POSITIONING STRATEGIES AND GROWTH OF HOTELS IN LAMU COUNTY, KENYA

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JUNE, 2019
DECLARATION

I declare that this project is my original work and it has not been submitted for the award of any degree or diploma in any other institution. No part of the project should be reproduced without the authority of the author and/or Kenyatta University.

_________________________________________  Date _________________________

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D53/CE/25255/2014

This research project is submitted for examination with my approval as the appointed university supervisor.

_________________________________________  Date _________________________

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DEDICATION

I dedicate this research project to my family members for their love, care, and support during my academic journey.
ACKNOWLEDGEMENT

I wish to acknowledge my supervisor Mr. Shandrack Bett for his effective guidance and support throughout this research project. I acknowledge the support given to me by my close friends. I also acknowledge all the staff from all the categories of the hotels in Lamu County who cooperated with me during the collection of data. Thank you all and God Bless you.
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<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>MBV</td>
<td>Market-Based View</td>
</tr>
<tr>
<td>NACOSTI</td>
<td>National Commission for Science, Technology and Innovation</td>
</tr>
<tr>
<td>RBV</td>
<td>Resource-Based View</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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## OPERATIONAL DEFINITION OF TERMS

<table>
<thead>
<tr>
<th><strong>Cost Leadership Strategy</strong></th>
<th>Strategy that the hotel industry use to achieve their competitive advantage by creating a low-cost-position among their competitors</th>
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<tr>
<td><strong>Differentiation Strategy</strong></td>
<td>A strategy carried out by the hotel industry to increase their perceived value of their brand or products as a way to entice buyers to choose their products over similar products offered by their competitors</td>
</tr>
<tr>
<td><strong>Focus Strategy</strong></td>
<td>A strategy employed where the company knows its segment and has products to competitively satisfy its needs</td>
</tr>
<tr>
<td><strong>Organizational Growth</strong></td>
<td>A process through which the structure of a hotel industry increases the number of its roles and links in terms of market share, number of employees, branch network and so on</td>
</tr>
<tr>
<td><strong>Positioning Strategy</strong></td>
<td>A situation whereby the hotel industry selects more than one important key area to concentrate on and excels in those areas.</td>
</tr>
<tr>
<td><strong>Strategic Alliance Strategy</strong></td>
<td>It is an agreement between two or more Hotels to pursue a set of agreed upon objectives needed while remaining independent organizations</td>
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ABSTRACT

In this era of technology, business competes in a complex and challenging environment that is being transformed by various factors such as uncertain and frequent changes of the use of information technologies and globalization. Thus, the achievement of desired growth is a major pre-occupation of managers in the slow growth and competitive markets, which characterize many sectors of the economy. In Kenya and many other developing countries, the hospitality industry has been an important agent of economic growth due to its relationship with the tourism industry. However, there is a great deal of competition among the organization in this industry. For a firm to remain competitive, it has to have distinctive capabilities and position itself strategically in the market. Despite this, research on positioning strategies little has been researched on concerning positioning strategies and its influence on the growth of hotels in Kenya. This study aimed at investigating the influence of positioning strategies on the growth of Hotels in Lamu County, Kenya. The specific objectives of the study were to examine the influence of product differentiation, cost leadership strategy, focus strategy and strategic alliance strategies on organizational growth. The study was anchored by resource based view theory, market based view theory and open systems theory. This study employed a descriptive survey research design. The target population of the study included the top level managers, middle level managers and supervisors in the 38 licensed hotels in Lamu County. The study used proportionate stratified sampling where the Hotels were classified into 5 Stars, 4 Stars, 3 Stars and 2 Stars and simple random sampling method was used to select the respondents. The sample size was 133 respondents. Questionnaires were used as data collection instruments. Descriptive statistical analysis such as mean and standard deviation were used to analyze quantitative data. Multiple regression analysis was used to show the relationship between variables. The study established that product differentiation strategy, cost leadership strategy, focus strategy and strategic alliance strategy had a positive significant on organizational growth. The study concluded that product differentiation in the hotel industry is the key to sustaining long-term business growth and success. Cost leadership strategy enables Hotels to become the low cost producer in the Hotel industry. Focus strategy enables that Hotel industry build strong relationships within each target market which makes them competent to new entrants. Strategic alliance strategy adds complementary resources and capabilities, enabling Hotels to grow and expand more quickly and efficiently. The study recommended that the hotel industry should ensure that they are significantly better at a product attribute that other Hotels are providing by doing the underlying activities differently. The hotels should explore models of costing that best fit their operations such as activity-based- costing or performance-based costing so as to enable them identify the most optimal cost strategy fit that they can implement in the long run to achieve the desired growth. Due to the unpredictable and dynamic markets, the Hotel industry should focus on wider fraction of clients but being specific to any one geographical area. The hotel industry should define expected outcomes from the relationship for all the parties in the strategic alliance. Define and document the elements provided by each party, and the benefits a successful alliance brings to each and identify the results that will cause the alliance to be most beneficial for your business and define the structure and operating issues that need to be addressed to achieve these results.
CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

In today’s dynamic and globalized business world with hyper competition and technology adoption, organizations are striving to gain and maintain competitive edge by using different tactics and tools. Positioning has been considered as a strategic tool to deal with the competitive pressure and enhance the growth of the organization (Kotler & Keller, 2010). The authors further indicate that firms which position themselves within a particular market place relative to competitors, earn higher rates of return. Competition and profitability pressures mean that firms must be responsive to the market conditions. Therefore, for any organization to be successful in the long term, its operation must be completely different from those traditional business counterparts.

Janiszewska (2012) suggested that a good strategy is one that actually generates a competitive advantage that differentiates an organization with its competitors by giving it sustainable edge that is valuable, rare and not easy to imitate. According to Patel (2015) positioning as a strategy defines how an organization is to compete and survive in the marketplace. The author further indicates that organizational competitive advantage is achieved by a combination of unique resources and a high level of competence. Organizational strategic managers must therefore plan the product mix that will result in a combination of elements that make up the product.

Onguko and Ragui (2014) observe that determining the organization’s objective position in the market requires access to both internal and external analysis and, ultimately, the ability to interface the two. Noreen (2015) argues that it is important to understand the characteristics of the market for both positioning and strategy development purposes by knowing the
characteristics of the target audience and the competition. Therefore, marketing should function
to enhance the organization’s objective position while assuring a favorable perception on the
subjective dimension.

1.1.1 Organizational Growth

Growth is an organizational outcome resulting from the combination of firm-specific resources,
capabilities and routines. Organizational growth opportunities are highly related to its current
organizational production activities (Coad, 2012). Organizational growth is also uncertain:
environmental conditions such as competition and market dynamics play their roles. Firm growth
is an increase in certain attributes, such as sales, employment, and/or profit of a firm between
two points in time. Hakkert and Kemp (2014) indicates that organizational growth can be
determined by the degree of effectiveness and capability with which firm-specific resources such
as labour, capital and knowledge are acquired, organized, and transformed into sellable products
and services through organizational routines, practices, and structure.

Many organization desires to grow because it is seen generally as a sign of success, progress.
Organizational growth is used as one indicator of effectiveness for small and large businesses
and is a fundamental concern of many practicing managers (Sophia & Owuor, 2015). Ultimately,
success and growth of an organization will be gauged by how well a firm does relative to the
goals it has set for itself. Caplow (2016) observe that strategic planning is a key driver of
organizational growth, Since it has to emerge as a strategic business partner helping the top
management build an organization that is good not just for today, but for tomorrow and beyond.

Organizational growth is a multi-faceted phenomenon that is commonly associated with its
survival, achievement of business goals and success or the scaling up of activities (Storey, 2013).
Thompson and Strickland (2010) states that growing the business can be taken to mean crafting and implementing strategies that will bring profit to the business, attracting and pleasing customers, competing successfully with other competitors in the industry, conducting operations and improving the company’s financial and market performance.

1.1.2 Positioning Strategy

Positioning reflects what the perception consumers have about the products or organizational performance on specific features with respect to competitors. It can also be developed by differentiating the product against competitors (Day, 2014). Blankson (2015) observe that before developing positioning strategy, it is essential requirement to identify and analyses the image and properties of business rivals with concentration. Consumers’ perception is very crucial because customers have to choose between Organizations and rival presentation, and they prefer product with superior advantages which has that significant features which customers expect.

Firms adopting a differentiation strategy seek to create value through consumer loyalty, fee inelasticity, and precise image which they attain through brand image, advertising and marketing intensity, novelty, fashion, and unique distribution channels (Chaganti et al., 2009). Thus, these firms seek to attain an aggressive gain by using investing in developing services or products that offer precise characteristics applicable to customers. modern and increase techniques that are associated with differentiation are more likely to yield consequences in the end in place of within the brief run and there is a greater threat of failure associated with these strategies as compared to less modern strategies (Galbraith & Merrill, 2011). The means to achieve a differentiation strategy do not easily lend themselves to production efficiency maximization.
In cost leadership strategy, Amit (2010) argue that a firm units out to emerge as the low value manufacturer in its enterprise. The resources of price advantage are numerous and depend upon the structure of the enterprise. Most banks will adopt cost leadership strategies in pursuit of economies of scale, proprietary technology, superior access to resources and their influence in the policy formulations. A low cost manufacturer must find and exploit all manner of cost advantage. According to Venu (2014), the overall performance of an organization consequently relies upon closely on cost leadership as one of the techniques that may be employed by using businesses to make sure that they higher their overall performance.

Focus strategy may be used by organizations to achieve aggressive gain by positioning themselves right into a market niche (Gababo, 2014). This method focuses on a particular consumer institution, geographic marketplace or section of precise product line. Focus strategy mainly focuses on supplying products and services to special markets. Cinquini and Tenucci (2016) argue that the business focuses only on a certain section of the market. Then, it supplies products and services to a certain market section by taking the demands and needs of relevant section into consideration.

Strategic alliances are inter-organizational relations that are formed through mutual agreement between two or more independent firms to serve a common business objective (Greenhalgh, 2011). Strategic alliances are relationships based on trust, empathy and a win-win philosophy, where these words are over used and misunderstood and many managers do not know what an alliance really is. According to Hill and Jones (2012), strategic alliances are long-term co-operative relationships between two companies. However, alliances could range from relatively short-term project-based/cooperation to more inclusive long-term equity-based cooperation or joint venture concepts.
1.1.3 Hotel Industry in Lamu County

According to Kamau and Waudo (2012), the Hospitality sector is a service – offering sector, which evolved with the growth of the transportation industry and starts of trading. Being the oldest professions, it is a major economic activity all over the globe. Hospitality is a popular general name restaurant and hotel industries. Ottenbacher, Harrington, and Parsa (2009) noted that the hospitality sector includes Foodservice (Restaurants, Caterings); Conventions (Trade Shows, Meetings); Lodging (Motels, Hotels), Leisure (Parks, Vacations, Hiking, and Sightseeing); attractions (gatherings, fairs, shows) and Travel (business, pleasure). The industry is labor-intensive service giving economic sector and gives job opportunities to millions of people. Hotels are, which a commercial establishment that provides meals, lodging services, and guest services is, therefore, part of the hospitality sector.

The evolution of the hospitality Industry in Kenya was traced to the coastal region for the first time. This was as a result of the coming of the Arab who was traders and the railway construction workers in the region. The presence of the traders and worker necessitated the building of the first catering establishment at the coast, which was referred to as the Grand Hotel in Mombasa, built where Manor Hotel is located (Kamau & Waudo, 2012). The result was increased demand for catering and Hospitality industry services, which meant demand for trained personnel. The hospitality industry directly relates to the tourism industry as far as the business operation is concerned. The Hospitality industry has made a substantial contribution to Kenya’s economic development. Moreover, many people have benefited from the industry as it is an employment opportunity.

This hospitality industry in Kenya is steadily growing which contribute significantly to the general economic development of the Country. One of the industries in the Hospitality sector is
Hotel industry. It includes 5-stars, 4-stars, 3-star, 2-star, 1 star and other Hotels. Hotels in Kenya offer a different range of services to suit various customers. Elegance, ambiance, Class, and quality services are the major distinguishing factors of the hotels. The hotels in Lamu County have grown over years as the tourist industry grows. There is stiff competition among the Hotels in Lamu County as they scramble for the market share.

1.2 Statement of the Problem

Organizational growth is an important indicator of a thriving economy. The changing environment has necessitated the hospitality industry to adopt growth strategies to survive and grow (Lazerson, 2015). In line with adoption of positioning strategies, the industry has been facing numerous challenges in implementation of the strategies due many players operating in the same market. Therefore, it is prudent for the hotels operating in Lamu County, where tourism is the main economic activity, to develop positioning strategies.

Currently, the Hotels in the coastal region are operating under highly competitive business environment as they strive to command a share of the market, which has been affected by insecurity at the height of terrorism in the coastal region. Moreover, Hotels industry, like any other economic sectors, is facing the challenges of globalization. Due to such increased rate of competition, hotels have to position themselves strategically by identifying their core competencies and unique resources to gain a competitive edge.

There are various studies conducted in Kenya about positioning strategies. Nyakondo (2010) conducted a study on the factors influencing banking industry to adopt positioning strategies on mobile banking. The findings of the study show that some banks had adopted mobile banking to a moderate extent with emphasis on the implementation of mobile banking as a method of
positioning strategy which increased revenue, improved the image and increase customer satisfaction. Kasyoka (2011) conducted a study on the use of positioning strategies as a way of achieving a sustainable competitive advantage at Safaricom Limited. The researcher found that cutting edge technology was helping Safaricom limited in achieving a sustainable competitive advantage. The study found that resource-based view in Safaricom Limited was highly influencing the achievement of a sustainable competitive advantage.

Muriet (2011) researched on positioning strategies and performance of commercial banks in Kenya. It was found that positioning strategies positively and significantly enhances the performance of the bank. Most studies focused on the effect of positioning strategies on organizational performance. However, no known study focuses on positioning strategies and their effects on the growth of hotel industry. Therefore, this study sought to fill the gap by studying the positioning strategies and its effects on the growth of Hotels in Lamu County.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study was to investigate the influence of positioning strategies on the growth of Hotels in Lamu County, Kenya.

1.3.2 Specific Objectives

This study was guided by the following specific objectives:

i. To examine the influence of product differentiation strategy on the growth of Hotels in Lamu County, Kenya

ii. To establish the influence of cost leadership strategy on the growth of Hotels in Lamu County, Kenya
iii. To identify the influence of focus strategy on the growth of Hotels in Lamu County, Kenya

iv. To find out the influence of strategic alliance strategy on the growth of Hotels in Lamu County, Kenya

1.4 Research Questions

This study sought answers to the following research questions:

i. What is the influence of product differentiation strategy on the growth of Hotels in Lamu County, Kenya?

ii. What is the influence of cost leadership strategy on the growth of Hotels in Lamu County, Kenya?

iii. What is the influence of focus strategy on the growth of Hotels in Lamu County, Kenya?

iv. What is the influence of strategic leadership strategy on the growth of Hotels in Lamu County, Kenya?

1.5 Significance of the Study

The study would be significant to the owners and management of hotels in Lamu County and Kenya at large. For the hotels to grow and withstand competitive pressure from other players, they have to develop positioning strategies that would give them an edge in the market over the competitors to enable them to survive and grow. Therefore, information in this study would inform them and guide them. This is because after examining the effects of market positioning strategies on their business growth, the researcher would come up with recommendations on the ways they can position themselves in the industry and enjoy a competitive advantage over competitors.
Moreover, the findings of the study could be crucial to potential investors who would like to invest in already running hotels. The investors would be able to make decisions concerning the right organization to invest in. Besides, the research would be significant to the scholars who seek to study positioning strategies and their effects on organizational growth as it will highlight further areas for research.

1.6 Scope of the Study

The study examined the positioning strategies that are adopted by hotels in Lamu County and their effects on their growth. The unit of analysis was hotels in Lamu County including five stars, four stars, three stars and two stars hotel which form the majority of the hotels in Lamu County and the unit of observation was managers and support staff from these hotels. Positioning strategies was operationalised in the context of product differentiation strategy, cost leadership strategy, focus strategy and strategic alliance strategy. Data collection was done in sampled hotels located in Lamu County using questionnaires. Descriptive survey research design and proportionate stratified sampling method were used as a research methodology.

1.7 Limitations of the Study

The researcher faced with the following limitations during the study. First, accessing the respondents who were among the management teams was not be easy as it created suspicions. To mitigate this, the researcher first sought a research permit from NACOSTI and an introduction letter from the University. It was also difficult to know the level of honest the respondents is in their responses. The researcher mitigated this by testing the reliability and viability of the research instruments to ensure they meet the required standard.
1.8 Organization of the Study

This study was organized in five chapters. Chapter one constitutes the background of the study, statement of the problem, objectives, significance, scope, limitations and organization of the study. Chapter two comprises of the theoretical literature review, empirical literature review, summary of literature review and research gaps and conceptual framework. Chapter three encompasses the methodology which presents the research design, target population, sampling design, research instrument, data collection procedure, data analysis and ethical considerations. Chapter four constitutes the research findings and discussion which presents the response rate, background information, descriptive statistics, inferential statistics and analysis of qualitative data. Chapter five presents the summary, conclusion, recommendations for policy and practice, and recommendations for further study.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter comprise of theoretical review, empirical review, summary of literature reviewed and research gaps and conceptual framework.

2.2 Theoretical Review

2.2.1 Resource Based View Theory

This study was guided by Resource-Based View Theory (RBV) as propounded by Wernerfelt, (1984) who noted that the resource-based view theory focuses on the enterprise’s resources such as financial resources and expansion of business activities. The theory holds that there exist unlimited sources of opportunities in the marketplace. According to Barney (1991), it is crucial to managing the transitions, that is, the point at which the resources are being reconfigured through the deployment of organization’s resources to identify and exploit the next growth opportunity. Therefore, for an organization to determine the successive phase of growth and development there is the need for reconfiguring during the transitions, between stages.

The resource-based view theory suggests that the organization is a collection of sticky and imperfectly imitable resources. Resources may be physical like production equipment or innovations protected by patent, or intangible such as brand equity or operating routines. Expansion helps an organization to use the services of its resources more profitably (Penrose, 1959). This theory is relevant to the study because it addresses the fundamental question of why firms are different and how firms achieve and sustain competitive advantage by deploying their resources.
2.2.2 Market Based View Theory

This study was guided by the Market-Based View (MBV) as propounded by Bain (1968) who argues that industry factors and external market orientation are the primary determinants of firm’s growth. The theory indicates that enterprise factors and external marketplace orientation are the primary determinants of company’s growth (Porter, 1980). The market-based view (MBV) of the firm focuses on the link between organizations’ strategies and their external environments (Grant, 1991). It’s first basic assumption is that strategically relevant resources are distributed homogeneously among the firms within an industry. The second assumption refers to the mobility of these resources, which in the MBV are highly mobile (Barney, 1991).

According to Peteraf and Bergen (2003) for a firm to grow it must depend on its ability to take advantage of imperfectness on the market in which it sells its goods or services. This is to say, an organization has to identify a position in the enterprise where the business enterprise can best shield itself in opposition to and the competitive forces. In the MBV, a competitive advantage can be achieved by performing strategically relevant activities at lower costs than competitors or in a unique way that is valuable to customers.

The theory was relevant to study because it shows that the three generic competitive strategies (differentiation, focus and cost leadership) can be pursued separately or in combination and have the long-term objectives to create a defendable position within the industry and to outperform competing actors within that industry.

2.2.3 Open Systems Theory

Open system theory was developed by Ludwig von Bertalanffy (1956), a biologist, but it was immediately applicable across all disciplines (Scott, 2003). Open systems viewpoint see agencies each as hierarchical structures and as loosely coupled structures. Open structures have a tendency
to have a few semblances of clustering and ranges. The open-systems principle assumes that all large companies are made out of more than one subsystems, each of which gets inputs from different subsystems and turns them into outputs for use by way of other subsystems (Hatch, 1997). The subsystems are not always represented via departments in a business enterprise, however might instead resemble patterns of interest. Interdependencies and connections inside a subsystem have a tendency to be tighter than between subsystems. These “strong sub-assemblies” provide an awesome survival benefit to the whole system (Gortner, Mahler & Nicholson, 1997).

Open systems displays the belief that each one agencies are unique in part due to the particular environment wherein they perform and that they must be structured to house particular issues and possibilities (Hatch, 1997). Environmental influences that have an effect on open structures can be defined as both unique and well known. The particular surroundings refer to the network of suppliers, distributors, authorities businesses, and competitors with which an enterprise company interacts. The general environment encompasses four influences that emanate from the geographic location wherein the enterprise operates. The open-systems idea assumes that each one huge company is comprised of multiple subsystems, each of which receives inputs from different subsystems and turns them into outputs for use by different subsystems. The subsystems are not always represented through departments in an agency, but would possibly rather resemble patterns of events (Hatch, 1997).

This theory was relevant to the study because it holds that in order for the enterprise to attain its targets and goals, it's important that it operates as an open system wherein it takes care of the surroundings in its selection making procedure because failure to do this will lead to failure to supply on organizational goals. The interaction of the organizations in this situation then effects
to the manufacturing of key sources that allow businesses to be sustained or to change with a view to continue to exist. Open systems approach to management considers all corporations as open systems that are influenced by means of the surroundings wherein they exist.

2.3 Empirical Review

2.3.1 Product Differentiation Strategy and Growth

Mbithi, Muturi and Rambo (2015) study investigated the effect of product positioning strategy on performance in Sugar Industry in Kenya. A cross-sectional survey research design was be used in carrying out the study. A non-probability sampling approaches was used and in particular purposive sampling to select the respondents. Data was analyzed using a combination of both descriptive and inferential statistics. The study revealed a weak relationship between product development strategy and all aspects of performance.

Akpoyomare, Adeosun and Ganiyu (2013) study looked at the approaches for generating and evaluating product positioning strategy using using descriptive research approach. The study concludes that positioning is applicable to products in the broadest sense. However, Institutions, Organizations or even Countries can benefit from a well developed positioning strategy that focuses on a niche that is unoccupied in the mind of the consumer. Effective product positioning helps firms attract new customers in the short run, and helps build customer-brand relationships in the long run.

Aliqah (2012) study examined on differentiation and organizational performance: Empirical evidence from Jordanian companies. 33 industrial companies listed at Amman Stock Exchange by the beginning of 2010 were surveyed. Industrial companies listed at Amman Stock Exchange were surveyed. The result of multiple regression analysis indicates that the differentiation strategy has not significant effect on organizational performance of such companies. One
important practical implication of this result is for the Jordanian companies to incorporate the different dimensions of product differentiation strategy correctly to improve their performance.

2.3.2 Cost Leadership Strategy and Growth

Atikiya, Mukulu and Waiganjo (2015) study examined the effect of cost leadership strategy on the performance of manufacturing firms in Kenya. A survey questionnaire and an interview guide was used to collect data from 131 firms drawn from 12 key industrial subsectors located within Nairobi and its environs. The findings revealed that performance of manufacturing firms are significantly influenced by cost leadership strategy. Arising from the findings, the study concludes that the managers of manufacturing firms adopt cost leadership strategy to increase their competitiveness and performance. However, the study used cross-sectional research design which provides a snapshot of analysis so there is always the possibility that a study could have differing results if another time-frame had been chosen.

Stamate (2014) study examined the competitive pricing strategies as a determinant of performance. The information towards the research was gathered throughout in-depth interviews with the managers in charge of this process, document analysis and observations. The study established that Pricing adaptation can be successful when market conditions are favorable, thus exercising a premium pricing strategy. When market conditions are less favorable, meaning when demand is low and competition is intense, competitive pricing strategy is chosen. However, the study focused on the performance of Romanian companies in export markets.

Atikiya, Mukulu and Waiganjo (2015) study examined the effect of competitive pricing strategy on the performance of manufacturing firms in Kenya. A survey questionnaire and an interview guide were used to collect data from 131 firms. The study adopted descriptive and explanatory
research design. The findings revealed that performance of manufacturing firms are significantly influenced by cost leadership strategy. Arising from the findings, the study concludes that the managers of manufacturing firms adopt cost leadership strategy to increase their competitiveness and performance. However, the study used explanatory research design which generally utilizes small sample sizes and, thus, findings are typically not generalizable to the population at large.

Jane, Doreen and Barbara (2017) study examined the influence of Competitive pricing strategy on growth of hotel chains: A Perspective from the Kenyan Context. The study adopted a survey research design and targeted 66 managers drawn from the branches of 13 hotel chains in the country using purposive sampling. The findings revealed that cost leadership significantly influenced growth of hotel chains in the country as most of the hotel chains pursued the cost leadership as a competitive strategy in order to grow their business. However, the study used qualitative data which involves small sample size.

2.3.3 Focus Strategy and Growth

Hooley, Greenley, Fahy and Cadogan (2011) study investigated the relationship between market-focused resources, competitive positioning and firm performance. The findings of this study reveal positive association between positioning strategy and firm performance although individual predictive variables (subpositioning strategies) have partial effects. Specifically, five subpositioning strategies (top of the range, services, value for money, reliability and the brand name) emerge as impacting firm performance. However, the study used exploratory research design which disallows making inferences.

Mohsenzadeh and Ahmadian (2016) study focused on the mediating role of competitive positioning strategy in the effect of firm competencies and export performance. A questionnaire
was used for data collection which was randomly distributed among 200 of managers and export experts of top export companies in Iran. The results of the data analysis showed that competitive strategies mediate the effect of production capability and export performance. However competitive strategies do not mediate the effect of marketing competency and export performance.

2.3.4 Strategic Alliance Strategy and Growth
Mong’are (2016) study investigated on strategic alliances and performance of information communication technology companies in Kenya. The population of this study was the ICT companies in Nairobi. The study adopted stratified random sampling technique to select the 150 ICT companies. Based on the findings, the study concluded that ICT companies in Kenya entered into strategic alliances with other firms for a number of reasons all meant to improve their survival, competitiveness and bottom-line performance. However, the study used cluster random sampling technique which is prone to biasness and higher sampling error.

Muthoka and Oduor (2014) study examined the effects of strategic alliances on organizational performance: supermarkets and their alliances in Kenya. The study employed a correlational research design. The sample of the study entailed a study of all the five big supermarkets. Data for this study was collected from the head offices of the firms by use of a questionnaire. The data was analyzed using a multiple regression model. The empirical results of the study indicated that there was a strong, negative correlation between technological strategic alliances and performance.

Onje and Oloko (2017) carried out a study on the influence of strategic alliance on financial performance of commercial banks in Kenya. Questionnaire was used for primary data while
secondary data was gathered from bank statement of financial performance and statements of comprehensive income during the period 2013 and 2014. Regression and correlation analysis were used to analyse data. The findings of this study reveal there exist negative relationship between the banks operational cost and the leverage on performance while the banks market share, efficiency, banks asset base and bank branches had a positive relationship with income. However, the study was qualitative in nature which is heavily dependent on the individual skills of the researcher and more easily influenced by the researcher’s personal biases.

2.4 Summary of Literature Reviewed and Research Gaps

Table 2.1: Summary of Literature Reviewed and Research Gaps

<table>
<thead>
<tr>
<th>Author</th>
<th>Focus of the Study</th>
<th>Findings</th>
<th>Knowledge gap</th>
<th>Focus of the current study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atikiya et al. (2015)</td>
<td>Cost leadership strategy on the performance of manufacturing firms in Kenya</td>
<td>performance of manufacturing firms are significantly influenced by cost leadership strategy</td>
<td>Qualitative in nature</td>
<td>Quantitative in nature</td>
</tr>
<tr>
<td>Aliqah (2012)</td>
<td>Differentiation and organizational performance</td>
<td>differentiation strategy has no significant effect on organizational performance of such companies</td>
<td>Empirical data</td>
<td>Primary data</td>
</tr>
<tr>
<td>Hooley (2011)</td>
<td>Market-focused resources, competitive positioning and firm performance</td>
<td>positive association between positioning strategy and firm performance</td>
<td>Qualitative data</td>
<td>Quantitative data</td>
</tr>
<tr>
<td>Muthoka and</td>
<td>Strategic alliances</td>
<td>Most of the hotel</td>
<td>Correlational</td>
<td>Proportionate</td>
</tr>
</tbody>
</table>
Oduor (2014) on organizational performance: chains pursued the cost leadership as a competitive strategy in order to grow their business research design and purposive sampling stratified sampling method

Source: Researcher (2018) and Literature Reviewed

2.5 Conceptual Framework

Independent Variables

<table>
<thead>
<tr>
<th>Product Differentiation Strategy</th>
<th>Cost Leadership Strategy</th>
<th>Focus Strategy</th>
<th>Strategic Alliance Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Product Features</td>
<td>• Cost advantage</td>
<td>• Product Niche</td>
<td>• Corporate Unit</td>
</tr>
<tr>
<td>• Unique Products</td>
<td>• Pricing</td>
<td>• Market Niche</td>
<td>• Business Unit</td>
</tr>
</tbody>
</table>

Dependent Variable

Organizational Growth
- Market Share
- Number of Employees
- Branch Network

Source: Researcher (2018)

Figure 2.1: Conceptual Framework

Figure 2.1 shows that relationship between variables. The independent variable is market positioning strategy which is operationalised as product differentiation strategy, cost leadership strategy, focus strategy and strategic alliance strategy and the dependent variable is organizational growth in which its indicators are market share, number of employees, branch network.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter comprises of the research design, target population, sampling design and sample size, data collection instruments, pilot study, data collection procedure, data analysis and ethical issues.

3.2 Research Design
This study employed a descriptive survey research design. Descriptive survey research design is a method of collecting information by interviewing or administering a questionnaire to a sample of individuals (Saunders, Lewis & Thornhill, 2011). It is one of the most widely used non-experimental research designs across disciplines to collect large amounts of survey data from a representative sample of individuals sampled from the targeted population. A descriptive research design involves a field survey where subjects are observed in their natural set ups without manipulation of the environment.

3.3 Target Population
Kombo and Tromp (2006) defined population as a group of objects, items, and individuals, where samples are drawn from or the entire group of persons, or elements with at least one thing in common. It is the sum of constituent elements or individuals that are referred during the research study. Cooper and Schindler (2011) defined a population as the total collection of elements a researcher would wish to make inferences. According to Mugenda and Mugenda (2003), a population is a group of objects or individuals that have common observable characteristics. The target population of the study included the top level managers, middle level managers and supervisors in the 38 licensed hotels in Lamu County as shown in table 3.1 below.
Table 3.1: Distribution of Target Population

<table>
<thead>
<tr>
<th>Hotel Rank</th>
<th>Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Stars</td>
<td>56</td>
<td>28.0</td>
</tr>
<tr>
<td>4 Stars</td>
<td>45</td>
<td>22.5</td>
</tr>
<tr>
<td>3 Stars</td>
<td>48</td>
<td>24.0</td>
</tr>
<tr>
<td>2 Stars</td>
<td>51</td>
<td>25.5</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100</td>
</tr>
</tbody>
</table>

The total number of respondents was 200 distributed unevenly in different strata. Table 3.1 shows that respondents from 5 star hotel form the highest percentage (28.0%) followed by 2 stars (25.5%), 3 stars (24.0%) and 4 stars (22.5%).

3.4 Sampling Design and Sample Size

Sampling techniques and sample size are important to establish the representativeness of the sample for generalization (Kombo & Tromp, 2006). The study used proportionate stratified sampling method to ensure that all cases are well represented and use simple random sampling method to select the respondents. The study used a sample size formula by Taro Yamane (1967) assuming an error term of 5%.

\[
n = \frac{N}{1+N(e)^2}
\]

\[
n = \frac{200}{((1+200*(0.05)^2))}
\]

\[n = 133\]

The sample size was 133 respondents which represent a 66.5% of the target population (200). The proportionate distribution of sample size was obtained using a 0.665 as shown in Table 3.2.
Table 3.2: Distribution of Sample Size

<table>
<thead>
<tr>
<th>Hotel Rank</th>
<th>Population</th>
<th>Sampling Factor</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Stars</td>
<td>56</td>
<td>0.665</td>
<td>37</td>
</tr>
<tr>
<td>4 Stars</td>
<td>45</td>
<td>0.665</td>
<td>30</td>
</tr>
<tr>
<td>3 Stars</td>
<td>48</td>
<td>0.665</td>
<td>32</td>
</tr>
<tr>
<td>2 Stars</td>
<td>51</td>
<td>0.665</td>
<td>34</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>0.665</td>
<td>133</td>
</tr>
</tbody>
</table>

3.5 Data Collection Instruments

Questionnaires were used as data collection instruments because those who will be involved are literate thus minimal interpretations of what is contained in the questionnaires. The questionnaires were structured into 5 sections ranging from A to F whereby section A collected data regarding the respondents background information, section B was based on brand positioning strategy variable, section C product positioning strategy variable, section D competitive positioning strategy variable, section E competitive pricing strategy variable and section F collected data on organizational growth. The questions followed a likert scale whereby the respondents were required to rate questions as per their level of agreement. In addition, there was open ended question after each study variable to enable the respondents to add more information regarding the influence of the independent variable on dependent variable.

3.6 Pilot Study

Pilot study is a small test involving a small number of respondents to assist the researcher in checking for the quality of the questionnaires and identify any weaknesses before going for the final data collection process (Orodho, 2005). Questionnaires were piloted 10 respondents. In
addition to that these respondents were not included in the final data collection process. The
questionnaires were piloted to make sure that any error or missing item in it is identified and
addressed so as to make sure they are valid and reliable.

3.6.1 Validity of the Instruments
Validity test involves checking whether the data collection instrument will give data regarding
the intended objective of the study (Orodho, 2005). The researcher used content validity test to
ensure that the questionnaires are put in simple language the respondents can easily understand
and check for clarity of questions. This was achieved by consulting the supervisor as the expert.

3.6.2 Reliability of the Instruments
Reliability in research is influenced by random error, which is deviation from a true
measurement. After the pilot study, the respondents’ questionnaires were tested using split-half
technique. Orodho (2005) refers split-half method as a type of reliability testing based on the co-
efficient of internal consistency of a research instrument. The instrument were divided into two
equal halves usually in terms of even and odd numbered items and scored separately after it has
been tested. The Spearman correlation coefficient is calculated from the scores on each half of
the test which usually fall between 0.0 and 1.0, with the closer to 1.0, the more reliable the
instrument is. This study targeted a correlation coefficient of 0.7 as recommended by Mugenda
and Mugenda (2003).

3.7 Data Collection Procedure
The management of all the categories of the hotels in Lamu County was contacted to seek
permission to carry out the study. Because the population to be studied is large and dispersed the
researcher employed assistants to take questionnaires to them and the same time explain the
study purpose. To ensure high response rate the respondents were notified the date of collecting
the questionnaires and one of the respondents from each stratum were appointed and given the responsibility of reminding the other respondents on the importance of filling the questionnaires.

3.8 Data Analysis and Presentation

Data collected from the questionnaires were organized into a meaningful format and coded for easy analysis. Descriptive statistical analysis such as mean and standard deviation were used to analyse quantitative data and presented in terms of tables, frequencies, graphs and charts. This was made possible by use of Statistical Package for Social Sciences (SPSS) version 20.0. Qualitative data obtained from the open ended questions was analyzed thematically in line with study objectives. Because the study involves more than three variables multiple regression analysis was used which had a model as described below.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

Whereby

\( Y = \) Organizational Growth

\( X_1 = \) Product Differentiation Strategy

\( X_2 = \) Cost Leadership Strategy

\( X_3 = \) Focus Strategy

\( X_4 = \) Strategic Alliance Strategy

\( \beta_1, \beta_2, \beta_3 \) and \( \beta_4 \) are coefficients of determination

\( \varepsilon \) is the error term

3.9 Ethical Consideration

In this study the researcher acquired research approval letter from the university a permit from the National Commission for Science, Technology and Innovation (NACOSTI) before proceeding to the study area. The study respondents were given adequate information on the aims of the research, the procedure that would be followed, the credibility of the researcher and
the way in which the results were used. This was done to enable them to make an informed decision on whether they want to participate in the study or not. Participant confidentiality was not compromised as they were not allowed to indicate their names in the questionnaire.
CHAPTER FOUR
DATA ANALYSIS AND PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents the results of the analysis of data collected from the field based on the response rate, background information of the respondents, descriptive statistics and regression analysis.

4.2 Response Rate

The questionnaires return rate is shown in Table 4.1.

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>125</td>
<td>93.9</td>
</tr>
<tr>
<td>Non-responded</td>
<td>8</td>
<td>6.1</td>
</tr>
<tr>
<td>Total</td>
<td>133</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

Table 4.1 indicates that 93.9% respondent and 6.1% did not respond. Baruch and Holtom (2014) recommended 80 percent or more on response rate is enough data analysis. Therefore, 93.9% of the study response rate was considered appropriate for data analysis. Therefore, there was acceptance and credibility of the research findings of the study due to high response rate.
4.3 Reliability Results

Table 4.2: Reliability Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Alpha Coefficient (α)</th>
<th>Questionnaire items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product differentiation</td>
<td>0.715</td>
<td>5</td>
</tr>
<tr>
<td>Cost leadership strategy</td>
<td>0.764</td>
<td>5</td>
</tr>
<tr>
<td>Focus strategy</td>
<td>0.705</td>
<td>6</td>
</tr>
<tr>
<td>Strategic alliance strategy</td>
<td>0.711</td>
<td>6</td>
</tr>
<tr>
<td>Organizational growth</td>
<td>0.735</td>
<td>3</td>
</tr>
<tr>
<td>Aggregate</td>
<td>0.726</td>
<td>25</td>
</tr>
</tbody>
</table>

The results indicates cost leadership strategy had the highest reliability ($\alpha=0.764$), followed by organizational growth ($\alpha=0.735$), product differentiation strategy ($\alpha=0.715$), strategic alliance strategy ($\alpha=0.711$) and focus strategy ($\alpha=0.705$). An aggregate score of 0.726 showed a good reliability which is per the recommendations by Mugenda and Mugenda (2003) who observe that a correlation coefficient of 0.7 or more shows high reliability of research instrument. This means that the findings of the study were more reliable because the higher score in reliability.

4.4 Background Information

On the background information of the respondents, the study sought information on gender, age, level of education and work experience. The results are presented as follows.

![Figure 4.1: Respondents’ Gender](source: Survey Data (2019))
It was established that majority were male as indicated by 52.0% while female respondents accounted for 48.0%. Gender of the respondents was necessary to show a true representative of both men and women in the study which means giving equal importance to both men and women in the workplace on strategy implementation.

**Table 4.3: Respondents’ Age**

<table>
<thead>
<tr>
<th>Age Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Less than 25 years</td>
<td>9</td>
<td>7.2</td>
</tr>
<tr>
<td>25 - 34 years</td>
<td>30</td>
<td>24.0</td>
</tr>
<tr>
<td>35 - 44 years</td>
<td>85</td>
<td>68.0</td>
</tr>
<tr>
<td>45 years and above</td>
<td>1</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>125</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Survey Data (2019)*

It found that majority (68.0%) of the respondents were aged between 35 to 44 years, 24.0% were aged between 25 to 34 years, 7.2% below 25 years and 0.8% aged 45 years and above. These findings show that the study participants were obtained from different categories of ages. It was important to have respondents of different age because Inmyxai and Takahashi (2012) observe that young employee who are at their learning stage are more willing to learn new things and accept new ideas and older people who have more life experiences are more mature and possess better problem solving skills.
The findings show that (48.0) of the respondents had attained a bachelors degree level of education, 20.8% had a diploma certificate, 16.8% percent had master’s degree and 14.4% percent had a post graduate diploma. It was necessary to establish the education level of the respondents because differences in educational background increase the likelihood to have a diverse perspectives and opinions from the employees.

Table 4.4: Respondents’ Work Experience

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Less than 5 years</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>5 - 9 years</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>10 - 15 years</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>Above 15 years</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>125</td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)
The study established that majority (49.6%) of the respondents had a work experience of more than 15 years, 29.6% between 10 to 15 years, 11.2% less than 5 years and 9.6% between 5 to 9 years. According to Avolio, Waldman and McDaniel (2010) experienced workers generally are viewed as dependable, loyal, and dedicated and also can make faster work related decisions, resolve problems quickly, which lead to a more satisfied customers and increased market share.

**4.5 Descriptive Statistics**

Descriptive statistics included mean and standard deviation to present the results of the quantitative data that were generated using Statistical Package for Social Sciences (SPSS). The results are presented below.

**4.5.1 Product Differentiation Strategy**

The first objective sought to examine the influence of product differentiation strategy on the growth of Hotels in Lamu County, Kenya. The findings are presented in Table 4.5.

**Table 4.5: Product Differentiation Strategy**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean (M)</th>
<th>Standard Deviation (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The hotels focus its efforts in providing a unique product or service in order to differentiate itself with other companies</td>
<td>3.98</td>
<td>1.211</td>
</tr>
<tr>
<td>Uniqueness of the hotels in Lamu County product provide a high customer loyalty and attraction</td>
<td>4.05</td>
<td>0.812</td>
</tr>
<tr>
<td>Creation of unique product or service gives Hotels in Lamu County an opportunity to charge a premium price to capture market share</td>
<td>4.30</td>
<td>0.582</td>
</tr>
<tr>
<td>Hotels in Lamu County creates a unique position in the market through provision of goods or services that are valued for their uniqueness or fit to the needs of customers</td>
<td>4.14</td>
<td>0.840</td>
</tr>
<tr>
<td>Hotels in Lamu County incorporates buyer desired attributes into its products and service offering to enhance their growth</td>
<td>4.56</td>
<td>0.545</td>
</tr>
<tr>
<td><strong>Aggregate Score</strong></td>
<td><strong>4.21</strong></td>
<td><strong>0.798</strong></td>
</tr>
</tbody>
</table>

*Source: Survey Data (2019)*


The results in Table 4.5 show that the respondents strongly agreed that product differentiation strategy influences the growth of Hotels in Lamu County, Kenya as shown by aggregate score of 4.21 with significance variance of 0.798. This is in line with Akpoyomare et al. (2013) study which established that proper positioning of products enables the organizations to get new customers within a short period and also enhances the relationship between customer and firm brand with time.

The respondents strongly agreed on the statements that Hotels in Lamu County incorporates buyer desired attributes into its products and service offering to enhance their growth and that creation of unique product or service gives Hotels in Lamu County an opportunity to charge a premium price to capture market share as shown by mean score of 4.56 and 4.30 respectively with respective significance variance of 0.545 and 0.582. This is supported by Aliqah (2012) study which revealed that companies in Jordan integrate a diverse perspective of product differentiation so as to have a better performance.

The respondents agreed on the statements that Hotels in Lamu County creates a unique position in the market through provision of goods or services that are valued for their uniqueness or fit to the needs of customers, uniqueness of the hotels in Lamu County product provide a high customer loyalty and attraction and that the hotels focus its efforts in providing a unique product or service in order to differentiate itself with other companies as shown by mean score of 4.14, 4.05 and 3.98 with respective significance variance of 0.840, 0.812 and 1.211. These findings are in contrary to the findings of Mbithi et al. (2015) study which found that the development of product strategy on organizational performance has a weak relationship.
4.5.2 Cost Leadership Strategy

The second objective sought to establish how cost leadership strategy influences the growth of Hotels in Lamu County, Kenya. The findings are presented in Table 4.6.

**Table 4.6: Cost Leadership Strategy**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean (M)</th>
<th>Standard Deviation (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The cost leadership strategy protects Hotels in Lamu County from competition by other hotels.</td>
<td>4.52</td>
<td>0.617</td>
</tr>
<tr>
<td>Cost leadership strategy at Hotels in Lamu County offers services in a broad market at the lowest prices</td>
<td>4.63</td>
<td>0.501</td>
</tr>
<tr>
<td>Lower cost strategy helps Hotels in Lamu County gain a competitive advantage by reducing its operating costs below its competitors.</td>
<td>3.88</td>
<td>1.506</td>
</tr>
<tr>
<td>Hotels in Lamu County uses knowledge gained from past production to lower production costs</td>
<td>3.46</td>
<td>1.495</td>
</tr>
<tr>
<td>By charging lower prices, Hotels in Lamu County increases its market share</td>
<td>4.46</td>
<td>0.799</td>
</tr>
<tr>
<td><strong>Aggregate Score</strong></td>
<td><strong>4.19</strong></td>
<td><strong>0.984</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

The results in Table 4.6 show that the respondents strongly agreed that cost leadership strategy influences the growth of Hotels in Lamu County, Kenya as shown by aggregate score of 4.19 with significance variance of 0.984. These findings are supported by Jane et al. (2017) study results which confirm that cost leadership strategy significantly influences the growth of Hotels in Kenya and it is one of the best strategy that Hotels in Kenya pursue so as to improve their growth.

The respondents strongly agreed on the statements that cost leadership strategy at Hotels in Lamu County offers services in a broad market at the lowest prices, the cost leadership strategy protects Hotels in Lamu County from competition by other hotels and by charging lower prices, Hotels in Lamu County increases its market share as shown by mean score of 4.63, 4.52 and 4.46.
respectively with respective variance of 0.501, 0.617 and 0.799. These findings agree with Stamate (2014) study results which confirmed that during favourable conditions adapting pricing strategy is the best strategy to improve organizational growth.

The respondents agreed on the statements that lower cost strategy helps Hotels in Lamu County gain a competitive advantage by reducing its operating costs below its competitors and that Hotels in Lamu County uses knowledge gained from past production to lower production costs as shown by mean score of 3.88 and 3.46 respectively with respective variance of 1.506 and 1.495. These findings concur with the findings of a study carried Atikiya et al. (2015) who revealed that manufacturing firms in Kenya adopt cost leadership strategy to improve their growth.

4.5.3 Focus Strategy

The third objective sought to identify the influence of focus strategy on the growth of Hotels in Lamu County, Kenya. The findings are presented in Table 4.7.

Table 4.7: Focus Strategy

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean (M)</th>
<th>Standard Deviation (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower cost strategy helps an organization gain a competitive advantage by</td>
<td>3.26</td>
<td>1.709</td>
</tr>
<tr>
<td>reducing its operating costs below its competitors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotels in Lamu uses knowledge gained from past production to lower</td>
<td>3.85</td>
<td>1.093</td>
</tr>
<tr>
<td>production costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>By charging lower prices, hotels in Lamu County increases its market share</td>
<td>4.88</td>
<td>0.667</td>
</tr>
<tr>
<td>Hotels in Lamu uses low prices for its products to remain competitive in</td>
<td>4.89</td>
<td>0.386</td>
</tr>
<tr>
<td>the hospitality industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The competitive pricing strategy protects Hotels in Lamu County from</td>
<td>4.83</td>
<td>0.284</td>
</tr>
<tr>
<td>competition by other hospitality industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower cost strategy helps an organization gain a competitive advantage by</td>
<td>3.98</td>
<td>0.375</td>
</tr>
<tr>
<td>reducing its operating costs below its competitors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aggregate Score</td>
<td>4.28</td>
<td>0.752</td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)
The results in Table 4.7 show that the respondents strongly agreed that focus strategy influences the growth of Hotels in Lamu County, Kenya as shown by aggregate score of 4.28 with significance variance of 0.752. These findings agree with the findings of Hooley et al. (2011) study which revealed that focus strategy positively influence firms’ performance.

The respondents strongly agreed on the statements that Hotels in Lamu uses low prices for its products to remain competitive in the hospitality industry, by charging lower prices, hotels in Lamu County increases its market share and the competitive pricing strategy protects Hotels in Lamu County from competition by other hospitality industry as shown by mean score of 4.89, 4.88 and 4.83 respectively with respective significance variance of 0.386, 0.667 and 0.284. This concurs with Mohsenzadeh and Ahmadian (2016) study results which show that focus strategy as the best strategy which mediates the capability of organization’s production on the performance of exports.

The respondents agreed on the statements that lower cost strategy helps an organization gain a competitive advantage by reducing its operating costs below its competitors and Hotels in Lamu uses knowledge gained from past production to lower production costs as shown by mean score of 3.98 and 3.85 respectively with respective variance of 0.375 and 1.093. This is in line with Kombo (2010) study results which confirm that organizations improve their growth by introducing new strategies by segmenting their markets and focusing on a more profitable market segment.

The respondents rated low the statement that lower cost strategy helps an organization gain a competitive advantage by reducing its operating costs below its competitors as indicated by mean of 3.26 and a significance variance of 1.709. This is in contrary to the findings of a study
carried out by Karanja (2012) in which the study shows that real estate companies target a certain customer levels both middle and upper class in a certain targeted estates.

4.5.4 Strategic Alliance Strategy

The fourth objective focused on strategic alliance strategy influences the growth of Hotels in Lamu County, Kenya. The findings are presented in Table 4.8.

Table 4.8: Strategic Alliance Strategy

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean (M)</th>
<th>Standard Deviation (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A policy is in place to regulate the partnership within business units</td>
<td>4.54</td>
<td>1.111</td>
</tr>
<tr>
<td>Hotels in Lamu County organizes forums of interaction with its stakeholders</td>
<td>4.85</td>
<td>0.661</td>
</tr>
<tr>
<td>Information exchange between parties and the company is key</td>
<td>3.95</td>
<td>1.759</td>
</tr>
<tr>
<td>There is cooperation in designing and developing products between the company and its parties</td>
<td>4.71</td>
<td>0.551</td>
</tr>
<tr>
<td>The Hotels in Lamu County undertakes joint operational planning with the parties its working with</td>
<td>4.03</td>
<td>0.751</td>
</tr>
<tr>
<td>The Hotels in Lamu County policies promote the partnerships between buyers and suppliers</td>
<td>4.25</td>
<td>1.097</td>
</tr>
<tr>
<td>Aggregate Score</td>
<td>4.38</td>
<td>0.988</td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

The results in Table 4.8 show that the respondents strongly agreed that strategic alliance strategy influences the growth of Hotels in Lamu County, Kenya as shown by aggregate score of 4.38 with significance variance of 0.988. These findings concur with the findings of Mong’are (2016) study which shows that organizations in the ICT industry engage in strategic alliances so as to improve their performance.

The respondents strongly agreed on the statements that Hotels in Lamu County organizes forums of interaction with its stakeholders, there is cooperation in designing and developing products
between the company and its parties and that a policy is in place to regulate the partnership within business units as show by mean score of 4.85, 4.71 and 4.54 respectively with respective variance of 0.661, 0.551 and 1.111. These findings concur with the findings of Muthoka and Oduor (2014) study which revealed that organizational technological strategic alliances strongly influence organizational growth.

The respondents agreed on the statements that the Hotels in Lamu County policies promote the partnerships between buyers and suppliers, the Hotels in Lamu County undertakes joint operational planning with the parties its working with and information exchange between parties and the company is key as show by mean score of 4.25, 4.03 and 3.95 respectively with respective significance variance of 1.097, 0.751 and 1.759. This is in line Onje and Oloko (2017) study which determined that the relationship between market share of the banks, their efficacy, banks asset base and bank branches was significant to their income level.

4.5.5 Organizational Growth

The results on dependent variable (organizational growth) are presented in Table 4.9.

Table 4.9: Organizational Growth

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean (M)</th>
<th>Standard Deviation (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market positioning strategy leads to increase in market of Hotels in Lamu County</td>
<td>3.67</td>
<td>1.318</td>
</tr>
<tr>
<td>Market positioning strategy leads to increase in number of branch network of Hotels in Lamu County</td>
<td>4.78</td>
<td>0.706</td>
</tr>
<tr>
<td>Market positioning strategies leads to increase in number of employees of Hotels in Lamu County</td>
<td>3.57</td>
<td>0.711</td>
</tr>
<tr>
<td>Aggregate Score</td>
<td>4.00</td>
<td>0.912</td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

The results in Table 4.9 show that the respondents strongly agreed that market positioning strategy influences the growth of Hotels in Lamu County, Kenya as shown by aggregate score of
4.00 with significance variance of 0.912. The respondents strongly agreed that market
positioning strategy leads to increase in number of branch network of Hotels in Lamu County as
shown by mean score of 4.00 and significance variance of 0.912. These were followed by the
statements that market positioning strategy leads to increase in market of Hotels in Lamu County
(M=3.67, SD=1.318) and that market positioning strategies leads to increase in number of
employees of Hotels in Lamu County (M=3.57, SD=0.711). Noreen (2015) observe that it is
critical for organizations to establish the market characteristics both in positioning and
development strategy based on the characteristics of the customers in that market and those
whom they are competing with.

4.6 Regression Analysis

The study carried out regression analysis to establish the degree to which independent variables
(product differentiation strategy, cost leadership strategy, focus strategy and strategic alliance
strategy) influenced the dependent variable (organizational Growth). The results are presented as
follows:

Table 4.10: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
</tr>
<tr>
<td>1</td>
<td>.693a</td>
<td>.480</td>
<td>.462</td>
<td>1.253</td>
<td>.480</td>
</tr>
</tbody>
</table>

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

Source: Survey Data (2019)

The four independent variables (product differentiation strategy, cost leadership strategy, focus
strategy and strategic alliance strategy) that were studied, explain 46.2% of the growth of Hotels
a as represented by the adjusted R square. This therefore means that other factors not studied in this research contribute 53.8% of the organizational growth. The study therefore recommends that other studies to be carried out to show how other competitive strategies adopted by hotel industry in Mombasa influences their growth.

**Table 4.11: Analysis of Variance (ANOVA)**

<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>1 Regression</td>
<td>173.741</td>
<td>4</td>
<td>27.644</td>
<td>43.435</td>
<td>.000&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Residual</td>
<td>188.547</td>
<td>120</td>
<td>1.571</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>362.288</td>
<td>124</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Strategic Alliance Strategy, Focus Strategy, Product Differentiation Strategy, Cost Leadership Strategy
b. Dependent Variable: Organizational Growth

**Source: Survey Data (2019)**

The value 0.000<sup>a</sup> shows the significance level is less than 0.05 showing a statistical significance of the model on how product differentiation strategy, cost leadership strategy, focus strategy and strategic alliance strategy influenced the growth of Hotel industry in Mombasa County, Kenya.

The results in Table 11 also indicate that F calculated value is greater than the value of F tabulated (43.435> 27.644) at 5percent significance level confirming the significance of the model.
Table 4.11: Determination of Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.698</td>
<td>1.200</td>
<td></td>
<td>6.082</td>
</tr>
<tr>
<td>Product Differentiation Strategy</td>
<td>.528</td>
<td>.257</td>
<td>4.125</td>
<td>1.669</td>
</tr>
<tr>
<td>Cost Leadership Strategy</td>
<td>.556</td>
<td>.140</td>
<td>2.930</td>
<td>7.512</td>
</tr>
<tr>
<td>Focus Strategy</td>
<td>.513</td>
<td>.132</td>
<td>1.448</td>
<td>3.888</td>
</tr>
<tr>
<td>Strategic Alliance Strategy</td>
<td>.600</td>
<td>.149</td>
<td>3.028</td>
<td>2.403</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organizational Growth

Source: Survey Data (2019)

The established regression equation by the study was:

\[ Y = 0.698 + 0.528X_1 + 0.556X_2 + 0.513X_3 + 0.600X_4 \]

Where

\[ Y = \text{Organizational Growth} \]
\[ X_1 = \text{Product Differentiation Strategy} \]
\[ X_2 = \text{Cost Leadership Strategy} \]
\[ X_3 = \text{Focus Strategy} \]
\[ X_4 = \text{Strategic Alliance Strategy} \]

From the above regression model, holding all the independent variables studied constant, the growth of the Hotel industry in Kenya would be 0.698. It was established that product differentiation strategy, cost leadership strategy, focus strategy and strategic alliance strategy significantly influenced the growth of the Hotel industry in Mombasa County, Kenya. In addition, strategic alliance strategy was found to have a greater influence on growth at 60.0% compared to other variables studied, followed by cost leadership strategy at 55.6%, product differentiation strategy at 52.8% and lastly focus strategy at 51.3%.
Firms adopting a differentiation strategy seek to create value through consumer loyalty, fee inelasticity, and precise image which they attain through brand image, advertising and marketing intensity, novelty, fashion, and unique distribution channels (Chaganti et al., 2009). In cost leadership strategy, Amit (2010) argue that a firm units out to emerge as the low value manufacturer in its enterprise. The resources of price advantage are numerous and depend upon the structure of the enterprise. Cinquini and Tenucci (2016) argue that the business focuses only on a certain section of the market. According to Hill and Jones (2012), strategic alliances are long-term co-operative relationships between two companies.

4.7 Analysis of Qualitative Data

On product differentiation strategy, the respondents indicated that a differentiation strategy allows the hotel industry to communicate the unique features of their products and create a niche for the product. It builds on the unique qualities in a product. The hotel industry analyzes the specific product and compares it with similar products offered by competitors. Most of the Hotels build on their reputation when using a differentiation strategy, using the hotel image as strength. These hotels market their brand and their business operations by communicating their past successes as an indication of the company’s current and future performance.

On cost leadership strategy, the respondents indicated that by charging a lower price but selling a larger volume allows the hostel industry to maintain its profits and expand its market share. The cost leadership strategy also makes it difficult for new hotels to enter the market because of thin profit margins. Cost leadership strategy gives the hotels flexibility when dealing with prominent customers who are demanding quality, higher levels of service or lower prices and absorb those requests without damaging profitability, while their competitors may find it difficult to respond.
On focus strategy, the respondents indicated the hotels following focus strategy very high prices can be charged. Indeed, these firms often price their goods far above the general, following a differentiation strategy. These hotels may not charge the lowest prices in the industry. Instead, they may charge low prices relative to other organizations in the market. The hotels often develop exemplary expertise about the goods and services that they offer in focused strategies. In markets where product knowledge is vital, rivals and new entrants find it difficult to compete with the Hotels that follow a focus strategy.

On strategic alliance strategy, the respondents indicated that a strategic alliance allows hotels to get competitive advantage through access to a partner’s resources, including markets, technologies, capital and people. Joining up with others provides complementary resources and capabilities, making it possible for the hotels to grow and expand more speedily and efficiently. Alliances also benefit the hotels by lowering operational costs, and developing and diffusing new technologies quickly. Strategic Alliances are also employed to speed up product introduction and overcome legal and trade barriers expeditiously. In this age of rapid technological changes and global markets forming alliances is usually the quickest, most effective technique for attaining growth objectives.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the summary of the findings, conclusions, recommendations for policy and practice and recommendations for further studies.

5.2 Summary
The study aimed at investigating the influence of positioning strategies on the growth of Hotels in Lamu County, Kenya. The specific objectives of the study were to examine the influence of product differentiation strategy, cost leadership strategy, focus strategy and strategic alliance strategy on organizational growth. This study employed a descriptive survey research design. The target population of the study included the top level managers, middle level managers and supervisors in the 38 licensed hotels in Lamu County. The study used proportionate stratified sampling method and simple random sampling method. Data from the field was collected using questionnaires and analysed using descriptive statistics and regression analysis. The results of the findings are presented as follows:

The first objective sought to examine the influence of product differentiation strategy on the growth of Hotels in Lamu County, Kenya. The study examined a positive significance relationship between product differentiation strategy and organizational growth. It was examined that Hotels in Lamu County incorporates buyer desired attributes into its products and service offering to enhance their growth and that creation of unique product or service gives Hotels in Lamu County an opportunity to charge a premium price to capture market share. From the analysis most respondents (Mean score of 4.21) agreed that product differentiation strategy influences the growth of Hotels in Lamu County, Kenya.
The second objective sought to establish how cost leadership strategy influences the growth of Hotels in Lamu County, Kenya. The study established a positive significance relationship between cost leadership strategy and organizational growth. The study established that cost leadership strategy at Hotels in Lamu County offers services in a broad market at the lowest prices, the cost leadership strategy protects Hotels in Lamu County from competition by other hotels and by charging lower prices, Hotels in Lamu County increases its market share. From the analysis most respondents (Mean score of 4.19) agreed that cost leadership strategy influences the growth of Hotels in Lamu County, Kenya.

The third objective sought to identify the influence of focus strategy on the growth of Hotels in Lamu County, Kenya. The study identified a positive significance relationship between focus strategy and organizational growth. The study identified that Hotels in Lamu uses low prices for its products to remain competitive in the hospitality industry, by charging lower prices, hotels in Lamu County increases its market share and the competitive pricing strategy protects Hotels in Lamu County from competition by other hospitality industry. From the analysis most respondents (Mean score of 4.28) agreed that focus strategy influences the growth of Hotels in Lamu County, Kenya.

The fourth objective focused on strategic alliance strategy influences the growth of Hotels in Lamu County, Kenya. The study revealed a positive significance relationship between focus strategy and organizational growth. It was revealed that Hotels in Lamu County organizes forums of interaction with its stakeholders, there is cooperation in designing and developing products between the company and its parties and that a policy is in place to regulate the partnership within business units. From the analysis most respondents (Mean score of 4.38) agreed that strategic alliance strategy influences the growth of Hotels in Lamu County, Kenya.
5.3 Conclusions

On product differentiation strategy, the study concludes that product differentiation in the hotel industry is the key to sustaining long-term business growth and success. The hotel could attract more customers by providing more versatile services for the guests and service differentiation can help to solve the problem. A successful product differentiation strategy creates brand loyalty among customers. The same strategy that gains market share through perceived quality or cost savings may create loyalty from consumers.

On cost leadership strategy, the study concludes that cost leadership strategy enables Hotels to become the low cost producer in the Hotel industry. Cost leadership significantly influenced growth of hotel in Mombasa County as most of the hotels pursued the cost leadership as a competitive strategy in order to grow their business. With a cost leadership strategy, the idea is to gain a competitive edge by achieving a cost advantage.

On focus strategy, the study concludes that the Hotels in Mombasa County often develop tremendous expertise about the goods and services that they offer, establish targeted demographics and ensure that they can meet the needs of each consumer effectively. Focus strategy enables that Hotel industry build strong relationships within each target market which makes them competent to new entrants.

On strategic alliance strategy, the study concludes that strategic alliance strategy adds complementary resources and capabilities, enabling Hotels to grow and expand more quickly and efficiently. It enables the Hotels to have more-established channels of distribution, marketing, or brand reputation of bigger, better-known players.
5.4 Recommendations for Policy and Practice

On product differentiation strategy, the study recommends that the hotel industry should ensure that they are significantly better at a product attribute that other Hotels are providing by doing the underlying activities differently. Create a meaningful product attribute that the competition does not offer like changing the design of the room, work processes, incentives, cleaning tools and supplies.

On cost leadership strategy, the study recommends that the hotel in Mombasa County should explore models of costing that best fit their operations such as activity-based- costing or performance-based costing so as to enable them identify the most optimal cost strategy fit that they can implement in the long run to achieve the desired growth.

On focus strategy, the study recommends that due to the unpredictable and dynamic markets, the Hotel industry should focus on wider fraction of clients but being specific to any one geographical area. This is because they need to cushion themselves from the off-peak or low seasons that the different clientele have at different times. They should also focus on the main groups that bring in more revenue and also focus more on the value chain as this will increase differentiation in the product offered in turn increasing the revenues.

On strategic alliance strategy, the study recommends that the hotel industry should define expected outcomes from the relationship for all the parties in the strategic alliance. Define and document the elements provided by each party, and the benefits a successful alliance brings to each and identify the results that will cause the alliance to be most beneficial for your business and define the structure and operating issues that need to be addressed to achieve these results.
5.5 Suggestions for Further Studies

The study focused on how market positioning strategies influence the growth of Hotels in Lamu County, Kenya with specific objectives as product differentiation strategy, cost leadership strategy, focus strategy and strategic alliance strategy. Therefore, the study suggests that further studies should be carried focusing on other variables that have not been studied to find out the extent to which the influence the growth of Hotel industries in Kenya.
REFERENCES


APPENDICES

Appendix I: Letter of Introduction

GALGALO SHANGOLO BUTE

KENYATTA UNIVERSITY

P.O. BOX

NAIROBI.

Dear Sir/ Madam,

**RE: REQUEST FOR PARTICIPATION IN THE RESEARCH STUDY**

I am Master of Business Administration Student at Kenyatta University and am currently carrying out a study on “MARKET POSITIONING STRATEGIES AND GROWTH OF HOTELS IN LAMU COUNTY, KENYA.”

I will be glad if you spare some of your time to complete the attached questionnaire. Kindly note that all information will be solely be used for academic purposes; hence, will be treated with utmost confidentiality. Besides, your name and identity will not appear anywhere in the report.

Thank you for your cooperation.

Yours faithfully,

Galgalo Shongolo Bute

**Student: Kenyatta University, Kenya.**
Appendix II: Questionnaire

This questionnaire is meant to gather information on market positioning strategies and growth of Hotels in Lamu County, Kenya. Please tick on the box corresponding to your response.

Section A: Background Information

1. Indicate your Gender: [ ] Male [ ] Female

2. Age:
   - Less than 25 years [ ]
   - 25 – 34 Years [ ]
   - 35 – 44 Years [ ]
   - 45 years and above [ ]

3. Indicate your highest level of education
   - [ ] Diploma
   - [ ] Post Graduate Diploma
   - [ ] Bachelors Degree
   - [ ] Master’s Degree
   - Other (Specify)............................

4. Indicate your work experience:
   - [ ] Less than 5 years
   - [ ] 5-9 years
   - [ ] 10- 15 years
   - [ ] Above 15 Years

Section B: Product Differentiation Strategy

The statements below relate to the influence of product differentiation strategy on the growth of Hotels in Lamu County, Kenya. Supplied also are five options corresponding to these statements:

Key: Strongly agree(SA)=5, Agree(A)=4, Undecided(U)=3, Disagree(D)=2, and Strongly Disagree(SD)=1.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The hotels focus its efforts in providing a unique product or service in order to differentiate itself with other companies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Uniqueness of the hotels in Lamu County product provide a high customer loyalty and attraction

Creation of unique product or service gives Hotels in Lamu County an opportunity to charge a premium price to capture market share

Hotels in Lamu County creates a unique position in the market through provision of goods or services that are valued for their uniqueness or fit to the needs of customers

Hotels in Lamu County incorporates buyer desired attributes into its products and service offering to enhance their growth

5. Based on your opinion, how does product differentiation strategy influence the growth of Hotels in Lamu County, Kenya?

Section C: Cost Leadership Strategy

The statements below relate to the influence of cost leadership strategy on the growth of Hotels in Lamu County, Kenya. Supplied also are five options corresponding to these statements:

**Key:** Strongly agree(SA)=5, Agree(A)=4, Undecided(U)=3, Disagree(D)=2, and Strongly Disagree(SD)=1.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The cost leadership strategy protects Hotels in Lamu County from competition by other hotels.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost leadership strategy at Hotels in Lamu County offers services in a broad market at the lowest prices</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower cost strategy helps Hotels in Lamu County gain a competitive advantage by reducing its operating costs below its competitors.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotels in Lamu County uses knowledge gained from past production</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
to lower production costs

By charging lower prices, Hotels in Lamu County increases its market share

6. Based on your opinion, how does cost leadership strategy influence the growth of Hotels in Lamu County, Kenya?

Section D: Focus Strategy

The statements below relate to the influence of focus strategy on the growth of Hotels in Lamu County, Kenya. Supplied also are five options corresponding to these statements:

Key: Strongly agree(SA)=5, Agree(A)=4, Undecided(U)=3, Disagree(D)=2, and Strongly Disagree(SD)=1.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower cost strategy helps an organization gain a competitive advantage by reducing its operating costs below its competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotels in Lamu uses knowledge gained from past production to lower production costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By charging lower prices, hotels in Lamu County increases its market share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotels in Lamu uses low prices for its products to remain competitive in the hospitality industry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The competitive pricing strategy protects Hotels in Lamu County from competition by other hospitality industry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower cost strategy helps an organization gain a competitive advantage by reducing its operating costs below its competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
7. Based on your opinion, how does focus strategy influence the growth of Hotels in Lamu County, Kenya?

Section E: Strategic Alliance Strategy

The statements below relate to the influence of strategic alliance strategy on the growth of Hotels in Lamu County, Kenya. Supplied also are five options corresponding to these statements:

**Key:** Strongly agree(SA)=5, Agree(A)=4, Undecided(U)=3, Disagree(D)=2, and Strongly Disagree(SD)=1.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>A policy is in place to regulate the partnership within business units</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotels in Lamu County organizes forums of interaction with its stakeholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information exchange between parties and the company is key</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is cooperation in designing and developing products between the company and its parties</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Hotels in Lamu County undertakes joint operational planning with the parties its working with</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>The Hotels in Lamu County policies promote the partnerships between buyers and suppliers</td>
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8. Based on your opinion, how does strategic alliance strategy influence the growth of Hotels in Lamu County, Kenya?

Section F: Organizational Growth

The statements below relate to the indicators on organizational growth of Hotels in Lamu County, Kenya due to the influence of market positioning strategies: Supplied also are five options corresponding to these statements: **Key:** Strongly agree(SA)=5, Agree(A)=4, Undecided(U)=3, Disagree(D)=2, and Strongly Disagree(SD)=1

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
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<tr>
<td>Market positioning strategy leads to increase in market of Hotels in Lamu County</td>
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<td>Market positioning strategy leads to increase in number of branch network of Hotels in Lamu County</td>
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<td>Market positioning strategies leads to increase in number of employees of Hotels in Lamu County</td>
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Appendix III: Research Authorization

Shongolo Bute Galgalo
Kenyatta University
P.O. Box 43844-00100
NAIROBI

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “Positioning strategies and growth of hotels in Lamu County, Kenya” I am pleased to inform you that you have been authorized to undertake research in Lamu County for the period ending 31st January, 2020.

You are advised to report to the County Commissioner and the County Director of Education, Lamu County before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a copy of the final research report to the Commission within one year of completion. The soft copy of the same should be submitted through the Online Research Information System.

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Lamu County.

The County Director of Education
Lamu County.
Appendix IV: Research Permit

THIS IS TO CERTIFY THAT:

MR. SHONGOLO BUTE GALGALO
of KENYATTA UNIVERSITY, 43844-100 Nairobi, has been permitted to conduct research in Lamu County on the topic: POSITIONING STRATEGIES AND GROWTH OF HOTELS IN LAMU COUNTY, KENYA

for the period ending: 31st January, 2020

Permit No: NACOSTI/P/19/28454/27813
Date Of Issue: 31st January, 2019
Fee Received: Ksh 1000

Applicant's Signature

Director General
National Commission for Science Technology & Innovation
Appendix V: Map of Lamu County