

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


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DECLARATION

This research project is my original work and has not been presented for a degree or other award in any other University. No part of this research project should be reproduced without the authority of the author and/ or Kenyatta University.

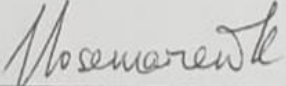
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DEDICATION

This master thesis is a dedication to the members of my family who have supported me relentlessly throughout this project. Their love and encouragement has seen me through my entire course program and project work.

ACKNOWLEDGEMENT

I relay my acknowledgement to God for his abundant favor, provision of the resources necessary to conduct this project and the blessing of good health that gave me the strength and the ultimate opportunity and strength to pursue this Master's program. The vital professional guidance and assistance relayed by my supervisor, Dr. Rosemarie Wanyoike in my project work phase is awe-inspiring. May the Lord's favor be with you in abundance. Additionally, the lectures for this MBA program at Kenyatta University contributed significantly to the success of this project and I appreciate them. My appreciation also goes out to my mother Anne Kwamboka, my sister Ruth Aberi and my friend Dennis Oketch for their unwavering support through prayers and words of encouragement.

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OPERATIONAL DEFINITION OF TERMS

Competitive Strategy: Scholars have characterized Competitive Strategy as a formulated organizational tool designed to enable a hotel to stand out from its competitors. The successful implementation of this plan entails utilizing cost leadership, product/service differentiation, and focus strategies to ensure better performance in the hotel field.

Cost leadership strategy: Organizations in this study have created a structure that allows them to provide services and merchandise at a minimized price than their competitors in the food and catering field through lower operational and production costs.

Differentiation Strategy: Refers to a hotel's ability to provide distinctive merchandise and personalized services thus affording clients excellent value for money as they perceive the merchandise and services to be of higher standard than those offered by competing hotels. This includes personalized services, quality products and customer loyalty programs.

Focus strategy: This signifies an instance, for example, when a hotel focuses on a specific group of customers by dividing their market into smaller sections according to the needs and desires of these customers, as well as providing specialized services.

Organizational Performance: Organizational performance provides an assessment on the rate at which five-star hotels have managed to reach the goals established by the organization which include satisfying the needs of the organization's stakeholders, sustaining affordability, and differentiating their products or services for the purpose of maintaining competition in the industry.

5-star hotels:

These are properties that occupy vast spaces of land and they offer top-class accommodation, a plethora of amenities, and dedicated service with exquisite, personal touches. Guests are sure to enjoy an unforgettable experience. These premises showcase stunning designs, superior quality, and meticulous attention to detail. The hotel boasts of beautiful lobbies, three or more luxurious restaurants with delicious menus, stocked bars, stylishly designed accommodation spaces with quality amenities for guests, spas fit with gym, heated swimming pools, 24-hour Room service, vast conference spaces, and valet and/or parking with a concierge.

Competitive Advantage:

Refers to the position of dominance held by an institution within the hospitality sector that gives particular hotels a competitive advantage over other food and catering institutions. This is achievable through providing quality and differentiated merchandise and services, at more price friendly prices, as well as establishing a hotel brand that is unique.

ABBREVIATIONS AND ACRONYMS

ANOVA:	Analysis of Variance
COVID-19	CoronaVirus Disease 2019
F&B:	Food and Beverages
GDP:	Gross Domestic Product
HoDs:	Head of Departments
HRM:	Human Resource Management
MBA:	Master of Business Administration
PLS:	Partial Least Square
RBV:	Resource Based View
SERVQUAL:	Service Quality
SPSS:	Statistical Package for Social
TRA:	Tourism Regulatory Authority
VRIO:	Valuable, Rare, Imitable and organized

ABSTRACT

The hospitality sector has been significantly impacted by increasing complexity and dynamism, continuous technological advancements, the influx of new competitors, and most recently, the global Covid-19 pandemic. Organizational performance reflects a company's ability to achieve its goals through a commitment to learning, operational excellence, and a strong focus on both customers and employees. While various studies have explored the role of competitive strategies in industries such as telecommunications, limited empirical research has focused on the hospitality sector particularly five-star hotels in Nairobi. This study seeks to bridge that gap by examining the relationship between competitive strategies namely cost leadership, differentiation, and focus and hotel performance outcomes. The primary aim is to assess how these strategies influence the effectiveness of five-star hotels in Nairobi. Specifically, the study investigates the relationship between cost leadership tactics and hotel performance, the impact of product/service differentiation, and the role of focus strategies in addressing current and future challenges. The research is grounded in the Resource-Based View (RBV), Porter's Generic Competitive Strategies, and the SERVQUAL Model. A descriptive research design was adopted, targeting five-star hotels in Nairobi, two of which were forced to close during the Covid-19 outbreak in 2020. A simple random sampling method was used, and structured questionnaires were administered to collect primary data. Findings indicate that cost leadership had the greatest influence, driven by long-term supplier partnerships that reduced operational expenses. Product differentiation through innovative services and technology had a moderate effect on customer satisfaction and loyalty. Focus strategies, such as tiered pricing models, showed a positive but weaker influence. Collectively, these strategies improved hotel performance, measured by customer satisfaction, market share, staff engagement, and service efficiency. Policy recommendations include promoting strategic procurement with local suppliers, mandating continuous professional development for hotel leaders, and offering tax incentives to encourage technological innovation. Additionally, establishing standardized quality assurance frameworks and inclusive pricing models is essential. From a managerial perspective, hotel operators should formalize supplier agreements, invest in innovation, adopt data-driven segmentation strategies, and strengthen loyalty programs. Leadership development and performance monitoring tools such as KPIs and balanced scorecards are vital for sustaining competitiveness. Future research should extend to other geographic regions or tourism sub-sectors, such as air travel, to test the generalizability of these findings and support the development of globally competitive strategies.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Complexity and dynamics, continuous technological change, the influx of new competitors and, most recently, the Covid-19 global health crisis have affected the hospitality sector significantly. Kaplan and Norton (2012) point out that result consistent with performance are critical for any association, the hotel industry being one of them. Stakeholders are the foundation of how well any hotel achieves its goals. Hence, the performance of a hotel necessitates evaluation beyond the financial perspective, which includes the management's, customers', suppliers', and employees' perspectives. Most businesses are concerned with their sustainability in maintaining their competitive advantage and market viability. Therefore, it is reasonable that hotels embrace market changes and maintain a competitive advantage by constantly updating and adjusting their competitive policies and methods (Kitua, 2014). Those, as mentioned earlier, can be achieved through decreased costs and better benefits to satisfy customers' changing needs and wishes, thus providing customers with better value for money.

According to Tanwar (2013), competitive strategy, originally proposed by Porter (1985), provides the context for implementing the firm's overall strategy, enabling it to achieve its strategic goals and sustained organizational performance in the industry. As Ayele (2012) points out, the needs and expectations of clients also grow over time. Like other industries, hotels use a strategic approach to control their performance with the aim of achieving comprehensive global standardized credentials, institutional awards, and reputations annually (Ongore et al., 2011). Most states across the globe are currently concerned with improving the strategies adopted by the hospitality sector to maximize performance.

According to conclusions by Mayank et al. (2017), the achievements of Indian service sector organizations has been severely affected due to globalization and liberalization in the economy, which has led to a shift in the concept of organizations from how companies maximize profit to the strategies that institutions employ to ensure maximum satisfaction for its client. Therefore, it is found that performance improvement is necessary within the service sector. Some strategies that could aid performance improvement include better competitive measures, improved quality of merchandise and services, and efficient delivery. The hospitality industry in Kenya is facing huge constraints, such as advanced changes in technology, the proportion of new entrants, and the negativity associated with the Covid-19 global health crisis, whose aftermath has been a drop in tourism and hospitality activity, resulting in some hotels closing down couple with increased complexity in clients' needs and desires.

1.1.1 Organizational Performance

Organizational performance shows the proficiency of the company management to fulfill its goals and objectives through its devotion to organizational learning, excellence, and customer and staff focus (Sakka, 2013). Machuki et al. (2011) further explain organizational performance as an enterprise's accomplishment in line with specific standards and that organizational performance is a measure of the effectiveness of an enterprise. Gavrea et al. (2011) as that the accomplishment of an organization is essential to constructing a system that allows the organization to recognize, plan and execute arising prospects for continuous improvement and growth. Evaluating the performance of an organization is a complex process that involves the analysis of both economic and non-financial indicators to assess how current operations will affect future outcomes. Luo et al.

(2012) recognized the importance of examining operational and economic factors when assessing a company's performance. Economic indicators typically involve the analysis of financial metrics such as revenue, profitability, return on capital employed, market dominance, cost-profitability, and other monetary measures.

On the other hand, operational productivity is centered on customer satisfaction and loyalty, labor productivity, stakeholder satisfaction, social capital, and the organization's competitive advantage stemming from its resources. Various scholars have investigated organizational performance in a variety of contexts. Akingbade (2015) investigated whether competitive strategies demonstrate a significant or negligible effect on the accomplishments of specific telecommunication industries in Lagos, Nigeria. The author employed non-commercial indicators of client satisfaction and loyalty retention to investigate the aforementioned. Findings from the investigation inform that employing strategies that focus more on meeting customers' needs and wants has a significant influence on how Lagos' telecommunication companies perform.

Muller et al. (2018) conducted an additional study to assess how servant leadership affects how organizations in the Eastern Cape Province maximize profits. The Balance scorecard model was employed to examine how the organization achieved customer satisfaction, achieved results, developed core competencies, obtained financial success, and encouraged learning and innovation. The outcomes showed that servant leadership had had a positive impact across all the aspects mentioned above of organizational performance.

Kamau (2017) in Kenya researched competitive strategies and the significance they have on goal achievement of life insurance companies. The dependent variable was measured

by economic indicators, such as profitability, retention of clients, market dominance, and Return on Capital Employed. The results revealed that different companies use different contextual elements and unique, dynamic strategies for the purpose of gaining a competitive advantage. An analysis of how organizational performance and competitive strategies are associated is essential in the city of Nairobi's five-star hotels. Previous studies on measuring organizational performance have been evaluated. However, this study will take into account various non-monetary measures for instance fulfillment of clients' needs, market dominance, and employee professional fulfillment with the intention to determine how five-star hotels perform in the area, as proposed by various scholars including Muller et al. (2018), Kamau (2017), and Akingbade (2015).

This research intends to provide an understanding of the problem. The hospitality field comprises of many stakeholders and the results from this research intends to give them insights to better comprehend how to assess current performance and manage strategies to stay competitive in the market in order to improve their results, specifically due to the difficult circumstances caused by the Covid-19 global health crisis.

1.1.2 Competitive Strategies

Porter (1985) posited that a competitive strategy involves a portfolio of plans employed by a business to achieve its objectives in the marketplace. Oyiela (2011) stated that it is a means for a corporation to gain the upper hand over its rivals. Sifuna (2014) contended that these techniques are likely related to a company's ultimate success. Raduan et al. (2009) argued that competitive strategies could provide a firm with a distinct discernment of the institution's present and the future by having a solid strategy in the entire market to enter.

Thompson and Strickland (2010) argued that the competitive strategy of a particular institution involves maximizing the strategies they have to attract customers, allowing them to possess a competitive edge that positions the organization above the rest in the market. This, in turn, refines how the organization competes in the business sector, which translates to clients gaining unique value. The management in the hotel industry must adjust their strategies to accommodate potential clients' expectations and preferences as the needs and demands in the hospitality field continue to change rapidly across the globe.

Previous studies that have investigated organizational performance have been conducted. Taghipour et al. (2020) contribute to the research on how competitive tactics associate with corporate performance through a case study of the Parsian Bank of Tehran. Some effective tools the researchers implemented to estimate competitive tactics include differentiation, cost, and focus strategies. Coupled with structural equation modeling, findings from the research results established alignment between competitive tactics and corporate performance among the dynamic professionals and experts at the Parsian Bank. Farah (2018) carried out a survey to investigate whether competitive strategies have a significant influence on how commercial airlines perform in Kenya. The strategies examined included development of new, cost leadership, market core, and differentiation. The data established a positive connection between all four independent variables and how Kenyan commercial airlines perform.

Kahingo (2018) further studied how competitive strategies associate with the sustainability of Microfinance enterprises in Murang'a County, Kenya. This research aims to analyze how the competitive strategies that the hospitality industry in the county of Nairobi has

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

Porter (1985) suggested cost leadership as an approach that an institution employs with the intention to lead its industry by having the lowest cost of production. Firms can utilize their resources to achieve reduced production costs through various strategies, such as ensuring they access raw materials exclusively; firms can also use advanced technology to cut costs on production, maximizing discounts through purchasing materials in bulk and specializing in labor, among others. According to Ireland et al. (2011), the firms can achieve reduced delivery costs while maintaining the quality of their merchandise and services, thus providing customer satisfaction compared to other competing firms. Low-cost production and reduced merchandise and services' prices serve as the lens through which this study assesses cost leadership.

Thompson et al. (2010) highlighted that product/service differentiation is an effective second strategy for a firm. This strategy involves developing unique merchandise and

services that appeal to customers and fulfill clients' needs and perceptions. This technique purposes to create customer loyalty and a strong brand image. In line with the differentiation concept, this research seeks to explore personalized services, product/service differentiation, and loyalty programs.

Porter (1985) also proposes the Focus strategy approach, in which an organization devotes its efforts to a smaller segment of its target market. This approach intends to either decrease the operating budget with the intention of gaining the upper hand within smaller market segments, or to customize the merchandize to align with the unique preferences of specific customers, establishing a distinctive presence in the marketplace. This study will explore focus strategies in the form of segmenting hotel customers and specializing products and services.

1.1.3 The Hospitality Industry in Kenya

As Barrows and Powers (2012) suggested, the hotel and catering sector encompasses a pool of organizations whose objective entails satisfying the needs of clients' seek various services outside of their homes. These services include accommodation and entertainment, a variety of meals and refreshments which can be both alcoholic and soft beverages. In line with the definition provided by Kenya's Hotel and Restaurants Act Cap 494, a hotel is a place of business that provides accommodation, with or without meals and other services, for a fee. The Tourism Regulatory Authority (TRA), under the Tourism Act 2011 and Tourism Regulatory Authority Regulations 2014 (TRA, 2015), governs the field of hospitality in Kenya.

According to findings by Letangule (2012), the tourism sector has seen an improvement in overall performance due to the hospitality industry's recognition for boosting tourism and providing jobs to the many Kenyans seeking work opportunities. However, Mwhaki (2017) notes that the rise in the industry has brought about a high degree of competition amongst hotels that have a star rating in the county of Nairobi, leading to a need to provide personalized and specialized services. This has resulted in a decrease in the performance of hotels since 2020. Faria (2021) found that the arrival of international visitors to Kenya significantly decreased in 2020 following the Corona Virus pandemic, whose catastrophic effects spilled over to the Tourism and Hospitality industries resulting into a hefty income loss. The aftermath resulted in over Kshs. 2.5 million of revenue loss in the initial half of that year.

The TRA 2018 classification registry of statistics shows that the city of Nairobi boasts being a location with the most five-star hotels compared to other counties in Kenya. This implies that the city Nairobi is more advanced in the hospitality industry than other counties, which is why it was chosen as the focus of this study. The five-star rating system used by TRA is a measure of exceptional guest services and state-of-the-art facilities that these hotels provide. As at the start of 2020, the Tourism Regulatory Authority (TRA), listed 11 five-star hotels in the county of Nairobi. These hotels included the Intercontinental Hotel, Radisson Blue Hotel, The Sarova Stanely, Villa Rosa Kempinski, Fairmont the Norfolk, Sankara Hotel, The Boma Nairobi Hotel, Crowne Plaza Nairobi Airport Hotel, The Tribe Hotel, Dusit D2 and Hemingway's Nairobi. Hotels such as the Norfolk, the Fairmont, and the Intercontinental had to close following the negative impact of the

coronavirus pandemic, thus reducing the number of five-star hotels in the city of Nairobi to nine.

1.2 Statement of the Problem

The tourism and hospitality sector in Kenya plays a pivotal role in the country's economic development. According to the National Tourism Strategy (2013–2018), the sector contributes approximately 8.8% to the national Gross Domestic Product (GDP) and accounts for 8.5% of total employment (Kenya Economic Report, 2019). The World Travel & Tourism Council (2019) further reported a 5.5% growth in the sector in 2019. However, the emergence of the COVID-19 pandemic severely disrupted this growth trajectory. Revenue from the hospitality industry fell drastically, and employment rates dropped to 6.4% in 2020 due to travel restrictions, hotel closures, and heightened global competition. Simultaneously, consumer expectations have become more sophisticated, and workforce demands have grown more complex, placing increasing pressure on five-star hotels to adopt strategic and competitive responses that ensure not only survival but long-term sustainability.

While several studies have examined the role of competitive strategies in various industries such as telecommunications (Akintokunbo, 2018), banking (Bundi, 2017), and aviation (Omwoyo, 2016) limited empirical research has focused on the hospitality industry, particularly on five-star hotels in Nairobi. Although a few scholars, including Theuri et al. (2021), Hassan (2018), and Wawira (2016), have explored the link between competitive strategies and hotel performance, their focus has either been broad or limited to isolated performance indicators such as market share or profitability. Moreover, these studies often

lack a comprehensive analysis of how different competitive strategies—specifically cost leadership, product/service differentiation, and focus strategies—relate to a multidimensional view of hotel performance, including customer satisfaction, market dominance, staff fulfillment, and operational efficiency.

The scarcity of focused research on competitive strategy implementation within five-star hotels in Nairobi represents a critical knowledge gap. This is particularly important given the intense competition these hotels face from both domestic and international establishments, which threatens their market share, profitability, and strategic relevance (Sindiga, 2018). Furthermore, the contextual uniqueness of Nairobi's hospitality market—characterized by rapid urbanization, global clientele, and shifting consumer dynamics—renders generalizations from other sectors or regions inadequate. There is a pressing need for a context-specific investigation that evaluates how the strategic deployment of competitive approaches influences the performance and sustainability of five-star hotels in Nairobi.

This study, therefore, seeks to bridge this gap by investigating the relationship between competitive strategies (cost leadership, differentiation, and focus) and performance outcomes in five-star hotels in Nairobi. Unlike prior studies, it aims to assess performance through a comprehensive framework encompassing customer satisfaction, market positioning, internal operational efficiency, and staff morale. By doing so, the study intends to offer nuanced insights that inform both managerial practice and policy interventions, ultimately contributing to the competitiveness and resilience of Kenya's high-end hospitality sector.

1.3 Objectives

1.3.1 General Objective

This thesis project primarily purposes to investigate how competitive strategies associate with the effectiveness of five-star hotels in the city of Nairobi.

1.3.2 Specific objectives

- i. To investigate how leadership cost tactics associate with the effectiveness of five-star hotels in Nairobi, Kenya.
- ii. To investigate the impact of various merchandise/service differentiation approaches on the functioning of five-star hotels in the city of Nairobi, Kenya.
- iii. To investigating how focus strategies correlate with the approach Nairobi's five-star hotels.

1.4 Research Questions

- i. What is the impact of application of cost leadership approach influence over five-star hotels in the county of Nairobi, Kenya, perform?
- ii. What is the effect of merchandise/service differentiation tactics on the success of five-star hotels in Nairobi, Kenya?
- iii. How focus strategies correlate with the approach Nairobi's five-star hotels?

1.5 Scope of the Study

This study exclusively analyzes five-star hotels in the city of Nairobi, Kenya, and its aim is to examine how differentiation strategies, low-cost strategies, and focus strategies influence the success of these five-star hotels. The individuals in charge of the various divisions and the highest executives of the hotel was the focus of the census survey.

Information was gathered by means of both closed and open-ended surveys. A combined quantitative and qualitative approach was taken with a descriptive research design.

1.6 Significance of the Study

Both scholarly discourse and practical applications are bound to be implicated this research. The results of this investigation was advantageous to a variety of people involved: Foremost, the associates and directors of five-star hotels located in the city of Nairobi; this research project proposes an analysis on the connection between the competitive approaches embraced by five-star hotels in the city of Nairobi and their accomplishment. The strategic supervisors have the blueprint for assessing the success of hotels. Afterward, businesses should be able to create applicable policies that provided the business with an advantage over their competitors within the market.

Additionally, the research was advantageous to other businesses and governmental bodies within the hospitality field specifically. This is because the investigation focuses on improving the practical understanding of the usage of strategies considered to be advantageous to accomplish a company's objectives and better results. They were able to understand the impact that tactical decisions made by different players in the market have on the success of a company. The heads of various hospitality businesses were able to assess their success based on how well they provide services, what their market share is, how content their staff is, and how pleased their customers are. Therefore, businesses can pick and implement the right competitive strategies to enhance their success in the field. This research was particularly valuable to academics and researchers because it served as

a starting point for further investigations and a point of reference for any inquiries at a later date.

1.7 Limitations of the Study

Hesitation among the selected group for study in responding to the research questions out of fear that revealing details about the hotel could lead to negative consequences is expected to rise. The study made sure that the people taking part in the survey know that their responses remained confidential and restricted to serve the intended objective of the research only. Some of the respondents may be too preoccupied with their work as managers and heads of departments to dedicate the necessary time and effort to complete the questionnaires. This investigation seeks to take on the drop and pick-later method to circumvent the restriction and give the participants sufficient time to respond to the questions accurately and to their maximum ability. The currently available research concerning the competitive strategies and accomplishments of 5-star hotels in the county of Nairobi, Kenya, is inadequate, rendering access to related and pertinent secondary data, difficult. In order to get around this restriction, a comparison was made between the study in question and related research papers in Kenya, the region, and internationally. Additionally, a comprehensive review of the literature was done, including books and reports, to determine the results of the investigation.

1.8 Organization of the Study

This study contains five chapters, whereby the initial chapter provides a general overview of the research. In other words, it involves outlining the foundation of the study, identifying the drawback, establishing the goals, formulating research questions, defining the scope, recognizing the importance, and establishing any limitations. Chapter two addressed the

analysis of both theoretical and empirical research. The written works appraised in this investigation covers the research area, the identified gaps in knowledge, and the conceptual framework. The third chapter discusses the methods adopted to conduct the investigation, compile the data, and support the facts of the examination. This entails looking into the research layout, the people being studied, the technique used to select participants, the tools utilized to gather information, testing the accuracy and consistency of the data, analyzing the data, displaying the results, and ensuring ethical standards are met. Chapter four presents data analysis and discussion of the main findings while chapter five presents summary, conclusion and recommendations of the study inline with the study findings.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

A thorough examination of current studies on competitive strategies and how they impact organizational accomplishment was conducted in chapter two. This examination provided a thorough insight of the topic under consideration. This research looks at existing studies on competitive strategies and organizational performance theoretically and through empirical evidence.

2.2 Theoretical Review

The theories on which the review is founded on include: Resource-Based View Theory, Porter's Generic Competitive Strategies, and SERVQUAL Model Theory.

2.2.1 Resource-Based View Theory (RBV)

Penrose (1959) suggests that firms can become competitive by providing exceptional value to customers through innovative methods. Wernerfelt (1984) and Jay Barney (2018) both proposed the resource-based view of an enterprise, designed to provide insights on why certain firms succeed in their operations while other firms stagnate despite functioning in the same setting. Essential contributions to the development of this theory were provided by various authors (Winter 2003; Zahra and George 2002; Zollo and Winter 2002).

According to Hoskisson (2011), in the initial stages of Hoskisson's theory of the evolution of strategic thinking, the main emphasis of a business was on internal factors. From the 1980s, the emphasis shifted from industrial to the internal structure, with the capabilities and resources remaining central to the Resource-Based View (Furrer et al., 2008). In recent years, multiple studies have cited the resource-based view of strategy (RBV) as a vital

contemporary competitive advantage theory, with support from Furrer et al. (2008) and Hoskisson (2011). The resource-based view (RBV), which highlights company assets and potentials as the key to achieving superior performance, guides companies on how to take on existing assets to over compete their competitors. Organizations should direct their attention inward, analyzing their current resources and exploring ways to use them to increase profits, grow their business, and enhance performance rather than looking outward for external factors (Kozlenkova et al., 2014).

Lin and Wu (2014) assert that by leveraging their existing resources and focusing on their core competencies, organizations can identify novel opportunities and create a lasting edge over the competition, resulting in sustained success. Instead of acquiring additional resources, this is the more beneficial choice for an organization. Barney (2014) stated that a company's assets can be tangible or intangible. Tangible resources are physical strengths obtainable from the market. Still, they typically provide minimum benefits, as competitors can generally get access to the same products just as easily. Non-physical resources owned by an organization that does not have any tangible worth are referred to as intangible resources, according to Amit and Schoemaker (2013). These can include assets such as knowledge, reputation, relationships, and brand. They consist of intellectual property, brand recognition, and logos. Intangible resources such as knowledge, brand reputation, and customer loyalty can be a major factor in providing a sustainable competitive advantage, even more so than physical resources.

Making the most efficient use of available resources is essential for any organization's success and performance. For the organization to remain competitive, it must ensure that

its resources are valuable and of high quality, enabling them to produce products and services that are better than those of its competitors, as well as being able to provide immediate and effective attention to customer needs and expectations; resources should be rare enough that they can only be obtained by one or a small number of organizations, and unique so that it becomes nearly impossible for competitors to imitate or replicate them (Amit and Schoemaker, 2013). An important question that has arisen due to the increased impact of the RBV is how it should be applied to the current market.

According to Talaja (2012), resources that are managed by the organization can contribute to the expansion and success of a company. The RBV posits that how an institution accomplishes its goals is heavily impacted by the resources it holds and that these resources can provide a competitive edge. In other words, the RBV approach is essential to this investigation as it helps to address key questions regarding how firms in a sector differ in terms of their effectiveness and VRIO resources. In order to maintain their standing in the food and catering field, the five-star hotels in the city of Nairobi are responsible for ensuring they maximize use of their resources and take full advantage of them in light of the aftermath associated with the Corona Virus global health crisis. Therefore, this hypothesis encourages the investigation of the aftermath of VRIO assets utilization in the operations of five-star hotels in the city of Nairobi, Kenya.

2.2.2 Porter's Generic Competitive Strategies

Porter (1985) proposed three generic strategic approaches that, if properly implemented, can result in a competitive advantage. Thompson and Strickland (2010) asserted that competitive strategies involve tactical elements of a company and its ability to adapt to

customer needs and preferences, allowing them to gain an edge and remain successful in the market. Raduan et al. (2009) stressed the essence of competitive strategies for an enterprise to evaluate its current and future business progress. In addition, identify the appropriate and necessary markets to enter. Duran and Akci (2015) support that competitive strategies positively influence the organization's success primarily under extremely uncertain conditions; in their investigation concerning the "implications of competitive strategies on an organization's objective results among manufacturing companies in Istanbul," They demonstrated that following these competitive strategies had a tremendously beneficial effect on an organization's accomplishments, especially in uncertain circumstances.

For the purpose to pursue a cost leadership strategy, businesses are advised to implement stringent cost control measures and strive to reduce their operational costs in order to retail their merchandise and services at reduced consumer friendly prices (Porter et al., 2012). Cost leadership allows companies to gain an advantage over their competitors by finding ways to reduce their costs in their chosen market. In conclusion, the effectiveness and efficiency of the organization can be improved by manufacturing high-quality and standard merchandise/ services in bulk and adopting strategies that minimize production costs; this enabled the organization to maximize economies of scale and scope (Barney et al., 2014; Tanwar, 2013).

Possible actions to implement the plan could include controlling portion sizes and costs in the hotel's food and beverage services, avoiding incurring marginal costs, investing in efficient equipment and procedures, and reducing promotional and sales costs. Low

operating expenses lead to substantial profit margins that are reinvested in modern infrastructure for the purpose of maintaining a competitive edge in terms of cost (Porter, 1985). The implementation of Porter's philosophy on cost leadership approach solidifying the determination of the impact of cost economic policies on the accomplishments of five-star hotels in the county of Nairobi, Kenya. The strategy related to cost leadership is an independent variable.

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

This study the examined how such differentiation approaches impact the achievements of five-star hotels in Nairobi, Kenya. A third element of competitive strategy is Focus Strategy. Porter et al. (2012) outlines that the focus strategy involves focusing on a narrow

market and offering either cost leadership or differentiation within that market rather than attempting to compete in the whole market. Therefore, businesses should tailor their products and services to particular customers and set fair prices in order to reach their desired market segments (Jiri et al., 2013). Kinyuira (2014) found that the focus strategy of targeting and concentrating an organization's capacity and resources on a narrow market that features an inadequate presence of cost leadership and differentiation policies can be effective.

Porter et al. (2012) divided the focus policy into dual distinct types: cost focus and differentiation focus. The cost-focus strategy entails becoming producers that manufacture products at minimal cost in the market and setting prices lower than competitors. Alternatively, the differentiation focus strategy involves providing unique products to a specific market segment. Through administering a focused differentiation approach, businesses can gain a competitive edge by creating merchandise and services tailored to the specific needs and wants of clients within a specific audience segment (Thompson et al., 2009). Porter (1985) suggests that organizations that employ a focus strategy are at a better position of gaining customer loyalty and loyalty, which often translate into reduced competition in their field. My research aims to look into how focus strategies correlate with the operation of institutions within five-star hotels in the city of Nairobi, Kenya, in order to establish how such strategies, impact these aforementioned establishments, Kenya is reliant on Porter's focus strategy in order to understand how the focus strategy correlates with the accomplishments of five-star hotels in the city of Nairobi.

2.21.3 SERVQUAL Model Theory

The SERVQUAL model was developed by A. Parasuraman et al. in 1985 and is part of the gap model, which examines how clients interpret the quality of service. According to Agyei (2012), the model highlights the discrepancies between customer expectations and the service provided by an organization. This theory employs an expectations and perceptions framework to provide a basis for combining dependability, commitment, sensitivity, responsiveness, and tangibility as the aspects of quality of service in order to correspond to the distinct requirements of a particular company (Parasuraman et al., 1991). Other researchers have found that this model was created to gauge customers' opinions regarding the quality of service brought forth by the financial industry. Despite this, over the years, other sectors, such as the tourism and hospitality industry, have adopted this model (Lacle, 2013; Njau et al., 2017).

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

Despite the fact that the SERVQUAL model has been criticized for its variability of dimensions, lack of agreement on what is expected, and difficulty in applying it to different industries, It has been widely accepted and validated by scientists and academics. Al-Ababneh (2017) argued that, despite some criticism, the SERVQUAL model provides a comprehensive and rigorous method for assessing and measuring service quality in many service-based industries. Consequently, some researchers are not content with the evidence that the rebuttals to back up the abandonment of the SERVQUAL model concept are strong. The SERVQUAL model theory is seen as a cornerstone in ensuring that organizations have proper competitive strategies in place to maximize performance, granting them a competitive advantage within the market (Sureshchandar et al., 2012). The SERVQUAL model was essential to the study because it showed how customer happiness, one of the indicators of organizational performance, is influenced by service quality. Ultimately, this impacted the success of five-star hotels in the county of Nairobi.

2.3 Empirical Literature Review

Previous research into similar or related topics, including the methods used and findings obtained, has been a key source of information. This research looks at what prior research has found regarding competitive strategies and their relationship to organizational performance, pinpointing any discrepancies and formulating a conclusion based on the findings. This research looks into cost leadership strategies, differentiating aspects, and the focus element.

2.3.1 Cost Leadership Strategy and Organizational Performance

Pearce and Robinson (2015) assert that cost leadership involves achieving and maintaining a cost advantage by utilizing exclusive operations and capacity to achieve a higher level of

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

Gorondutse et al. (2018) conducted a survey of 83 hotel managers in Nigeria to investigate how cost-leadership influences how hotels perform. Data was collected from the survey. The managers created a network of hotels in Kano, located northwest of Nigeria. Census data was employed as an alternative to sampling. The partial least squares (PLS) method, a second-generation statistical technique, was employed for the analysis of data. Results from the analysis suggest a clear and significant positive outcome from associating the cost leadership strategy and the success of the hotel. The Linkert scale was utilized in this study, in contrast to the partial least square (PLS) technique utilized at a previous time.

Additionally, the investigation was restricted to Nigerian hotels since their operations may be distinct from those in Kenya, requiring a separate analysis. Nzisa et al. (2017) studied how utilizing the cost leadership strategy affects the expansion of hotel chains in Kenya. A survey research design was employed in which 66 managers from 13 different hotel chains across the nation was selected using purposive sampling. Result from the survey indicated that the cost leadership strategy correlates substantially and constructively with the expansion of hotel chains in Kenya, as a large number of them employed it for a competitive advantage over other institutions through expanding their presence within the

food and catering field. In contrast to this study, which looks into the competitive strategies and their significance on the success of five-star hotels in the county of Nairobi, a previous study examined how cost-leadership strategy impact hotel expansion.

Kharub et al. (2019) investigated how cost leadership strategies associate with the way Micro, Small, and Medium Enterprises (MSMEs) in India carry out their operations. Scholars conducted a survey with 245 ISO 9000-certified small and medium businesses to measure the partial mediating effects of the indirect, direct, and total impact on the hypothesis using a structural equation modeling approach. The research determined the essence of cost leadership and ongoing development through reliable information on improving and maintaining successful operations of small and medium-sized enterprises. Initially this research was focused on the ISO 9000-certified MSMEs in India to before the focus shifted fully to five-star hotels in the city of Nairobi.

Kiprotich et al. (2019) conducted an investigation to examine how cost leadership policies in procurement can be employed by manufacturing companies in Kenya to improve their performance. The study utilized an investigative approach and applied Yamane's formula to select a group for study comprising of 264 procurement managers. A selection process involving both random and deliberate sampling was employed, and participants were chosen, with questionnaires serving as the principal data collecting instrument. The research observed the presence of a substantial and beneficial link between firms in the manufacturing industry in Kenya utilizing cost leadership procurement strategies and their performance. My study made the most of the descriptive research design as a resultant base

for the service industry, in contrast to this study which looked toward an explanatory research design.

A study by Njuguna et al. (2019) also contributes to the investigation concerning the significance of a focus strategy on the success of the operations running within Kenyan five-star hotels. The research employed a descriptive-correlative approach. A stratified simple random sample consisting of two hundred and sixty-seven managers from three- to five-star vacation and town hotels in Kenya was used to evaluate the levels of management. The research showed that having the right internal setup and adhering to a cost leadership approach could significantly improve the achievements of star-rated hotels in Kenya. This research differs from the present study as it focused on five-star hotels in the City of Nairobi and used a census study, whereas the previous research focused on hotels rated between three to five stars and obtained the sample through employing stratified and simple random sampling.

2.3.2 Differentiation Strategy and Organizational Performance

Pehrsson (2016) suggests that if a hotel establishes a distinct strategy to differentiate itself, it can successfully navigate the demanding and ever-changing competitive landscape. A differentiation strategy is preferable in a market that is not overly focused on price, is highly competitive, has customers with unique and complex demands, and where the organization has exclusive skills, resources, and capabilities that allow them to effectively meet customer needs in an unparalleled way. In other words, businesses that focus on unique aspects of their products or services that are not emphasized by their competitors gained a competitive edge and outperform their rivals. It has the effect of increasing the company's

ability to compete on a worldwide scale (Pehrsson, 2016; Porter, 1980). Despite its importance in determining a successful and effective approach to business, there has been a lack of research regarding differentiation strategy in the hospitality sector in Kenya, and very little is known about how hotels in the country respond to a changing market in order to maximize their performance. The hospitality industry has begun to realize the importance of developing a clear vision and fulfilling the complex wants and needs of its customers. It is especially critical in Nairobi, the global center for conferences, expos, businesses, and a major tourist destination.

Primtong et al. (2018) looked at the impact that differentiating policies had on the accomplishments of hotels, as well as the moderating role that the hotel markets within the United States and China played on the influence of differentiation policies on the hospitality and tourism sector's performance. The study revealed that employing differentiation tactics to bolster the reputation of a brand and utilizing advanced Information Technology are essential steps for hotels to achieve success in the market. This phenomenon was more pronounced in American hotels than in Chinese hotels. Since the geography and culture in Kenya are different, these findings cannot be applied to that context, which is why this study was conducted.

Bartolome et al. (2021) investigated the strategies employed by the hotel industry at the extraordinary duration of the Corona Virus global health crisis through a dynamic capabilities approach. This research looked into the rate at which hotels adapted to changes in the hospitality sector due to the Covid-19 pandemic and how it impacted the performance of hotels in Spain. The survey of 212 Spanish hotels indicated that leveraging

innovation as a differentiating factor reflected a beneficial and noticeable impression on their accomplishments. The research highlighted Innovation competence to be a mediating factor, leaving the possibility of further research into other competitive strategies. This research explored the competitive strategies and the significance they had on how five-star hotels in Nairobi performed.

Kavale (2016) investigated how product differentiation strategy could affect the expansion of Kenyan Microfinance Institutions. The underlying foundation of the research entailed both descriptive as well as quantitative approaches. A selected group for study of 32 firms was chosen from a target audience of 57 firms through stratified and purposive sampling methods. Surveys were conducted to gather both quantitative and qualitative information. The research indicated that product diversification tactics demonstrated major outcomes across the expansion of Microfinance Companies in Kenya. The dependent variable in the study was corporate growth; in my study, it was organizational performance.

Muia (2017) investigated how competitive strategies correlate with the Kenyan insurance industry's performance. For this study, forty-seven insurance institutions in Kenya were the focus. Descriptive research design and purposive sampling served as the criteria for employees' selection from various departments within the firms. The study evaluated the impact of employing a differentiated approach to assess how insurance companies in Kenya performed. The regression analysis indicated the presence of a strong correlation between using a differentiation policy on the operations of insurance institutions. The research by Muia (2017) contributes significantly to the study of the hospitality industry,

particularly 5-star hotels in the city of Nairobi. To this end, a purposive sampling method was employed, as opposed to a census, for data collection from the target population.

Manjeet et al. (2016) explored how a competitive differentiation strategy impacts a business's results as well as the moderating significance of quality control among Indian companies. Through the distribution of surveys to Small and Medium Enterprises located within the Indian state of Himachal Pradesh in order to gather primary data, the research failed to establish a definite association between implementing a differentiation policy and successful operations within a firm. However, Quality Management had a substantial aftermath on the relationship. This research found that Quality Management acted as an intermediary and also established a beneficial correlation following the incorporation of a Differentiation Strategy on an Organization's operations. My research purpose is to investigate the influence of competitive strategies on the operations of an organization.

2.3.3 Focus Strategy and Organizational Performance

Krisnawati et al. (2016) also contributed to the research that investigates how competitive strategy associate with hotel performance through a study conducted in Bali, Indonesia. This research employed the Partial Least Square technique to analyze 117 data points. The results indicated that chain hotels in Bali utilized the focus strategy, a major competitive strategy that translated to a marked influence on how hotels performed. This research concentrates on Five-star hotels in the county of Nairobi in Kenya, in contrast to a previous survey study that examined the performance of Indonesian hotels. Therefore, the varying dynamics and operating conditions due to location necessitate this study.

Baraza et al. (2017) investigated the connection between the competitive approaches taken by manufacturing enterprises in Kenya and their respective performances. This study integrated a descriptive research design involving an extensive examination of the executive management team at East African Breweries Limited. The analysis of the inferential and descriptive data suggested that out of the approaches employed in the manufacturing sector of East African Breweries Limited, the focus strategy had a strong and conclusive influence on how the company achieves its objective. This research was conducted within the hospitality industry, which has different structures and operations than those in the manufacturing industry, unlike the previous study.

Mwangi (2019) investigated how growth strategies influence the success of Nairobi's five-star hotels. The study integrated a descriptive research design which served as a unifying factor of different facets of the analysis. Additionally, the research served a sample of ninety-five managers operating in Nairobi's five-star hotels in Nairobi with questionnaires. The verdict suggested a clear connection between business success and the characteristics of development strategies, including market penetration, product development, and diversification. Thus, these qualities create a sustainable edge for five-star hotels to use as a competitive tactic in the ever-changing hospitality industry. The current study is centered on competitive strategies rather than growth strategies which the previous research was based on.

Kamun (2019) explored the influence that the surrounding environment has on how Nairobi Kenya food processing institutions' competitive policies, correlate with their performance. Managers of 64 food processing companies in Nairobi were served with

questionnaires for the basis of conducting the cross-sectional study. Based on the study's findings, food processing firms in Nairobi appeared to be performing better following the implementation of differentiation, cost leadership, and focus strategies. My study used a descriptive research design in comparison to Kamun's cross-sectional research design.

Asewe (2018) conducted a study that focused on the competitive strategies integrated in restaurants in the city of Nairobi, Kenya, which are not owned by local entities and how this hotel performed. The sample for this study was comprised of 47 restaurants that were categorized by cuisine type, such as Italian, Indian, Ethiopian, Chinese, and French. These restaurants were chosen through a stratified and purposive sampling technique. The findings of the research showed that eateries owned by international entities in Nairobi employed competitive strategies, and the Focus approach was found to have the most favorable impacts on the success of these restaurants. As part of this research, a census survey took place within all five-star hotels in the county of Nairobi, in contrast to the previous research, which examined restaurants in Nairobi owned by abroad entities and utilized strata and purposive sampling. The foundation of both studies, however, is competitive strategies in the hospitality industry.

Ngandu (2017) conducted an investigation with the objective of gauging the tactical approaches that hotels in Thika town employ. Ngandu's investigation also purposed to measure how these tactics influenced how the hotel performed. A review of the literature was conducted, taking into account Ansoff's growth strategies and Porter's model. This study utilized a descriptive research design and employed an interviewer-administered survey to collect data. The findings showed that using cost leadership and differentiation

strategies had a negligible influence on the goal achievement of hotels in Thika town. The survey examined how hotels in Thika town achieve their objective, while the focus of this study was on the five-star hotels of Nairobi City. This research builds on previous studies that examined Ansoff's growth strategies and Porter's model but focus on Resource Based View Theory, Porter's Generic Competitive Strategies, and SERVQUAL Model Theory.

2.4 Summary of Literature Review and Research Gaps

According to the aforementioned reviews, it is confirmed that the majority of earlier research studies' facts findings indicated that the competitive methods used had a favorable impact on organizational performance. Table 2.1 provides a detailed overview of the findings from earlier research that have highlighted any discrepancies.

Table 2.1: Summary of Research Gaps

Author(s)/Date	Study Focus	Context	Key Findings	Research Gap
Bartolomé, Ruiz-Fernández, Seva-Larrosa & Sánchez-García (2021)	Strategies for hotels during the COVID-19 pandemic: utilizing dynamic capabilities	Spain	The ability to innovate can serve as a distinguishing feature that can have a positive, significant impact on the performance of hotels.	The study looked into Innovation capability as a potential way to differentiate, and provides an opportunity to investigate other competitive tactics.
Kanum (2019).	The impact of competitive tactics and external conditions on the output of food	Nairobi, Kenya	The research concluded that employing the three competitive strategies improved the	My study used a descriptive research design, in contrast to Kanum's study, which employed a cross-sectional research design.

	processing businesses in Nairobi.		accomplishments of food n catering companies in Nairobi.	
Kharub, Mor, & Sharma (2019)	The effect that utilizing a cost leadership competitive approach has on a company's performance.	India	The research determined that cost leadership combined with regular improvements based on accurate information and data is essential to enhance and maintain the performance of MSMEs.	This research aims to examine five-star hotels in Nairobi, Kenya, rather than the ISO 9000 certified MSMEs in India as was the focus of the previous study.
Mwangi Dennis (2019)	What impact do growth strategies have on the performance of five-star hotels in Nairobi?	Nairobi, Kenya	There was a strong and beneficial connection between the successful operation of the organization and the features of growth policies, which helped five-star hotels to establish a lasting competitive edge.	This study has shifted its focus from growth strategies to competitive strategies.

Njuguna, Muchara & Namada (2019)	The relationship between the cost-leadership strategy and the structure of hotels in Kenya, as well as their performance ratings, is being examined.	Kenya	The internal organizational structure of cost leadership had a notable effect on the success of star-rated hotels in Kenya.	This study differs from the current one in that it focused on 3 to 5 star-rated hotels in Kenya and used stratified and simple random sampling to obtain its sample, while the current study focused exclusively on five-star hotels in Nairobi and used a census approach.
Asewe (2018).	The efficiency and success of foreign-owned eateries in Nairobi County, Kenya.	Nairobi, Kenya	Eateries owned by international entities in Nairobi applied competitive tactics and the Focus approach produced the greatest beneficial outcomes for these establishments.	This research investigated all five-star hotels in the city of Nairobi through a census survey, which is different from the study that previously looked into foreign-owned restaurants in Nairobi and used a strata & purposive sampling method.

Gorondutse & Hilman, (2018)	The impact of a Cost Leadership Strategy on the performance of hotels.	Nigeria	This investigation has revealed that the cost leadership approach has a significant and direct effect on the accomplishments of hotels.	The current study used the Linkert scale, rather than the partial least square (PLS) technique used in the prior study. Additionally, the investigation focused on hotels in Kenya, which likely differ from those in Nigeria, thus making this research necessary.
Kiprotich, Gachunga & Bonuke, (2018)	The impact of utilizing a Cost Leadership approach to procurement on the productivity of manufacturing companies in Kenya.	Kenya	The facts and findings established that there was a strong connection between the cost leadership procurement strategy and the performance of manufacturing companies in Kenya.	I am conducting a research based on the service industry, so I used a descriptive research design rather than an explanatory research design, which was used in this research.

Pimtong, Hanqin, Jiewen & Wanlanai (2018)	The performance of differentiation strategies in hotel markets is subject to moderation.	United States & China	Differentiating strategies are vital for hotels to be successful in the competitive market.	The research looked at American and Chinese hotels, and the results cannot be extrapolated to apply to the Kenyan hospitality industry due to the differences in geography. This serves as a basis for further investigation into the Kenyan hospitality sector.
Baraza & Arasa (2017)	An examination of how East Africa Breweries Limited has been impacted by competitive strategies in the Kenyan manufacturing industry.	Kenya	The study's facts and findings established that focus strategy had a considerable and noteworthy effect on the operation of East African Breweries Limited in the manufacturing sector.	A single company within the manufacturing industry was studied in-depth in this research, so it is difficult to draw conclusions about the hospitality industry.

Muia (2017)	The Influence of Competitive Tactics on the Success of Insurance Firms in Kenya	Kenya	A strong correlation was observed between the use of a differentiation approach and the performance of the insurance companies.	This research purposes to investigate the insurance industry, as opposed to the hospitality sector. It employed purposive sampling, whereas the present investigation took on a census for data collection from the selected group for study.
Ngandu, H. M. (2017).	The aftermath of competitive tactics on the success of a hotel: An investigation of Thika town, Kenya	Thika, Kenya	The impact of cost leadership focus and differentiation focus strategies on the performance of Hotels in Thika town was relatively minor.	This research draws on the Resource Based View Theory, Porter's Generic Competitive Strategies, and SERVQUAL Model Theory, as opposed to the Ansoff's growth strategies and Porter's model used in past studies.

Nzisa, Njeje & Namiida (2017)	The impact of utilizing a cost leadership strategy on the expansion of hotel chains.	Kenya	Cost efficiency had a major effect on the growth of the hotel chain in Kenya.	The research looked into how a cost leadership strategy impacts hotel expansion and performance.
Kavale, (2016)	The influence of Product Differentiation Strategies on Expansion of chosen Microfinance Institutions in Kenya.	Kenya	The results of the study suggested that using a product differentiation strategy proved to be advantageous for the development of Microfinance Institutions in Kenya.	My research focused on how organizational performance is affected by various factors rather than corporate growth.
Krisnawati & Sule (2016).	The effects of a competitive approach on the success of a hotel.	Bali, Indonesia	The impact of the focus strategy, being the most prominent of the competitive strategies employed by chain hotels in Bali, was	This study was conducted to explore the performance of Indonesian hotels, taking into account the different dynamics and operating environments that are affected by the location.

			considerable in terms of hotel performance.	
Manjeet, Patle & Gaurav, (2016)	The Influence of Differentiation Strategy on Firm Performance and the Role of Quality Management as a Mediator	India	The impact of a differentiation strategy on a business's performance was not direct, but Quality Management was found to be a factor in mediating the relationship between the two.	The study used quality management as a mediating factor and the variables were differentiation strategy and firm's performance. My study used competitive strategies and organizational performance as the independent and dependent variables

Source: Author, (2021)

2.5 Conceptual Framework

A conceptual framework provides a visual depiction illustrating the connections between different variables and how they affect each other. In this study, three independent variables including differentiation policies, focus policies, and low-cost policies form the foundation for the evaluation of five-star hotels in the county of Nairobi. This study seeks to evaluate the accomplishments of five-star hotels in the city of Nairobi. The evaluation's underlying foundation includes three independent variables, namely low-cost approach, focus policies, and differentiation strategies.

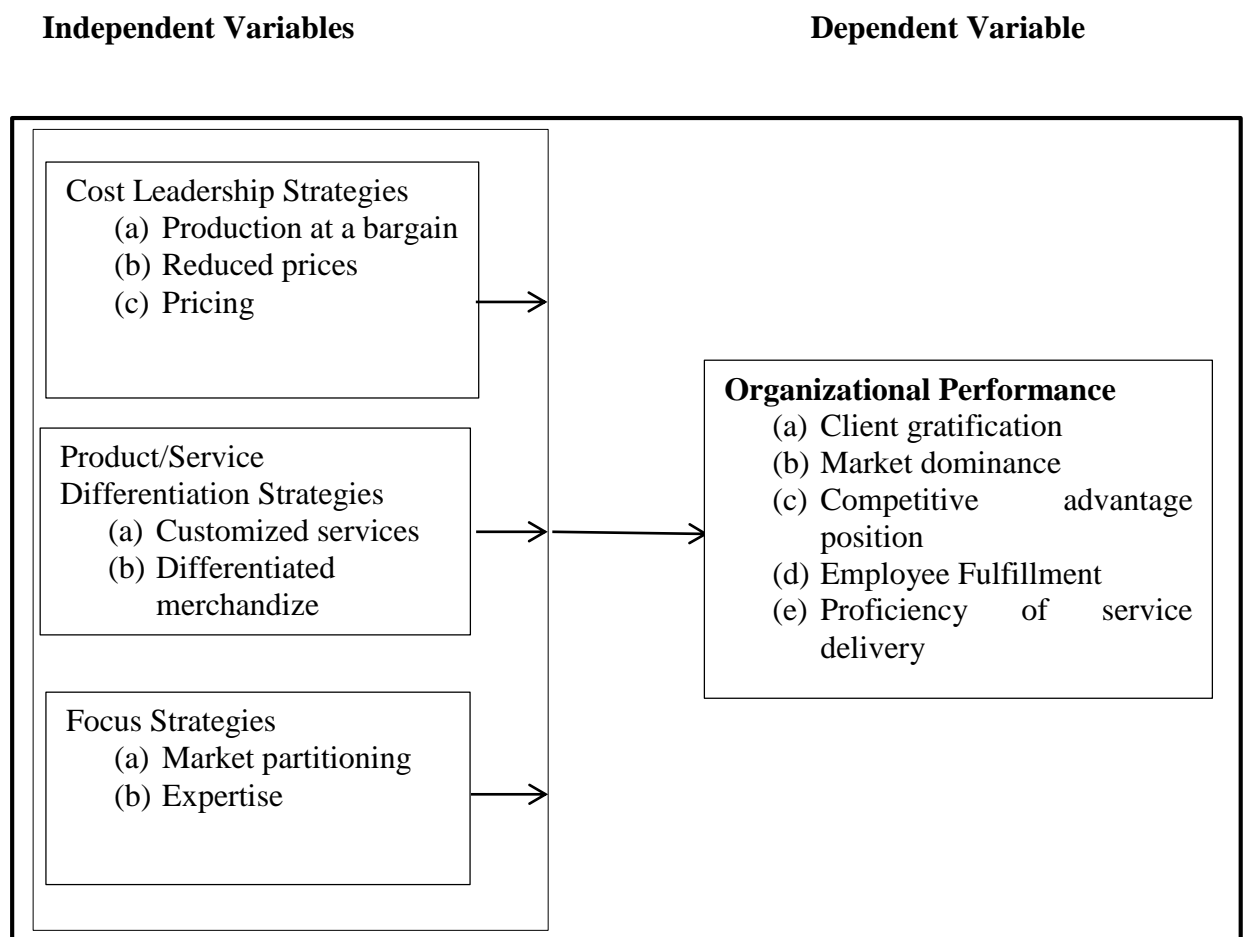


Figure 2.1: Conceptual framework

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter proposes an exhaustive examination of the research methodology incorporated in the research. The aforementioned entails cultivating the plan for the study, determining who the study focused on, deciding what sample size is necessary, choosing which data-collecting methods to use, assessing the accuracy and consistency of the tools, setting out how the data was gathered, selecting the techniques for data analysis, laying out how presentation of data was conducted, and making sure to account for ethical considerations.

3.2 Research Design

The structure of research is a critical component. It provides sufficient details on the main steps that the research took to reach the intended goals. This facilitated the collection of the respondent's insights, judgments, views, and convictions about the topic being studied, as well as help to form conclusive results and effectively analyze both quantitative and qualitative information. The study will adopt a descriptive research design. The focus of the research includes the impact that competitive strategies have on how five-star hotels in the city of Nairobi perform.

3.3 Target Population

People, elements, or items that align with the criteria for a specific group being observed or examined make up the population. They can be sampled to stand in for the larger population (Cooper & Schindler, 2014). This study was conducted with all eleven five-star hotels that had been registered with the Tourism Regulatory Authority (TRA) as of the initial three months of 2020. Two five-star hotels in the county of Nairobi were forced to shut down amid the Covid-19 outbreak of 2020. Table 3.1 displays the affected establishments.

Table 3.1: Five-star hotels in Nairobi City County

No	HOTEL	CAPACITY		STAR RATING	STATUS
		ROOMS	BEDS		
1	Intercontinental Hotel	325	371	5	Closed
2	Radisson Blue Hotel	272	353	5	Open
3	The Sarova Stanely	218	441	5	Open
4	Villa Rosa Kempinski	201	217	5	Open
5	Fairmont the Norfolk	171	201	5	Closed
6	Sankara Hotel	157	168	5	Open
7	The Boma Nairobi Hotel	149	179	5	Open
8	Crowne Plaza Nairobi Airport Hotel	145	208	5	Open
9	The Tribe Hotel	138	155	5	Open
10	Dusit D2	102	121	5	Open
11	Hemingway's Nairobi	46	51	5	Open

Source: (TRA Report, 2020)

3.4 Sampling Design and Procedure

Saunders et al. (2012) define census as a means of collecting data and investigation based on which researchers employ members of phenomena or groups in a population to collect contributions to subcategory groups from a population for study. The researcher used census methods to ensure that all members of the limited and manageable-sized population are included in the analysis. Kothari and Garg (2014) similarly argued that a census is suitable when the size of the population is manageable. This research utilizes a census approach to investigate all General Managers and five

Heads of Departments working within the nine open 5-star hotels located in the city of Nairobi. The result is a sample size of a hundred and eight Managers from the nine hotels' various departments, as indicated in Table 3.2.

Table 3.2: Distribution of the target population

HOTEL	General Manager	Finance & Procurement Managers	Sales & Marketing Managers	Front Office Managers	F& B Managers	Human Resource Managers	TOTAL
Radisson Blue Hotel	2	2	2	2	2	2	12
The Sarova Stanley	2	2	2	2	2	2	12
Villa Rosa Kempinski	2	2	2	2	2	2	12
Sankara Hotel	2	2	2	2	2	2	12
The Boma Nairobi Hotel	2	2	2	2	2	2	12
Crowne Plaza Nairobi Airport Hotel	2	2	2	2	2	2	12
The Tribe Hotel	2	2	2	2	2	2	12
Dusit D2	2	2	2	2	2	2	12
Hemingway's Nairobi	2	2	2	2	2	2	12
Total	18	18	18	18	18	18	108

Source: (TRA Report, 2020)

3.5 Data Collection Instrument

Data gathering involves certain steps taken to acquire information from members of the population being studied in an orderly fashion so as to adequately address the questions posed by the research (Cooper & Schindler, 2014). A survey was conducted in which participants provides their answers to predetermined questions with the intention of collecting data. The questionnaire was designed to include both open and close-ended questions, and a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) served as the guide to record the responses. The managers in the chosen sample was surveyed using the drop-and-pick method. The survey is designed to have five divisions, namely A, B, C, D, and E. The focus of Section A included the participant's basic facts and the company's general overview, section B investigates the cost leadership and performance; Section C explored product/service differentiation and performance; Section D looked into focus strategy and performance and section E analyzed the performance metrics. Questionnaires serve as the ideal path for gathering data for this research due to their affordability, the anonymity they offer, the ability to quickly get a large amount of data from participants, and the decreased likelihood of introducing any bias.

3.6 Pilot Test

The research necessitates testing for the questionnaire's effectiveness and for correctness of the data collected. The aforementioned was tested by having the participants' rate three four-star hotels. They also provided feedback on how long it took to finalize the entire questionnaire and how reliable the data emerged. This research incorporated findings as per the pilot study to refine the questionnaire's ultimate draft to be used in the research, ensuring any errors or weaknesses are

corrected. After running a trial of the questionnaire, any problems or mistakes discovered were fixed before using it for the official study.

3.6.1 Validity Testing

In other words, validity measures the degree at which a study error-free evaluates the topics that the study was mapped out to assess. Cresswell (2014) also confirms that validity testing is a way to ensure reliability and assess how factual the data collected emerged compared to what was expected. The validity of the questionnaires underwent thorough assessment by an accomplished field expert and their supervisor, using tests of face, content, and construct validity. This includes reviewing the wording, structure, formatting, order, clarity, and appropriateness of the questions and instructions. The respondent's comments was taken into consideration, and any necessary changes or amendments was made. The results from the tests of validity for the questionnaires was excluded from the final assessment. Investigating the instruments' accuracy was allow the researcher to decide if the selected measuring device consists of the necessary and representative number of elements to examine the concept being researched.

3.6.2 Reliability Testing

According to Crano and Brewer (2015), reliability can be measured by the consistency of results obtained using a measuring instrument across multiple trials. Thus, this research used Cronbach's Alpha to gauge the questionnaire's consistency. Cronbach's Alpha is a count of the reliability of a selection of items, showing how strongly the items in the set are related to each other (Sekaran & Bougie, 2016). This reliability of Cronbach's Alpha method is dependent on whether the reliability coefficient is greater or equal to 0.70, which is the accepted level for this research.

3.7 Data Analysis and Presentation

Cresswell (2014) outlined that the process of data analysis entails examining, transforming, and interpreting information in order to uncover useful insights that can inform decision-making. Before analyzing, the data collected, underwent thorough checks for inconsistencies such as omissions, accuracy, errors in responses, and completeness, among others, then adjusted to make sure it is effective and consistent and further enhanced using coded figures so that it is categorized into meaningful numbers. The research employed both descriptive and inferential statistics. In addition to analyzing quantitative data with descriptive statistics (e.g., means and standard deviation), the Statistical Package for Social Sciences (SPSS) also examined the same data and present it in a tabulated format, bar charts, and graphs.

Additionally, the qualitative data gathered was assessed through content analysis. One-way ANOVA at a 95% confidence level was used to assess if the realization of competitive strategies translates to a reasonable impact on organizational performance. Pearson's product-moment correlation (r) served as a measure for the strength and type of correlation. Utilizing the Coefficient of determination (R²) to quantify the level of variability is the approach this research was taken to assess how competitive policies impact organizational accomplishments. The F-ratio in the ANOVA table is used to determine the probability of a deviation from the line of best fit. After evaluation, the F-ratio generated necessitates a p-value of below 0.05 to qualify for consideration as statistically significant at a 5% rate. This analysis employed Multiple Regression to examine the correlations between the different variables being studied. The equation for multiple regression analysis is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where.

- Y = Dependent variable standing for performance of five-star hotels in the city of Nairobi
- α = A constant; intercept coefficient of the model. (It is an invariable amount signifying what organizational performance would be without the effect of the independent variables)
- β_1 - β_3 = Regression coefficients of X variables (unknown parameters)
- X_1 = Cost leadership strategy
- X_2 = Differentiation strategy
- X_3 = Focus strategy
- ϵ = Error term (extraneous variables)

3.9 Ethical Considerations

The researcher obtained permission to obtain data from five-star hotels and the National Council for Science and Technology Institute (NACOSTI). The questionnaires were not identify the sampled hotels by their actual names but rather assign them a code to ensure confidentiality. The researcher obtained permission from the hotel managers before distributing the survey to the participants and ensure that all information related to the hotel is kept confidential and secure. The participants was sent a formal document outlining the purpose of the research and the protections for any data that is collected. The research questionnaire were carefully designed to ensure that the information gathered matches the aims of the research and that the questions asked remain non-personal for the purpose of protecting the confidentiality a well as anonymity of the selected group of study. The researcher is responsible for being accurate in their analysis, presentation, and reporting of the facts and statistics of the study, as well as giving appropriate credit to other authors and scholars by using the APA Referencing System when citing works used in the investigation.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS, AND DISCUSSIONS

4.1 Introduction

After collecting data from the departmental heads of the selected hotels, the researcher proceeded to coding and analysing it. The statistical software called SPSS was employed to complete this process. The main objective was to come up with statistical outcomes that could be used to determine strategies used to improve the performance of Five-Star Hotels in Nairobi City, Kenya. A reliability test was carried out where the researcher intended presented the value of the Cronbach alpha to show the reliability of the data. Demographic statistics were used to show the distribution of the respondents based on the demographic traits. Other statistical tests carried out were descriptive statistics, analysis of the correlation values between variables used, and regression analysis. The regression analysis was meant to give values for t-statistics to assess whether the create null hypothesis was rejected or accepted.

4.2 Reliability Statistics

Table 4.1: Cronbach's Alpha

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.669	.671	14

The reliability testing was based on the interpretation of the Cronbach's alpha. A study carried out by Tavakol and Dennick (2011) indicated that the statistical test refers to a mechanism for assessing reliability of the selected data by comparing the level of shared variance or existing covariance of the items being used. Cho and Kim (2015) and

Warrens (2015), on the other hand, define Cronbach’s alpha as a statistical tool that is best known for its potential to determine the internal consistency of data. As a result, the value produced can be used to determine the extent to which the researcher can rely on the set of data for conducting their study. In this case, the standardised value for the Cronbach’s alpha was 0.67. According to Warrens (2015), a value that ranges between 0.6 and 0.8 signals the existence of highly consistent data in terms of the existing internal structures. This is because it can be used to show that the internal consistency of data is within the acceptable range (Warrens, 2015). In this case, the Cronbach’s alpha value helped to show that the data being used could be relied upon in the study.

4.3 Demographic statistics

The section involved interpreting statistical values about the demographic values of the respondents such as their gender and age. See tabular and graphical representations.

Table 4.2: Gender

		Gender			Cumulative
		Frequency	Percent	Valid Percent	Percent
Valid	Male	36	61.0	61.0	61.0
	Female	23	39.0	39.0	100.0
	Total	59	100.0	100.0	

There was 61.0% (36) males and 39.0% (23) females. This meant that the researcher interviewed more males than females. The statistical outputs were further represented schematically using a bar graph.

Figure 4.1: Gender

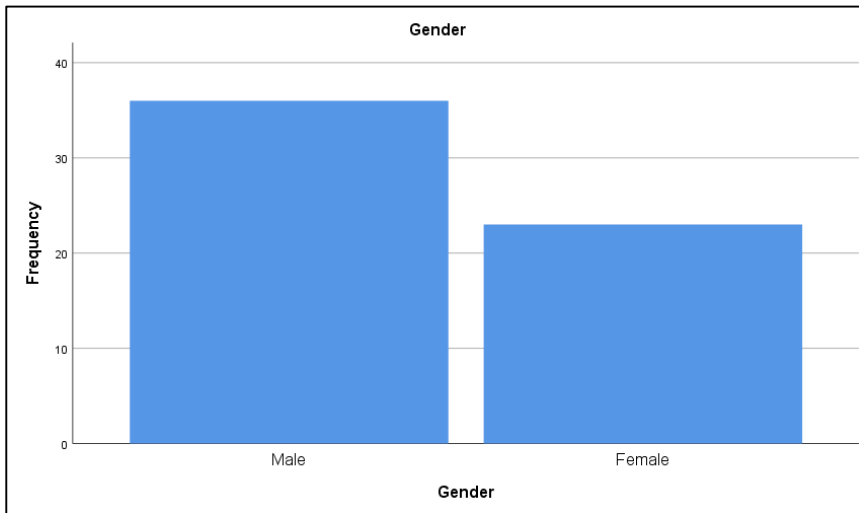


Table 4.3: Age

		Age Bracket			Cumulative
		Frequency	Percent	Valid Percent	Percent
Valid	Below 30	4	6.8	6.8	6.8
	31-40	7	11.9	11.9	18.6
	41-50	29	49.2	49.2	67.8
	51-60	19	32.2	32.2	100.0
	Total	59	100.0	100.0	

Individuals with 41-50 years recorded the highest population compared to those in other population bracket. There were 29 (49.2%) individuals within this age bracket compared to only 4 (6.8%) who were below 30 years. Those falling under 51-60 years and 31-40 years were 19 (32.2%) and 7 (11.9%) respectively. This meant that most of the department heads were middle-aged adults. The age distribution conformed with Kotur and Anbazhagan's (2014) assertions that most organizations prefer having older and experienced individuals in various leadership positions. This is because such individuals are considered to be at a better position of offering advice to the rest of the employees in the workforce (Kotur & Anbazhagan, 2014). The Five-Star Hotels in Nairobi seem to have followed the same trend by entrusting most of their older

workforce to take up different departmental leadership positions. The age distribution was further represented schematically as indicated below.

Figure 4.3: Age

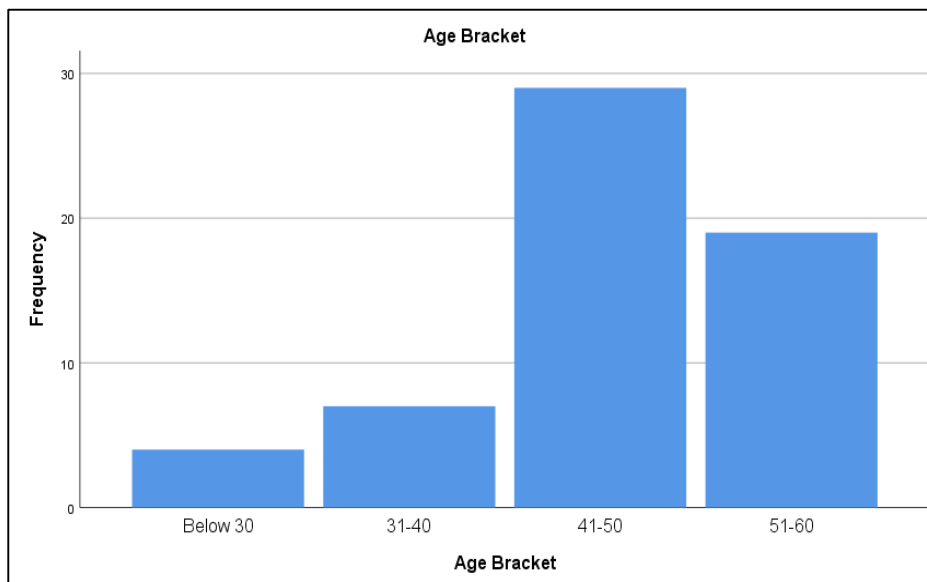


Table 4.4: Education Level

		Highest level of education qualification			Cumulative
		Frequency	Percent	Valid Percent	Percent
Valid	High School	4	6.8	6.8	6.8
	Certificate	14	23.7	23.7	30.5
	Diploma	16	27.1	27.1	57.6
	Undergraduate	16	27.1	27.1	84.7
	Post Graduate	9	15.3	15.3	100.0
	Total	59	100.0	100.0	

There was an equal number of respondents with diploma or who were undergraduates. Each this category had 16 (27.1%) respondents with those with a college certificate following closely at 23.7% (14). There was still an equally large number of respondents with post-graduate educational qualifications. There were 9 (15.3%) respondents with either a master or a Ph.D. degree. Only 4 (6.8%) respondents were high school leavers. The population distribution in terms of education level helped to show that the selected

Five-Star Hotels valued having departmental heads who were educated and profession in their anticipated roles. The trend coincided with Yildirim et al.’ (2016) assertions that five-star hotels’ employees are usually highly educated. According to Yildirim et al. (2016), such employees are entrusted with the mandate of offering world-class hospitality services to their highly-esteemed customers who comes from different global regions. The selected hotels in Nairobi seemed to have followed suit by making sure only professionals headed their different departments. The statistical outputs were further represented using a bar graph as indicated below.

Figure 4.4: Education level

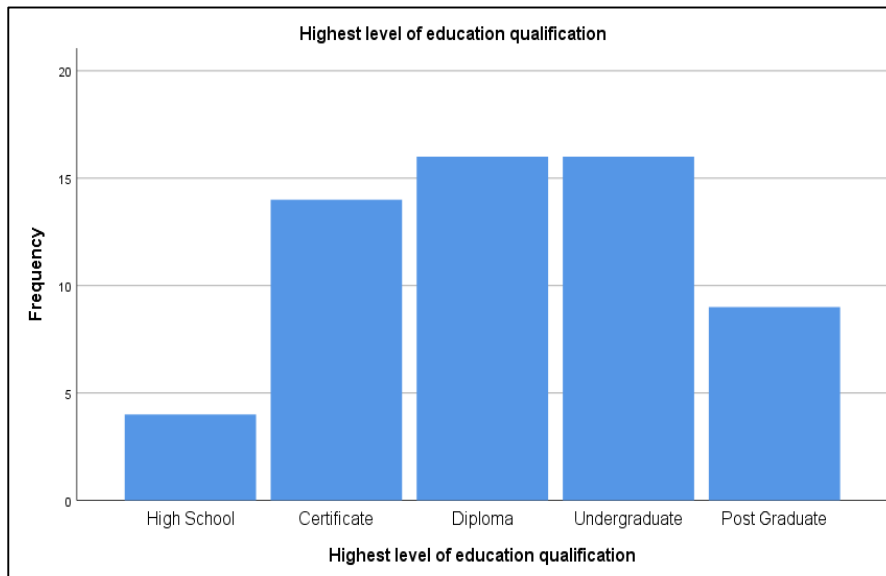


Table 4.5: Working Period

		Length of period working with the hotel			Cumulative Percent
		Frequency	Percent	Valid Percent	
Valid	Less than a year	4	6.8	6.8	6.8
	2-4 years	7	11.9	11.9	18.6
	5-7 years	7	11.9	11.9	30.5
	8-10 years	22	37.3	37.3	67.8
	Over 10 years	19	32.2	32.2	100.0
Total		59	100.0	100.0	

Those with the longest working periods were more than those with shorter working periods. For example, there 22 (37.3%) and 19 (32.2%) of respondents with 8-10 years and over 10 years of working experiences respectively. There was an equal number of those with 2-4 years and 5-7 years of working experiences. Each of these categories had 7 (11.9%) respondents with those having less than 1 year of working experienced coming at a distance last with only 4 (6.8%) respondents. The statistical outcomes proved that most of the selected Five-Star Hotels in Nairobi had installed those with longer working experiences as the departmental heads. According to Otado (2022), most of hotels in Nairobi have entrusted those with longer working experiences as the departmental heads. This helped to affirm why the current trend was observed. To help create a more vivid picture, the researcher used a bar graph as indicated below.

Figure 4.5: Working Period

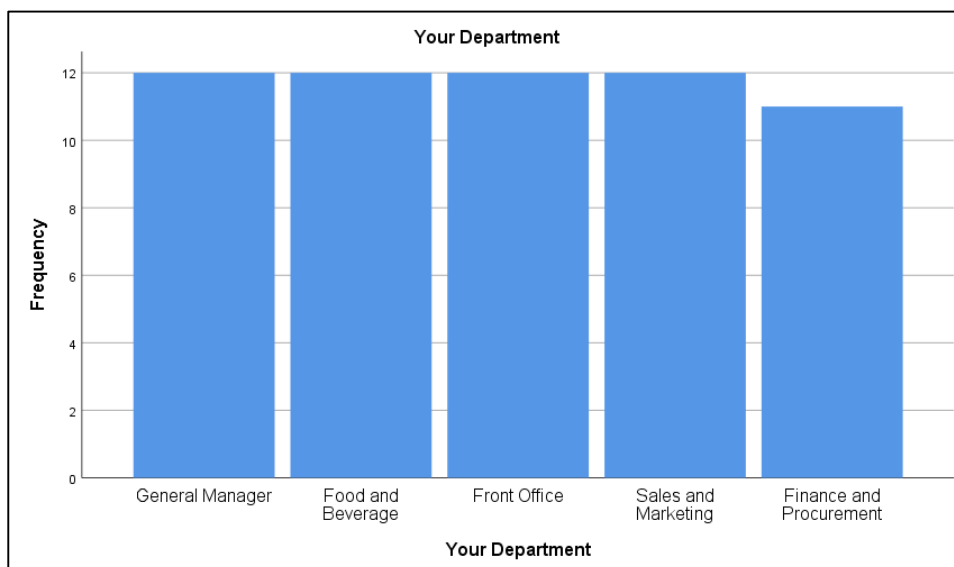


Table 4.6: Departments

		Your Department			Cumulative
		Frequency	Percent	Valid Percent	Percent
Valid	General Manager	12	20.3	20.3	20.3
	Food and Beverage	12	20.3	20.3	40.7
	Front Office	12	20.3	20.3	61.0
	Sales and Marketing	12	20.3	20.3	81.4
	Finance and Procurement	11	18.6	18.6	100.0
	Total		59	100.0	100.0

There was equal representation in terms of department with only the finance and procurement having 11 (18.6%) respondents. The other departments had equal number of respondents. They had 12 (20.3%) respondents. This helped to show that there was fair distribution of respondents based on the department they represented, thus, enhancing the reliability and validity of the anticipated outcomes. The figure 4.5 was used to create a vivid picture of the derived statistical values.

Figure 4.6: Departments



4.4 Descriptive statistics

Table 4.7: The competitive strategies used and their contributions to improving performance of a hotel

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

The participants were also required to give their opinions regarding the current competitive strategies. They were expected to answer whether the adopted strategies were vital for enhancing the hotel's performance. It was observed that 72.9% (43) of the hotel leaders interviewed agreed that the adopted strategies played a vital role in improving the performance of their hotels. However, a significant percentage of the respondents (27.1% or 16 individuals) did not agree at all with the opinion. They held the opinion that the adopted competitive strategy did lead to the eventual improvement of the performance of the hotel. In overall, this meant that most of the employees believed in the competitive strategies of the company. The trend led to the need for analysing the key competitive strategies employed by the Five-Star Hotels in Nairobi.

Table 4.8: Cost leadership strategy

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

To determine the extent to which the selected hotels in Nairobi were based on cost leadership strategy, the researcher used different metrics. One of the metrics aimed at examining the extent to which lo-cost suppliers were utilized. Upon conducting an in-depth analysis of the collected data, the researcher made a special observation that 54.2% (32) of the participants used agreed that they utilized low-cost suppliers. Another 19 respondents, 32.2%, respondents agreed with the same statement. The outcomes resonated with the Ragor’s (2014) findings that most the five-star hotels in Nairobi outsource for their products by liaising with reliable and entrusted suppliers. According to Ragor (2014), the strategy works well, as it helps to lower the overall operation costs, as such hotels are shielded from incurring additional costs during times of scarcity of a commodity. This explains why only 1 individual disagreed while other 2 disagreed with the statement that their hotels made use of low-cost suppliers. when required to explain how cost-leadership strategy benefitted the hotel, a sizeable number of the respondents underscored that they on agreement with their suppliers to maintain constant flow of a product at a certain price and over a given period. Such an agreement helped to shield them against the predatory prices for most of the agricultural commodities, especially when they are scarce.

Table 4.9: Product/service differentiation

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

In an attempt to investigate the product/service differentiation strategy used, the researched proposed a question that aimed at investigating whether the selected hotels

had unique and diverse offerings. This was one of the unique metric that could help to create a clearer picture regarding the product or service differentiation strategy used. The findings revealed that 52.5% of participants used agreed in totality with the presented statement. Another significant percentage of 35.6% of the respondents also agreed with the same with only a small percentage (2.4%) of the respondents not agreeing at all with the same statement. The outcomes coincided with Jawabreh's (2014) findings, which revealed that five-star hotels attempts to create tailor-made or customised hospitality services in an attempt to enhance their customer relationship management skills. In another study conducted by Maoto (2017), it was observed that five-star hotels in Nairobi attempted to diversify on their products and services to enhance their operations, financial management, and innovativeness. Thus, it was agreed that product and/or service differentiation was a vital strategy used in the selected Five Star Hotels in Nairobi. The results were further demonstrated schematically as indicated below.

Figure 4.7: Unique and diverse offerings

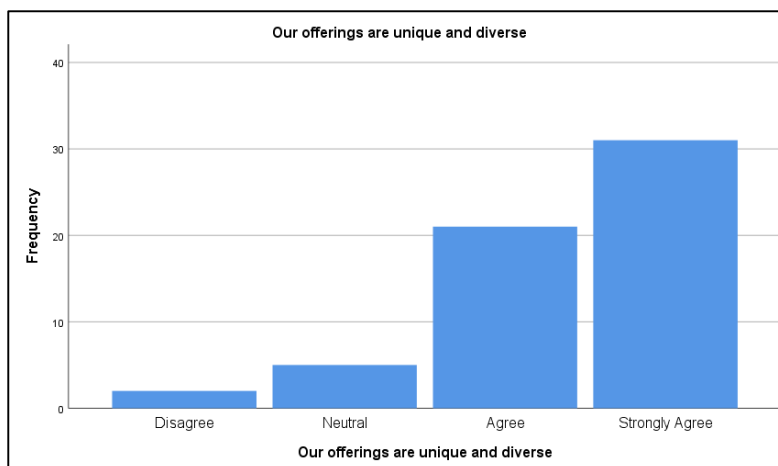


Table 4.10: Focus Strategy

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

The researcher also examined whether the selected hotels used focus strategy. To assess this, they aimed at determined whether these hotels offered categorised pricing based on the value of the product or service. Here, 49.2% of the respondent strongly agreed with the assertion with some significant others (35.56%) agreeing with the same. Only 3 individuals disagreed while the rest (6 or 10.2%) remained neutral. According to Agušaj et al. (2017), big hotels offers varying pries for their rooms, as a strategy for attracting visitors with different purchasing powers. Agušaj et al. (2017) note the approach helps to improving the booking rate of these hotels. As a result, this helps to explain why categorised pricing remains as an important strategy for big hotels. This was a trend that was also confirmed by the respondents used in the study.

Table 4.11: Measures of organisational performance

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

The researcher also attempted to investigate how the performance of these hotels could be measured. This study used one of the metrics used to determine this to show how the performance could be measured. When required to show whether they had enhanced their customer satisfaction through their loyalty program, 52.5% (31) of the respondents strongly agreed with the statement with 33.9% (22) others also agreeing with the same sentiments. Only 2 (3.4%) respondents did not agree at all with the statement. The observed trend could be explained by Alzoubi et al.' (2021) findings that most of five-star hotels in United Arabs Emirates (UAE) offer loyalty programmes to help attract and maintain a steady flow of customers. Top among these strategies entails offering of discounts to return customers to win their loyalty (Alzoubi et al., 2021). Therefore, this helped to explain that the selected hotels in Nairobi were not left behind in terms of creating world-class loyalty programs that could hotel to improve customer satisfactions. The statistical outcomes were further represented using a bar graph, as indicated below.

Figure 4.8: Customer satisfaction through our loyalty program



4.5 Correlation analysis

Table 4.12: Correlation analysis

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

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

The research did correlation analysis to show the association existing between the organisational performance and the three independent variables. It was identified that a strong positive correlation value of 0.78 at a p-value of 0.000 existed between hotel (organisational) performance and the underlying cost leadership strategy used. It meant that most of selected hotels in Nairobi were set to experience improved performance by using various cost leadership strategies. An equally larger positive correlation value of 0.58 was also recorded between hotel performance and focus strategies used. This meant that the choice of focus strategies used was equally likely to create a larger positive impact on the performance of the selected hotels in Nairobi. On the other hand, a weak albeit positive correlation value of 0.34 was recorded between product/service differentiation and the performance of the selected hotels in Nairobi. It meant that the product differentiation strategy was equally liable for improving the performance of the selected hotels even though in small ways.

4.6 Regression analysis

Table 4.13: Regression statistics

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

a. Dependent Variable: Organization Performance

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

The product/service differentiation strategy was determined to have a t-value of 2.37 at a p-value of 0.001. this means that the population mean was 2.37 points further away from anticipated mean of the null hypothesis. As a result, it was concluded that a positive association existed between hospitality services' differentiation strategy and

the eventual performance of the selected hotels in Nairobi. The standardised coefficient of beta was recorded to be 0.23. The statistical results also meant that an absolute unit change in the product differentiation strategies triggered subsequent 0.23-unit changes in the outright value of the hotel performance. This change was direct, which meant that it occurred in the same direction.

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

4.7 General discussions of the derived findings

4.7.1 Summary of the methodology and findings

The research was about examining how competitive strategies associated with the effectiveness of five-star hotels in the city of Nairobi. To complete this study, the researcher had to earmark their population of interest, which was composed of five-star hotels in Nairobi City. Some of the hotels that the study focused on were Radisson Blue Hotel, Villa Rosa Kempinski, and The Sarova Stanley. Sankra Hotel, The Boma Nairobi Hotel, and Crowne Plaza Nairobi Airport Hotel were some of the other hotels covered. The remaining ones were The Tribe Hotel, Hemingway's Nairobi, and the renowned Dusit D2. Furthermore, the researcher went ahead to reach out departmental

heads of these hotels. The key departments targeted general management, sales and marketing, food and beverage, front office, and finance and procurement.

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

4.7.2 Discussions based on the findings

It was determined there existed a strong positive association between cost leadership and the eventual effective performance of the Five-Star Hotels in Nairobi. The statistical analysis revealed that a robust direct relationship between the two factors existed. The affiliation between the two factors could be explained by information

derived from several scholarly sources. For example, a study conducted by Pearce and Robinson (2015) asserts that cost leadership involves achieving and maintaining a cost advantage by utilising exclusive operations and capacity to achieve a higher level of efficiency through reduced production costs. such organisations also take advantage of organizational size to reduce cost, maintain high-quality goods and services, and the use of advanced technology (Pearce & Robinson, 2015).

The revelation means that cost leadership approach involves utilising low expenses, volume discounts, and leveraging a range of resources (Scheele, 2014). Low prices give a company the ability to offer the same goods or services at a competitive rate, thus gaining a sustainable competitive advantage, increasing its profits, and increasing its market share (Porter, 1985). This information could be further supported by outcomes of further statistical analysis, which indicated that introduction of cost leadership strategies led to an even larger proportionate change in the performance of the Five-Star Hotels in Nairobi. Briefly, this meant that there was a more established and impactful directly relation between the two factors. This could be further explained using the Resource-Based View (RBV) Theory. According to Penrose (1959), the RBV theory suggests that firms can become competitive by providing exceptional value to customers through innovative methods. Another study suggests that resource-based view of an enterprise is designed to provide insights on why certain firms succeed in their operations while other firms stagnate despite functioning in the same setting (Jay Barney, 2018).

Key among the factors that were deemed to enhance success of the Five-Star Hotels in Nairobi related to the creation of strong financial and internal management structures that could enhance securing basic materials of production at low costs. Most of the respondents pointed out that their respective hotels had established links with key

suppliers, thus, helping minimise their production costs. This facilitated such organisations in offering hospitality products and services at affordable prices, thus, attracting more potential clients. Consequently, this helps to rubberstamp the existence of a positive relationship between cost leadership strategies used and the eventual performance (effectiveness) of the selected Nairobi hotels.

It was also observed that mechanise (product)/service differentiation approaches had positive influence on the functioning of the Five-Star Hotels in the city of Nairobi. The descriptive analysis showed that most of the selected hotels in Nairobi offered unique and diverse products and services to their clients. These hotels embraced innovativeness such as developing hospitality services for improved customer interactions. For example, one of the respondents indicated that Radisson Blue Hotel had developed a mobile application to improve customer experience when booking. This was among the product differentiation approaches that made a difference in the performance of Five-Star Hotels in Nairobi City. This also explained why most the statistical outcomes indicated that the differentiation approach had a considerable direct influence on the performance of the selected hotels in Nairobi.

Porter's' Generic Competitive Strategies Concept can be used to explain how this relationship exists. According to Porter (1985) and Thompson and Strickland (2010), the concept involves the use of tactical elements of a company and its ability to adapt to customer needs and preferences. The use of such strategies paves the way for such entities to gain an edge and remain competitive and successful in the market (Porter, 1985). Porter's (1985) assertions are further echoed by Duran and Akci (2015) who underscore that competitive strategies positively influence the organization's success primarily under extremely uncertain conditions. This helps to affirm why the use of product/service differentiation approach was identified to be a perfect move for

bolstering the competitiveness and the eventual success of the Five-Star Hotels in Nairobi.

The focus strategies were identified to have a direct relationship with the operations undertaken by the Nairobi's Five-Star Hotels. Even though the strategies were identified to have very minimal impact on the performance of these hotels, it was still appreciated that they led to an improvement of the performance of these entities when introduced. The influence of direct and positive influence of the focus strategies on the hotels' performances could be further expounded using SERQUAL Theory. The theory underlines the discrepancies existing between customer expectations and the service provided by an organisation (Agyei, 2012). This theory employs an expectations and perceptions framework to provide a basis for combining dependability, commitment, sensitivity, responsiveness, and tangibility as the aspects of quality of service in order to correspond to the distinct requirements of a particular company (Parasuraman et al., 1991; Agyei, 2012).

Other researchers have found that this model was created to gauge customers' opinions regarding the quality of service brought forth by the financial industry (Lacle, 2013; Njau et al., 2017). The assertion could be further explained the statistical results that indicated that most of the Five-Star Hotels in Nairobi offered categorised pricing based on the value of the product or service. Creating of different room booking prices played a crucial role in attracting a wide range of customers, as such a focus strategy covers covered potential clients of different economic statuses. The example helped to explain why focus strategies were still deemed to have some positive influence on the performance of selected hotels in Nairobi, Kenya.

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

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a synthesis of the research findings and delineates the conclusions derived therefrom. It further articulates recommendations pertinent to professional practice, policy formulation, and future scholarly inquiry. The principal objective of this thesis was to examine the relationship between competitive strategies and the operational effectiveness of five-star hotels in Nairobi. Data analysis was conducted through the application of descriptive statistics, correlation analysis, and multiple regression techniques.

5.2 Summary of the Study

The study examined the relationship between competitive strategies and the performance of five-star hotels in Nairobi, with an emphasis on cost leadership, product/service differentiation, and focus strategies. Demographic findings revealed that the majority of respondents were male, aged between 41 and 50 years, and held at least a diploma or undergraduate degree. Most had extensive work experience, particularly in leadership roles, aligning with organizational preferences for experienced professionals. Departmental representation among respondents was balanced, enhancing the reliability of the data.

The majority of respondents (72.9%) affirmed that the competitive strategies employed were instrumental in improving hotel performance. Among these, cost leadership was identified as the most influential, with a strong positive correlation ($r = 0.78$) and a high regression coefficient ($\beta = 0.74$). This was largely attributed to long-term agreements with low-cost suppliers, which reduced operational costs and enhanced efficiency. Product/service differentiation also had a positive impact, with many hotels offering

unique and innovative services to enhance customer experience—though the correlation ($r = 0.34$) and regression coefficient ($\beta = 0.23$) were moderate in comparison. Focus strategies, including tiered pricing to accommodate customers with different economic capabilities, showed a positive but weaker impact on performance ($r = 0.58, \beta = 0.02$).

Customer satisfaction, particularly through loyalty programs, was highlighted as a key performance indicator. Most respondents agreed that such programs were effective in retaining clients, supporting global hospitality trends. The correlation and regression analyses confirmed the positive association between all three competitive strategies and hotel performance. These findings were interpreted through theoretical lenses such as Porter's Generic Competitive Strategies, the Resource-Based View (RBV), and SERVQUAL theory. Cost leadership was shown to be the most impactful strategy, offering a substantial return through cost efficiency and supplier integration. Differentiation added value through customization and innovation, while focus strategies, though less impactful directly, contributed to strategic segmentation and long-term planning.

5.3 Conclusions of the Study

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

the interviewed organisational leaders agreed that they had to rely on some key suppliers to help management the prices of their inputs. This was considered a form of cost leadership that, eventually, improved profitability of the selected hotels in the Kenyan capital.

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

5.4 Recommendations of the Study

Based on the study's findings, comprehensive recommendations are proposed to inform both policy and practice within the five-star hotel industry in Nairobi, ensuring improved performance and strategic competitiveness.

From a policy standpoint, it is essential to institutionalize strategic procurement policies that encourage hotels to develop long-term, cost-efficient partnerships with reliable local suppliers. This would reduce operational costs and promote local economic growth. Furthermore, policymakers should promote continuous professional development by mandating regular training and certification programs for hospitality managers and department heads, thereby aligning local standards with international best practices. To stimulate innovation, national and county governments should provide targeted tax incentives or grants for hotels that invest in technological advancements—such as mobile booking platforms, CRM systems, and AI-driven service enhancements—that improve customer experience and internal efficiencies. A regulatory framework should also be established to standardize quality assurance benchmarks across five-star hotels, ensuring consistency in service while allowing for product/service differentiation. In addition, inclusive pricing regulations should be encouraged at the industry level to support tiered pricing strategies, enabling greater accessibility to hotel services for a wider demographic without compromising luxury standards.

On the practice side, hotel management teams should focus on strengthening cost leadership strategies by establishing formal agreements with low-cost suppliers and implementing procurement systems that monitor supplier performance and price stability. Managers are encouraged to enhance service differentiation by continuously investing in innovation, such as personalized guest experiences, culturally integrated services, and technology-enhanced offerings like digital concierge apps. Adoption of targeted focus strategies is also critical; hotels should use data-driven insights to develop segmented pricing models tailored to different customer groups, which can improve occupancy rates and customer satisfaction. Loyalty programs should be

institutionalized not just as discount mechanisms but as comprehensive engagement tools that provide exclusive experiences and build long-term customer relationships. Hotels should also develop robust succession and talent management plans to ensure continuity in strategic leadership and cultivate internal capacity. Finally, the integration of performance monitoring tools such as balanced scorecards and KPI dashboards—should be prioritized to evaluate the effectiveness of implemented competitive strategies, enabling evidence-based decision-making and continuous improvement. Collectively, these recommendations aim to enhance the strategic agility, customer-centricity, and long-term sustainability of Nairobi’s five-star hotel sector.

5.5 Suggestion for future studies

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

It would also be significant to try out establishing a similar study in a different sector of tourism such as the air transport. Again, this may help to offer a diverse view of how application of competitive strategies influences the performances of the organisations in the hospitality industry. As a result, the outcome of such a study can be used to create a unified competitive plan for all organisations in the hospitality industry.

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APPENDICES

Appendix I: Researcher's Introductory Letter

To Whom It May Concern

Dear Sir/Madam,

RE: REQUEST TO FINALIZE THE RESEARCH QUESTIONNAIRE

My name is Lorna Aberi, a student from Kenyatta University undertaking a Master of Business Administration herein carrying out research on “**Competitive strategies and organizational performance of five-star hotels in Nairobi city county, Kenya.**” This research's outcome will relay requisite insights to the hotel in formulating better competitive strategies as approaches that will contribute to competitiveness and improved overall performance in the hospitality industry. I therefore humbly request for your consent and endorsement to access and collect data in your hotel, this will therein facilitate in the completion of my study.

Attached below is a research questionnaire with the intent of collecting relevant data regarding your hotel in relation to the topic of my study. The information that will be relayed will be maximized solely for academic objectives. Besides, I would like to guarantee ultimate confidentiality in regards.

In this regard, I kindly request for your support, besides your cooperation in completing the sections relayed below objectively. Your assistance will be highly appreciated.

Yours faithfully,

Lorna Aberi,

D53/OL/CTY/27877/2018

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Kenyatta University.

Appendix II: Questionnaire

This questionnaire has been divided into five parts. Section A captures general information about the respondent. Section B captures information about cost leadership. Section C focuses on product/service differentiation. Section D addresses the focus strategies. Section E deals with the measures of organization performance.

N.B: The information contained in this questionnaire will be treated in strict confidence.

Your assistance completing this questionnaire is highly appreciated.

Section A: General Information

1. Gender

(a) Male []

(b) Female []

2. Age Bracket

(a) Below 30 []

(c) 41-50 []

(b) 31-40 []

(d) 51-60 []

3. Highest level of education qualification

(a) High School []

(d) Undergraduate []

(b) Certificate []

(e) Postgraduate []

(c) Diploma []

4. Name of your hotel

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5. Length of period working with the hotel

(a) Less than a year []

(d) 8-10 years []

(b) 2-4 years []

(e) Over 10 years []

(c) 5-7 years []

6. Your department

(a) General manager []

(d) Sales and marketing []

(b) Food and beverage []

(e) Finance and procurement []

(c) Front office []

Section B: Cost Leadership

7. This section delves into the core aspects of cost leadership and its significance.

The table below has statements that reflect various aspects of this strategy. On the scale of 1-5, please rate the extent to which you concur with each of the statement. Consider 1 = strongly agree, 2 = agree, 3 = neutral, 4 = disagree, and 5 = strongly disagree.

Statement	1	2	3	4	5
We capitalize on competitive pricing					
We utilize low-cost suppliers					
We employ efficient procurement methods					
We incorporate technology for cost savings					
We save our costs effectively					
We conduct a cost saving analysis					

8. Are there challenges faced by your hotel while implementing this strategy?

(a) Yes []

(b) No []

9. How would this strategy benefit improve the hotel's profit and general performance?

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Section C: Product/Service Differentiation

10. The statements below reflect the adoption of a product/service differentiation strategy. On the scale of 1-5, please chose a response that aligns with your hotel's implementation of these indicators. Consider 1 = strongly agree, 2 = agree, 3 = neutral, 4 = disagree, and 5 = strongly disagree.

Statement	1	2	3	4	5
We offer a tailored and personalized customer experience					
Our offerings are unique and diverse					
We have an effective customer loyalty program					
We have an enhanced service quality and reduced waiting time					
We continuously innovate and research what our customers need					
We strategically use our attributes to gain a competitive edge					

11. Are there challenges faced by your hotel while implementing this strategy?

(a) Yes []

(b) No []

If yes, what are they?

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12. How would your hotel make better use of this strategy?

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Section D: Focus Strategies

13. The statements below reflect on various aspects of focus strategies. On the scale of 1-5, please chose a response that aligns with your hotel's implementation of these indicators. Consider 1 = strongly agree, 2 = agree, 3 = neutral, 4 = disagree, and 5 = strongly disagree.

Statement	1	2	3	4	5
We segment our customers based on their needs and preference					
We are focused on targeted marketing to particular market segments					
We offer categorized pricing based on the value of the product/service					
We have facilities and amenities tailored for different customer segments					
We personalize our services to meet the needs of individual customers					
We are strategically located for the convenience of our customers					

14. Are there challenges faced by your hotel while implementing this strategy?

(a) Yes []

(b) No []

15. Highlight any other aspects of focus strategy employed by your hotel to gain a competitive advantage.

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Section E: Measures of Organization Performance

16. The statements below reflect on the measures of organization performance. On the scale of 1-5, please chose a response that aligns with your hotel's implementation of these indicators. Consider 1 = strongly agree, 2 = agree, 3 = neutral, 4 = disagree, and 5 = strongly disagree.

Statement	1	2	3	4	5
We have enhanced our customer satisfaction through our loyalty program					
We have expanded our market share because of competitive strategies					
We have strengthened our hotel's competitive position					
We have increased our employee satisfaction rate as a result of our competitive strategies					
We have elevated the efficiency of our service provision					

17. In your opinion, have the current competitive strategies improved the hotel's performance?

(a) Yes []

(b) No []

Thank You for Your Response

Appendix III: Five-Star Hotels in Nairobi City County

No	HOTEL	CAPACITY		STAR RATING	STATUS
		ROOMS	BEDS		
1	Intercontinental Hotel	323	370	5- Star	Closed
2	Radisson Blue Hotel	271	355	5- Star	Operational
3	The Sarova Stanely	219	443	5- Star	Operational
4	Villa Rosa Kempinski	200	216	5- Star	Operational
5	Fairmont the Norfork	171	202	5- Star	Closed
6	Sankara Hotel	154	165	5- Star	Operational
7	The Boma Nairobi Hotel	149	178	5- Star	Operational
8	Crowne Plaza Nairobi Airport Hotel	145	210	5- Star	Operational
9	The Tribe Hotel	136	154	5- Star	Operational
10	Dusit D2	101	122	5- Star	Operational
11	Hemingway's Nairobi	44	51	5- Star	Operational