STRATEGIC RESPONSE AND PERFORMANCE OF SAROVA HOTELS IN NAIROBI AND MOMBASA COUNTIES, KENYA.

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NOVEMBER, 2017.
DECLARATION

Declaration by candidate:

I hereby declare that this research project is my original work and has not been presented for any degree or other awards in any other University. No part of this research project should be reproduced without authority of the author or/and Kenyatta university.

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This research project has been submitted for examination with my approval as university supervisor.

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DEDICATION

I dedicate this project to my family for unfailing encouragement and love. To my loving wife Fridah Mwavondo and our son Nathan Osweto, who endured many days of my absence as I tried to complete this assignment. May this accomplishment be an inspiration to you in your pursuit of knowledge and excellence.
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OPERATIONAL DEFINATIONS OF TERMS

Conversion Rate: Is the act of converting visitors into paying and regular customers.

Funnel drop-off rate: The number of visits/visitors who left a conversion process (funnel) without completing it.

Management Contracting: It’s an arrangement under which operational control of an enterprise is vested by contract in a separate enterprise that performs the necessary managerial functions in return for a fee.

Organization Performance: Performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives).

Strategy: It’s a management method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem to ensure high performance.

Strategic Response: It’s a management reaction that is well planned and tailored towards a particular change that is expected to happen or has happened in the organization environment.

ICTs- It refers to technologies that provide access to information through telecommunications. It is similar to Information Technology (IT), but focuses primarily on communication technologies. This includes the Internet, wireless networks, cell phones, and other communication mediums.
ABBREVIATIONS AND ACRONYMS

CRM – Customer Relation Management
ICT - Information and Communication Technology
IT - Information Technology
KPI – Key Performance Indicators
R & D – Research and Development
RBT - Resource Based Theory
ROA – Return on Asset
ROI – Return on Investment
SGH - Sarova Group of Hotels
SPSS- Statistical Package for the Social Sciences
ABSTRACT

Organization performance has become a great concern for managers in this competitive environment with most organizations recording a decrease in their performance, as most of the managers are now focusing on the end result i.e. long term performance. However the greatest challenge in high organization performance is the unpredictability of the ever changing working environment forcing organization to change their strategies. The extent to which strategic response affect the organization performance is still questionable. A firm’s superior performance is as a result of its strategic choices that provide the organization a better strategic position in the industry. The general purpose of this research was to establish the effects of strategic responses on performance of Sarova hotels in Nairobi and Mombasa counties, focusing on staff induction, management contracting, customer relations and technology innovation. Descriptive survey design was adopted for this research, taking the top management, middle management and supervisory employees of Sarova group of hotel in three of their city units as the population. Data was collected using questionnaires consisting both opened and closed ended questions. Data was analyzed by use of descriptive and inferential statistical techniques like correlation and regression coefficients to draw a causal relationship between the various strategic responses and performance. Data was presented using graphs and tables. The finding showed that there is a statistical significance relationship among staff induction, management contracting, technology innovation and practice and customer relation management system on the hotel performance. According to the Pearson’s correlation on staff induction, management contracting, technology innovation and practice and customer relation management system indicated a true relationship to the hotel performance in Sarova hotels positively and were statistically significance. The research recommends that Sarova hotels should embrace staff induction, management contracting, technology innovation and practice and customer relation management system. Further studies are required to be carried out to establish other variables affecting hotel performance and use different hotels and organizations to compare study findings and other findings of effects of strategic responses amongst other organizations in Kenya.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Performance of any organization is one of the mechanisms to gain people’s commitment towards achieving the stated objectives of the organization. Increased competition, rapid change, reduced resources and mounting employee expectations, have all combined in such a way that organization are being expected to achieve more out of less (Neely et al 2006). The changing Kenyan economic and demographic structure has led to changes in life style at a faster pace than economic growth. The demographic imbalance complicates the task of creating and providing different services as per demanded by the different customers.

For an organization to perform well in a given industry, it must select strategic behavior that matches the level of environmental change and build a resource capability that complements chosen strategies (Acur & Englyst, 2006). Manimal (2011) and Aboagy (2007) identified three modes of strategic behavior. Firstly is the group of strategic response that consists of organizations that are reactive and are driven by the environment. Secondly is the group that is pre-emptive and seek to anticipate future events and prepare for them. Finally is the third group which exhibits the aggressive stance, not only do they seek to identify future scenarios, but they also work to bring them to pass.

These classifications of strategic behavior is supported by several theories that include the institutional theory, resource dependency theory and continuum theory which is a combination of both resource dependency and institutional theories. With these
theories one can easily identify the content and context in which certain responses are appropriate to ensure high performance of the organization, (Barney, 2010).

For an organization to perform well in its competitive market environment, the organization must formulate and adopt well the laid strategies depending on the environment they operate. Through formulation and adoption of these strategies an organization is able to improve its performance and retain their customers (Petzer, Steyn and Mostert 2003). Once the demand of its products is created, a hotel needs to manage this by ensuring delivering of quality service.

1.1.1 Organization Performance

Organization performance is viewed as the end result of activities of an organization over a given period of time. It’s understood as the achievement of an organization in relation to its set goals, including outcome achieved, or accomplished through the contribution of teams or individuals to the organization strategic goals. According to Tanner (2012) organization performance is the use of evidence to determine progress towards specific defined organization objectives that include both quantitative evidence (customer service times) and qualitative evidence (customer perception)

Brumbach (2011) viewed organization performance more comprehensive by combining both the results and behavior. He is of the view that behavior as an outcome in their own right can be judged for an organization performance apart from the result. Organization performance has a link with individual potential and how best it is realized by the person; hence managing his/her potential becomes the input to the productive process and performance is the output.

In this turbulent and ever-changing environment, it is very important to measure and control organization performance as it leads to better assets management, increase
customer value and improve measure of organization knowledge. Increased competition, rapid change, reduced resource and increasing employees expectation have all combined in such a way organization are expected to achieve more out of less (Neely et al). Measurement of service performance especially in the hotel industry has become complex due to the high demand of the industry.

Hotel have emphasized on the use of financial measures despite been historical by nature, hence the need of using non-financial measures like customer satisfaction, quality assurance, low employee turnover etc, since they assist in measure of the organization competitiveness and its sustainability in future (Musembi, C 2014)

Organization performance has become a great concern for managers in this competitive environment, as most of the managers are now focusing on the accumulation end result of its activities and process i.e. long term performance. Organization performance management helps in maintenance of the organization stability in term of its operations and enables the organization to be more sustainable in this and the future environment.

1.1.2 Strategic Response

Strategy is a broad formula or a road map for how an organization is to compete, what are its goals and the policies need to carry out its mission and the combination of goals in which the organization is striving and policies by which it is seeking to achieve, Porter (1980). Ansoff and McDonnel (1990) argue that it is through strategic management that a firm will be able to relate itself to the environment it operates to ensure its success and also cushion its self from the environmental changes surprises. They argue that this is done by positioning the firm through strategic capability and
planning, timely strategic response during the formation and implementation period. Without a strategy, the management has got no road map to guide them.

Manimala (2011) asserted that strategic response to environmental changes were mainly around improving quality and productivity, cost reduction, culture building and restructuring rather than finding partnership and assistance from across the newly opened boundaries. These findings suggested that competition does have an impact on self-improvements and that the primary impetus for strategy making is from one’s own internal strength than from the environment.

An organization has competitive advantage whenever it has an edge over its rival in attaining, securing and defending their customers against competitive forces (Thompson and Strickland, 2002). Prahalad and Hamel (1990) defined a core competence as an area of specialized expertise which is as a result of harmonizing complex streams of technology and work activity. They continued to explain that a core competence has three characteristics, first is to provide access to a wide variety of markets, Secondly is to increase perceived customer benefits and lastly it’s hard for competitors to imitate. Sources of competitive advantage which result to high performance include quality products, quality customer care service, affordable pricing and attaining of low cost compared to the competitors. Managers are concerned with reconciling the business with the organization it is in and the available allocated resources. This allocation process is concerned with the organization general purpose of attaining its high performance by developing strategies designed to keep it in business.

Isaboke (2001) carried out investigation on strategic responses by major oil companies in Kenya performance to the threat of new entrants. He established that
majority of the oil companies are using combination of generic strategies like cost leadership and market focus. They also use competitive strategies like convenient stores and restaurant franchise in up-market areas to compete against new entrants. Thiga (2000) found out that firm in the aviation industry formed alliances and partnership so as to globalize their route and earn competitive edge.

1.1.3 Hospitality Industry in Kenya

Hospitality sector is a service giving sector which evolved with the coming of the transportation and the start of trade. This industry first evolved at the coast for the first time due to the coming of Arabs traders and the construction of the railway in the region. Kamau and Waundo (2012) argued that following the construction of the railway there was a growing demand for catering and hospitality facilities services which led to demand of trained personnel which led to the construction of Utalii College in 1975.

This industry is one of the major sector generating more income and job opportunities in the country despite been highly affected with seasonality especially at the coastal region. According to Wadongo, Odhuna and Othuon (2010), the hospitality industry makes a significance contribution for the economic development of the country. World travel and tourism council (2006) explained that in Kenya this industry contributed 509,000 jobs in 2007 and furcated that it will increase to over 628,000 jobs by 2017.

Hotels in Kenya are classified in star rating that include 5-star the highest luxury,4-star hotel,3 –star hotel, 2- star and 1- star hotel. According to Johanne (2010) currently every country has its own rules and requirements for determining hotel classification in-spite of the recognized body, hence the inconsistencies of the star
classifications of hotel. The hospitality industry has faced many radical changes that has affected its performance not only of the individual hotel but the industry at large. According to Seloitte (2010) brand is one of the key drivers to change. Currently and in the future, the choice of brand in comparison to the choice of location pegs on the ever-increasing change in customer lifestyle, taste, fashion and demand.

1.1.4 Sarova Group of Hotels

Sarova group of hotels came into operations into Kenya since 1902 and they are renowned as one of the Kenya finest unique hotel that hosts the luxurious and classy uptown clientele. Having several properties, Sarova hotels has a record of being one of the best performing group of hotels not only in the country but in the entire east Africa region. This is very evident by the numerous awards that the hotel has won from aspect of energy conservation, training, and product offerings. Having several properties (hotels, loges and resort) spread all out within the country, this has enable them to have a wide courage and provide several products that are tailor made depending on its location. Having frequently scheduled renovation has enabled this group of hotel to upgrade their amenities, infrastructure and facilities to keep up with the global standards to maintain high quality in their service delivery. The properties of Sarova group of hotels include: Sarova Stanley (Nairobi), Sarova Panafric (Nairobi), Sarova Whitesands beach resort and spa (Mombasa), SarovaLionhill Game lodge (Nakuru), Sarova game lodge (Mara), Sarova Shaba (Isiolo), Sarova Salt lick and SarovaTaita hills (Taita).

1.2 Research Problem

Decline in organizations performance has been on the increase at a very alarming rate. Companies that survive and thrive are those that plan adequately putting smart bets for the future. For companies to be successful they must regularly scan their
environment for opportunities and threats, demonstrate appreciation for their own capabilities, and weave innovation into the very fabric of their existence (Carolina & Angel, 2011).

Several strategic responses have been introduced to ensure efficiency and effectiveness in hotel operations in order to meet internal and external customer requirements. With the fast growing hotel industry, many hotels have got different strategies that put them above their competitors. Some of these operations strategies are: leadership strategies, personal contact strategies and extensive staff training strategies, strategies on the quality customer service, physical attractiveness, and range of product offerings, unique product features, safety and security systems, and information technology. Organizations in the hospitality industry are facing a great challenge in their operations due to the strategic response implemented.

Several studies on strategic response of organizations have been conducted, these studies include, Maroa and Muturi (2015) conducted a research on the influence of strategic management practices on performance of floriculture firms, strategic management practices contribute to performance by generating relevant information, creating a better understanding of the environment and reducing uncertainty. Their recommendation was for the floriculture firms’ top management to seek input from lower level managers as they were hardly involved.

Nyariki (2013) conducted a research on the strategic management practices as a competitive tool in enhancing performance of small and medium enterprises in Kenya, concentrating more on how external factors or forces affect decision making and the strategic plans in the organization. Little concentration has been given to organizations in the hospitality industry. This study therefore seeks to bridge this gap
and more so intends to involve all carders of managers, top, middle and low level managers which have not been done in most research. This study seeks to understand how one of the leading and oldest group of hotels in the region has adopted strategic management practices that have had a positive influence on its corporate performance.

Although all the above reviewed studies made very important contribution on various aspects on organizations performance, they suffer from conceptual and contextual gaps since they did not address the adoption of strategic response on the organizations in the hospitality industry and the effect of such strategies on the performance of the organizations. This is the research gap that this study addressed in the hospitality industry. The study sought to determine answers to the following question: what were the effects of strategic response on the organization performance at Sarova hotels.

1.3 Research Objective

The general objective of the study was to establish the effects of strategic responses on performance of Sarova hotels in Nairobi and Mombasa city counties, Kenya.

1.3.1 Specific Objectives

The specific objectives of this study therefore were to:

i. To establish the effects of staff induction as a strategic response on Sarova hotels organization performance.

ii. To explore the effects of management contracting on organization performance of Sarova hotels.

iii. To establish the contribution of technology innovations on the organization performance of Sarova hotels.

iv. To determine the effects of customer relation management on Sarova hotels performance.
1.4 Null Hypothesis

The research hypotheses of this study therefore are:

i. HO1: There is no significant relationship between staff induction and organization performance of Sarova hotels.

ii. HO2: There is no significant relationship between managing contracting and organization performance of Sarova hotels.

iii. HO3: There is no significant significance relationship between technology innovations on the organization performance of Sarova hotels.

iv. HO4: There is no significant relationship between customer relation management systems and the organization performance of Sarova hotels.

1.5 Significance of the Study

This study will enable the practitioners in the hotel industry to have better understanding of the importance of strategic responses and its influence on the organization performance. This will enable hoteliers to come up with better strategic responses that will make them perform well in the industry and be more competitive and increase their sustainability in this dynamic environment.

To the government under the ministry of tourism, the study will enable better formulation of policies that will be able to govern the hospitality industry in accordance to the strategic response. It will help them to understand the rules and regulations that they have to implement for the industry to be relevant and contribute to the growth of the economy.
To the researchers and academicians, this study will enable them to have a well–versed knowledge on the strategic responses encountered in different times of an organization cycle, finally the findings can be a point of future reference.

1.6 Scope of the Study

The study focused on the influence of strategic response on performance at the SGH based in Nairobi and Mombasa city counties. The scope of investigation involve issuing questionnaire to the management and supervisor cadre employees as well as checking through their magazines and websites with the relevant information that helped in this research study.

1.7 Limitation of the Study

As a researcher one of the problem that was encountered was lack of trust from employees. The employees were reluctant to furnish the information they consider confidential to the organization as it may jeopardize the actions of the organization. Secondly was the time for data collection with most of the management employees.

To overcome these limitations, the questionnaires were issued early giving them enough time to get acquainted, and confidentiality was guaranteed to all data that was collected.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter discusses the theoretical literature review and the frameworks that explain the effect of strategic responses on the organization performance as well as the empirical studies that have been done on the area both in the hospitality industry and other industry. A conceptual framework is then developed from a review of existing studies.

2.2 Theoretical Literature

This section reviews theoretical foundations that discuss and explain strategic responses. The theories assist in appreciating how various strategic responses affect the performance of firms specifically in the hospitality industry. The theories discussed are the resource based theory, blue ocean, knowledge based theory and agency theory.

2.2.1 Blue Ocean Theory

The foundation of Blue Ocean Strategy/theory is 'Value Innovation', a concept originally outlined in Kim & Mauborgne (1997). Value innovation is the simultaneous pursuit of differentiation and low cost, creating value for the buyer, the company, and its employees, thereby opening up new and uncontested market space. The aim of value innovation is not to compete, but to make the competition irrelevant by changing the playing field of strategy. The strategic move must raise and create value for the market, while simultaneously reducing or eliminating features or services that are less valued by the current or future market. The Four Actions Framework is used to help create value innovation and break the value-cost trade-off. Value innovation
challenges Michael Porter's (1996) idea that successful businesses are either low-cost providers or niche-players. Blue ocean theory derives its significance in emphasis in disregarding traditional rules and using competition as a benchmark. According to Kim and Mauborgne (1997), blue ocean theory creates jumpstart in value for the buyers and for the company. Blue ocean theory equips the firm with powers of creating uncontested market space, making competition irrelevant, breaking the value-cost tradeoffs while aligning the whole system of firm activities in pursuit of differentiation and low cost. Firms inclined towards blue ocean theory reject fundamental principle of conventional strategy; the need to choose between value and cost (Kim and Mauborgne, 1997).

2.2.2 Resource Based Theory (RBT)

The resource based theory (RBT) emerged as a complement or dual to Porter’s theory of competitive advantage (Barney, 2002). Initially, Wernerfelt (1984) developed a theory of competitive advantage based on the resources a firm develops or acquires to implement product market strategy. RBT literature was recognizing that firm specific resources as well as competition among firms based on their resources can be essential in order for organizations to gain advantages in implementing product market strategies (Barney, 2002).

Resource dependence theory has dealt more aggressively with these two issues. It proceeds from the indisputable open-systems proposition that organizations are not able to internally generate all the resources and/or functions required to maintain themselves and therefore must enter into exchange transactions and relations with elements in the environment to ensure a stable flow of resources and services. Further, resource dependence theory provides a wide range of possible adaptation strategies. However, resource dependence theory does not consider the issue of social and
cultural mood in the organizational environment, which is an issue that is addressed by institutional theory (Pfeffer and Salancik, 1978).

Resources refer to all components that an organization makes available to performers of innovative work tasks (Amabile, 1997). Employees need access to sufficient resources to be creative and to create a climate of innovation. Resources include appropriate access to funds, materials, facilities, knowledge, information, sufficient time to produce novel work in the domain, and the availability of training (Amabile, 1997). It is also important to have sufficient resources for innovative problem solving (West & Farr, 1999).

2.2.3 Agency Theory

Agency theory addresses the Agency issue in which one party (the principal) delegates work to another (the agent), who performs that work (Jensen & Meckling, 1976). There is an agency relationship when the actions of one individual affect both his welfare and that of another person in an explicit or implicit contractual relationship. The individual who undertakes the actions is the agent and the person whose welfare (utility), measured monetary terms, is affected by the agent’s actions is called the principal (Akaranga, 2010).

In an agency relationship, the principal wants the agent to act in the principal's interest. However, the agent is expected to have his own interest and consequently, he may not act in the principal's best interests. An agency relationship is a contract under which one or more persons (the principal), engage another person (the agent) to perform some service on their behalf which involves delegating some decision making Authority to the agent. If both parties to the relationships are utility
maximizes, there is a good reason to believe that the agent will not always act in the best interests of the principal (Jensen & Meckling, 1976).

Then, the principal's problem is consequently to design an incentive contract that induces the agent to undertake actions that will maximize the principal's welfare. However, both the principal and agent are confronted with uncertainty. This uncertainty may appear in various ways. First, the principal is uncertain about actions undertaken by the agent and/or information held by the agent. The mainstream-economic theory terms the principal's uncertainty state asymmetric information. There is a state of asymmetric information because the agent holds information that the principal does not have.

Second, uncertainty bears on the outcomes of the agent's actions. An agent is uncertain about the outcomes of his actions. For the principal, this latter phenomenon manifests itself more precisely in the fact that the principal is uncertain about the causality between agent's actions and the outcomes. This state of uncertainty and the resulting state of asymmetric information that exists between the principal and his agent impose certain constraints which complicate the forming of the contract (Artley, 2001; United Nations, 1999; Akaranga, 2010)

2.2.4 Knowledge-Based Theory

Strategic innovation is grounded in the knowledge-based theory of the firm (Grant, 1996). It is widely accepted that a firm’s ability to innovate is tied to the pool of knowledge available within an organization (Subramaniam and Youndt, 2005). The generation of new knowledge has traditionally been connected to a firm’s in-house research and development (R&D) activities. Recent literature, however, points to the advantages of combining internal investments with external resources (Cassiman and
Veugelers, 2006) to benefit from complementarities. In other words, firms have begun to open up their innovation processes for external knowledge. This trend of so-called “Open Innovation” allows firms to access and exploit external knowledge while internal resources are focused on core activities (Chesbrough, 2003).

Many authors show the relationship between innovation and knowledge management (Galunic and Rodan, 1998; Kim and Mauborgne, 1997; Leonard-Barton, 1995 and Metcalfe and De Liso, 1998). Knowledge-based strategy determines innovation efforts and may have a strong influence on their cost and performance. In addition, newly created knowledge guides the succeeding innovation efforts (Guadamillas and Forcadell, 2002). This relationship also occurs in the other sense. That is, the results of the innovation management of the firm create new explicit knowledge on products and technologies and also lead to the accumulation of tacit knowledge (Kim and Mauborgne, 1997).

2.3 Empirical Review

This section reviews literature from prior scholars regarding the effect of strategic responses on the organization performance.

2.3.1. Customer Relation Management and Organization Performance

Customer relation management is a new concept in marketing that is argued to be replacing database marketing. It’s a business strategy that aims to understand, anticipate and manage the needs of an organization’s current and potential customers. Hair et al (2006) defined CRM as a combination of strategic, process, organizational and technical change, where the organization seeks to better manage its own enterprise around customer information. Kotler and keller (2006) viewed CRM as a process of managing detailed information about individual customers and carefully
managing all customer touch points to increase their loyalty. Such touch points are referred to as any occasion on which a customer encounters the brand and product from actual experience to personal or mass communication to casual observation.

According to both the academic literature and practical CRM offers firms strategic benefits like customer satisfaction and loyalty, (Kumar and Shah, 2004), higher response to cross selling efforts Anderson,(1996) and better word of mouth publicity. Boulding and colleagues (2005) noted that CRM has the potential to enhance both firm performance and customer benefit through dual creation of value. According to this view, CRM enables firms to argue the value they extend from customers, while customers gain greater value because firms meet their specific needs.

More recently, however, highly publicized failure of CRM implementations that led to skepticism among managers about its much vaunted potential to generate firm value (Ryals 2005; Zablah, Bellenger, and Johnson, (2004). According to Thompsons (2005) one industry study reveals that the majority of CRM project fall short of delivering strategic value because they fail to grow customer loyalty, revenues and profits sufficiently, these reports are disconcerting from the managers view in firms that practice CRM .Explorations of the impacts of CRM on different organization performance measures is required to reassess its potential to create firm value and to justify the investments firms have made in this area.

Previous studies that were examined on the impact of CRM implantation on firms profitability, has not received sufficient attention from academics, (Kumar, 2008). More important an examination on the influence of CRM on firms performance using longitudinal data has been lacking (Boulding et al 2005), thus limiting
researchers from making assessments about the casual relationship between CRM and organization profitability.

Firms that implement CRM effectively are able to build stronger relationship by customizing products using their super customer knowledge, enabling them to achieve greater customer satisfaction (Mithas, Krishnan, Fornell, 2005) and higher rates of customer retention (Gustaffson, Johnson & Roos 2005). These firms also obtain premium pricing and enjoy superior performance. Despite the fact that some organization implementing CRM face higher cost, their ability to provide products and services that matches their customer needs in a superior manner enables them to generate higher profits.

However the success of CRM depends on several factors outlined by various scholars. Ferrel and Harline (2006) observed that employees are very vital to an effective CRM system hence organization should manage its relationship with employees properly. Employee commitment, culture change, management commitment, resources utilization and technology are also important for an effective CRM system.

2.3.2 Staff Induction and Organization Performance

Several studies have been conducted and indicated that employee induction has a positive impact on organization performance. They test the hypothesis that, organization performance improvements is not only as a result of improving the employee’s competency but also, as a result of employee induction program enhancement. Betcherman, Mcmullen and Davidmoon (2008) concluded that organizations that have induction programs tend to perform better in terms of productivity, revenue, viability, prospects and profitability. Saks et al (2008) also found a positive relation between induction, productivity, profits, revenue and client
satisfaction, a relation that is more significant when the training is accompanied by incentives for employees.

On job induction as per Akintayo (2011), Fajana (2004), is particularly for all levels of employees being employed to achieve the organization goals. The researcher noted that the individual employees becomes accustomed to procedures and systems that he/she will use in their subsequent work and learn in the same physical and social environment. The researcher tend to suggest that the on-job induction training is a specific form of job instruction geared towards imparting and acquiring the skills and attitude needed by the workers to perform particular functions effectively. Several studies have also been conducted on the influence of induction on financial performance indicators such as ROI and ROA. Burnthal and Wellins (2006), Paul and Anantharaman (2003), found out that induction training has a positive effects on ROI indicators. On the other hand studies have also been done on the effects of induction on non-performance indicators like staff turnover, customer satisfaction, product quality and absenteeism. Bishop (2007) noted that newly hired employees showed that formal induction tend to lower labor turnover. Such results suggest that turnover has a powerful effect on employee decision to provide induction trainings. Higher turnover implies that induction process is a key investment in each organization to secure high performance.

In a nut shell, it is noted that when firms invest in induction in order to improve both financial and non-financial performance, however the studies measures the impact of training on non-financial performance by a subjective method (e.g. workers reaction on training) the results of such studies may not be totally accurate.
2.3.3 Information Innovation and Organization Performance

Information innovation has become a strategic asset which can help organization to not only improve its business process but also its organization performance and change function markets. Therefore it is very important for organizations to constantly continue using and improving their efforts in developing and implementing up-to-date technology. Despite its merits most organizations especially in the hotel industry still hesitate to adopt new technology and some believe that information innovation does not matter as a response strategy because of its communization (Carr 2003).

Information innovation has emerged as a major force in determining success or failure in the business world as it is contribute to competitive advantage, the most cursory reviews still real that I.T system are a way of life in nearly every facet of business (Ashmore, 1991). Information innovation ensures service availability, service integration and service automation for repetitive tasks and for the management planning and forecasting. Transaction information system is information system application that capture and process data about business transaction, they are also called data processing system, business transaction such as orders or process clients request (Davenport 2013).

Over the years, technology in business has been changing rapidly as the global environment becomes highly competitive and innovative. The use of I.C.T is very vital to all org intending to remain competitive in the market. According to Cravens (2000), the drivers of change today are global excess capacity, deregulation, competition, changing customer expectation, ICT and changing work and lifestyle. These dynamic changes have led org to embark on activities that provide a source of competitive advantage and embrace usage of ICT (Kevin 2006).
Information innovation is considered as a key growth area in this era, especially in a dynamic business and highly competitive environment which requires utilizing advanced ICT to improve efficiency and cost effectiveness and present high quality products and services to the consumer (Allen & Morton, 2006). Information innovation also generates fundamental changes in the nature and application of technology in business (Gholami et al, 2008). Information innovation can provide powerful strategic and tactical tools for organization which when effectively implemented could bring great advantage in promoting and strengthening their competitiveness and organization performance.

Adeosum et al (2009) states that innovation enables strategic management, communication, collaboration, information access, data management, decision making and knowledge management in an organization. Hengst and sol (2001), State that ICT enables organization to decrease cost and increase capabilities which assist to shape the organization coordination and lower its cost and increase outsourcing in the organization. Ramsey et al (2003) noted that organization generally stand to gain from information innovation in areas such as transaction cost reduction, information gathering and dissemination, control of inventory and quality.

2.3.4 Management Contracting and Organization Performance

There are various studies conducted both globally and in Kenya relating to management contracting practice and operational performance. Unfortunately, most of the studies regard procurement and performance in different sectors of economy, while none of them specifically concerns management contracting and operational performance in the hotel industry in Kenya. Outside Kenya, a study by Bassioni, Price and Hassan (2004) dwells on the performance measurement in construction industry. Moreover, Jeanette (2008) conducted a study on the Management contracting and its
importance on procurement performance. In Kenya, Amin (2012) conducted a study on e-procurement management contracting and organizational performance in commercial parastatals in Kenya. He discovered that the practice enhances organizational performance. Further, CMKN (2012) highlights some of the factors that contribute to inefficiency in management contracting in Kenya’s public procurement. Corruption, delayed payments, poor planning, statutory amendments, insufficient use ICT, low public participation, and improper payment procedures negatively affects public procurement in the country. However, it fails to relate them with operational performance of state corporations in Kenya. Magutu, Chirchir and Mulama (2013) studied the effect of outsourcing logistics services on performance in large manufacturing companies in Kenya. They established that the practice enhanced both organizational and operational performance of the firms in Kenya. Mohammed (2008) also sought to establish the effects of performance contracting on banking industry’s operational performance. The study reveals a positive relationship between the two variables.

The Public Procurement Oversight Authority (PPOA) also conducted a study on the procurement management contracting system in Kenya and found out ineffective practice as one of the reasons for poor procurement performance. It recommends more studies sound contract administration practices in order to boost the performance of the procurement system in Kenya. Nonetheless, the type of performance measured in the study is unclear (PPOA, 2007).

**2.4 Summary of Literature**

In the literature search it become apparent that there are some several gaps in the literature review including the specific links between strategic response and the hospitality organization performance and the links between the two variables. It is in
these areas that this paper shall examine in the primary research following the literature review. In relation, the decision is to focus the research on the pivotal question whether there is any relationship between strategic response and organization performance

2.5 Conceptual Framework

<table>
<thead>
<tr>
<th>Independent Variables (Strategic responses)</th>
<th>Dependent Variables (Organization Performance)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staff Induction</strong></td>
<td><strong>Organizational Performance</strong></td>
</tr>
<tr>
<td>- Staff motivation</td>
<td>- Return on investment</td>
</tr>
<tr>
<td>- Employee turnover</td>
<td>- Customer satisfaction</td>
</tr>
<tr>
<td><strong>Management contracting</strong></td>
<td></td>
</tr>
<tr>
<td>- Agency relationship</td>
<td></td>
</tr>
<tr>
<td><strong>Technological innovation</strong></td>
<td></td>
</tr>
<tr>
<td>- Product improvement</td>
<td></td>
</tr>
<tr>
<td>- Process innovation</td>
<td></td>
</tr>
<tr>
<td>- Total R &amp; D spending</td>
<td></td>
</tr>
<tr>
<td><strong>CRM</strong></td>
<td></td>
</tr>
<tr>
<td>- Drop-off rate</td>
<td></td>
</tr>
<tr>
<td>- Conversation rate</td>
<td></td>
</tr>
<tr>
<td>- Customer feedback</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2:1: Conceptual framework
Source Author 2016
CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter highlighted the research methodology that was adopted in order to achieve the research objective of this project. Methodology refers to ways of obtaining; organizing and analyzing data (Polit and Hungler, 2004). This chapter focused on the research design, population, the sample design, data collection analysis and presentation methods used in the study.

3.1 Research Design

This study used descriptive research design. This method involved gathering data that describe events and then organizes, tabulates, depicts, and describes the data collected (Burns & Groves, 2003). The researchers choose descriptive research design as the study provides information that would demonstrate relationships between organizational performance and strategic response at SGH implementation and describe them as they exist. This method is preferred as it tries to describe what is happening in more detail, filling in the missing parts and expanding our understanding of the variables. For the purpose of this study, descriptive research was used to determine the effects of strategic response on organizational performance at SGH.

3.2 Target Population

Sarova Group of hotels has a population of 1,500 staff inclusive of management staffs; however the target population of this study was the management and supervisory staff of Sarova Group of Hotels in Nairobi and Mombasa counties.
3.3 Sample design

The researcher used stratified random sampling, this is because of the assumption that it is management and supervisors of the Sarova Group of Hotels with the information the researcher is seeking to find.

Table 3.1: Sample Matrix

<table>
<thead>
<tr>
<th>UNIT</th>
<th>STRATA</th>
<th>POPULATION</th>
<th>SAMPLE</th>
<th>% SAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panafric</td>
<td>Managers</td>
<td>27</td>
<td>18</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td>Supervisors</td>
<td>46</td>
<td>31</td>
<td>67</td>
</tr>
<tr>
<td>Stanley</td>
<td>Managers</td>
<td>28</td>
<td>19</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td>Supervisors</td>
<td>49</td>
<td>32</td>
<td>67</td>
</tr>
<tr>
<td>Whitesands</td>
<td>Managers</td>
<td>31</td>
<td>21</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td>Supervisors</td>
<td>55</td>
<td>37</td>
<td>67</td>
</tr>
<tr>
<td>TOTALS</td>
<td></td>
<td>236</td>
<td>158</td>
<td>67</td>
</tr>
</tbody>
</table>

Source SGH 2016

The research used a sample of 158 managers and Supervisors calculated using the formula shown:

\[ SS = \left\{ \frac{Z^2 \times (P \times (1-P))}{C^2} \right\} \]

Where: \( SS = \) Sample size; \( Z = 1.96 \) (for 95% level of confidence); \( P = 0.5 \) (the worst percentage that can ever pick a choice); \( C = 0.45 \) (confidence interval).

\[ SS = \left\{ \frac{(1.96)^2 \times 0.5 \times (1-0.5)}{0.045^2} \right\} \]

\[ SS = 474 \] managers and Supervisors

Since the population was estimated to be 236, it was necessary to adjust for finite population as:

\[ \text{New } SS = SS \div \{1 + (SS - 1) \div \text{Pop}\} \]

\[ \text{New } SS = 474 \div \{1 + (474 - 1) \div 236\} \]

\[ \text{New } SS = (157+1): 158 \text{ managers and supervisors} \]
3.4 Data Collection

The study used both primary data and secondary data collection methods. Primary data is the most informative source of information. The primary data was collected through a self-administered questionnaire.

The questionnaire used contained both open and closed ended questions that allowed the respondent to provide information. Questionnaires are useful as they are practical, they can collect large amounts of information from many people in a short period of time and the researcher is able to get the results easily and quickly without interfering with the organization’s operations. The researcher’s secondary source of data collection was from books, journals, reports, and internet website of sarova hotels.

A Pilot study was conducted in order to establish the validity and reliability of the data collection instruments. The subject that participated in the pilot study was not be included in the final study to avoid survey fatigue.

3.5 Pilot Test

Pilot study has been described by various authors as an exercise that ensures that errors are restricted at a very little cost. Newing (2011) states that the importance of field pilot cannot be over emphasized; you will always find that there are questions that people fail to understand or interpret in different ways, places in the questionnaire where they are not sure where to go next, and questions that turn out simply not to elicit useful information. The subjects participating in the pilot study were not included in the final study to avoid survey fatigue. A pilot study was conducted in order to establish the validity and reliability of data collection instruments.
3.5.1 Validity
According to Mugenda and Mugenda (2003), validity is the accuracy and meaningfulness of inferences, which are based on the research results. In other words, validity is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. Validity exists if the data measure what they are supposed to measure. In order to test and enhance the validity of the questionnaire, the researcher selected two managers and two supervisors randomly and discussed the contents of the questionnaire. This aimed at assessing the content validity of the questionnaire. The comments from the two managers and supervisors were reviewed and incorporated to enhance the validity of the questionnaire.

3.7.2 Reliability
Reliability is the consistency of measurement, or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. In short, it is the repeatability of measurement. A measure is considered reliable if a person's score on the same test given twice is similar. Twelve questionnaires were piloted by issuing them to employees who were not included in the final study sample. The ten questionnaires were then coded and responses input into SPSS which were used to generate the reliability coefficient. The researcher used the most common internal consistency measure known as Cronbach’s Alpha (α) which generated by SPSS. The recommended value of 0.7 was used as a cut–off of reliability for this study which is comparable to 0.812 which was generated from the ten questionnaires.

3.6 Data Analysis
This process entails making sense of the raw data gathered from the field so as to discover the existing relationship between strategic response and organization
performance of SGH in Kenya. First, the questionnaires were checked for completeness, consistency and accuracy. Both quantitative and qualitative techniques were used. Qualitative data analysis entailed a whole, detailed description and content analysis, while quantitative method involved classification and counting of features, using charts and diagrams to explain the observations made (Mirkin, 2011).

SPSS was necessary in coding, analyzing and describing each variable in the study. Descriptive statistics, such as, mean and standard deviations were useful in summarizing the research findings on the extent to which strategic response influence organization performance. To compare the means and determine if they were significantly and statistically different, T-test was done with a significance level of $\alpha = 0.05$.

A multiple linear regression model was used to test the significance of the effects of the independent variables on the dependent variable. The multiple linear regression model is as below.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where: $Y =$ Organizational performance

$\{\beta_i; i=1,2,3,4,5\} =$ The coefficients for the various independent variables

$X_1 =$ Staff Induction

$X_2 =$ technological innovation

$X_3 =$ management contracting

$X_4 =$ Customer relations management

$e$ is the error term which is assumed to be normally distributed with mean zero and constant variance
CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction
This chapter contains the data analysis of the study on strategic response and performance of hotels in Mombasa and Nairobi city counties, case of Sarova hotels, Kenya. The data is presented in the form of diagrams and tables. The data has been analyzed using descriptive statistics to generate frequencies of responses and inferential statistics to determine the relationship of the variables under study.

4.1.1 Analysis of response rate and descriptive statistics
The target sample was 158 managerial and supervisory employees in SGH city units (Mombasa and Nairobi); however, the duly completed and returned questionnaires were 84 which convert to 53% response rate. According to Mugenda and Mugenda (2003) 50% response rate is adequate for analysis in descriptive study. Therefore, the study’s response rate of 53% is good for this study.

4.2 Characteristics of Respondents
This section establishes the information on the respondents used by the study with regards to the gender, job designation, and duration of service in the organization and level of education.

4.2.1 Respondents Gender
From figure 4.1 it is noted that of the respondents interviewed, the majority (68%) of the respondents were male with a considerable 32% females.
Figure 4.1: Gender in SGH.

4.2.2 Respondent level of education

Figure 4.2 above indicates the level of the respondent’s level education. The findings indicate that the majority of the respondents (69%) interviewed had attained a college certificate education, while (23%) have a university degree. The results further indicate that on (8%) of the respondents have postgraduate degree. One notable fact is that majority of the respondents have a college certificate only, giving reliability of the answer provided from the questionnaires.
4.2.3 Respondent working experience

Results in Figure 4.3 indicated that 51% of respondents had worked in Sarova hotels for over 5 years. Results further revealed that only 35% had worked in Sarova hotels between 3-5 years. Fourteen percent (14%) of respondents had worked for less than two years. The findings imply that majority of respondents had more than 3 years’ experience and this may have a further implication on their ability to understand strategic issues.

Figure 4.3: Period worked in SGH

4.2.4 Respondent position in SGH

Results presented in Figure 4.4 show the position of the respondents in Sarova hotels. Majority are from the Supervisory level that constituted of 49% of the sample. Further, 32% held Middle management positions with another 19% as top managers. Therefore majority responses were received from the supervisory and middle management officials of Sarova hotels.
4.3 Descriptive Analysis

4.3.1 Staff Induction and performance

Descriptive analysis of staff induction strategic response on performance of Sarova hotels is shown on table 4.1 below.

Table 4.1: Staff Induction and Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Neutral</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
<th>STDEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>New employee receive induction trainings</td>
<td>0.0%</td>
<td>0.0%</td>
<td>4.8%</td>
<td>41.7%</td>
<td>53.6%</td>
<td>4.49</td>
<td>0.51</td>
</tr>
<tr>
<td>Job duties &amp; tasks are included in induction</td>
<td>1.2%</td>
<td>3.6%</td>
<td>17.9%</td>
<td>65.5%</td>
<td>11.9%</td>
<td>3.83</td>
<td>0.72</td>
</tr>
<tr>
<td>Does staff induction improve employee performance</td>
<td>2.4%</td>
<td>10.7%</td>
<td>11.9%</td>
<td>48.8%</td>
<td>26.2%</td>
<td>3.86</td>
<td>1</td>
</tr>
<tr>
<td>does induction reduces employee turnover</td>
<td>4.8%</td>
<td>9.5%</td>
<td>32.1%</td>
<td>29.8%</td>
<td>23.8%</td>
<td>3.58</td>
<td>1.09</td>
</tr>
<tr>
<td>staff induction increases staff motivation</td>
<td>2.4%</td>
<td>8.3%</td>
<td>11.9%</td>
<td>60.7%</td>
<td>16.7%</td>
<td>3.81</td>
<td>0.89</td>
</tr>
</tbody>
</table>

| Aggregate Mean score                                                      | 3.91    | 0.92              |

Over nighty five (95%) represent that every new employee receives induction training once they join the group of hotels. Learning about the duties of the job is included in
the induction program as presented by 77%. Staff induction is important and effective in improving employee performance as indicated by 75% response level. Further results 53% agree that induction programs have helped in reducing the overall employee turnover. Seventy seven (77%) agree that staff induction the employee motivation has increased over time. Results from the correlation and regression analysis indicate that study staff induction has a positive effect on performance. The results from this analysis show the importance of staff induction in improving the overall performance of SGH. On a five point scale the mean of the responses indicated from the results was 3.91 which mean that the respondents were agreeing on most of the statements while the standard deviation was 0.92 which indicates that the answers received were not dispersed far from the mean.

These findings concur with McMullen and Davidman (2008) who concluded that firms that have induction training programs tended to perform better in terms of productivity, revenues, profitability, viability and prospects. Saks et al. (2008) also found a positive relation between induction organization performances.
4.3.2 Management contracting and organization performance

Table 4.2 below shows the analysis of management contracting effects on the performance of SGH.

**Table 4.2: Management Contracting and Organization Performance**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Neutral</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
<th>STDEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH has a management contracting with other hotels owners</td>
<td>2.4%</td>
<td>0.0%</td>
<td>6.0%</td>
<td>60.7%</td>
<td>31.0%</td>
<td>4.18</td>
<td>0.74</td>
</tr>
<tr>
<td>The alliances formed have helped to ensure guest satisfaction</td>
<td>0.0%</td>
<td>9.5%</td>
<td>25.0%</td>
<td>41.7%</td>
<td>23.8%</td>
<td>3.80</td>
<td>0.9</td>
</tr>
<tr>
<td>SGH contracting have improved overall organisation performance</td>
<td>0.0%</td>
<td>4.8%</td>
<td>17.9%</td>
<td>48.8%</td>
<td>28.6%</td>
<td>4.01</td>
<td>0.81</td>
</tr>
<tr>
<td>SGH management contracting increases staff morale</td>
<td>2.4%</td>
<td>4.8%</td>
<td>27.4%</td>
<td>28.6%</td>
<td>36.9%</td>
<td>3.93</td>
<td>1.02</td>
</tr>
</tbody>
</table>

**Aggregate Mean score**

<table>
<thead>
<tr>
<th>Neutral</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
<th>STDEV</th>
</tr>
</thead>
</table>

Results on the effects of Management contracting on performance indicate that SGH has formed strategic alliances with other hotel owners as supported by 91% and 64% agreed responses that expressed their view that such contract have helped in ensuring guest satisfaction. Results further indicate management contracting have enabled SGH to increase and improve in its overall organization performance as represented by 77%. Sixty five (65%) respondents agreed that Management Contracting enable SGH to increase staff morale. The mean of the responses indicated from the results was 3.98 which mean that the respondents were agreeing on most of the statements while the standard deviation was 0.88 which indicates that the answers received were closer to the mean.
The findings of the study agrees with those of Thompson and Martin (2010) observe that, companies have found benefits by entering into relationships with companies in industries along the value added chain. Dyer and Nobeoka (2000) have examined the network of relationships that automakers in the U.S. and Japan have established in order to remain competitive.

4.3.3 Information Innovation and Performance

Table 4.3 shows the descriptive analysis of the contribution of technology innovation and practice on the SGH organization performance.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Neutral</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
<th>STDEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation has invested in I.T which is user friendly</td>
<td>0.0%</td>
<td>8.3%</td>
<td>16.7%</td>
<td>45.2%</td>
<td>29.8%</td>
<td>3.96</td>
<td>0.89</td>
</tr>
<tr>
<td>Does the system used reduce administration</td>
<td>1.2%</td>
<td>11.9%</td>
<td>27.4%</td>
<td>20.2%</td>
<td>39.3%</td>
<td>3.85</td>
<td>1.1</td>
</tr>
<tr>
<td>The system used compatible with other systems</td>
<td>0.0%</td>
<td>6.0%</td>
<td>25.0%</td>
<td>28.6%</td>
<td>40.5%</td>
<td>4.04</td>
<td>0.9</td>
</tr>
<tr>
<td>The system is flexible to support growth of the firm</td>
<td>2.4%</td>
<td>8.3%</td>
<td>16.7%</td>
<td>29.8%</td>
<td>42.9%</td>
<td>4.02</td>
<td>1.06</td>
</tr>
<tr>
<td>The system is crucial in delivering innovative customer service in a short time</td>
<td>3.6%</td>
<td>14.3%</td>
<td>20.2%</td>
<td>28.6%</td>
<td>33.3%</td>
<td>3.74</td>
<td>1.17</td>
</tr>
<tr>
<td>The system assits in enhancing delivering of effective and efficient service</td>
<td>4.8%</td>
<td>7.1%</td>
<td>20.2%</td>
<td>29.8%</td>
<td>38.1%</td>
<td>3.89</td>
<td>1.13</td>
</tr>
<tr>
<td><strong>Aggregate Mean Score</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>3.92</strong></td>
<td></td>
</tr>
</tbody>
</table>

Results on the effect of ICT in SGH’s performance indicate that the organization has invested in a management information system which is easy to use and has enabled the minimization of administrative costs as represented by 75% and 59% respectively. Sixty nine percent agreed responses from the respondents indicate that the organizations management information system is compatible with other systems. The
management information system is flexible enough to support the growth of the firm and that it has been crucial in delivering innovative customer services as indicated by 71% and 62% respectively.

Results further indicate that the management information system of SGH has been crucial in assisting employees to enhance delivery of effective and efficient service to the guest as supported by 68% agreement level. The mean of the responses indicated from the results was 3.92 which indicate that the respondents were agreeing on most of the statements while the standard deviation was 1.06 which indicates that the answers received were dispersed further from the mean which mean that the answers received were varied. The results of these study further support the findings of Adeosun et al. (2009) who state that the use of technology innovation enables strategic management, communication, collaboration, information access, decision making, data management and knowledge management in organizations which is just the overall performance.

4.3.4 Customer Relationship Management and performance

One of the objects of the study was to determine the effects of customer relationship management on the performance of Sarova hotels, the descriptive findings are shown in the table 4.4 below.
Table 4.4: Customer Relationship Management and Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Neutral</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
<th>STDEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM strategy helps SGH to identify the most profitable customer and prospects</td>
<td>2.4%</td>
<td>9.5%</td>
<td>34.5%</td>
<td>29.8%</td>
<td>23.8%</td>
<td>3.63</td>
<td>1.02</td>
</tr>
<tr>
<td>CRM enables the organization to provide better customer service</td>
<td>0.0%</td>
<td>2.4%</td>
<td>21.4%</td>
<td>40.5%</td>
<td>35.7%</td>
<td>4.10</td>
<td>0.81</td>
</tr>
<tr>
<td>CRM has assisted in improving the image of SGH over time</td>
<td>0.0%</td>
<td>1.2%</td>
<td>28.6%</td>
<td>47.6%</td>
<td>22.6%</td>
<td>3.92</td>
<td>0.74</td>
</tr>
<tr>
<td>CRM strategy enables the organization to analyze the customer profiles</td>
<td>1.2%</td>
<td>6.0%</td>
<td>25.0%</td>
<td>33.3%</td>
<td>34.5%</td>
<td>3.94</td>
<td>0.96</td>
</tr>
</tbody>
</table>

| Aggregate Mean Score | 3.9 | 0.91 |

Seventy six percent shows that customer relationship management strategy enables the organization to provide better services to its customers. Fifty three percent indicate that CRM strategy helps SGH to identify the most profitable customer and prospects. Results further shows that customer relationship management enables SGH to improve its image in the hospitality industry as indicated by 70% of the respondents. Analysis of customer profiles has also been enabled by CRM as indicated by 67% . The mean of the responses indicated from the results was 3.89 which mean that the respondents were agreeing on most of the statements while the standard deviation was 0.91 which indicates that the responses were close to the mean.

These findings agree with Boulding and colleagues (2005) that CRM enhances both firm performance and customer benefits through value creation. According to this view, CRM enables firms to augment the value they extract from customers. These descriptive results on customer relationship management also support those of Kumar and Shah, (2004), who show that there is a strong sense that CRM efforts improve firm performance.
4.3.5 Organization Performance

Organization performance was the dependent variable in this study; table 4.5 below shows the descriptive analysis of the organization performance under study.

Table 4.5: Organization Performance

<table>
<thead>
<tr>
<th>Variable</th>
<th>Not at all</th>
<th>Minimal Extent</th>
<th>Moderate Extent</th>
<th>Large Extent</th>
<th>Mean</th>
<th>STDEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit</td>
<td>0.0%</td>
<td>4.8%</td>
<td>54.8%</td>
<td>40.5%</td>
<td>3.36</td>
<td>0.57</td>
</tr>
<tr>
<td>Sales Revenue</td>
<td>0.0%</td>
<td>1.2%</td>
<td>31.0%</td>
<td>67.9%</td>
<td>3.67</td>
<td>0.5</td>
</tr>
<tr>
<td>Employee satisfaction</td>
<td>14.3%</td>
<td>20.2%</td>
<td>47.6%</td>
<td>17.9%</td>
<td>2.69</td>
<td>0.93</td>
</tr>
<tr>
<td>Customer Service</td>
<td>7.1%</td>
<td>35.7%</td>
<td>45.2%</td>
<td>11.9%</td>
<td>2.62</td>
<td>0.79</td>
</tr>
<tr>
<td>Increase market share</td>
<td>9.5%</td>
<td>36.9%</td>
<td>32.1%</td>
<td>21.5%</td>
<td>2.65</td>
<td>0.71</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>3.00</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>0.87</strong></td>
</tr>
</tbody>
</table>

Table 4.1 shows that Sarova Hotels has experienced an increase in employees’ satisfaction as indicated by 66% response rate. Ninety nine (99%) of the respondents indicated that Sarova Hotels has experienced an increase in the total revenue collected over the last years. Further results indicate that Sarova hotels experienced an increase in its Net profit as supported by 91% agreed responses. Increase in market is a key indicator in performance of Sarova hotels as indicated by 53%. The mean of the responses indicated from the results was 3.0 which indicate that the respondents were agreeing on most of the statements while the standard deviation was 0.87 which indicates that the answers received were closer to the mean. The study agree with the comments of Barney and Arikan (2001) that, probably the most important task for strategic leaders is effectively managing the firm’s portfolio of resources which can
be categorized in to financial capital, human capital, social capital and organizational culture.

4.4 Inferential Statistical Analysis
Inferential statistics were used to make judgments of the probability that an observed difference between groups is a dependable one or one that might have happened by chance in this study. Thus, inferential analysis was conducted to generate correlation results, model of fitness, and analysis of the variance and regression coefficients.

4.4.1 Pearson’s Bivariate Correlation Analysis
The Pearson’s Bivariate analysis was conducted to find out whether there was any significant relationship between the independent variables; staff induction, customer relationship management, Information technology development, and management contracting with the dependent variable; strategic performance of SGH. At a 0.05 significance level the correlation between the strategic response and performance is 0.400 which indicates that this is significantly correlated. For the staff induction, management contracting and technology innovation the correlation is significant at the level of 0.01(2 tailed). From table 4.6 above, all the four strategic responses have positive relationships on organization performance in hotel industry. Customer Relationship Management has the highest causal relationship on organization performance in hotel industry to staff induction, management contracting and technology innovation. By using the Customer Relationship Management, hotel industry can significantly increase their performance more as compared to when they use either staff induction, management contracting and technology innovation the correlation.
Table 4.6: Pearson’s Correlation

<table>
<thead>
<tr>
<th></th>
<th>Performance</th>
<th>Staff Induction</th>
<th>Information Technology</th>
<th>Management contracting</th>
<th>Customer Relationship Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance</strong></td>
<td>Person correlation</td>
<td>1</td>
<td>0.215</td>
<td>0.215</td>
<td>0.215</td>
</tr>
<tr>
<td>Sig.(2-tailed)</td>
<td>0.0</td>
<td>0.180</td>
<td>0.180</td>
<td>0.180</td>
<td>0.035</td>
</tr>
<tr>
<td>N</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
</tr>
<tr>
<td><strong>Staff Induction</strong></td>
<td>Person correlation</td>
<td>0.215</td>
<td>1</td>
<td>1.000(**)</td>
<td>1.000(**)</td>
</tr>
<tr>
<td>Sig.(2-tailed)</td>
<td>.180</td>
<td></td>
<td></td>
<td></td>
<td>.0195</td>
</tr>
<tr>
<td>N</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
</tr>
<tr>
<td><strong>Information Technology</strong></td>
<td>Person correlation</td>
<td>1.000(***)</td>
<td>0.215</td>
<td>1.000(***)</td>
<td>1.000(***)</td>
</tr>
<tr>
<td>Sig.(2-tailed)</td>
<td>.180</td>
<td></td>
<td></td>
<td></td>
<td>.0195</td>
</tr>
<tr>
<td>N</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
</tr>
<tr>
<td><strong>Management contracting</strong></td>
<td>Person correlation</td>
<td>1.000(***)</td>
<td>1.000(***)</td>
<td>0.215</td>
<td>1.000(***)</td>
</tr>
<tr>
<td>Sig.(2-tailed)</td>
<td>.180</td>
<td></td>
<td></td>
<td></td>
<td>.195</td>
</tr>
<tr>
<td>N</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
</tr>
<tr>
<td><strong>Customer Relationship Management</strong></td>
<td>Person correlation</td>
<td>0.400(*)</td>
<td>0.425(*)</td>
<td>0.425(*)</td>
<td>0.425(*)</td>
</tr>
<tr>
<td>Sig.(2-tailed)</td>
<td>.035</td>
<td></td>
<td></td>
<td></td>
<td>.180</td>
</tr>
<tr>
<td>N</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).

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

Source: Author (Survey Data, 2017)
4.4.2 Regression Analysis

Adjusted R squared is Coefficient of determination which explains the extent to which changes or influence in the dependent variable can be explained by a change or influence in the independent variables or the percentage of variation in the dependent variable (Sarova Hotel Performance) that is explained by all the four independent variables (staff induction, information technology, managing contracting and Customer Relationship Management).

The coefficient of determination of the dependent variable when all independent variables are combined is as per table 4.7. From the findings 96.3% ($R^2 0.963$) of SGH Performance are attributed to a combination of the four factors staff induction, information technology, managing contracting and Customer Relationship Management investigated in this study. A further 3.7% are attributed to other factors not investigated in this survey. $R$ is the correlation coefficient that shows the relationship between the study variables, the table below shows there was a strong positive relationship among the study variables as indicated by 0.987.

Table 4.8: Model Summary

<table>
<thead>
<tr>
<th>R</th>
<th>R(^2)</th>
<th>Adjusted R(^2)</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.987(a)</td>
<td>.974</td>
<td>.963</td>
<td>.156</td>
<td>.974</td>
</tr>
</tbody>
</table>

Source: Researcher (2017)

Table 4.8 shows the results on the analysis of variance (ANOVA). This results indicates that there general model was statistically significant. The results simply imply that the independent variables are good predictors of organization performance.
measurement of SGH. This was supported by an F statistic of 58.861 and the p value (0.000) which was less than the conventional probability of 0.05 significance level.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>31.335</td>
<td>7</td>
<td>4.476</td>
<td>58.861</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>3.498</td>
<td>46</td>
<td>.076</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>34.833</td>
<td>53</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher (2017)

The Regression of coefficients results in table 4.9 shows that there was a positive relationship between the dependent variable and the independent variables, this was supported by beta coefficients of 0.345, 0.028, 0.167, 0.499 as shown below.

<table>
<thead>
<tr>
<th></th>
<th>Un standardized Coefficient</th>
<th>Standardized Coefficient</th>
<th>T</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>Std. error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>5.405</td>
<td>0.127</td>
<td>.</td>
<td>42.515</td>
</tr>
<tr>
<td>Staff Induction</td>
<td>0.345</td>
<td>0.86</td>
<td>0.634</td>
<td>3.560</td>
</tr>
<tr>
<td>Information Technology</td>
<td>0.028</td>
<td>0.092</td>
<td>0.043</td>
<td>0.308</td>
</tr>
<tr>
<td>Managing contracting</td>
<td>.167</td>
<td>0.060</td>
<td>0.253</td>
<td>2.784</td>
</tr>
<tr>
<td>Customer Relationship Management</td>
<td>0.499</td>
<td>0.062</td>
<td>0.734</td>
<td>8.030</td>
</tr>
</tbody>
</table>

Source: Researcher (2017)

The establishment regression equation after the study was

\[ Y = 5.405 + 0.345 X_1 + 0.028 X_2 + 0.167 X_3 + 0.499 X_4 \]

The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in Customer Relationship Management will lead to a 0.499
increase Sarova Hotel Performance. A unit increase in Staff Induction will lead to a 0.345 increase in Sarova Hotel Performance. A unit increase in Information Technology will lead to a 0.028 increase in Sarova Hotel Performance, and a unit increase in Managing contracting will lead to 0.167 increase in Sarova Hotel Performance. This therefore implies that all four independent variables had a positive relationship with effects of Customer Relationship Management contributing more to Sarova Hotel performance while managing contracting contributing the least effects to Sarova Hotel performance.

4.5: Hypotheses Testing
The following section provide results of the hypothesis testing that were under study, the hypothesis were tested using Pearson correlation analysis

**HO1:** *There is no significant relationship between staff induction and organization performance of Sarova hotels.*

The Pearson correlation in table 4.6 indicates that there was a positive and significant relationship between staff induction and organization performance of SGH (r=0.215) at 0.01 significance level. There was a positive association between staff induction and the organization performance. Therefore, the null hypothesis was rejected as there was enough evidence to indicate staff induction is related to the organization performance. The study therefore concludes that staff induction has significant effect on Sarova hotel performance.

**HO2:** *There is no significant relationship between managing contracting and organization performance of Sarova hotels.*

From the results of the correlation analysis in table 4.6 there was a positive and significance relationship between managing contracting and organization performance
of SGH( r=0.215) at 0.01 significance level. Therefore, null hypothesis was rejected as there was enough evidence to indicate that managing contracting relates to organization performance. The study therefore concludes that managing contracting has significant effect on Sarova hotel performance.

**HO3:** *There is no significant significance relationship between technology innovations on the organization performance of Sarova hotels.*

The correlations analysis in table 4.6 shows that there was a positive relationship between technology innovation and practice on the organization performance of SGH(r=0.215) at 0.01 significant level. Therefore, null hypothesis was rejected that adoption of technology innovation and practice does not have an effect on organization performance and accept the alternative hypothesis. The study therefore concludes that technology innovation and practice has significant effect on Sarova hotel performance.

**HO4:** *There is no significant relationship between customer relation management systems and the organization performance of Sarova hotels.*

The results of the correlation analysis provided in table 4.6 indicates that that there was a positive significance relationship between customer relations management systems and the organization performance of SGH (r=0.4) at 0.05 significant level. Therefore, the null hypothesis was rejected as there was enough evidence to indicate that the two variables were related. The study therefore concludes that staff induction has significant effect on SGH.
CHAPTER FIVE:

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter gives a summary of the study findings and presents the recommendations, conclusion and areas for further research. The findings are drawn on the research objectives namely:

i. To establish the effects of staff induction as a strategic response on Sarova hotels organization performance.

ii. To explore the effects of management contracting on organization performance of Sarova hotels.

iii. To establish the contribution of technology innovations on the organization performance of Sarova hotels.

iv. To determine the effects of customer relation management on Sarova hotels performance.

5.2 Summary of Major Findings
The following summaries are made in line with the objectives of the research study

5.2.1 Staff induction and Sarova Hotel Organization Performance
One of the objectives of the study was to establish the effects of staff induction as a strategic response on Sarova hotels organization performance. The correlation results indicate that staff induction positively affects performance. This therefore means that continuous inducting of new workers tends to improve performance of SGH. Majority of staffs interviewed agreed that staff induction has a positive effect on performance as shown from the mean of the responses 3.91 which mean that the respondents were
agreeing on most of the statements while the standard deviation was 0.929 which indicates that the answers received were not dispersed far from the mean.

The study noted that high level of employees’ performance will depend on how they are inducted into the hotel as new employees. Learning about the duties of the job help employee’s to perform better as they are motivated and encouraged to fill part of the larger team. This has helped in reducing the overall employee turnover as well as improves the performance of the employee.

These findings concurred with the observations of Beckerman, Mcmullen and Davidmoon (2008) that concluded that organizations that have induction programs tend to perform better in terms of productivity, revenue, viability, prospects and profitability. Induction help individual employees becomes accustomed to procedures and systems that he/she will use in their subsequent work and learn in the same physical and social environment. The researcher tend to suggest that induction is a specific form of job instruction geared towards imparting and acquiring the skills and attitude needed by the workers to perform particular functions effectively. This agrees with Paul and Anantharaman (2003), who found out that induction training, has positive effects on ROI indicators. Most of these studies conducted estimated the effects of training not only on financial performance, but also on non –performance concurrently

It was further noted that there is a positive relation between induction, productivity, profits, revenue and client satisfaction, a relation that is more significant when the induction is accompanied by incentives for employees agreeing with Saks et al (2008).
5.2.2 Management Contracting and Sarova Hotel Organization Performance

The research found out that majority of managers interviewed showed management contracting has helped in ensuring guest satisfaction and hence its performance as evidenced from the responses received from the respondents with a mean of 3.98 which mean that the respondents were agreeing on most of the statements while the standard deviation was 0.88 which indicates that the answers received were closer to the mean.

Results on the effects of Management contracting on performance indicate that SGH has formed strategic alliances with other hotel owners and that it has helped in ensuring guest satisfaction. Results further indicate management contracting have enabled SGH to increase and improve in its overall organization performance as evidenced from the respondents agreed that Management Contracting enable SGH to increase staff morale

This conclusion is in agreement with the finding of Gustaffson, Johnson & Roos (2005) that found out those organizations that contract their management on the basis of performance out perform their counterparts who depend on salaried managers. In this turbulent and ever-changing environment, it is very important to contract management on the basis of measuring and controlling organization performance pegged on their goal achievement as it leads to better assets management, increase customer value and improve measure of organization knowledge. Increased competition ,rapid change ,reduced resource and increasing employees expectation have all combined in such a way organization are expected to achieve more out of less ( Neely et al).
5.2.3 Technology Innovation and Sarova Hotel Organization Performance

The project revealed that Hotels that invested in a management information system which is easy to use is most probable going to have an effect on its performance as revealed from the responses of those interviewed showed a mean of 3.91 which means that the respondents were agreeing on most of the statements while the standard deviation was 1.06 which indicates that the answers received were dispersed further from the mean which mean that the answers received were varied.

The study noted that organization that has invested in a management information system which able to the minimization administrative costs. Organizations management information system is compatible with other systems. The management information system is flexible enough to support the growth of the firm and that it has been crucial in delivering innovative customer services. Results further indicate that the management information system of SGH has been crucial in assisting employees to enhance delivery of effective and efficient service to the guest.

This is consistence with the findings of Gholami and others who said that technology innovation can provide powerful strategic and tactical tools for organization which when effectively implemented could bring great advantage in promoting and strengthening their competitiveness and organization performance (Gholamiet al, 2008). It also agrees with Adeosum who stated that the use of ICT enables strategic management, communication, collaboration, information access, data management, decision making and knowledge management in an organization (Adeosumet al, 2009).
5.2.4 Customer Relation Management System and Sarova Hotel Performance

The study revealed that majority of the respondents were of the opinion that customer relation management system has a positive correlation with the hotel performance as indicated from the results of a mean of 3.89 which mean that the respondents were agreeing on most of the statements while the standard deviation was 0.91 which indicates that the responses were close to the mean.

The study revealed that customer relationship management strategy enables the organization to provide better services to its customers as it helps SGH to identify the most profitable customer and prospects. Results further shows that customer relationship management enables SGH to improve its image in the hospitality industry. It has also enabled analysis of customer hence help identify regular client who received preferential treatment

This agrees with Mithas, Krishnan and Fornell (2005) who affirms that Firms that implement CRM effectively are able to build stronger relationship by customizing products using their super customer knowledge, enabling them to achieve greater customer satisfaction (Mithas, Krishnan, Fornell, 2005). This findings also agrees with Kumar and Shah who concluded in their research that CRM offers firms strategic benefits like customer satisfaction and loyalty (Kumar & Shah, 2004)
5.3 Conclusion
The study was guided by the Blue Ocean Theory which is 'Value Innovation', a concept originally outlined in Kim & Mauborgne (1997). Value innovation is the simultaneous pursuit of differentiation and low cost, creating value for the buyer, the company, and its employees, thereby opening up new and uncontested market space. It says that value innovation is not to compete, but to make the competition irrelevant by changing the playing field of strategy.

Staff induction affect the performance of Sarova hotels in Kenya as organizations which takes its employees through induction motivates their employees and make them feel welcomed and part of the team. Learning about the duties of the job help employee’s to perform better as they are motivated and encouraged to feel part of the larger team. This has helped in reducing the overall employee turnover as well as improves the performance of the employee.

Management contracting in Sarova hotels shows a positive relationship with the performance of the hotel as it helps in ensuring guest satisfaction. An organization that contracts its management enables its managers to work extra to increase and improve in its overall organization performance.

Management information system is key in the performance of Sarova Hotels as it enable the organization to minimization administrative costs. An organization with management information system is flexible enough to support the growth of the firm and that it is crucial in delivering innovative customer services, it is also crucial in assisting employees to enhance delivery of effective and efficient service to the guest.

Customer relationship management strategy is crucial to Sarova Hotels as it enables the organization to provide better services to its customers. It also helps SGH to
identify the most profitable customer and prospects and improve its image in the hospitality industry. Besides, enabled analysis of customer hence help identify regular client who received preferential treatment

5.4 Recommendation
For the hotel industry especially the Sarova Hotels to be able to come up with strategic responses that will help in its performance the research suggests the following recommendations: Sarova Hotels should induct its staffs, train them on the job so as to make their employees feel that they are part of the team instead of leaving them to learn as they work.

To determine which type of manager to engage Sarova Hotels should embrace management contracting where managers are contracted to perform and produce certain results failure to which the contract is terminated. To improve its performance Sarova Hotels should install information technology that will help them tract all hotels transactions such as MIS (Management Information System). To have a strategic response that will improve Sarova Hotel performance the organization should embrace Customer relationship management strategy in order to provide better services to its customers.

From the study conducted, the researcher tried to establish the relationship among the variables and this involved looking at how the value of the dependent variable (Performance of SGH) changes when one independent variable is varied when the other variable are held constant. From the results the Customer Relationship Management Pearson correlation of 0.4000 indicates that this is significantly correlated with the performance of SGH to the other variables staff induction, information technology and management contracting at 0.215 Pearson correlated to Sarova Hotels. This positive relationship agrees with Maroa and Muturi (2015)
strategic management practices contribute to performance by generating relevant information, creating a better understanding of the environment and reducing uncertainty.

### 5.5 Suggestion for Further Studies

The main objective of the study was to establish the effects of strategic responses on hotels organization performance of Sarova Hotels in Kenya. The study limited itself to Sarova Hotels in Kenya Nairobi and Mombasa counties focusing on how staff induction, management contracting, technology innovation and customer relation strategic responses influences Hotel performance of SGH.

The study findings therefore, did not include all the variables of strategic responses affecting the hotel performance and hence further studies are required to be carried out to establish other strategic responses affecting hotel performances in Kenya. Further studies should also be done on other hotels and organizations in order to compare the findings on the effects of strategic responses on hotels organization performance.
REFERENCES


APPENDICES

Appendix 1: Letter of introduction

Kenyatta University
P.O. Box 16778-80100
Mombasa
Tel: +254 -041- 2318975

To Whom It May Concern,

RE: RESEARCH QUESTIONNAIRE

I am a student pursuing Master of Business Administration (Strategic management option) degree at Kenyatta University Mombasa campus carrying out a research on Strategic Response and Performance of companies in the hospitality industry

It would be of great value if you could share your wealth of knowledge by completing the attached questionnaire, any information given will be treated with utmost confidence and shall only be used for academic purposes. Your cooperation will be highly appreciated. Thank you.

Regards,

Lawrence Sangale
Appendix 2: Questionnaire

CONSENT FORM:

Good morning/afternoon my name is Lawrence Sangale from Kenyatta. I am conducting a survey on Strategic response and performance in hospitality industry

All your opinions will be confidential and be used for the purposes of the research only. This means details of your enterprise will not be released and shared with anybody. I will also ensure no individuals are quoted by name in the final report.

I request your permission, therefore to carry out the interview which will take no more than 20 mins.

Section A: Background Information

1) Indicate the name of your unit ……………………………………………………………………………………

2) Indicate your position ……………………………………………………………………………………………

3) Indicate you gender: Male [ ] Female [ ]

4) Please indicate your age

   21-30 years [ ] 31-40 years [ ] 41-50 years [ ] Above 50 years [ ]

5) Indicate your highest level of education

   College certificate [ ] College Diploma [ ] University Graduate [ ]

   Others (specify)………………………………………………………………………………………………………

6) How long have you been in employment with this firm?

   1- 2 years [ ] 3 – 4 years [ ] Over 5 years [ ]

7) How many employees does your firm have?

   Below 100 [ ] 101 – 500 [ ] 501 – 1000 [ ] Above 1000 [ ]

Section B) Strategic Response and Organization Performance

8) Does your firm have a strategic plan?

   Yes [ ] No [ ]
9) How often does your organization review its strategic plans?
   After 1-2 years [ ] After 3-4 years [ ] After 5 years [ ]

10) How can you rate your firm’s financial performance in terms of profitability for the last five years?
   Excellent [ ] Good [ ] Average [ ] Poor [ ]

11) Does having a strategic plan influence the performance of your company?
    Yes [ ] Not Sure [ ] No [ ]

12) Please indicate in the table below the extent in which your firm has grown for the last five years

<table>
<thead>
<tr>
<th></th>
<th>Not at all</th>
<th>Minimal Extent</th>
<th>Moderate Extent</th>
<th>Large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Net profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase market share</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

13) Apart from strategic issues, what other factors influence the performance of your firm

Section C) Staff induction and performance

14) This section is concerned with investigation of if there is a relationship between staff training and organization performance of Sarova hotels. Please mark (X) in the box which best describe your agreement or disagreement

<table>
<thead>
<tr>
<th></th>
<th>Neutral</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>New employees receive induction training</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Job duties and tasks are included in the staff induction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does staff induction improves employee performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On induction reduces employee turnover</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff induction increase staff motivation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
18) In what other way do you think staff induction affects organization performance?

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

Section D) Information Technology and organization Performance

19) This section is concerned with investigation of if there is a relationship between information technology and organization performance of Sarova Hotels. Please mark (X) in the box which best describe your agreement or disagreement

<table>
<thead>
<tr>
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Organization has invested in information technology which is user friendly

Does the system used reduced administrative work

The systems used are compatible with other systems

The system is flexible to support growth of the firm

The system is crucial in delivering innovative customer service in a short time

The system assist in enhancing delivering of effective and efficient service to the guest

20) Which new technologies has your organization invested in the last 2 years?…………………………………………………………………………………………
…………………………………………………………………………………………
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Section E) Management contracting and organization Performance

This section is concerned with investigation of if there is a relationship between management contracting and organization performance of Sarova hotels. Please mark (X) in the box which best describe your agreement or disagreement.

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Sarova hotels has strategic management contracting with other hotels owners
The alliances formed have helped to ensure guest satisfaction
Sarova hotels contract have improved overall organization performance
Sarova hotels managing contracting increase staff morale

21) What other factors have influenced the performance of Sarova hotels? Explain
…………………………………………………………………………………………
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Section D: Customer Relationship Management and Performance

This subsection is concerned with investigation of whether CRM influences SGH performance. Please mark (x) in the box which best describes your agreement or disagreement.

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CRM strategy helps SGH to identify the most profitable customer and prospects
CRM enables the organization to provide better customer service
CRM has assisted in improving the image of SGH over time
CRM strategy enables the organization to analyze the customer profiles

Thank you for your participation
Appendix 3: Research Letter Authorization
Appendix 6: NACOSTI Research Authorization Letter