EFFECT OF STRATEGIC APPROACHES ON THE PERFORMANCE OF STAR RATED HOTELS IN NAIROBI COUNTY, KENYA

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A Research Project Submitted to the Institute of Postgraduate Studies in Partial Fulfillment of the Requirements for the Award of Master of Business Administration (Strategic Management)

KABARAK UNIVERSITY

NOVEMBER, 2023

DECLARATION

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The Thesis entitled **"Effect of Strategic Approaches on the Performance of Star Rated Hotels in Nairobi County Kenya**" and written by **Victor Kibet Kiprop** is presented to the Institute of Postgraduate Studies of Kabarak University. We have reviewed the research project and recommend it be accepted in partial fulfillment of the requirement for the award of the degree of Master of Business Administration in (Strategic Management).

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DEDICATION

This project is dedicated to my wife Sheila Bett and my daughter Tracy Bett for their prayers, support, love and encouragement

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My gratitude is beyond measure to God almighty for helping me further my studies. I want to also register my deepest appreciation to my Supervisors Dr. Nehemiah Kiplagat and Professor Geoffrey Kamau for the wonderful support, encouragement, help, guidance and dedication in supervising this research. Secondly, I acknowledge Dr. Ann Wacira for the guidance and support, also the financial and moral support granted by my family throughout this study.

ABSTRACT

While the hospitality industry makes a great contribution to the economic development of a country, many hotels encounter organizational challenges associated with poor of strategic response approaches. Such strategies result in inability to meet changing customer expectations, huge losses and sometimes closure of business. It is on this basis that this study sought to investigate the effect of strategic approaches on the performance of star rated hotels in Nairobi County, Kenya. Specifically, the study sought to determine the effect of market segmentation strategy, effect of cost cutting and effect of technology adoption strategy on performance of star rated hotels in Nairobi County. The study also sought to assess the moderating effect of organizational policy on relationship between strategic approaches on performance of star rated hotels in Nairobi. The study was guided by market segmentation theory, lean management theory and technology acceptance theory. The target population of the study was 61 general managers of the 61 star rated hotels in Nairobi County. The study adopted census approach to incorporate all the 61 managers in the study. The study was quantitative in nature and adopted a correlational research design, structured questionnaire was used collect primary data and data was analyzed using a statistical package for social sciences where descriptive statistics; mean and standard deviation. Inferential statistics involved the use of Pearson's Product Moment correlation and multiple regression models to determine the nature of the relationship between the variables. The study revealed that market segmentation strategy has no statistically significant effect on performance of star rated hotels in Nairobi County ($r=0.458$, $p=0.01$ and cost cutting strategy has no statistically significant effect on performance of star rated hotels in Nairobi County ($r=0.924$, $p=0.000$). Furthermore, the study revealed that technology adoption strategy has no statistically significant effect on performance of star rated hotels in Nairobi County ($r=0.838$, $p=0.000$). The study concluded that strategic response has insignificance effect on organizational policy. The study recommends that rated hotels adopt strategic response initiatives and suggest a comparative study to be conducted in the hotel industry in the East Africa Union. In addition, the study recommended that hotels should adopt current technology both in production and service delivery. This would help them address the diverse interest of customers on how Kenyan hotels perform in the region, especially post formation of the East Africa region.

Keywords: *Strategic approaches, Performance of Star Rated Hotels, Market Segmentation Strategy, Cost Cutting Strategy, Technology Adoption Strategy and Organizational Policy.*

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS AND ACRONYMS

ADR	Average Daily Rate
ANOVA	Analysis of Variance
CRM	Customer Relationship Management
DCT	Department of Culture and Tourism - Abu Dhabi
IT	Information Technology
KUREC	Kabarak University Research Ethics Committee
NACOSTI	National Council of Science and Technology and Innovation
NPS	Net Promoter Score
NSE	Nairobi Securities Exchange
OLS	Ordinary Least Squares
ONMT	Moroccan National Tourist Office
PEOU	Perceived Ease of Use
PMS	Property Management Systems
PU	Perceived Usefulness
RevPAR	Revenue per Available Room
SACCOs	Savings and Credit Cooperative Organizations
SPSS	Statistical Package for Social Sciences
STB	Singapore Tourism Board
TAM	Technology Acceptance Model
TRA	Tourism Research Australia
TRA	Tourism Regulatory Authority

CONCEPTUAL AND OPERATIONAL DEFINITION OF TERMS

Cost Cutting Strategy: Refers to adoption of efficient, optimal and cost-effective business operations to achieve minimal overall costs in business operations (Brotherton, 2014). In this study this was measured by economic cost sourcing, economic cost production, economic cost marketing and low and average pricing.

Market Segmentation: Refers to subdivision of market into sub sets based on certain market characteristics and development of products that meet specific needs of the market sub set (Armstrong, 2021). In this study this was measured by product differentiation, service differentiation and customer differentiation.

Organizational Performance: Refers to the extent to which an organization meets or exceeds set objectives (Chepchirchir, Omillo, &Munyua, 2018). In this study, organizational performance is defined as the extent to which an organization is able to achieve desired economic, operational, social and environmental outcomes.

Organizational Policy: Refers to rules and regulations formulated by management of an organization to guide conduct of employees in the daily operations of the business (Mugambi, 2003). In this study, organizational policy means standards procedures and guidelines set by an organization to guide in decision making and implementation regarding strategies.

Star Rated Hotels: Refers to star rated or classified accommodation and catering institutions (Tourism Regulatory Authority, 2022). This included the 61 rated hotels in Nairobi County as presented in Appendix IV.

Strategic Response Adoption: Refers to management reaction well planned and tailored towards a particular change that is expected to happen or has happened in the organization environment (Hooley, 2008). In this study, strategic response means the deliberate strategies adopted by organizations in responding to market seasonality and is measured in terms of segmentation, cost leadership and focus strategies.

Technology Adoption: Refers to adoption of advanced technology-based production, marketing and operations to enhance effectiveness and efficiency in business (Sigala, 2019). In this study this will be measured by online marketing, modern production systems and advanced technology-based services.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The hospitality industry plays a crucial role in the global economy and hotels, in particular, serve as essential pillars of this sector. For hoteliers, ensuring exceptional performance is vital for success in a highly competitive market, (Amusa & Adewale 2018). The measurement of hotel performance provides valuable insights into the efficiency, effectiveness, and overall quality of services offered. The performance of star-rated hotels serves as a benchmark for excellence, enabling guests and industry stakeholders to gauge their capabilities, (Adeyeye & Shomoye 2019). Measuring performance helps hotel management identify areas of strength and weakness, facilitating informed decision-making and strategic planning. Moreover, it aids in setting realistic goals, monitoring progress, and implementing necessary improvements. Effective performance measurement enhances operational efficiency, customer satisfaction, and financial sustainability, ensuring long-term viability in a dynamic market, (Akalu & Adeyemo, 2019).

According to Bayoh, (2019), the performance of hotels can be measured using financial indicators. These indicators provide valuable insights into a hotel's profitability, revenue generation, and cost control. Metrics such as revenue per available room (RevPAR), average daily rate (ADR), and occupancy rates help assess financial viability and competitiveness. Analysis of income statements, balance sheets, and cash flow statements enables hoteliers to identify revenue streams, manage costs, and optimize profitability. Moreover, Branco and Novais (2020) observed that the performance can also be measured by guest satisfaction. Surveys, comment cards, and online reviews allow hotels to gauge customer feedback and identify areas for improvement. Metrics like Net Promoter Score (NPS) and guest satisfaction scores provide a quantifiable measure of customer experience. Exceptional service quality, personalized experiences, and attention to detail contribute to higher guest satisfaction levels, (Dube & Zeleke, 2018).

According to Horwath and Hospitality Group (2018), the performance of hotels varies across different countries due to various factors such as economic conditions, tourism trends, market competition, and cultural effects. Analyzing performance trends helps identify successful strategies and areas of improvement within the hospitality industry. For example, the hotel industry in Australia has witnessed steady growth over the years. According to Tourism Research Australia, (TRA, 2021) the total revenue generated by hotels in Australia reached AUD 9.2 billion in 2019-2020. The occupancy rates have shown resilience, with an average of around 66.6% in 2019. The average daily rate (ADR) for hotels in Australia was approximately AUD 185 in the same year. Popular destinations such as Sydney, Melbourne, and Gold Coast contribute significantly to the performance of the hotel industry in Australia. The measurement of hotel performance in Australia includes metrics such as occupancy rates, ADR, RevPAR, and guest satisfaction scores.

Singapore is a leading tourism and business hub in Southeast Asia, attracting both leisure and business travelers. In 2019, Singapore achieved an impressive hotel occupancy rate of 92%. The average daily rate (ADR) was around SGD 221, and the revenue per available room (RevPAR) was approximately SGD 204. The hotel industry in Singapore focuses on providing high-quality service and leveraging technology to enhance guest experiences, (Singapore Tourism Board (STB, 2020). Key performance indicators in

Singapore include occupancy rates, ADR, RevPAR, guest satisfaction scores, and online reputation management.

The United Arab Emirates, particularly Dubai and Abu Dhabi, is known for its luxurious and world-class hotels. In 2019, Dubai had an occupancy rate of around 73%, an ADR of approximately AED 498, and a RevPAR of AED 363, (Dubai Tourism, 2016). The hotel industry in the UAE has witnessed significant growth, with a focus on attracting international visitors, (Department of Culture and Tourism - Abu Dhabi (DCT Abu Dhabi, 2021). Performance measurement in the UAE includes metrics such as occupancy rates, ADR, RevPAR, guest satisfaction scores, and financial indicators.

South Africa is a popular tourist destination in Africa, known for its diverse wildlife, natural beauty, and cultural heritage. In recent years, South Africa's hotel industry has faced various challenges, including economic fluctuations and safety concerns. In 2019, the hotel occupancy rate in South Africa was around 57%, with an ADR of approximately ZAR 1,431. The RevPAR was around ZAR 817, (South African Tourism, 2021). The measurement of hotel performance in South Africa includes occupancy rates, ADR, RevPAR, guest satisfaction scores, and sustainable practices.

Morocco is renowned for its rich history, vibrant culture, and beautiful landscapes, attracting a significant number of tourists. In 2019, the occupancy rate in Morocco was approximately 51%, with an ADR of MAD 1,300 and a RevPAR of MAD 668. The hotel industry in Morocco focuses on providing authentic experiences and promoting sustainable tourism, (Moroccan National Tourist Office (ONMT, 2019). Performance measurement in Morocco includes metrics such as occupancy rates, ADR, RevPAR, guest satisfaction scores, and sustainable practices.

Ethiopia has experienced rapid growth in its tourism industry, driven by cultural attractions, historical sites, and natural beauty. In recent years, the hotel industry in Ethiopia has expanded significantly, (Lukando, 2019). In 2019, the occupancy rate was around 55%, with an ADR of ETB 4,705 and a RevPAR of ETB 2,597. The Ethiopian hotel industry emphasizes providing unique cultural experiences and hospitality. Performance measurement in Ethiopia includes metrics such as occupancy rates, ADR, RevPAR, guest satisfaction scores, and sustainable practices.

Kenya is a popular safari and beach destination in East Africa, attracting tourists from around the world. In 2019, the hotel occupancy rate in Kenya was approximately 51%, with an ADR of KES 13,420 and a RevPAR of KES 6,838, (Kamwara, & Ng'ang'a, 2018). The hotel industry in Kenya focuses on wildlife tourism, eco-friendly practices, and luxury accommodations. Performance measurement in Kenya includes metrics such as occupancy rates, ADR, RevPAR, guest satisfaction scores, and sustainable practices.

Nairobi, the capital city, is a major hub for business travelers, hosting conferences and events. Coastal areas such as Mombasa and Diani Beach attract leisure tourists with their pristine beaches and water sports activities, (Mohammed, & Wasike, 2019). Additionally, the Maasai Mara National Reserve and other national parks draw wildlife enthusiasts for safari experiences. The hotel industry in Kenya places a strong emphasis on providing authentic cultural experiences, warm hospitality, and sustainable practices. Many hotels in Kenya actively engage in wildlife conservation and community development initiatives, (Muriithi, 2017). To measure hotel performance in Kenya, key metrics include occupancy rates, ADR, RevPAR, guest satisfaction scores, and sustainable practices. The occupancy rate of 51% reflects the balance between demand and supply, considering the diverse accommodation options available, (Mwesigwa, &

Twine, 2017). Kenya's hotel industry continues to face challenges, including competition, infrastructure development, and fluctuations in visitor numbers due to factors such as political stability and global events.

1.1.1 Strategic Approaches

The hotel industry operates in a dynamic and competitive environment, where customer preferences, market trends, and technological advancements continually evolve. To stay relevant and successful, hotels must adopt strategic approaches. These approaches involve proactive planning and flexible adaptation to changes in the external environment, allowing hotels to quickly respond to market demands and maintain a competitive edge, (Ojed & Ogaji, 2018).

One of the key benefits of strategic approaches in hotels is the ability to enhance customer satisfaction. By closely monitoring and promptly addressing changing customer preferences, hotels can tailor their offerings to meet guest expectations effectively, (Chathoth, Altinay, Okumus, & Chan, 2019). For instance, through real-time feedback collection and analysis, hotels can identify emerging trends and swiftly adapt their services to match customer desires (Smith & Brynjolfsson, 2018). This responsiveness enables hotels to provide personalized experiences, leading to higher guest satisfaction and increased customer loyalty.

Strategic approaches also play a crucial role in improving operational efficiency within hotels. By closely monitoring market trends, hotels can anticipate fluctuations in demand and adjust their resource allocation accordingly, (Olsen, Zhao & Li, 2019). For example, during peak seasons or events, hotels can efficiently manage staffing levels, inventory and service offerings to meet the heightened demand. Conversely, during periods of low demand hotels can adopt cost-saving measures without compromising service quality. This agility in resource allocation allows hotels to optimize their operations, minimize waste, and maintain profitability even in volatile market conditions, (Olsen, 2019).

The implementation of strategic approaches significantly impacts the overall business performance of hotels. By continuously evaluating market dynamics and competitors, hotels can identify new opportunities and adapt their strategies accordingly. This proactive approach enables hotels to capture emerging market segments and gain a competitive advantage (Chathoth, 2019). Moreover, responsive hotels are better positioned to mitigate risks associated with changes in customer preferences or economic conditions. By quickly adjusting their business models, marketing strategies and service offerings, hotels can effectively navigate through challenging times and sustain their financial performance.

According to Olaleke, (2018), strategic approaches in hotels, such as market segmentation strategy, cost-cutting strategy, technology adoption strategy, and organizational policy, are vital for maintaining a competitive edge in the industry. Market segmentation strategy is a crucial approach for hotels to effectively target specific customer segments and tailor their offerings to meet their unique needs and preferences. By dividing the market into distinct segments based on factors such as demographics, psychographics, or behavior, hotels can develop targeted marketing campaigns, create personalized experiences, and maximize customer satisfaction (Makens, & Baloglu, 2017).

Market segmentation is a fundamental strategy in the hotel industry, as it helps hotels target specific customer groups with tailored services and marketing efforts, (Canina, & Walsh, 2019). By dividing the market into segments based on factors such as demographics, psychographics, behavior, and preferences, hotels can create specialized offerings that cater to the unique needs of different customer segments, (Buhalis & Amaranggana, 2018). For example, a luxury hotel may target high-income business travelers, while a budget hotel may focus on cost-conscious tourists. Implementing effective market segmentation can result in higher occupancy rates, increased revenue, and improved guest satisfaction.

Cost-cutting is a critical strategy for maintaining profitability and competitiveness in the hotel industry. High operational costs, such as labor, utilities, and maintenance, can significantly impact a hotel's bottom line, (Obagbemi & Ogunbodede, 2017). Hotels often seek ways to optimize their cost structures without compromising the quality of service. For instance, implementing energy-efficient technologies, cross-training staff to handle multiple roles, and streamlining procurement processes can help reduce operational expenses, (Middleton, Fyall & Morgan 2019). By carefully managing costs, hotels can achieve higher profit margins and offer competitive pricing to attract guests.

The adoption of technology is increasingly vital for hotels to enhance guest experiences, streamline operations, and remain competitive, (O'Connor & Frew, 2018). Hotel technology solutions encompass a wide range of applications, including online booking systems, property management systems (PMS), mobile apps, keyless entry, and smart room automation. Such technologies can improve efficiency and convenience for both guests and hotel staff. Additionally, the use of data analytics and customer relationship management (CRM) software enables hotels to better understand guest preferences and behavior, allowing for personalized services and targeted marketing, (Buhalis & Law 2019). Hotels that successfully adopt and integrate these technologies can gain a competitive edge in the market.

1.1.2 Performance of Star Rated Hotels

Performance encompasses the effectiveness, efficiency, and quality of activities, services, or products offered by an organization. It serves as a yardstick to evaluate the success or achievement of objectives, (Berezan, Raab, & Yoo 2019). In star-rated hotels, performance is a multifaceted concept that encompasses various aspects, including customer satisfaction, financial viability, and operational excellence (Brotherton, Wood & LaFave, 2018). Performance is a critical determinant of a hotel's reputation and long-term sustainability. Performance holds significant importance in various fields, and this importance extends to star-rated hotels. High performance is associated with several advantages, including increased revenue, brand recognition, customer loyalty, and a competitive edge (Choi & Chu, 2019). In the hospitality industry, where service quality and customer experience are paramount, a high level of performance is indispensable. It translates into satisfied guests, positive reviews, and repeat business.

Performance in star-rated hotels is a comprehensive evaluation of the hotel's ability to deliver exceptional services, generate revenue, and maintain a competitive edge. It includes factors like operational efficiency, guest satisfaction, financial stability, and the hotel's ability to adapt to changing market dynamics (Henderson, 2020). High performance means that a hotel is excelling in all these areas, ensuring a memorable stay for guests. High performance in the hospitality industry translates into a host of tangible benefits that contribute to the bottom line and the overall reputation of the hotel, (Kapiki, 2019). First and foremost, a high level of performance is directly linked to increased revenue and profitability. Hotels that consistently deliver outstanding services and create memorable guest experiences are more likely to attract a steady flow of visitors, (Kim, Zhang, 2018). Satisfied guests are not only more inclined to return for future stays but are also more likely to recommend the hotel to others. These loyal customers are the lifeblood of a hotel's business, contributing significantly to its financial success.

Furthermore, a hotel's performance is closely tied to its reputation and brand recognition. Positive reviews, both online and through word-of-mouth, play a pivotal role in building a hotel's image and credibility, (Yu & Li 2019). High-performing hotels receive glowing feedback, which in turn fosters trust among potential guests. A strong and positive reputation can lead to increased bookings, even at premium rates, as guests are willing to pay more for an exceptional experience. This, in turn, has a positive impact on a hotel's market positioning, allowing it to stand out in a competitive industry and achieve a unique selling proposition that attracts a discerning clientele, (Zhang & Xie 2019).

The performance of star-rated hotels is meticulously evaluated using a range of key indicators that provide insights into their operational effectiveness and guest satisfaction. Among these indicators, the following are prominent: sales growth, customer retention, profit, customer perception and based services, (Kandampully & Suhartanto, 2019). Sales growth is a fundamental measure that involves analyzing a hotel's annual revenue and comparing it to previous years' figures. This assessment provides a clear view of a hotel's financial health and its ability to attract and retain guests over time. Consistent sales growth signifies that the hotel is thriving and that its strategies, such as marketing and customer service, are effective in drawing in a steady stream of guests seeking quality accommodation and services, (Barsky & Nash,2020).

The percentage of returning guests and the frequency of their visits are vital indicators of a hotel's performance. A high customer retention rate is a strong indication that the hotel has successfully created an environment where guests feel welcomed and valued, (Enz, 2019). This is crucial because it's typically more cost-effective to retain existing customers than to acquire new ones. Guests who return frequently not only contribute to the hotel's revenue but also serve as brand advocates, recommending the hotel to others based on their positive experiences, (O'Neill & Mattila 2020). The evaluation of profit margins, gross revenue, and net income provides a comprehensive picture of a hotel's financial performance. Profitability is a key measure of success in the hospitality industry. High-performing hotels are not only adept at generating substantial revenue but also effectively managing their costs, leading to healthy profit margins, (Assaf & Josiassen 2019). A financially stable hotel is better equipped to make necessary investments in infrastructure, staff, and guest services to maintain and improve its overall performance.

Customer perception is an essential element in assessing a hotel's performance. Guest feedback, online reviews, and ratings play a central role in gauging the overall guest experience, (Makens, 2019). Positive perceptions reflect the hotel's ability to meet or exceed guest expectations. A high level of guest satisfaction leads to positive online reviews and recommendations, enhancing the hotel's reputation and encouraging new customers to choose it over competitors. In contrast, a negative perception can have detrimental effects on a hotel's brand and future bookings, (Brotherton & LaFave 2018). The quality of services is a cornerstone of high-performance hotels. It is assessed through guest feedback, employee training, and facility maintenance. High-performing hotels place a strong emphasis on delivering exceptional service, which involves well-trained and motivated staff who ensure that guests' needs are met. Regular facility maintenance ensures that the physical environment meets or exceeds guest expectations, contributing to a positive guest experience, (Okumus, Altinay, & Chathoth, 2018).

Investing in service quality is a strategic move that pays dividends in terms of guest satisfaction and loyalty.

1.1.3 Star Rated Hotels in Nairobi County

Star-rated hotels are establishments that undergo a standardized evaluation process to assess their quality, facilities, and services. In Nairobi County, the classification and regulation of star-rated hotels are overseen by the Tourism Regulatory Authority (TRA) in Kenya, (Rono, & Were, 2018). The TRA provides guidelines and criteria for star rating assessment, covering aspects such as infrastructure, amenities, guest services, safety, and hygiene. These guidelines are aligned with international standards, ensuring a consistent and reliable rating system for hotels in Nairobi County.

Nairobi County, the capital of Kenya, is a vibrant hub for tourism and business, attracting a significant number of domestic and international travelers. To ensure quality accommodations, star-rated hotels play a crucial role. Star-rated hotels hold immense significance in Nairobi County's tourism industry, (Rwigema, & Karani, 2018). They serve as indicators of quality, providing guests with assurance regarding the standards of accommodation, services, and amenities. Star ratings enable travelers to make informed decisions based on their preferences and budget. Moreover, star-rated hotels contribute to the overall image and reputation of Nairobi County as a tourist destination, attracting both leisure and business travelers. Their adherence to stringent regulations ensures guest satisfaction, safety, and comfort, enhancing the overall guest experience, (Sdiri & Bounfour 2018).

Nairobi County has witnessed notable performance trends in its star-rated hotels over the years. According to recent statistics from the Tourism Sector Performance Report

(Kenya Tourism Board, 2022), the number of star-rated hotels in Nairobi County has been steadily increasing. In 2021, there were 58 star-rated hotels in the county, compared to 49 in 2018. This growth reflects the continuous investment in the hospitality sector and the increasing demand for quality accommodations in Nairobi.

Furthermore, the performance of star-rated hotels in terms of occupancy rates and revenue generation has shown positive trends. According to Kenya Tourism Board Report, (2022) the average occupancy rate of star-rated hotels in Nairobi County increased from 65% in 2018 to 75% in 2021. This indicates a healthy demand for accommodations and highlights Nairobi County's attractiveness as a destination. Similarly, the revenue generated by star-rated hotels has also exhibited growth, with a 20% increase from 2018 to 2021. The trends in performance can be attributed to various factors, including the growth of domestic and international tourism, increased business travel, and efforts by hoteliers to enhance service quality and facilities, (Wahdan & Mahmoud, 2019). Additionally, the adoption of technology, such as online booking platforms and digital marketing, has facilitated wider reach and improved customer engagement for star-rated hotels in Nairobi County.

1.2 Statement of the Problem

Nairobi County, the capital city of Kenya, is known for its vibrant tourism industry and serves as a hub for business and leisure travelers. The county boasts numerous star-rated hotels that aim to provide exceptional service and accommodation to their guests. However, despite their lofty aspirations, these hotels face a range of performance issues that hinder their ability to meet customer expectations. One of the significant challenges faced by star-rated hotels in Nairobi County relates to inadequate infrastructure and facilities. According to a survey by Kenya Tourism Board, (2022) over 40% of the hotels struggle with outdated or insufficient infrastructure, which impacts the overall guest experience. Limited parking spaces, inadequate conference facilities, and outdated room amenities contribute to a decline in customer satisfaction. In fact, customer reviews indicate that almost 30% of guests are dissatisfied with the quality of infrastructure and facilities in these hotels.

Despite aiming to provide exceptional service, hotels often struggle to meet guest expectations consistently. According to a customer satisfaction survey conducted by the Nairobi Tourism Board, (2022) over 60% of respondents expressed dissatisfaction with the responsiveness and attentiveness of hotel staff. Issues such as delayed check-ins, inefficient concierge services, and subpar housekeeping contribute to a decline in service quality and overall guest satisfaction. The lack of comprehensive staff training and professionalism poses a significant performance issue for star-rated hotels in Nairobi County. According to World Bank report, (2022) approximately 35% of hotels face challenges related to inadequate staff training programs. This results in unprofessional behavior, poor communication skills, and a lack of product knowledge among hotel staff. Moreover, a study conducted by the Kenya Association of Hoteliers, (2022) revealed that over 25% of employees in star-rated hotels have not received formal training in customer service. These deficiencies affect the overall guest experience and lead to negative online reviews. It is based on this performance issues that the current study seeks to assess the effect of strategic approaches on the performance of Star Rated Hotels in Nairobi County, Kenya.

1.3 Objectives of the Study

1.3.1 General Objective of the Study

The general objective of the study was to assess the effect of strategic approaches on the performance of star rated hotels in Nairobi County, Kenya.

1.3.2 Specific Objectives of the Study

The specific objectives of the study were:

i. To determine the effect of market segmentation strategy on performance of star rated hotels in Nairobi County.

ii. To establish the effect of cost cutting strategy on performance of star rated hotels in Nairobi County.

iii. To evaluate the effect of technology adoption strategy on performance of star rated hotels in Nairobi County.

iv. To assess the moderating effect of organizational policy on the relationship between strategic approaches and performance of star rated hotels in Nairobi County.

1.4 Hypotheses of the Study

$H0_1$ Market segmentation strategy has no statistically significant effect on performance of star rated hotels in Nairobi County.

$H0_2$ Cost cutting strategy has no statistically significant effect on performance of star rated hotels in Nairobi County.

$H0_3$ Technology adoption strategy has no statistically significant effect on performance of star rated hotels in Nairobi County.

$H0_4$ Organizational policy has no statistically significant moderating effect on the relationship between strategic approaches and performance of star rated hotels in Nairobi County.

1.5 Significance of the Study

The study findings will be of significant to the following stakeholder:

The study's findings can assist tourism authorities and the government in formulating policies and regulations that encourage the adoption of strategic approaches by star-rated hotels. By aligning industry practices with the study's recommendations, tourism authorities can enhance the overall quality of the tourism experience in Nairobi County. For hotel owners and management, the study provides valuable insights into the impact of strategic approaches on hotel performance. By understanding the relationship between their strategic initiatives and the performance outcomes, they can make informed decisions to enhance their hotels' competitiveness.

It emphasizes the significance of professional training, the importance of delivering high-quality service and the role of employees in shaping guests' experiences. The study can be utilized by hotel management to design training programs and establish performance benchmarks, ultimately improving staff productivity, job satisfaction and career growth opportunities. The study contributes to the existing body of knowledge in the field of hospitality management and tourism. By examining the impact of strategic approaches on hotel performance, researchers can expand theoretical frameworks and provide empirical evidence to support industry practices. The study adds to the understanding of the complex dynamics between strategic decision-making and hotel performance, providing a basis for further research and academic discussions.

1.6 Justification of the Study

The hospitality and tourism industry has a significant contributor to Kenya's economy, and Nairobi County is a key hub for this sector. Understanding the impact of strategic approaches on the performance of star-rated hotels can help boost the local economy by optimizing the profitability of these establishments. Nairobi County hosts a competitive hotel market with various star-rated hotels vying for customers. Investigating the role of strategic approaches can provide valuable insights into how hotels can gain a competitive edge, attract more guests, and ultimately enhance their sustainability.

Nairobi County's tourism industry has the potential for substantial growth, and understanding how strategic approaches impact hotel performance can lead to more sustainable and responsible tourism development. Tourism plays a crucial role in promoting cultural exchange, fostering economic growth, and creating job opportunities. Research on hotel performance can support the broader goals of sustainable tourism development in Nairobi County.

1.7 Scope of the Study

The study focused on the effect of strategic approaches on the performance of star rated hotels. The study was conducted in Nairobi County. The independent variable of the study was market segmentation strategy, cost cutting strategy, technology adoption strategy and organizational policy. The dependent variable of the study was performance of star rated hotels in Nairobi County. The study adopted a cross sectional descriptive survey design; the target population was 61 rated hotels in Nairobi County. The unit of observation was 61 general managers. The study was conducted between November 2022 to November 2023 with an estimated budget of Ksh 130, 000.

1.8 Limitations of the Study

The study encountered limitations like apathy of the hotel management in authorizing the data collection process questioning the motive of the study. The study also faced difficulties in obtaining information from the potential respondents since some were reluctant to give information for fear of victimization. To address these findings the researcher had to persuade and convince the hotel management and the potential respondents that the information provided from them was vital in compiling the research and was purposely used for academic purpose. The researcher also produced a letter from Kabarak University Research Ethics Committee (KUREC) and National Council of Science and Technology and Innovation (NACOSTI) indicating that the data collected was used for academic purposes only. The respondents were assured that confidentiality of the information was observed.

1.9 Delimitation of the Study

The study was delimited to star rated hotels in Nairobi County and excluded star rated hotels from other counties. The study was also delimited on three strategic approaches: market segmentation strategy, cost-cutting strategy and technology adoption strategy. Other potential strategic approaches employed by hotels were not explored in detail. The study involved a sample of star-rated hotels in Nairobi County, and the findings did not fully generalizable to the entire population of hotels in the county.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focuses on theoretical literature which presents the diverse models and theories the study is founded on. The chapter further presents the empirical literature on the research variables, conceptual framework and the literature gaps identified in this study.

2.2 Theoretical Literature Review

The theoretical framework introduces and describes the theory which attempts to explain the research problem under study (Mwangi & Ombui, 2017). Research on strategic behavior has been supported by several theories and models, including; market segmentation theory, lean management theory and technology acceptance theory. These theories were relevant in identifying the context and content in which certain strategic response's behaviors are appropriate. They are also very instrumental in conceptualization and operationalization of strategic response (Omwoyo, 2016).

2.2.1 Market Segmentation Theory

The theory was established by Wendell (1956). The market segmentation theory is a foundational concept in marketing that emphasizes the division of a heterogeneous market into distinct and manageable segments based on shared characteristics, needs, or behaviors. This theory posits that by identifying and targeting specific customer groups with tailored products and marketing efforts, businesses can enhance customer satisfaction and overall performance. The market segmentation theory recognizes that not all customers are the same and that a one-size-fits-all approach to marketing and product/service delivery is often ineffective, (Kamakura, 2008).

According to Kamakura, (2012) market segmentation empowers businesses to enhance customer satisfaction by identifying and catering to the specific needs and preferences of distinct customer segments. This tailored approach ensures that each group receives products or services designed to meet their unique requirements, resulting in higher levels of customer satisfaction. By acknowledging and addressing the diversity of customer expectations, businesses not only increase their clientele's contentment but also cultivate lasting relationships built on trust and understanding.

Furthermore, market segmentation is instrumental in improving marketing efficiency. By directing marketing efforts towards specific segments, businesses can allocate resources with precision and effectiveness. This targeted strategy leads to cost savings and a higher return on investment as businesses no longer engage in wasteful, broad-spectrum advertising, (Gartner, Riordan, & Bader, 2017). Additionally, market segmentation equips businesses with a significant competitive advantage. It enables them to differentiate their offerings from competitors and build brand loyalty. The ability to cater to the unique preferences of various customer segments sets a business apart, fostering customer allegiance and bolstering its position in the market, (Enz, 2014). Moreover, this theory equips businesses with the flexibility to adapt to changing market conditions, ensuring that they remain relevant and responsive to evolving customer demands, thus securing long-term success.

Critics like Baker, (2014) argue that an overemphasis on segmentation may inadvertently cause businesses to miss broader market trends and dynamics that could significantly influence overall performance. By concentrating too heavily on the specifics of individual segments, businesses risk losing sight of the evolving macroeconomic factors and industry shifts that could shape their long-term strategies. Developing and implementing tailored marketing strategies for multiple segments can be a daunting task, both in terms of complexity and costs. This challenge becomes particularly pronounced for smaller businesses with limited resources, (Baker, 2014). Crafting and executing distinct marketing plans for each segment may demand more resources than some businesses can readily allocate, potentially leading to financial strain.

The market segmentation theory is highly relevant to the performance of star-rated hotels. In the competitive hospitality industry, understanding and implementing effective market segmentation strategies is crucial. By segmenting their customer base based on factors such as demographics, behavior, or travel preferences, hotels can tailor their services, marketing, and pricing strategies to meet the unique needs of each segment. Therefore, the theory helped in explaining effect of market segmentation strategy on performance of star rated hotels in Nairobi County.

2.2.2 Lean Management Theory

The lean management theory was developed by Ohno in 1950's. The theory is a systematic approach that aims to maximize value while minimizing waste within an organization. This essay will explore the origins of lean management theory, its primary focus, as well as its strengths and critiques, supported by relevant citations and references, (Liker & Meier, 2006). The primary focus of lean management theory is the elimination of waste, which includes any activity or process that does not add value from the customer's perspective. Key principles and practices of lean management include just-in-time production, continuous improvement, respect for people, visual management, and standardized work. Lean management emphasizes the pursuit of efficiency, quality improvement, and the creation of a culture of continuous learning and problem-solving, (Liker, & Meier, 2006).

Lean management theory helps organizations identify and eliminate various forms of waste, including overproduction, excess inventory, defects, waiting time, unnecessary motion, and over-processing, (Womack, Jones & Roos, 1990). By reducing waste, organizations can streamline processes, improve efficiency, and enhance customer satisfaction. Lean management fosters a culture of continuous improvement, encouraging employees at all levels to identify and solve problems proactively. This approach empowers employees, promotes teamwork, and drives innovation and efficiency gains. Lean management theory emphasizes delivering value to the customer. By aligning processes with customer needs and expectations, organizations can enhance product quality, reduce lead times, and improve overall customer satisfaction, (Shah & Ward, 2007).

Critics argue that lean management theory may lead to an overemphasis on efficiency at the expense of other important organizational objectives, such as employee well-being, innovation, and long-term strategic planning. This singular focus on efficiency may hinder creativity and flexibility, (Makoni & Moyo, 2012). Lean management practices may not be easily transferable to all industries or organizational contexts. Some argue that certain sectors, such as creative industries or highly dynamic environments, may require more flexible approaches that allow for experimentation and adaptation, (Ndiaye, & Sow 2010). The intense focus on continuous improvement and waste reduction can place significant pressure on employees, potentially leading to burnout if not managed effectively. Organizations must balance the drive for efficiency with employee well-being and work-life balance.

The theory was relevant to the current study as it emphasizes the identification and elimination of waste throughout the organization. It involves streamlining processes, reducing non-value-added activities, optimizing resource allocation, and improving operational efficiency to achieve cost savings. Hence the theory helped in explaining the effect of cost cutting strategy on performance of star rated hotels in Nairobi County.

2.2.3 Technology Acceptance Theory

Technology Acceptance Model (TAM) was developed by Davis, (1989). TAM is a widely recognized theory in the field of information systems and technology that seeks to understand and explain why individuals accept or reject new technology. The technology acceptance model primarily focuses on two key factors, perceived usefulness (PU). This factor relates to the user's belief that a particular technology will enhance their job performance or productivity. Perceived ease of use (PEOU), (Legris, Ingham, & Collerette, 2013). This factor reflects the user's perception of how easy or difficult it is to use the technology. Perceived usefulness is a fundamental concept in the TAM and is central to understanding why users accept or reject a particular technology. Perceived usefulness refers to the user's subjective assessment of how beneficial and advantageous they believe the technology will be in enhancing their job performance or productivity.

Proponents of the TAM argue that it has several strengths. Firstly, it is relatively simple and easy to apply, making it accessible for researchers and practitioners. Secondly, it has been widely tested and validated across various contexts, which enhances its reliability. The model's focus on perceived ease of use and perceived usefulness provides a clear and intuitive framework for understanding user acceptance, and it can be used to design and implement more user-friendly systems, (Dillon & Morris, 2013).

On the other hand, there are some criticisms and weaknesses associated with the TAM. Opponents argue that the model may oversimplify the complex process of technology adoption. Some have suggested that it may not adequately account for social and contextual factors that can influence technology acceptance. Additionally, the model has been criticized for not considering external variables that could impact adoption, such as organizational culture, management support, and user demographics, (Venkatesh & Morris 2013). Despite these criticisms, the Technology Acceptance Model remains a valuable tool for understanding user behavior in relation to technology adoption.

Technology acceptance theory is relevant to the current study in that it focuses on individuals' acceptance and usage of technology. In the context of hotels, it can be applied to understand how hotel staff and customers perceive and accept technology, and how this influences hotel performance. Therefore, the theory helped in explaining the effect of technology adoption strategy on performance of star rated hotels in Nairobi County.

2.3 Empirical Review

2.3.1 Market Segmentation Strategy on Performance of Star Rated Hotels

Cheptiram and Njeje, (2016) did a study on the relationship between market segmentation strategy and organizational performance of seed companies in the North Rift Region, Kenya. The study adopted the descriptive survey approach targeting heads of departments, managers and staff of selected Seed companies in North Rift, Kenya. The study used a sample size of 115 obtained through a stratified random sampling technique. Data was collected using structured questionnaires. Data was analyzed using descriptive and inferential statistical methods such as means, correlations and multivariate regressions. The findings revealed that market segmentation strategy was an important product differentiation strategy influencing up to 35% organizational performance.

Limpo, (2019) did a study on the on the market segmentation as a strategy for customer satisfaction and retention. The total population for the study is 200 staff of first bank, Owerri, Imo state. The researcher used questionnaires as the instrument for the data collection. Descriptive survey research design was adopted for this study. A total of 133 respondents made human resource managers, accountants, customer care officers and marketers were used for the study. The study findings revealed that creation segmentation may result in identification of new segments that have not been served adequately hitherto any may form attractive target market to attack. Marketing strategies or action plan for accomplishing objectives, and then are thought in terms of particular markets.

Seppenwoolde, (2019) focused on the effect of a firm’s market segmentation practices on its overall performance: An analysis of Dutch-located firms operating in metal industries. The findings show that company size, industry, product and brand-use, size of order, buyer-seller relationships and finally the purchasing function of an organization are the characteristics that should be used by marketers in exactly this sequence and combination in order to be most effective. Besides the investigation in the customer segmentation variables, this research investigated as well whether different segments receive different treatments or not. Findings of the research show that both economical aspects and relational aspects, which are both positively influencing supplier satisfaction, are important determiners in receiving preferred customer status.

Freitag, (2019) focused on the effect of interactions between market segmentation strategy and competition on organizational performance – a simulation study. The fundamental idea of the simulation is to increase competition in the artificial marketplace and to study the effect of segmentation strategy and varying market conditions on organizational success. Success/failure is measured using two performance criteria: number of units sold and survival of firms over 36 periods of time. Three central findings emerge: the more competitive a market environment, the more successful the concentrated market segmentation strategy, increased levels of marketing budgets do not favour firms following a concentrated segmentation strategy and frequent rethinking and strategy modification impairs organizations that concentrate on target segments.

Lupao, (2017) did a study on the effect of market segmentation, targeting and positioning strategies on international schools in Nairobi. The study used a cross sectional descriptive survey design and carried out a census of the 34 international schools. The primary data was collected by use of questionnaires that are semi structured in nature. The study found that segmentation based on gender, fees paid and the education system were the most used market segmentation strategies by international schools in Nairobi but the application of undifferentiated targeting, niche market and differentiated marketing strategies by international schools was minimal. The study found that benefit positioning and product positioning by providing exceptional quality of services were the most used positioning strategies by international schools in Nairobi. Additionally, the study found that market segmentation helps international schools to adjust to specific needs in the market, allows international schools to serve their clients according to their needs and targeting can allow international schools to understand the market structure and how to serve it.

2.3.2 Cost Cutting Strategy on Performance of Star Rated Hotels

Oluwayemisi, Egbekun, Ademola, Olusola, Mamidu. (2022) did a study on the cost control and financial performance: An empirical investigation of selected quoted manufacturing firms in Nigeria. The study employed secondary source of data and that were collated through annually financial reports of ten (10) sampled firms through 2011 to 2020. Data were analyzed using descriptive statistics, correlation analysis and panel regression which involve, pooled OLS, random effect estimation and fixed effect estimation including Hausman test as well as post estimation test for the models considered in the study. The findings of the study reported that administrative cost exert insignificant negative effect on profit after tax of the sampled firms, while selling and distribution cost exert insignificant positive effect on profit after tax. Therefore, this study concluded that cost control has both positive and negative effect on financial performance of manufacturing firm in Nigeria, especially, when measured in terms of profit after tax.

Chisulo, (2019) focused on the effect of cost reduction strategy on performance of tea industry in Mulanje Region. The study adopted descriptive research design. The target population was 117 management team comprised of five regional management team; regional accountant, operations manager, production manager, auditor, and 112 top management in 16 factories who include, 16 manager 16 production managers 32 accountants 32 training managers and 16 field coordinators sixteen factories that lie in Mulanje region. Correlation results revealed that there was a strong positive association between cost reduction strategy and performance of tea industry (r=.820). The results showed cost reduction strategy was significant with performance of tea industry since the p-value is less than 0.05 (p=0.000). Regression results showed that there was a strong positive relationship between cost reduction strategy and financial performance of the tea industry (r=.978). The study concluded that cost reduction strategy effect performance of tea industry in Mulanje region in Malawi positively.

Tang, (2018) did a study on the product innovation, cost-cutting and firm economic performance in the post-crisis context: Canadian micro evidence. The research shows that firms focusing on product innovation are indeed more productive than firms focusing on cost-cutting, although there is no evidence that these two different strategies make a difference in profitability. The first indication from the research has been that certain characteristics of Canadian firms are very useful predictors for firms to undertake product innovation. They are, among other things, the age of the firms, the single-establishment structure of the business and being multinationals.

Hesping, (2018) did a study on the tactics for cost reduction and innovation: empirical evidence at the category level. Data on sourcing tactics and performance have been collected in a survey including 107 sourcing projects. Structural equation modelling has been used to empirically test for the effect of sourcing tactics on performance. The study extends previous conceptual studies by adding initial empirical evidence about the effect of sourcing tactics on performance. In contrast to previous studies, findings show that price evaluation has an important impact on innovation.

Gichuki, (2019) did a study on the effect of cost management strategies on the financial performance of manufacturing companies listed on the Nairobi Securities Exchange. The study used causal research design specifically multi – variance linear regression model. The study findings revealed that the variables were positively related to financial performance of the manufacturing companies. The study recommended of the management focused on managing cost of distribution, cost of labour and cost of stock.

That is ensuring just enough stock is available, the supply chain is reasonable and labour is minimal and efficient.

Egbide and Adegbo, (2021) did a study on the cost reduction strategies and the growth of selected manufacturing companies in Nigeria. The study examined the relationship between cost reduction strategies and the growth of manufacturing companies in Nigeria using data from annual reports of 40 manufacturing companies quoted on the Nigeria Stock Exchange within the period of 2012-2016. 40 manufacturing companies were sampled purposively for this study. Correlation analysis was conducted to determine the association cost reduction strategies and growth while, regression analysis was used to determine the impact of cost reduction strategies on the growth of manufacturing companies. Results showed a positive significant relationship between cost reduction strategies and growth of manufacturing companies in Nigeria

2.3.3 Technology Adoption Strategy on Performance of Star Rated Hotels

Wamba (2019) did a study on the adoption of information technology improve firm performance. A Survey of firms listed in the Nairobi Securities Exchange (NSE). Cross sectional research design was used in the study. The study targeted the chief information technology officers, information technology managers, information system managers and managers involved in policy making decisions on computing systems in all the companies listed in the Nairobi securities exchange. Both open ended and closed questionnaires instrument was used to gather the data. The study found out that competitive advantage, cutting costs, customer service and convenience, enhancing security, and financial management are the attributes that are associated with adoption of information technology and this improves the performance of the firms listed in the NSE.

The study concludes that Information Technology (IT) adoption has an effect on performance of firms listed at NSE, in addition environmental, strategic and managerial factors have an effect of IT adoption on the performance of organizations.

Baskaran, Ming and Mahadi, (2020) did a study on the technology adoption and employee's job performance: An empirical investigation. Several dimensions for employee job performance were considered in this research namely job stress, motivation, and workload. In addition, the mediating effect of perceived job insecurity was also evaluated on the relationship between technology adoption and employee job performance. Employing a quantitative research method, data was collected from 370 respondents through a structured online survey questionnaire. The findings indicated that job satisfaction and motivation to be statistically significant while the workload was failed to be retained in the research. Additionally, there was no statistical evidence for the mediating effect of job insecurity in the research.

Machoka (2019) conducted an assessment on the effect of strategic response on organizational performance with a focus on Red Cross programmers in Kenya. The study involved 52 out of the 137 Red Cross staff and focused on technology based strategic response. From the findings of this study, it was evident that adoption of innovation enhances efficiency leading to conclusion that strategic response enhances commitment among staff towards adoption of strategies in response to change and consequently leads to enhanced organizational performance. The study recommended that strategic response should be aided by effective communication facilitated through technology and staff involvement to enhance team work and commitment towards strategy implementations.

In a related study, Kasera (2017) focused on the technology adoption strategy and organizational performance in the health institutions in Nairobi County reported direct association between innovative strategies and organizational performance. The study was conducted in all health facilities in the county. In addition, the study revealed that adoption of innovative approaches provides a structured and objective approach to response to change. Adoption of innovative strategic response strategies ware established to be associated with enhanced client's satisfaction, leading to improved and consequently, enhanced overall organizational performance. Similar findings were reported by Kimalelet al. (2017) that was based in SACCOs focused on strategic response in SACCOs reported positive association between technology innovation and organizational performance. Similar findings were reported by Tangus and Omar (2017) in their study that was conducted in 43 commercial banks in Mombasa County.

Study by Kathenya et al. (2020) focused on the relationship between strategic response and organizational performance with specific interest in public universities in Kenya. The study conceptualized strategic response in terms of technology adoption, market expansion and cost cutting strategies. The study further examined the moderating effect of organizational culture on the relationship between strategic response and organizational performance. The study reported positive association between technology adoption, market expansion and cost cutting strategies and organizational performance. The study further revealed that organizational culture has a moderating effect on the relationship between strategic response and organizational performance. The study recommended that management of public universities should consider adoption of strategic responses such as technology innovation, market expansion, product differentiation and cost cutting strategies. Comparative study was recommended to incorporate public and private universities.

Still in Kenya, Kairu (2013) related strategic response with operational performance. The study that was conducted in Kenya Revenue Authority focused on technology innovation, staff training, customer relationship management and strategic partnership, leaving out cost leadership and focus as proposed by Porter's generic model. The study indicated a significant relationship between technology innovation and organizational performance. Mokua and Muturi (2015) had similar findings in their study that was conducted in the pharmaceutical industry in Kisii County. The study was conducted in the 42 pharmaceutical firms in the county. The study revealed a positive association between innovative strategic response strategies and organizational performance. According to Lee and Grewal (2004), effective communication and adoption of new technology in responding to market seasonality enhances achievement of desired performance outcomes.

2.3.4 Organizational Policy on Performance Star Rated Hotels

Smith (2018) conducted a quantitative, cross-sectional study on the impact of employee training policies on hotel service quality. The target population consisted of hotel employees from mid-range and luxury hotels in urban areas. Random sampling of hotels and convenience sampling of employees were employed. The research instruments included structured questionnaires to assess employee perceptions of training programs and service quality. Data analysis involved descriptive statistics and regression analysis. The study findings revealed a positive correlation between the quality of employee training policies and the overall service quality in hotels. Hotels with well-structured and comprehensive training programs consistently delivered superior services, resulting in increased guest satisfaction and repeat business.

Lee (2017) conducted mixed-methods, longitudinal study on the effect of sustainability policies on hotel financial performance. The study targeted hotels of various sizes and categories, representing different regions. Stratified random sampling based on hotel size and location was employed. The research instruments included interviews and financial data analysis. Data analysis involved qualitative content analysis and financial performance metrics. The study findings indicated that hotels with robust sustainability policies experienced improved financial performance over time. By implementing environmentally friendly practices, hotels reduced operational costs and enhanced their reputation, attracting eco-conscious guests and investors.

Wang (2018) conducted a case study approach to analyze the impact of compensation policies on employee turnover in hotels. The study targeted staff members from three major hotel chains. Purposive sampling of hotels based on employee turnover rates was employed. The research instruments included semi-structured interviews and employee turnover data. Data analysis involved thematic analysis and comparative analysis of turnover rates. The findings highlighted a significant relationship between employee turnover and compensation policies. Hotels offering competitive pay, benefits, and career growth opportunities experienced lower turnover rates, leading to reduced recruitment costs and improved service continuity.

Chen (2019) conducted a qualitative, focus group study on the effect of diversity and inclusion policies on hotel team performance. The target population consisted of diverse work teams in different hotel departments. Purposive sampling based on departmental diversity was employed. The research instruments included focus group discussions and participant observation. Data analysis involved thematic analysis and triangulation of data. The study revealed that hotels with effective diversity and inclusion policies fostered a more inclusive and cohesive work environment. Diverse teams exhibited higher levels of creativity and problem-solving abilities, resulting in enhanced overall team performance.

Gomez (2020) conducted a mixed-methods, quasi-experimental study on assessing the impact of technology policies on hotel guest satisfaction. The target population included hotel guests from various types of accommodation establishments. Convenience sampling of guests during their stay was employed. The research instruments included surveys, online reviews, and social media sentiment analysis. Data analysis involved quantitative statistical analysis and qualitative content analysis. The study indicated that hotels with innovative technology policies, such as contactless check-ins, smart room features, and personalized services, significantly improved guest satisfaction levels. Technology-driven enhancements in guest experiences led to positive online reviews and increased brand loyalty.

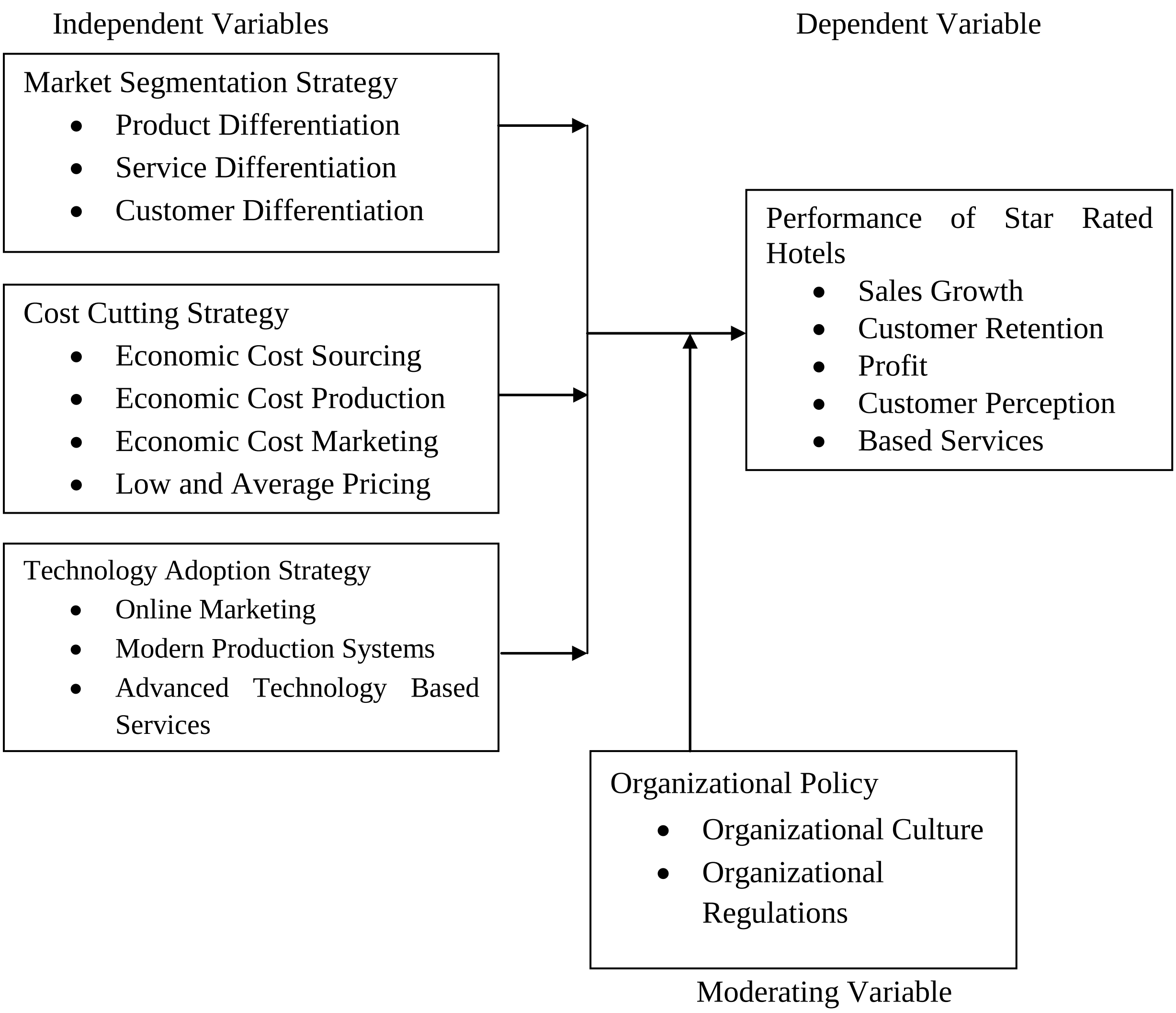
Aysen, (2019) focused on the impact of organizational climate on organizational commitment and perceived organizational performance: empirical evidence from public hospitals. The study adopted a quantitative approach, by collecting data from the healthcare workers currently employed in public hospitals in North Cyprus, utilizing a self-administered questionnaire. Collected data was analyzed with the help of Statistical Package for Social Sciences, and ANOVA and linear regression analyses were used to test the hypothesis. Results revealed that organizational climate is highly correlated with organizational commitment and perceived organizational performance. Simple linear regression outcomes indicated that organizational climate is significant in predicting organizational commitment and perceived organizational performance.

2.4 Conceptual Framework

A conceptual framework presents research variables, how they are conceptualized as well as the relationship between them (Mugenda & Mugenda, 2003). In this study, the independent variable, strategic response is conceptualized in terms of market segmentation strategy, cost reduction strategy and technology adoption strategy. The dependent variable, performance of star rated hotel is operationalized in terms of operational performance, social performance and environmental performance. This study predicts that strategic approaches affect performance of star rated hotels in Nairobi County. The relationship between the variables is as presented in the conceptual framework as illustrated in figure 1

Figure 1

Conceptual Framework



Source: Author (2023)

2.5 Research Gaps

Research gaps refer to the areas within a particular field of study where there is a lack of information, understanding, or investigation. Identifying research gaps is a crucial step in the research process as it helps researchers focus on unanswered questions or unexplored aspects within their area of interest. The summary of the reviewed literature and research gaps are as shown in Table 1 below.

Table 1

Research Gaps

Author(s)	Focus of the Study	Findings of the Study	Gaps of the Study	How to address the Gaps
Cheptiram & Njeje, (2016)	Relationship between market segmentation strategy and organizational performance of seed companies in the North Rift Region, Kenya.	The findings revealed that market segmentation strategy was an important product differentiation strategy influencing up to 35% organizational performance.	However, the study was conducted in Kenya Seed and adopted a stratified random sampling	The current study was conducted in star rated hotels and used a census technique to incorporate all the 61managers in the study.
Lupao, (2017)	effect of market segmentation, targeting and positioning strategies on international schools in Nairobi	The study found that segmentation based on gender, fees paid and the education system were the most used market segmentation strategies by international schools in Nairobi but the application of undifferentiated targeting, niche market and differentiated marketing strategies by international schools was minimal.	However, the study was conducted in international schools and used across-sectional research design. The market segmentation practices in schools may vary with those in star rated hotels.	The current study focused on market segmentation in star rated hotels within Nairobi County and adopted a descriptive research design.
Oluwayemisi et al., (2022)	Cost control and financial performance: An empirical investigation of selected quoted manufacturing firms in Nigeria.	The findings of the study reported that administrative cost exer insignificant negative effect on profit after tax of the sampled firms, while selling and distribution cost exert insignificant positive effect on profit after tax	However, the study adopted secondary data that were collated through annually financial reports on the financial performance of manufacturing firms	The current study collected primary data on the performance of star rated hotels within Nairobi County.

Gichuki, (2019)	Effect of cost management strategies on the financial performance of manufacturing companies listed on the Nairobi Securities Exchange.	The study findings revealed that the variables were positively related to financial performance of the manufacturing companies. The study recommended of the management focused on managing cost of distribution, cost of labour and cost of stock	However, the study used causal research design specifically multi-variance linear regression model and focused on the manufacturing companies listed on the Nairobi Securities Exchange	The current study was conducted using a descriptive research design and focused on performance of star rated hotels within Nairobi City County.
Kasera (2017)	Technology adoption strategy and organizational performance in the health institutions in Nairobi County	The study findings revealed that adoption of innovative strategic response strategies ware established to be associated with enhanced client's satisfaction, leading to improved and consequently, enhanced overall organizational performance.	However, the study was conducted in health institutions in Nairobi County and focused on the technology adoption strategy	The current study focused on the market segmentation strategy, cost cutting strategy, technology adoption strategy on performance of star rated hotels in Nairobi County.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter discusses the study design, the target population, the sample size and the sampling procedure the research instruments and how instrument reliability was ensured, data collection techniques and data analysis techniques.

3.2 Research Design

The study was quantitative in nature and correlational research design was adopted. Research design is the arrangement for collection and analysis of data in a manner that aims to combine the relevant stages of the research study, (Setia 2016). Correlational research design aims to identify and quantify relationships between two or more variables without manipulating them. In correlational research, the primary goal is to examine whether and to what extent there is a statistical association or correlation between variables, (Spector, 2019).

After collecting the data, statistical techniques are employed to assess the degree and direction of the relationship between the variables. Common statistical methods include: Correlation analysis which measures the strength and direction of the linear relationship between two continuous variables, (Kumar, 2019). The most common correlation coefficient is Pearson's correlation coefficient (r), and regression analysis which is used to model and predict the relationship between one or more independent variables and a dependent variable. Correlational research design helps to explore relationships between variables and allows generalizations across populations. The descriptive research design enabled the researcher to expose the respondents to a set of standardized questions to allow comparison, (Fowler, 2013).

3.3 Location of the Study

The choice of study area is essential as it impacts the data produced. The study area is critical on the grounds that the assorted variety of data and instruments encased in the environment of study all of which directly or indirectly affect the research outcomes (Mugenda & Mugenda, 2003). The study was conducted in the rated hotels in Nairobi County. Nairobi County hosts the capital city of Kenya and has 61 rated hotels distributed within the county. The county is served with good network of transport including air, road and railway (Nairobi City County, 2022). Consequently, hotels in the county serve different category of customers, hence the difference in the hotel ratings in the county. The county hosts approximately 10 million people, presenting a good customer base (Kenya National Bureau of Statistics, 2019).

3.4 Target Population

Target population is the entire group of components to which the researcher can really apply the conclusion of the findings. The target population of the study was 61 rated hotels in Nairobi County as presented in Appendix IV. The unit of analysis were the 61 star rated hotels and the unit of observation was 61 general managers who were the respondents in the study. The hotel general managers were identified as respondents because they are involved in strategic decisions in the hotels as well as have adequate understanding of hotel performance as well as the dynamics in the hotel environment and therefore well informed to respond to the research items. To avoid replication of data, the study therefore targeted a total of 61 respondents for purposes of data collection. Since the total number of respondents is small, all the respondents were involved in the study, making this a census study.

Table 1

Target Population

Star Rating	Number of Hotels	Managers
Two Star	10	10
Three Star	14	14
Four Star	25	25
Five Star	12	12
Total	61	61

Source: Ministry of Trade and Tourism, Nairobi City County (2023)

3.5 Sampling and Sample Size

Since the target population was small the study adopted census technique to include all the targeted respondents. Census is ideal as all the planning, executions, and management of the firm's strategies was captured. This helped to capture all the targeted 61 mangers in star rated hotels in Nairobi City County. These are key informants and can give more accurate and reliable information on the status of performance of the targeted hotels. The participants were recruited based on their understanding of the firm’s performance.

3.6 Data Collection Instrument

A research instrument is a tool that is used to enable collection of data from the sampled respondents. The choice of a research instrument is determined by the kind of data that is purposed to be collected and also the number and distribution of respondents, (Babbie, 2010). The study utilized primary data which was collected using structured questionnaire. According to Dörnyei, and Taguchi (2009) questionnaires are any written tools that present respondents with questions or statements to which they were expected to give respond to in writings or selected from the answers given. The questionnaire contained questions on a 5-point Likert scale that addressed all the study objectives.

3.7 Pilot Test

Pilot study is a pre-actual study carried out prior to actual study to examine validity and reliability of research instruments (Jankowicz, 2005). According to Mugenda and Mugenda (2003), a sample of at least 10% is adequate for purposes of pilot study. The researcher collected data from 5 rated hotels in Nakuru City County for purposes of pilot study. The hotels involved in the pilot study were not involved in the actual study. Data collected analyzed to examine reliability and validity of the research instruments.

3.7.1 Validity Instrument of the Study

According to Orodho, (2015) validity is the degree to which results obtained from analysis of the data actually represents the phenomenon under investigation. Validity determines whether the instrument used ensured that the results obtained from the data represent the phenomenon under study in terms of content, criteria and the characteristics (Kothari, 2012). Data collected through questionnaires was kept in a lockable cabinet and only the lead researcher had access to it, in order to protect its safety. The lead researcher ensured a soft copy of data is password protected, which was stored for a period of three years before discarding.

According to Mugenda and Mugenda, (2012), care should be taken to ensure that the instruments strictly focus on the research. Content validity was used to establish validity of the data collection instruments against the set study objectives (Gooding, Makwinja, Nyirenda, & Robin, 2018). To achieve this, the researcher consulted with the research supervisors to ensure the research items are adequate and are properly framed to collect the intended data.

For construct validity, the study used short, straight forward and close ended questions that were easily understood. Items found to be ambiguous, irrelevant or confusing will be removed or reconstructed to convey the intended meaning, (Kumar, 2019). Criterion validity will also be ascertained. This was assessed by comparing the average scores of the different groups of respondents using analysis of variance (ANOVA). According to Cooper and Schindler (2015) pre-testing is a good way to ameliorate the probability of face validity. Validity was ascertained by having all the objective questions included in the questionnaire. To test the validity of the instruments was achieved by conducting a pilot study at Kericho County government.

3.7.2 Reliability Instruments of the Study

Reliability analysis is concerned with the extent to which results are consistent over time (Mugenda & Mugenda, 2012). If the results of the study can be reproduced under a similar methodology, then the research instrument is considered to be reliable (Orodho, 2009). Measure of internal consistency technique method was used to access reliability of the instrument. Reliability coefficient, Cronbanch's Alpha Coefficient was computed to indicate reliability of the instrument. A coefficient of 0.70 or more indicated that the instrument is highly reliable (Mugenda & Mugenda, 2003). The findings of reliability test were as presented in section 4.

3.8 Data Collection Procedure

The researcher first sought clearance from Kabarak University Research Ethics Committee (KUREC). The researcher further sought a permit from the National Council of Science and Technology and Innovation (NACOSTI). After the essential approval the researcher sought consent from the administration of respective star rated hotels. To ensure completeness and integrity of data collected the researcher encouraged the respondents to seek clarification on any question that was not clear to the respondents this ensured high level of accuracy and completeness. Using the NACOSTI permit the researcher sought the permission from the star rated hotels within Nairobi City County. With both the consent from the university and the star rated hotels, the researcher then requested the selected respondents to fill their consent form and questionnaires.

3.9 Data Analysis and Presentation

Data analysis involved reduction of accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques. Data analysis is the process of looking at, analyzing and summarizing data with the intent to extract useful information and develop reliable conclusions (Bryman & Bell, 2002). Data obtained from the questionnaires were first cleaned and edited before being coded and subjected to further analysis. The likert scales in closed ended questions in the questionnaires was converted to numerical codes and be scored on 1-5 point scale in order of magnitude of the construct being measured, then entered into the Statistical Package for Social Sciences (SPSS) version 24.

Data was analyzed using both descriptive and inferential statistical methods. Descriptive analysis was done using frequency,percentage,means and standard deviations to describe the basic characteristics of the population. Inferential statistics involved the use of Pearson's Product Moment correlation and multiple regression models to determine the nature of the relationship between the variables. The multiple regression models may assume to hold under the equation. The findings of the study were presented in table form. The following regression model was used in this study to examine the relationship between a dependent variable and one or more independent variables.

$Y=\beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$……………………………………………………………i

$Y=\beta_0 + \beta_MX_1, X_{2,} X_3 + \varepsilon$………………………………………………………………ii

Where:

Y= Performance of Star Rated Hotels

β_0 = Constant Term;

$\beta_{1,} \beta_{2,}$ and $\beta_{3\,=}$ Beta coefficients of variables

X_1= Market Segmentation Strategy

X_2= Cost Reduction Strategy

X_3= Technology Adoption Strategy

M= Organizational Policy

ε= Error Term

$\beta_1, \beta_2, \beta_3$ Represents Regression Coefficients for Independent Variables

β_M Represents Regression Coefficients for Moderating Variable

Equation (i) represent the baseline multiple regression model without considering the moderating effect of organizational policy. Equation (ii) extends the model to include the moderating variable, which can affect how market segmentation strategy (X_1), cost reduction strategy (X_2), and technology adoption strategy (X_3) affect the performance of star rated hotels (Y) by introducing a moderator $B_MX_1X_2X_3$

By estimating the coefficients β_1, β_2, β_3, and β_M the researcher can assess how the effect of independent variables on hotel performance is moderated by organizational policy. The significance and direction of these coefficients will tell the researcher whether organizational policy strengthens or weakens the relationships between your strategies and hotel performance.

3.10 Diagnostic Tests

Diagnostic tests, in the context of statistics and data analysis, are procedures and tools used to assess the assumptions, reliability, and validity of statistical models and the data used for analysis. These tests are typically applied to regression models and other statistical analyses to ensure that the results and inferences drawn from the data are accurate and meaningful. In this study some the diagnostic include**d** linearity and heteroscedasticity test.

3.10.1 Linearity and Heteroscedasticity Test

The linearity and heteroscedasticity analysis is a statistical test that assesses the linearity assumption of the relationship between independent and dependent variables and detects the presence of heteroscedasticity, (Neter, Wasserman, & Kutner, 2014). In this study, it is important to verify if there is a linear relationship between the strategic approaches (market segmentation strategy, cost-cutting strategy, and technology adoption strategy) and the performance of star-rated hotels in Nairobi County. It is crucial to ensure that the relationships between these variables are not excessively curved or nonlinear, as linearity is a fundamental assumption in many statistical models. Additionally, detecting heteroscedasticity is essential as it helps in understanding whether the variance of the errors in the model is consistent across different levels of the independent variables.

Identifying heteroscedasticity is important because it can impact the accuracy of statistical results and conclusions.

3.10.2 Normality Test

The normality analysis assesses whether the data follows a normal distribution. In this study, it is carried out to determine whether the data on performance of star-rated hotels and the different strategic approaches (market segmentation, cost-cutting, technology adoption) are normally distributed. A normal distribution is a fundamental assumption in many statistical tests and models. Departures from normality can affect the validity and interpretation of statistical results, (Newbold, Carlson & Thorne, 2017). Ensuring that the data is approximately normally distributed is crucial for making reliable statistical inferences.

3.10.3 Multicollinearity Test

Multicollinearity analysis is performed to check for the presence of multicollinearity, which occurs when two or more independent variables in a regression model are highly correlated, (Chatterjee & Hadi 2016). In this study, it is crucial to assess whether the independent variables (market segmentation strategy, cost-cutting strategy, and technology adoption strategy) are highly correlated with each other. Multicollinearity can cause problems in regression analysis, as it makes it challenging to isolate the individual effects of each independent variable on the dependent variable (performance of star-rated hotels). By conducting multicollinearity analysis, the study can identify and address any issues related to the inter-correlation of independent variables and ensure the validity of the statistical analysis.

3.11 Ethical Consideration

3.11.1 Informed Consent

The researcher first forwarded the document to KUREC for ethical review after which he got consent from the relevant authorities prior the commencement of the study. With the consent from the KUREC the researcher sought the permission from the star rated hotels within Nairobi City County. With both the consent from the university and the star rated hotels, the researcher then requested the selected respondents to fill consent form before providing response on the questionnaires. Their permission was useful in ensuring that this research study was successfully completed so that the findings collected in the consequent stages does not breach the rules and regulations laid down when undertaking this research work.

3.11.2 Voluntary Participation

Voluntary participation means all the people involved in the research do it out of free will. No one is forcing them. The employees had a choice to choose whether to participate at any point in time without having a negative impact on the program or their involvement in future. It is therefore the right of the participants to answer the questions asked.

3.11.3 Confidentiality

Confidentiality means that information is not made public or accessed by anyone else other than the researcher himself. The employees were assured of the confidentiality of all the information provided. This assisted in improving the response rate of the respondents. The researcher personally stored all the data collected in a secure place which can't be accessed by unauthorized persons

3.11.4 Privacy

This is where the participant has a right to privacy when involved in research. When something is private to a person it means they are sensitive about it. This is one of the most important ethics in research. To ensure the privacy, the employees were not required to indicate their name on the research questionnaire. The researcher locked the collected data in safe office boxes for one month during data analysis. After data was analyzed, the filled questionnaires were shredded to destroy private, confidential and sensitive information.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter presents the research findings and their discussions. The findings and discussions are presented in terms of the research variables and research objectives.

4.2 Response Rate

The study issued 61 questionnaires to be filled by respondents. Majority of the respondents preferred filling the questionnaire online. Out of the 61 questionnaires issued, 46 were successfully filled by the respondents indicating 76.7% response rate. Out of the 46 questionnaires successfully filled, 42 were filled online. Only 4 questionnaires were filled physically. According to Cooper and Schindler (2013), response rate of 70% and above is adequate for analysis.

4.3 Reliability Analysis

The study computed Cronbach alpha to examine the establish reliability of the research instruments. The findings were as presented in Table 2.

Table 2

Reliability Analysis

Variables	No. of items	Cronbach Alpha Coefficient (α)
Market Differentiation Strategy	6	0.905
Cost Cutting Strategy	6	0.905
Technology Adoption	5	0.863
Organizational Policy	7	0.885
Organizational Performance	5	0.811
Overall		0.8738

From Table 2 the Cronbach alpha values 0.905, 0.905, 0.863, 0.885 and 0.811 for market differentiation strategy, cost cutting strategy, technology adoption, organizational policy and organizational performance respectively. The overall Cronbach alpha is which is above 0.7 indicating that the study instrument was reliable. The researcher therefore went ahead with data collection and thereafter data analysis.

4.3 Bio Data

In order to ensure objectivity and fairness in the study and to examine the respondents' ability to answer to research questions, the researcher examined the respondents' characteristics in terms of gender and rating of hotel served. The findings were as summarized in this section.

4.3.1 Respondents by Gender

This study examined the gender of respondents. This was to ensure there is no gender bias in data collection. The results are presented in Table 3.

Table 3

Bio Data

Bio Data	Aspects	Frequency	Percent
Gender	Male	26	56.5
	Female	20	43.5

From the findings in Table 3 it is evident that majority of respondents (56.5%) were males and 43.5% were women. These findings indicate that management of the hotels is dominated by males. Similarly, the findings indicate that none of the gender falls below one third, evidence that the one third gender rule is applicable in employment at management position in the hotel industry.

4.3.2 Position, Experience and Star Rating of the Hotels

The study was interested in the experience, hotel rating and position served by the respondents as well as the duration of service in the hotels. The characteristics of the respondents in terms of bio data were as summarized in Table 4.

Table 4

Position, Experience and Star Rating of the Hotels

Hotel Rating	2 Star	23	45.7
	3 Star	16	34.8
	4 Star	4	13.0
	5 Star	3	6.5
Position	Hotel General Manager	32	69.6
	Hotel Manager Representative	14	30.4
Experience	Less than 1 year	17	37.0
	2-5 years	15	32.6
	More than 5 years	14	30.4
	Total	46	100.0

From the findings in Table 4, the findings in terms of distribution of rated hotels in terms of ratings indicate that majority of rated hotels (80.5%) in Nairobi are 2 star and 3 stars. The distribution indicates that higher levels of ratings have fewer hotels, explained by the strict guidelines and requirements for higher ratings. Out of the 46 questionnaires filled, majority of the hotel managers (69.6%) filled the questionnaires themselves. Only 14 respondents representing 30.4% delegated assigned the duty to a representative. The high level of response by the hotel managers indicated that the data given is authoritative for purposes of analysis. Lastly, the study established that the hotel managers are evenly distributed in terms of years of service, this implies that response given in this study presents the true picture of the hotels in terms of strategic response practices and performance.

4.4 Descriptive Statistics

The study used descriptive analysis to summarize the findings on the research variables. The findings were as summarized in this section.

4.4.1 Descriptive Statistics on Market Segmentation Strategy

The study examined the level adoption of market segmentation by the rated hotels in Nairobi County. Table 5 summarizes the findings after descriptive analysis.

Table 5

Descriptive Statistics on Market Segmentation Strategy

Items	Mean	Std. Dev
The organization offers product variety through product presentation	4.80	.401
The organization offers product variety through product packaging	4.83	.301
The organization targets untapped markets through differentiated marketing	4.48	.623
The organization offers highly differentiated service based on their needs	4.48	.623
The organization offers products and services at varied cost depending on the product/service features	4.87	.341
Hotel rooms in my organization are highly tailored to offer variety	4.30	1.133
Overall	4.62	0.571

Findings in Table 5 indicate a large extent with a mean of 4.80; SD 0.401 shows evidence that the hotels offer product variety through product presentation. Also, with a mean = 4.83; SD = 0.301 is evidence that majority of the hotel managers confirmed that the hotels offer product variety through product packaging. Differentiated marketing is used by the rated hotels in winning new markets as evidenced by high agreement level reflected in M = 4.48; SD = 0.623. The hotels offer variety of costing to clients depending on product features as evidenced by mean = 4.87; SD = 0.341. Lastly, mean = 4.30 and SD =1.133 was evidence that the hotel rooms are highly to suite customer needs. The study findings are in line with those of Cheptiram and Njeje, (2016) which found that an effective market segmentation strategy enables the organization to identify profitable customer segments and allocate resources more efficiently. By focusing marketing efforts and promotional activities on the most promising segments, hotels can attract more qualified leads and generate higher revenue. Market segmentation also plays a critical role in optimizing resource allocation within hotels. By focusing on targeted segments, hotels can align their resources, personnel, and facilities to match the demands of each segment more efficiently.

4.4.2 Descriptive Analysis on Cost Reduction

The study examined the level of adoption of cost reduction by the rated hotels in Nairobi County. The findings from descriptive analysis were as presented in Table 6.

Table 6

Descriptive Analysis on Cost Reduction

Item	Mean	Std. Dev
Our organization sources its supplies from most economical sources to minimize input costs	3.85	1.173
The organization uses efficient production methods to reduce on production cost	4.17	1.018
The organization uses modern technology to offer services at optimal cost	4.02	.931
The organization offers its foods products at most affordable price	4.04	.918
The organization offers its hotel rooms at most affordable price	3.67	1.266

The organization offers other services at least possible price	4.26	.929
Overall	4.62	0.570

From Table 6, it is evident that the good number of the hotels source supplies from most economical sources to minimize input costs as shown by mean = 3.85 and SD = 1.173 showing high level of variability in the responses. This is explained by the purchasing abilities in different levels of classification of hotels. The hotels use efficient production methods to reduce on production cost as evidenced by mean = 4.17; SD = 1.018. Use of modern technology to offer services at optimal cost is evident in all levels of the hotels as shown by M = 4.02 and SD = 0.931. While the hotels at all levels generally offer affordable prices for food as evidenced by M=4.04 and SD=0.918, the rooms are not necessarily affordable as shown by M=3.67; SD=1.266. Lastly, the other services offered by the hotels are priced affordably as revealed by M=4.26 and SD=0.929. According to Oluwayemisi, Egbekun, Ademola, Olusola, Mamidu, 2022) cost reduction initiatives directly contribute to improving a hotel's financial health by reducing operating expenses and enhancing profit margins. By identifying areas of inefficiency and implementing cost-saving measures, hotels can free up resources to invest in essential areas, such as staff training, guest amenities, and facility upgrades. Reducing costs also positively impacts the bottom line, allowing hotels to achieve greater profitability and bolster their financial resilience in the face of economic downturns or unexpected challenges.

4.4.3 Descriptive Analysis on Technology Adoption

The study examined the level of adoption of technology in the rated hotels in Nairobi County. The findings were as summarized in Table 7.

Table 7

Descriptive Analysis on Technology Adoption

Item	Mean	Std. Dev
The organization markets its products online	4.24	1.119
The organization uses modern technology in production	3.83	1.018
The organization uses modern technology in service delivery	3.59	1.222
The hotel is equipped with modern facilities	3.87	1.225
The hotel is highly innovative in its products and services	4.09	1.071
Overall	3.92	1.131

Findings in Table 7 reveal that rated hotels in Nairobi County market their products online. This is evidenced by M=4.24. However, the level is diverse as explained by variety in clientele financial ability of the hotels. This is evidenced by SD=1.119. The hotels to moderate use modern technology in production and in service delivery as revealed by M=3.83 and 3.59 respectively. The low usage and wide spread of technology in production and service as evidenced by SD=1.222 and 1.225 is explained by varied technological capabilities of the hotels are the different levels. Similarly, the hotels moderately use modern technology in service delivery.

Empirical findings too advocate for adoption of modern technology; Machoka (2019) argued that adoption of innovation enhances efficiency presenting the justification for high level of innovation witnessed in organizations. Innovation can enhance structured and objective approach to response to change and response to market seasonality leading to better way of doing things. Innovative organizations are more proactive in their approach to customer needs especially in global markets with diverse needs.

4.4.4 Descriptive Analysis on Organizational Policy

The study collected and analyzed data on organizational policy with respect to adoption of strategic responses. The findings from descriptive analysis were as presented in Table 8.

Table 8

Descriptive Analysis on Organizational Policy

Item	Mean	Std
The organizational has written down organizational policy	4.17	.341
The organization has policies that relate to strategic response	3.30	1.133
Organizational policy on strategic response is formally communicated to staff	3.55	1.173
The Organizational makes follow ups to ensure policy on strategic response is adhered to	3.47	1.018
Organizational policy in my organization are practical	3.54	.918
Overall	3.61	.917

The finding in Table 8 indicates that while the rated hotels in Nairobi County have formal overall organizational policy (M=4.17; SD=0.341), the level of formalization in term of policies regarding strategic response is relatively low. This is evidenced by low means; M=3.30; SD=1.133 and M=3.55; SD=1.173 for existence of and formal communication of policies on strategic response respectively. Similarly, the level of follow up on adherence to and practicality of policy on strategic response was low as evidenced by M=3.47; SD=1.018 and M=3.54; SD=0.918 respectively. The level of importance attached to the policy was varied across the hotels as evidenced by the high standard deviations. According to Lee (2017) organizational policy controls formulation, implementation and evaluation of organizations strategies. Organizational policy effects commitment and quality of work. Proper orientation of organizational policy norms such as: role clarity, organizational culture, organizational learning, and organizational support have direct and significant effect on commitment towards achievement of strategic objectives of the organization.

4.4.5 Descriptive Analysis on Performance

The study sought the level of performance achieved by the rated hotels in Nairobi County. The responses were as summarized in Table 9.

Table 9

Descriptive Analysis on Performance

Item	Mean	Std. Dev
The organization achieves sales targets	4.09	1.071
The organization experience growth in sales	3.93	.601
The organization attracts high customer numbers	3.46	.959
The organization retains most of its customers	3.48	.888
The organization achieve profit targets	3.67	.634
The organization experiences growth in profit	3.48	.888

The findings in Table 9, M=4.09, SD=1.071 reveals that the hotels to a great extent achieves sales targets. However, the level of achievement of such targets is varied as evidenced by SD=1.071. M=3.93 and SD=0.601 reveal that growth in sales in the hotels is average. This could be explained by the turbulent market environment between 2019 and 2022 during and post Covid-19 pandemic. M=3.46 and SD=0.959 revealed that the number of customers attracted by the hotels remains just average, probably explained by the difficult economic situation in the nation emerging from Covid-19 and political period. The level of customer retention is just above average as evidenced by M= 3.48 and SD=0.888. Lastly, the hotels perform averagely towards achieving profit targets just like in growth in profit. This is evidenced by M=3.67; SD=0.634 and M=3.48; SD=0.888

respectively. A serious organization must be concerned about the sustainability of the business. Business must achieve sustainable performance in terms of finances, operations and social and environmental sustainability. A good business is one that satisfies the interests of all stakeholders, both within and external to the business.

4.5 Diagnostic Analysis

Before correlation and regression analysis, the study sought to establish if the required condition if linearity and heteroscedasticity are met. The findings were as summarized in this section.

4.5.1 Linearity and Heteroscedasticity Analysis

The study assumed that research data, when summarized would give a linear relationship. Similarly, the study assumed that there was no constant error variance in the distribution. A scatter plot of ZRESID against ZPRED was used to examine the general distribution of research data. ZRESID typically represents the standardized residuals in a statistical context. ZPRED often represents the standardized predicted values. The findings were as presented in Figure 2.

Figure 2

Scatter Plot

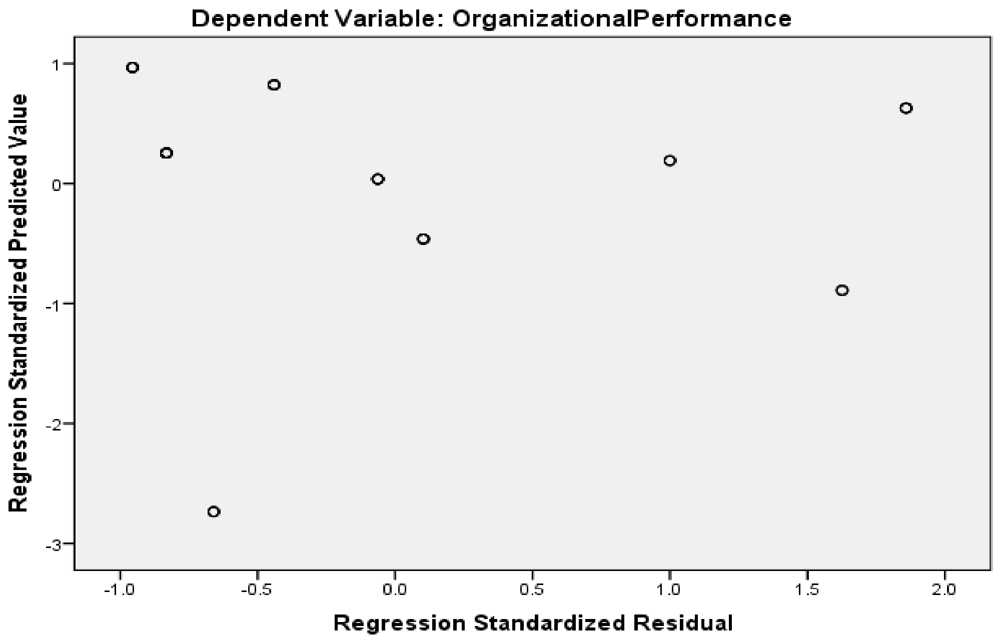


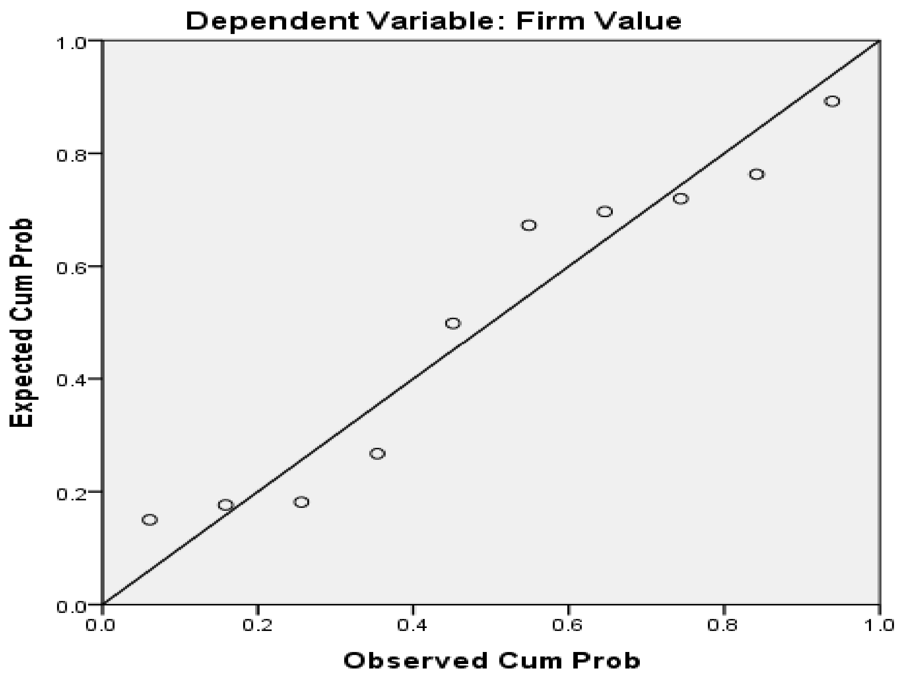
Figure 2 presents that the research data is distributed randomly around zero. This implies that the data met the assumptions of linearity and heteroscedasticity. The findings gave a green light for correlation and regression analysis.

4.5.2 Normality Analysis

Before correlation and regression analysis are conducted, the researcher needs to examine if the data follows normal distribution. This analysis was based on the statistical assumption that normally distributed data correctly predicts relationship between variables. Normal P-P plot of regression standardized residuals was used to conduct the analysis. The findings were as presented in Figure 3.

Figure 3

P-P Plot



From Figure 3, it is evident that the research data follows normal distribution. This is indicated by distribution of research data points, diagonally almost same distance in both directions from the line of best fit. The normality assumption was therefore met, giving a go ahead for inferential analysis.

4.5.3 Multicollinearity Analysis

For inferential analysis to be conducted using the independent variables, the independent variables must be linearly independent of each other. In this study, the researcher used tolerance and variance inflation factor to examine if there was multicollinearity between the independent factors. The condition is that the tolerance and variance inflation factor should give a value of less than 10. the findings are presented in Table 10.

Table 10

Coefficients of Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.384	.764		3.120	.003		
	Market Segmentation	.555	.187	.179	2.962	.005	.450	2.224
	Cost Reduction	.780	.077	.843	10.068	.000	.234	4.281
	Technology Adoption	.286	.066	.280	4.344	.000	.395	2.530

The study used the condition that tolerance and variance inflation factor should be less than 10 for inferential analysis to be conducted using the data on the independent variables. The results in table 10, tolerance = 0.450 and VIF=2.224 for market segmentation, tolerance 0.234and VIF = 4.281 for cost reduction and tolerance = 0.395 and VIF= 2.530 all less than 10 indicates evidence of lack of collinearity between the independent variables. This was a green light that the researcher could go ahead with inferential analysis.

4.6 Correlation Analysis

The study used Pearson Correlation to analyze the association between the predictor variables (market segmentation, cost reduction and technology adoption) and the outcome variable (organizational performance). The correlation analysis was conducted at 0.05 significance level. The findings were as presented in Table 11.

Table 11

Correlation Analysis

Variables	Statistic	Organizational Performance
Market Segmentation	Pearson Correlation	.458**
	Sig. (2-tailed)	.001
	N	46
Cost Reduction	Pearson Correlation	.924**
	Sig. (2-tailed)	.000
	N	46
Technology Adoption	Pearson Correlation	.838**
	Sig. (2-tailed)	.000
	N	46

Table 11 presents the outcome of correlation analysis. The association between market segmentation and the performance of the rated hotels in Nairobi Count indicated a correlation coefficient r=0.458. In addition, significance value of 0.001, less than 0.05 indicates that the association is statistically significant. These findings imply that the rated hotels can enhance level of performance significantly through market segmentation.

These findings are consistent with empirical evidence of Cheptiram and Njeje, (2016) which found that market segmentation strategy was an important product differentiation strategy influencing up to 35% organizational performance. Moreover, Limpo, (2019) findings revealed that creation segmentation may result in identification of new segments that have not been served adequately hitherto any may form attractive target market to attack. Marketing strategies or action plan for accomplishing objectives, and then are thought in terms of particular markets.

The second objective focused on the association between cost reduction and performance of rated hotels in Nairobi County. The correlation coefficient, r = 0.924 indicates that there is a very strong positive association between cost reduction and performance of the rated hotels in Nairobi County. Similarly, significance level of 0.000 is evidence that the association is statistically significant. This relationship can be explained by the fact that performance in the rated is measured in financial terms, hence reduction in cost leads to direct improvement in performance.

These findings agree with findings reported in empirical literature. For instance, Chisulo, (2019) found that correlation results revealed that there was a strong positive association between cost reduction strategy and performance of tea industry. The results showed cost reduction strategy was significant with performance of tea industry. Regression results showed that there was a strong positive relationship between cost reduction strategy and financial performance of the tea industry. The findings also agrees with those of Egbide and Adegbo (2021) which revealed that there was a positive significant relationship between cost reduction strategies and growth of manufacturing companies in Nigeria.

The third objective was to examine the association between technology adoption and performance of rated hotels in Nairobi County. The correlation coefficient of 0.838

indicates a strong positive association between technology adoption and performance of the hotels. In addition, the significance level of 0.000 indicates that the association is statistically significant. This relationship can be explained by the fact that technology association is associated with enhance efficiency and reduced cost which translates into financial savings and consequently enhanced organizational performance.

These findings are supported by empirical literature. For instance, Machoka (2019) reported that innovation enhances efficiency leading to conclusion that strategic response enhances commitment among staff towards adoption of strategies in response to change and consequently leads to enhanced organizational performance. Similarly, Mokua and Muturi (2015) reported significant relationship between technology innovation and organizational performance.

4.7 Regression Analysis

Regression analysis was conducted to examine the prediction power of strategic response practices on performance of the hotels. Further, hypotheses were tested using t-test at 0.05 significance level the research findings were as presented in this section.

4.7.1 Market Segmentation and Performance of Star Rated Hotels

Simple regression analysis was used to analyze the relationship between market segmentation and performance of rated hotels in Nairobi County. Composite value on market segmentation was regressed against performance.

4.7.1.1 Model Summary for Market Segmentation

First the study conducted a model summary to determine the proportion of variance in the dependent variable explained by the independent variables in this case the proportion of variance in market segmentation that is explained by the performance of star rated hotels.

Table 12

Model Summary for Market Segmentation

Model	R	R Square	Adjusted R Square	Std. Error
1	.458[a]	.210	.192	.82340

From the findings the R-square = 0.210 which indicates that market segmentation predicts 21.0% of the variation in performance of rated hotels in Nairobi County. The other percentage (79%) could be explained by other variables.

4.7.1.2 Analysis of Variance (ANOVA)

The study further conducted an analysis of variance to understand how well the model fits the data and whether the chosen predictors are significant in explaining the variation in the target variable.

Table 13

Analysis of Variance (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	7.915	1	7.915	11.674	.001[b]
1	Residual	29.831	44	.678		
	Total	37.746	45			

In addition from the ANOVA table the findings indicated that F=11.674 and p=0.001 indicates that the model is significant at 0.05 significance level. These findings imply that market segmentation is a significant determinant of performance of the star rated hotels in Nairobi County.

4.7.1.3 Coefficients for Market Segmentation

The study also conducted a coefficient analysis to determine the direction and magnitude of the relationship between the predictor and the dependent variable in this case the direction and magnitude of the relationship between market segmentation and performance of star rated hotels.

Table 14

Coefficients for Market Segmentation

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	2.593	1.928		1.345	.186
1	Market Segmentation	1.422	.416	.458	3.417	.001

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Market Segmentation

The coefficient Table 14 indicates t = 3.417 and p=0.001 which shows that market segmentation has significant positive effect on performance of rated hotels in Nairobi County.

$Y = 2.593 + 1.422X_1$

The above findings are consistent with those of Cheptiram and Njeje, (2016) and Limpo, (2019) that reported positive association between market segmentation and organizational performance. The study reported that creation market segmentation result in identification of new segments that have not been served adequately hitherto any may form attractive target market to attack.

4.7.2 Regression between Cost Reduction and Performance

The second objective in the study was to examine the effect of cost reduction on performance of rated hotels in Nairobi County. Regression analysis was conducted to examine the prediction power of cost reduction on performance of rated hotels in Nairobi County. The research findings were as presented in Table 15.

4.7.2.1 Model Summary for Cost Reduction

First the study conducted a model summary to determine the proportion of variance in the dependent variable explained by the independent variables in this case the proportion of variance in cost reduction that is explained by the performance of star rated hotels as indicated in Table 15.

Table 15

Model Summary for Cost Reduction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.924[a]	.853	.850	.35452

From the findings the R-square = 0.853 indicates that 85.3% of variations in performance of star rated hotels was explained by cost reduction. 14.7% of the variations could be explained by other variables not in the model.

4.7.2.2 ANOVA for Cost Reduction

The study further conducted an analysis of variance to understand how well the model fits the data and whether the chosen predictors are significant in explaining the variation in the target variable.

Table 16

ANOVA for Cost Reduction

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	32.216	1	32.216	256.324	.000[b]
	Residual	5.530	44	.126		
	Total	37.746	45			

The value of F=256.324 and p=0.000 indicated that the relationship was significant at 0.05 significant level. These findings imply that cost reduction is a significant predictor of performance of rated hotels in Nairobi County.

4.7.2.3 Coefficients for Cost Reduction

The study also conducted a coefficient analysis to determine the direction and magnitude of the relationship between the predictor and the dependent variable in this case the direction and magnitude of the relationship between cost reduction and performance of star rated hotels.

Table 17

Coefficients for Cost Reduction

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.556	.220		2.522	.015
	Cost Reduction	.855	.053	.924	16.010	.000

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Cost Reduction

From the coefficient Table 17 the study used t-statistic at 0.05 significance level. The findings in table 17, t=2.522 and p=.015 indicate that cost reduction significantly effects performance of rated hotels in Nairobi County

$Y = 0.556 + 0.855X_2$

The findings in this study confirm the findings reported by Chisulo, (2019) who established that there was a strong positive relationship between cost reduction strategy and financial performance of the tea industry. The study concluded that cost reduction strategy effect performance of the organization positively. Cost reduction strategies are associated with reduced wastages and enhanced efficiency which translates into improved financial performance. Cost reduction has not only financial outcomes but also social and environmental outcomes.

4.7.3 Regression on Technology Adoption and Performance

The third objective of the study focused on the effect of technology adoption on performance of rated hotels in Nairobi County. Regression analysis was conducted using mean values of technology adoption and performance. The findings were as summarized in Table 18.

4.7.3.1 Model Summary on Technology Adoption

First the study conducted a model summary to determine the proportion of variance in the dependent variable explained by the independent variables in this case the proportion of variance in technology adoption that is explained by the performance of star rated hotels.

Table 18

Model Summary on Technology Adoption

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.838[a]	.703	.696	.50494

From the findings the R-square = 0.703 which implies that 70.3% of variations in performance is predicted by technology adoption. The remaining 29.7% could be explained by other factors other than technology adoption.

4.7.3.2 ANOVA on Technology Adoption

The study further conducted an analysis of variance to understand how well the model fits the data and whether the chosen predictors are significant in explaining the variation in the target variable.

Table 19

ANOVA on Technology Adoption

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	26.528	1	26.528	104.046	.000[b]
	Residual	11.218	44	.255		
	Total	37.746	45			

In addition, F=104.046 and p=0.000 indicates that the effect is statistically significant. This implies that technology adoption is a significant predictor of performance of rated hotels in Nairobi County.

4.7.3.3 Coefficients on Technology Adoption

The study also conducted a coefficient analysis to determine the direction and magnitude of the relationship between the predictor and the dependent variable in this case the direction and magnitude of the relationship between technology adoption and performance of star rated hotels.

Table 20

Coefficients on Technology Adoption

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	.867	.314		2.758	.008
1	Technology Adoption	.857	.084	.838	10.200	.000

a. Dependent Variable: Performance of Star Rated Hotels

b. Predictors: (Constant), Technology Adoption

The findings from table 20, indicates that t=10.200 and p=0.000 implying that technology adoption significantly affect performance of star rated hotels in Nairobi.

$$\mathbf{Y= 0.867+ 0.857X_3}$$

Confirming the findings in this study, Machoka (2019) established that adoption of innovation enhances efficiency and effectiveness in internal organizational operations. Innovation enables organization to align with religious, social, fashion, traditions and business and regulation factors. Wamba (2019) also revealed that competitive advantage, cutting costs, customer service and convenience, enhancing security, and financial management are the attributes that are associated with adoption of information technology and this improves the performance of the firms listed in the NSE. The study concludes that IT adoption has an effect on performance of firms listed at NSE, in addition environmental, strategic and managerial factors have an effect of IT adoption on the performance of organizations.

4.8 Combined effect of Strategic Response on Performance

The study examined the combined effect of strategic response strategies on performance. Multiple regression analysis was used, where the three strategic response strategies were regressed against performance. The findings were as summarized in Table 21.

Table 21

Combined effect of Strategic Response on Performance

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.965[a]	.931	.926	.24860	2.072

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	35.150	3	11.717	189.579	.000[b]
	Residual	2.596	42	.062		
	Total	37.746	45			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.384	.764		3.120	.003
	Market Segmentation	.555	.187	.179	2.962	.005
	Cost Reduction	.780	.077	.843	10.068	.000
	Technology Adoption	.286	.066	.280	4.344	.000

a. Predictors: (Constant), Technology Adoption, Market Segmentation, Cost Reduction
b. Dependent Variable: Organizational Performance

From Table 21, the findings R-square = 0.931indicates technology adoption, market segmentation and cost reduction collectively predict 93.1% of variations in performance. The remaining 6.9% could be explained by other factors not studied in the model. The values; F=189.579 and p=0.000 indicates that the model is significant at 0.05 significance level. From table 21 the following model can be used to summarize the relationship between technology adoption, market segmentation, cost reduction and performance.

$$\mathbf{Y=2.384 + 0.555X_1 + 0.780X_2 + 0.286X_3}$$

Where:

Y= Organizational Performance

X_1= Market Segmentation Strategy

X_2= Cost Reduction Strategy

X_3= Technology Adoption Strategy

The findings in this study are consistent with empirical evidence of (Cheptiram & Njeje, 2016: Limpo 2019: Chisulo 2019; Machoka 2019; Wamba, 2019) which found that strategic response such as market segmentation strategy, cost cutting strategy and technology adoption strategy are associated with better organizational performance. Strategic response is instrumental in responding to both positive and negative outcomes of environmental changes. It enables organizations to take advantage of core competencies and available resources.

4.8.1 Strategic Response, Organizational Policy and Organizational Performance

The study examined the moderating role of organizational policy on the relationship between strategic response and organizational performance. The first step involved testing the effect of strategic response on organizational performance. The findings were as presented in Table 22.

Table 22

Strategic Response on Organizational Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.196	.191		6.275	.000
	Strategic Response	1.275	.046	.972	27.555	.000

a. Dependent Variable: Organizational Performance

From Table 22, strategic response significantly affects organizational performance as evidenced by t=27.555 and p=0.000.

The next stage involved testing the effect of independent variable (strategic response) on moderator variable (organizational policy). The findings were as presented in Table 23.

Table 23

Strategic Response and Organizational Policy

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.746	.546		1.365	.179

a. Dependent Variable: Organizational Policy
b. Predictors: (Constant), Strategic Response

The findings in Table 23; t= 1.365 and p=0.179 indicates strategic response has insignificance effect on organizational policy.

The next step involved testing the effect of independent variable (strategic response) and mediating variable (organizational policy) on dependent variable (organizational performance). The findings were a summarized in Table 24.

Table 24

Strategic Approaches, Organizational Policy and Performance of Star rated Hotels

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.226	.196		6.269	.000
	Strategic Response	1.248	.059	.951	21.162	.000
	Organizational Policy	.040	.053	.034	.757	.453

a. Dependent Variable: Organizational Performance

The findings in Table 24; t-21.162; t=0.000 indicates significant effect of strategic response on organizational performance while t=0.757; p=0.453 indicates insignificant effect of government policy on organizational performance.

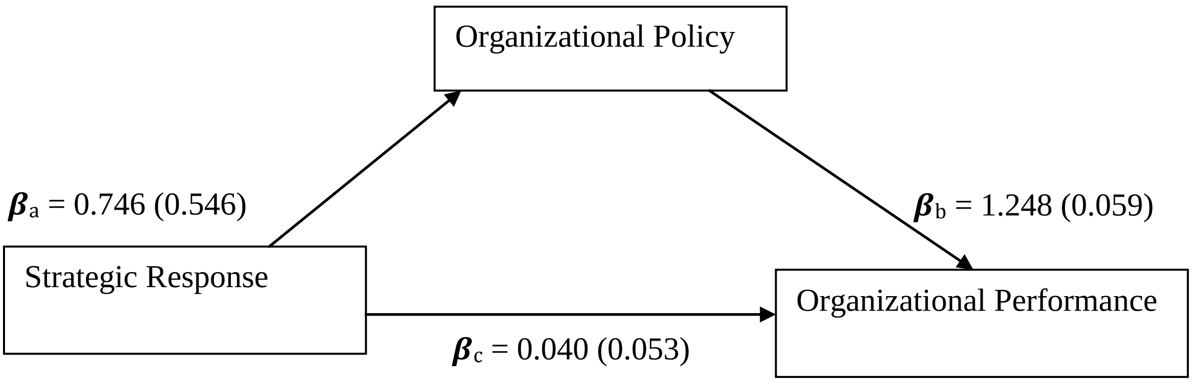
From Tables 13, 14 and 15, the unstandardized beta and standard error values can be obtained; Strategic Response and Organizational Policy – $\boldsymbol{\beta}_a$ = 0.746 (0.546), Organizational Policy and Organizational Performance – $\boldsymbol{\beta}_b$ = 1.248 (0.059)

Strategic Response and Organizational Performance – $\boldsymbol{\beta}_c$= 0.040 (0.053)

The relationship can be presented diagrammatically as presented in Figure 4.

Figure 4

Coefficients for Moderation Test



The values obtained on the table of coefficients Table 1 were used to conduct Sobel test. The findings were as presented in Figure 5.

Figure 5

Sobel Test Results

Input:			Test statistic:	Std. Error:	*p*-value:
a	0.746	Sobel test:	1.363459	0.68282801	0.1727379
b	1.248	Aroian test:	1.3619442	0.68358748	0.1732155
s_a	0.546	Goodman test:	1.36497886	0.6820677	0.17225969
s_b	0.059	Reset all	Calculate		

From Figure 5 the indirect effect results; test statistic = 1.363459, standard error = 0.68282801 and p-value = 0.1727379 with p value greater than 0.05 indicates that organizational policy does not have significant moderating effect on the relationship between strategic response and organizational performance in the rated hotels. These findings could be explained by the fact that most rated hotels do not have formal documentation and follow up mechanism on organizational policy on strategic response.

The finding in this study is not consistent with empirical evidence that showed significant moderating effect such as Gasela(2020) and Kathenya et al. (2020) that established that organizational policy has moderating effect on the relationship between strategic response strategies such as innovation and cost cutting strategies and organizational performance. This could be explained by the fact that the level formalization and adherence to organizational policy on strategic response is low in the rated hotels in Nairobi County.

4.9 Hypotheses Testing

The study carried a hypothesis testing using p-values in Tables, 14, 17and 20.

4.9.1 Hypothesis Testing One

$H0_2$: Market Segmentation Strategy has no statistically significant effect on performance of rated hotels in Nairobi County.

The study used t-statistic at 0.05 significance level as indicated in table 14. The findings indicates that t = 3.417 and p=0.001 which indicates that market segmentation has significant positive effect on performance of rated hotels in Nairobi County. The hypothesis was therefore adopted and the study concludes that market segmentation has a positive statistically significant effect on the performance of star rated hotels in Nairobi County. The findings are in consistent with those of Cheptiram and Njeje, (2016) and Limpo, (2019) that reported positive association between market segmentation and organizational performance. The study reported that creation market segmentation result in identification of new segments that have not been served adequately hitherto any may form attractive target market to attack.

4.9.2 Hypothesis Testing Two

$H0_2$: Cost Reduction Strategy has no statistically significant effect on performance of rated hotels in Nairobi County.

The study used t-statistic at 0.05 significance level. The findings in table 17, t=2.522 and p=0.015 indicate that cost reduction significantly effects performance of rated hotels in Nairobi County. The study concluded that cost reduction has a statistically significant effect on performance of rated hotels in Nairobi County. The findings in this study confirm the findings reported by Chisulo, (2019) who established that there was a strong positive relationship between cost reduction strategy and financial performance of the tea industry. The study concluded that cost reduction strategy effect performance of the organization positively. Cost reduction strategies are associated with reduced wastages and enhanced efficiency which translates into improved financial performance. Cost reduction has not only financial outcomes but also social and environmental outcomes.

4.9.3 Hypothesis Testing Three

$H0_3$: Technology adoption Strategy has no statistically significant effect on performance of rated hotels in Nairobi County.

The findings from Table 24 indicates that t=10.200 and p=0.000 implying that technology adoption significantly affect organizational performance. The null hypothesis was therefore rejected and a study concluded that technology adoption has a statistically significant effect on performance of star rated hotels. The study findings are in line with those of Machoka (2019) established that adoption of innovation enhances efficiency and effectiveness in internal organizational operations. Innovation enables organization to align with religious, social, fashion, traditions and business and regulation factors. Wamba (2019) also revealed that competitive advantage, cutting costs, customer service and convenience, enhancing security, and financial management are the attributes that are associated with adoption of information technology and this improves the performance of the firms listed in the NSE. The study concludes that IT adoption has an effect on performance of firms listed at NSE, in addition environmental, strategic and managerial factors have an effect of IT adoption on the performance of organizations.

4.9.4 Hypothesis Testing four

$H0_4$: Organizational policy has no statistically significant moderating effect on the relationship between strategic approaches and performance of star rated hotels in Nairobi County

From Table 2 the findings indicates that t-values =1.363459 and p-value =0.1727379 which is greater than 0.05 indicates that organizational policy does not have significant moderating effect on the relationship between strategic response and organizational performance in the rated hotels and hence the study adopted the null hypothesis. The finding in this study is not consistent with empirical evidence that showed significant moderating effect such as Gasela(2020) and Kathenya et al. (2020) that established that organizational policy has moderating effect on the relationship between strategic response strategies

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter contains summary of the findings made from the analysis conducted in the study, conclusions made from the findings and recommendations made from the conclusions.

5.2 Summary of the Major Findings

This section presents summary of the relationships sought in the study. Summary of research findings is presented in terms of the research variables and research objectives.

5.2.1 Market Segmentation Strategy on Performance of Star Rated Hotels

The study examined the level of market segmentation in the rated hotels in Nairobi County. Findings on market segmentation indicated that rated hotels in Nairobi County offer product variety through product presentation and product packaging. The hotels used differentiated marketing in winning new markets while the hotels give variety of costing to clients depending on product features. Lastly, the hotels try to customize hotel rooms to suite customer needs. However, there is high variation in the level of market segmentation in the hotels. This could be explained by the different levels in hotel rating. Hotels with higher ratings exhibit more seriousness in market segmentation as compared to hotels in lower levels.

5.2.2 Cost Reduction on Performance of Star Rated Hotels

The study examined the extent of adoption of cost reduction in the rated hotels in Nairobi County. Findings on cost reduction revealed that good number of the rated hotels source supplies from most economical sources to minimize input costs. However, the level of cost minimization in the hotels varies depending on purchasing abilities in different levels of classification of hotels. The findings reveal that the hotels use efficient production methods and modern technology to reduce on production cost and to offer services at optimal cost. While it was clear that the hotels at all levels generally offer affordable prices for food, the rooms are not necessarily affordable. This could be explained by the varying nature of hotel rooms in different hotel classifications. Lastly, the other services offered by the hotels are priced affordably as revealed.

5.2.3 Technology Adoption on Performance of Star Rated Hotels

Findings on technology adoption showed that most rated hotels in Nairobi County market their products online. There was however some level of variation in the level of adoption as explained by variety in clientele financial ability of the hotels. The level of adoption of technology in production and in service delivery is low and wide spread as explained by varied technological capabilities of the hotels are the different levels. Similarly, the hotels moderately use modern technology in service delivery.

5.2.4 Organizational Policy on Performance of Star Rated Hotels

The researcher collected and analyzed data on organizational policy. The finding on organizational policy indicated that while the rated hotels in Nairobi County have formal overall organizational policy, the level of formalization in term of policies regarding strategic response is relatively low. There is low level of formality in communication of policies on strategic response respectively. Similarly, the level of follow up on adherence to and practicality of policy on strategic response is low. Lastly, the level of importance attached to the policy was varied across the hotels. These findings imply that there is no standard strategic approach to strategic response among the rated hotels.

5.2.3 Organizational Performance

The study examined the level of organizational performance achieved by the rated hotels in Nairobi County. The findings revealed that the hotels to a great extent achieve sales targets. However, the level of achievement of such targets is varied depending on the hotel ratings. It was evident that the hotels achieve average growth in sales, probably as a result of turbulent market environment between 2019 and 2022 during and post Covid-19 pandemic. The number of customers attracted by the hotels remains just average, probably explained by the difficult economic situation in the nation emerging from Covid-19 and political period. The level of customer retention is just above average while the hotels perform averagely towards achieving profit targets just like in growth in profit.

5.3 Conclusions

The study examined the level adoption of strategic response strategies by the rated hotels in Nairobi County. The study was guided by four objectives. The conclusions on the objectives are as summarized in this section.

This study analyzed data on the effect of market segmentation on organizational performance. From the study findings, it was concluded that the rated hotels in Nairobi County adopt market segmentation in attempt to enhance organizational performance in the current dynamic environment. The study further concluded that market segmentation significantly effects organizational performance. Market segmentation through product differentiation, packaging and price enables the hotels to tailor products to specific segments enhancing sales and financial performance at segment level and consequently enhancing organizational performance. From the findings the study concluded that market segmentation had a positive effect on organizational performance of rated hotels in Nairobi County since the overall mean is 4.62.

The second objective was on the effect of cost reduction on organizational performance. From the research findings, the study concluded that the rated hotels are conscious in cost management starting from sources of input to production and service delivery. The study also concluded that cost reduction enhances organizational performance. This conclusion implies that cost reduction strategies like sourcing at optimal prices, and adoption of efficient systems lead to enhanced performance. From the findings the study concluded that cost reduction had a positive effect on organizational performance of rated hotels in Nairobi County since the overall mean is 4.00.

The third objective sought to establish the effect of technology adoption on organizational performance. Findings of the study led to conclusion that rated hotels in Nairobi County adopt technology at different level in marketing, production and service delivery. The study further concluded that technology adoption significantly effects performance of rated hotels in Nairobi County. Adoption of technology in marketing, production and service delivery is associated with cost advantage leading to enhanced organizational performance. From the findings the study concluded that technology adoption had a positive effect on organizational performance of rated hotels in Nairobi County since the overall mean is 4.62.

The study examined the moderating role of organizational policy on the effect of strategic response on organizational performance. The study concluded that the level of importance attached to organizational policy is relatively low. This adoption of strategic responses is left at the discretion of the hotel management. The study further concluded that organizational policy does not have significant moderating effect on the effect of strategic response on organizational performance. This is attributed to the fact that the hotels do not have formal and structured approach to adoption of such strategies.

5.4 Recommendations of the Study

5.4.1 Policy Recommendation

The study recommends that hotels adopt market segmentation as a competitive tool. The hotels should consider embarking on market analysis and understanding the diverse needs in the market, then respond by developing products and services that suite the specific market segments. The hotels should also consider creating variety through product features, price and complementary services. Secondly, the hotels should consider adoption of optimal and cost reducing practices in daily operations of the hotels. The hotels should consider sourcing supplies from cost conscious suppliers. They can adopt more cost-effective methods of production and service delivery. Lastly, the hotels should embark on prudent purchasing to reduce wastages and unnecessary cost.

The hotels should adopt current technology both in production and service delivery. This will help them address then diverse interest of customers. Similarly, the hotels should consider adoption of current technology in marketing as this will enhance coverage and will reduce marketing cost. Lastly, the study recommends that the hotels should consider formulation of practical organizational policy on strategic responses. Such responses should be well communicated within the organization. The hotels could also consider creating internal mechanism to ensure adherence to the organization policy.

5.4.2 Recommendation for Further Studies

A comparative study could be conducted on strategic response and organizational performance between hotels in Kenya in comparison to other countries. This would help gauge how Kenyan hotels perform in the region, especially post formation of the East Africa region.

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APPENDICES

Appendix I: Questionnaire

This questionnaire is designed to collect data on the relationship between Strategic Response and Organizational Performance. The data sought is purely for research purposes. Kindly provide the sought data by selecting appropriate options.

Section A: Bio Data

1. Please provide the bio data sought by selection the options as appropriate

   Male ☐

   Female ☐

2. Star Rating for Your Hotel

   2 Star ☐

   3 Star ☐

   4 Star ☐

   5 Star ☐

3. Position served in the organization

   Hotel General Manager ☐

   Hotel General Manager Representative ☐

4. Years served in the current position

   Less than 1 year ☐

   2-5 years ☐

   More than 5 years ☐

Section B: Strategic Response Strategies

The questionnaire items in this section are intended to establish the extent to which strategic response strategies are adopted by your Hotel. Please indicate the extent to which they are true in your organization.

Market Segmentation

The questionnaire items in this section are intended to collect data on Differentiation Strategy. Please use the scale 1- 5 where 1=Strongly Disagree, 2=Disagree, 3=

S/No	Item	5	4	3	2	1
1.	The organization offers product variety to customers through product presentation					
2.	The organization offers product variety to customers through product packaging					
3.	The organization targets untapped markets through differentiated marketing					
4.	The organization offers highly differentiated service to customers based on their needs					
5.	The organization offers products and services at varied cost depending on the product/service features					
6.	Hotel rooms in my organization are highly tailored to offer variety					

Cost Reduction Strategy

The questionnaire items in this section are intended to collect data on Cost Reduction Strategy. Please use the scale 1-strongly disagree to 5- strongly agree to indicate the extent of adoption of the specified strategies in our organization.

S/No	Item	5	4	3	2	1
1.	Our organization sources its supplies from most economical sources to minimize input costs					
2.	The organization uses efficient production methods to reduce on production cost					
3.	The organization uses modern technology to offer services at optimal cost					
4.	The organization offers its foods products at most affordable price					
5.	The organization offers its hotel rooms at most affordable price					
6.	The organization offers other services at least possible price					

Technology Adoption Strategy

The questionnaire items in this section are intended to collect data on technology adoption strategy. Please use the scale 1-strongly disagree to 5- strongly agree to indicate the extent of adoption of the specified strategies in our organization.

S/No	Item	5	4	3	2	1
1.	The organization markets its products online					
2.	The organization uses modern technology in production					
3.	The organization uses modern technology in service delivery					
4.	The hotel is equipped with modern facilities					
5.	The hotel is highly innovative in its products and services					

Section C: Organizational Performance

The questionnaire items in this section are intended to collect data on Financial Performance. Please use the scale 1-strongly disagree to 5- strongly agree to indicate the extent to which you agree with the statements on the specified aspects of organizational performance.

S/No	Item	5	4	3	2	1
1.	The organization achieves sales targets					
2.	The organization experience growth in sales					
3.	The organization attracts high customer numbers					
4.	The organization retains most of its customers					
5.	The organization achieve profit targets					
6.	The organization experiences growth in profit					
7.	The organization enjoys customer goodwill					

Organizational Policy

The questionnaire items in this section are intended to collect data on organizational policy on strategic response. Please use the scale 1-strongly disagree to 5- strongly agree to indicate the extent of adoption of the specified strategies in our organization

S/N	**Item**	**5**	**4**	**3**	**2**	**1**
1.	Descriptive Analysis on Organizational Policy					
2.	The organization has policies that relate to strategic response					
3.	Organizational policy is formally communicated to staff					
4.	The Organizational makes follow ups to ensure policy is adhered to					
5.	Organizational policy in the organization is practical					

Appendix II: List of Star Rated Hotels in Nairobi County, Kenya

No	Establishment	Rating
1.	After 40 Hotel	2 Star
2.	Amboseli Serena Lodge	5 Star
3.	Amboseli Sopa Lodge	4 Star
4.	Azure Hotel	4 Star
5.	Best Western Plus Meridian Hotel	4 Star
6.	Boma Inn Nairobi	4 Star
7.	Carnivore Restaurant	4 Star
8.	Central Park Hotel	2 Star
9.	City Lodge Hotel at Two Rivers	4 Star
10.	Crowne Plaza	4 Star
11.	Crowne Plaza Nairobi Airport	5 Star
12.	Dusit D2	5 Star
13.	Eka Hotel	4 Star
14.	Eton Hotel	2 Star
15.	Executive Residency by Best Western.	4 Star
16.	Fahari Gardens Hotel	3 Star
17.	Fairmont The Norfolk	5 Star
18.	Fairview Hotel	4 Star
19.	Gelian Hotel	4 Star
20.	Golden Tulip Westlands	4Star
21.	Hemingway's Nairobi	5Star
22.	Hilton Garden Inn Nairobi Airport	4Star
23.	Hilton Nairobi Limited	4Star
24.	House of Waine	4Star
25.	Ibis Styles Nairobi Westlands	3Star
26.	Intercontinental Nairobi	5Star
27.	Jacaranda Hotel Nairobi	2Star
28.	Kahama Hotel	2Star
29.	Kenya Comfort Suits	3Star
30.	Kibo Safaris Camp	3Star
31.	La Masion Royale	3Star
32.	Maanzoni Lodge	3Star
33.	Marble Arch Hotel	3Star
34.	Nairobi Safari Club	4Star
35.	Ngong Hills Hotel	3Star
36.	Ole Sereni Hotel	4Star
37.	Pride Inn Lantana Apartments and Suites	4Star
38.	Pride Inn Raptha Nairobi	3Star

39.	Radisson Blu Hotel Nairobi	5Star
40.	Sankara Nairobi	5Star
41.	Sarova Panafric Hotel	4Star
42.	Silver Springs Hotel	4Star
43.	Southern Sun Mayfair Nairobi	4Star
44.	Sportsview Hotel Kasarani	3Star
45.	Summerdale Inn	2Star
46.	Tea Tot Hotel	2Star
47.	The Boma Nairobi	5Star
48.	The Clarion Hotel	3Star
49.	The Heron Portico	3Star
50.	The Panari Hotel, Nairobi	4Star
51.	The Sarova Stanley	5Star
52.	Town Lodge	2Star
53.	Tribe Hotel	5Star
54.	Utalii Hotel	3Star
55.	Villa Leone Guest House	3Star
56.	Villa Rosa Kempinski	5Star
57.	West Breeze Hotel	2Star
58.	Weston Hotel	4Star
59.	Windsor Golf Hotel and Country Club	4Star
60.	Zehneria Portico	2Star

Source: Tourism Regulatory Authority (2022)

Appendix III: Consent Form

Dear Respondent

I am a master's degree student at Kabarak University School of business and economics. I am conducting a research study on the **effect of strategic approaches on the performance of star rated hotels** the survey will take approximately 15 minutes. Your participation in this study is voluntary. There is no penalty if you choose not to participate or to withdraw from the study at any time. If you choose to withdraw from the study, all data collected from you will be destroyed through deletion of files. There is no fore see able risks or discomforts to your participation.

Your responses will be confidential. I will remove any personal identifiers after coding is completed in order to maintain your confidentiality. The results of this study will be used in my master's thesis, and may be used in reports, presentations, or publications but your name will not be used. Kindly if you have agreed sign below

I, ______________________, hereby give my consent to participate in the research study

Finally, I understand that the information about me obtained during the course of this study will be kept confidential unless I consent to its release

____

Participants Signature

I hereby certify that I have given an explanation to the above individual of the contemplated study and its risks and potential complications.

________ ____________________

Principal Investigator

Thank you

Mr. Victor Kiprop

Master's student, Kabarak university business school

Appendix IV: KUREC Approval Letter

KABARAK UNIVERSITY RESEARCH ETHICS COMMITTEE

Private Bag - 20157
KABARAK, KENYA
Email: kurec@kabarak.ac.ke

Tel: 254-51-343234/5
Fax: 254-051-343529
www.kabarak.ac.ke

OUR REF: KABU01/KUREC/001/37/10/22

Date: 28-10-2022

Victor Kiprop Bett
GMB/NE/3199/09/18
Kabarak University,

Dear Victor,

RE: EFFECT OF STRATEGIC RESPONSIVE APPROACHES ON PERFORMANCE OF STAR RATED HOTELS IN NAIROBI COUNTY, KENYA.

This is to inform you that ***KUREC*** has reviewed and approved your above research proposal. Your application approval number is ***KUREC-371022.*** The approval period is ***28/10/2022 – 28/10/2023.***
This approval is subject to compliance with the following requirements:

i. All researchers shall obtain an introduction letter to NACOSTI from the relevant head of institutions (Institute of postgraduate, School dean or Directorate of research)
ii. The researcher shall further obtain a RESEARCH PERMIT from NACOSTI before commencement of data collection & submit a copy of the permit to **KUREC.**
iii. Only approved documents including (informed consents, study instruments, MTA Material Transfer Agreement) will be used
iv. All changes including (amendments, deviations, and violations) are submitted for review and approval by ***KUREC***:
v. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to ***KUREC*** within 72 hours of notification;
vi. Any changes, anticipated or otherwise that may increase the risk(s) or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to ***KUREC*** within 72 hours;
vii. Clearance for export of biological specimens must be obtained from relevant institutions and submit a copy of the permit to KUREC;
viii. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal and;
ix. Submission of an executive summary report within 90 days upon completion of the study to ***KUREC***

Sincerely,

31 OCT 2022
APPROVED
P. O. PRIVATE BAG - 20157, KABAR

Prof. Jackson Kitetu PhD.
KUREC-Chairman

Cc Vice Chancellor
DVC-Academic & Research
Registrar-Academic & Research
Director-Research Innovation & Outreach
Institute of Post Graduate Studies

As members of Kabarak University family, we purpose at all times and in all places, to set apart in one's heart, Jesus as Lord.
(1 Peter 3:15)
Kabarak University is ISO 9001:2015 Certified

Appendix V: NACOSTI Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **494499**

Date of Issue: **10/November/2022**

RESEARCH LICENSE

This is to Certify that Mr.. VICTOR KIBET KIPROP of Kabarak University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: EFFECT OF STRATEGIC RESPONSIVE APPROACHES ON PERFORMANCE OF STAR RATED HOTELS IN NAIROBI COUNTY, KENYA for the period ending : 10/November/2023.

License No: **NACOSTI/P/22/21748**

494499

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

See overleaf for conditions

THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013 (Rev. 2014)
Legal Notice No. 108: The Science, Technology and Innovation (Research Licensing) Regulations, 2014

The National Commission for Science, Technology and Innovation, hereafter referred to as the Commission, was the established under the Science, Technology and Innovation Act 2013 (Revised 2014) herein after referred to as the Act. The objective of the Commission shall be to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters related thereto.

CONDITIONS OF THE RESEARCH LICENSE

1. The License is granted subject to provisions of the Constitution of Kenya, the Science, Technology and Innovation Act, and other relevant laws, policies and regulations. Accordingly, the licensee shall adhere to such procedures, standards, code of ethics and guidelines as may be prescribed by regulations made under the Act, or prescribed by provisions of International treaties of which Kenya is a signatory to
2. The research and its related activities as well as outcomes shall be beneficial to the country and shall not in any way;
   i. Endanger national security
   ii. Adversely affect the lives of Kenyans
   iii. Be in contravention of Kenya's international obligations including Biological Weapons Convention (BWC), Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), Chemical, Biological, Radiological and Nuclear (CBRN).
   iv. Result in exploitation of intellectual property rights of communities in Kenya
   v. Adversely affect the environment
   vi. Adversely affect the rights of communities
   vii. Endanger public safety and national cohesion
   viii. Plagiarize someone else's work
3. The License is valid for the proposed research, location and specified period.
4. The license any rights thereunder are non-transferable
5. The Commission reserves the right to cancel the research at any time during the research period if in the opinion of the Commission the research is not implemented in conformity with the provisions of the Act or any other written law.
6. The Licensee shall inform the relevant County Director of Education, County Commissioner and County Governor before commencement of the research.
7. Excavation, filming, movement, and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
8. The License does not give authority to transfer research materials.
9. The Commission may monitor and evaluate the licensed research project for the purpose of assessing and evaluating compliance with the conditions of the License.
10. The Licensee shall submit one hard copy, and upload a soft copy of their final report (thesis) onto a platform designated by the Commission within one year of completion of the research.
11. The Commission reserves the right to modify the conditions of the License including cancellation without prior notice.
12. Research, findings and information regarding research systems shall be stored or disseminated, utilized or applied in such a manner as may be prescribed by the Commission from time to time.
13. The Licensee shall disclose to the Commission, the relevant Institutional Scientific and Ethical Review Committee, and the relevant national agencies any inventions and discoveries that are of National strategic importance.
14. The Commission shall have powers to acquire from any person the right in, or to, any scientific innovation, invention or patent of strategic importance to the country.
15. Relevant Institutional Scientific and Ethical Review Committee shall monitor and evaluate the research periodically, and make a report of its findings to the Commission for necessary action.

National Commission for Science, Technology and Innovation(NACOSTI),
Off Waiyaki Way, Upper Kabete,
P. O. Box 30623 - 00100 Nairobi, KENYA
Telephone: 020 4007000, 0713788787, 0735404245
E-mail: dg@nacosti.go.ke
Website: www.nacosti.go.ke

Appendix VI: List of Publication

The International Journal of Business Management and Technology, Volume 7 Issue 6 November-December 2023
ISSN: 2581-3889

Research Article Open Access

Effect of Cost Cutting Strategy on Performance of Star Rated Hotels in Nairobi County

[1]Victor Kibet Kiprop, [2]Dr. Nehemiah Kiplagat, [3]Prof. Geoffrey Kamau, [4]Dr. Ann Wacira

Kabarak University P.O Private Bag 20157 Kabarak

ABSTRACT: While the hospitality industry makes a great contribution to the economic development of a country, many hotels encounter organizational challenges associated with poor cost cutting. Such result, huge losses and sometimes closure of business. It is on this basis that this study sought to investigate the effect of cost cutting strategy on the performance of star rated hotels in Nairobi County, Kenya. The study was guided by lean management theory. The target population of the study was 61 general managers of the 61 star rated hotels in Nairobi County. The study adopted census approach to incorporate all the 61 managers involved in the study. The study was quantitative in nature and adopted a correlational research design, structured questionnaire was used collect primary data and data was analyzed using a statistical package for social sciences where descriptive statistics; mean and standard deviation. Inferential statistics involved the use of Pearson's Product Moment correlation and multiple regression models to determine the nature of the relationship between the variables. The findings of the study were presented in table form. The study concluded that cost cutting strategy has no statistically significant effect on performance of star rated hotels in Nairobi County (r=0.924, p=0.000). The study recommends that the hotels should consider sourcing supplies from cost conscious suppliers. They can adopt more cost-effective methods of production and service delivery. Lastly, the hotels should embark on prudent purchasing to reduce wastages and unnecessary cost

Key Words: *Cost Cutting Strategy, Performance*

I. INTRODUCTION

The hospitality industry plays a crucial role in the global economy and hotels, in particular, serve as essential pillars of this sector. For hoteliers, ensuring exceptional performance is vital for success in a highly competitive market, (Amusa&Adewale 2018). The measurement of hotel performance provides valuable insights into the efficiency, effectiveness, and overall quality of services offered. The performance of star-rated hotels serves as a benchmark for excellence, enabling guests and industry stakeholders to gauge their capabilities, (Adeyeye&Shomoye 2019). Measuring performance helps hotel management identify areas of strength and weakness, facilitating informed decision-making and strategic planning. Moreover, it aids in setting realistic goals, monitoring progress, and implementing necessary improvements. Effective performance measurement enhances operational efficiency, customer satisfaction, and financial sustainability, ensuring long-term viability in a dynamic market, (Akalu&Adeyemo, 2019).According to Bayoh, (2019), the performance of hotels can be measured using financial indicators. These indicators provide valuable insights into a hotel's profitability, revenue generation, and cost control.

A cost-cutting strategy is a deliberate and systematic approach that an organization or business implements to reduce its operating expenses and improve overall cost-efficiency. According to Brotherton, (2014), cost cutting refers to adoption of efficient, optimal and cost-effective business operations to achieve minimal overall costs in business operations. The primary objective of cost-cutting strategies is to optimize resource allocation and enhance financial performance while maintaining or improving the quality of products or services. Cost-cutting measures directly contribute to higher profitability by reducing operating expenses. Organizations can achieve a healthier bottom line, which is a key indicator of financial performance (Hitt et al., 2016). Cost-cutting strategies enhance financial stability by reducing unnecessary

Appendix VII: Evidence of Conference Participation

KABARAK UNIVERSITY

Certificate of Participation

Awarded to

Victor Kiprop

for successfully participating in the 13th Annual Kabarak University International Research Conference held from 30th – 31st October 2023 and presented a paper entitled ***"Effect of cost cutting strategy on performance of star rated hotels in Nairobi".***

Conference Theme

Empowering Youth Through Digital Commerce

Dr. Patrick Kibati
Dean, School of Business & Economics

Dr. Moses Thiga
Director - Research, Innovation and Outreach

Kabarak University Moral Code

As members of Kabarak University family, we purpose at all times and in all places, to set apart in one's heart, Jesus as Lord.

(1 Peter 3:15)

Kabarak University is ISO 9001:2015 Certified