

**STRATEGIC POSITIONING AND TOTAL QUALITY  
MANAGEMENT STRATEGIES AND THEIR IMPACT ON  
PERFORMANCE IN THREE TO FIVE STAR HOTELS  
HEADQUARTERED IN NAIROBI**

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**A research project submitted in partial fulfillment of the requirement for the  
award of Degree of Master of Business Administration,  
School of Business, University of Nairobi.**

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## DECLARATION

This research project is my original work and has not been presented for examination to any other university.

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## **DEDICATION**

This research project is dedicated to my family for their love and support towards my education and specifically to my wife Gloria Mueni without whose caring support it would not have been possible. I also dedicate this as a product of the many academic hands I have passed through while training as a professional in matters of administration, accounting, finance and strategy both at professional certification, undergraduate and post graduate level.

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## **ABBREVIATIONS AND ACCRONYMS**

<b>CR</b>	Concentration Ratio
<b>GDP</b>	Gross Domestic Product
<b>GoK</b>	Government of Kenya
<b>ICT</b>	Information Communication and Technology
<b>KNBS</b>	Kenya National Bureau of Statistics
<b>KTB</b>	Kenya Tourism Board
<b>PESTEL</b>	Political, Economic, Social, Technological, Legal & Environmental
<b>QM</b>	Quality Management
<b>QMS</b>	Quality Management Systems
<b>RBV</b>	Resource Based View
<b>SPSS</b>	Statistical Packages for Social Sciences
<b>SWOT</b>	Strength, Weakness, Opportunity and Threats
<b>TQM</b>	Total Quality Management
<b>TRA</b>	Tourism Regulatory Authority

## **ABSTRACT**

Strategic Management is an approach through which the objectives of an organization are specified, followed by policies and plans on how to achieve them, and allocating of necessary resources to implement those policies and plans. On the other hand, strategic positioning is a marketing concept that outlines what a firm ought to do in order to effectively market its products or services to its target market while Total Quality Management refers to an approach to long term success of an organization primarily through customer satisfaction. In TQM, all the members of an organization are involved in value addition to resources, products, services, and the organizational culture. Hotels need to adopt the strategic management drivers that enable them to tailor their services to customer needs. This is due to the fact that the hotel sector requires a high level of service which demands hotels to differentiate their offering to retain and build loyalty from customers. This study therefore sought to determine the extent to which strategic positioning and TQM as strategies have impacted the performance of Kenyan three to five star hotels. Four theories anchored this research; the Resource Based view, Environment Dependence Theory, Competitive Advantage Theory and Contingency Theory. The research design adopted for this study was the cross sectional survey. The study population comprised of 98 star rated hotels in Kenya ranging from 3 to 5 star hotels. Simple stratified sampling method was used to extract sample elements from each cluster of hotels. The study worked with a sample size of 40 hotels. Questionnaires were used to collect primary data. Both descriptive and inferential analyses methods were used in analysis of the data. The research found out that the independent variables which include differentiation strategy, costing and promotion, service quality and pricing strategy strongly and positively relate to performance of the three to five star hotels in Nairobi; the associations were established to be significant. The strongest association was between performance and service quality while the least was between performance and costing and promotion. However, the independent variables explain up to only 14.1% of the changes in performance of the hotels. The study established that adopting positioning and Total Quality Management strategies assists the organizations in enhancing performance through confronting or avoiding competition, facilitating the fine tuning of strategy through enhancing customer relationships and providing framework on which to build and coordinate the elements of the marketing mix. The study also concluded that differentiation strategies, costing and promotion strategies, effective pricing strategies and provision of quality services significantly impact the performance of the hotels. The study recommends that the industry should continuously undertake leadership strategies, intentionally develop and implement various positioning and TQM strategies and also set aside sufficient budgetary allocation towards developing and implementing the strategies.

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background to the Study**

Enterprises need business strategies for much the same reasons that armies need military strategies: to give direction and purpose, to deploy resources in the most effective manner and to coordinate the decisions made by different individuals. Strategic Management is an approach through which the objectives of an organization are specified, followed by policies and plans on how to achieve them, and allocating of necessary resources to implement those policies and plans. It can be said to comprise three key activities, that is, formulation, implementation and evaluation (David, 2011). David (2011) further suggests that strategic management is cross functional in nature, meaning it involves continuous interaction between the different functions or departments within an organization working together in synergy to achieve organizational objectives.

Strategic management therefore can be said to comprise of various strategic decisions that the management of an organization have to make in order to compete in an ever changing business environment. Among the decisions that the organization will need to make is the choice of a specific strategy to pursue in order to deal with or beat the competition. Johnson, Scholes and Whittington (2008) describe strategic management as having three main elements, that is, understanding the strategic position of an organization, making strategic choices for the future and managing strategy in action. These elements help answer the question of where the organization is and where it's heading to. Strategic choice is an important aspect of strategic management and therefore concerned with the future industry outlook and adaptation to changes in the environment.

This study was based on four theories. The Resource Based view, Environment Dependence Theory, Competitive Advantage Theory, and Contingency Theory. The resource based view, developed by Birger Wernerfelt, holds that an organization gains competitive advantage by the uniqueness of its strategies and resources that are rare and cannot be easily imitated (Werner felt, 1984). Environment dependence theory suggests that organizations exist in open systems where they are closely linked to environmental changes both internally and externally. It is therefore necessary for organizations to adjust to the ever changing environment in order to achieve their goals and objectives

(Pearce & Robinson, 2011). The Competitive Advantage Theory, as developed by Michael Porter, holds that competitive strategy is the taking of offensive or defensive action to create own position in any industry. This is in order to deal successfully with competitive forces and generate a much desired superior return. According to Porter the three basic types of competitive advantage are in differentiation, focus, and cost leadership. Contingency theory suggests that there is no universal approach to strategic management but that the best course of action depends on specific internal and external environment in question.

### **1.1.1 The Concept of Strategy**

Many of the concepts and theories of business strategy draw heavily from how the military runs its affairs. Strategy is a term which is derived from ancient Greek word called *strategia*, which means ‘generalship’. However, the concept did not originate from the Greeks. The first treatise to this can be traced to *The Art of War* as written by Sun Tzu in approximately 500 BC. A strategy is an overall plan that details the course of action and hence defining the competitive position of a firm (Mintzberg & Quinn, 1991). A firm can adopt a single or multiple strategies in its dealings and these strategies will most likely fall in three categories being at the corporate business unit, or functional levels.

According to Hax (2001), corporate strategy is about what the business is supposed to be and how the attendant activities are to be structured and managed. The strategy defines the firm’s overall mission and goals, and validates proposals that emerge from business and functional units and allocates resources according to strategic priorities. Coulter, (2008), holds that in business strategy, a firm maintains competitive advantage in each strategic business unit and thus a firm will concern itself with how best to compete in that specific business or industry. Operational or functional strategies are the short term goal-directed decisions and actions of the organization’s various functional areas.

### **1.1.2 Strategic Management Practices**

Strategic management practices refer to those decisions and actions at a managerial level which determine the long term performance of any organization. Strategic management

in organizations starts with goal setting, which implies setting specific targets the organization wishes to accomplish in the industry. These targets are communicated through the organization's vision, mission, and core values which lead to formation of organizational objectives. These objectives inform management on the unique strategic decisions that are to be made and also formulating plans as to how the organization is going to compete. Pearce and Robinson (2011) brought out the following key factors in defining strategic management practices.

Determining the mission, developing an organizational profile, analysis of internal and external environments, setting of objectives, developing and choice of strategy, implementing, and evaluation of strategy. Environment scanning involves acquiring and interpreting information and trends within the existing environment useful for strategy development purposes (Karingithi, 2012). Strategy formulation involves the careful internal and external analysis of the organization and the industry. It consists of identifying action plans that will enable an organization meet its goals so as to maintain a competitive advantage and maximize profitability.

Using strategic management tools such as SWOT and PESTEL analysis, one is able to identify the organization's internal strengths and weaknesses as well as the potential external opportunities and threats. It also involves developing a vision and mission statement, long term goals, as well as efficient allocation of available resources (David, 2011). Strategy evaluation and control involves determining the success of strategy and whether the desired results have been achieved. It involves measuring performance, reviewing changes in both the internal and external environment and modifying existing strategies to fit any changes in the market. Constant evaluation of progress is important so as to remain relevant in a competitive market and also sustain competitive edge.

Strategic decisions and actions require top management support, substantial resource allocation, are usually future oriented, consider both internal and external environment, and have multi-functional and multi business consequences. Without strategic management practices, organizations employ a more reactionary style of management (Bryson, 1995).

### **1.1.3 Strategic Positioning**

Strategic positioning is a marketing concept that outlines what a firm ought to do in order to effectively market its products or services to its target market. The marketing department thus creates an image for the product to appeal to the target audience. This is done by way of promotion, place, product, and price. A positioning strategy is a deliberate branding plan or process that operates on consumer consciousness, where meanings and associations- even of individual words- really hold significant weight. It is an effort to establish a solid long term identity of a company, its products and services, in the minds of the intended audience.

By this a firm attempts to brand itself from the crowd in order to influence the way it is perceived by the target audience (Trout & Ries, 1981). In order to make the positional advantage sustainable, a firm must continue to invest into the sources and factors bringing about the advantage (Day and Wensley, 2008). Differentiation and cost advantages are referred to as positional advantages since they describe the firm's industry position as a leader in either cost or differentiation. With competition being rife in the hotel industry, hotel managers have to make several strategic choices that will set the hotels above the competition.

### **1.1.4 Total Quality Management Strategy**

Total Quality management refers to an approach to long term success of an organization primarily through customer satisfaction. In TQM, all the members of an organization are involved in value addition to resources, products, services, and the organizational culture. The total features and characteristics of a product, service, process, person and/or systems is what constitute quality. These features and characteristics have a bearing on the product's ability to meet expectations or satisfy stated needs, requirements or specification. (Reddy, 2017). Put more simply, quality is a parameter which decides the superiority or inferiority of a product or service.

Over the years TQM has evolved into what is currently known as a Quality Management System, a formal system that documents procedures, processes, and responsibilities to achieve objectives and policies on quality. The most prominent approach to quality

management system is the new international standard on quality assurance (ISO 9001:2015) which specifies the requirements for the ideal system. QMS serves many purposes including waste and cost reduction, improving processes, facilitating to identify training opportunities, employee engagement and directing of the whole organization.

### **1.1.5 Organizational Performance**

Performance is something already completed, in progress, or activities which prepare for fresh needs. In organizational performance, three time senses will apply being the past, present and the future. Profitability is used as the ultimate indicator of performance in many organizations, yet it is not the actual or true performance. The measure of prescribed or standard indication of efficiency and effectiveness is what can be referred to as a firm's performance. This encompasses environmental responsibility issues such as, regulatory compliance, cycle time, waste reduction, and productivity. Performance also means how a particular request is processed, or the act of doing something successfully; applying knowledge and skills as opposed to merely possessing them. It stems from the organization's strategies and processes (Venkatraman & Ramanujam, 1986).

Organizational Performance concept is based upon the idea that an organization is a voluntary association of productive assets, which include physical, technological, human and capital resources, in order to achieve a common purpose (Barney, 2002). It covers three specific areas of firm outcomes;(i)Market performance (sales, market share, etc); (ii) Shareholder return (total shareholder return, economic value added, etc) and (iii) Financial performance (profits, return on assets, return on investment, etc) (Richard *et., al* (2008). The successful performance of hotels does not only depend on favorable economic performance, but rather on how the hoteliers work together and fulfill their goals and objectives jointly in a well-coordinated manner. The investor is the development lever that determines the success or failure of any venture (Roper, 1998).

### **1.1.6 The Hotel Industry in Kenya**

The hospitality industry refers to the business of housing and/or entertaining guests. Hence this is used interchangeably with the hotel industry to mean the same thing. The



Hotel industry in Kenya is closely linked to the tourism sector which has shown impressive growth over the years. Tourism is one of the six key areas that have been given priority in acting as the key growth drivers in Kenya (Owiti, 2011). The sector has been charged with the task of making Kenya one of the top ten best tourist destination globally offering distinctive visitor experiences (GOK, 2006). Two main sectors that comprise tourism are the travel and hospitality industries (Kotler, 2010).

The Kenya's Tourism Act defines a hotel as a facility used for the reception of guests and travelers desirous of dwelling or sleeping therein. Grand Hotel, later renamed as the Manor Hotel, was the first to be built though it has since ceased its operations. The 1960s saw the need for proper training of hotel staff and hence the set up of Kenya Utalii College. Tourism is one of Kenya's largest sources of foreign exchange and a major employer accounting for about 12% of the total wage employment and 13% of GDP (National Tourism Strategy, 2013). The country's GDP increased by 4.7% in comparison to 4.6% growth rate in 2012 (KNBS).

Kenyan economy was weak in 2012 because of high interest rates which resulted from high inflation in 2011. This posed a big challenge to the tourism sector which relies on the global currency. The net effect was a sharp decrease in earnings in 2013 because the reduced international visitors from 1,710.8 thousand in 2012 to 1,519.6 thousand in 2013 representing an 11.2% decrease. At the same time, tourism earnings decreased from Kshs 96 billion in 2012 to 94 billion in 2013 representing a decrease of 2% (KNBS, 2014). Specifically, the hotel industry in Kenya contracted by 45% in 2013 compared to an expansion of 2.6% in 2012.

Quality hotels and quality services are the crucial destination choice drivers for tourists (Thiong'o, 2007). Since 2003, there has been increased investment in the hotel industry by both local and international investors. The country has witnessed the setting up of international brands like Kempinski, Radisson Blu, Sheraton, Hilton and Rezidor among others. These have joined the market to meet the already established international brands like Serena Hotels, Intercontinental Hotel, Hemingways, Southern Sun and Hilton among others. Local brands like Panari, Ole Sereni, Boma Hotels, Eka, Sarova, Safari Park,

Windsor and Laico Regency are only but some of the hotels that have continued to offer unrivaled experiences to the local and foreign tourist or business traveler.

There have been a lot of discussions in literature about the impressive performance of hotels in Kenya over the past 20 years (Agumba, 2011; Fwaya, 2006; Kamau, 2008; Kingi, 2013; Mibei, 2013). Specifically there have been many interesting issues which have become favorite topics of research in this field including service quality, human resource issues and best practices. There have also been many success factors which appear to drive hotels into profitability such as efficiency, proper customer relationship, ICT, strategic planning, and positioning among others (Fwaya, 2006). Kangogo, Musiega & Manyasi (2013) observed that hotels need to adopt the strategic management drivers that enable them to tailor their services to customer needs. This is due to the fact that the hotel sector requires a high level of service which requires hotels to differentiate their offering to retain and build loyalty from customers. As Kenya focuses to be industrialized in 2030, the hotel sector will contribute greatly to this vision (Schulz, 2020). The industry still faces a myriad of challenges that continue to inhibit satisfactory performance. Some of these challenges include financing shortage, insecurity and terrorism, dilapidated infrastructure, skill shortage, lack of proper planning and weak operational and organizational processes among others (Onyango & Kipchumba, 2012).

### **1.1.7 Three to Five Star Classified Hotels**

The last classification carried out by the Government of Kenya was in 2002. Since then, a number of hotels have been built by local investors as well as international chains. In the spirit of regional integration, the country adopted unified classification criteria that encompass the entire East African region as a single tourist destination. In this criterion, hotels are classified on several parameters including size of the facility, quality of service and product offering, sound human resource personnel policies in operation, amenities offered among many others. This classification was done in phases and the results of the first and second phase have been published (GOK, 2016).

A five star rating is the highest category of a hotel in terms of quality and service offering, while a one star rating indicates the least category in terms of service offering. The establishments are further categorized into city/town hotels, vacation/resort hotels,

lodges, camps and restaurants. Town hotels majorly cater for conference business and the business traveler while vacation hotels, lodges and camps attend to holiday makers and the adventure tourists. Five star and four star hotels have a market niche as they tend to attract the high end market while three star hotels have a niche with the budget clients.

## **1.2 Research Problem**

Strategic management aims at exploiting and creating new opportunities for the future (David, 2011). Successful implementation of a strategy requires that a firm should understand the impact of internal competencies, external environment, and organizational resources on strategy as well as influence of shareholders (Kirui, 2014). The demands of dynamic business environment have made many Kenyan hotels more complex to manage. Difficulties are being experienced in meeting the customer needs, complicated production processes and service technologies. Kamau (2008) observed that the hospitality industry continues to experience numerous challenges that pose a threat to its survival. These include competition, socio- cultural and technological changes, and the status of the economy.

Like other businesses, hotels are switching to drivers of good performance so that they can compete for recognition nationally and internationally, and forming alliances with global brands (Ongore & Kobonyo, 2011). Though strategic management focuses on the total enterprise as well as the environment in which it operates, the managers in hotels have not been efficient in executing this task. International studies carried out on the impact of strategy include Melchorita (2013), Dauda, Akingbade, and Akinlabi (2010), Murumbika (2011), and Bakar, Tufail, Yusof and Virgiyati (2011). The focus was on strategic management practices in the Malaysian construction industry, small business enterprises in Lagos, Higher education institutions in South African and Philippines financial firms respectively.

Locally, studies have also been conducted with a focus on strategic management such as Kathure, (2013); Mangi, (2009); Ngatia, (2011); while five star hotels in Nairobi were studied by Kariuki, (2006); Kilonzo, (2012); Mwamba, (2010) among others. Kathure (2013) focused on strategic management practices in law firms in Nairobi, Kenya, Mangi (2009) focused on strategic management practices used by local authorities in Kenya, and

Ngatia (2011) focused on strategic management at Kenya Rural Roads Authority. Kilonzo, (2012) inclined on brand positioning strategies and competitive advantage of the five star hotels while Kariuki (2006) focused on a survey of competitive advantage and performance of five star hotels in Kenya. As much as these studies are appreciated, there is still more room to explore as to the extent to which strategic positioning and total quality management have impacted the performance of the Kenyan three to Five- star rated hotels. The study will therefore seek to fill the current existing research gap by answering the research question: what is the impact of strategic positioning and total quality management on performance of three to five star hotels headquartered in Nairobi.

### **1.3 Research Objectives**

The study aimed at determining to which extent strategic positioning and TQM as strategies have impacted the performance of Kenyan three to five star hotels.

### **1.4 Value of the Study**

This study benefits the current and future investors in gauging their investment options based on adoption of the specified strategies by the management of hotels. This is because investors always want to invest their money where they could get value at the same time reducing production costs. The study also helps hotel managers and top management to appreciate the effect that their strategies have on the overall performance of hotels while also assisting hotels in their strategy evaluation, in choice of retention of their already existing strategies.

The recommendations of the study provide policy makers with a reference for future policies involving strategic management. The findings from the research broaden the knowledge in the area of strategic management and hotel performance and propel policy makers to embrace this concept in key policy and decision making. The study facilitates the Kenyan Government marketing agencies- KTB and Brand Kenya Board, to appreciate the niche that Kenyan hotels can occupy and make maximum use of it for the benefit of the entire Tourism and Hospitality industry. This is expected to further help in shaping the marketing message for Destination Kenya.

Finally, the findings of the study add to the body of academic knowledge in the field of strategy and specifically in the Kenyan situation and also contribute to academic literature in the hospitality sector. The findings of the study are an additional resource to the strategic management literature by uncovering the underlying process through which specific strategic management decisions and activities affect the performance of Kenyan hotels.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter focuses on identifying literature that is in line with the objective of study. Specific areas discussed include theoretical foundation, TQM and Performance, Strategic Positioning and Performance and empirical review.

### **2.2 Theoretical Foundation**

The Competitive Advantage Theory was the overarching theory of the study. Other theories that guided the study include the Resource Based Theory, Environment Dependency Theory, and Contingency Theory.

#### **2.2.1 Competitive Advantage Theory**

Developed by Michael Porter (1980), this theory views the essence of competitive strategy formulation as relating to the environment of a company. A firm is regarded to possess competitive advantage over its competitors when it sustains profits that exceed the average within the industry. There are two types of competitive advantage which are differentiation and cost advantage. (Smith, 2010). When a firm is able to deliver same benefits as rivals but at a lower cost, it is said to have a cost advantage while differentiation are the core benefits that a firm obtains which exceed those of competing products. Thompson, Strickland, Gamble, and Jain (2006) describe generic strategies as being core to improvement of a firm's performance.

For a hotel to perform it must use one or more of the generic strategies otherwise its performance is bound to decline (Allen & Helms, 2006). These generic strategies are differentiation, focus and cost leadership. In differentiation strategy, a product or service is developed to offer unique attributes valued by customers and perceived to be better than those of competitors. Thus a firm will seek to be unique in its industry on some dimensions that are widely valued by buyers (Porter, 2011). As for cost leadership, companies are called to be low cost producers compared to their rivals. With maturity of the industry and prices declining, firms that are low cost producers will remain profitable for long period of time.

Focus strategy is where a firm concentrates on a narrow segment and within that segment attempts to achieve either differentiation or a cost advantage. Cheng (2013) highlighted that at the core of organizations in hospitality include the skills, assets and processes that influence these organizations towards achieving a competitive advantage. Other factors that contribute to the competencies are service quality, leadership, market coverage and share, location, technology systems and procedures, employee customer loyalties and organizational culture. Gehrels (2007) offered that in order to thrive, hotels ought to strive for unique characteristics in order to distinguish themselves from the competition in the eyes of their customers.

Porter's (2008) framework analyzes the extent and nature of competition within an industry. The theory offers that the degree of competition in an industry is determined by five competitive forces. When managers need to develop competitive strategies for their organizations, it helps for them to appreciate the nature and strength of these forces. They are industry rivalry, substitute products, the bargaining power of buyers, and bargaining power of suppliers and the ever present threat of new entrants. Barney and Hesterly (2006) cite competitive rivalry to include the ability of industries to strive for a competitive edge over their rivals.

The measure of competitiveness in an industry is indicated by concentration ratio (CR), which indicates the percentage of market share commanded by the biggest firms in an industry. A high CR is indicative of a high market share held by the largest firms within that particular industry. Schinkel and Tuinstra (2006) states that a low CR serves to indicate that an industry has many rivals, and one particular has a dominant market position. Thus fragmented markets are considered to be very competitive. A threat of substitutes exists when the substitutes affect the demand of the product because ready availability means elastic demand as customers have more alternatives (Harrison & St. John, 2008). It will be almost impossible for firms in an industry to consider raising prices because of a close substitute product.

Buyers' bargaining power involves customers' impact on a producing industry (Ozmucur, 2006). Smit (2010) observes that a producing industry will be monophonic when the power of the buyer is strong. This is a market condition of one buyer and many

suppliers. In such market conditions, the price of the product is set by the buyer. Buyers' power is more if they are concentrated or few but with a significant market share. Samuelson and Marks (2012) highlight that new entrants to the industry are a threat if they can enter freely. Barriers inhibit the rate of entrance by new firms, and thus maintain a level of profits for the existent firms. Strategically, barriers can be created or exploited fully to enhance a hotel's competitive position (Mesh & Pearlberg, 2006). Hotels in Kenya need to learn how to create new competitive positions that will keep them ahead of the competition through differentiation.

### **2.2.2 Resource Based View**

This theory of the firm provides that a firm delivers added value through the strategic development of the organization's rare, inimitable and non-substitutable resources. The theory was developed by Birge Wenefeldt in 1984 and borrowed from prior theoretical work such as the traditional study of distinctive competencies, Ricardian economics, Penrociasian Economics and the study of the anti-trust implications. The theory states that in order for a firm to perform better, it needs to combine its unique resources to drive all the areas of the organization (David, 2009). It further asserts that a firm gains sustainable competitive advantage when it implements strategies which competitors cannot easily copy. For these resources to qualify as sources of competitive advantage they must be strategic, inimitable, rare, non-substitutable, immobile and appropriate (Jaw & Ling, 2011).

The dynamic nature of firms calls for the development of dynamic capabilities which can be able to integrate, develop and rearrange the internal and external resources to the firm's advantage. The Resource Based View considers that for a firm to gain competitive advantage, it has to link the internal capabilities of the organization to strategy formulation (Njuguna, 2009). The theory views the firm as an interconnection of resources and capabilities, both tangible and intangible. The RBT has stressed on the importance of strategic choice whose tasks are to identify, develop and deploy the core resources to realize maximum profits. To help improve performance, hotels have a responsibility of investing in unique resources that will differentiate them from their competitors (Wang & Ahmed, 2007).



### **2.2.3 Environment Dependency Theory**

Environment dependence theory assumes the organization to be an open system where an organization's internal environment is heavily influenced by the changes taking place in the external environment (Kirui, 2014). It suggests that the organizational environment is not stagnant but is constantly changing. This means that organizations should continuously monitor the changes in the external environment and align their strategy to the changing environment in order to be competitive in the industry. The degree of competitiveness is dependent on how fast an organization responds to its environmental demands which in turn determines market share.

### **2.2.4 Contingency Theory**

The theory holds that efficiency and effectiveness of organizations results from fitting attributes of the organization, like its structure, to align with the contingencies that reflect the real situation of the organization (Burns & Stalker, 1961). Contingency theory centers on the notion that there is no standard approach to the management of organizations. It holds further that Organizations cannot not be managed by a uniform approach but should work out unique managerial strategies that depend on the specific environment they are facing. Optimal course of action depends on the internal and external constraints (Ologbo, Oluwatosin, & Okyere- Kwakye, 2012). These constraints include factors such as the size of the organization, how it adapted to the environment, resource differential consideration and operational activities, management assumptions about employees, technologies used and strategies, among others.

## **2.3 Impact of Positioning and QM Strategies on Performance**

The performance of any enterprise is mainly dependent on the business strategies it has adopted (Olson & Bokor, 1995). High performance strategies are the key success factors and are generally identified with activities that lead to success in the industry. These activities are associated with industry initiatives (Miller & Friesen, 1983). Studies have established such initiatives to include developing new technologies for operations, discovering new markets, product and service innovation, and emphasis on product quality (Pearce & Robinson, 1998).

High performing strategy activities also include aggressive and extensive advertising, using external finance, and emphasis on customer service and support. Average performing firms tend to be followers hence reactionary in their approach to changes or events in the environment. Most of their strategies will be characterized by little innovation and risk avoidance. As a result the product or service availed to their clientele is of low and substandard quality. The activities that comprise the strategies will not be well integrated to match with present environmental demands. (Steiner et. al, 1996).

### **2.3.1 TQM and Performance**

Performance measurement is an integral part of all management processes. Traditionally, it used to involve management accountants to develop indicators of financial performance through the use of budgetary controls. It has evolved over time to emphasize on providing customers with high value products, which is only achievable when efficiency is improved. The improvement is by way of eliminating wastes and lead time at all stages of the production process, human capacity building, continuous improvement, and reducing costs (Hall, Johnson & Turney, 1991).

In determining TQM's relationship to performance scholars have offered various performance types such as operational, quality, innovative, and financial indicators. Researchers such as Ittner & Larcker (1996), Singhal & Hendricks (1999), Jarrell & Easton (1998), whose work provide evidence illustrating that effective TQM implementation improves long term profitability and return on investment. Flynn *et. al.*, (1995) reported that a heightened level of TQM practices in a firm will improve the quality of the firm's performance.

Empirical studies support a direct relationship between quality management and performance by a firm which has adopted this (Reed, Lemak & Satish, 1997). Reed *et. al.*, (1996) offered two business paradigms that help distinguish TQM: customer paradigm and process paradigm. In customer paradigm, firms focus on creating a competitive edge over their rivals in terms of attracting and retaining customers with differentiated products that can be charged at a premium price. Similarly, Brown and Gobelli put forward another strong implication about TQM's relationship to cost leadership, in which they labeled TQM as being a leader in value since it places emphasis

on process innovation. Consequently, TQM can then be linked to Porter's Cost leadership strategy.

### **2.3.2 Strategic Positioning and Performance**

Strategic positioning and performance becomes superior as a result the relative superiority in the resource base and skills of an organization (Day & Wensley, 2008). This superiority is a consequent of former investments that was made to improve the competitive position. When the firm's resources are appropriate, rare, valuable and inimitable, the firm will experience improved performance. Acquiring and sustaining competitive advantage and superior performance are a function of the capabilities and resources availed to the competition (Barney, 1995). LeBlanc and Nguyen (1998) established a positive correlation between a firm's perceived image and its performance in the market. Gwinner (1998) found out that a favorable store image can influence loyal patronage, which is crucial to improved profitability. Piron (2000) offered that for customers, established brand names and the country of origin form automatic associations that elicit positive impressions to influence their purchase intentions.

### **2.4 Research Gaps**

Studies point out that assessing employee performance, involving them in decision making, and being more concerned with their welfare and job satisfaction are the most common activities in firms performing highly. Most findings conclude that Positioning and TQM strategies are significant to customers as they provide a basis for comparison of alternatives in the market in terms of quality. However, few studies attempt to specifically assess the impact of TQM and Positioning strategies on performance, especially in the context of the Kenyan hotel industry. Hence the need to investigate these strategies in the hotels and how they are perceived by customers compared to the competitors and the resultant impact on performance.

**Table 2.1: Research Gap**

<b>Author</b>	<b>Area</b>	<b>Findings</b>	<b>Knowledge Gap</b>	<b>Addressing the knowledge Gap</b>
Daniel and Amrik (2006)	Relationship between organisation strategy, total quality management (TQM) and organisational performance.	TQM is positively and significantly related to differentiation strategy and it only partially mediates differentiation strategy and performance	This study was only limited to differentiation strategy and was conducted in firms in Australia hence the findings may not be applicable in the Kenya hotel industry	This study assessed the relationship between strategic positioning and total quality management strategies and their impact on performance in three to five star hotels headquartered in Nairobi. The researcher measured the following positioning strategies in the industry: differentiation strategy, cost and promotions, quality of service and pricing strategies
Dinh, Barbara and Tritos (2010)	Total quality management (TQM) strategy and organisational characteristics: Evidence from a recent WTO member	TQM practices were statistically more significant in manufacturing companies compared to service companies, and firms having a higher degree of innovation also showed higher levels of TQM practice implementation.	This study failed to link Total Quality Management (TQM) and strategy to organisational performance	
Ali and Cemal (2016)	Relationship between cost leadership strategy, total quality management applications and financial performance	Cost leadership strategy is significantly and positively correlated with Total Quality Management and financial performance.	This research did not measure other strategic positioning aspects such as differentiation and pricing strategy and also only measured performance on financial basis.	

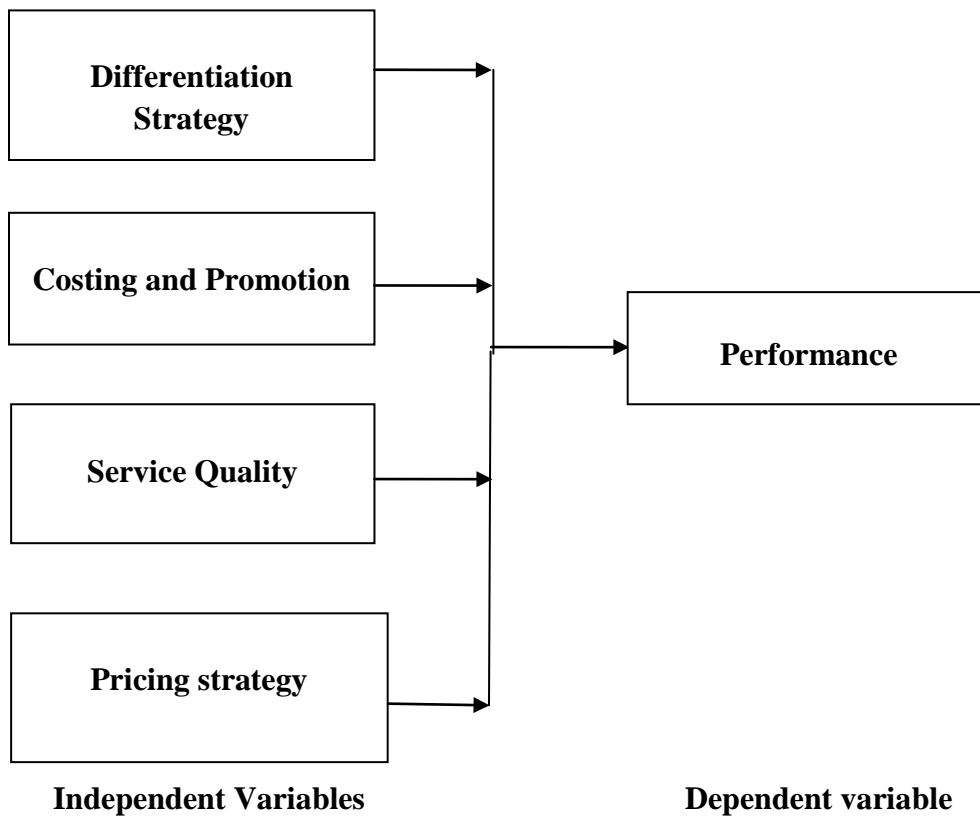
Marina (2015)	The Relationship between Total Quality Management (TQM) and Strategic Management	The business enterprises need to develop a strategy, which will focus on those business activities that the organization does better than the competition and which create its competitive advantage.	The researcher however failed to assess the relationship between TQM strategies and performance.	
Oriare (2011)	Application of Total Quality Management in strategic management at Safaricom Limited	Using TQM can be of great benefit to the Kenyan sector as it improves an organisation' performance, customer orientation and competitiveness.	This study failed to link TQM in strategy management to performance.	

**Source: Researcher (2017)**

## 2.5 Conceptual Framework

Figure 2.1 diagrammatically represents the relationship between the independent variables (Differentiation strategy, costing and promotion, service quality and pricing strategy) and dependent variable (performance).

**Figure 2.1: Conceptual Framework**



Source: Researcher (2017)

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The research design, target population, data collection methods and data analysis techniques for the study were discussed in this chapter. Other issues discussed include the sampling frame and sampling technique.

### **3.2 Research Design**

This refers to the arrangement of all conditions affecting a research and ranges from data collection to data analysis (Cooper & Schindler, 2008). The study made use of both quantitative and qualitative aspects to establish the association among the key variables under the study. Quantitative approach sets out to quantify data in order to use the statistics to analyze data sets (Zikmund & Babin, 2007). This methodology has been extensively used in the hospitality industry (Back, 2005). The research design adopted for this study was the cross sectional survey. Several authors have used the design in their research work on the Kenyan hotel industry (Odhun, 2010; Wadongo, 2010; Fwaya, 2012; Kingi, 2013). With this design, data can be collected cost effectively and within a short time period. This is important because there is no much change in the characteristics of the variables during the short period of data collection (Hair *et.al*, 2006).

### **3.3 Target Population**

Target population is the number of items which a researcher is interested in describing or making a statistical inference (Mugenda, 2005). The study population comprised of star rated hotels in Kenya ranging from 3 to 5 star hotels that are headquartered in Nairobi. These hotels are assumed to have achieved significant levels of quality service and hence the justification for their selection. Official statistics from TRA indicates that as at December 2016 there were 98 classified 3 to 5 star facilities. This is after the country adopted the new unified and standardized classification criteria that encompass the entire East African region as one bloc. A summary table of this classification is as below;

**Table 3.1 Summary of three to five star rated facilities**

<b>Category of Establishment</b>	<b>3 star</b>	<b>4 star</b>	<b>5 star</b>
Holiday/Vacation Hotels	9	10	2
City/Town Hotels	13	9	8
Lodges	12	12	1
Tented Camps	7	8	2
Villas, Cottages & Apartments	2	1	1
Restaurant	-	1	-
<b>TOTAL</b>	<b>43</b>	<b>41</b>	<b>14</b>

**Source: Tourism Regulatory Authority (2017)**

### **3.4 Sample Frame and Sampling Technique**

A list of 98 classified 3 to 5 star facilities and operating in Kenya formed the sampling frame of the study as shown in appendix III. Sampling is an element of data collection or a section of a population that is selected for a research process (Sekaran & Bougie, 2010). A stratified sample was extracted from each cluster of hotels, that is, 3 to 5 star. Kothari (2012) noted that stratified sampling is mostly appropriate when a sample is to be drawn from a population which is not homogenous. Stratified sampling generates a more representative sample as it divides the population items in relevant strata for ease of study. Lewis, Saunders and Thornhill (2009) vouch for the categorization of homogeneous items into various strata and therefore hotels were categorized into different stars.

The stratification of these hotels is justified by the fact that so many authors in Kenya and abroad have studied the hotel industry using stratified sampling. Many of the authors have studied different kinds of star rated hotels at the same time and this forms the basis of the selection of this methodology (Akan *et al.*, 2007; Aldehayyat & Anchor, 2008; Jehad & Adel, (2013), Fwaya, 2006; Wadongo *et. al.*, 2010 and Uzel, 2012). This study worked with a fixed sample size of 40 facilities selected randomly because it was easy to select the sample size in advance after classifying the hotels into different strata. The 40



hotels selected as a sample are an exact representation of the entire 3 to 5 star rated hotels proportionately as shown below;

**Table 3.2 Sample**

<b>Classification</b>	<b>Population Size</b>	<b>Sample Size</b>
5 Star	14	6
4 Star	41	17
3 Star	43	17
<b>Total</b>	<b>98</b>	<b>40</b>

**Source: Researcher (2017)**

### **3.5 Data Collection**

The collection of study data involved primary data that had to be collected using a questionnaire. The questionnaire collected the primary data from each of the sampled hotels. A questionnaire is a good method because it provides the clarifications sought by the target respondents and it can be collected immediately it is completed. The questionnaires were issued to senior individuals in hotels serving either as general manager, resident or operations manager (town hotels), lodge and/or camp manager (for lodges, camps and villas/cottages). Appendix II has the sample of the questionnaire used which targeted one respondent from each hotel who were expected to fill in the questionnaire.

### **3.6 Data Analysis**

Quantitative and qualitative data sets can be linked, preserving the words and numbers in each data set, or, the data can be transformed to create one data set, with quantitative data converted into qualitative data, or vice versa (Caracelli & Greene, 1993). Data was analyzed using descriptive data analysis techniques and inferential statistics. Descriptive statistics was used to provide an overview of the respondents' perception of the various aspects of strategic management as carried out in this empirical investigation.

Quantitative data items were analyzed using Microsoft Excel and SPSS statistical tools. The data from the answered questionnaires was analyzed using descriptive statistics that described the characteristics of the data collected. This was according to an argument by

Kothari, 2012. The mean was used to evaluate averagely the appreciation for each of the variables while the standard deviation was used to evaluate consistency in the responses. In addition, inferential statistics; including correlational and regression analyses, was applied in testing the nature and determining the type of association between the dependent and independent variables. The linear multiple regression model shown below was applied in the study;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where; Y – Hotel performance,  $\beta_0$  - Constant

$\beta_1, \beta_2, \beta_3,$  and  $\beta_4$  - Regression coefficients

$X_1$ - Differentiation strategy

$X_2$  – Costing and promotion

$X_3$ - Service quality

$X_4$ - Pricing strategy

$\varepsilon$  - Error term

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

The objective of the research was to establish the impact of strategic positioning and quality management strategies on performance of three to five star hotels which have headquarters in Nairobi. This section summarizes the data analysis, findings and discussion. The findings were summarized in tables, pie charts and graphs. The researcher issued 40 questionnaires which were distributed to each of the targeted institutions. 37 of these researcher instruments were returned and all had been completely filled. This depicted an approximate response rate of 92.5%.

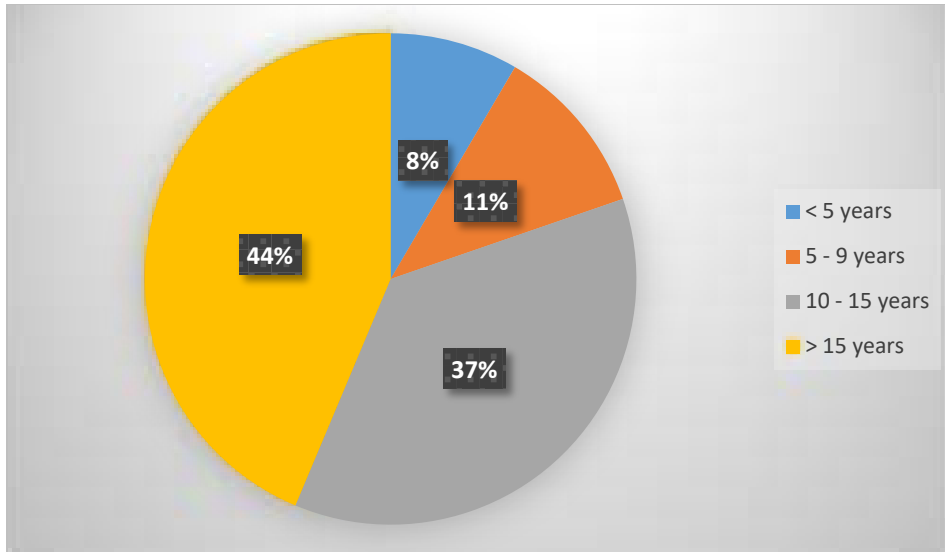
### **4.2 Background Information**

The research analyzed demographic and organizational information collected from the respondents. Organizational aspects analyzed in this study entail age of the organization, classification of the hotel and size of the organization while demographic information include position and age of the respondents and the length of service of the respondents in the hotel industry.

#### **4.2.1 Age of the Organization**

Figure 4.1 presents the findings on the responses obtained on age of the organizations.

**Figure 4.1: Age of the organisation**



**Source: Research Data (2017)**

The findings depict that 3 respondents representing 8% of the total respondents indicated that their organisations had been in operation for less than 5 years, 4(11%) respondents confirmed that their organisations had been in operation for between 5 to 9 years while more than one-third of the respondents 14(37%) indicated that their firms had operated for more than 10 years but not more than 15 years. Similarly, 16(44%) respondents revealed that their firms had operated for more than 15 years. This therefore depicts that the hotel industry is a well-established sector in the country with more than three-quarters (30, 81%) of the responses indicating that the firms had been in operation for more than 10 years.

#### **4.2.2 Classification of Hotel**

The study sought to establish the classification within which the various targeted hotels fall. The results were summarized in table 4.1 below.

**Table 4.1: Classification of Hotel**

Variable	Frequency	Percentage %
<b>Genre of respondent</b>		
Three Star	15	40.8
Four Star	18	47.9
Five Star	4	11.3
Total	37	100.0

**Source: Tourism Regulatory Authority (2017)**

The findings reveal that more than one-third of the respondents (40.8% and 47.9%) indicated that their organisations are either three star or four star hotels respectively. Only 11.3% (4) confirmed that their firms are classified as five star hotels.

#### **4.2.3 Size of the Organisation**

The researcher measured the number of employees and rooms for each of the targeted hotels with intent to establish the size of these hotels.

**Table 4.2: Size of the Organization**

Variable	Frequency	Percentage %
<b>Number of Employees</b>		
Less than 100	3	8.5
101 – 200	16	43.7
201 - 300	12	32.3
Above 300	6	15.5
<b>Total</b>	<b>37</b>	<b>100.0</b>
<b>Number of rooms</b>		
Less than 100	3	7.0
101 – 200	15	40.8
201 - 300	13	33.8
Above 300	7	18.4
<b>Total</b>	<b>37</b>	<b>100.0</b>

**Source: Research Data (2017)**

Table 4.2 indicates that, 3(8.5%) of the hotels have less than 100 employees, 16(43.7%) of the organisations had more than 100 but less than 200 employee. On the other hand, 12 (32.3%) of the respondents indicated that their organisations had between 201 and 300 employees whereas only 15.5% (6) of the respondents confirmed that their hotels had more than 300 employees. In relation to the number of rooms, only 7.0% of the respondents representing a total of 3 hotels depicted that their hotels had less than 100 rooms whereas more than one-third (15, 40.8%) of the respondents confirmed that their hotels have between 101 and 200 rooms. Similarly, 13 (33.8%) of the respondents indicated that their hotels had between 201 and 300 rooms. Only 18.4% (7) of the respondents confirmed that the hotels they work in have more than 300 rooms. This depicts that most of the three, four and five star hotels are large sized organisations with only less than 10%; 8.5% and 7.0%, having less than 100 employees and rooms respectively.

#### **4.2.4 Demographic Information**

The study also sought to establish the demographic characteristics of the respondents. Three demographic aspects; respondents' position, age and period of service in the hotel industry, were measured and the results presented in table 4.3.

**Table 4.3: Demographic Information**

<b>Variable</b>	<b>Frequency</b>	<b>Percentage %</b>
<b>Position</b>		
General manager	3	7.0
Operations manager	9	23.9
Resident manager	11	31.0
Supervisor/Head of Department	14	38.1
<b>Total</b>	<b>37</b>	<b>100.0</b>
<b>Age</b>		
18 – 25 years	0	0.0
26 -35 years	1	2.8
36 – 50 years	22	59.2
Over 50 years	14	38.0
<b>Total</b>	<b>37</b>	<b>100.0</b>
<b>Period of service in hotel industry</b>		
0 – 5 years	0	0.0
6 - 10 years	2	4.2
11 – 15 years	19	50.7
Over 15 years	17	45.1
<b>Total</b>	<b>37</b>	<b>100.0</b>

**Source: Research Data (2017)**

Table 4.3 indicates that, 3(7.0%) of the respondents were general managers in their organizations, 9(23.9%) served as operations managers, 11 representing 31.0% of the respondents were resident managers whereas 14(38.1%) of the respondents were either supervisors or heads of departments in their various organisations. Taking into consideration the type of respondents in this study, the findings are therefore highly reliable. From the findings, it was also evident that none of the managers had less than 25 years in age or had served in the industry for less than 5 years. On the other hand, most (97.2%, 36) of the managers were more than 36 years in age while only 4.2%(2) indicated that they had worked in the industry for less than 10 years. These findings further depict that the respondents are more conversant with the various strategic positioning undertaken in the industry alongside TQM strategies hence the inference made from the data is reliable.

### 4.3 Impact of Adopting Positioning Strategies

Table 4.4 presents the findings in relation to the impact of adopting positioning strategies in the hotel industry. The respondents were required to present their opinion on the extent they agree with various statements relating to positioning strategies. The responses were to be indicated using this scale: 1 = Not at all; 2 = Small extent; 3 = Moderate extent; 4 = Great extent; 5 = Very Great extent.

**Table 4.4: Adopting Positioning Strategies**

	N	Min	Max	Mean	Std. Dev
Helps the hotel to know where to confront competition from and where to avoid it.	37	2	5	3.11	.667
Provides the hotel with a unique image in the market place.	37	2	5	3.64	.532
Facilitate the fine tuning of strategy due to experience gained by being close to the customers. Helps in determining precisely what service offering is required.	37	3	5	4.61	.383
Provides the framework upon which to build and coordinate the elements of the marketing mix to implement positioning strategy.	37	2	5	2.47	.764
Valid N (listwise)	37				

**Source: Research Data (2017)**

From the findings, the mean of 3.11 and standard deviation of .667 depict that adopting positioning strategies moderately help the hotel to know where to confront competition from and where to avoid it while the mean of 3.64 and standard deviation of .532 reveal that the strategies, to a great extent provide the hotel with a unique image in the market place. The mean of 4.61 indicate that adopting positioning strategies very greatly facilitates the fine tuning of strategy due to experience gained by being close to the customers hence assisting in determining precisely what service offering is required. The



responses did not also so widely vary as shown by the standard deviation of .383. The respondents also indicated that to a small extent, adopting positioning strategies provides the framework upon which to build and coordinate the elements of the marketing mix to implement positioning strategy (mean 2.47, sd .764).

#### 4.4 Positioning Strategies

The study sought to identify the various aspects associated with positioning and TQM strategies within the hotel industry. These strategies entailed differentiation strategies, costing and promotions, perceived quality of service and pricing strategies. The findings were presented and discussed in sections 4.4.1 to 4.4.4 below.

##### 4.4.1 Differentiation Strategies

The researcher asked respondents to express their opinion on their level of agreement on a number of differentiation strategies employed within the hotels. Their responses were to be given in the following scale: 1 = Not at all; 2 = Small extent; 3 = Moderate extent; 4 = Great extent; 5 = Very Great extent. The results were as presented in table 4.5 below.

**Table 4.5: Differentiation Strategy**

	N	Min	Max	Mean	Std. Dev
Creation of a new advertising campaign or other sales promotion.	37	2	5	4.44	.537
Availability of additional services e.g. valet parking.	37	1	5	3.82	.532
Have social responsibility activities	37	3	5	4.23	.485
Swift in introducing new products	37	1	5	3.01	.564
Availability of service team at all times	37	1	5	3.97	.444
Availability of wide range of hotel products	37	1	5	3.17	.579
Message of differentiation reach the clients in order to be effective.	37	1	5	2.78	.663
Valid N (listwise)	37				

**Source: Research Data (2017)**

From the findings, it was evident that the hotels utilize the creation of a new advertising campaign or other sales promotion (mean 4.44, sd .537), availability of additional services e.g. valet parking (mean 3.82, sd .532), having social responsibility activities (mean 4.23, sd .485) and availing of service team at all times (mean 3.97, sd .444) as positioning strategies to a great extent. On the other hand, swift introduction of new products, availing wide range of hotel products and messaging clients on the various aspects of differentiation undertaken within the organisations were moderately absorbed. This is indicated by the means of 3.01 (.564), 3.17 (.579) and 2.78 (.663) respectively.

#### **4.4.2 Costing and Promotions**

Table 4.6 summarizes the responses on the extent to which the respondents agree on the costing and promotion strategies adopted by the hotels and the extent of impact on performance in a five point scale that ranged from 'Not at all' (1) to 'Very great extent' (5). A standard deviation of >1.0 implies a significant difference in the responses collected.

**Table 4.6: Costing and Promotions**

	N	Min	Max	Mean	Std. Dev
Keeps overhead costs lower than competitors.	37	2	5	4.73	.347
Accepts multiple forms of payment.	37	2	5	4.88	.371
Buys in bulk to reduce on costs	37	3	5	4.56	.307
The hotel advertises its products and services	37	1	5	3.96	.555
Low costs permit the hotel to sell its products at the lowest competitive price and such low prices will gain competitive advantage and increase market share.	37	2	5	4.13	.401
The hotel is a price leader thus undermining competitors' growth in the industry and undercutting the profitability of competitors.	37	1	5	3.14	.689
The hotel benefits from economies of scale	37	2	5	4.42	.449
The hotel designs, produces, and markets its product more efficiently than its competitors	37	1	5	3.27	.774
Valid N (listwise)	71				

**Source: Research Data (2017)**

The findings reveal that the hotels, to a very great extent, employ costing and promotion strategies that include keeping overhead costs lower than competitors (mean 4.73), accepting multiple forms of payment (mean 4.88) buying in bulk to reduce on costs (mean 4.56) and advertising of products and services (mean 3.96). The respective standard deviations of .347, .371, .307 and .555 further indicate that the responses were not varying greatly.

Similarly, the mean of 4.13 and standard deviation of .401 indicate that low costs greatly permit the hotel to sell its products at the lowest competitive price and such low prices will gain competitive advantage and increase market share. A mean and standard deviation of 3.14 and .689 respectively reveal that the individual hotels are on average,

price leaders thus undermine competitors' growth in the industry hence undercutting the profitability of competitors while the mean of 4.42 and standard deviation of .449 depict that the hotels greatly benefits from economies of scale. The findings also confirm that on average, the individual hotels designs, produces, and markets its product more efficiently than its competitors as indicated by the mean of 3.27 and standard deviation of .774.

#### 4.4.3 Quality of Service

Using a scale of 1=Not at all to 5=Very Great extent, the respondents were requested to indicate how they agree with various aspects relating to quality of service.

**Table 4.7: Quality of Service**

	N	Min	Max	Mean	Std. Dev
The hotel provides quality services that exceeds its customers' expectations.	37	1	5	3.49	.537
The hotel offers reliable services to its customers.	37	2	5	3.27	.681
The hotel is responsive to its customers (willingness to help customers and prompt service assurance).	37	2	5	4.57	.426
The hotel has the ability to convey trust to its customers	37	2	5	4.51	.496
The hotel has empathy on its customers.	37	2	5	4.50	.389
The hotel offers individualized attention to customers	37	2	5	4.67	.353
The hotel presents a realistic picture of its service to customers by checking the promotional messages for accuracy.					
The hotel effectively communicates with customers to ascertain their needs by using the service delivery process as an opportunity to impress on customers.	37	1	5	3.32	.449
The hotel harnesses the power of technology to give customers better services.	37	1	5	3.48	.333
Valid N (listwise)	37				

**Source: Research Data (2017)**

From the findings in table 4.7, it was evident that to a moderate extent, the hotels provide quality services that exceed its customers' expectations, offer reliable services to its customers, effectively communicate with customers to ascertain their needs by using the service delivery process as an opportunity to impress on customers and harness the power of technology to give customers better services. These findings are depicted by the means of 3.49, 3.27, 3.32, 3.48 and standards deviations of .537, .681, .449 and .333 respectively. The means of 4.57 (.426), 4.51 (.496), 4.50 (.389) and 4.67 (.53) respectively indicate that the hotels are very greatly responsive to their customers (willingness to help customers and prompt service assurance), have the ability to convey trust to their customers, have empathy on their customers and offers individualized attention to customers.

#### 4.4.4 Pricing Strategies

The study was interested in the organizations' strategies in relation to pricing strategies. The responses were as presented in table 4.8.

**Table 4.8: Pricing Strategies**

	N	Min	Max	Mean	Std. Dev
Pricing strategies reflect organization's goals.	37	2	5	2.09	.769
Use of efficient scale facilities.	37	1	5	2.47	.641
Prices are lower than those of competitors.	37	1	5	3.19	.669
Keeps prices same as competitors.	37	1	5	3.38	.753
Valid N (listwise)	37				

**Source: Research Data (2017)**

The results depict that to a small extent, pricing strategies reflect organization's goals (mean 2.09, sd .769) and efficient scale facilities are also used by the hotels (mean 2.47, sd .641). On the other hands, the respondents confirmed that to a moderate extent, individual hotel prices are lower than those of competitors (mean 3.19, sd .669) while the hotels moderately seek to keep their prices same as competitors (mean 3.38, sd .753).

## 4.5 Effect of Strategies on Performance

The researcher sought to establish the impact of specific strategies employed by the hotels on their performance. The respondents were to give their feedback on the scale of 1 = Not at all; 2 = Small extent; 3 = Moderate extent; 4 = Great extent; 5 = Very Great extent.

**Table 4.9: Strategies and Performance**

	N	Min	Max	Mean	Std. Dev
Quality Management System.	37	2	5	3.89	.647
Use of feedback from customers, suppliers and employees to improve its quality.	37	2	5	3.77	.599
ISO certification.	37	2	5	3.22	.627
The culture of excellence in service delivery.	37	3	5	4.55	.454
Training program to ensure quality in service delivery.	37	2	5	3.21	.669
A strong competitive position in the industry	37	3	5	3.84	.601
No frequent shift in positioning	37	2	5	2.85	.701
Skilled and resource base that improve competitive position.	37	2	5	3.03	.714
Competing for customers' involvement in daily operations.	37	1	4	1.58	.723
Competing for the funds consumers are willing to spend in acquiring a service	37	1	4	2.09	.689
Membership to an international/local trade association.	37	1	5	2.54	.722
Valid N (listwise)	37				

**Source: Research Data (2017)**

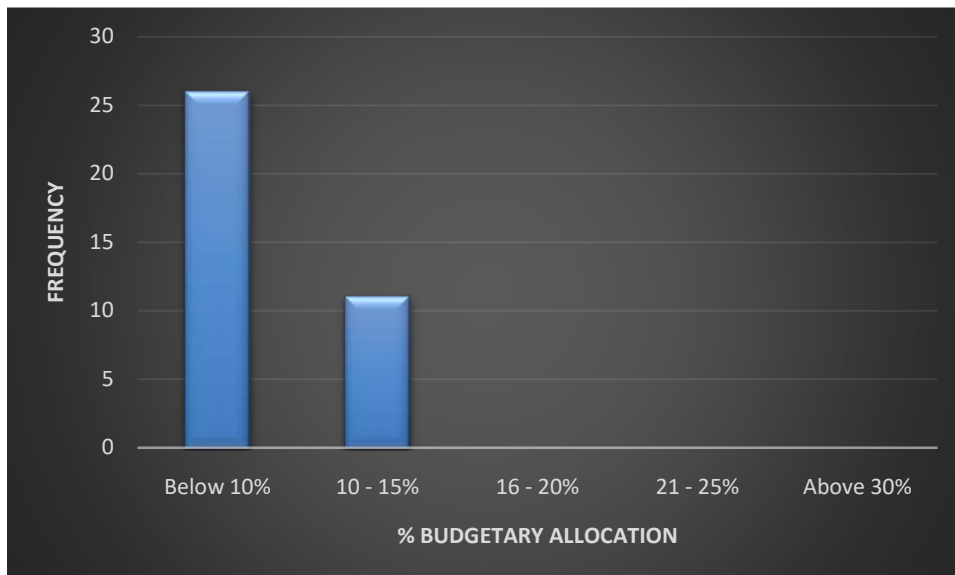
The results indicate that the culture of excellence in service delivery (mean 4.55, sd .454) very greatly impact the performance of the hotels. Similarly, a number of strategies, to a

great extent, impact the performance of the organisations. These include; use of Quality Management System (mean 3.89, sd .687), use of feedback from customers, suppliers and employees to improve its quality (mean 3.77, sd .599) and attaining a strong competitive position in the industry (mean 3.84, sd .601). Being ISO certified, setting up training program to ensure quality in service delivery, ensuring no frequent shift in positioning, having skilled and resource base that improve competitive position and being a member to an international/local trade association moderately impact the performance of the hotels as depicted by the means of 3.22, 3.21, 2.85 and 3.03 respectively. The standard deviations of .627, .669, .701 and .714 further reveal that the responses were not so diverse. The mean of 1.58 and the standard deviation of .723 and the mean of 2.09 and the standard deviation of .689 reveal that competing for customers' involvement in daily operations and competing for the funds consumers are willing to spend in acquiring a service impact the performance of hotels to a small extent respectively.

#### 4.6 Budgetary Allocation

The study sought to establish the average budgetary allocation for the organisations towards strategic positioning and quality management within the last five years. The findings were as presented in figure 4.2.

**Figure 4.2: Budgetary Allocation**



**Source: Research Data (2017)**

The results indicate that no organisation had a budgetary allocation of more than 15% towards positioning strategy and quality management. Basically, 26(70.3%) of the respondents revealed that their organisations had an average budgetary allocation of below 10% within the last five years towards strategic positioning and quality management while 11(29.7%) had a budgetary allocation of between 10 to 15% towards the same.

#### **4.7 Correlation Analysis**

Table 4.10 summarizes the findings on the inferential analysis conducted between the independent and dependent variable.



**Table 4.10: Correlation Analysis**

		Differentiation Strategy	Costing & Promotion	Service Quality	Pricing Strategy	Performance
Differentiation Strategy	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	37				
Costing & Promotion	Pearson Correlation	.211	1			
	Sig. (2-tailed)	.054				
	N	37	37			
Service Quality	Pearson Correlation	.627	.313	1		
	Sig. (2-tailed)	.107	.111			
	N	37	37	37		
Pricing Strategy	Pearson Correlation	.566	.734	.501	1	
	Sig. (2-tailed)	.311	.089	.284		
	N	37	37	37	37	
Performance	Pearson Correlation	.729	.699	.809	.773	1
	Sig. (2-tailed)	.011	.003	.008	.021	
	N	37	37	37	37	37

**Research Data (2017)****\*Significance level = 5%**

From the findings, the Pearson Correlation = .729 indicates a strong positive relationship between differentiation strategy and performance which implies that differentiation strategy positively impacts performance of the hotel. The significance value of 0.011 (< 0.05) however reveals that the association is statistically significant. Similarly, the

Pearson Correlation values of .699 depict a strong positive association between costing and promotion and performance. This therefore indicated that costing and promotion positively influence performance of the hotels. The association is also significant as indicated by the significant value of .003 which is smaller than .05. The correlation values of .809 and .773 depict a very strong positive correlation which implies that service quality and pricing strategy positively impact performance. The significance values of .008 and .021 ( $< 0.05$ ) further indicate that the relationship is statistically significant.

#### 4.8 Regression Analysis

The researcher conducted regression analysis in seeking to establish the cumulative effect of the independent variables; differentiation strategy, costing and promotion, service quality and pricing strategy on performance. The results were as summarized in tables 4.11, 4.12 and 4.13

**Table 4.11: Regression Analysis**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.375 <sup>a</sup>	.141	-.056	.643

a. Predictors: (Constant), differentiation strategy, costing and promotion, service quality and pricing strategy

**Source: Research Data (2017)**

The results in table 4.11 indicate a value of R square of 0.141 which depicts that differentiation strategy, costing and promotion, service quality and pricing strategy cumulatively impact performance in the three to five star hotels up to 14.1 %.

**Table 4.12: ANOVA Table**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.35	3	.181	.18	.001 <sup>a</sup>
	Residual	23.41	39	.632		
	Total	26.76	42			

a. Predictors: (Constant), differentiation strategy, costing and promotion, service quality and pricing strategy.

b. Dependent Variable: Performance

The significance level of 0.001 (< 0.05) depicts that the combined effect of differentiation strategy, costing and promotion, service quality and pricing strategy is statistically significant.

**Table 4.13: Table of Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	0.745	.444		4.311	.001
	Differentiation strategy	.211	.173	.200	.341	.000
	Costing and promotion	.097	.181	.084	.273	.003
	Service quality	.822	.331	.783	.174	.021
	Pricing strategy	.530	.201	.462	.201	.000

a. Dependent Variable: Performance

**Source: Research Data (2017)**

Table 4.13 summarizes the coefficients of the predictor variables. From the findings in the table, the regression model for the study is derived as:

$$Y = 0.745 + 0.211X_1 + 0.097X_2 + 0.822X_3 + 0.530X_4$$

Where; Y - Performance

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

X<sub>2</sub> – Costing and promotion

X<sub>2</sub> – Service quality

X<sub>4</sub> – Pricing strategy

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents the summary of findings of the study, conclusions arrived at by the researcher, recommendations of the study, implication of the study on policy, theory and practice and also captures discussions on suggestions for further studies according to the researcher.

### **5.2 Summary of Findings**

The findings revealed that most of the organizations had been in operation for more than 10 years depicting the industry is well established in the country and hence form a good study area. A significant number of hotels have however joined the industry in the last ten years hence implying that the sector is experiencing a rapid growth. It was however evident that most of the hotels have a star rating of either three or four with few being rated as five star hotels. This therefore implies that competition within the sector is so stiff more specifically within the four and three star-rated hotels. The findings also showed that more than three-quarters of the three, four and five star rated hotels have more than 100 employees and rooms. This may be attributed to how established the industry is hence demanding for an intense investment for an organization to be competitive and register good performance.

The study collected opinions from managers within various levels of management. The respondents were made up of general managers, operations managers, resident managers and supervisors or Heads of Departments. The results further depicted that most of the managers, numbering slightly above 97%, are aged from 36 years and above with more than 95% of them having accumulated an experience of more than 11 years within the hotel industry. This therefore implies that the sector upholds and is majorly driven by experts who are well qualified an aspect that may be further attributed to the current stiff competition within the sector.

The results of this study also revealed that adopting positioning strategies help the hotel to know where to confront competition from and where to avoid it and to a great extent

provide the hotel with a unique image in the market place. These findings are in line with the arguments by Day and Wensley, (2008). The study further established that adopting positioning strategies very greatly facilitate the fine tuning of strategy due to experience gained by the hotel by being close to the customers hence assisting in determining precisely what service offering is required. A similar finding was arrived at in a study by Karingithi (2012). It was also clear from the results that adopting positioning strategies provides the framework upon which to build and coordinate the elements of the marketing mix to implement positioning strategy. From the findings, it was also evident that the hotels utilize a number of differentiation strategies to varying degrees that include creation of a new advertising campaign or other sales promotion, using additional services e.g. valet parking, having social responsibility activities and availing of service team at all times, swift introduction of new products, availing wide range of hotel products and messaging clients on the various aspects of differentiation undertaken within the organizations. Similar arguments were established by Reed et al., (1996).

In relation to costing and promotion strategies, the findings revealed that the industry had adopted different strategies to a great extent. Such strategies include keeping overhead costs lower than competitors, accepting multiple forms of payment, buying in bulk to reduce on costs and advertising of products and services. Such strategies were also supported by Piron (2000). The strategies have further impacted the organizations through permitting the hotels to sell products at the lowest competitive price hence gaining competitive advantage and increasing their market share, turning the hotels into price leaders thus undermining competitors' growth in the industry hence undercutting the profitability of competitors, making them beneficiaries of economies of scale and enabling the hotel design, produce, and market products more efficiently than its competitors. The findings also revealed that the hotels provide quality services which exceed its customers' expectations, offer reliable services to its customers, effectively communicate with customers to ascertain their needs by using the service delivery process as an opportunity to impress on customers and harness the power of technology to give customers better services. The results depict that to a small extent, pricing strategies reflect organization's goals and efficient scale facilities are also used by the hotels. On the other hands, the respondents confirmed that on average, individual hotels

seek to set prices that are lower than those of competitors while others seek to keep their prices same as their competitors.

The results also revealed a number of strategies that impact the performance of the sector in varying degrees. For instance, culture of excellence in service delivery very greatly impact the performance of the hotels. Similarly, the use of Quality Management System, feedback from customers, suppliers and employees to improve its quality and attaining a strong competitive position in the industry greatly influence performance while being ISO certified, setting up training program to ensure quality in service delivery, ensuring no frequent shift in positioning, having skilled and resource base that improve competitive position and being a member to an international/local trade association moderately impact the performance of the hotels. On the other hand, competing for customers' involvement in daily operations and competing for the funds consumers are willing to spend in acquiring a service impact the performance of hotels to a small extent. Correlational analysis conducted to assess the nature and strength of relationship between the independent and dependent variables established that performance positively and strongly relates with differentiation strategies, costing and promotion, service quality and pricing strategies. A similar conclusion was arrived at by a number of researchers (Nguyen, 1998); Day & Wensley, 2008). The significant values of .021, .006, .017 and .043 further depict that the associations are significant.

### **5.3 Conclusion**

The study concludes that adopting positioning and Total Quality Management strategies assist the organisations in enhancing performance through confronting or avoiding competition, facilitating the fine tuning of strategy through enhancing customer relationships and providing framework on which to build and coordinate the elements of the marketing mix.

The study also concluded that differentiation strategies strongly impact the performance of the hotels. A number of differentiation strategies have been adopted by the hotels which include creation of a new advertising campaign or other sales promotion, utilizing services such as valet parking, engaging in social responsibility activities, availing of wide range hotel products and services, establishing service team at all times, swift

introduction of new products and messaging clients on the various aspects of differentiation undertaken by the organisations.

The study also concluded that costing and promotion strategies positively and significantly impact the performance of the hotel industry through permitting the hotels to sell products at the lowest competitive prices, turning the hotels into industry price leaders thus undermining competitors' growth, allowing them to benefit from economies of scale and enabling the hotel design, produce and market products more efficiently than its competitors. Several costing and promotion strategies have been adopted within the industry that include keeping overhead costs lower than competitors, accepting multiple forms of payment, buying in bulk to reduce on costs and advertising of products and services.

The research concluded that effective pricing strategies and provision of quality services significantly enhance the performance of the hotels. The organizations also harness the power of technology so as to ensure customers enjoy better services. Pricing strategies further assist in identifying an organization' goal with different hotels adopting diverse strategies that either seek to have lower or similar prices as their competitors.

#### **5.4 Implication of the Study on Policy, Theory and Practice**

The study facilitates policy makers in developing future policies within the hotel industry in relation to strategic positioning and total quality management through broadening the knowledge in the area of strategic management and hotel performance.

This study provides a knowledge platform upon which investors can benefit through gauging their investment options in the hotel industry based on the level of adoption of specific strategies by the hotels which further impacts their overall performance. The findings also help hotel management to appreciate the impact of various positioning and TQM strategies on the overall performance of their hotels hence facilitate them further in developing the same. The government of Kenya also stands to benefit from an improved hotel sector through increased revenues from tourism and the entire hospitality industry.



The findings of this research enhance the academic knowledge in the field of strategic management and more specifically in the Kenyan hospitality sector. It further anchors the theories of competitive advantage theory, Resource based-view theory, environmental dependency theory and contingency theory upon which this study is founded.

### **5.5 Recommendation of the Study**

The study recommends that the industry should continuously undertake leadership strategies that considers experience in appointing and selecting its managers and generally maintain a skilled resource base due to the stiff competition currently experienced in the sector and evidently from the study, skill and experience in the hotel industry positively impact performance.

This study also recommends that the management of the organizations within the hotel sector should intentionally develop and implement various positioning and TQM strategies that include differentiation strategies, costing and promotions strategies, perceived quality of service and pricing strategies in order to enhance their overall performance.

The researcher recommends that the hotels should set aside sufficient budgetary allocation towards developing and implementing positioning and quality management strategies so as to derive the most from such including enhancing the overall performance of the organisation.

The study recommends that the hotels should continuously maintain the use of feedback from customers, suppliers and employees, quality management systems, a culture of excellence and training programmes in seeking to improve the quality of services offered since they greatly impact performance in the sector.

### **5.6 Limitations of the Study**

This study only focused on hotels that are rated as three star, four star or five star hence leaving out any other category of hotels. The study was further limited to data source from hotels that are headquartered in Nairobi and from respondents within the various management levels in the organisations more specifically the general managers,

operations managers, resident managers and supervisors/head of departments. The study also only utilized primary data obtained from questionnaires. In addition, a number of the respondents were also not reachable due to conflicting schedules while others were not willing to give their feedbacks through filling the questionnaires claiming strict organizational policies on sharing of internal information.

### **5.7 Areas Suggested for Further Research**

The research sought to determine the impact of strategic positioning and total quality management strategies on performance of three to five star hotels that are headquartered in Nairobi while measuring four variables; differentiation strategy, costing and promotion, service quality and pricing strategy. Additional research can be carried out on other strategic management aspects such as strategic leadership, organisational structure and organisational culture and their impact on the performance of the hotel industry. Research can also be conducted that target other industries other than the hotel industry in the country or among other hotels other than the three, four and five star hotels currently targeted in this study.

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## APPENDICES

### Appendix I: Letter of Introduction

Lawrence Wafula Maoto,  
School of Business,  
University of Nairobi,  
P.O Box 30197 00100  
Nairobi.

Dear Sir/Madam,

#### **RE: REQUEST FOR RESEARCH INFORMATION**

The undersigned is a student at the University of Nairobi in the school of Business and pursuing a Master of Business Administration (MBA). I am undertaking a research investigation on strategic positioning and total quality management strategies and their impact on performance in the Kenyan hospitality industry focusing on three to five star hotels, as an academic requirement for the award of this degree.

I kindly seek your indulgence and help in this research by filling in the attached questionnaire which will provide the much needed information for analysis to achieve the objectives of the research. The information provided will be handled in the strict confidence and used only for this academic purpose. A copy of the report will be availed to the university authorities and you upon request.

I look forward to and appreciate your kind cooperation and contribution.

Yours faithfully,

**Lawrence Maoto**

## Appendix II: QUESTIONNAIRE

### SECTION 1: HOTELS PROFILE (check the correct answer)

Q.1 How long has the hotel operated

- Less than 5 Years  5-9 years  10 – 15 years  more than 15 years

Q.2 Classification of hotel

- Three star  Four star  Five star

Q.3 Number of employees in this hotel

- 100 and below  101-200  201-300  300 and above

Q.4 Number of rooms

- 100 and below  101-200  201-300  Above 300

Q.5 Select your position

- General Manager  Operations Manager  Resident Manager  Supervisor/ Head of Department

Q.6 Indicate your age bracket

- 18-25yrs  26-35yrs  36-50yrs  Over 50 yrs

Q.7 How long have you worked in the Hotel Industry

- 0- 5yrs  6-10yrs  11-15yrs  Above 15yrs

### SECTION II: STRATEGIC POSITIONING & QUALITY MANAGEMENT STRATEGIES

On a scale of 1 to 5 where 5 is very great extent and 1 is not at all, please indicate the extent to which you agree with the following statements on Strategic positioning and TQM strategies.



Q1. To what extent do you agree with the following statements regarding hotels adopting positioning strategies?

	1 Not at all	2 Small extent	3 Moderate extent	4 Great Extent	5 Very great extent
Helps the hotel to know where to confront competition from and where to avoid it					
Provides the hotel with a unique image in the market place					
Facilitate the fine tuning of strategy due to experience gained by being close to the customers. Helps in determining precisely what service offering is required					
Provides the framework upon which to build and coordinate the elements of the marketing mix to implement positioning strategy					

Q 2. To what extent do you agree on the following regarding the use of the following positioning strategies by your hotel to improve its performance?

<b>(a) Differentiation Strategy</b>	1 Not at all	2 Small Extent	3 Moderate Extent	4 Great Extent	5 Very great extent
Creation of a new advertising campaign or other sales promotion					
Availability of additional services e.g valet parking					
Have social responsibility activities					
Swift in introducing new products					
Availability of service team at all times					
Availability of wide range of hotel products					
Message of differentiation reach the clients in order to be effective					
<b>(b) Costing and Promotions</b>	1 Not at all	2 Small Extent	3 Moderate Extent	4 Great Extent	5 Very great extent
Keeps overhead costs lower than competitors					
Accepts multiple forms of payment					
Buys in bulk to reduce on costs					
The hotel advertises its products and services					

Low costs permit the hotel to sell its products at the lowest competitive price and such low prices will gain competitive advantage and increase market share					
The hotel is a price leader thus undermining competitors' growth in the industry and undercutting the profitability of competitors					
The hotel benefits from economies of scale					
The hotel designs, produces, and markets its product more efficiently than its competitors					
<b>( c ) Perceived Quality of Service</b>	<b>1</b> Not at all	<b>2</b> Small Extent	<b>3</b> Moderate Extent	<b>4</b> Great Extent	<b>5</b> Very great extent
The hotel provides quality services that exceeds its customers' expectations					
The hotel offers reliable services to its customers					
The hotel is responsive to its customers (willingness to help customers and prompt service assurance)					
The hotel has the ability to convey trust to its customers					
The hotel has empathy on its customers					
The hotel offers individualized attention to customers					
The hotel presents a realistic picture of its service to customers by checking the promotional messages for accuracy					
Performing the service right to customers by stressing to employees to provide reliable service.					
The hotel effectively communicates with customers to ascertain their needs by using the service delivery process as an opportunity to impress on customers					
The hotel harnesses the power of technology to give customers better services					
<b>(9) Pricing Strategies</b>	<b>1</b> Not at all	<b>2</b> Small Extent	<b>3</b> Moderate Extent	<b>4</b> Great Extent	<b>5</b> Very great extent
Pricing strategies reflect organization's goals					

Use of efficient scale facilities					
Prices are lower than those of competitors					
Keeps prices same as competitors					

**SECTION III: EFFECT OF STRATEGIES ON PERFORMANCE**

Q1. To what extent do the following strategies influence your hotel’s performance?

	1 Not at all	2 Small Extent	3 Moderate Extent	4 Great extent	5 Very great extent
Quality Management System					
Use of feedback from customers, suppliers and employees to improve its quality					
ISO certification					
The culture of excellence in service delivery					
Training program to ensure quality in service delivery					
A strong competitive position in the industry					
No frequent shift in positioning					
Skilled and resource base that improve competitive position					
Competing for customers’ involvement in daily operations					
Competing for the funds consumers are willing to spend in acquiring a service					
Membership to an international/local trade association					

Q. 2 What is the hotel’s approximate budgetary allocation on strategic positioning and quality management activities over the last five years?

- Below 10%    10-15%    15-20%    20-25%    25-30    Above 30%

**THANK YOU FOR PARTICIPATING IN THIS SURVEY**

### **Appendix III**

#### **LIST OF CLASSIFIED HOTELS, LODGES & CAMPS**

##### **A. FIVE STAR**

1. Villa Rosa Kempinski
2. Hemingways Nairobi
3. Sankara Nairobi
4. Fairmont The Norfolk
5. The Sarova Stanley
6. Radisson Blu Hotel Nairobi
7. The Dusit D2
8. The Tribe Hotel
9. Leopard Beach Resort
10. Swahili Beach Resort
11. Segera Retreat Lodge
12. Medina Palms Suites and Villas
13. Olare Mara Kempinski
14. Lake Elementaita Serena Camp

##### **B. FOUR STAR**

15. Crowne Plaza
16. Ole Sereni Hotel
17. House of Waine
18. Weston Hotel
19. Southern Sun Mayfair Nairobi
20. The Boma Nairobi
21. Fairview Hotel
22. Sarova Panafric Hotel
23. Windsor Golf Hotel & Country Club
24. Carnivore Restaurant
25. Voyager Beach Resort
26. Marina English Point
27. Sarova Whitesands Beach Resort
28. Diamond Dream of Africa
29. Leisure Lodge Beach & Golf Resort
30. Baobab Beach Resort & Spa
31. Serena Beach Resort & Spa
32. Turtle Bay Beach Club
33. Fairmont Mt. Kenya Safari Club

34. White Rhino Hotel
35. Sarova Shaba Game Lodge
36. Naivasha Kongoni Lodge
37. Aberdares Country Club
38. Ashnil Samburu Lodge
39. Sweetwaters' Serena Camp and Olpejeta House
40. Samburu Intrepids Camp
41. Msambweni Beach House and Private Villa
42. Mara Serena Safari Lodge
43. Masai Mara Sopa Lodge
44. Olarro Lodge
45. Keekorok Lodge
46. Sarova Lion Hill Game Lodge
47. Lake Nakuru Sopa Lodge
48. Sentrim Elementaita Lodge
49. Governors Illmoran Camp
50. Ashnil Mara Camp
51. Mara Explorer Camp
52. Sarova Mara Game Camp
53. Mara Intrepids Camp
54. Little Governors Camp
55. DBA Mara West Tented Camp

**C. THREE STAR**

56. The Clarion Hotel
57. Ngong Hills Hotel.
58. The Heron Portico
59. The Panari Hotel
60. Marble Arch Hotel
61. Mountain Breeze Hotel Ltd.
62. Westwood Hotel
63. Amboseli Sopa Lodge
64. Maanzoni Lodge
65. Kibo Safari Camp
66. Bollywood Bites
67. Bahari Beach Hotel
68. Isinya Resorts Limited
69. Pangoni Beach Resort
70. Mnarani Club
71. Indian Ocean Beach Resort

72. Diani Sea Resort
73. Sandies Tropical Village
74. Crystal Bay Beach Resort
75. Sportsman's Arms Hotel
76. Royal Court Hotel
77. Green Hills Hotel
78. Outspan Hotel
79. Samburu Simba Lodge
80. Borana Lodge
81. Serena Mountain Lodge
82. Giraffe Ark Camp Lodge
83. Ashnil Aruba Lodge
84. Mantis Mutara Tented Luxury Camp
85. Ikweta Safari Camp
86. Sentrim Tsavo East Camp
87. Jacyjoka Apartments
88. Azul Margarita Beach Resort
89. Hotel Cathay
90. Mara Engai Wilderness Retreat
91. Mara Simba Lodge
92. Lake Naivasha Simba Lodge
93. Lake Naivasha Resort
94. Lake Nakuru Flamingo Lodge
95. Sekenani Camp
96. Tipilikwani Mara Camp
97. Sanctuary Olonana Camp
98. Kisumu Hotel

**Source: Tourism Regulatory Authority, 2016**