

**KEY SUCCESS FACTORS AND COMPETITIVE STRATEGIES
BY FOUR AND FIVE STAR RATED HOTELS IN NAIROBI**

**BY
LILIAN OBUYA**

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FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD
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DECLARATION

I, the undersigned, declare that this research project is my original work and has not been submitted to any other college, institution or university for academic credit.

Signature:Date:

Lilian Obuya

D61/79296/2015

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

Signature:

Date:

Dr. Raymond Musyoka

Lecturer

Department of Business Administration

University of Nairobi

DEDICATION

I dedicate this project to my dad Mr. Aloys Obuya Onguko and my beloved mum the late Mrs Rose Obuya without whose support and encouragement, I could not have appreciated my capacity in fulfilling the quest for higher learning.

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ABSTRACT

The objective of this study was to establish the key success factors and competitive strategy used by the five and four star hotels in Nairobi enabling the hotels to stay afloat in light of competition experienced in the market. The study targeted 22 five and four star rated hotels which have been registered and licensed to operate in Nairobi. The study used a census because of the relatively low population size of the five and four star rated hotels. Out of the 22 respondents, 15 respondents completed and returned the questionnaires, translating to 68.18% response rate. A semi-structured questionnaire was used as an instrument for data collection. Descriptive statistics including frequencies, means, percentages and standard deviations were used to analyse the data. The analysed data was then presented in form of frequency tables. The study found that use of modern technology; uncompromised service quality, astute marketing strategies, carefully selected and trained human resource and relative use of strategic alliances were the key success factor in the five and four star rated hotels. The findings also showed that the competitive strategies have been related to the key success factors on a large extent, that the marketing techniques is the major factor enhancing the competitive strategies fostered by technology, service quality, human resource and finally strategic alliance respectively. The study further found out that through the key success factor the hotels have been able to attain sustainability in the competitive industry and increase in customer satisfaction levels. The study recommends that the five and four star rated hotels should regularly evaluate their performance in order to determine the impacts of the key success factors in the competitive industry. It was finally recommended that another study to be done on the related study should incorporate other variables and separate the large organization from the small organization in order to determine how these firms respond separately on the environmental factors.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Hospitality industry is crucial in the development of the economy as it forms a key pillar in the tourism sector. The hotel industry in the last year decade has been experiencing high competition due to the mushrooming of other hospitality service business enterprises. Therefore, it has been strenuous for the five and four-star rated hotels to be sustainable in the competitive environment. It has been of concern on how the five-and four-star rated hotels need to strategize in order to compete with the other hotels in the competitive industry. The development of the key success factors strategies in the hotel industry has been seen as the only way out in order to be competitive in the environment and especially in Kenya where they have been experiencing low international tourism flow and also despite the government of Kenya effort to sensitize on the local tourism, there has been low response on the same especially on the four and five-star rated hotels because they have been deemed expensive and for a particular class of people in the society.

Organization need to have a proper analysis in the dynamic and complex environment in order to be competitive and to be sustainable in the industry and to ensure success in the future (Pearson & Robinson, 2004; Hamad et al., 2008). With this realization, implementation of the strategies to be competitive and meet the demand uncertainties has been the key success factor for the organization (Anand & Girota, 2004). Hospitality firms are merging, shrinking or restructuring in order position themselves in the competitive hospitality industry, while others are implementing the marketing strategies in order to be sustainable in the market. As is argued by Ansoff (1998), if a firm does not improve its organizational performance, it will eventually be kicked

out of the market for having lost the grip of the market share. Development of the strategies in the hospitality industry is seen as a positive undertaking and especially here in Nairobi county for studies have acknowledged that, despite the development economic milestones development under the economic recovery strategy for employment creation and wealth development (ERS), the nation continues to face constraints for instance lack of modern infrastructures, lack of institutions reforms and inefficiency of structures and service delivery thus creating a contemporary business environment that is characterized by ever-changing uncertainties and changes in the regulatory frameworks which affects the businesses stability and operations thus leading to low customer satisfaction (Mitra, 2001).

1.1.1 Strategy Concept

There is no one agreeable definition of the strategy as it means differently to different people and organizations for it is an elusive concept and somewhat abstract (Ansoff, 1984). Mintzberg (1984) defined strategy as a process in which organization set the goals, objectives and how they can achieve such objectives. Strategically, for any organization to grow, it must set the priorities right and seek the alternative means of achieving their goals, action which is created ahead of the event it governs as a tactics to outdo a competitor. Strategy as systematic process that comes from a chain of activities that give an organization a competitive edge over its rival. Strategy also helps the organization to realize its ultimate goals and remain afloat.

Strategy involves patterns of approaches and directions implemented in a firm in order to achieve some certain objectives. A strategy is seen as a foresight and holistic view on how to attain some specific and overall objectives of the firm. The

organization strategy entails how the management of the organization intends to enhance the performance of the organization by increase in the market share through creation of loyal clientele, growth of the sales volumes and increase in profits. The strategy can be implemented in various functions of the organization from sales and marketing, human resource, production, logistics and even research and development functions of the organization. The actions of the strategy in the marketplace are the best indicators on the efficiency of the strategy implemented in the organization, which shows the current business positions and the competitive strength in the industry (Thompson, Strickland & Gamble, 2007).

1.1.2 Key Success Factor

The key success factors (KSFs) are the competitive factors that a firm can utilize in order to be competitive and sustainable. These are particular resources, capabilities, services and products attributes and market niche achievements that distinguish between strong competitors and weak competitors and sometimes those who are going to survive in the competitive industry and those who are going to be kicked out of the competitive industry (Thompson, Strickland and Gamble, 2007).

Key success factors are also essential in terming the future competitiveness that requires all the firms 'to pay attention to or rather the risk of being irrelevant in the market despite their current status in the market. Recognizing the key success factors, especially in line with the current and projected industry and competitive circumstance is always a major concern in strategy formulation process. Organization strategists should comprehend the strength, weaknesses, threats and opportunities inherent in the business environment essential competitive success from those that are

less essential in the environment. The implementation of the organization major achievement factors enabling it attain unique advantage over its rivals in the industry. The objectives of the organization strategists should be to develop strategies that are able to curb the current challenges in the environment as well as focusing on the future and also to be distinctively ideal in the market thus being the leader over other competitors in the competitive environment (Thompson, Strickland and Gamble, 2007).

Recognizing and implementation of the key success factors provides a vision of an ideal direction and position in the competitive industry, therefore, key success factors are integral part of an organizational success. An organization with clear understanding of the market they participate in, it should devote its energies on the key success factors in order to be distinctive in the competitive industry and also to create a competitive edge environment in order to be the leader over their rivals in the industry (Thompson, Strickland 1995).

1.1.3 Hotel Industry in Kenya

A hotel is a service establishment that provides meals, lodging and other hospitality services for the paying guests and travellers. Mitra (2001) defines hotel as an established structure that offers meals and provides room services for the visitors in returns for some payments. Hospitality industry is a crucial sector in the building of the economy of this in conjunction with tourism industry and therefore, changes correlates in their functions and service delivery. The initiatives by the government of Kenya to market the country have started to bear the fruits (Economic Survey, 2015),

for there have been a tremendous growth on the number of the tourists in the country and also there has been an increased growth in the number of local tourists.

The hotel industry in Kenya is regulated by the hotels and restaurant regulation of 1988, the hotel and restaurant authority. This acts are mandated to provide a conducive environment for the operation of the hotel industry and classification of the hotels based on various set standards, these are five classes denoted by stars, five stars being the highest; four stars; three stars; two star and one star being the lowest class and this classification is carried in a manner that is described under the Hotels and Restaurant Authority in the Legal Notice No. 30. The hotels are essentials for they provide conference facilities, basic accommodations recreation places and meals. The hotel industry contributes to the economy of the country through revenue generations, provision of employment opportunities and business opportunities for the suppliers and hotel services providers.

The hotel industry in Kenya has gone through the turbulent times in the last decade. The increased competition has resulted in some hotels especially the five and four stars to experience the liquidity constraints and some even to be held under receivership. Given the ever changing business environment, there is high need for the hotel managers and directors to think of the strategies they need to adopt in order to remain sustainable in the competitive environment and especially from the mushrooming small hotels (Anand & Girota, 2004). With the recovery being experienced in the tourism industry, there is increase demand for the hotel services, and this has seen the reopening of the of some hotels which were initially closed due to low business while other new ones are being opened in order to meet the increased demand of the hotel services. This has led to stiff competition in the industry, thus the

need of the five and four star rated hotels to implement strategies in order to remain competitive in the environment.

1.2 Research Problem

Hotel industry is essential in the socio-economic development of the country, for their provide services that are required both locally and internationally, thus provide a good spending outlet for the economy. However, the industry has been faced with various challenges (Mittra, 2001). In Kenya, there are a significant number of the four and five star hotels which experience the turbulent environment the most. In the face of the current competition in the industry, there is high need of the organization to identify the key success factors in order to be competitive in the industry which will lead to distinctive features that will result to increased customers' loyalty, increase in sales and growth of the profitability (Abrahamsen & Williams, 2005).

According to Haarla, 2000, customers choose on the basis of certain criteria that would enable them discriminate one firm from the other. For the five and four star hotels to succeed, they need to provide a basis on which to stand out in the market place and draw customer's attention as well as offer them opportunity to try out their products and services and subsequently create repeat purchase and brand loyalty. Service and product differentiation in a major way in which the organization can enhances their competitiveness in a competitive industry.

Kariuki (2007) in his survey of KSFs on firms in the Insurance sector found the key success factors in areas such as core competencies, marketing strategies, product attributes, company resources and marketing positioning. Thus, the insurance companies based their strategies on the above factors. Maina (2006) in his study on

KSFs in the Banking industry found the KSFs to be use of technology, the banks business location, product ranges, corporate governance, cost of service and service delivery. Thus, the banks based their strategies on the above competitive factors. Mbugua (2005) in his study on KSFs in the Petroleum industry found KSFs related to technical skills, KSFs in the area of human resources, location, customer focus, government policy and monopoly to be most favourable thus the strategies were based upon the above competitive factors. However, few studies have been done to investigate the KSFs in the tourism industry in Kenya. Through identification of this research gap, this study therefore seeks to reduce the existing gap and wants to determine the KSF's in the industry and establish the strategies adopted by the firms to take advantage of the competitive strategies.

From the above three previous studies the researcher tends to explore the hotel industry in light of the below questions;

1. What KSFs characterize the hospitality industry in Kenya especially in five and four star hotels?
2. Do firms in the hospitality industry base their strategies on the industry's KSFs?

1.3 Research Objectives

- i. To determine what strategy exists in the five and four stars' hotels in the hospitality industry.
- ii. To identify how competitive strategy has been matched to the various key success factors

1.4 Value of the Study

The study will benefit stakeholders in hospitality sectors of the economy like the tourism. It will be important to those who intend to adopt key success factors to improve their business. It will aid managers and owners of firms in determining key success factors in the industry. With the knowledge of KSF managers will be in a position to craft their strategies as per the competitive factors explained in this study.

The study will be of value to academicians and researchers who will be able to use this study as a point of reference and also help them to develop topical issues in the areas of competitive strategies in general. It can be considered as a contribution to the KSFs theory as it will be one of the few papers analysing the hospitality industry. It is important to note that few studies have been conducted in this industry both in the country and internationally. Understanding the keys success factors in the hospitality industry will be critical to senior management of the firms and the government at large in terms of strategic planning processes and also in the regulation of the sector.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This Chapter examines the theoretical framework on which the competitive strategies are based, literature on key success factors and competitive strategy. A review of empirical studies and relationship between key success factors to competitive strategies.

2.2 Theoretical Framework

Several theories provide insights rationale on competitive strategies, thus this research is geared towards the competitive advantage theory and resource based view theory of the firms as it is discussed in detailed below.

2.2.1 Competitive Advantage Theory

One of the characteristics of strategic management and decisions is that they are on the platform of the trying to gain a competitive advantage over other rivals organization in the industry. Hence, for the organization to be successful there is need for the organization to meet and exceed the consumers' expectations. A competitive advantage is an advantage has been defined as the leverage point of the organization over other organization in the industry which is usually gained when an organization offer products and services of greater value, benefits and augmented services or either by lowering the prices of these products and services (Barney, 1991). Therefore, for an organization to gain a sustainable competitive advantage there is need to develop products and services that will satisfy the consumers which is usually geared by the providing the need of the consumers, thus developing a competitive strategies which sometimes are conceived through effective positioning in relation to the rivals

organizations so as to gain the competitive advantage. The first step of gaining a competitive advantage is through a thorough competitive analysis and through development of the competitive strategies putting into consideration the key success factors of the organization (Kotler and Armstrong, 2002). Competitors' analysis is a process of identification of the key rivals in the industry, examining their objectives, strength and weakness, studying their patterns, and choosing the competitors to avoid or attack.

Thus, competitive strategies are the strategies that gives an organization a key position in the industry that will give the organization a strong strategic advantage. In identifying their firm's current and potential competitors and other important variables that key in the business environment of the industry in which the organization is operating. The first concern variable is "How the firms defines the scope of the markets?" the more similar the firms the definitions, the more they are likely to view each other as competitors.

The second variable is "How similar are the benefits the consumers derives from the products and services that other firms produce or offers?", this indicates the more the similarity in terms of what is being offered the higher the levels substitutability between the organization hence increasing the competitive ground. The third variable is concerned is "How committed are the competing firms to the industry?", this emphasizes on the long term goals and objectives of the firm. The size of the commitment of potential competitors to the industry, reliable intelligence data are needed which may relate to potential resources commitments (Pearce and Robinson, 2005). Some of the common mistakes made by organizations in the analysis of the competitive environment is to emphasize on the known and current rival firms while undermining the potential organizations while ignoring the small organization and

putting more emphasize on the international competitors. Assuming the rival organizations that portray a certain behaviour in the industry is also another mistakes by the organizations for it leads to misread signals that may shift in the focus of the competitors that might lead to refining their strategies or tactic. Overemphasizing on the rivals firms' financial resources, strategies and market positions and undermining the intangible assets such as the management team which are very critical in the gaining the competitive advantage

Competitive advantage makes an organization to occupy a key position in the competitive environment, which are geared towards innovation, reputation and creating of a key positive relationships, which usually occurs when the organization develops unique attributes that outperforms other organization in the industry as well as making the organization sustainable in the industry. The organization should be able to develop competitive advantage that are unique in order to make these competitive replicated. Thus, organization should strive to ensure sustainability of their competitive advantage, which cannot be duplicated with the rival organization (Porter, 2004).

2.2.2 Resource-based Theory

It was developed by Birger Wernerfelt (1984) in a bid to advance the ideology of the strategy of a firm to complement on the resources held in the organization. The essence of the resource-based theory is that competitive advantage is gained through the resources that are owned in the organization exclusively by the firm in order to develop unique competencies in the competitive environment. Companies are different collection of resource (tangible and intangible assets/capabilities). It is articulated no firms are the same in terms of the resources being owned in the organization, thus there is need for the organization to utilize the internal resources in

order to gain a competitive advantage over other competitors in the industry especially if they are the unique resources being owned by the organization (Pearce and Robinson, 2005). An organization can develop core competencies from these unique resources, which enables the organization to satisfy the consumers of these products. The resource-based view enables the organization to gain capability of competencies and utilization of the valuable assets, since the resources in the organization are scarce and these enables the organization to possess resources that are beneficial to the organization. The resources in the organization also enables the organization to portray distinctive competences for the firm, and also enables the firm to avoid imitability from the rivals organizations through registered trademarks and patents. The resource-based view can also be portrayed through durability and quality of the products and services being produced from the unique resources of the organization which is constituted through innovations in the organization due to the dynamic environment. The core competencies created by the resource –based view should be responsive to the dynamic environment in the industry (Pearce and Robinson, 2005).

2.3 Competitive Strategy

Porter (1996), competitive strategy refers to the tactics the organization display in order to compete in a competitive environment. The firm strategy refers to how the the firms gain a competitive advantage using unique elements in a competitive environment, and this usually happens after a thorough analysis of the internal and external environment, in which the firm will be able to choose the specific strategies that will help the organization to gain a competitive advantage. According to Porter (1991), an organization is able to gain a competitive advantage over other firms in the industry through the adoption of the following strategies: low-cost strategies which is

concerned with supply of the identical services or products at a low cost. The differentiation strategy which is concerned with the uniqueness of the products and service compared to other products and services in the industry and the consumers will be willing to pay the premium prices due to the distinct attributes of the products. The focus strategy, which is concerned with striving to have special appeal to one or more group of customers or industrial purchasers, focusing on a firms differentiation or cost

2.3.1 Cost Leadership

Under the cost leadership, the firms strive to achieve the lowest cost in a competitive environment on the similar products being offered in the market. The firm requires to have capabilities and competencies that will enable the firm to have a sustainable low cost position such as being dominant in the particular market, use of reliable low cost suppliers and having a higher degree of capitalization (Pearce and Robinson, 1991). The firm that will gain the cost leadership strategy will have an advantage over other firms in the industry (Malburg, 2000). The success of the cost leadership strategy is highly dependent on the cost controls mechanisms in the organization that will enable the firm save on the operation cost and purchase cost in the organization, and accessibility to cheaper but high quality raw materials, the use of unique and superior technology. The lower the prices of the products and services in the competitive environment the higher the demand and therefore the higher the market share.

2.3.2 Differentiation

The differentiation strategy is concerned with creating of a higher distinctive products and services through marketing programmes and differentiated product line in the organization so as to gain a competitive advantage in that particular industry. Most

consumers are willing to pay higher prices for distinctive brands in the market. According to Porter (2004), the organization that use the differentiation strategy is selects attributes that are important to the consumers and puts them into a unique position in the industry that will meet and exceeds their expectations, which will be rewarded by the premium prices.

2.3.3 Focus Strategy

The focus strategy is concerned with putting more emphasize on the particular attributes of the products or specific customers of the products and services (porter 1980). The focus strategy can be based on the elements of the geographical area, service line of the organization or based on the range of the products and services. This dimension of the focus strategy isn't a separate strategy parse but describes the scope over which the strategy the company will compete based on the cost leadership or differentiation. The firm will have to choose wisely on the market to focus with a broad scope or in a defined, focused market segments (Porter and Robinson, 1991). In either case the basis of competition will still either be cost leadership or differentiation.

Other forms of strategies used by the organization in the competitive environment includes the grand strategy which is concerned with the provision of the basic direction of the organization that will indicate long term objectives to be achieved in the organization. It is articulated, that different strategies suits different situations in the competitive environment and these includes the product development, market development, innovation strategies. The marketing development strategies entails modification of the market to customers I order to customize the market areas in order to gain a competitive advantage over other organization in the industry such as distribution channels, advertising techniques or promotion (Pearce and Robinson,

1991). It allows the organization to increase the marketing base through identification of the new users of the existing products and services and increase of the geographical area of the products. The whole idea of this strategy is to increase the customer base by increasing the new market development, which is concerned with the substantial modification of the products and services in the current and the new market through the established marketing channels.

The concentrated growth strategy is focused on the increase of the market boundaries in order to increase the customer base in the existing markets. This strategy enables the organization to direct its resources to particular products in the market, in a single market with a single dominant technology. This dimension can be in a platform of increasing the rate of the use of the products, attracting the prospectus and attracting the competitors and the new customers in the markets, the idea in this strategy is to increase the use of the present products in the present markets. Finally, the innovation strategy which is concerned with the creation of the new product life cycle there making similar products and services in the market obsolete. Due to the bargaining power of the buyers, there is need for the organization to come up with mechanisms that will make changes on the products they offer in order to be sustainable and competitive in the industry and to reap higher returns due to the consumer acceptance of the improved or new products.

2.4. Industry Key Success Factors

Thompson and Strickland (1995) defined an industry's key success factors as those things that mostly affect the ability of industry members to prosper in the market place. It usually concerned with the particular elements in the industry , organization competencies, resources ownership, products unique attributes, competitive capabilities and business results oriented that will bring the difference between profit

and loss. The key success factors are concerned with what every organization in the environment is capable in order to compete successfully in an competitive environment. Key success factors are so important in the industry that the organization cannot ignore in order to be successful in the industry. The Key success factors have a direct bearing on the company profitability.

2.4.1 Marketing

Marketing is the process in which the organization will create a particular interest of its products and services. It is concerned with the business communication, sales techniques and business development of the organization in the market. It is an integrated process that the firm has established in order to build a stronger relationship with the customers. Marketing is essential in the organization for it helps the organization to identify the customers, how to keep the customer and ow to meet and exceed the customers' expectations (Kotler, 1991). According to McCathy and Perrault, (1993), marketing of the tourism and hospitality industry are unique and highly specialized, thus there is high need of increase of advertisements, selling of the products and services and promotions more than the sale of any other products in the market. The marking environment is getting more complex, thus there is need of the organization to come up with the mechanism that will make their products and service sustainable and competitive in the market.

2.4.2 Service Quality

The service quality entails the extent of the services that will meet and exceed the customers expectation (Lewis and Mitchell, 1990). The service quality therefore can be defined as the differences between the customers expectations of the services and

the perceived services. If the portrayed expectations are greater than the performance, then it means the perceived service quality is less than satisfactory and thus leads to customers dissatisfactions. The service quality leads to customers' retention, operational efficiency, increase in the customer base, and ultimately increase in the profitability of the organization (Cronin 2003). Since services are intangible, they can easily be duplicated and can be divided into high-tech services and high-touch services. The high-tech services are highly dependent on the use of the technology while the high-touch services is dependent of the services being offered by the people in the industry (Gronroos, 2000).

2.4.3 Strategic Alliance

The strategic alliance is concerned with when two or more firms share resources and activities in order to achieve certain objectives. The happens through cooperation of the firms which is obtained through finance, access to market and innovation techniques (Wortzel H. V and Wortzel, 1997). There are various forms of the strategic alliances for instance joint ventures, incensing, subcontracting and franchising.. According to Shaw and Williams (2002), franchising is a contractual agreement that make one firm to allow another firm to provide their products and services on their behalf at a certain fee, which is also applies in the tourism and hotel industry. Licensing is concerned where the patent are given to a particular industry over a period of time. Subcontracting is concerned with selecting a different company to offer the particular and services to the organization for instance waste removals, technology assistance (Schoels and Jhonson, 2004). Joint Venture is concerned with the a temporary partnership or consortium for purposes of exploitation of the

opportunities in the market in order to gain a competitive advantage over other companies in the industry

2.4.4 Human Resources

Human resource management is the coherent and strategic approach to the management of the firm. Which its valuable assets are to the people working in the organization either individually or collectively who contribute immensely in the achievement of the strategic goals in the industry (Armstrong, 2006). It is concerned with staffing needs which entails the issue of the recruiting and training of the personnel, ensuring there is high level of performance by the employees, dealing with the practices involved in the management of the people in the industry through regulations. The human resource management is also concerned with the approach of the benefits accrued by the employees of the organization, compensations, employees policies and frameworks and employees rewards. However, there is need concern of the personnel policies in order to gain a competitive advantage through the people working in the organization which the policies are usually in the employees manuals (Armstrong, 2006). Human assets are major key success factors in any industry. Human assets are the core of any organization as they create an organizations products and offer service.

2.4.5 Technology

Technology is concerned with skills and knowledge of the technical know how of the organization, through the product development, improvement of the processes and operational efficiency (Murugi, 2003). Recent advances have indicated that technology is a big element in the competitive environment for it enables the

organization to gain a competitive advantage over other organization in the industry (Dabhollcuret al.2003). Such developments are changing ways that services firms and consumers interact, and are raising a host of research and practice issues relating to the delivery of E-service. The E-service platform is gaining a momentum in the hotel and tourism industry for it is a major concern to the consumer in terms of booking, payment, inquiries and checking (Yang 2001). The interaction with the technology leads also to a greater controls and improvement identification in the competitive industry. When an organization is in possession of the technology that is customer friendly, there is high need to increase the competitive advantage over other organization in the industry.

2.5 Firm Strategy and Key Success Factors

Key success factors are essential for the organization in order to gain a competitive advantage. Identification of the key success factors in light with the prevailing and anticipated industry and competitive conditions is always a priority analytical strategy to the organization (Thompson, Strickland and Gamble, 2007). The adoption of the appropriate key success factors in the organization will enable the firm to be objective and the firm will be able to gain a position in the industry that is distinctive. The goals of these strategies in the industry is to design these key success factors that the firm can leverage on order to be competitive in the industry. The identification of the key success factors is one of the ideal mechanisms for building a competitive edge in the industry. Key success factors are therefore an integral part of company strategy. A 'company with perceptive understanding of industry success factors' can gain sustainable competitive advantage by devoting its energies to being distinctively better than rivals at succeeding in these factors (Thompson and Strickland, 1995).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research methodology entails the steps to be assumed in collecting data for the research. Here, the data collection tool(s) was coined and tested in order to gather information to test the hypothesis of the study. The steps that were used in research methodology are described in detail below; the research methodology will help other researchers in understanding the study (Mugenda and Mugenda, 2003).

3.2 Research Design

According to Donald and Pamela (1998) a study concerned with whom, what, which and how of a phenomenon is called a descriptive research design. The study aimed at understanding the perceived key success factors and competitive strategy of the four and five star hotels in the industry and if these hotels have leveraged their strategies based on the key success factors. According to Kothari (2004), Research plan is the stipulated order to be followed in gathering data and scrutiny in a way that spires similarity to research objectives with cost-cutting measure process. Having stated that, above the research plan was a descriptive survey intended to establish key success factors employed by five and four star hotels in Nairobi.

3.3 Population of the study

The population consisted of all 22-five and four star hotels based in Nairobi and few located in strategic parts of the country. The companies have been recommended by the Kenya Tourism Federation and Kenya Hotels Authority. The research used a census because of the relatively low population size of the target population.

3.4 Data Collection

The research relied on primary data since the objectives is to understand the perceptions and ideas of the hotels on the key success factors and strategies to build on them. The required information was gathered by the used of questionnaire by drop and pick later method. Questionnaire were in two parts, with a sections for general information and the other capturing the study. The questions were both structured and unstructured. The questionnaire was pretested to selected respondents, which were similar to the actual respondents that the researcher had planned to use in the study. A procedure that was adopted in presenting the questionnaire was similar to those which were used during the data collection.

The respondents were the strategic managers, operation managers and marketing managers plus their equivalentsthat were deemed knowledgeable on the key success factors implemented in the hotels. The researcher administered one questionnaire in each of the hotels. To improve on the response, rate a follow up call was made(Cooper and Emory, 1995)

3.6 Data Analysis

Oncethe questionnaires were received back from the respondents, the data was thoroughlychecked to ensure completeness, consistency and accuracy. The data wasthen coded and tabulated to facilitate data analysis. Reliability and validity existed in the data as the data collection technique yielded information that was not only relevant to the research hypotheses, but also correct. Descriptive statistics was used to transform the data into standard form for relative comparison. This enabled the researcher to meaningfully describe the distribution of scores or measurements using

few indices or statistics (Mugenda and Mugenda 2003). Descriptive statistics including measures of central tendency and dispersion was employed in the analysis. These were the mean and the standard deviation, and they assisted in exploring the underlying features in the data. A frequency was adopted in examining the features underlying the data on demographic characteristics of the respondents, which stemmed from the fact that such data were categorical.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter deals with the research data, outcome of its analysis and their presentation. It also discusses the data in the context of the insights from the theoretical and empirical literature, providing patterns on how the key success factors and competitive strategies of the four and five star rated hotels in Nairobi have been implemented, and the insights therefore gives a good basis for drawing clear conclusions and recommending actionable plans that these organizations could use to improve their performance.

4.2 Demographic Data

The researcher administered 22 questionnaires to the targeted respondents. Out of the 22 respondents, 15 respondents completed and returned the questionnaires, translating to a response rate of 68.18%; the researcher deemed this response rate as satisfactory considering Kothari's (2004) suggestion that, for survey findings to be reliable, researcher need a response rate of at least 60 %. The researcher aim to duration over which the respondents had been in the employ at their hotels, and table 4.1 below shows the findings.

Table 4.1: Respondents' Work Experience

Frequency		Percent	Cumulative %
0-5 years	None	-	0
6-10 years	3	20.00	20.0%
11-15 years	8	53.33	73.3%
16-20 years	4	26.67	100%
Total	15	100.0	

Source: Researcher (2017)

In which it is apparent that most of the respondents (53.33%) had worked at their hotels for the period between 11 to 15 years, 26.67 % of the respondents had worked in their hotels for between 16 to 20 years while 20% of the respondents had worked in the hotels for the period between 6 to 10 years. None of the respondents had been with their respective hotels for less than 5 years. Therefore, most of the respondents had the work experience required to understand the issues of the key success factors and competitive strategies implemented in the hotels that the researcher was investigating. The researcher also sought to know the positions that the respondents held in their organizations. Table 4.2 below shows the findings.

Table 4:2: Respondents' Position

Respondent's Current position	Frequency	Percentage	Cum %
Executive Manager	8	53.33	53.3%
Finance and Strategy Managers	4	26.67	80.0%
Operations Manager	2	13.33	93.3%
Marketing Manager	1	6.7	100%
Total	15	100	

Source: Researcher (2017)

Most of the respondents (53.33%) were executive managers of the hotels, while 26.67% were finance and strategic managers. Few of the respondents were operations managers (13.33%) and marketing managers (6.67%). Therefore, most of the respondents had been in the position that they were deemed so familiar and have the knowledge and skills concerning the perceived growth factors implemented in various hotels that were investigated. Figure 4.2 below further shows the findings on the positions that the respondents held. The researcher also sought to know the ownership structure of the hotels of the respondents. Table 4.3 below shows the findings.

Table 4.3: Period of Operations

Period of Operations	Frequency	Percentage	Cum %
Below 5 Years	1	6.67	6.7%
6-10 Years	3	20.00	26.7%
11-15 Years	5	33.33	60%
16-20 Years	4	26.67	86.7%
Above 25 Years	2	13.33	100%
Total	15	100	

Source: Researcher (2017)

Most of the hotels (33.33%) have been in operation for a period between 11 to 15 years, while 26.67% have been in operation between 16-20 years, and the least were hotels which have been in operation between 6 to 20 years which constituted of 20% of the respondents hotels, above 25 years in operation constituting of 13.33% while below 5 years constituting 6.67% of the respondent. Therefore, it is noticed that most of the hotels in Nairobi have been in operation for a relatively long period, thus they have applied the key success factors and competitive strategies for over a quiet period of time. Figure 4.2 below further shows the findings on the positions that the respondents held.

Table 4.4: Ownership Structure

Ownership Structure	Frequency	Percentage	Cum %
Private Owner	3	20	20.0%
Member of Consortium	7	46.67	66.7%
Member of Chain	5	33.33	100%
Total	15	100	

Source: Researcher (2017)

Most of the hotels (46.67%) were members of the consortium of the hotels, while 33.33% were members of a chain group of hotels, and the least were private owner hotels which constituted of 20% of the respondents hotels. Therefore, it is noticed that most of the hotels in Nairobi were the members of the consortium and chains thus their strategic responses will be applied in a number of hotels in the regions. Figure 4.4 below further shows the findings on the positions that the respondents held.

4.3 Strategies

The questions were formulated using the 5-point Likert scale to signified respondents perception of statements describing what they thought of the competitive strategy. The table

4.5 show the descriptive statistics of their responses

Table 4.5 : Competitive Strategy to Attract Customers

No.	Competitive strategy	Mean	Std Dev.
1	Technology	3.92	.759
2	Service Quality	4.25	.250
3	Marketing Strategies	4.37	.560
4	Human Resource	4.05	.350
5	Strategic Alliance	3.88	.667

Source: Researcher (2017)

From the findings in the table, a five point Likert scale was used to interpret the respondents rating of extent to which the factors were important in attracting customers. The factors that were rated 1-not at all, 2-low extent, 3-moderate extent, 4-large extent, 5-very large extent. In relation to this respondents rated the following technology showed a mean of 3.9204, service quality showed a mean of 4.2476, Marketing strategies got a mean of 4.3650, human resource got a mean of 4.0463 and lastly strategic alliances showed a mean of 3.8817. Marketing strategies out-weighed the other factors in manner of ranking. The four and five star rated hotels are marketing themselves online (e-marketing). The firms have also resorted to direct marketing where there is a market team tasked with coming up with advertisements and holiday promotions. Other marketing tools that they have embraced are use of posters, magazines, brochures, rollups and flyers. Service quality being ranked very important has made the five and four star rated hotels to embrace the high level of security, cleanliness, consistency. Communication, access and courtesy were equally mentioned by the respondents as what service quality meant for the firms. The technology which was the most important also embraced the use of software's which

ease the agents ticketing and reservation process. The firms have a range of computers displaying latest hardware including telephones and printers. The respondents ranked human resource as moderately important, the respondents revealed that the manpower was adequately available all they do is hire and afterwards train the employee on what ought to be done. In simpler terms, the respondents revealed that manpower in the firms was abundant and that it is saturated. Strategic alliance was considered to be a little important with companies having used tools such as licensing and franchising in Europe. The companies have partnerships with other firms in sub-Saharan Africa. The respondents revealed that though they had alliances with other companies the factor was not yielding a lot of results and little impact on the firm's turnover and competitive advantage.

4.4: Competitive Strategies on Key Success Factors

According to the scale, the factors that were rated as not at all were awarded 1 while those rated to a very great extent were awarded 5. Within the continuum are 2 or to a little extent, 3 for to a moderate extent and 4 for a great extent while those with a mean close to 1 were awarded not at all. Table 4.7 shows the findings.

Table 4.6: Extent to which the competitive strategies have been related to the KSF

No.	Statement	Mean	Std Dev.
1	Technology	3.96	.560
2	Service Quality	3.72	.461
3	Marketing Strategies	4.23	.265
4	Human Resource	3.56	.421
5	Strategic Alliance	3.31	.025

Source: Researcher (2017)

From the findings in the table, a five point Likert scale was used to interpret the respondents rating of extent to which their strategies have been related to the key success factors. According to the scale, the factors that were rated as not at all were awarded 1 while those rated as to a very great extent were awarded 5. Within the continuum are 2 or to a little extent, 3 for to a moderate extent and 4 for a great extent. The weighted mean was used to analyse the data. According to the researcher, those with a mean close to 5 were considered to a very great extent while those with a mean close to 1 were awarded not at all. From the study findings marketing was related to strategy to a very large extent as shown by a mean of 4.2333, technology as shown by a mean score of 3.9633, service quality as shown by a mean score of 3.7224, human resources shown by a mean score of 3.5643 and lastly strategic alliance being ranked least related to strategy showing a mean score of 3.3147.

4.5 Discussion of Findings

The study revealed that the five and four star hotels have adopted current technology given that customers embraced user friendly atmosphere. Technology was relevant to five and four star hotels, to enable them keep up with growth and development, for it enables networking with clients other firms making it the more easier to get information concerning the environment and serving the customers efficiently and effectively. Marketing was found to relate to strategy through increasing the number of marketers, media prints, e-marketing, availing information on various products and positioning tour brands against competitors. The study also revealed that service quality was related to strategy through introduction of 24 hours help lines and information availability at the information desks in the firms. The service quality was found to be a paramount competitive strategy used by the four and

five star rated hotels in the competitive environment, particularly for distinction Managers for key product segment, use technology to improve service delivery and understanding the need of every customer were some of the areas where service quality was out to task which was usually done on the online platform of the hotels such as websites and social media platform. Human resource was found to relate to the five and four star rated hotels strategies through hiring of qualified personnel, continuous training process, and having a satisfying rewards and benefit system. Strategic alliance was related to strategy by the firms exercising or indulging in licensing with firms outside Kenya, and in joint ventures and sub- contracting other firms to run their operations with a certain fee.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter highlights key findings of the research, draws the necessary conclusion. The findings provide valuable insight on how five and four star rated hotels can enhance competitiveness in the industry through adoption of appropriate key success factors, and this chapter recommends necessary action in that regard. The chapter therefore points out limitations of the research and suggests areas meant for added research.

5.2 Summary of Study Findings

The objective of this research was to determine what strategy exists in the five and four star rated hotels and how competitive strategy has been matched to the various key success factors. The study found out that the key success factors that were important in influencing strategy were marketing, technology, service quality, strategic Alliance and Human Resource. The findings of the researcher is consistent with Kariuki (2007) did a similar study whose objective was to identify key success factors on firms in the insurance sector in Kenya. The findings of (Kariuki 2007) identified competencies, marketing, company resources, market positioning, and customer care as the key factors that must be considered for the business to be successful.

On the respondents rating of extent to which competitive strategy matched to the key success factors the study found that respondents rated the following as matched to key success factor to a very great extent, marketing. Technology was rated to a great large

extent as being related to strategy. Service quality was rated to a large extent. Human Resource was rated to a moderate extent while the strategic alliance was rated to a little extent by the respondents. This information revealed that for each of the key success factor, the five and four star rated hotels had a related key success factor to build up on their competitive strategy.

5.3 Conclusion of the study

From the findings, a conclusion can be drawn that the key success factors important in the five and four star rated hotels influencing competitive strategy were marketing, technology and Service Quality. Strategic Alliance and Human Resource were also found to be important but came in second after the first pair of key success factors. The study thus concludes that key success factors in five and four star rated hotels in Kenya were marketing, technology, service quality, Strategic Alliance and Human Resource, as they were very important considerations while crafting competitive strategies.

The identification of industry key success factors and firm strategies is considered important as it creates a firms competitive advantage. Sustainability of a firm and it's competitive advantage depends on how well the industry key success factors have been applied in strategic management of a firm (Ansoff 1984). The success factors must be maintained for a significant amount of time even in the absence of the competition. Sustaining the industry key success factors needs to be at the core of strategic development. This ensures that a company is growing and making profits.

5.4 Recommendations

The five and four star rated hotels in Kenya and more particularly in Nairobi, should evaluate their performance regularly so as to understand the impact of major elements on their competitive strategy. Considering the competitive environmental factors of an organization, it is imperative that the five and four star rated hotels understand the key success factors and regularly evaluate their performance. If the five and four star rated hotels decide to respond to external environmental factors without understanding them well, they might end up losing enormous resources. In certain cases, the changes in the external environment factors may require the firms to reduce their operating costs. However, appropriate evaluation of performance could make a firm conclude that the changes in the key success factors require a development of the competitive strategies that are appropriate to create a competitive advantage.

5.5 Limitations of the Study

The research experienced various challenges. First, the study focused on only five and four star rated hotels. This was due to time and other resource constrain which required the scope to be narrow enough to be manageable. This limited the richness of data since the respondents in the five and four star rated hotels may not have information on the key success factors and strategies applied by those lower rated hotels thus creating biasness in generalizing the findings to the entire industry of hospitality and tourism sector. However, this limitation is lessened by the fact that even the lower rated hotels have an interest in the adoption of key success factors on competitive strategy that the five and four star rated hotels have adopted which were represented in the study.

Another limitation was in data collection methods applied. The researcher applied the questionnaire only as the data collection instrument. Another data collection method such as interview would have complemented the questionnaire. However, this limitation was managed by making the questionnaire as comprehensive as possible and by having open questions in the questionnaire meant to probe further and other respondents were able to give verbal answer which made the findings to be as comprehensive as possible.

5.6 Suggestion for Further Research

The study concentrated on competitive strategy and key success factors in the four and five star rated hotels in Kenya and as such, the study cannot be generalized across the industries because other industries have different key success factors they use to gain a sustainable competitive advantage. This is because structures, systems, cultures, processes, leadership, capabilities, resources and objectives vary across industries. This shows that there is a gap thus the need to do more research in other industries in order to get a broader view of key success factors that are used to sustain competitive advantage.

A study should be conducted to investigate how organizational factors influence the competitive strategies of the hotels industry. The study should group the hotels according to some of their distinguishing characteristics such as total assets, market share and the organizational structure. Once the hotels have been grouped according to their characteristics, the research should look at how the firms in each group respond to the key success factors. If there are differences in how the firms in various groups respond to key success factors, then it will be clear that organizational factors

shape the key success factors on the competitive strategy. Insights on how organizational factors influence competitiveness are helpful because they will enable the five and four star hotels to decide the best way to implement the key success factor

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APPENDIX I: QUESTIONNAIRE

The questionnaire aim is to collect information on response by five and four star rated hotels to establish what are the key success factors in the Tourism industry and whether they have leveraged their strategy on industry key success factors. All information will be treated confidentially and used for academic only.

SECTION A: BACKGROUND INFORMATION

1. Name of the hotel.....

2. Position Held: Please tick where appropriate

Executive Manager Marketing Manager Strategic Manager

Others? (Specify)

3. How long have you worked in this position? Please tick where appropriate

Below 2 years Between 2-5 years Between 6-10 years

Between 11-15 years Between 16-20 years Above 20 years

4. What is your Education level?

Secondary College Diploma University Degree Post

Graduate

Other? (Specify)

5. How long has the hotel been in operation? Please tick where appropriate

Below 5 years Between 6-10 years Between 11-15 years

Between 16-20 years Between 21-25 years Above 25 years

6. Please indicate your gender Male [] Female []

SECTION B: HOTEL INFORMATION

7. State whether your firm is state owned, private or foreign owned

.....

8. In your own words what strategy does your company pursue?

.....
.....
.....
.....

9. Indicate the extent to which of the following factors to you are important in attracting customers;1-not at all, 2-low extent, 3-moderate extent, 4-large extent,

No.	Key Success Factors	1	2	3	4	5
1	Technology					
2	Service Quality					
3	Marketing Strategies					
4	Human Resource					
5	Strategic Alliances					

5-very large extent.

Any other? Please state _____

10. To what extent have you related competitive strategy to each of the following;

Using the scale of ,1-not at all, 2-low extent, 3-moderate extent, 4-large extent, 5-very large extent.

No.	Statement	1	2	3	4	5
1	Technology					
2	Service Quality					
3	Marketing Strategies					
4	Human Resource					
5	Strategic Alliance					

Any other? Please state _____

11. Give a brief description for those key success factors that you have related to strategy

Technology.....

Service Quality.....

.....

.....

.....

Marketing.....

.....

.....

.....

Human Resource.....

.....

.....

.....

Strategic Alliance.....

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.....

.....

Any other? Please state _____

THANK YOU FOR YOUR TIME