

**STRATEGIC MANAGEMENT PRACTICES AND PERFORMANCE OF  
HOTELS IN KABARNET TOWN, BARINGO COUNTY OF KENYA**

**BY**

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## DECLARATION

This research project is my original work and has not been presented for an award in any other university

Signature



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## **ABBREVIATIONS AND ACRONYMS**

**CSR** - Corporate Social Responsibility

**ICT** - Information Communication Technology

**RBV** - Resource Based View

**SPSS** - Statistical Package for the Social Science

**KAHC**- Kenya Association of Hoteliers and Caterers

## **ABSTRACT**

Strategic management remains a key tool for firms to steer them through turbulent and competitive business environment. Organizations can only deliver superior and sustained performance in such environment through adopting strategic management practices with a goal to give the organization competitive advantage. The hotel industry is increasingly becoming competitive facing numerous challenges. It's against this premise that strategic management is necessary in the sector to guarantee their survival. The overall objective of this study was to determine the strategic management practices adopted by hotels in Kabarnet town, Baringo County and how it influences on their performance. A descriptive survey design was adopted for the investigation. The population that was targeted was 11 hotels in Kabarnet town that had accommodation services, meal and drinks services. A census was applied for all the 11 hotels.

The primary data was obtained from the junior and senior hotel staff in Kabarnet town using a questionnaire. The study findings indicated that, hotels in Kabarnet town had adapted a number of strategic management practices that include; having a vision and mission, situational analysis, strategic goals development, Strategic analysis, institutionalization and operationalization of strategy, development of Performance measures and evaluation and control. The study also established that strategic management practices; formulation, implementation and strategic evaluation and control led to improved performance of hotels in Kabarnet town.

The study recommends that management of hotels to adopt the various strategic management practices in their hotel which would enable them attain competitive advantage even in the market. The government through its distinct ministry has been recommended to provide enough funds and training to help the hotel industries on strategic management practices. The government was also recommended to formulate proper policies that will motivate and encourage hotels to adopt proper strategic management in their activities. It is also important for the government to come up with favourable policies that will enable the hotel industries to involve strategic management in their day to day activities.



# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

Demand for organizational performance is increasingly becoming a key issue of interest for any top manager. The ability of any firm to attain success is always inclined on its mastery to employ strategic management to respond to volatile, turbulent and fast paced business environment (Ofunya, 2013). Organizations can only deliver superior performance in such environment through a well thought strategic choice aimed at giving the organization competitive advantage (Lawrence, 2019). A firm's performance measurement is central in assessing and evaluating the efficiency and effectiveness of any adopted strategic management practices. As stated by Lessen (2019), the key to boosting performance by firms is finding the correct balance between managing competitiveness and profitability with political, social, technological and ecological context of the business. Therefore, realizing a sustainable business requires synergy between context issues, competitive strategy and the business model governing a firm with the aim of long-term profitability and growth.

There are a number of theories that provide multi-dimensional approach to develop a deeper understanding on some important facets that firms need to consider when crafting their strategies. The theory named resource based is grounded on the idea that organizations employ different strategies depending on the resource endowments that they control. As such the strategic management practices adopted by firms are dependent on their internal resources which vary from one organization to another (Barnes, 1991). Stakeholder management theory provides a multidimensional approach to strategic management by acknowledging the importance of shareholders, employees, customers, local community, suppliers and government agencies in attaining a competitive advantage. The theory further posits that, firms must endeavor to incorporate the interest and expectations of the various stakeholders aforementioned in their pursuit of their strategic objectives. Firms should aim at being prompt in responding accordingly to these interest and expectation.

Just like any other business, hotels are facing numerous challenges which include intense competition, rapid technological changes, insecurity, economic shocks and socio-cultural changes. Mutindi et al (2013) contends that hotel business in Kenya is increasingly becoming more complex and fluid due to dynamic business environment, making it challenging to meet customer demands. Similarly, according to Kenya association of Hoteliers and Caterers report (KAHC), hotel industry needs to continuously develop strategies and rebrand to meet the expectations of its clients. In addition, they must be cognizant of various clientele categories in order to meet the expectation of each special group.

### **1.1.1 Strategic Management Practices**

Strategic management is defined as the decisions and actions that an organization uses to ensure its strategy is achieved with the aim of; positioning itself strategically in the market field chosen, meet customer needs and achieve good performance control, (Pearce & Robinson, 2003). Strategic management practice is a continuous process that undergoes a number of stages: development of mission and vision, situational analysis, developing strategic objectives, the execution of strategy, evaluation and control. To attain success in strategic management, good understanding and stringently following of the process is essential (Mayilvaganan et al, 2016). All the stages must be well synchronized. This is because good strategy formulation without proper implementation or even evaluation is likely to fail hence there must be synergy in the entire process.

Due to the volatile and dynamic nature of business environment, businesses need to conscientiously craft strategies to address the challenges in terms of threats and taking advantage of the opportunities, as well as constantly reviewing them with the aim of correcting any deviations (Maroa et al, 2015). Strategic management demands that firms are cognizant of its internal capabilities in terms of weakness and strengths; This way, opportunities and threats in the external environment are addressed. Strategic management practices require that all organizational levels; management level, business level and operational level are actively involved. Firms must strive to strategically position themselves within the industry (Porter, 1985). A well sustained competitive advantage is achieved when the strategy adopted by firms is able to deliver above average profitability compared to its rivals (Hill, 1989).

A well-executed strategic management benefits firms by being prepared to handle external threats and grab on opportunities presented by the external environment through better allocation of resources and time. It improves on employee productivity and reduces the possibility of resistance to change by ensuring all the three levels of the organization are involved. In addition, it improves coordination and control of activities in the firm as well as building its reputation (Mayilvaganan et al, 2016).

### **1.1.2 Firm Performance**

Currently, firm performance is increasingly becoming a key concept in strategic management. Notwithstanding the fact that, there is hardly agreement among scholars on the standard definition and measurement. According to Harash et al (2014) performance is the ability of firms to meet a set of business objectives which are measured against pre-set metrics, completeness and cost. Performance in business firms is mainly anchored on three outcomes; financial performance, maximization of shareholder's wealth as well as market performance (Richard et al, 2009).

Strong performance is central to a firm's survival. Firms that register high performance become a force to reckon within the market. Achieving high performance require that firms have strong performance management that enables organizations to align its resources, systems, policies, employees and stakeholders to meet their strategic objectives. Furthermore, competitive factors such innovation, product quality, staff customer orientation impact positively on firm's performance (Madrid, 2007). Conversely, poor performance can render a firm unable to respond to dynamic and turbulent business environment such as changes in technology, market and even entrance of new competitors.

Organizations require performance measurement in order to make timely and well-informed decisions. The performance measurements that organization can employ will depend on the recipient and the purpose of the measurement. However, failure to use the right parameters for measuring performance can compromise the ability of the firm to succeed (Hashem, 2015). There are a number of performance measures that can be utilized. Accounting measures depend on information captured in financial statements; financial statements, cash flow statements and profit and loss statement. These financial statements provide measures on variables such profitability, liquidity and leverage measures of the firm. Secondly, operational measures are

mainly non-financial measures. Variables targeted with this measure include market share, customer satisfaction and stakeholder's performance. Balance scorecard is commonly adopted when using operational measures. Finally, measures set for the market place capture the value of the firm in the market and are mainly used by firms that are listed in stock exchange. Therefore, firms need to adopt a performance measurement framework that comprises of both financial and non-financial measures in order to have a holistic view of the firm performance (Osunsan et al, 2015).

### **1.1.3 Hotel Industry in Kenya**

In Kenya, tourism as an industry supports to a large extent the hotel industry. Therefore, the tourism sector' performance directly affect the performance of hotel as an industry. Tourism Regulatory Authority is responsible for regulating the tourism sector with the aim of ensuring customer satisfaction and creating a competitive advantage. The authority is also responsible for rating hotels in the country. Kenya hospitality sector is driven by four essential elements; food and beverage, accommodation, meeting and conference space, leisure and entertainment. According to a report by Price Waterhouse Coopers (2019), hospitality sector in; Kenya, Tanzania, Nigeria and Mauritius are expected to grow steadily over the next five years as long the sector does not experience any disruption. The hotel industry is highly sensitive to the slightest changes in political, fiscal missteps that create macroeconomic instability, social and regulatory matters. Therefore, with such competitive environment, any lapses in strategy by hotels can led to dismal performance.

Hotel industry contributes immensely to the creation of job opportunities, the growth of the economy, and social transformation. According to a report by Kenya Association of Hoteliers and Caterers, the continuous rebranding and marketing of the tourism sector by Kenya Tourism Board about the numerous signature destination spots in various counties in Kenya, creates big opportunities for the hotel sector. Furthermore, the devolved system of government is creating opportunities for business firms (Ntara. 2013). There are numerous hotels and restaurant establishments that have emerged in Baringo County since the establishment of devolved system. Other factors such as improved security rise of domestic tourism and travel, and tourism incentives are boosting Kenya's hospitality industry (Cytonn, 2017).

Despite the numerous opportunities, the hotel sector faces a number of challenges. As stated by a Cytonn report (2017), political headwinds, entry of international hotel brands and travel advisory by some foreign countries are constant threats to the performance of hotels in Kenya. Lew (2004) contends that there is lack of enough qualified and experienced personnel necessary to offer quality services. According to a report published by Kenya Association of Hoteliers and Caterers, there is need for adequately trained human capital in order to ensure that quality services are offered. In addition, rapid technological changes, intense competition, increased regulation of the sector, socio-cultural changes and economic shocks threatened the performance of hotels in Kenya. Therefore, Hotels need to aim at attaining a strategic fit in order to perform in such a business environment.

## **1.2 Research Problem**

Due to the operation of firms in a system that is open; the environment therefore becomes a very important factor in the inputs and outputs of the firms. Decline in organizational performance attributed to increased environmental turbulence is becoming a big concern to many organizations. In such business environment, strategic management practices aim at steering organizations through such turbulent times. For organizations to attain strong performance, they must constantly do internal and external scan of their environment to identify opportunities, strengths, weaknesses and threats. Firm competitiveness to a large extent depends on the strategies the firm adopts to outdo its competitors in the markets such as cost leadership, focus and differentiation (Porter 2001)

The hotel industry is in a fluid state, dynamic and unpredictable hence there is need for strategic management (Gathara, 2018). The sector is facing a vast number of challenges compounded by growing customer expectations vis-à-vis quality standards, need for excellent customer service and tailor made customer experience. Moreover, threats posed by terrorism such Dusit attack are greatly affecting the performance of hotels (Cytonn, 2017). Political headwinds, such as the 2017 presidential election impasse impacts negatively on the performance of hospitality sector. There was a reduction of tourist visiting the country by 7.4% due the political impasse in 2017. Technological changes require firms to adapt to the use of technology such as provision of online bookings and Wi-Fi service which is increasing cost of operations.

In regard to the topic of study several studies have been conducted in diverse sectors. In addition, a number of researches relating the hotel sector in Kenya. Sopha (2016) opines that the practices supporting strategic management valuably affect small scale enterprises in terms of their performance in Trans Nzoia County. Maroa (2015) concludes that formulation, implementation and evaluation of strategy reasonably influence performance of floriculture firms in Kiambu. Aboraman (2016) contends that non-governmental organizations; financial and non-financial are affected by strategy formulation, environmental scanning, evaluation and implementation. Waweru (2015) established that construction firms in Kenya employ strategic management practices which have increased its performance. The study focused on the three organizational levels. Sasaka (2016) investigated how the performance of CSR parastatals in Kenya is affected by practices supporting strategic management. The study concluded that the corporate social responsibility of parastatals increased with improved use of strategic management practices. Waiganjo et al (2017) assessed how star rated hotels in Kenya performance is affected by training. The findings indicated that training plays a critical role in the performance of hotels. Rwemalika et al (2013) concluded that competitive strategies; cost leadership and differentiation are largely adopted and affect performance of hotels in Rwanda. Okombo (2013) looked at the benchmarking practices in hotel industry within Nairobi County, which concluded that the level of awareness was high and the use of benchmarking by various players in hotel industry. Mutindi et al (2013) found out that ICT, customer relationship management, organizational learning and strategic management as strategic management drivers all positively impact on how hotels performed in Coast. Further, Mwangi (2017) aimed at assessing the relationship among five-star hotels in Kenya. Similarly, Gathara (2018) evaluated the relationship among three-star hotels in Nairobi. This research underscored the importance that Michael Porter's generic strategies play on three-star hotels' performance. Furthermore, the study recommended that further research on strategic management practices be done in non-star rated and star rated hotels outside Nairobi County.

Previous researches related to this research have largely concentrated on other sectors with less focus on hotel sector. This creates a gap that deserves attention to research on, especially on hotels in Kenya. In addition, past research studies have mainly focused on the influence caused by facets of strategic management and competitive practices on hotels' performance with more focus on star rated hotels in Nairobi and Mombasa. Little concentration has been given to hotels

outside Nairobi and Mombasa. This paper intended to bridge this gap by only concentrating on hotels outside these two towns. This is to provide an understanding on the effect in different business environments other than the two major towns in Kenya. How do strategic management practices influence the performance of hotels in Kabarnet town Baringo County?

### **1.3 Research Objectives**

The objectives of this study were as follows;

- i. Establish strategic management practices adopted by hotels in Kabarnet town, Baringo County.
- ii. To determine the influence of strategic management practices on performance of hotels in Kabarnet town, Baringo County.

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

Due to the informative issues addressed by the study various stakeholders will benefit, such as policy makers; county government, national government and regulatory bodies in the formulation of policies aimed at facilitating players in the sector.

Practitioners in the hotel industry will also benefit from the investigation. It enables them to understand and appreciate the importance of practices supporting strategic management on performance in the sector. It will also assist future entrants in the sector by increasing their chances of success by adopting strategic management practice to be competitive.

The study will be significance to scholars by adding new insights on the existing pool of knowledge regarding influence of strategic management practices on performance. It will also help in identifying areas of research that other scholars can undertake in future.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter aims at providing reviews both theoretical and empirical literature related to the strategic management practices that have been done previously and provide an overview of the link between use of this management practices and performance by firms.

#### **2.2 Theoretical Review**

The study aims at utilizing three theories that encapsulate the importance of strategic management Vis-a Vis performance by firms. Strategic management is fairly a nascent field compared to other management sciences. Therefore, it borrows some of the theories from other fields. The theories are; resources based view, contingency and market orientation theory.

##### **2.2.1 Resource Based Theory**

Resource based view is a management tool that highlights on the important role that the capabilities of a firm and its resources play in attaining competitive merit in the market place. The theory answers some fundamental questions on why firms are different and how they can maximize on those differences to achieve and sustain a competitive advantage in the market. The theory postulates that every firm controls different resources and therefore employ different strategies; This way, opportunities and threats in the external environment are addressed. Strategic decisions should be anchored on the firm's resources and capabilities. Barnes (1991) deduces that attaining competitive advantage in the market require firms' ability to identify and exploit these resources efficiently and effectively. These resources must meet certain critical facets; valuable, unique and expensive to imitate. These characteristics provide firms with the ability to develop unique products and services that cannot be imitated competitors.

In the endeavor to achieve competitive advantage, firms have adopted this theory to provide guidance. This theory amplifies the essence of resources that are internal by nature both tangible and intangible in the development of competitive strategy aimed at positioning firms. As stated by (Hoskisson et al, 2018), positioning is imperative in determining firm's market share, which in turn affects its performance. Hafeez et al (2002) notes that, a resource is anything that a firm



can perceive to be a strength or weakness. This underpins the value of situational analysis as a process in strategic management. Therefore, firms set their objectives and goals on the basis of their resources, which provide foundation to project strong performance. This assertion is strongly echoed by Porter (1998) that firms must strive to distinguish themselves from their competitors by utilizing their unique resources and capabilities.

Maximum utilization of these resources needs to be done in a systematic manner. Kumari et al (2017) points out that, for firms to utilize their resources to gain competitive advantage, there are critical steps they must adhere. The first step is an in-depth analysis of their resources. This ensures they identify the key resources and capabilities that will boost positive performance by evaluating them against their competitors. The second step is identifying the relative strengths of the resources in terms of the long term value in building competitive advantage. The final process is using the resources efficiently and effectively. This begs the question whether Resource Based View (RBV) is a linear process. As stated by Lockett et al (2014), improving these resources and capabilities requires constant review of the process with the aim of developing a concrete competitive advantage

There are no illusions that internal resources and capabilities alone will guarantee success in firm. However, it's quite reassuring that combining these resources and capabilities with diligent scanning of the environment, formulation, implementation and continuous evaluation of strategies, will boost firm's chances of attaining competitive merit in the market place. Therefore, this theory is of significance when it comes to strategic management.

### **2.2.2 Stakeholders Theory**

The theory posits that firms should appreciate and understand the interest and expectations of their numerous individuals and partners affected directly or indirectly by their activities (Gibson 2000). As such a stakeholder is an arbitrary individual or group who can have an effect upon the achievements and processes of firms in their pursuit of achieving their corporate objectives. Hitt et all (2001) ascertains that the phrase "stakeholder came to light in 1960's, which stated that managers were meant to understand the problems and concerns of employees, suppliers, customers and other stakeholders so that they can come up with solutions that will favor all of them.

The stakeholders can be categorized into primary and secondary groups. The primary group are those individual or parties that are critical to the delivery of services and goods, while the secondary group are those that are affected by the firm's activities (Clarkson 1995). Identifying the various stakeholders is paramount in developing a sound and responsive strategy. This is because strategic management involves making strategic choices and decisions vis-à-vis the firm while being cognizant of its interaction with its environment.

Business does not exist and cannot function without massive relationships with its stakeholders. Strong and positive relationships between stakeholders brings about more productivity, good customer service and consequently increased performance. Rapoport & Mark (2009) adds that, unless a business is profitable, it will not be able to help the society at large in terms of providing goods and services and providing job opportunities to them. This is no exception to hotels industry who needs to integrate this theory to help bring together stakeholders such as customers, owners, suppliers, financial communities, political groups among others together to form a steady relationship that will make them work in unity to give the best customer service. Basically, all stakeholders need to intertwine either directly or indirectly

Stakeholder theory further argues that, attaining competitive advantage to satisfy the customer needs, require firms to consider Corporate Social Responsibility (CSR) role within its environment. The Corporate Social Responsibility (CSR) view is important in stakeholder theory as it puts more focus on how stakeholders should be identified and engaged and also determining the impact of the stakeholders towards each other. Corporate Social Responsibility is a management tool under the Stakeholder theory that enables firms to bring together social and environment activities as they operate on a daily basis and interact with its stakeholders. In other words, it can be defined as a way through which a firm can achieve great balance in terms of economic environmental and even social imperatives while at the same time putting in mind the presumptions of stakeholders.

A well-executed strategic management by firms with proper consideration of their stakeholders will propel firms to attaining competitive advantage in the market through, increase its sales and thus increased profits, improved public image and reputation, enhanced customer loyalty and good decision making by the managers and stakeholders.

### **2.3 Strategic Management Practices and performance**

Strategic management is the gathered decisions and actions that eventually causes the development of efficient and effective strategy that is constructed for the purpose of achieving the objectives of a firm. Strategic management enables firms to treat risk as opportunity. Strategic planning is a core responsibility for management team in an organization (Armstrong, 2010). Application of strategic management is key to registering good performance. However, this is dependent on a good understanding and stringently following strategic management practices (Mayilvaganan et al, 2016).

There are some key strategic management practices that play a pivotal role towards the determination of a firm's success. These Practices forms the foundation or the core of strategic management. The study will focus on the strategic management practices: mission and vision statement, goal setting, situational analysis, formulation, the implementation of strategy and evaluation. If firms are able to understand and appreciate these practices then they stand in a better position to register good performance.

Strategic management helps in creating and conceptualizing ideas of the firm on where it's going through the vision while at the same time guiding on how to get there through the mission statement. Therefore the vision mirrors what the firm will look like in the future. Firms practice strategic management within the context of their mission by ensuring the mission statement is well defined and relevant in relation to the purpose of the firm while being cognizant of the changing business environment. The two components are very critical. The vision and mission statement helps in crystalizing long term strategic view of the firm, at the same time shape and influence the behavior of its stakeholders by building confidence ,in that firm management knows where it going.

Situational analysis takes place at two levels; external analysis and internal analysis. The external analysis entails environmental scanning, customer and industry analysis, and competitor analysis. Internal analysis is aimed at identifying firm's internal strengths and weaknesses. Therefore, situational analysis provides firms with the opportunity to identify their strengths and weakness necessary to exploit the opportunities and respond to the threats posed by the external environment.

Formulation process enables the corporate and business level to settle on the best course of action for the firm through a strategic choice. It is where firms develop and choose a set of options or strategies there are two approaches to strategy formulation. First approach is designed approach which involves proactive and intentional calculated efforts by firms. An approach supported by Porter (1980), that firms must deliberately craft strategies aimed at outshining competitors. The second approach is Emergent, which views strategy as an offshoot of various events in the environment, hence viewed as reactive to events. In addition to the two approaches, Mintzberg (1994) adds realized approach which is as a product of both emergent and designed.

Strategy implementation stage involves operationalization of strategic choices. It entails developing actionable plans and tactics by each functional unit. Another key stage in implementation is institutionalization of strategy, which aims at matching the firm's institutions with its strategy. This is a crucial as well as sensitive stage that may require; restructuring of the firm, culture change, technological, review of firm reward system, policy changes and system changes. The top cadre in organizations plays a crucial role at this stage by providing leadership to help operations cadre to navigate the process. This notwithstanding firms tends to blunder when it comes to strategy implementation (Procter et al, 2013). This is further supported by Mathore (2016) who argues that firms have tendencies of putting a lot emphasis on strategy formulation process forgetting other processes.

Ultimately, evaluation and controls are required. This ensures that any anomalies in the strategy are steered back to the right course, hence ensuring the intended objectives are achieved. This position is supported by Abebaw (2012) argument that, hotel strategies need to be constantly reviewed as some may be rendered ineffective at some point due to dynamic and volatile nature in the environment. The challenges include technological changes, regulatory changes, new competitors, change in customer taste and preference. The success of strategic evaluation requires clear set of parameters which will be measured against pre-set performance measurements standards.

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

Firm's ability to register strong performance requires that they develop a good understanding of its environment through application of strategic management practices. It provides firms with an array of options to respond appropriately to the turbulent business environment. Several studies

have been done in different fields to support the assertion. Toub et al (2018) contends that rapid changes in the business environment make consistent and continuous performance become key objectives of any firm. Consequently, firms dedicate their time in an attempt to come up with the best strategy to attain strong performance. Performance measurement enable management to review how competitive, effective and efficient the strategies. However, Ittner et al (2003) argues that measuring too many irrelevant variables, wrong goals, incorrect measurement and difficulty in identifying the right variables to measure, particularly in non-financial are pitfalls that firms find themselves in. Sainaghi (2010) observes that balance scorecard is a key measurement tool in the hospitality industry but often overlooked. Balance scorecard captures both financial and non-financial parameters. This gives all-inclusive understanding of performance in the organization.

Registering strong performance requires firms to utilize both generic strategies and grand strategies. The competitive strategies adopted are contingent on the business environment. Ngandu (2014) concluded that competitive strategies; differentiation, cost leadership and focus affect performance. The study went further to note that, differentiation strategies strongly influence performance compared to other generic strategies. This is further supported by Atikita (2015) who further expands to the literature by providing the relationship that exist between the two study concepts in the manufacturing firms and found an affirmative result. The study further notes that successful implementation of competitive strategies requires firms to develop a fit between the strategies and the business environment. However, the study by Chege (2017) established that betting companies' performance is not affected by that focus strategy. Abonda et al (2018) went further to examine both grand strategies and generic strategies and how they affect performance. The study affirmed that differentiation strategy has a strong effect than market penetration and innovation respectively.

Otieno (2016) conducted a study to determine how strategic management practice affects the Mombasa County performance. The study findings did not conclude the relationship between the practices and delivery of services in the county nor a clear formulation strategy. The study was not able to establish a clear level of formulation in the county. Mathore (2016) investigated the influence of implementation of strategy on Diamond Trust Bank's (DTB), performance and find a positive relationship between the two if correct implementation is done.

There are number strategic tools that can be exploited to achieve competitive advantage. Sopha et al (2016) observed that strategic planning, strategic innovation, Total Quality Management (TQM) and competitive practices influence the performance of small-scale enterprises.

Malonza et al (2015), observed that staff training influence performance of hotels. This was further affirmed by Hassan et al (2017) study that concluded that attaining efficiency and effectiveness in hotel industry requires continuous training of staff.

The empirical evidence indicates that numerous researches have been conducted on this field of strategic management especially influence of competitive strategies and strategic management tools on performers in different sectors. A proof exist as shown by the studies that different competitive strategies affect different sectors differently. For instance, on one hand, cost leadership affects performance strongly, while in another sector hand differentiation strongly affects performance. Furthermore, there is little attention on effect caused by strategic management practices especially on the process which is key to the success of firms. This is premised on the fact that, situational analysis, formulation and implementation need to be well synchronized. Any gap in the process can render even a good strategy ineffective. Due to the aforementioned knowledge gaps that this study intends to bridge that gap.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The chapter three here discusses the methodology utilized in the conducting of the study. Specifically, the study provides a detailed explanation of the design that was adopted, the population targeted, the techniques of sampling and sample size, the data collection tools, data analysis methods and the ethical concerns.

#### **3.2 Research Design**

A research design is the overall strategy that helps a researcher collect the relevant data that will address the research problem in unambiguous manner as much as possible, (Kothari, 2004) can also be defined as a plan on how data will be collected, measured and eventually analyzed (Cooper et al, 2014). Research design provides an overview of the whole study vis-à-vis collection of data, measurement of variables and the analysis of data.

The study adopted a cross-sectional survey and narrowed it to descriptive design. Descriptive design has the capability reaching as many participants as possible essential in making generalized conclusions. This design was considered suitable in a study that involves relationship and comparative analysis, hence providing a whole rounded understanding of the topic. In addition, descriptive study ensured comprehensive description of the current situation on strategic management practices; the formulation of strategy, an implementation of the same, evaluation and control of strategy, as strategic management practices and effect on firm performance

#### **3.3 Target Population**

As per Burns et al (2003), the overall unit of people, events objects or items that a researcher intends to study represents the population. It entails all the elements the study is interested in making inferences based on the sample size. Therefore, target population refers to the whole set of elements or individuals that a research intends to collect data and draw conclusions from. The target population must be informed by the characteristics of those individuals as well as the objectives of that study.

In this study, the target population was 11 hotels in Kabarnet town that offer accommodation services, meal and drinks services (Appendix II). The research intended to employ a census survey research method because the targeted hotels were the only hotels within the town that offer both food and accommodation services. The census survey gives a near correct and complete data that would be essential for analysis of my research.

### **3.4 Sample Design**

Sample design is a systematic way of identifying a part of the target population to be used in the study. A well-organized sample design is paramount because the results drawn from the sample group will be used to apply to the target population. Hence sample design must be able to identify a good representative. This study administered questionnaires to the entire target population since the study employed census survey approach.

### **3.5 Data Collection**

This study gathered both primary and secondary data. Primary data provides first-hand information which is highly informative. The primary data was obtained from the junior and senior hotel staff in Kabarnet town using a questionnaire. Individual respondents were hotel top managers and low cadre staff. Top managers were selected because they initiate as well hold a lot of relevant information regarding strategic management in a firm. The low carder workers were also selected to understand how well strategic management has been cascaded downwards in the organization. This was done in this manner due to the fact that the success of any strategic management requires the input of both the corporate level, business level as well as operations level.

Employing questionnaires ensures privacy is maintained, hence promote high response rate. (Mugenda & Mugenda, 2003). The Questionnaires were self-administered. The questions contained both open and close ended questions. With the use of closed ended questions collection of ordinal data is made easier. Whilst the open ended questions facilitate the collection of more insights from the participants in regard to the phenomenon being studied. This provided collection of large amounts of information from the respondents. In addition, the questionnaires which were self administered made it possible for the researcher to effectively collect data without much interference with the firm's operations. To supplement the primary data, secondary



data collection including books, journal and reports and online data were utilized in the study. This provides a basis for comparison of the data gathered.

### **3.6 Data Analysis**

Data analysis is defined as bringing meaning to data with aim of providing useful information necessary for making various conclusions and decision making. Therefore, data analysis is critical in extracting relevant information from a junk of data collected from a study that would otherwise be meaningless. Establishing whether there is any correlations between the various variables under study can only be done through data analysis.

The study utilized descriptive statistics to interpret data collected in line with the research problem. In addition, the analysis of the open ended questions was done through content analysis. After the analysis of data the results were examined to see if the research problem is addressed. The findings were compared with the theoretical concepts and also the findings by previous research as discussed in chapter two. This method was used to ensure that the researcher's findings are conclusive. Statistical Package for the Social Science (SPSS) was utilized to help relate the data and come up with a meaning necessary for making conclusions and findings of the study. The use of the software package ensured efficient analysis of the data gathered.

### **3.7 Ethical Issues**

Ethics is set of rules that establishes right or wrong and can be written or unwritten. Ethical issues are critical in research study by ensuring confidentiality, avoiding biasness by being objective, avoiding careless mistakes, openness and respect for intellectual property. Therefore, the researcher must ensure that ethics and proper responsibility are adopted in the study.

The researcher ensured that the respondents' rights to privacy were respected all the way from the informal interviews to the survey period. All respondents were made aware of informed consent and voluntary participation. Confidentiality of the shared information was also guaranteed. Similarly, the researcher did not make any citations that may compromise the respondents' confidentiality.

**CHAPTER FOUR**  
**RESULTS AND DISCUSSION**

**4.1 Introduction**

The presentation of the findings of the data analysis is done in this chapter. First, the chapter provides a response rate then the demographic information such as the level of management; education level and duration respondents had worked in the hotel are presented. The study then presents findings on descriptive statistics for the study variables.

**4.2 Response Rate**

Thirty four questionnaires were administered by the researcher to the study’s respondents who included the managers and low cadre employees. After the respondents had filled up the questionnaires, 28 of the questionnaires were seen to have been completely filled up and returned. This represented a response rate of 82%, which was sufficient for the study if we go by Fincham (2018) who opined that a response rate of above 60% is very good. Table 4.1 visualizes the response rate.

**Table 4.1: Response Rate**

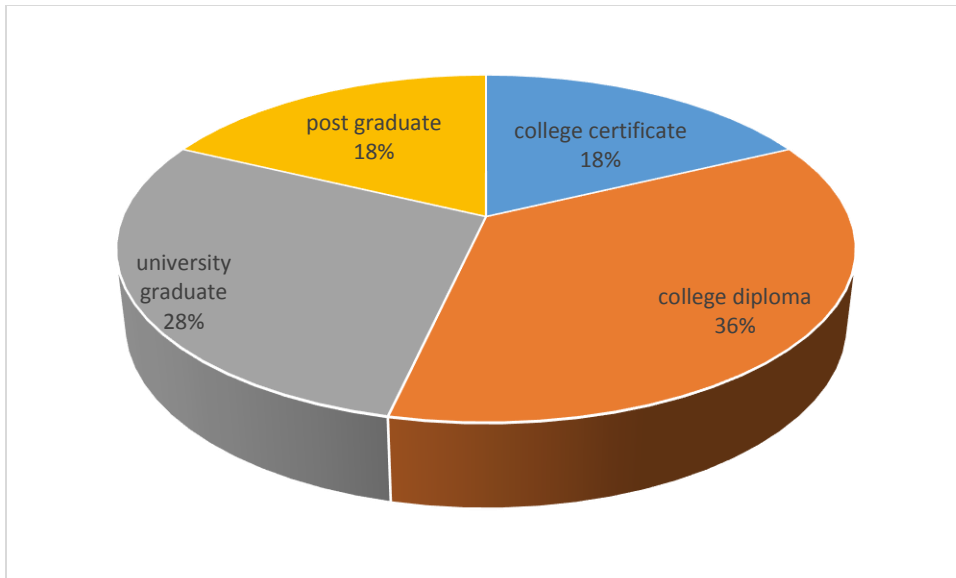
| <b>Questionnaires</b> | <b>Frequency</b> | <b>Percentages</b> |
|-----------------------|------------------|--------------------|
| Returned              | 28               | 82%                |
| Not Returned          | 6                | 18%                |
| Total                 | 34               | 100%               |

**4.3 Demographic Information**

In the questionnaire, the researcher asked the respondents to provide some information about them which included their highest level of education, the management level they hold and the duration of time they had worked in the specific hotels.

**4.3.1 Level of Education**

The responses provided concerning the highest education level of the respondents were as indicated in Figure 4.1.

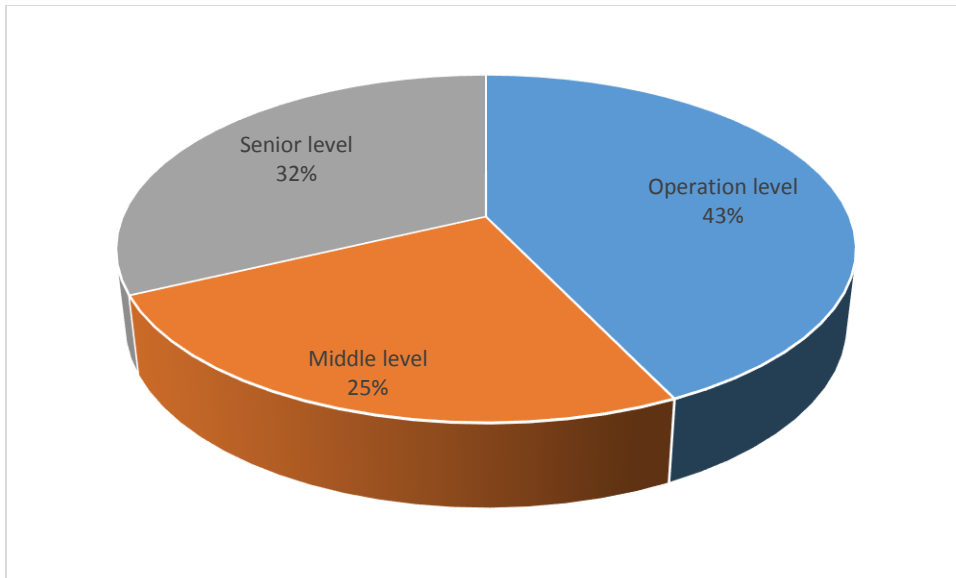


**Figure 4.1: Education Level of the Respondents**

The results in figure 4.1 show that those respondents who had college degree were the most representing 36%, those with university degree followed at 28% while those with postgraduate and college certificate represented 18% for each category. This implied that most of the hotel workers had achieved the levels of basic education levels and were capable in the provision information that is valid concerning the study variables.

#### **4.3.2 Management level**

The responses regarding the management levels that the respondents held were provided in Figure 4.2.

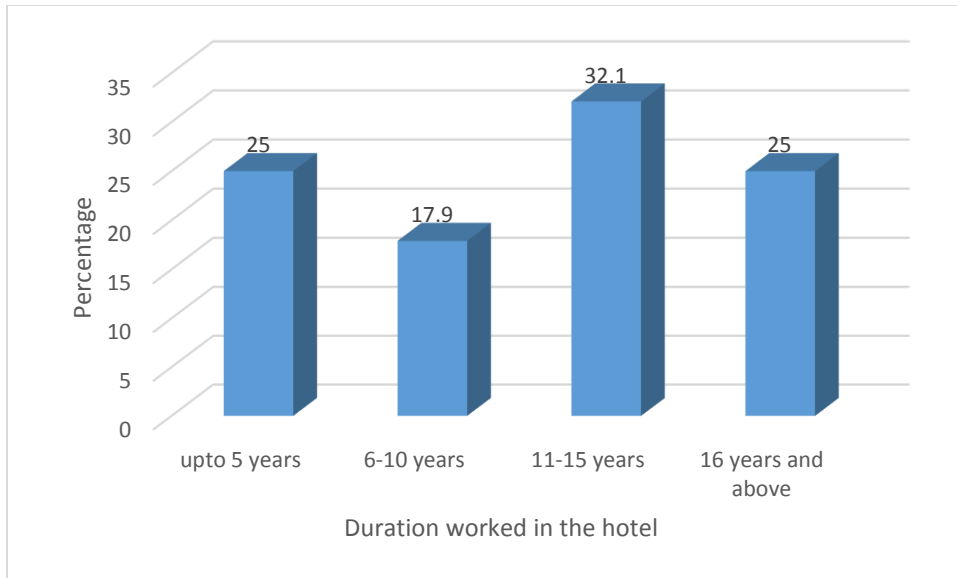


**Figure 4.2: Management Level of the Respondents**

The results in Figure 4.2 show that mainstream respondents were at the operations level representing 43% while those at senior level management positions represented 32%. The respondents who held middle level management positions were the least representing 25%. This implied that the study respondents had the crucial information that was needed concerning strategic management practices and that the information that they provided was valid.

#### **4.3.3 Duration Worked in the Hotel**

The results of the responses that the respondents provided regarding the duration employees had worked in the respective hotels were visualized in Figure 4.3.



**Figure 4.3: Duration Worked in Respective Hotels**

As per the results in Figure 4.3, the mainstream respondents had worked in their respective hotels for 11-15 years representing 32.1%, 25% had worked in the hotels for 16 years and above and another 25% had been in the hotel for up to 5 years. Those who had been in the hotel for 6-10 years were the least representing 17.9%. This implies that the respondents who were staff in their respective hotels and who held management levels had gained enough exposure in the hotels and had experience in their work positions and also regarding strategic management. Therefore, they provided valid information as they understood the questions in the questionnaire.

#### **4.4 Strategic Management Practices Adopted by Hotels in Kabarnet town, Baringo County.**

##### **4.4.1 Extent to which Strategic Management Practices have been adopted**

Descriptive statistics were conducted to establish the strategic management practices adopted by hotels in Kabarnet Town. Findings were tabulated in Table 4.2.

**Table 4.2: Strategic Management Strategies Adopted by Hotels in Kabarnet Town**

| <b>Statement</b>                    | <b>not at all</b> | <b>little extent</b> | <b>moderate extent</b> | <b>great extent</b> | <b>very great extent</b> | <b>Mean</b> | <b>Std. Dev</b> |
|-------------------------------------|-------------------|----------------------|------------------------|---------------------|--------------------------|-------------|-----------------|
| Situational analysis                | 21.40%            | 14.30%               | 17.90%                 | 17.90%              | 28.60%                   | 3.18        | 1.54            |
| Development of strategic objectives | 10.70%            | 25.00%               | 10.70%                 | 21.40%              | 32.10%                   | 3.39        | 1.45            |
| Strategic analysis and choice       | 10.70%            | 21.40%               | 10.70%                 | 32.10%              | 25.00%                   | 3.39        | 1.37            |
| Institutionalization of strategy    | 7.10%             | 7.10%                | 14.30%                 | 39.30%              | 32.10%                   | 3.82        | 1.19            |
| Operationalization of strategy      | 3.60%             | 7.10%                | 17.90%                 | 35.70%              | 35.70%                   | 3.93        | 1.09            |
| Development of Performance measures | 7.10%             | 3.60%                | 17.90%                 | 32.10%              | 39.30%                   | 3.93        | 1.18            |
| Evaluation and control              | 7.10%             | 10.70%               | 17.90%                 | 35.70%              | 28.60%                   | 3.68        | 1.22            |
| <b>Average</b>                      |                   |                      |                        |                     |                          | <b>3.62</b> | <b>1.29</b>     |

In Table 4.2, the findings showed that the mainstream respondents had adopted situational analysis to a great extent representing 46.7% (17.9%+28.6%) while 21.4% indicated to no extent, 14.3% to a little extent while 17.9% to a moderate extent. The results also showed that 53.5% (21.4%+32.1%) of the respondents had adopted development of strategic objectives, 25% to little extent, 10.7% to moderate extent and another 10.7% to no extent. Additionally, the findings revealed that majority of the respondents who represented 57.1% (32.1%+25%) had adopted Strategic analysis to a great extent and choice, 21.4% to little extent, 10.7% to moderate extent and another 10.7% to no extent. Further, most of the respondents had adopted institutionalization of strategy representing 71.4% (39.3%+32.1%), 14.3% to a moderate extent and 7.1% to little and no extent. Furthermore, majority of the respondents who represented 71.4% had adopted operationalization of strategy and 71.4% had adopted development of Performance measures. Finally, those who had adopted Evaluation and control to a great extent were the majority representing 64.3%. The overall mean for the responses provided regarding strategic management strategies adopted was 3.62 and a standard deviation of 1.29 which implied that in most of the hotels in Kabarnet town, the strategic management practices had been adopted to a great extent and with a slight variation. This was in line with findings by Njagi (2017) who found that

the healthcare sector in Kenya involved its staff and managers in the formulation of strategies and effectively communicated to all other employees about the strategy for implementation.

#### 4.4.2 Strategy Formulation

The study performed descriptive statistics in order to determine how strategy formulation was performed in hotels in Kabarnet town. For purposes of easy interpretations of the findings, the responses on strongly disagree and disagree were combined to mean disagree while responses for agree and strongly agree were combined to mean agree. Findings were presented in Table 4.3.

**Table 4.3: Strategy Formulation**

| Statements  | Strongly disagree | disagree | neutral | agree  | strongly agree | Mean | Std. Dev |
|---|-------------------|----------|---------|--------|----------------|------|----------|
| We have articulated a vision for our hotel.   | 7.10%             | 17.90%   | 10.70%  | 25.00% | 39.30%         | 3.71 | 1.36     |
| Our vision statement is relevant to the hotel's activities and mandate                                    | 7.10%             | 7.10%    | 14.30%  | 28.60% | 42.90%         | 3.93 | 1.25     |
| Our hotel has a mission statement.  | 7.10%             | 10.70%   | 21.40%  | 17.90% | 42.90%         | 3.79 | 1.32     |
| Our mission statement is compatible with the activities we carry out on our hotel                         | 3.60%             | 10.70%   | 10.70%  | 32.10% | 42.90%         | 4.00 | 1.16     |
| We have a defined set of value statements that are frequently updated                                     | 14.30%            | 10.70%   | 7.10%   | 35.70% | 32.10%         | 3.61 | 1.42     |
| All employees understand the value statements of our hotel  | 7.10%             | 7.10%    | 7.10%   | 42.90% | 35.70%         | 3.93 | 1.18     |
| Our hotel usually conducts a SWOT analysis through competent personnel                                    | 3.60%             | 10.70%   | 14.30%  | 32.10% | 39.30%         | 3.93 | 1.15     |
| The SWOT analysis is usually used when dealing with significant issues even outside of strategic planning | 3.60%             | 14.30%   | 14.30%  | 25.00% | 42.90%         | 3.89 | 1.23     |
| Our hotel has established long term objectives that   |                   |          |         |        |                |      |          |

|  |       |        |        |        |        |             |             |
|--|-------|--------|--------|--------|--------|-------------|-------------|
| sees to achieve and that are related to the hotel's activities               | 7.10% | 17.90% | 10.70% | 39.30% | 25.00% | 3.57        | 1.26        |
| Our hotel usually generates strategies that help deal with issues that arise | 7.10% | 17.90% | 10.70% | 32.10% | 32.10% | 3.64        | 1.31        |
| <b>Average</b>   |       |        |        |        |        | <b>3.80</b> | <b>1.26</b> |

In Table 4.3, the findings showed that the mainstream respondents (64.3%) agreed that they had articulated a vision for their hotels. Those who agreed that their vision statement was relevant to the hotel's activities and mandate also represented the majority (71.5%). Moreover, 60.8% of the respondents and who were the majority agreed that their hotel had a mission statement that was updated regularly and also the majority (75%) agreed that their mission statement was compatible with the activities they carried out in their hotel. A further 67.8% and who represented the majority agreed that they had a defined set of value statements that were frequently updated. Furthermore, mainstream respondents representing 78.6% agreed that all employees understood the value statements of their hotel. Moreover, 71.4% of the respondents representing the majority agreed that their hotel usually conducted SWOT analysis through competent personnel. Additionally, majority of the respondents (67.9%) agreed that the SWOT analysis was utilized normally when important issues show up even if they are not inclusive in the strategic planning. More so, those who agreed that their hotel had developed objectives that are long term in nature that it sought to achieve and that are related to the hotel's activities were the majority representing 64.3%. Finally, 64.2% of the respondents agreed that their hotel usually generates strategies that help deal with issues that arise and these were the majority. The results on the mean of the responses which were 3.8 supported the findings that the mainstream respondents were in agreement with the statements regarding strategy formulation and a standard deviation was 1.26 showing a low deviation. This implied that in most of the hotels in Kabarnet town had adopted strategy formulation practice. These findings agreed with findings by Wheelen and Hunger (2008) who found that the formulation of strategy entails the definition of the corporate mission, highlighting the goals that can be achieved, the development of strategies and setting some policy guidelines. They explained further that this is achieved through the review of main goals and the set strategies of the firm, and getting the right alternatives through scrutiny. Bakar et al, (2011) concluded that the firms that embraced strategic management by practicing it had a forward objective, a win to win strategy of fulfilling the objective and a mission statement that is sound which guided the firm towards success.



### 4.4.3 Strategy Implementation

The study performed descriptive statistics in order to determine how strategic implementation was performed in hotels in Kabarnet town. For purposes of easy interpretations of the findings, the responses on strongly disagree and disagree were combined to mean disagree while responses for agree and strongly agree were combined to mean agree. The findings were tabulated in Table 4.4.

**Table 4.4: Strategy Implementation**

| Statements   | Strongly disagree | disagree | neutral | agree  | strongly agree | Mean | Std. Dev |
|--|-------------------|----------|---------|--------|----------------|------|----------|
| In our hotel we have a policy manual that guides the operation of the hotel and which are frequently updated | 10.70%            | 14.30%   | 0.00%   | 39.30% | 35.70%         | 3.75 | 1.38     |
| All members of the hotel staff understand the policy developed and support their implementation              | 17.90%            | 10.70%   | 14.30%  | 21.40% | 35.70%         | 3.46 | 1.53     |
| Our organization has the financial capacity to implement strategies  | 7.10%             | 17.90%   | 21.40%  | 32.10% | 21.40%         | 3.43 | 1.23     |
| Funds are always available to implement the hotels strategies  | 17.90%            | 25.00%   | 0.00%   | 32.10% | 25.00%         | 3.21 | 1.52     |
| The hotels' directors and staff are highly committed to supporting the implementation of strategies          | 14.30%            | 10.70%   | 3.60%   | 50.00% | 21.40%         | 3.54 | 1.35     |
| The organizational structure of our hotel is appropriate to support implementation of strategies             | 0.00%             | 25.00%   | 10.70%  | 28.60% | 35.70%         | 3.75 | 1.21     |
| The hotels governance models effective n implementation of strategies  | 7.10%             | 14.30%   | 14.30%  | 35.70% | 28.60%         | 3.64 | 1.25     |

|  |        |        |        |        |        |             |             |
|--|--------|--------|--------|--------|--------|-------------|-------------|
| Members of the hotel team are ready to support implementation of organizational change | 14.30% | 7.10%  | 10.70% | 25.00% | 42.90% | 3.75        | 1.46        |
| Our human resources have the capability to implement any new strategy                  | 14.30% | 10.70% | 3.60%  | 25.00% | 46.40% | 3.79        | 1.50        |
| <b>Average</b>   |        |        |        |        |        | <b>3.59</b> | <b>1.38</b> |

The findings in Table 4.4 showed that the majority of the respondents (75%) agreed that in their hotel they had policy manuals that guided the operation of the hotel and which were frequently updated. Those who agreed that all members of the hotel team understood the policy developed and support their implementation also represented the majority (57.1%). Moreover, 53.5% of the respondents and who were the majority agreed that their organization had the financial capacity to implement strategies and also the majority (57.1%) agreed that funds were always available to implement the hotel strategies. A further 71.4% and who represented the majority agreed that the hotels' directors and staff were highly committed to supporting the implementation of strategies. Furthermore, majority of the respondents representing 64.3% agreed that the organization structure of their hotel was appropriate to support implementation of strategies. Moreover, 64.3% of the respondents representing the majority agreed that the hotels governance models were effective in implementation of strategies. Additionally, majority of the respondents (67.9%) agreed that members of the hotel team were ready to support implementation of organizational change. Finally, 71.4% of the respondents agreed that their human resources had the capability to implement any new strategy. The results on the mean of the responses which was 3.59 supported the findings that most of the respondents agreed with the statements regarding strategy implementation and a standard deviation was 1.38 showing a low deviation. This implied that in most of the hotels in Kabarnet town had adopted strategy implementation practice. The findings agreed with Pearce and Robinson (2008) who established that the successful implementation of strategy is fully inclined on how the stakeholders in an organization are involved. Further, the two authors concluded that the communication of progress about the implementation of strategy to the stakeholders is key in determining whether a correction action is needful. Findings however differed with findings by Procter et al (2013) who found that organizations usually blunder when it comes to strategy implementation and Mathore (2016) who argued that firms have tendencies of putting a lot emphasis on strategy formulation process forgetting other processes.

#### 4.4.4 Strategy Evaluation and Control

The study performed descriptive statistics in order to determine how strategy evaluation and control was performed in hotels in Kabarnet town. For purposes of easy interpretations of the findings, the responses on strongly disagree and disagree were combined to mean disagree while responses for agree and strongly agree were combined to mean agree. The results were as in Table 4.5.

**Table 4.5: Strategy Evaluation and Control**

| Statements   | Strongly disagree | disagree | neutral | agree  | strongly agree | Mean | Std. Dev |
|--|-------------------|----------|---------|--------|----------------|------|----------|
| Our hotel is currently undertaking strategic assessment practices  | 7.10%             | 3.60%    | 25.00%  | 28.60% | 35.70%         | 3.82 | 1.19     |
| Our hotel management usually communicates strategic assessment results to all team members                                     | 14.30%            | 14.30%   | 3.60%   | 28.60% | 39.30%         | 3.64 | 1.50     |
| Our hotel has a set of key performance indicators that are used to measure the performance of strategic assessment initiatives | 0.00%             | 10.70%   | 10.70%  | 50.00% | 28.60%         | 3.96 | 0.92     |
| In our hotel we are able to identify corrective action when strategic initiatives are failing                                  | 10.70%            | 10.70%   | 21.40%  | 21.40% | 35.70%         | 3.61 | 1.37     |
| Our hotel usually responds to failing strategic initiatives in a timely manner   | 10.70%            | 14.30%   | 7.10%   | 35.70% | 32.10%         | 3.64 | 1.37     |
| Effective evaluation of strategic change s conducted in our hotel  | 10.70%            | 3.60%    | 17.90%  | 32.10% | 35.70%         | 3.79 | 1.29     |
| Hotel team pays attention to   |                   |          |         |        |                |      |          |

|   |       |        |        |        |        |      |      |
|---|-------|--------|--------|--------|--------|------|------|
| abandoning, adjusting<br>or developing new<br>strategies subsequent to<br>evaluation of the initial<br>strategies | 7.10% | 21.40% | 17.90% | 28.60% | 25.00% | 3.43 | 1.29 |
| Average   |       |        |        |        |        | 3.70 | 1.27 |

The findings in Table 4.5 showed that the majority of the respondents (64.3%) agreed that their hotel was currently undertaking strategic assessment practices. Those who agreed that their hotel management usually communicates strategic assessment results to all team members also represented the majority (67.9%). Moreover, 78.6% of the respondents and who were the majority agreed that their hotel had set of key performance indicators that were used to measure the performance of strategic assessment initiatives and also the majority (57.1%) agreed that in their hotel they were able to identify corrective action when strategic initiatives were failing. A further 67.8% and who represented the majority agreed that their hotel usually responds to failing strategic initiatives in a timely manner. Furthermore, majority of the respondents representing 67.8% agreed that effective evaluation of strategic change was conducted in their hotel. Finally, 53.6% of the respondents agreed that hotel team paid attention to abandoning, adjusting or developing new strategies subsequent to evaluation of the initial strategies. The results on the mean of the responses which were 3.7 supported the findings that most of the respondents agreed with the statements regarding strategy evaluation and control and a standard deviation was 1.27 showing a low deviation. This implied that in most of the hotels in Kabarnet town had adopted strategy evaluation and control practice. This was in line with Ondera (2013) who established that hospital formulate, executes and examine the work plan by way of involving all the workers at the hospital, whilst the management allocates funds on the basis of the work plan set so as to help in the implementation of strategy.

#### **4.4.5 Firm Performance**

The study performed descriptive statistics in order to determine firm performance of hotels in Kabarnet town. For purposes of easy interpretations of the findings, the responses on strongly disagree and disagree were combined to mean disagree while responses for agree and strongly agree were combined to mean agree. The findings were as in Table 4.6.

**Table 4.6: Firm Performance**

| <b>Statements</b>  | <b>Strongly disagree</b> | <b>Disagree</b> | <b>neutral</b> | <b>agree</b> | <b>strongly agree</b> | <b>Mean</b> | <b>Std. Dev</b> |
|--|--------------------------|-----------------|----------------|--------------|-----------------------|-------------|-----------------|
| We have been experiencing improved customer Satisfaction | 14.30%                   | 3.60%           | 10.70%         | 28.60%       | 42.90%                | 3.82        | 1.42            |
| Our profitability has increased                          | 10.70%                   | 17.90%          | 3.60%          | 25.00%       | 42.90%                | 3.71        | 1.46            |
| We have experienced an expanded market Share             | 14.30%                   | 3.60%           | 17.90%         | 32.10%       | 32.10%                | 3.64        | 1.37            |
| Our sales revenue has been increasing lately             | 7.10%                    | 17.90%          | 10.70%         | 28.60%       | 35.70%                | 3.68        | 1.34            |
| Our employees are satisfied                              | 0.00%                    | 10.70%          | 17.90%         | 35.70%       | 35.70%                | 3.96        | 0.10            |
| <b>Average</b>   |                          |                 |                |              |                       | <b>3.76</b> | <b>1.32</b>     |

The findings in Table 4.6 show that the majority of the respondents (71.5%) agreed that they have been experiencing improved customer Satisfaction. Those who agreed that their profitability had increased also represented the majority (67.9%). Moreover, 64.2% of the respondents and who were the majority agreed that they had experienced an expanded market Share and also the majority (64.3%) agreed that their sales revenue had been increasing lately. Finally, 71.4% of the respondents agreed that their employees were satisfied. The results on the mean of the responses which was 3.76 supported the findings that most of the respondents agreed with the statements firm performance and a standard deviation was 1.32 showing a low deviation. This implied that most of the hotels in Kabarnet town had a high firm performance. This was in line with the assertion of Gibcus and Kemp (2003) that the measures of performance are items that are market related, such as, diversification, growth, market share, and product development.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter is just a summary presentation of the findings realized in the previous chapter. The chapter is organized as follows; summary of major findings, conclusions, recommendations and areas for further studies.

#### 5.2 Summary of Major Findings

In this section, a summary of the major findings is discussed based on the study objectives. The first objective of the study was to determine the strategic management practices adopted by Hotels in Kabarnet town in Baringo County. The study findings indicated that, hotels in Kabarnet town had adapted the practice of situational analysis, development of strategic objectives, Strategic analysis, institutionalization and operationalization of strategy, development of Performance measures and evaluation and control. This was based on the responses provided by most of the respondents who agreed to the statements which had been stated in the affirmative. The findings concurred with Maroa and Muturi (2015) who established that floriculture firms had adopted the strategic management practices.

The second objective was to determine the influence of strategic management practices on performance of hotels in Kabarnet town, Baringo County. Specifically, the study assessed strategy formulation, strategy implementation and strategy evaluation and control. About strategy formulation, the study established that hotels in Kabarnet town had articulated visions for their hotel which was updated frequently and was relevant to the hotel's activities and mandate. The study also established that the hotels in Kabarnet town had a mission statement that was updated regularly and that was compatible with the activities they carried out in their hotel. The hotels also had a defined set of value statements that were frequently updated and that was well understood by all employees. Further, the study established that the hotels in Kabarnet town usually conducted SWOT analysis was utilized normally when important issues show up even if they are not inclusive in the strategic planning. Furthermore, the study established that the hotels had defined long term objectives that it sought to achieve and that were related to the

hotel's activities. Finally, the hotels usually generate strategies that help deal with issues that could arise.

Based on the responses provided by the respondents on strategy implementation, the study established that hotels in Kabarnet town had a policy manual that guided the operation of the hotel which was frequently updated and was understood by employees and they also supported its implementation. The hotels also had the financial capacity for the implementation of strategies and always made funds available for the same. Further, the hotels' directors and staff were highly committed to supporting the implementation of strategies, organization structure; governance model of their hotel was appropriate and effective to support implementation of strategies. Furthermore, the members of the hotel team were ready to support implementation of organizational change while it was evident that their human resources had the capability to implement any new strategy.

The findings on strategy evaluation and control indicated that hotels in Kabarnet town were currently undertaking strategic assessment practices. Moreover, the hotel management usually communicated strategic assessment results to all team members. The study also established that the hotels in Kabarnet had set of key performance indicators that were used to measure the performance of strategic assessment initiatives and identify corrective action when strategic initiatives were failing and usually responds to failing strategic initiatives in a timely manner. The study also established that effective evaluation of strategic change was conducted in the hotels and the hotel team was keen on abandoning, changing, or constructing new strategies in line and cross check of the initial strategies.

Firm performance results indicated that the hotels in Kabarnet town had been experiencing improved customer satisfaction, increased profitability, expanded market share, their sales revenue had been increasing and employees were satisfied. The study hence established that strategic management strategies that are strategic formulation, strategic implementation and strategic evaluation and control led to improved performance of hotels in Kabarnet town. The findings concurred with findings by Issack and Muathe (2017) who established that the formulation of strategy, its execution, and evaluation of the strategy influenced the performance of public health firms. Waweru and Omwenga (2015) also discovered similar results that the

formulation of strategy, its execution and the evaluation of the strategy affected the performance of construction firms.

### **5.3 Conclusions**

Based on the study findings, the study concluded that the hotels in Kabarnet town had adopted the strategic management practices which included; having a vision and mission, having strategic objectives, situational analysis, development of Performance measures and evaluation and control. The study also concluded that strategic formulation, strategic implementation and strategic evaluation and control lead to improved performance of hotels. This was in line with the findings by Waweru and Omwenga (2015) who found that strategic formulation, strategic implementation and strategic evaluation and control led to improved performance of private construction firms in Kenya. Maroa and Muturi (2015) also found a positive effect of strategic formulation, strategic implementation and strategic evaluation and control and performance of floriculture firms in Kenya.

### **5.4 Recommendations**

Based on the above findings, the study made the following recommendations to the government of Kenya through the hotels regulating authority and the management of hotels. The management of hotels are recommended to adopt the strategic management practices in their hotel mandate. They should ensure that they adopt a vision statements, mission statement and values that are in line with their mandate. They should also ensure that the employees understand these values and the visions that they support their implementation. The hotels are further recommended to adopt strategic implementation practices by availing funds, training their management team as well as other human resource personnel on strategic implementation. The hotels management should also ensure that they do proper assessment of strategies implemented and take timely corrective actions.

Furthermore, the government is recommended to formulate proper policies that will motivate and encourage hotels to adopt proper strategic management in their activities. The government could also support the hotels through funding and trainings on strategic management. Government is also recommended to ensure that the regulations put across do not slow down or hamper implementation of strategic management strategies by the hotels.



### **5.5 Areas for Further Studies**

The study was conducted on strategic management practices on performance of hotels in Kabarnet town, Baringo County. Other scholars who want to do their research in this field could consider translating this study in other counties in the country. Other studies could relate strategic management practices and performance of other firms and organizations in other sectors other than the hospitality sector in order to compare and contrast the findings from the different sectors. Others could try using other methodologies in order to see if the findings would rhyme.

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## APPENDICES

### Appendix I: Letter of Introduction

  
UNIVERSITY OF NAIROBI  
COLLEGE OF HUMANITIES AND SOCIAL SCIENCES  
SCHOOL OF BUSINESS

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|                               |  |
|-------------------------------|--|
| Telephone: 020-8095398        | Tel: 020 8095398                       |
| Telegrams: "Varsity", Nairobi | Nairobi, Kenya                         |
| Telex: 22095 Varsities        |  |
| Our Ref: D61/11026/2018       | Date: 28 <sup>th</sup> September, 2020 |

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**TO WHOM IT MAY CONCERN**

The bearer of this letter, **Kelvin K. Ayabei** of Registration Number **D61/11026/2018** is a Master of Business Administration (MBA) student of the University of Nairobi.

He is required to submit as part of his coursework assessment a research project report. We would like the student to do his project on **Strategic management practices and performance of hotels in Kabarnet town Baringo County Kenya**. We would, therefore, appreciate if you assist him by allowing him to collect data within your organization for the research.

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

Thank you.

  
**PHILIP NGIGI**  
FOR: DEAN, SCHOOL OF BUSINESS



**Appendix II: Questionnaire**

**SECTION A: Background Information of the Respondent**

1. Please indicate your gender:

Male [ ] Female [ ]

2. Indicate your highest level of education

College certificate [ ] College Diploma [ ] University Graduate [ ]

Post Graduate [ ]

Others (Specify).....

3. Kindly indicate management level:

Senior Level [ ] Middle Level [ ] Operation level [ ]

4. Duration worked in the firm:

Less than 5 years [ ] 6-10 years [ ] 11-15[ ] 16 years and above [ ]

**SECTION B:**

5. To what extent does your hotel engage in each of the following strategic management practices?

|                                       | 1              | 2                    | 3                      | 4                   | 5                        |
|---------------------------------------|----------------|----------------------|------------------------|---------------------|--------------------------|
| <b>Strategic Management Practices</b> | <b>Not All</b> | <b>Little extent</b> | <b>Moderate extent</b> | <b>Great extent</b> | <b>Very great extent</b> |
| Situational analysis                  |                |                      |                        |                     |                          |
| Development of strategic objectives   |                |                      |                        |                     |                          |
| Strategic analysis and choice         |                |                      |                        |                     |                          |
| Institutionalization of strategy      |                |                      |                        |                     |                          |
| Operationalization of strategy        |                |                      |                        |                     |                          |
| Development of Performance measures   |                |                      |                        |                     |                          |
| Evaluation and control                |                |                      |                        |                     |                          |



**a) Firm Strategy Formulation**

On a scale of 1-5, Please tick to indicate your level of agreement concerning the following statements regarding strategy formulation (1-strongly disagree, 2-dsagree, 3-neutral, 4-agree, 5-strongly agree)

| <b>Statement</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|---|----------|----------|----------|----------|----------|
| We have articulated a vision for our hotel which is updated frequently                                    |          |          |          |          |          |
| Our vision statement is relevant to the hotels activities and mandate                                     |          |          |          |          |          |
| Our hotel has a mission statement that s updated regularly  |          |          |          |          |          |
| Our mission statement is compatible with the activities we carry out in our hotel                         |          |          |          |          |          |
| We have a defined set of value statements that are frequently updated                                     |          |          |          |          |          |
| All employees understand the value statements of our hotel  |          |          |          |          |          |
| Our hotel usually conduct a SWOT analysis through competent personnel                                     |          |          |          |          |          |
| The SWOT analysis is usually used when dealing with significant issues even outside of strategic planning |          |          |          |          |          |

|   |  |  |  |  |  |
|---|--|--|--|--|--|
| Our hotel has established long term objectives that it sees to achieve and that are related to the hotel's activities |  |  |  |  |  |
| Our hotel usually generates strategies that help deal with issues that arise  |  |  |  |  |  |

**B) Strategy Implementation**

On a scale of 1-5, Please tick to indicate your level of agreement concerning the following statements regarding strategy implementation (1-strongly disagree, 2-dsagree, 3-neutral, 4-agree, 5-strongly agree)

| Statement  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| In our hotel we have a policy manual that guides the operation of the hotel and which are frequently updated |   |   |   |   |   |
| All members of the hotel tam understand the policy developed and support their implementation                |   |   |   |   |   |
| Our organization has financial capacity to implement strategic management                                    |   |   |   |   |   |
| Funds are always available to implement hotel's strategic plan   |   |   |   |   |   |
| The hotel's directors and staff are highly committed to supporting the implementation                        |   |   |   |   |   |
| The organization structure of our hotel is appropriate to support implementation of strategies               |   |   |   |   |   |
| Is the hotel governance models effective in implementation of strategies                                     |   |   |   |   |   |
| Members of the hotel team are ready to support implementation of organization change                         |   |   |   |   |   |

|   |  |  |  |  |  |
|---|--|--|--|--|--|
| Our human resource has the capability to implement any new strategies |  |  |  |  |  |
|---|--|--|--|--|--|

**c) Strategy Evaluation & Control**

On a scale of 1-5, Please tick to indicate your level of agreement concerning the following statements regarding strategy evaluation and control (1-strongly disagree, 2-dsagree, 3-neutral, 4-agree, 5-strongly agree)

| <b>Statement</b>   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|--|----------|----------|----------|----------|----------|
| Our hotel is currently undertaking strategic assessment practices  |          |          |          |          |          |
| Our hotel management usually communicates strategic assessment results to all team members                                     |          |          |          |          |          |
| Our hotel has a set of key performance indicators that are used to measure the performance of strategic assessment initiatives |          |          |          |          |          |
| In our hotel; we are able to identify corrective action when strategic practices are failing                                   |          |          |          |          |          |
| Our hotel usually respond to failing strategic management practices in a timely manner   |          |          |          |          |          |
| Effective evaluation of strategic change is conducted in our hotel   |          |          |          |          |          |

**d) Firm Performance**

On a scale of 1-5, Please tick to indicate your level of agreement concerning the following statements regarding strategy evaluation and control (1-strongly disagree, 2-dsagree, 3-neutral, 4-agree, 5-strongly agree)

| Statements   | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| We have been experiencing improved customer satisfaction |   |   |   |   |   |
| Our profitability has increased                          |   |   |   |   |   |
| We have experienced an expanded market share             |   |   |   |   |   |
| Our sales revenue has been increasing lately             |   |   |   |   |   |
| Our employees are satisfied                              |   |   |   |   |   |

### **Appendix III: List of Hotels in Kabarnet Town**

1. Rift Valley Hills Resort
2. Valley Inn Hotel
3. Sportline Hotel
4. Lelian Lodge
5. Paradise Hotel
6. Thirty Corners
7. Diwani Hotel
8. Kabarnet Hotel
9. Sinkoro Hotel
10. Cifika Resort
11. City Clock Hotel