

**BLUE OCEAN STRATEGIES AND PERFORMANCE OF THREE  
AND FOUR-STAR RATED HOTELS IN NAIVASHA SUB-  
COUNTY, KENYA**

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SCHOOL OF BUSINESS, ECONOMICS AND TOURISM, KENYATTA  
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**JUNE 2024,**

**DECLARATION**

This research project is entirely my original work and it has not been submitted for recognition at any other college or university.

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

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## **DEDICATION**

I am grateful for the valuable contributions and support from my family. Consequently, I dedicate this endeavor to my family members who have been instrumental in creating a conducive work environment for me.

### **ACKNOWLEDGEMENT**

I wish to express my sincere appreciation to the academic mentors and colleagues whose insightful guidance and collaboration significantly enriched the development of this research endeavor. To my family and friends, thank you for your support during this course. I want to genuinely thank Dr. Mary Ragui, my supervisor for her support in guiding me through this project.

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## **ABBREVIATIONS AND ACRONYMS**

<b>BOS</b>	Blue Ocean Strategy
<b>KTB</b>	Kenya Tourism Board
<b>RBV</b>	Resource Based View

## OPERATIONAL DEFINITION OF TERMS

**Blue Ocean Strategy:** refers to a business approach where companies seek to create new market spaces or "blue oceans" rather than competing in existing, crowded markets, or "red oceans."

**Differentiation Strategy:** is a business approach where a company aims to develop and market unique products or services that stand out from competitors. The goal is to create something distinctive that appeals to customers and adds value that they can't find elsewhere.

**Low Cost Strategy:** Refers to a business approach focused on minimizing expenses to offer products or services at the lowest possible price while maintaining acceptable quality. This strategy aims to achieve a competitive advantage by attracting price-sensitive customers and increasing market share.

**Value Innovation Strategy:** Is a business approach that focuses on creating new market spaces by offering unique value to customers while reducing costs, thereby breaking away from the competition and making it irrelevant.

**Strategy Canvas:** Is a strategic management tool used to visualize a company's current position in the market compared to its competitors. It highlights the factors that influence competition and helps identify areas where a company can stand out.

**Performance:** refers to how effectively and efficiently an organization achieves its objectives and goals. It encompasses various aspects such as profitability, new product development, market share and overall competitiveness in the market.

## ABSTRACT

The primary objective was to assess how the adoption of blue ocean strategy influences the organizational performance of star-rated hotels in Naivasha, Kenya. Specifically, the study aimed to examine the effects of differentiation strategy, low-cost strategy, value innovation strategy, and strategy canvas on the organizational performance of these hotels. The findings hold significance for the hotel industry, policymakers, and strategic stakeholders, including the Ministry of Tourism, offering valuable insights for future scholars and researchers. The Resource-Based View theory and the Beach theory served as the theoretical framework for this study, conducted through a descriptive survey design. Thirty-eight three and four-star rated hotels in Naivasha, Kenya, constitute the target population, justifying the use of a census due to the relatively small population size. The geographical focus was on Naivasha. A pilot study was executed among 3 to 4-star rated hotels in Kisumu sub-county, chosen for their similar operational environment. The questionnaire's validity was determined by a supervisor and two strategic management experts, while reliability was established through Cronbach Alpha Coefficients, interpreted at a 0.7 level, based on the pilot study outcomes. The study involved 76 respondents, with each hotel selecting two managers knowledgeable about blue ocean strategies and their organization's performance. Primary data was gathered through the use of a questionnaire. The study used descriptive and regression analysis to analyze the data. The results, showcased in tables and figures, indicated that differentiation strategy ( $p < 0.05$ ), low-cost strategy ( $p < 0.05$ ), value innovation strategy ( $p < 0.05$ ), and strategy canvas ( $p < 0.05$ ) have a noteworthy influence on the firms' performance of the rated hotels in Naivasha, Kenya. As a result, the study concluded that blue ocean strategies are substantial predictors of organizational performance. The study recommended that marketing managers working with three and four star rated hotels in Naivasha sub sub-county should invest significant amount of budgets in carrying out product, service and price differentiation. Senior managers working with three and four star rated hotels in Naivasha sub sub-county should ensure there is prudent and optimal utilization of resources to harness superior performance. Operational managers working with three and four star rated hotels in Naivasha sub sub-county should actively redesign the systems and processes that are conducted on a daily basis for increased flexibility and agility hence better organizational performance of their hotels. The marketing managers working with three and four star rated hotels in Naivasha sub sub-county to proactively identify the untapped marketing opportunities that can allow them to generate more revenues hence better organizational performance.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

Organizational performance is among the key objective that guide operations of firms (Alam & Islam, 2017). Achieving superior organization performance is the best way that managers can leverage as a way of maximizing the wealth of owners of their companies (Abdel-Dayem, Ragheb, Abdel-Azzim, Hamaida & Abdel-Bary, 2021). Better organization is strongly hinged on the strategies that are formulated and implemented to allow an organization respond to changes in the environment (Išoraitè & Alperytè, 2022). Blue ocean strategies are among the strategies that managers have found useful in driving superior performance. This has attracted significant attention among scholars from global, regional and local perspectives (Alam & Islam, 2017).

According to Hassan, Hawas and Salman (2022) in Turkey, blue ocean strategy is an important framework that that can allow organizations to enhance their competitive edges thus positively contributing towards organizational performance. Evidence from Jordan by Al-Qudah and Hashem (2018) indicate that majority of the firms in the country have widely embraced blue ocean strategies with the aim of enhance organizational performance. Key BOS identified include elimination, reduction increasing and innovation processes. Within Malaysian context, Shafiq, Tasmin, Takala, Qureshi and Rashid (2017) noted that value innovation is an important indicator of BOS that contributes towards superior organizational performance. In Saudi Arabia, Al-Nsour (2016) indicated that value innovation strategy and strategy canvas are important aspects of BOS that contribute towards organizational performance

Regionally within the context of Egypt, Eltobgy and Abd-Elmoaty (2018) indicated that low cost strategy, differentiation and strategy canvas are critical components of BOS that have positive effect on organizational performance. In Nigeria, Okechukwu, Ekwochi and Eze (2018) observed that formulating BOS is a dynamic and accomplishment since it has potential to positively impact market share and satisfaction of customers as key constructs of organizational performance of the firm. In South Africa, Priilaid, Ballantyne and Packer (2020) noted that innovation and product differentiation are critical BOS that companies have embraced for better performance. In Kenya, Sang and Kimitei (2021) identified important BOS that allow an organization to operate in the most flexible manner to include elimination, reduction and creation as well as innovation.

#### **1.1.1 Organization Performance**

Organizational performance is the achievement of set goals both financial and non-financial within established time frames. It is defined as one the far reaching that guides how organizations run their operations in any environment. It is a broad term that covers both monetary and non-monetary aspects which an organization seeks to realize within the established time period. Superior organizational performance is an important achievement especially for steward managers as this gives them a sense of accomplishment and worth (Sang & Kimitei, 2021). Organizational effectiveness pertains to how well a company attains its objectives and goals, encompassing both non-financial and financial results. It encompasses measures of efficiency, effectiveness, and sustainability, and may also take into account the organization's ability to adapt and innovate in response to changing environmental conditions (Alatawi, Ntim, Zras & Elmagrhi, 2023). According to Danilwan and Dirhamsyah, (2022). Organizational performance can be characterized as the company ability to

successfully accomplish its mission and goals through the efficient and effective utilization of its resources. This encompasses various dimensions, such as financial performance, customer satisfaction, employee engagement, and the ability to respond to environmental changes and challenges.

There are several indicators that are used to measure organizational performance includes profitability, efficiency, effectiveness as well as competitiveness. Other common indicators and measures of organizational performance include market share, customer satisfaction and productivity. Kaplan and Norton's (1992) balance scorecard stands out as a extensively recognized and utilized tool for assessing organizational performance. It covers four essential viewpoints: customer-focused, financial, learning and development, and internal operational processes. The present study will adopt market share, profits and new product development as measures of organizational performance. Market share reflects the organization's competitive position and its ability to capture a portion of the market, thereby indicating its success in satisfying customer demand. Profits, on the other hand, represent the financial health and sustainability of the organization, as higher profits are typically associated with better performance. New product development signifies the organization's innovation and adaptability, as introducing new products can boost revenue and maintain competitiveness in the market. By focusing on these three key indicators, the study aims to comprehensively assess and analyze the organization's overall effectiveness concerning its market influence, financial achievements, and ability to innovate.

### **1.1.2 Blue Ocean Strategies**

Blue ocean strategy (BOS) is simultaneous pursuance of low costs, differentiation with the aim of opening up markets and creation of relatively new demand. BOS is defined

as creation and capturing of unexplored markets hence rendering competition to be less relevant (Sang & Kimitei, 2021). It is also defined as a strategy that allows firms to develop relatively new opportunities of growth through shifting its emphasis and focus from strategies that are geared towards outperformance or countering competition in place to strategies aimed at coming up with markets spaces that are not contested (Yunus & Sijabat, 2021). Preliminary survey of literature in the background of this indicate that key measure of BOS include differentiation, low cost, and value innovation, along with an analysis of the strategy canvas.

Differentiation strategy is guided by the goal of creating products with superior value to customers. A firm adopts a blue ocean strategy (BOS) when it simultaneously pursues differentiation in order to expand in new markets thus creating new customers hence demand (Gorondutse & Abdullah, 2017). Application of differentiation from the BOS perspective is different from how it has been used conventionally. In light of the BOS, a firm can pursue differentiation through elimination and reduction of irrelevant operations, raising aspects that are deemed beneficial and creating value to customers that never existed before (Qudah & Hashem, 2018).

Low cost strategy allows an organization to be transformed in a low cost leader by making products at relatively low prices without compromising quality (Erekson & Williams, 2022). Success of low cost plan is strongly influenced by the ability of the firm to run operations are a lesser cost compared to other industry rivals (Samrin, Irawan & Se, 2019). Low cost strategy requires an organization to put in place rigorous measures of coming up with standardized products. Cumulative learning experiences of the firm can contribute to successful adoption of cost leadership strategies (Yunus & Sijabat, 2021).

Value innovation strategy is the foundation of a BOS (Dana, Salamzadeh & Davis, 2023). This is because in creation of untapped markets, the value offered to customers by the firm arises from the utility offered by the products in question less the prices charged (Nasereddin, 2023). Much of the focus of value innovation under BOS is on the value the firm gives its customers to render competition as irrelevant (Yunus & Sijabat, 2021). Value innovation allows an organization to develop new products in response to changing customer needs and preferences. Innovation is an important driver of long term competitiveness, growth and thus overall performance of an organization (Zach, Nicolau & Sharma, 2020).

Strategy canvas is a framework that provides an important opportunity for managers to solve common problems and enhance on their BOS (Ortiz-Rey, Serrano, González-Cancelas & Camarero-Orive, 2022). In this canvas, the present form of performance is taken in the well-established market place that a firm wish to venture (Lvy, 2017). Two important aspects of the strategy canvas are value curve and strategic factors. While the value curve helps in visualization of competitors to support development of a BOS, strategic factors are key issues that the firm is competing so that a clear score can be generated (Santoso, Pradana & Rachman, 2022). Through strategy canvas, a firm is able to carry out an assessment of the present strategies so that unexplored opportunities can be identified. Through this strategy, an organization is in good position of depicting competition in the industry (Išoraitė & Alperytė, 2022).

### **1.1.3 Three and Four-Star Rated Hotels in Naivasha, Kenya**

In Kenya, hotels operate in the larger hospitality sector and they are rated depending on the quality of their services (KTB, 2023). Compared to lowly rated hotels, those that are highly rated like for the case of 5-star hotels provide quality services with greater

ambience. The existence of hotels in Naivasha plays a crucial role in fostering the economic advancement of the area by generating tax revenue to the government and creation of employment opportunities. These firms contribute towards overall productivity of the country by fulfilling one of the most basic need of people which is access to food. Hotels in Naivasha operate in a challenging and competitive environment. The industry is characterized by high level of rivalry and concentration (Gichuhi, Koome & Njenga, 2021).

Intense competition within the Naivasha hotel industry has compelled certain establishments to withdraw from the market due to operational challenges and elevated operating expenses. This hotel sector was among the sectors in Kenya that were negatively affected by COVID-19 pandemic that started late 2019. While these companies are presently striving to bounce back from the impact of the mentioned pandemic, it is crucial for them to adopt Blue Ocean Strategies (BOS). Moreover, the adoption of Blue Ocean Strategies could potentially revolutionize the hotel sector in Naivasha by enabling businesses to break away from the highly saturated market and discover untapped opportunities.

By focusing on innovation, differentiation, and creating new demand, hotels can avoid direct competition and achieve sustainable growth. This strategic shift can lead to enhanced customer satisfaction through unique service offerings and experiences, thus attracting a broader clientele. The research will explore the various ways in which these strategies can be effectively implemented, examining case studies and best practices that have yielded positive results in similar contexts. Through this, it aims to provide actionable insights and recommendations that can help 3 and 4-star hotels in Naivasha not only survive but thrive in the post-pandemic era. Hence, the current research aims

to investigate how the implementation of BOS affects the performance of organizations of the 3 and 4-Star hotels in Naivasha, Sub-County.

### **1.2 Statement of Problem**

Attaining outstanding organizational success continues to be a significant hurdle for hotels in Naivasha, Kenya. Intense rivalry and high level of competition in this industry has forced some of them to exit the market because of inability to meet operating expenses they incur (Gichuhi, Koome & Njenga, 2021). Despite this trend of increasing poor performance of these hotels, little efforts have been registered to provide a model for helping these firms to achieve superior performance. Persistence of this trend can lead to collapse of the entire industry and the government of Kenya would lose millions of tax revenues as well as job losses. However, effective implementation of BOS can help firms like for the case of the said rated hotels to simultaneously pursue low cost and differentiation strategies and thus enter into untapped markets (Hassan, Salman & Hawas, 2022). This will allow these firms to render competition of irrelevant. They will also have access to new customers hence increasing sales. The ripple effect of all this would be generation of superior performance.

The existing studies include Al-Qudah and Hashem (2018) who focused on telecommunication entities in Jordan determine the link between BOS and competitive advantage. The study BOS and competitive advantage are significantly linked with each other. In Nigeria, Okechukwu *et al.*, (2018) determined the link between BOS and performance of telecommunication entities where it emerged that BOS has direct and significant link with customer satisfaction and market share. In the study conducted by Priilaid, Ballantyne, and Packer (2020) in South Africa, their attention was directed

towards the relationship between BOS and performance, revealing a notable correlation.

However, the studies mentioned earlier produce different findings, as exemplified by Al-Qudah and Hashem (2018), which conducted research in Jordan rather than Kenya. Additionally, Al-Qudah and Hashem (2018) employed competitive advantage rather than firms' performance. This created gaps which the present study sought to fill by determining the effect of blue ocean strategies and organizational performance of star rated hotels in Naivasha, Kenya.

### **1.3 Research Objectives**

The study was guided by the following general and specific objectives:

#### **1.3.1 General Objective**

The general objective of the study was to establish the effect of blue ocean strategies and organizational performance of the 3 and 4- Star rated hotels in Naivasha, Kenya.

#### **1.3.2 Specific Objectives**

The following specific objectives were adopted in this study:

- i. To determine effect of differentiation strategy on organizational performance of star rated hotels in Naivasha, Kenya
- ii. To establish the effect of low cost strategy on organizational performance of star rated hotels in Naivasha, Kenya
- iii. To analyze the effect of value innovation strategy on organizational performance of star rated hotels in Naivasha, Kenya

- iv. To investigate the effect of strategy canvas on organizational performance of star rated hotels in Naivasha, Kenya

#### **1.4 Research Questions**

The study sought for answers to the following research questions:

- i. What is effect of differentiation strategy on organizational performance of star rated hotels in Naivasha, Kenya?
- ii. Does low cost strategy on organizational performance of star rated hotels in Naivasha, Kenya?
- iii. How does value innovation strategy on organizational performance of star rated hotels in Naivasha, Kenya?
- iv. To what extent does strategy canvas on organizational performance of star rated hotels in Naivasha, Kenya?

#### **1.5 Significance of the Study**

The findings of the study would allow senior managers working among hotels in Naivasha to critically rethink how their strategic activities are undertaken. The findings would guide formulation and implementation of BOS among these hotels. Those involved in formulating policies within these hotels will rely on this study to inform their policy development. Management in the entire hospitality industry would also gain useful insights from this study. Future scholars engaged in carrying out related studies would review literature detailed in this study.

### **1.6 Scope of the Study**

The research focused on investigating the influence of Blue Ocean Strategies (BOS) on how organizations perform. It explored different aspects of BOS, including differentiation, low-cost strategy, value innovation, and strategy canvas. The study was based on the resource-based view and beach theory. To gather information, a survey was conducted targeting star-rated hotels in Naivasha, Kenya, using questionnaires. The research took place from May 2023 to January 2024.

### **1.7 Limitations of the Study**

The study faced several limitations that may have impacted the accuracy and reliability of the findings. Firstly, some respondents provided biased and misleading information. To mitigate this, the questionnaire underwent validation and reliability testing prior to data collection. Despite these efforts, there is still a possibility that social desirability bias or misunderstanding of questions influenced some responses. Future studies could include a follow-up interview or use mixed methods to triangulate data, ensuring a more comprehensive understanding of the participants' true perspectives.

Secondly, the timing of data collection posed challenges. Many participants were preoccupied with their regular duties, making it difficult to gather complete data in a single day. To address this, questionnaires were distributed and then collected on a later date, allowing participants sufficient time to complete them. However, this approach might have introduced recall bias, as participants could forget details over time. Additionally, the study faced limitations related to sample size and representativeness. If the sample was too small or not diverse enough, the findings may not be generalizable to the broader population. Future research should aim for a larger and more

representative sample, possibly stratifying by key demographics to ensure a comprehensive analysis.

### **1.8 Organization of the Study**

The research was organized into five chapters. The introduction was covered in the first chapter, literature review was covered in the second chapter. Relevant methodologies for achieving the stated objectives was detailed in the third chapter, findings and discussion are chapter four and conclusion as well as recommendations are covered in the fifth chapter.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter provides a review of theories that the research study was anchored towards and review of previous research, critically assessing reviewed studies to identify research gaps alongside a conceptual framework.

#### **2.2 Theoretical Review**

The research was anchored towards resource based view as the main theory supporting organizational performance followed by the beach theory.

##### **2.2.1 Resources Theory**

Penrose (1959) introduced the theory suggesting that organizations function in a stable, rather than a dynamic, environment. The theory posits that competitive advantage and enhanced organizational performance can be attained by organizations through the effective utilization of their internal capabilities and resources. RBV view such resources and competences that can aid in achievement of superior performance as having some specific attributes like rareness, valuable, uniqueness with ability of not being easily imitated by competitors (Wernerfelt, 1984). By having in such resources with these attributes and through their effective utilization, firms are likely to enhance their organizational performance (Barney, 1991).

Under this theory, resources include tangibles like machineries and computers as well as the intangible ones like knowledge process as well as the existing software. These resources are internal in an organization. Competencies include specific knowledge,

abilities and skills possessed by employees which are unique in a given industry that the firm operates in (Kraaijenbrink, Spender & Groen, 2010). Managers can leverage both tangible and intangible resources to boost value creation, thus enhancing the overall performance of the organizations under their supervision (Madhani, 2010).

This theory has been critiqued for its failure to recognize external forces of the environment that are ever turbulent. The theory has limited applicability in a turbulent environment hence it is more specific in a static environment. This critique led to development of the dynamic capability theory to complement this limitation (Newbert, 2007). However, in spite of this limitation, the RBV will serve as the foundation for assessing organizational performance, which is the primary dependent variable. The theory will shed more light on how entities can leverage bundles of resources in place for realization of competitive advantage and thus improving on their organizational performance. The RBV theory was applied to ICT infrastructure by examining how a firm can gain a competitive edge and enhance its long-term performance when its resources and capabilities are in sync with the value, rarity, inimitability, and lack of substitutes.

### **2.2.2 Beach Theory**

Developed by Stone and Kaufman (1988), the beach theory provides a good framework for comparing BOS and competitive strategy advanced by Porter (1985). The concept of BOS and its associated constructs and measures can best be explained by the aid of this beach theory. This theory primarily centers around similar businesses selling comparable products situated in the same beach location. Hence, it is only the convenience of location of such firms that would help in differentiating one enterprise from another. This is because enterprises that can be accessed easily are the ones which

customers would find it easier to access products and services. The location of these enterprises alongside the beach is a representation of a maximum strategy of differentiation of the said identical firms operating along the same beach (Stone & Kaufman 1988).

The beach theory serves as a framework for understanding BOS and its associated constructs and measures, in which it focuses on the range of opportunities available to firms, from highly specialized and niche markets to broad and diverse ones (Sixaba, 2023). The concept centers on companies involved in comparable products, whether they operate within the same industry or provide similar goods and services. These firms are essentially competing with each other. It represents the competitive landscape where these identical firms operate. Firms are positioned at various locations along the beach, suggesting that they may have different levels of specialization or differentiation (Kamkankaew, Phattarowas, Khumwongpin, Limpiaongkhanan & Sribenjachot, 2022). The beach theory offers a unique perspective on differentiation in competitive markets, it is not without its limitations and criticisms. It may not fully capture the complexity of modern business environments and may require further refinement and empirical validation to be considered a robust and widely applicable framework (Allioui & Mourdi, 2023). The main independent variable in the proposed study was blue ocean strategy represented by differentiation, low cost, value innovation as well as strategy canvas. Through this beach theory, an illustration of how these variables contribute towards enhancement of BOS for better organizational was explored.

## **2.3 Empirical Review**

In the following section, previous empirical research was examined guided by the specific objectives:

### **2.3.1 Differentiation Strategy and Organizational Performance**

Islami, Topuzovska-Latkovikj, Drakulevski and Borota-Popovska (2020) sought to determine the impact of differentiation strategy on the business performance. The context which this study was conducted was not clear but the adopted design was quantitative in nature and manufacturing firms were studied. Information was gathered with support of questionnaire from 123 entities. After analysis, it emerged that a firm that pursues differentiation strategies is in superior competitive edge and position and has greater possibility of enhancing its organizational performance.

Kitheka and Bett (2019) conducted an analysis of differentiation strategy and the link with performance. A case study approach was undertaken in this inquiry was Safaricom was selected and included. Descriptive survey design as the one that was embraced and information gathering was from primary sources guided by questionnaire. After processing of the gathered information, it emerged that existence of a good product differentiation strategy is key in enhancing customer loyalty and market share of an enterprise.

Ayub, Kwendo and Liyayi (2019) did an analysis of differentiation strategies and how they are linked with performance with main focus on telecommunication entities in Kenya. The studied firms included Telkom, Airtel as well as Safaricom Ltd and the same was done in their headquarters. Gathering of information was obtained from participants guided by questionnaire. After it had been processed, it emerged that focus strategy, specified market segmentation, product differentiation and competitive

pricing of products are salient aspects of product differentiation that direct impact on performance of entities.

Adimo (2018) conducted an investigation on the correlation between strategies aimed at product differentiation and the overall performance of the organization. Adopting the case approach, Sameer Africa Kenya was selected for the same. In total, 112 staff from this firm were targeted and information gathering was obtained guided by questionnaire. The approach used for sampling was stratified and random in nature. After processing of the views that had been generated by participants, it was evident that product innovation exerted direct and significant link with performance of an entity.

Githumbi (2017) examined on differentiation strategy on the performance, particularly in relation to rice milling companies situated in Kirinyaga, county. Specific aspects of differentiation strategies that were adopted include product, physical and service differentiation. The investigation focused on 50 milling businesses in Mwea and included them in the study. Information was gathered with support of questionnaire and the processed information indicated that differentiation strategy was a critical predictor of performance at firm level.

### **2.3.2 Low Cost Strategy and Organizational Performance**

In their 2019 study, Kankam-Kwarteng, Osman, and Donkor investigated how the adoption of a cost-effective approach is linked to the performance of restaurants in Ghana. Employing a descriptive survey method, they gathered data through questionnaires. Their analysis, which involved regression analysis, unveiled a noteworthy and positive connection between implementing a low-cost strategy and the overall performance of the firms.

Chepchirchir, Omillo and Munyua (2018) conducted an investigation on the context of logistics firms in Kenya in terms of cost leadership and their performance. The adopted design was explanatory in nature and while 151 participants were targeted, 110 were sampled. Participants in this inquiry were drawn from senior positions from a total of 10 entities with operation in Jomo Kenyatta airport in Nairobi. The analysis indicated that cost leadership positively influenced firm performance.

Wairimu and Kirui (2020) focused on cost leadership strategy and how it is linked with performance with main emphasis on tea processing entities in Muranga. The embraced design was descriptive survey and in total, 9 firms were covered. Participants from these entities totaled to 407 and strategy adopted was quantitative in nature. After processing of the information that had been generated from participants, the observation indicated that adopting a cost leadership strategy had a clear and substantial correlation with overall firm performance.

Njuguna and Waithaka (2020) did an investigation into cost leadership strategy and performance at an entity level with focus insurance entities in Nyeri. In total, 25 insurance entities were sampled and census was adopted. Participants from these entities were sampled purposively and they totaled to 125 in number. Original data was collected with the help of a survey. The analysis revealed a notable correlation between cost leadership and performance at the organizational level.

### **2.3.3 Value Innovation Strategy and Organizational Performance**

Mohammed, Ammar, Noorminshah, Daing, Sieh and Gamal (2021) explored the impact of value innovation on enterprise-level performance. The study was supported by systematic review of literature where it emerged that value innovation is guided by elimination, reduction, enhancement and creation of new elements including services

and products. The paper noted that value innovation entails integration of resources and the need to develop competencies that are so superior. It involves re-designing, redefinition, and reconceptualization of models that guide operations of the firm.

Alosani, Yusoff and Al-Dhaafri (2020) did an analysis in Dubai with key emphasis in innovation and its link with performance at firm level. The specific context which this inquiry was conducted was Dubai police. In total, 150 participants were targeted and issued with questionnaire tool and 95 were completed and recollected. After data processing, it was evident and clear that innovation is critical for superior performance of an entity.

Eke and Onuoha 2020) conducted an analysis of strategies for innovation and their implication on performance with key focus on firms involved in packaging of water in Nigeria. The adopted methodology was cross sectional ion nature and information gathering was aided by questionnaire. Testable hypotheses were formulated and determined after information had been generated and processed. It was noted that aggressiveness, defensiveness, futurity and pro-activeness are critical aspects of innovation that predict performance at firm level.

Gachora, Kinyua, and Mburugu (2020) investigated the relationship between value innovation and the financial outcomes of manufacturing firms in Kenya. The paper theorized that value innovation is a key enabler of BOS. The investigation encompassed 488 manufacturing entities, and data was gathered through questionnaire. Embraced design was descriptive survey in nature. The strategy adopted was quantitative in nature. It was observed after processing of the generated information from participants that value innovation enhances organizational performance of an entity.

### **2.3.4 Strategy Canvas and Organizational Performance**

Hu, Liu, Mu, Shen and Zhang (2023) did a study on BOS and market saturation with strategy canvas as one of the variables in the context of SMEs in Singapore. The study noted that strategy canvas is a critical tool that can allow businesses to make comparison of factors linked with their products. It is a tool that can allow visual comparison of product solution in relation to others by customers. It allows organizations to visualize the manner in which other rivals in the industry attract customers. It is an important tool that helps in identification of competitors, factors of competition. It helps in revealing untapped opportunities existing in the market that an organization can choose to exploit.

Asa, Deoni, Laurensius and Fiina (2021) indirectly studies strategy canvas via the link between BOS and opportunities in the retail industry in Namibia. The study did a critical theoretical and conceptual analysis of BOS. The paper noted that for survival and viability, BOS should be adopted after development of a strategy canvas. The study established that developing a strategy canvas can allow businesses to identify untapped opportunities in the market which are not competitive. Yunus and Sijabat (2021) explicitly covered strategy canvas in the study that entailed analyzing the implication of BOS on competitive advantage as well as performance at firm level. This was a systematic review of literature covering published articles. The analysis indicated that gaining competitive advantage require a firm to develop a strategy canvas so that unexplored opportunities can easily be visualized and leveraged for more profits

### **2.4 Summary of Literature and Knowledge Gaps**

Table 2.1 is a summary of the reviewed studies and gaps that were presented.

**Table 2.1: Summary of Literature Review and Research Gaps**

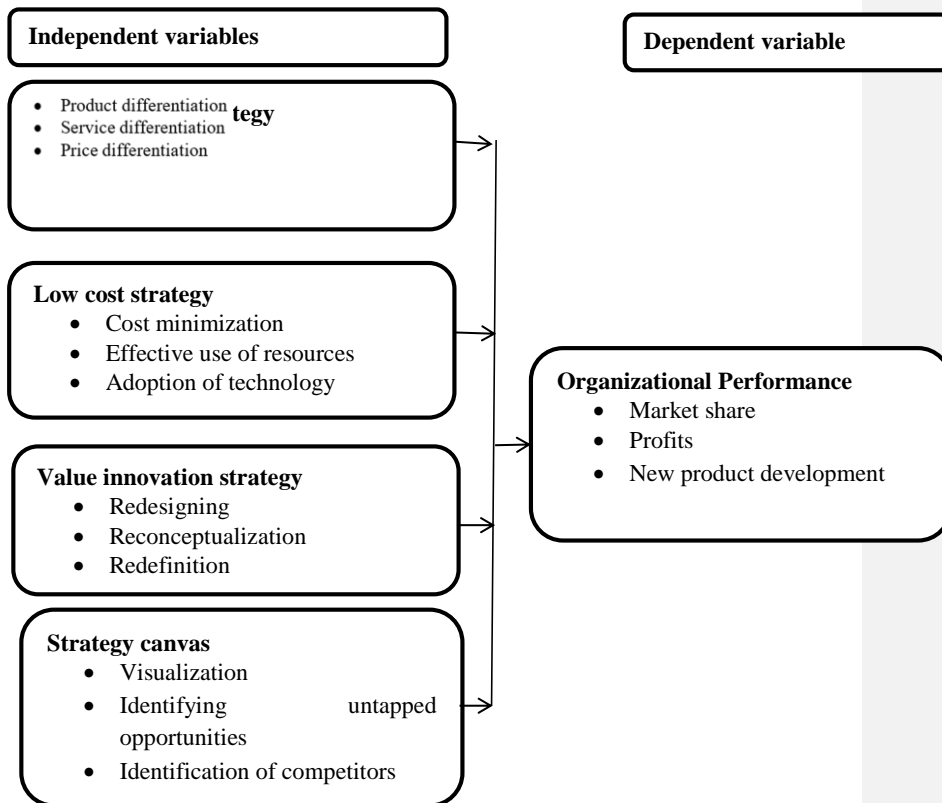
<b>Author</b>	<b>Study</b>	<b>Key findings</b>	<b>Knowledge gap</b>	<b>Focus of proposed study</b>
Hu, Liu, Mu, Shen and Zhang (2023)	BOS and market saturation with strategy canvas as one of the variables in the context of Singapore	strategy canvas is a critical tool that can allow businesses to make comparison of factors linked with their products	This study was conducted in Singapore	The present study is to be done in Kenya
Mohammed, Ammar, Noorminshah, Daing, Sieh and Gamal (2021)	value innovation and its implication on performance at an enterprise level	value innovation entails integration of resources and the need to develop competencies that are so superior	This was a systematic review of literature	Literature will be reviewed followed by field work
Kankam - Kwarteng, Osman and Donkor (2019) focused	Concentrated on Ghana-based restaurants and investigated the correlation between implementing a low-cost strategy and the overall performance of the company.	low cost strategy and performance at firm level were positively and significantly interlinked with each other	The research was conducted with eateries in Ghana.	The present study is to be done in Kenya
Kitheka and Bett (2019)	an analysis of differentiation strategy and the link with performance	existence of a good product differentiation strategy is key in enhancing customer loyalty and market share of an enterprise	This was a case study where Safaricom Ltd was used	The present study will cover different hotels in Naivasha
Adimo (2018)	an investigation whose focus was on the link between product differentiation strategies and organizational performance	The performance of an organization is directly and significantly influenced by innovations in its products.	The study specifically focused on product differentiation	Differentiation will be covered in general

**Source: Researcher (2023)**

## 2.5 Conceptual Framework

Figure 2.1 is the conceptual framework of the study.

The independent variable for this study is blue ocean strategies which are differentiation strategy, low-cost strategy, value innovation strategy and strategy canvas. The dependent variable is organizational performance which for this study is measured by three constructs namely market share, profits and new product development. It is hypothesized that implementation of blue ocean strategies will enhance organizational performance.



Source: Researcher (2023)

Figure 2.1: Conceptual Framework

Figure 2.1 demonstrates the nexus between the research variables, which include independent variables: differentiations, low cost strategy, value innovation strategy and strategy canvas. Differentiation will be operationalized into three construct: product differentiation, service differentiation and price differentiation. Low Cost strategy was operationalized into three constructs which included: cost minimization, effective use of resources and adoption of technology. Value innovation will be operationalized into three constructs that included redesigning, reconceptualization and redefinition. Finally, strategy canvas will be operationalized into three parameters; visualization, identification of untapped opportunities and identification of competitors. Organizational performance will be operationalized into three constructs that will include market share, profits and new product development.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter outlined how the research was planned, including research design, how participants were selected, the methods used to collect data, how the data was analyzed and presented, and considerations of ethical issues.

#### **3.2 Research Design**

Research design is a plan and strategy that the investigator undertakes to achieve the stated objectives. It is the overall structure under which a given study is conducted (Eden & Nielsen, 2020). The present study adopted descriptive survey design. Similar studies that adopted this design include Kitheka and Bett (2019). This design helped in providing accurate description of BOS and organizational performance with focus on three and four rated star hotels in Naivasha, Kenya.

#### **3.3 Target Population**

Target population is a collection of items including individuals which have related attributes that the researcher has interest to explore (Atkinson, Delamont, Cernat, Sakshaug & Williams, 2021). In a recent survey that was conducted by Gichuhi *et al.*, (2021), it was noted that there are 38 three and four star rated hotels in Naivasha sub sub-county (Appendix II) and it's environ and the focus of the current research revolved around using this as the primary unit of analysis. From these hotels, any two senior managers in each hotel who were targeted as the unit of observation hence 76 respondents were targeted.

### **3.4 Sample Size and Sampling Techniques**

Sample size is the smallest unit that is representatively selected from the target population. The sampling method is a suitable approach employed for choosing a subset from the overall population under consideration (Kara, 2020). In this study, given the fact that the target population of 76 respondents is so small, census was undertaken and thus no sampling was conducted. According to Rose, McKinley and Baffoe-Djan (2019), conducting a census is most suitable when the population consists of fewer than 200 elements or units, or units like for the case of this proposed study.

### **3.5 Data Collection Instrument**

A data collection instrument serves as a means for researchers to gather information from both primary and secondary sources (Lê & Schmid, 2022). In this research, firsthand information was gathered by employing a semi-structured questionnaire (Appendix I). The main reason of adopting questionnaire as a tool for gathering information in this study is because of its potential to enable gathering of huge amount of information over limited time. The survey was organized with a combination of closed and open-ended questions, using a 5-point Likert scale that spans from 1 (representing strong disagreement) to 5 (indicating strong agreement). There were sections indicated on the questions guided the general information and specific variables of the study.

#### **3.5.1 Pilot Testing**

Pilot test is a min study is conducted prior to the actual inquiry and it seeks to validate the questions to ensure it is reliable. A pilot study was conducted among 3 star to 5 star rated hotels in Kisumu sub county, since these hotels tend to have a similar environment

of operations like operating along the shores of a lake and within a vibrant economic zone.

### **3.5.2 Validity of the Research Instrument**

Validity refers to the capacity to accurately assess the specific characteristic that a measurement is intended to represent (Strijker, Bosworth, & Bouter, 2020). Content validity was used to assess whether the data collection instrument items adequately cover the content or constructs under investigation. To establish content validity for the questionnaire the research consulted an expert in hotel management and strategy to evaluate the relevance and appropriateness of the items, ensuring they represent the key concepts in the study. They helped to test for content, construct and face validity. All the perspectives they considered were integrated into the questionnaire's final version prior to initiating data collection in the field.

### **3.5.3 Reliability of the Research Instrument**

Reliability refers to the stability and dependability of an instrument in consistently measuring a specific item, even following repeated successful attempts (Bougie & Sekaran, 2019). The study determined reliability of the questionnaire through outcome from the pilot study where values of Cronbach Alpha Coefficients will be determined and appropriately interpreted at 0.7 level as recommended by Harris, Holyfield, Jones, Ellis, Neal, Harris and Neal (2019). Cronbach's Alpha is a statistical metric employed to evaluate how consistent or reliable a collection of items or questions is within a research tool, such as a survey or a psychological assessment. It is commonly used to determine whether a group of items that are supposed to measure the same underlying construct actually do so reliably. The results were summarized in Table 3.1.

**Table 3.1: Reliability Analysis**

<b>Variable</b>	<b>Number of items</b>	<b>Cronbach Alpha Coefficient values</b>
Differentiation strategy	4	0.765
Low-cost strategy	4	0.871
Value innovation strategy	4	0.793
Strategy canvas	4	0.872
Organizational performance	5	0.764
<b>Overall score</b>		<b>0.813</b>

The findings in Table 3.2 indicate the overall Cronbach Alpha Coefficient score as 0.813 with all values across respective variables being over 0.7. As observed by Harris, Holyfield, Jones, Ellis, Neal, Harris and Neal (2019), such values above 0.7 provide an indication that the study variables have been designed using a reliable scale.

### **3.6 Data Analysis and Presentation**

Once data was fully gathered from respondents, it was keyed into excel so that relevant checks are conducted for quality and consistency. It was then exported to Statistical Package for Social Sciences version 24 for computation. Descriptive and Regression analysis was conducted to make relevant inferences and the model was specified below;

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

Where Y= Organizational performance

$B_0$  = Constant

$\beta_1, \beta_2, \beta_3$  and  $\beta_4$  are Coefficients

$\epsilon$  = error term

$X_1$ = Differentiation strategy

$X_2$ = Low cost strategy

X<sub>3</sub>= Value innovation strategy

X<sub>4</sub>= Strategy Canvas

### **3.7 Ethical Considerations**

Before conducting research, Kenyatta University issued a letter of introduction and a research permit to gather information from participants. Participant information was kept confidential, and their involvement in the study was voluntary. Proper citation was ensured to avoid plagiarism. Additionally, a research permit from the National Commission for Science, Technology and Innovation (NACOSTI) was obtained. Each participant was given an informed consent form to understand the study's details. All documents, data, and information pertaining to the study was treated with confidentiality. Privacy was further protected by using codes instead of actual names in study materials.

## **CHAPTER FOUR**

### **DATA ANALYSIS, INTERPRETATION AND DISCUSSIONS**

#### **4.1 Introduction**

This chapter primarily concentrated on presenting the outcomes of the analysis derived from data collected through the questionnaire. It is organized into segments that address the response rate, general information, reliability findings, as well as the results of descriptive and regression analyses.

#### **4.2 Response Rate**

Out of the 76 surveys distributed to senior managers at three and four-star hotels in Naivasha sub-county, 55 were satisfactorily completed and returned, resulting in a response rate of 72.3%. This aligns with Babbie's (2010) recommendation that a response rate exceeding 70% is suitable for analyzing research findings.

#### **4.3 Analysis of the General Information**

The research aimed to gather basic details from participants regarding their hotel ratings, job positions, years of experience, and staff size. The specific results are outlined in Table 4.1.

**Table 4.1: Analysis of the General Information**

Category	Classification	Frequency	Percentage
Star rating	3-Star Rate	43	78.2%
	4-Star Rate	12	21.8%
Position held by respondents	Supply Chain Manager	13	23.6%
	Purchasing Manager	10	18.2%
	Marketing Manager	19	34.5%
	Operations Manager	13	23.6%
	0-5 years	9	16.4%
Years of operations	6-10 years	16	29.1%
	11-15 years	19	34.5%
	16-20 years	11	20.0%
Number of employees	0 - 49 Staff	12	21.8%
	50 – 99 Staff	17	30.9%
	Over 100 Staff	26	47.3%

**Source: Research Data (2024)**

The findings in Table 4.1 show that 78% of the studied hotels were 3-star rated hotels while 21.8% of the hotels were 4-star rated hotels. This indicated that most of the hotels in Naivasha were 3 and 4-star rated hotels as the targeted by the study.

The results presented in Table 4.1 revealed a predominant presence of marketing managers (34.5%) among the respondents, followed by operations managers (23.6%) and purchasing managers (18.2%). This suggests that a significant portion of the participants held managerial roles within the hotel industry, implying a substantial understanding of blue ocean strategies and hotel performance issues.

The respondents were also asked to indicated the years of operations of the hotels, it was indicated that majority of the hotels were in operation 11-15 years (34.5%),

(29.1%) have been in operations between 6-10 years, (20%) of the hotels have been in operation between 16-20 years, while (16.4%) have been in operation between 0-5 years. This indicated that majority of the hotels have been in operation of a longer period of time, thus have the experience on how the implemented blue ocean strategies affects the performance of the organization.

The data presented in Table 4.1 reveals that a substantial proportion of the hotels surveyed employed more than 100 workers (47.3%). Additionally, 30.9% of the hotels had a workforce ranging from 50 to 99 employees, and 21.8% had between 0 and 49 employees. This suggests that the hotels under investigation maintained a considerable number of employees to achieve their set objectives.

#### **4.4 Descriptive Statistics**

Descriptive statistics encompasses gathering, examining, interpreting, and presenting data to provide a summary and description of important aspects within a dataset. In this section, we delve into the analysis of objective variables, utilizing means and standard deviations as chosen descriptive statistics.

##### **4.4.1 Differentiation Strategy**

The results of analyzing differentiation strategy using descriptive statistics involved calculating means and standard deviations, and these findings were then presented in Table 4.2.

**Table 4.2: Differentiation Strategy**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev</b>
Our hotel offers unique and distinctive services to stand out from competitors	3.93	.987
We continuously innovate and enhance our services to create a superior guest experience	3.79	.765
Our hotel focuses on delivering personalized services to cater to individual guest preferences	3.89	.764
Our hotel invests in creating new market space rather than competing in existing markets	3.75	.734
<b>Overall Score</b>	<b>3.840</b>	<b>0.813</b>

**Source: Research Data (2024)**

Shown in Table 4.2 are descriptive statistics on differentiation strategy. The overall finding in this Table (M=3.840) is that respondents were in strong agreement that differentiation had been embraced as one of the blue ocean strategies by their respective hotels. Differentiation strategy is explained by Gorondutse and Abdullah (2017) as a pillar that enables an organization to offer goods and products with superior value to customers of the firm.

Respondents were in strong agreement that differentiation helped them to offers unique and distinctive services to stand out from competitors (M=3.93) besides allowing them to focus on delivering personalized services to cater to individual guest preferences (M=3.89). This means that differentiation strategy in the studied hotels promoted uniqueness in service delivery which in turn improved the service delivery mechanisms. These findings agree with Qudah and Hashem (2018) who shared that in light of the BOS, a firm can pursue differentiation through creation of value to customers that never existed before.

There was an agreement among respondents that they innovated and enhanced their services to create a superior guest experience (M=3.79) besides investing in creation of new market space rather than competing in existing markets (M=3.75). Thus, the studied hotels leveraged differentiation strategy to innovate and create other new market spaces. The findings are consistent with Qudah and Hashem (2018) that indicated a firm can pursue differentiation through elimination and reduction of irrelevant operations, raising aspects that are deemed beneficial.

#### 4.4.2 Low-Cost Strategy

The results from analyzing descriptive statistics regarding the low-cost strategy within the framework of the blue ocean strategy were established and outlined in Table 4.3.

**Table 4.3: Low-Cost Strategy**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev</b>
Our hotel emphasizes cost efficiency without compromising service quality	3.73	.873
We utilize technology and streamlined processes to reduce operational costs	3.87	.792
Our hotel offers competitive pricing compared to other star-rated hotels	3.74	.793
The hotel identifies and eliminates non-essential expenses to maintain cost leadership	3.92	.760
<b>Overall Score</b>	<b>3.815</b>	<b>0.805</b>

**Source: Research Data (2024)**

Presented in Table 4.3 are the results of descriptive statistics regarding the implementation of a low-cost strategy. The general inference drawn from the data in this table indicates a consensus among respondents that a low-cost strategy is indeed being utilized in their hotel, with a mean score of 3.815. This means that low-cost

strategy helped studied hotels to implement their blue ocean strategies. A number of benefits can accrue to the firm that has successfully implemented a low-cost strategy. This according to Ereksan & Williams (2022) include allowing the firm to be transformed in a low-cost leader by making products at relatively low prices without compromising quality.

Respondents agreed that they identified and eliminated non-essential expenses to maintain cost leadership (M=3.92) besides utilizing technology and streamlined processes to reduce operational costs (M=3.87). This shows that elimination and adoption of technology were salient aspects of low-cost strategy in the studied hotels. Yunus and Sijabat (2021) summed up the same arguing that low cost strategy requires an organization to put in place rigorous measures of coming up with standardized products.

The study revealed that they offered competitive pricing compared to other star-rated hotels (M=3.74) besides emphasizing the cost efficiency without compromising service quality (M=3.73). This implies that low-cost strategy contributed towards competitive pricing of the products and cost efficiencies. The finding is in consistent with Samrin, Irawan and Se (2019) who indicated that success of low-cost plan is strongly influenced by the ability of the firm to run operations are a lesser cost compared to other industry rivals

#### **4.4.3 Value Innovation Strategy**

The results of descriptive statistics related to the value innovation strategy were determined and outlined as presented in Table 4.4.

**Table 4.4: Value Innovation Strategy**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev</b>
Our hotel identifies and fulfills unmet needs in the market to create new value for guests	3.76	.887
We regularly seek feedback from guests to improve our offerings and services	3.94	1.098
Our hotel introduces new and unique amenities to attract and retain guests	3.87	.887
Our hotel has successfully aligned its offerings with customer preferences through continuous innovation	3.93	.659
<b>Overall Score</b>	<b>3.875</b>	<b>0.883</b>

**Source: Research Data (2024)**

Table 4.4 show that value innovation strategy was practiced in the studied hotels (M=3.875). Thus, blue ocean strategies in the studied hotels entailed the adoption and operationalization of the value innovation strategy. As indicated by Dana, Salamzadeh & Davis (2023), the value innovation strategy is the foundation of a BOS. In creation of untapped markets, Nasereddin (2023) argued that the value offered to customers by the firm arises from the utility offered by the products in question less the prices charged.

Respondents agreed that they regularly sought feedback from guests to improve offerings and services (M=3.94) besides successfully aligning offerings with customer preferences through continuous innovation (M=3.93). This implies that value innovation helped the studied hotels to enhance service offering landscapes through innovation. This finding concurs with Zach, Nicolau and Sharma (2020) who were of opinion that innovation is an important driver of long-term competitiveness, growth and thus overall performance of an organization.

The findings indicated that the hotel introduced new and unique amenities to attract and retain guests (M=3.87) in addition to the identification and fulfilment of unmet needs in the market to create new value for guests (M=3.76). This finding suggests that by engaging in value innovation, the hotels successfully addressed and surpassed the market's customer needs. This is in agreement with Zach, Nicolau & Sharma (2020) who opined that value innovation allows an organization to develop new products in response to changing customer needs and preferences.

#### 4.4.4 Strategy Canvas

Table 4.5 provides a detailed analysis of the descriptive statistics related to the strategy canvas, as another dimension of blue ocean strategy in the hotels under investigation.

**Table 4.5: Strategy Canvas**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev</b>
We have a wide range of amenities and facilities in our hotel	3.82	1.10
Our hotel tends to offer high customer service excellence better than competitors	3.88	.822
We have unique offerings and services that helps us to serve our customers better than other competitors	3.77	.966
We tend to track our guests' experiences in order to serve them efficiently and effectively	3.99	.739
<b>Overall Score</b>	<b>3.865</b>	<b>0.907</b>

**Source: Research Data (2024)**

The results presented in Table 4.5 suggest that the strategy canvas was implemented within the hotels under investigation, with an average score of 3.865. This shows that in effort to implement and actualize their blue ocean strategies, the studied hotels had adopted strategy canvas. This strategy canvas has gathered significant level of attention in literature and according Ortiz-Rey, Serrano, González-Cancelas & Camarero-Orive,

(2022) is a framework that provides an important opportunity for managers to solve common problems and enhance on their BOS.

The results presented in Table 4.5 also suggest that the hotels under investigation monitored their guests' interactions to enhance service efficiency and effectiveness (M=3.99) besides offering high customer service excellence better than competitors (M=3.88). This shows that the adoption of the strategy canvas allowed the studied hotels enhance on the level of their efficiency and effectiveness as well as the degree of customer service. This in turn contributed towards customer satisfaction and hence better performance. This finding agrees with Išoraitė & Alperytė (2022) who established that through this strategy, an organization is in good position of depicting competition in the industry.

It was apparent from respondents who agreed that they had wide range of amenities and facilities in the hotel (M=3.82) besides having unique offerings and services that helped them to serve their customers better than other competitors (M=3.77). This means that strategy canvas provided opportunities for the studied hotels to expand on their service and product offering portfolios which in turn allowed to provide quality services to their customers. This finding agrees with Santoso, Pradana and Rachman (2022) who established that while the value curve helps in visualization of competitors to support development of a BOS, strategic factors are key issues that the firm is competing so that a clear score can be generated.

#### **4.5 Inferential Statistics Results**

Inferential statistics entails making deductions and drawing inferences about a larger population by analyzing a representative sample of data extracted from that population. It allows to generalize findings from a limited set of observations to make broader

statements or predictions about the larger population from which the sample was drawn. In this section, multiple regression was executed to ascertain the impact of blue ocean strategies on the organizational performance of the hotels under examination. The outcomes from the summary of the regression model are detailed in Table 4.6.

**Table 4.6: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.725 <sup>a</sup>	.525	.518	.65506

**Source: Research Data (2024)**

The results presented in Table 4.6 demonstrate that 51.8% of the organizational performance of star-rated hotels in Naivasha, Kenya can be attributed to variations in their blue ocean strategies. This suggests that there are additional factors beyond blue ocean strategies that also impact the performance of these establishments, warranting further investigation in future studies. The outcomes of the Analysis of Variance are outlined and condensed in Table 4.7.

**Table 4.7: ANOVA Results**

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	90.618	4	22.655	13.821	.000 <sup>b</sup>
Residual	81.959	50	1.639		
<b>Total</b>	<b>172.577</b>	<b>54</b>			

**Source: Research Data (2024)**

The computed F-value in Table 4.7 is 13.821, accompanied by a p-value of 0.000 (i.e.,  $p < 0.05$ ), indicating the significance of the chosen regression model in the study. The outcomes related to regression beta coefficients and their significance are presented and outlined in Table 4.8.

**Table 4.8: Coefficients and Significance**

	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	2.657	.897		2.962	.000
Differentiation strategy	.281	.031	.273	9.065	.000
Low-cost strategy	.388	.057	.373	6.807	.000
Value innovation strategy	.346	.044	.324	7.864	.000
Strategy canvas	.335	.066	.329	5.076	.000

**Source: Research Data (2024)**

From Table 4.8, the following regression model is fitted:

$$Y = 2.657 + 0.281X_1 + 0.388X_2 + 0.346X_3 + 0.335X_4 + \epsilon$$

Where Y= Organizational performance

$\epsilon$  = error term

X<sub>1</sub>= Differentiation strategy

X<sub>2</sub>= Low cost strategy

X<sub>3</sub>= Value innovation strategy

X<sub>4</sub>= Strategy Canvas

Table 4.8 reveals that the low-cost strategy had the most significant impact on organizational performance with a beta coefficient of 0.388. Following closely are the value innovation strategy ( $\beta=0.346$ ), strategy canvas ( $\beta=0.335$ ), and finally, the differentiation strategy ( $\beta=0.281$ ).

## **4.6 Discussion of Findings by Objectives**

### **4.6.1 Differentiation Strategy and Organizational Performance**

The study aimed to investigate how the firms' performance was affected by the implementation of differentiation strategy by the star rated hotels in Naivasha sub-county. As per the results in Table 4.8, the p-value was 0.000 which indicated that differentiation strategy is a significant predictor of firms' performance since it is below 0.05. This finding agree with Islami, Topuzovska-Latkovikj, Drakulevski and Borota-Popovska (2020) who established that a firm that pursues differentiation strategies is in superior competitive edge and position and has greater possibility of enhancing its organizational performance. The finding further agrees with Kitheka and Bett (2019) who revealed that existence of a good product differentiation strategy is key in enhancing customer loyalty and market share of an enterprise. Adimo (2018) established that product innovation exerted direct and significant link with performance of an entity. According to Githubbi (2017), it was emphasized that adopting a differentiation strategy played a crucial role in predicting the performance of a company at the organizational level.

### **4.6.2 Low-Cost Strategy and Organizational Performance**

The study aimed to investigate how the firms' performance was affected by the implementation of low-cost strategy by the star rated hotels in Naivasha sub-county. As per the results in Table 4.8, the p-value was 0.000 which indicated that low-cost strategy is a significant predictor of firms' performance since it is below 0.05. This finding is consistent with Kankam-Kwarteng, Osman and Donkor (2019) who noted that low cost strategy and performance at firm level were positively and significantly interlinked with each other. Chepchirchir, Omillo and Munyua (2018) that cost leadership positively

influenced firm performance. Wairimu and Kirui (2020) noted that cost leadership positively and significantly predicted performance at firm level. Njuguna and Waithaka (2020) highlighted the substantial interaction between cost leadership and entity-level performance.

#### **4.5.3 Value innovation Strategy and Organizational Performance**

The study aimed to investigate how the firms' performance was affected by the implementation of value innovation strategy by the star rated hotels in Naivasha sub-county. As per the results in Table 4.8, the p-value was 0.000 which indicated that value innovation strategy is a significant predictor of firms' performance since it is below 0.05. This finding agree with Mohammed, Daing, Ammar, Gamal, Noorminshah and Sieh (2021) who noted that value innovation entails integration of resources and the need to develop competencies that are so superior. Alosani, Yusoff and Al-Dhaafri (2020) established that innovation is critical for superior performance of an entity. Eke and Onuoha (2020) noted that aggressiveness, defensiveness, futurity and pro-activeness are critical aspects of innovation that predict performance at firm level. Gachora, Kinyua and Mburugu (2020) observed after processing of the generated information from participants that value innovation enhances organizational performance of an entity.

#### **4.6.4 Strategy Canvas and Organizational Performance**

The study aimed to investigate how the firms' performance was affected by the implementation of value innovation strategy by the star rated hotels in Naivasha sub-county. As per the results in Table 4.8, the p-value was 0.000 which indicated that value innovation strategy is a significant predictor of firms' performance since it is below 0.05. This finding agree with Hu, Liu, Mu, Shen and Zhang (2023) who noted that

strategy canvas is a critical tool that can allow businesses to make comparison of factors linked with their products. Asa, Deoni, Laurensius and Fiina (2021) noted that for survival and viability, BOS should be adopted after development of a strategy canvas. The study established that developing a strategy canvas can allow businesses to identify untapped opportunities in the market which are not competitive. Yunus and Sijabat (2021) indicated that gaining competitive advantage require a firm to develop a strategy canvas so that unexplored opportunities can easily be visualized and leveraged for more profits.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

The chapter covers the summary and conclusion as guided by the objectives of the study. Recommendations and areas requiring further studies are also pointed out in this chapter.

#### **5.2 Summary**

The objective of this study was to investigate the influence of blue ocean strategies on the performance of star-rated hotels in Naivasha, Kenya. Specific goals included evaluating the impact of differentiation strategy, low-cost strategy, value innovation strategy, and the strategy canvas on the organizational performance of these hotels. The subsequent sections provide a summary of the analysis findings.

The research aimed to investigate how the implementation of a differentiation strategy impacts the overall performance of star-rated hotels in Naivasha, Kenya. The results indicated that the use of a differentiation strategy played a crucial role in predicting organizational performance. Additionally, the study focused on understanding the influence of a low-cost strategy on the performance of star-rated hotels in the same region, revealing that the adoption of a low-cost strategy significantly contributed to organizational performance.

The research aimed to assess how the implementation of a value innovation strategy influenced the performance of star-rated hotels in Naivasha, Kenya. The findings indicated a significant impact of the value innovation strategy on organizational

performance. Additionally, the study explored the relationship between the strategy canvas and the performance of star-rated hotels in the same location, revealing that the strategy canvas served as a noteworthy predictor of organizational performance.

### **5.3 Conclusion**

The adoption of a differentiation strategy emerged as a key indicator of organizational success. The hotels under investigation incorporated differentiation strategy as part of their blue ocean strategies. This implies that the utilization of differentiation strategy in these hotels fostered distinctive approaches to service delivery, consequently enhancing the mechanisms for providing services. These hotels utilized differentiation strategy to drive innovation and carve out novel market opportunities.

The implementation of a low-cost approach greatly impacts how well an organization performs. In the hotels examined, embracing a low-cost strategy facilitated the execution of their unique business strategies. Key components of this approach included integrating and embracing technology, leading to competitive pricing and improved cost-effectiveness of their offerings.

Value innovation strategy was a significant predictor of firms' performance. Blue ocean strategies in the studied hotels entailed the adoption and operationalization of the value innovation strategy. Value innovation strategy helped the studied hotels to enhance service offering landscapes through innovation. Through value innovation, the hotels were able to meet and exceed the needs of customers in the market.

Strategy canvas was a significant predictor of firms' performance. In effort to implement and actualize their blue ocean strategies, the studied hotels had adopted strategy canvas. The adoption of the strategy canvas allowed the studied hotels enhance

on the level of their efficiency and effectiveness as well as the degree of customer service. Strategy canvas provided opportunities for the studied hotels to expand on their service and product offering portfolios which in turn allowed to provide quality services to their customers.

#### **5.4 Recommendations of the Study**

Since differentiation strategy was found to be a significant predictor of organizational performance, the study recommends that marketing managers working with three and four star rated hotels in Naivasha sub sub-county should invest significant amount of budgets in carrying out product, service and price differentiation. Doing so would translate into hotels' superior firms' performance.

The study noted that low-cost significant had significant effect on organizational performance. Thus, it is recommended that senior managers working with three and four star rated hotels in Naivasha sub sub-county should ensure there is prudent and optimal utilization of resources to harness superior performance. The Information and Communication Technology (ICT) managers working with these hotels should invest in emerging technologies to increase operating efficiency and reduce costs hence better organizational performance.

Value innovation has been found to notably impact the performance of organizations. Hence, it is recommended that the operational managers working with three and four star rated hotels in Naivasha sub sub-county should actively redesign the systems and processes that are conducted on a daily basis for increased flexibility and agility hence better organizational performance of their hotels.

It emerged in this study that strategy canvas exerted significant effect on organizational performance. Thus, this study recommends to the marketing managers working with three and four star rated hotels in Naivasha sub sub-county to proactively identify the untapped marketing opportunities that can allow them to generate more revenues hence better organizational performance.

### **5.5 Areas for Further Research**

In the present study, the main focus from the contextual point of view was the three and four star rated hotels in Naivasha sub sub-county. Hence, future studies can be conducted focusing on other firms away from the hospitality sector or non-service oriented like manufacturing or food processing firms. Future research should also concentrate on examining other outcome measures such as competitive advantage and corporate sustainability.

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## APPENDICES

### Appendix I: Questionnaire

#### QUESTIONNAIRE

##### Introduction

This questionnaire is intended for use in collecting data in pursuit of the objective of the study titled “Blue Ocean Strategies and Organizational Performance of Star-Rated Hotels in Naivasha, Kenya”. It has three sections each containing questions on general survey participant information, Blue Ocean Strategies and organizational performance. Kindly complete the questionnaire as per the instructions. Your participation is highly appreciated.

##### Section A: General Information

1. Name of the respondent (Optional) .....
2. Name and location of your hotel(Optional).....
3. Kindly indicate the star rating of your hotel (Tick Appropriately)  
  
1-Star Rate [ ] 2-Star Rate [ ] 3-Star Rate [ ] 4-Star Rate [ ] 5-Star Rate [ ]
4. What is your position in the firm? (Tick Appropriately)  
Supply Chain Manager [ ]  
Purchasing Manager [ ]  
Marketing Manager [ ]  
Operations Manager [ ]  
Other (specify).....
5. Duration the hotel has been in operation (Tick Appropriately)  
  
0- 5 years [ ] 6-10 years [ ] 11-15 years [ ] 16-20 years [ ] More than 20 years [ ]
6. Number of employees working in the hotel (Tick Appropriately)  
0 - 49 Staff [ ] 50 – 99 Staff [ ] Over 100 Staff [ ]

**SECTION B: BLUE OCEAN STRATEGIES (Tick where appropriately)**

**DIFFERENTIATION STRATEGY**

On the scale provided below, rate each statement that describes differentiation in your organization that could have an effect on organizational performance. Using the Likert scale of 1-5 where 1= strongly disagree, 2= disagree, 3= moderately agree, 4= agree, and 5= strongly agree.

Statement	1	2	3	4	5
Our hotel offers unique and distinctive services to stand out from competitors					
We continuously innovate and enhance our services to create a superior guest experience					
Our hotel focuses on delivering personalized services to cater to individual guest preferences					
Our hotel invests in creating new market space rather than competing in existing markets					

Any other? Please state \_\_\_\_\_

**LOW-COST STRATEGY**

On the scale provided below, rate each statement that describes low-cost strategy in your organization that could have an effect on organizational performance. Using the Likert scale of 1-5 where 1= strongly disagree, 2= disagree, 3= moderately agree, 4= agree, and 5= strongly agree.

Statement	1	2	3	4	5
Our hotel emphasizes cost efficiency without compromising service quality					
We utilize technology and streamlined processes to reduce operational costs					
Our hotel offers competitive pricing compared to other star-rated hotels					
The hotel identifies and eliminates non-essential expenses to maintain cost leadership					

Any other? Please state \_\_\_\_\_

**VALUE INNOVATION STRATEGY**

On the scale provided below, rate each statement that describes value innovation strategy in your organization that could have an effect on organizational performance. Using the Likert scale of 1-5 where 1= strongly disagree, 2= disagree, 3= moderately agree, 4= agree, and 5= strongly agree.

Statement	1	2	3	4	5
Our hotel identifies and fulfills unmet needs in the market to create new value for guests					

We regularly seek feedback from guests to improve our offerings and services					
Our hotel introduces new and unique amenities to attract and retain guests					
Our hotel has successfully aligned its offerings with customer preferences through continuous innovation					

Any other? Please state \_\_\_\_\_

### STRATEGY CANVAS

On the scale provided below, rate each statement that describes strategy canvas in your organization that could have an effect on organizational performance. Using the Likert scale of 1-5 where 1= strongly disagree, 2= disagree, 3= moderately agree, 4= agree, and 5= strongly agree.

Statement	1	2	3	4	5
We have a wide range of amenities and facilities in our hotel					
Our hotel tends to offer high customer service excellence better than competitors					
We have unique offerings and services that helps us to serve our customers better than other competitors					
We tend to track our guests experiences in order to serve them efficiently and effectively					

Any other? Please state \_\_\_\_\_

### SECTION C: ORGANIZATIONAL PERFORMANCE

Below are statements describing the relationship of Blue Ocean Strategies and Organizational Performance. Kindly indicated the level to which you agree with them in accordance to the following scale: 1-not at all, 2-low extent, 3-moderate extent, 4-large extent, 5-very large extent

No.	Statement	1	2	3	4	5
1	We have increased our market share by offering unique offerings and services to our customers					
2	We have improved our profits due to cost reductions in our operations					
3	Development of new products/services has increased innovation potential of the business					
4	Identification of untapped services in our hotel has led to increased variety of products/services benefitting the hotel					
5	Engaging in innovative promotional activities has improved hotel's visibility and customer reach					

Any other? Please state \_\_\_\_\_

## **Appendix II: List of Three and Four Star Hotels in Naivasha, Sub-County**

- 1) Aloe Park (3 Star)
- 2) Astorian Grand Hotel (4 Star)
- 3) Camp Carnelley's (3 Star)
- 4) Chambai Hotel (3 Star)
- 5) Crater Lake Camp and Lodge (4 Star)
- 6) Crayfish Camp (3 Star)
- 7) Dove Nest Cottages (3 Star)
- 8) Eaglesvale Resort (3 Star)
- 9) Enashipai Resort & Spa (4 Star)
- 10) Eseriani (4 Star)
- 11) Fish Eagle (3 Star)
- 12) Great Rift Valley Lodge and Golf Resort (4 Star)
- 13) Heritage Breeze (3 Star)
- 14) Hylise Hotel (3 Star)
- 15) Jaza (3 Star)
- 16) Ken-Vasha Hotel Ltd (3 Star)
- 17) La Belle Inn (3 Star)
- 18) La Pieve (3 Star)
- 19) Lake Naivasha Country Club (4 Star)
- 20) Lake Naivasha Resort (4 Star)
- 21) Lake Naivasha Sopa Resort (4 Star)
- 22) Lake Oloiden Camp (3 Star)
- 23) Leisure Apex (3 Star)
- 24) Malewa Garden (3 Star)
- 25) Marina Lodge Naivasha (3 Star)
- 26) Montana Resort (3 Star)
- 27) Naivasha Peppercorn (3 Star)
- 28) Naivasha Rocky-Eco Lodge (3 Star)
- 29) Ole Itiko Cottages (3 Star)
- 30) Panaroma Park Hotel (4 Star)
- 31) Safariland Club (3 Star)
- 32) Sawela Lodge (4 Star)
- 33) Symphony Hotel (3 Star)
- 34) The Gem Hotel (3 Star)
- 35) The Wave Boffat (3 Star)
- 36) Villa Grazia Luxury Hotel (3 Star)
- 37) Wonderland (3 Star)
- 38) Rose Wood Hotel (3 Star)