

**CHALLENGES OF STRATEGY DEVELOPMENT AT  
BRACKENHURST KENYA LIMITED**

**BY**

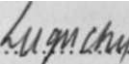
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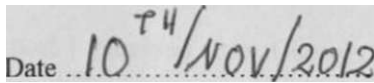
**A RESEARCH PROJECT SUBMITTED IN PARTIAL  
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## DECLARATION

This research project is my original work and has not been presented for a degree in any other University.

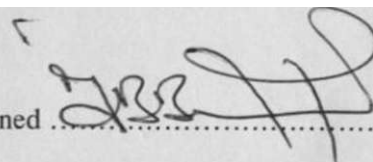
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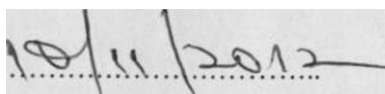
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## **DEDICATION**

This project is dedicated to my parents. To my father, George Njuguna Chege and to my mother, Irene Mbaire Njuguna. Thanks for always encouraging me to grow to my full potential.

## **ABBREVIATIONS AND ACRONYMS**

<b>BKL</b>	Brackenhurst Kenya Limited
<b>CEO</b>	Chief Executive Officer
<b>I'ESTEL</b>	Political, Economic, Social, Technological, Ecological and Legal
<b>SWOT</b>	Strengths, Weaknesses, Opportunities and Threats

## ABSTRACT

Effective strategies develop in all kinds of strange ways. They can show up in the strangest places and develop through the most unexpected means. Strategy development in organisations is an important unavoidable process that needs to be properly managed. Managers have at times been faulted for being obsessed with planning instead of emphasizing the most important processes with regard to strategy development. Lack of planning and analysis on the other hand would make strategy development susceptible to preferences of individual managers and to wishful thinking. There is no one right way in which strategies should be developed and I wonder that this process is bound to be characterised by many challenges. The objective of this study was to establish the challenges of strategy development at Brackenhurst Kenya Limited. Brackenhurst Kenya Limited is a hotel and conference center in Kiambu County. The organisation has grown from a small family-owned business operating before the World War II to a successful medium sized limited company. The research design employed was the case study design. Primary data was collected during one on one interviews with senior managers using an interview guide. This allowed for an in-depth study as the researcher was able to probe for answers. There are a number of significant findings from the study. Strategy development at Brackenhurst Kenya Limited is a combination of the 'process' and the 'design' school. Responsibility for strategy development lies with the top management team. A written organisational motto, ethos and values have guided strategy development at Brackenhurst Kenya Limited. Market segmentation in which the organisation has focused on the middle class has contributed to the success of the hotel and conference center. The study revealed challenges of strategy development. The key challenges are resource inadequacy, employee level of education and organisational politics. Other challenges established in the data analysis are the turbulent environment of the hotel industry, the cyclic nature of hotel and conference business, the organisational structure and government laws and regulations. The findings of this research and the recommendations are valuable to scholars and for hotel strategy developers. The research gets into the depths of the area of challenges of strategy development, an area that seems to have received little attention in the past.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>iii</b>
<b>DEDICATION</b> .....	<b>iv</b>
<b>ABBREVIATIONS AND ACRONYMS</b> .....	<b>v</b>
<b>ABSTRACT</b> .....	<b>vi</b>
<b>CHAPTER ONE</b> .....	<b>I</b>
<b>INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the Study.....	1
1.1.1 Strategy Development.....	2
1.1.2 Challenges of Strategy Development.....	4
1.1.3 Hospitality Industry in Kenya.....	6
1.1.4 Brackenhurst Kenya Limited.....	8
1.2 Research Problem.....	9
1.3 Research Objective.....	11
1.4 Value of the Study.....	11
<b>CHAPTER TWO</b> .....	<b>12</b>
<b>LITERATURE REVIEW</b> .....	<b>12</b>
2.1 Introduction.....	12
2.2 Strategy Development Processes.....	12
2.2.1 Strategy Development as Intended.....	13
2.2.2 Strategy Development as Emergent.....	14
2.3 Developing Strategy.....	15
2.4 Factors Influencing the Strategy Development Process.....	18
2.5 Strategy Development and Challenges.....	20

<b>CHAPTER THREE.....</b>	<b>24</b>
<b>RESEARCH METHODOLOGY.....</b>	<b>24</b>
3.1 Introduction .....	24
3.2 Research Design.....	24
3.3 Data Collection.....	25
3.4 Data Analysis.....	25
<b>CHAPTER FOUR.....</b>	<b>26</b>
<b>DATA ANALYSIS AND DNTEPRETATION OF RESULTS.....</b>	<b>26</b>
4.1 Introduction.....	26
4.2 Duration that Respondents have worked in the Organisation.....	26
4.3 Strategy Development.....	26
4.3.1 Strategic Leader.....	28
4.3.2 Core Values.....	28
4.3.3 Corporate Objectives.....	29
4.4 Challenges of Strategy Development.....	30
4.4.1 The Hotel Business Environment.....	30
4.4.2 Hotel Cycles.....	31
4.4.3 Resource Inadequacy.....	31
4.4.4 Organisation Structure.....	32
4.4.5 Change in ownership and Strategy development.....	33
4.4.6 Growth in size and scope.....	34
4.4.7 Employees Levels of Education.....	34
4.4.8 Employee Training and Development.....	35
4.4.9 Labour Turnover.....	35
4.4.10 Influence of Parent and Subsidiary Companies.....	36
4.4.11 Organisational Culture.....	36



4.4.12 Organisational Politics.....	37
4.4.13 Government Policies.....	38
<b>CHAPTER FIVE.....</b>	<b>39</b>
<b>SUMMARY, CONCLUSION AND RECOMMENDATIONS.....</b>	<b>39</b>
5.1 Introduction.....	39
5.2 Summary of Findings .....	39
5.3 Conclusions.....	40
5.4 Recommendations of the Study.....	41
5.6 Limitations of the Study.....	43
5.7 Suggestions for further research.....	43
5.5 Implication of the Study on Policy, Theory and Practice.....	44
<b>REFERENCES.....</b>	<b>46</b>
<b>APPENDICES.....</b>	<b>52</b>
<b>APPENDIX 1: Interview Guide.....</b>	<b>52</b>
<b>APPENDIX II: Letter of Authorisation from the University of Nairobi.....</b>	<b>64</b>
<b>APPENDIX III: Letter of Data Collection from BKL.....</b>	<b>65</b>
<b>APPENDIX IV: Proposal Correction Form.....</b>	<b>66</b>

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Strategy is about winning (Grant, 1998). Strategy is the scope and direction of an organisation over the long term. Strategy development is concerned with different views on-the ways through which strategies develop in an organisation (Johnson, Scholes & Whittington, 2005). Mintzberg, Lampel, Quinn and Ghoshal (2003) gave multiple definitions of strategy and defined it as a plan, as a ploy, as a pattern, as position and as perspective. Strategy as a plan is deliberately intended. As a ploy it is a maneuver to outwit a competitor. As a pattern it is a stream of actions. Strategy as a position is a means of locating an organisation in its environment and as a perspective it is the ingrained way in which an organisation perceives the world.

Hotel business is in the service industry where a hotels reputation depends on its attention to detail. In the hotel business, customers can directly determine a company's success or failure. Tomorrow's hotel market is about mutual values; looking inwardly at interior design and good cuisine is not enough (Goodman, 2000). Kaplan and Norton (2008) wrote that a lot of research on strategy implementation has generally assumed that an organisation had a strategy in place. They are of the view that the strategy development process has been viewed as a black box that always produces a strategy. Strategy development practices that are followed by successful organisations have shown that selection of good strategy is an art.

Brackenhurst Kenya Limited like other organisations in the hotel business needs to develop strategies on the areas of optimum guest mix, demand pattern analysis, capacity levels, pricing, market segmentation, incentive schemes and training. This study undertook to understand the challenges that would hinder development of a winning strategy needed at Brackenhurst Kenya Limited for it to survive the global race.

### 1.1.1 Strategy Development

Mintzberg, H. (as cited in Mazzarol & Reboud, 2009) wrote that the strategy making process does not take place in isolation. He points out that strategy development does not happen simply because a meeting is held with that label. Strategy development is a process interwoven with everything that it takes to manage an organisation. While explaining strategy development routes, Mintzberg, Lampel, Quinn and Ghoshal (2003) used the terms intended strategy, realized strategy, unrealized strategy and emergent strategy. Intended strategy that is realised is deliberate. Intended strategy that fails is unrealized whereas strategy that was not intended but was eventually realised is emergent (Mazzarol & Reboud, 2009). Mintzberg et al. (2003) also discussed ten distinct schools of the strategy process which are further classified into prescriptive or descriptive. The prescriptive side describes how strategies are supposed to be developed. The descriptive side describes how strategies really seem to be developed.

Johnson, Scholes and Whittington (2005) described four different perspectives in which strategy development may be viewed and called them the strategy lenses. These are firstly, 'design lense' that views strategy development as a logical process. Secondly, 'experience lense' that views strategy development as an outcome of individual and collective experience. Thirdly, 'ideas lense' that sees strategy as emergent from the ideas that are bom as a result of the variety and diversity in an organisation. Fourthly, strategy can be viewed as discourse. The discourse lens sees the language of strategy as a resource for managers through which they can effectively change,justify and legitimize the strategies to be followed.

There are different modes of formality in strategic development that depend on the size of the organisation. The entrepreneurial mode is followed by small firms, it is informal and intuitive. The planning mode is comprehensive and followed by large firms. There is the adaptive mode that is associated with medium sized firms in stable environments in which the existing strategy forms a basis of the identification and evaluation of alternative strategies (Mazzarol & Reboud, 2009).

Taking only one of the views of strategy development would lead to a partial and biased understanding. The different explanations are not independent neither are they mutually exclusive (Johnson et al., 2005). The different perspectives represent different processes of strategy development and they also represent different parts of the strategy development process (Mintzberg et al., 2003).

Most of the successful companies have been found to follow a systematic strategy development process. The process starts by development or affirmation of the vision, mission and core values. The organisations strategic goals are then determined in which the question of 'where are we going?' is answered. This is followed by a strategic analysis which includes identification of the core competency of the business and environmental scanning to identify the external and internal forces that affect this core competency. The outcome of this strategy development steps is the formulation of new strategy (Rowe, Mason, Dickel, Mann & Mockler, 1994; Kaplan & Norton, 2008).

### **1.1.2 Challenges of Strategy Development**

Johnson et al. (2005) have discussed the challenges of strategy development. Managers are faced with the challenge of strategic drift. Strategic drift is the tendency of an organisations' strategy to develop incrementally but fail to keep pace with the changing environment. This could happen in organisations where managers consistently apply familiar plans to minimize the extent of uncertainty.

The challenge of developing a learning organisation is a factor influencing strategy development. Managers have a task to facilitate learning so that an organisation can continually readjust required competencies. Encouraging mutual questioning, teamwork and debating conflicting views ensures that ideas do not fizzle out. This would be a challenge in organisations that are resistant to change.

Strategic management is complex in nature. Organisations operate in environments with different levels of turbulence. Managers are faced with the challenge of strategy development in uncertain and complex conditions. The creation of a framework for developing strategy is also challenging. It would require continuous industry analysis to determine the degree of maturity of the industry, the strength of competitors, resource availability, industry trends and customer expectations. There is also the challenge of developing and communicating a vision, mission and organisational values that are appropriate for the time, place and conditions in which the business operates (Rowe, Mason, Dickel, Mann & Mockler, 1994; Kaplan & Norton, 2008).

Innovations have resulted in fast and cheap ways of data analysis and communication. This causes a need for almost constant strategic change which is a challenge for many organisations. Managers would have to assess the organisations strategic capability to compete through e-commerce or stick to improving its traditional business model. In some instances, innovations call for a total change in strategy. Managers may hesitate to develop strategies that are likely to cause instability in the company and may opt for familiar plans to reduce the extent of uncertainty.

Cultural influences are a challenge to strategy development. Organisation culture is the collection of relatively uniform values, beliefs and customs that are shared by an organisation's members and transmitted from one generation of employees to the next (Huczynski & Buchanan, 2001). Strategy development mostly follows the route of 'the way we do things around here' in what is not always a conscious process.

Organisational politics tend to have a negative influence on strategy development. The political view of strategy development is that strategic development is an outcome of a process of bargaining and negotiation among stakeholders. Politics are observable but covert actions through which senior managers enhance their power to influence a decision. Organisational politics vary from issue to issue, emerge because of different reasons and take varying shape (Eisenhardt & Bourgeois, 1988).

Organisational structure influences the strategy development process. An open and less formal structure would encourage learning and experimentation. Such an organisation follows an emergent strategy process. The challenges of strategy development will vary from one organisation to another. Factors such as internationalization, resource inadequacy and strategy consultants may also influence the strategy process.

### **1.1.3 Hospitality Industry in Kenya**

Kenya is a beautiful country and is home to world famous tourist attractions such as the world wonder of the Masai Mara wildebeest migration. The country has a natural beauty with its numerous marine parks, sandy beaches, national reserves and a favorable year round climate. This has led to the establishment of a large successful hotel industry that has potential for growth.

Hotels and restaurants account for about 2% of the country's Gross Domestic Product (African Economic Outlook, 2012). In spite of numerous macro-economic and other environmental challenges, hotels and restaurants continue to experience high growth rates (World Bank, 2011). The hospitality industry exists as a subset of the tourism industry. Tourism accounts for close to 9% of total formal employment (Ministry of Planning, National Development and Vision 2030 & the National Economic and Social Council, 2007).

Conference tourism in Kenya has a large potential. Kenya is strategically located in the region and gives ease of international connections. The government plans to engage private stakeholders and increase investment in business and conference tourism. Plans are also underway to promote eco-tourism and cultural tourism (Ministry of Planning, National Development and Vision 2030 & the National Economic and Social Council, 2007).

The post election violence of the December 2007 general election has impacted negatively on the hospitality industry. Hotel bed nights occupancy reports show a steady increase from 45.5% in 2006 to 47.2% 2007. A huge decline to 26% occupancy rate is seen in 2008. This position has improved and 2009 recorded a 36.5% occupancy rate (Ministry of Tourism, 2012).

Several countries have since 2011 issued travel warnings against Kenya following kidnappings of tourists in Lamu and terrorist attacks in major towns of the country. This has resulted into last minute cancellation of bookings in hotels. Some major global challenges have impacted negatively on hotels in Kenya. These include rising oil prices and health scares and fears of diseases such as the avian flu. This study was undertaken to understand the strategy development processes that are followed in such an environment.



#### **1.1.4 Brackenhurst Kenya Limited**

Brackenhurst Kenya Limited is a hotel and conference center in Tigoni Location, Liniuru District, Kiarnbu County. The organisation has previously operated under the name Brackenhurst Hotel and later Brackenhurst Baptist International Hotel and Conference center. Brackenhurst Kenya Limited has grown from a small family-owned business operating before the World War II to a successful medium sized limited company (Brackenhurst, 2012). The process of growth and maturity of the company was a motivating factor for this study. Micro enterprises require a less formal strategic planning process. As an organisation grows, the level of organisational complexity increases and a more formal process is required (Mazzarol & Reboud, 2009).

The main line of business is provision of accommodation and meals for groups attending conferences or strategic planning meetings. The bed capacity is over two hundred and fourty. Brackenhurst conference center also operates an a la carte restaurant to serve walk-in clients, a gift shop stocked with African artefacts, a laundry center, a flower seedlings farm and a vegetable garden that provides fresh vegetables to the kitchen. Brackenhurst Kenya Limited also engages in tours and safaris business and operates a tented camp at the Masai Mara. Brackenhurst Kenya Limited engages in environmental sustainable practices. The hotel and conference center facility is home to one of the largest indigenous forests in Kenya. The indigenous forest is home to many species of east African birds and serves as a scenic jogging trail for resident guests.

## 1.2 Research Problem

Even the best strategies would need to change with time, to match changes in the environment in which an organisation operates. Strategy development in organisations is an important unavoidable process that needs to be properly managed. Managers have at times been faulted for being obsessed with planning instead of emphasizing the most important processes with regard to strategy development. Lack of planning and analysis on the other hand would make strategy development susceptible to preferences of individual managers and to wishful thinking. There is no one right way in which strategies should be developed and no wonder that this process is bound to be characterised by many challenges (Mintzberg et al., 2003; Grant, 1998; Johnson et al., 2005).

Hotels and conference centres in Kenya have been operating in an industry that is characterised by environmental changes which would require development of existing strategy for continued success. Recently, the hospitality industry in Kenya has been characterised by fluctuations in the exchange rate and an uncertain political environment as the country prepares for the March 2013 general elections. This labour intensive industry has also had to endure productivity unrelated increases in wages and salaries (Worldbank). Brackenhurst Kenya Limited should understand strategy development related challenges that could hinder it from remaining competitive and relevant in this seemingly ever changing business environment.

Researchers have carried out studies on strategy development in various firms in Kenya. Mwanzia (2009) studied strategy development at Bamburi Cement Limited Kenya and established environmental turbulence as a great challenge to the strategy development process whereas resource inadequacy was one of the least rated challenges. Kitangita (2009) in a study on strategy development at Kenyatta International Conference Centre Corporation established that resource inadequacy and organisational structure were the main challenges facing strategy development. Kemei (2009) conducted a study on strategy development and implementation at the Nairobi Water and Sewerage Company limited and found that investment in technology and human resource would help to deal with the challenges of strategy development. In his study of strategy development by tea exporting companies in Kenya, Wasike (2010) established that 20% of the firms lacked vision and mission statements resulting to lack of strategic focus.

Rukenya (2010) looked at strategy development by commercial electric power producers and distributors in Kenya and found the planning mode to be the dominant mode of strategy development. Malusi (2006) studied strategy development and its challenges in Kenyan public corporations: the case of the National Hospital Insurance Fund and found internal organisation issues such as communication barriers to be the highest rated challenges of strategy development. In his study on strategic planning among classified hotels in Mombasa, Rono (2011) suggested case studies of individual hotels in the areas of strategic management as an area of further research. This study looked into the challenges of strategy development at Brackenhurst Kenya Limited. The study was guided by the following research question. What are the challenges of strategy development at Brackenhurst Kenya Limited?

### **1.3 Research Objective**

The objective of this study was to establish the challenges of strategy development at Brackenhurst Kenya Limited.

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

The findings of this research are valuable to scholars as it goes into the depths of the area of strategy development, an area that many authors and scholars seem to have given little attention in the past. Processes of strategy development differ over time and there is no one right way in which strategies are developed (Johnson et al., 2005). This research makes a contribution to the academic literature and demystifies strategy development in the hospitality industry.

Hotels and conference centres have a big role to play in Kenya's quest to become a middle income country. The economic pillar of the Kenya vision 2030 aims at making Kenya a top ten long-haul tourist destination globally. It aims at increasing investment in hotel bed capacity to accommodate increases in tourist arrivals (Ministry of Planning, National Development and Vision 2030 & the National Economic and Social Council, 2007). Understanding the challenges of proper strategy development in this industry reveals the required governmental policies.

Hotels and conference centres operate in a progressively turbulent environment. Changing turbulence may turn an organisations historical strengths into weaknesses (Ansoff & McDonnell, 1990). This study establishes the challenges of developing strategy in such an environment. The recommendations are of great value to strategy developers in the hospitality industry.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Organisations are characterised by multiple processes of strategy development (Johnson et al., 2005). Strategy development is a multidimensional process. It involves rational analysis, experience as well as emotion (Grant, 1998). Effective strategies develop in all kinds of strange ways. They can show up in the strangest places and develop through the most unexpected means (Mintzberg et al., 2003). This chapter discusses strategy development as described by different authors.

#### **2.2 Strategy Development Processes**

There are two main schools of the strategy development process. The design school and the process school (Grant, 1998). The design school is captured in the definition of strategy as a plan (Mintzberg et al., 2003). The design school is also what is referred to as the design lense that views strategy development as a deliberate positioning of the organisation through a rational process (Johnson et al., 2005). The process school is well described by the definition of strategy as a pattern in the five Ps for strategy (Mintzberg et al., 2003). This view of strategy development is the experience lens. The experience lens views strategy development as the outcome of individual and collective experience (Johnson et al., 2005).

These two broad explanations of strategy development are not mutually exclusive. The different schools are at times seen to exist within each other. The planning system of the design school for example is likely to be characterised by some political activity mostly associated with the process school (Johnson et al., 2005). Strategies can be formulated but they can also form (Mintzberg et al., 2003).

### **2.2.1 Strategy Development as Intended**

Intended strategy is the result of a deliberate plan of an organisations strategic decision. Intended strategy that is not realised is referred to as unrealized strategy. Processes of intended strategy development include strategic planning. Strategic planning is a step by step process of developing an organisations strategy. Strategic planning systems provide a structured means of analyzing complex problems, provide a means of coordination and encourage a long term view of strategy. Rational decisions are likely to involve accurate environmental scanning, complete information and knowledge of constraints (Dean & Sharfman, 1996). Strategic planning systems facilitate communication of the intended strategy and provide a means of involving people in strategy development (Johnson et al., 2005). Involvement of more people in strategy development increases the level of consensus, produces a common understanding of the task at hand and creates a feeling of shared effort which is good for the implementation of strategic decisions (Papadakis, Lioukas & Chambers, 1998). Grant (1998) classifies the rational process of strategy development into the design school. He points out that systematic analysis is important in any strategy development process whether formal or informal, deliberate or emergent.

Strategy workshops are a process on intended strategy development. They involve intensive sessions where the management or staff can address the strategy of an organisation. Strategy workshops can address various parts of the strategy development process such as generation of strategy, planning strategy implementation or monitoring the progress of strategy. Top management support for the strategy workshop and capabilities of participants to deal with political agendas and personal biases largely determine the success of a strategy workshop (Johnson et al., 2005).

Strategy consultants take part in intended strategy development. They may be called upon to analyse and generate strategic options, to implement strategic change or to influence the strategic decisions that an organisation takes. Externally imposed strategy is also a process of intended strategy development. Mostly, the imposed strategy is designed outside the organisation concerned. Governments or parent companies can impose strategy (Johnson et al., 2005).

### **2.2.2 Strategy Development as Emergent**

Emergent strategy is the long-term direction of an organisation that develops over time. This view of strategy development has been referred to as the process school (Grant, 1998). Mintzberg et al., 2003 have used the terms crafting in contrast to the conventional rational-planning approach. Logical incrementalism is one of the organisational processes that accounts for emergent strategy development. Managers see their role as one of continued pursuit of a strategic goal and countering competitor moves to adapt to the environment. This deliberate process of developing strategy by experimentation and learning is known as logical incrementalism (Johnson et al., 2005).

Strategy development is dynamic, with no definite beginning or end. Strategy developers proceed flexibly and experimentally from broad ideas towards specific commitments. In logical incrementalism, managers go through a process of building organisational awareness, broadening political support, crystallization of focus, creation and formalisation of commitment (Mintzberg et al., 2003).

There is a cultural explanation of emergent strategy development. Organisation culture is the collection of relatively uniform values, beliefs and customs that are shared by an organisation's members and transmitted from one generation of employees to the next (Huczynski & Buchanan, 2001). It guides how people view their organisation and its environment. Managers find themselves constrained to particular ways of strategy development by the organisations taken-for-granted assumptions even when they know that the strategy needs to change.

Strategy may emerge from the resource allocation routines in an organisation. Cumulative effects of day to day resource allocation routines guide the strategy of an organisation in the long term (Johnson et al., 2005). Organisational politics leads to emergent strategy development. This has been referred to as the power-behavioural approach (Mintzberg et al., 2003). The political view of strategy development points out that strategy develops from a process of bargaining and negotiation among powerful interest groups (Johnson et al., 2005).

### **2.3 Developing Strategy**

The components of strategy development can be well explained through the tools of strategic management. Strategy development involves development or re-affirmation of an organisations mission, vision and core values. A strategic vision helps a company to prepare for the future by laying out its strategic course. It aids to understand 'where an organisation is going'. Vision statements that are measurable guide an organisations strategy development. A mission statement describes the present business and purpose of a company. Company values are the beliefs and behavioural norms expected of employees (Kaplan & Norton, 2008; Thompson, Strickland & Gamble, 2007).



Internal analysis of an organisations resources, capabilities and core competencies is an important process that leads to informed strategy development. Firms should nurture their unique resources to gain sustainable competitive advantage (Black & Boal, 1994). SWOT analysis is used for the assessment of a business's internal Strengths and Weaknesses and its external Opportunities and Threats. In internal analysis, strengths and weaknesses that should be considered are those that determine the success or failure of the organisation (Nebel, 1991).

Assessment of an organisations competencies and capabilities provides information on its best performed internal activity. It also provides information on the organisations distinctive competence, that which it performs better than its rivals (Thompson et al., 2007). Resource analysis can be done by analyzing and listing a firms tangible resources, intangible resources and human resources. The resources are then matched with how well they work together with the firms' capability for development of a winning strategy (Grant, 1998).

An organisations' past success can lead to its failure today. The process of carrying out an objective appraisal of capabilities calls for benchmarking. This involves identification of activities within the firm that need improvement. These activities are then compared to similar activities in world leading firms and then performance differentials are analysed. The organisation then re-develops its strategy by redefining its goals and processes (Grant, 1998).

Assessment of an organisations external environment is also necessary. A firms ability to gain sustainable competitive advantage from its internal resources is influenced by the external environment (Black & Boal, 1994). Environmental scanning has traditionally been used to analyse opportunities and threats for strategy development.

External assessment can be done by use of PESTEL analysis. In PESTEL analysis, the environment is partitioned into Political, Economic, Social, Technological, Ecological and Legal. The assessment helps a firm to understand its competition. In the hotel and conferencing industry such issues could include the breakthroughs in teleconferencing technologies or economic recession (Nebel, 1991).

Rather than being driven by crisis events or the regular schedule of a firms planning cycle, contemporary environmental scanning systems are capable of carrying out continuous analysis. This provides an organisation with the advantage of advance warning on opportunities or threats that are likely to arise (Preble, 1992). Continuous scanning can be done selectively by focusing on factors that directly impact on the firms planning. This eliminates information overload and makes the process cost effective (Grant, 1998). An analysis of what customers want and what the firm needs to do to survive competition leads to identification of a firms key success factors.

Stakeholder analysis and engagement in strategy development is necessary for successful implementation. Goodman (2000) wrote on environmental sustainable strategies that led to a corporate turnaround at Scandic Motels, one of Europe's big hotel chains. This involved creating commitment among employees and customers as well as establishing an emotional tie between customers and the company. It also involved collaborating with suppliers to achieve environmental innovation that saw 80% waste rate of soap eliminated by making a new soap and shampoo that would biodegrade easily and safely.

These processes are then followed by development of strategies to position the company. They bring awareness into areas where the company should confront competition and where it should avoid it. An organisation could also develop strategies aimed at influencing balance of forces by exerting control. Continuous analysis provides a chance for an organisation to develop strategies that exploit industry changes (Mintzberg et al., 2003).

#### **2.4 Factors Influencing the Strategy Development Process**

There are many factors that influence the strategies that an organisation adopts. Strategic leadership provides guidance in making strategic choices. The capacity of the chief executives and senior management plays an important role in the organisations strategy development. Top management characteristics that would influence the strategy development process include their need for achievement, their aggressive philosophy as well as their risk attitude towards competitors, innovation and risky projects (Papadakis et al., 1998).

The chief executives length of service in the company may influence participation patterns in the strategy development process. Those with longer periods of service are likely to develop greater levels of participation and include more managers from various layers of the hierarchy (Papadakis et al., 1998). CEOs are increasingly being involved in strategic decision making. A strategic leader makes strategic decisions that commit an organisation to a given course of action in the long term (Harrison & Pelletier, 1997).

An organisations top management team influences the strategy development process. Top management team agreement on the norms of a firm's strategy development process would yield positive results as it would allow the managers to focus on critical decisions without getting bogged down in debates about the process. Organisation size has been found to be negatively related to top management team agreement. This study sought to establish the impact of growth in the size of the organisation on strategy development. Top management team agreement on other issues such as the organisations goals, means of competing, values and strategic direction has an impact on the strategy development process (laquinto & Fredrickson, 1997).

Decision-specific characteristics appear to have the most important influence on the strategic decision making process. This is as compared to other factors such as top management characteristics and contextual factors. Decision specific characteristics include the magnitude of impact of the strategic decision and the extent to which a strategic decision is perceived as a crisis situation. Decision makers act more rationally during times when decisions imply important consequences (Papadakis et al., 1998).

Organisational culture influences the strategy development process. An organisation with a tight culture-strategy fit has a smoother strategy development process. High performance cultures and adaptive cultures are good for strategy development. In high performance cultures, there is a sense of involvement by employees. They result in being initiative and creative which could lead to emergent strategy. Adaptive cultures accept change for the long-term success of the firm (Thompson et al., 2007).

Decision making speed will influence the strategy development process. Top level decision makers operate in a market for strategic issues. Each strategic issue is not necessarily attended to in isolation. An organisation may have a diversity of issues to consider at a time (Dutton & Duncan, 1987). Fast decision making is a source of competitive advantage. Fast decision speeds combined with comprehensive information gathering may lead to early adoption of successful new products. It may also lead to adoption of efficiency gaining processes that provide competitive advantage for firms (Papadakis et al., 1998).

## **2.5 Strategy Development and Challenges**

The challenge of developing a learning organisation is a challenge to strategy development. Managers have a task to encourage teamwork and debating of views to ensure that ideas do not fizzle out (Johnson et al., 2005). When changes have occurred in the business environment, organisations have failed because of their inability to unlearn what they have previously found useful. Successful firms codify a set of beliefs that seem to explain their success but these need to change with changing business environment (Clemons & Hann, 1999).

The environment in which a firm operates may be relatively stable or highly turbulent. Managers are faced with the challenge of strategy development in uncertain and complex conditions. It is not surprising for a new player to benefit from the opportunities created by a strategic discontinuity. This is unusual, extremely rare and difficult for an established player whose success was closely tied to the previous competitive environment (demons & Hann, 1999).

Managers are faced with the challenge of strategic drift if the organisations' strategy develops incrementally but fails to keep pace with the changing environment (Johnson et al., 2005). Environmental scanning and analysis of factors that are relevant to a firm is important for its strategy. Strategy development begins by appraisal of a company's external and internal situation. This is the only way of crafting a strategy that fits the company's situation, one that is capable of building competitive advantage and that will boost the company's performance. This is challenging since the environment is characterised by many factors such as government legislation and regulation, population demographics, technological factors and competition (Thompson et al., 2007).

Resistance to Change has a negative impact on strategy development. Resistance may be associated with the fact that the correct strategy for the firm may marginalize some senior individuals. Executives will resist taking risky and costly actions especially if they will be held accountable for losses if the strategy fails and will at the same time not receive direct benefits if the strategy succeeds. They are also likely to resist strategies whose benefits will be seen far in the future beyond their tenure (Clemons & Hann, 1999).

The hospitality industry may be faced by some unique challenges in its strategy development. Lack of timely, accurate and relevant information is a challenge in hotels. Inability to track guest non-arrivals means that it may not be possible to identify the area for improvement by the hotel. In the area of pricing and occupancy, hotels have had front office practices based around maximizing occupancy and discounting rack rate. It is not uncommon for there to be tens of different types of discount for 80% of the business (Jones, 1999).

Organisational structure influences the strategy development process. Organisational structure and organisational strategy exist interdependently, each influencing the other (Mintzberg et al., 2003). An open and less formal structure would encourage learning and experimentation resulting into an emergent strategy process (Johnson et al., 2005). Attaining a strategic fit early on in the strategic development process would lead to higher economic performance. The challenge is that as the environment changes, the strategy would need to change and thus the strategic fit will also need to change (Lynch, 2009).

Cultural influences are a challenge to strategy development. Organisational culture is shaped by its core values, beliefs, business principles, traditions and work practices. It forms a company's internal work climate and personality (Thompson et al., 2007). Organisation culture is shared by an organisation's members and transmitted from one generation of employees to the next (Huczynski & Buchanan, 2001). Weak organisational cultures or unhealthy cultures are a challenge to strategy development. Unhealthy cultures include politicized cultures, change-resistant cultures and inwardly focused cultures (Thompson et al., 2007).

Organisational politics tend to have a negative influence on strategy development. Most strategic decision processes may be considered political since they involve conflicting views, resolution through the exercise of power and uncertain outcomes. The problem of a politicized internal environment is the amount of organisational energy that is consumed in political infighting. A company with such an environment is characterised by empire building managers, suspicion and grudges among organisational units, agenda control, behind the scenes coalition formation or withholding of information (Thompson et al., 2007; Eisenhardt & Bourgeois, 1988).

The challenges of strategy development will vary from one organisation to another. Findings in different research studies established other challenges of strategy development. These include poor communication, resources inadequacy, lack of employee support, government policies, stakeholder expectations and high labour turnover (Malusi, 2006; Kitangita, 2009; Mwanzia, 2009).



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discusses the methodology that was used in the study. It is a guide of the systematic process that was used to answer the research question. It describes the research design, the data collection and data analysis techniques that were used. The reasons for selection of these methods and techniques have also been outlined.

#### **3.2 Research Design**

This is a case study that aimed at establishing the challenges of strategy development at Brackenhurst Kenya Limited. A research design is the plan and structure of investigation developed to obtain answers to research questions (Cooper & Schindler, 2006). The case study method was used in an aim to bring an insight into the largely misunderstood area of strategy development. The case study method allowed an intensive investigation and comprehensive study. Case study method is a study in depth rather than in breadth (Kothari, 2004).

The technique was preferred because after a historical analysis, the researcher was able to suggest measures for improvement in the context of the present environment. An emphasis on detail of the case study method provides valuable insight for evaluation, solution of problems and strategy development. After completing case studies, prescriptive inferences about best practices are normally concluded (Kothari, 2004; Cooper & Schindler, 2006).

### 3.3 Data Collection

Primary data was collected using an open ended interview guide. Open ended questions encouraged disclosure of information which would have otherwise been withheld. The interview guide was selected as the researcher could probe for answers and achieve high cooperation from participants. The interview guide that was used in this study had three sections. The first section is for the informant's profile, the second section had questions whose answers were sought from the managing director only while the third section had questions that were posed to all respondents.

The researcher interviewed the Managing Director, departmental managers of the food & beverage, facilities & security and Information Technology departments and the assistant guest relations manager. The researcher took time to brief the intended informants about the interview and gave them some time to think through it first. The informants thus voluntarily gave the required information during the actual interview (United Nations Centre for Regional Development Africa office, 2004).

### **3.4 Data Analysis**

Content analysis was used for analyzing the primary data collected. Content analysis is a preferred technique for analysis of highly qualitative data. It guards against selective perception of data collected by measuring the 'what' aspect of a message (Cooper & Schindler, 2006)

By measuring the extent of emphasis and the omission of emphasis from responses obtained, content analysis method was ideal to identify the challenges of strategy development at Brackenhurst Kenya Limited (Zikmund, 2003).

## **CHAPTER FOUR**

### **DATA ANALYSIS AND INTERPRETATION OF RESULTS**

#### **4.1 Introduction**

This chapter presents the data collected and an analysis of the research findings. The data was gathered by use of interview guides. The interview guides were designed in line with the objective of the study, to establish the challenges of strategy development at Brackenhurst Kenya Limited. Responses to the interview guides were qualitative in nature and were analysed through content analysis to highlight the convergence of ideas from respondents.

#### **4.2 Duration that Respondents have worked in the Organisation**

The study sought to investigate the duration over which the respondents had worked in the company. All the senior managers interviewed were found to have served the organisation for ten or more years with over six years in senior management. This implies that respondents had experiences of challenges of strategy development at Brackenhurst Kenya Limited.

#### **4.3 Strategy Development**

The researcher sought to establish the dominant mode of strategy development at Brackenhurst Kenya Limited. The study found that strategy development has been emergent. Strategy development was seen not to have a definite beginning or end. Managers were found to proceed experimentally from broad ideas towards specific commitments while developing strategy on items such as pricing, service levels and marketing, normalisation of strategy would then follow the initially largely informal process. The behaviorist 'process school' of strategy development focuses on the realities of how strategies emerge. Formalisation on the other hand provides a clear basis for selection of choices (Grant, 1998).

Focusing on the middle class was found to be one of the strategies that developed through learning and experience. The study found that Brackenhurst Kenya Limited is a middle level hotel and conference center. Focus on this market segment was found to have contributed to the success of the organisation owing to the increasing numbers of Kenyan middle class citizens. The study found that respondents feel the need for continued strategy development especially with stiffening competition arising from many new entrants into the business coupled with the now highly informed middle class citizens.

The study found that Brackenhurst Kenya Limited has chosen environmental sustainability as one of its strategies. Brackenhurst botanic garden is one of the largest indigenous forests in Kenya. The organisation has been uprooting exotic trees and replacing them with indigenous ones for different purposes such as education, conservation, research, recreation and environmental restoration. This has created a beautiful scenery with fresh air thereby attracting strategy workshops for companies who desire to strategise away from the noisy and polluted town areas. Brackenhurst Kenya Limited has increased its reliance on solar power for heating water in guest rooms.

The study found that the desire to be a one stop shop for persons attending business conferences led Brackenhurst Kenya Limited to diversify into tours & safari business and a luxury camp at the Masai Maras' Naboisho conservancy. This new ventures are coming up fast into profitable establishments. The Masai Mara Encounter camp has been declared Kenya's best tented safari camp in the 2012 World Travel Awards.

#### **4.3.1 Strategic Leader**

Strategic leadership is the ability to influence others to make decisions that enhance an organisations long term viability. It was established that the Managing Director is the organisations strategic leader. The Managing Director was found to take a leadership role in developing the hotels strategy in consultation with the Board of Directors and departmental managers.

The result of development of strategic leaders is wealth creation for the customers, the employees and for all other stakeholders such as suppliers and shareholders (Rowe, 2001). The study found that though the managing director is the strategic leader, he wishes to develop strategic leaders throughout the organisation who can in turn develop other leaders in their departments. This would then ensure continuity in strategy when top managers retire.

#### **4.3.2 Core Values**

The study found that the organisation is guided by a motto, organisational ethos and values. These were developed by senior management with the leadership of the managing director. After they were neatly written out, there were forums where employees were able to discuss and internalize. The motto, ethos and values were seen to have contributed to a positive culture change. The Brackenhurst ethos states four main issues. Firstly, that Brackenhurst Kenya Limited has a priority in providing warm personal service to all guests. Secondly, that Brackenhurst Kenya Limited plays a role in missions and development work in Kenya, by serving as a home-away-from-home for non-governmental organisations and Christian teams who are involved in community development. Thirdly, that Brackenhurst Kenya Limited values its employees, ethical standards and good citizenship. Fourthly, that Brackenhurst Kenya Limited is involved in protection and restoration of the environment.

The Brackenhurst Kenya Limited motto states that employees should 'Serve as Christ served. Love as Christ Loves.' Worden (2005) argues that elements of religion in an organisation can enrich several components of strategic leadership such as strategic choice, vision, ethics and credibility. The organisational values were found to be an indication of the consideration of all stakeholders of the firm. These values are hospitality, service, fairness, family orientation, communication, health, quality, teamwork, empowerment, aesthetics, security, conservation and social responsibility. The family orientation value states that the company encourages and nurtures a family-friendly climate. This value was seen to give the company competitive advantage. Couples with young children find the hotel and conference centre an ideal place for family getaways. A similar value led to the success of Disney which had a vision to provide family entertainment that enshrines warmth, brotherhood and joy (Grant, 1998).

#### **4.3.3 Corporate Objectives**

It was found that the organisation seeks to be the preferred 'out-of-town' conference destination. It was established that the goals of Brackenhurst Kenya Limited are service satisfaction for increased turnover, adoption of environmentally sustainable practices and impacting the community positively. The goal is to use strategy for organisational profitability.

The researcher found that adoption of informal processes is a challenge to strategy development as communication of the intended strategy for further development is limited. Successful implementation of such strategies may not be easy to achieve as evidenced by the varying answers between respondents when asked about the organisations long term goals and objectives. This would lack of unity in the re-definition and re-development of the organisations goals and objectives

#### **4.4 Challenges of Strategy Development**

The objective of the study was to establish the challenges of strategy development at Brackenhurst Kenya Limited. Use of an interview guide was effective as the researcher was able to discuss the concept of strategy development with the respondents. The respondents then provided detailed information on the processes and challenges of strategy development.

##### **4.4.1 The Hotel Business Environment**

Hotels are fast-paced multifaceted operations (Nebel, 1991). At Brackenhurst Kenya Limited, the researcher found that there are times when 250 guests check out and another 250 check in on the same day with a large conference of 400 for a different group taking place in the hotel. Heavy check-ins and check-outs such as those described here would keep the guest relations, housekeeping and the food and beverages managers working round the clock to ensure co-ordination between their departments and maintenance of quality service for all.

The researcher established that this fast pace has been a challenge to strategy development since managers are most often fully occupied by the day to day management of routine operations. Thompson, Strickland and Gamble (2007) have discussed a number of recommendations for firms in fast paced markets. For proper strategy development, such firms should develop quick response capability, initiate fresh actions every few months and not just when response is triggered and keep the company's products and services fresh so that they can stand out in the high competition.

#### **4.4.2 Hotel Cycles**

The managing director described the business environment as cyclical. The demand for hotel rooms and hotel conference facilities varies from day to day. During the high season, respondents said that occupancy rates can be 100% and during the low season, occupancy rates can be as low as 10%. This was found to be a challenge to long term strategy development because the said rates can fluctuate in a big way in relation to world travel trends, general elections and terrorism threats.

Motel expansion strategies for example raise the question of low occupancy rates during the low season. Development of employee hiring, training and retention strategies would need to address the issue of the number of permanent staff that the company can employ and ensure profitability both in the high and low seasons. Development of cost cutting strategies by getting into bulk purchasing contracts would also have to consider that fewer inputs are required during the low season. The researcher found that hotel cycles are a major challenge to the strategy development process.

#### **4.4.3 Resource Inadequacy**

The researcher found that resource inadequacy has been a challenge to strategy development. It was established that revenues would soar if the organisation built more hotel rooms and conference facilities. However, the study found that this expansion strategy has been delayed due to lack of finances. Resource inadequacy is also related to factors influencing strategy development such as low budgeting for environmental assessment research, low budgeting for training and development or delayed adoption of new technology.



Whereas the study did not establish the reason for resource inadequacy, a number of reasons may be deduced from the responses. Brackenhurst Kenya Limited has been growing in size and scope from a small to a medium sized establishment. Thus, the organisation still requires a lot of capital injection. At the time of its establishment, Brackenhurst Baptist International Hotel had a vision to support Christian mission and development work in Kenya. This vision has carried on to date. There are some financial implications from this objective. Christian missionary conferences and churches enjoy huge discounts whereas BKL gets lower profit margins. Brackenhurst Kenya Limited mainly serves the middle class market and this means that its pricing has to be lower than that of luxury hotels and conference centres. The study found that lack of adequate financial resources has been a key challenge to the strategy development process.

#### **4.4.4 Organisation Structure**

Respondents described the vertical organisational structure as short for a medium sized operation with only two layers between the managing director and the employee. The researcher found that in all departments the structure used is that of the Managing Director, Departmental manager, Supervisor and then employee. A short organisational structure is generally seen to be good for sound strategy development.

The horizontal structure was however found to be a challenge to strategy development. The scope of a hotels operation is broad and diverse and the knowledge required to run different departments really varies dramatically ( Nebel, 1991). It was established that Brackenhurst Kenya limited has six departmental managers who report directly to the managing director.

These managers head the Guest Relations department, Finance & IT, Facilities & Security, Housekeeping & Conference and the food & Beverages departments. The study found that the challenge to strategy development is that the managers, who play a vital role in strategy development have, by the nature of their functions, very different view-points and knowledge bases.

#### **4.4.5 Change in ownership and Strategy development**

The study sought to establish whether change in ownership of the organisation has been a challenge to strategy development. It was found that the organisation has for many years run as a mission owned establishment. This has since changed and Brackenhurst Kenya limited is currently owned by African Encounter, a South African based tourism company.

The researcher found that this change in ownership has not been a challenge to strategy development but has contributed positively to strategy development. The researcher found that strategy development at Brackenhurst Kenya Limited is now characterised by a desire to gain sustainable competitiveness. This was not the case earlier on as the organisation would often get financial support as is characteristic of mission run establishments. Culture change programs were run and the employees are now aware that their level of service has a hand in determining their monthly pay. Employees are motivated to work by the monthly service charge that they earn which is directly related to the previous month's revenues.

#### **4.4.6 Growth in size and scope**

The researcher sought to establish whether the organisations growth in size has been a challenge to the strategy development process. Strategic theory has indicated that there are different modes of formality in strategic development that depend on the size of the organisation. Iaquinto and Fredrickson (1997) wrote that organisation size has been found to be negatively related to top management team agreement on the strategy development process. This study sought to establish the impact of growth in the size of the organisation on strategy development.

The study found that this has not been a challenge. Sound strategy development was alternatively seen to have contributed to the growth in size and also scope of operations. The conference centre was found to have the capacity to hold large conferences. Brackenhurst Kenya Limited has diversified into tours and safari business and voluntourism through its subsidiary companies. As the organisation grew in size, the study found that proper organisation structures were put in place and appropriate work procedures adopted.

#### **4.4.7 Employees Levels of Education**

It was established that many of the employees are new entrants into the work force. Most of these were found to have low levels of education while others were still continuing their college studies. This was found to be related to the labor intensive nature of hotel business. The low education levels were seen to translate to less exposed employees in an industry where the clientele are often widely travelled.

The impact of this on strategy development is that most of the employees who actually serve the guests may not be aware of the need to be involved in strategy development. Strategy development was found to be a reserve of the top management team and takes a top-down model. This was also found to be challenging since the strategy developers would have to consider the ability of implementation by these employees.

#### **4.4.8 Employee Training and Development**

In hotels, most of the employee-guest encounters take place in the absence of managers (Nebel, 1991). Employee training and development is thus important. Changing customer trends, tastes and preferences also call for frequent refresher courses. The study found that lack of procedures for 'on-the-job' training as well as limited formal role related training and development programmes has been a challenge to strategy development.

Strategies such as product differentiation and improved quality of customer service were seen to have a correlation to employee training and development. Employees need to be empowered to be in a position to contribute to the development and effective implementation of such strategies. The study found employee training and development is a catalyst required at BKL for the creation of a learning organisation.

#### **4.4.9 Labour Turnover**

The study established that labour turnover has not been a challenge to strategy development at BKL. Studies have shown that high employee turnover is a challenge in many hotels. Nebel (1991) wrote that an annual turnover rate of 33% would be considered low in many hotels. This would mean that the average hotel loses a third of its employees every year.

The organisation was found to have adopted measures to curb high turnover rates that are characteristic of hotels. These include creation of a conducive working environment, motivation for high sales by award of a service charge and encouraging work-life balance. This has impacted positively on strategy development and implementation.

#### **4.4.10 Influence of Parent and Subsidiary Companies**

The study found that parent and subsidiary companies influence the strategy development of organisations. The parent company to BKL is African Encounter, a South African based firm. The research found that the Board of Directors are only involved in reaching at major organisational decisions. Whereas it is important for the parent company to be involved in strategic decisions, the persons involved may not always be fully aware of the environmental conditions to consider since they are in a different country.

Brackenhurst Kenya Limited is the parent company to Encounter Mara, an exclusive, luxury and eco-friendly tented safari camp at the Masai Mara. The challenge to strategy development in reference to the subsidiary was found to be related to the nature of huge financial investments. Diversification was found to have, in one way or another led to a delay in the much needed expansion of conference and accommodation facilities which form the core of the organisations business.

#### **4.4.11 Organisational Culture**

The study found that organisational values and beliefs have not been a challenge to strategy development. These have contributed positively to guide the objectives and direction of Brackenhurst Kenya Limited. For the years that the organisation operated as Brackenhurst Baptist International Hotel and Conference, it was run by the Baptist Mission of Kenya.

The study found that it is during this time that the organisation took the face of a Christian conference centre. With strategic upgrading that has been done by Brackenhurst Kenya Limited, this aspect has attracted corporate companies doing strategy workshops, Non-Governmental organisations and Christian based organisations because of the serene and conducive atmosphere.

The study found that in the light of all these changes, top management played a major role in culture change throughout the organisation. The study established that all employees understand that the hotel and conference centre is now a commercial undertaking with an objective of maximizing profits.

#### **4.4.12 Organisational Politics**

The study found that organisational politics has been a key challenge to strategy development. The problem of a politicized internal environment is the amount of organisational energy that is consumed in political infighting (Thompson et al., 2007). The study found that organisational politics existed more between departments than within departments. This has had a negative consequence due to lack of co-ordination and cohesion both in strategy development and in its implementation.

In their study on the politics of strategic decision making, Eisenhardt and Bourgeois (1988) gave different reasons why politics are seen to emerge in executive groups. They could arise from an out-growth of natural conflict between functional units, to gain personal advantage, power imbalances within the top management team or from power centralisation. By identifying the cause of organisational politics at Brackenhurst Kenya Limited, the managing director and the managers will effectively deal with this challenge of strategy development.

#### **4.4.13 Government Policies**

Government policies were found to have been a challenge to strategy development. The study identified instances where strategy developed from government imposition. In the labour intensive hotel industry that Brackenhurst Kenya Limited operates in, the study found that legislation on minimum wage, maternity laws, paternity laws and other labour laws has been a challenge to strategy development. They can be a challenge to human resource hiring strategies. A different form of imposed strategy was seen to affect the Masai Mara Encounter Camp. In a notion that is almost as good as law, tented camps at the Masai Mara have to employ staff from the neighbouring communities. This has been a challenge to acquisition of highly skilled and experienced staff.

The researcher also found that the government has put a heavy tax burden on hotels in the form of 16% Value Added Tax and 2% Catering Levy. The study found that Brackenhurst Kenya Limited considers being a good citizen to be important for their success. The study however found that the high rates of taxation and the vague tax requirements in the hotel, tours and camping industry may put the company in an unfavourable position against the revenue authority.

## **CHAPTER FIVE**

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

#### **5.1 Introduction**

This chapter presents the summary of the findings of the study. It also deduces conclusions based on the findings, gives the limitations of the study, makes recommendations and highlights possible areas for further research.

#### **5.2 Summary of Findings**

The objective of this study was to establish the challenges of strategy development at Brackenhurst Kenya Limited. The study established various challenges. Some of the challenges were found to be unique to hotel business operations while others were found to be in line with those that other organisations in different industries could also be faced with.

On challenges of strategy development that are unique to hotel operations, the study found that the cyclical nature of hotel and conferencing business has been a challenge to strategy development as well as the turbulent environment of the hotel industry. The study established the key challenges to strategy development to be resource inadequacy, employee level of education and organisational politics. Government laws and regulations were also seen to be unfavourable and were found to be a challenge to strategy development. The organisational structure was also found to pose a challenge to the strategy development process. The study found that a number of factors influencing strategy development have not been a challenge to the strategy development process at Brackenhurst Kenya Limited. These are change in ownership, growth in size of the organisation, labour turnover and organisational culture.



### **5.3 Conclusions**

From the data analysis, the study concludes that, at Brackenhurst Kenya Limited, strategy development most often follows a logical incremental route with formalisation being taken up in the final stages. On the aspect of responsibility for strategy development, the study concludes that the managing director is the organisations strategic leader and that strategy development is centralized within top management. Several aspects of strategy development were identified. A written organisational motto, ethos and values have guided strategy development at Brackenhurst Kenya Limited.

The organisation has taken up a market segmentation strategy where focus has been on the middle class whose numbers are on the rise in Kenya. Proper strategy development has aided in selecting the appropriate service level for this market segment. The hotel and conference centre has diversified its operations and has a subsidiary company that is in tours and travel business. The organisation has also diversified its scope through a subsidiary company that runs a luxury, eco-friendly tented safari camp at the Masai Mara. Brackenhurst Kenya Limited has taken on an interactive electronic marketing strategy to create awareness on the company, its services and values in a way that forms a bond between the customer and the organisation. Grant (1998) wrote that sound strategy development and effective implementation has a role to play in the success of a company. He wrote that this is the case even where the strategies do not exist as a plan or where the strategy was not made explicit.

The study concludes that Brackenhurst Kenya Limited faces challenges in its strategy development processes. The key challenges are resource inadequacy, employee level of education and organisational politics. From the data analysis, the study concludes that while Brackenhurst Kenya Limited has faced challenges in its strategy development processes, it has put in place measures to remedy the challenges. Brackenhurst Kenya Limited has run successful organisational culture change programmes that have impacted positively on strategy development. Continuous environmental scanning and fast decision making speed which are necessary for the fast-paced multifaceted hotel and conference operations, have contributed to effective strategy development. Creation of a conducive environment for employees has resulted to low levels of labour turnover and this has led to successful strategy development and implementation processes.

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

Having in mind the economic pillar of the vision 2030 that aims at making Kenya a preferred tourist destination, hotels and conference centres will need to adopt sound strategy development processes in readiness for an increase in international clientele. Good strategy development practices at Brackenhurst Kenya Limited will play a big role in customer retention and attraction of new business. Strategy development should exploit opportunities for expansion and improvement in line with the Kenyan vision

Routine operations and their management must not be used to replace strategy development. Whereas good operations management is good for success in strategy implementation, managers should always consider the organisations long term position in their decision making.

The managers must not allow the day to day service to in-house, checking out or expected guests to leave them without time for strategy development. This can be achieved by empowering the middle level managers and the employees. Excessive concern with operational effectiveness can displace attention to strategy (Mintzberg et al 2003).

A number of factors influencing strategy development that were studied were found not to have impacted negatively on the strategy development process. Top management was found to have dealt with these issues and changed them to organisational strengths. These include change of ownership of the organisation that was accompanied by a successful culture change. This is an indication that challenges found to be a hindrance to the process of strategy development may also be dealt with to propel the organisation to greater heights. The challenge of employee level of education could be addressed by investment in human resource through budgetary and time allocation for improved induction programmes and continued training and development. The challenge of organisational politics should also be addressed to form a closely-knit organisation in which all employees are brought together by their unity in meeting similar organisational objectives.

Good organisational practices are recommended from the findings of the study. These include employer concern for employee welfare. In an industry that experiences high levels of both employee and managerial turnover, Brackenhurst Kenya Limited was found to have high retention levels. Brackenhurst Kenya Limited encourages a family friendly climate, a factor which creates a work-life balance for the employees and acts as a motivating factor for them to continue giving quality service while at the organisation.

The role of strategic leadership is vital when considering good strategy development. The government should coordinate and collaborate efforts among public and private sector players. This would lead to development of good strategies in hotel business in areas such as security and improvement of infrastructure.

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

There has been debate on the accuracy and relevance of hotel star rating systems and the consequent effect of customers' perception. Hotels are categorised in the range of one to five stars. A low rating gives the implication that a hotel is of a comparatively low standard. This may not necessarily be the case since some of the values upon which classification is based may not be significant to every other guest.

For this reason, the study found that Brackenhurst Kenya Limited is a non-rated hotel. This research was limited to a non-star-rated hotel and conference centre. Challenges of strategy development in Kenyan star rated hotels may vary slightly from those established in this study.

### **5.7 Suggestions for further research**

This was a case study focusing on the challenges of strategy development at Brackenhurst Kenya Limited. Other possible areas for further research are: A survey of challenges of strategy development in hotels in Kenya; Winning strategies developed by hotels in Kenya; and Challenges of strategy implementation in hotels in Kenya. Studies on different ways in which successful hotels have dealt with the challenges of strategy development would be of use to strategy makers in hotels.

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

Government policies were found to have been a challenge to strategy development. A downward review of the rates for Value Added Tax and Catering levy would be encouraging to investors. This would lead to emergence of new hotel and conference centres and expansion of existing ones. This would be good for the country's economy as it would result into higher levels of employment and consequently improved tax collections.

There is no one right way in which strategies should be developed. At Brackenhurst Kenya Limited, strategy was seen to develop through a combination of processes. It is a combination of the 'process' school with the 'design' school. Response to environmental changes in this fast paced industry calls for decision making speed. This would mean that after environmental scanning and analysis, managers may not have time for a step by step planning process that is characteristic of the design school. Based on the managers experience, strategy may be developed and implemented almost immediately.

When strategy develops through the process school, there is room for flexibility and creativity. Urbany and Monlogmery (1998) wrote that evidence is mounting that rational strategic development is an unnatural act that is made difficult by managerial preferences and organisational capabilities. They wrote that whereas firms that engage in active strategic development will be rewarded at the expense of those who do not, organisations must not overstrategize as this could lead to a low rate of issue turnover in strategy development.

From the study, it can be deduced that Brackenhurst Kenya Limited practices strategy development. The initial stages are seen to be through experience with formalisation coming in during the final stages of strategy development. It may also be deduced that strategy development is centralized within top management. This study establishes that top managers and strategy developers of hotels need to be aware of likely industry inherent challenges to strategy development. They would need to have in mind the hotel cycles, the fast-pace of the industry and the labour intensive nature of hotel and conference operations for effective strategy development.

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## **APPENDICES**

### **APPENDIX 1: Interview Guide**

#### **Challenges of Strategy Development**

##### **Section A: Informants Profile**

Designation of the Informant

Period of service at Brackenhurst Kenya Limited

Period of service at currently held position

**Section B: (Informant: Managing Director)**

Does the parent company influence the organisations strategy?

Do subsidiary companies influence the organisations strategy?

Does the board of directors participate in the organisations strategy development?

Does the organisation have a vision statement?

Does the organisation have a mission statement?

**Section C: All Informants**

Describe the organisations business environment.

Is long-term planning important for the future success of the organisation?



What are the long-term goals and objectives of the organisation?

Who developed these long-term goals and objectives?

Who is the strategic leader of the organisation?

Does most of the strategy develop from systematic deliberate planning or does it emerge out of necessity?

Describe the strategy development process

Has change in ownership over the years necessitated a change in the strategy making process?

9. Has growth in size necessitated a change in the strategy making process?

10. Have the values, beliefs and traditions that your organisation has carried on been a challenge to the strategy development process?

**Are there** strategies that have failed to develop as a result of inadequate resources?

**Have you** experienced **any** cases of a strategy imposed on your organisation? (E.g. **by government**).

**What is the** impact of your organisational structure (levels and roles) on strategy **development?**

**What** challenges have you experienced as you try to create a learning organisation  
< **one in which** mutual questioning and debating of views takes place)?

5. Are there times you have chosen to apply familiar plans to minimize the extent of uncertainty?

**Have other stakeholders such** as your customers and suppliers been a challenge to **your strategy** development?

**How in your** opinion, have employee characteristics (lack of support from **employees**; employee's level of education; level of training and development) been a **challenge to strategy** development in your organisation?

18. Are you able to track declines and denials of bookings?

Has it been challenging to get an accurate report on average profit per guest?

**H a s o r g a n i s a t i o n a l** politics been a challenge to your strategy development  
**p r o c e s s ?**

**I n y o u r v i e w,** what are other challenges that have affected strategy development in  
**y o u r o r g a n i s a t i o n ?**



**APPENDIX II: Letter of Authorisation from the University of  
Nairobi**



**UNIVERSITY OF NAIROBI**  
SCHOOL OF BUSINESS  
MBA PROGRAMME

Tdn 2005 Vj(AM)  
(20-2059)6  
V(0)K, Nairobi

non\*30i«  
NmN Kenya

DATE z±1a&ptlzo)z

**TO WHOM IT MAY CONCERN**

The bearer of **this letter.. JA fli . . . IM.QMb)..A&U.CiMA.**

Registration No. . . . .OG. I. /G2G i+I/Zoio

is a bona fide continuing student in the Master of Busn ess Administration (MBA) degree program in this University

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the stildents to do their projects on real problems affecting firms In Kenya. We would, therefore, appreciate your assistance to enable him/her collect data In your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.



**APPENDIX III: Letter of Data Collection from BKL**

i  
"trv,



BRACKENHURST KENYA LIMITED

P.O BOX 32-00217

LIMURU

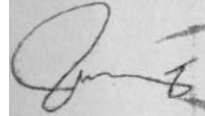
DATE

TO WHOM it MAY CONCERN

The bearer of this letter JANE NYOKABI N•TUGBNA of your registration number D61/62647/2010. has collected data from BRACKENHURST KENYA LIMITED on the Challenges of Strategy Development

We have responded to the interview questions with the understanding that the research report will be used solely for academic purposes. we have requested her to avail a copy of the report to us on completion.

Thank you.

  
JOHN McKELVEY,  
MANAGING DIRECTOR,  
BRACKENHURST KENYA LIMITED.

Telephone: 52-00217, Limuru, Kenya  
Email: bookings@brackenkurt.com  
Website: www.brackenkurt.com

Phone: (254)(020)2015142/201622  
Mobile: (254)202015142/201622  
Fax: (254)(020)2015142

**APPENDIX IV: Proposal Correction Form**



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**PROPOSAL CORRECTION FORM**

student

Registration Number *D.G.I /..6Z&\|-/Zo. i.o.*

**Department.**

Specialization.....*5. TMIB. C.I.C. . ..M.AM.Ak £MttI..*

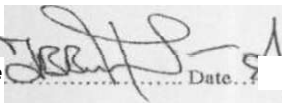
**Title of Project Proposal.** *QMU £. fl. C.G5 . Of ... 5.1 fl (SIEC,*

*V£Ym?MUll Al B.RAC,mm.S.T...K£WA*

*jCjLMITMQ.,.*

**I the student has done** nil **the** corrections as suggested during (the Proposition Presentation and can **now proceed** (the) (title).

**Name of Supervisor** *^S?>.\^&-. ^5>"4V(^gnanire*

  
Date... *5/1*