that applying various product differentiation strategies helped to create an appealing image to the target clients. This strategy proved effective in enhancing satisfaction of the clients, thus, increasing chances of winning their loyalty. A case example of the use of a booking app was deemed to be a game change, as it led to the automatic winning of the clients' confidence and loyalty. Thus, this led to the eventual growth of growth in the number of visitations on the selected hotels. The third objective aimed at investigating how focus strategies related with the approach the selected hotels took to deals with both current, as well as future obstacles they may have encountered while striving to attain their expansion goals. It was noted focus strategies had minimal albeit positive impacts on the selected hotels. Since they had positive impacts on the performance of these hotels, they were considered to be at the centre of the five-star's hotels expansion plan. Since the three specific objectives were met, it was concluded that the applied competitive strategies had a direct relationship with the effectiveness of the selected hotels in the Kenyan capital.

## Suggestion for Future Studies

Future researchers should ponder on introducing similar study in a different geographical scope such as targeting five-star hotels in American or China. The approach will help to assess whether there will be any discrepancies on the influence of the competitive strategies used by such hotels and those in Nairobi, Kenya. Therefore, such a study will assist in attaining results that can be put into application by all five-star hotels to attaining a globally-competitive marketing and management plan.

It would also be significant to try out establishing a similar study in a different sector of tourism such as the air transport. Again, this will help to offer a diverse view of how application of competitive strategies influences the performances of the

organisations in the hospitality industry. As a result, the outcome of such a study can be used to create a unified competitive plan for all organisations in the hospitality industry.

## REFERENCES

- Agyei, M. P. (2012). Factors Influencing Customer Service Loyalty in the Kenyan MobileTelecommunication Industry. Unpublished MBA Project
- Al-Ababneh, M. (2017). Quality service delivery in the Hospitality Industry. *Journal Tourism Hospitality*.
- Barney, J. (2018). Why resource-based theory's model of profit appropriation must incorporate a stakeholder perspective. *Strategic Management Journal*, 39(13): 3305-3325.
- Barney, J. B. (2014). Gaining and sustaining competitive advantage. New Jersey: Prentice Hall. Belsley, D. Kuh, E.
- Kahingo, C. M. (2018). Competitive strategies and sustainability of microfinance institutions in Murang'a County, Kenya. *Unpublished MBA project, School of Business, Kenyatta University*.
- Kennedy, D., M., Caselli, R., J. & Berry, L.L. (2011). A roadmap for improving healthcare service quality. *J Healthc Manag*; 56(6): 385–400; discussion 400-402.
- Lacle, R. (2013). Management Perception of Quality service delivery in the Hospitality Industry. Unpublished Thesis. University of Applied Sciences. Haaga-Helia
- Negi, R. (2014). Determining customer satisfaction through perceived quality service delivery: A study of Ethiopian mobile users, *International Journal of Mobile Marketing*; Vol.4, Number 1; p.31-38.
- Ngandu, H. M. (2017). Influence of competitive strategies on performance of Hotel: A case of Thika town Kenya. *Management Review*, 15(3), 32-67.
- Njuguna, J. N., Muchara, M., & Namada, J. (2019). Cost leadership-firm structure fit and performance of star rated hotels in Kenya. *International Journal of Research in Business and Social Science* (2147-4478), 8(5), 11-17.
- Ongore, V. O. & K'Obonyo, P. O. (2011). Effects of selected corporate governance characteristics of firm performance: empirical evidence from Kenya. *International Journal of Economics and Financial Issues*. 1(3), 99-122.
- Porter, E.M. (1985). *Competitive Strategy*: Free Press, New York: USA
- Porter, M., & Millar, V. E. (2012). How Information gives you Competitive Advantage. *Harvard Business Review* , 149-160.
- Tanwar, R. (2013). Porter's Generic Competitive Strategies. *IOSR Journal of Business and Management* (IOSR, 15(1), 11-17
- Warrens, M. J. (2015). Some relationships between Cronbach's alpha and the Spearman-Brown formula. *Journal of Classification*, 32, 127-137.
- Winter, S. G. (2003). Understanding dynamic capabilities. *Strategic Management Journal*, 24(10), 991-995).