

**ACHIEVING COMPETITIVE ADVANTAGE THROUGH
KNOWLEDGE MANAGEMENT PRACTICES BY THE HOTELS IN
THE COASTAL REGION, KENYA**

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DECLARATION

This research project report is my original work and to the best of my knowledge has not been submitted for the award of a degree in any other university.

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This research project report has been submitted for the award of degree of master of business administration with my approval as the University Supervisor.

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DEDICATION

This study is dedicated to my family for their love, support, encouragement and prayer which saw me through the entire course.

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ABSTRACT

Knowledge management helps to identify, generate, accumulate, save, retrieve, and distribute knowledge to contribute towards improving company-wide service quality. The study sought to determine the knowledge management practices adopted by hotels in the coastal region, Kenya in achieving competitive advantage and the factors that influence adoption of knowledge management for competitive advantage by hotels. The study used a descriptive survey design. A survey design was appropriate because it describes people responses to questions about a phenomenon or situation with aim of understanding respondent's perceptions from which truism is constructed. It was also the most appropriate since it ensures that the data obtained gives appropriate answers to the research questions. A census study was conducted of all high end hotels in the coastal region as at August, 2014. This study used primary data. Primary data was collected by the use of a structured questionnaire (Appendix I). The questionnaire was administered using 'drop-and-pick later' method. The questionnaire included the knowledge management variables at different application areas. The data collected helped to assess the adoption of knowledge management practices. The respondents were the General Managers and Human resource managers of the hotels because they are deemed to be well versed with the knowledge management practices in the hotels. The data collected was cleaned, validated, and edited for accuracy, uniformity, consistency and completeness. Descriptive statistics was used to determine the extent to which knowledge management practices have been adopted. The data collected was meant to establish the extent of implementation of knowledge management practices by the hotels and to help determine the factors that influence adoption of knowledge management by hotels. The study found out that knowledge management practices are adopted by the hotels in the areas of knowledge creation, knowledge acquisition, knowledge filtering, knowledge storage and representation, knowledge application and knowledge distribution and exchange. The study also established the hotels have a comprehensive, adequate database which is available for all personnel. The hotels also document problems and their solutions for future benefits. The study also found out that the hotels document expert knowledge and organize it as stories of success to be used later. In knowledge application, the hotels have a follow up programme to ensure that subordinates use and apply methods gained during training. The study also established that in knowledge distribution and exchange practices, the hotels maintain a database including a list of names and addresses of experts to call up for consultancy, the employees use e-mail to share and exchange knowledge with others and the hotel has an intranet which enables sharing and exchanging of knowledge with others. Regarding factors influencing adoption of knowledge management practices in the hotels, the study found out that the factors like organizational culture, organizational structure, information technology and institutional capacity and level of training. In competitive advantage, the study established that knowledge management is significant in helping the hotels in the development of innovative products and minimum loss of valuable knowledge. The study recommended that knowledge management is increasingly becoming an important tool for businesses to gain a competitive advantage and in turn drive economic growth; the government should come up with relevant policies that will support the education of owners and employees of different hotels on importance of adoption of knowledge management.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Companies have been trying to differentiate themselves based on unique production processes, rare and distinct skills, creativity, and now on management initiatives such as Supply Chain Management, Customer Relationship Management, Knowledge Management and Total Quality Management. Knowledge management is increasingly becoming an important strategic weapon for sustaining competitive advantage of organizations. Barca (2002) asserts that knowledge is a very strategic tool for contemporary organizations. The ability to use this tool determines the limits of organizations' life spans. It does not play an influential role but a deterministic role by helping the organization to see the possible opportunities and threats in external environment and in sustaining this advantage for a long time.

The relevance of particular theories that are widely applied in knowledge management and competitive advantage are vitally important for this study. First, the theory of competition is of the view that a firm has a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors (Barney, 1991). Secondly, the theory of knowledge management is of the view that knowledge management is significant for organizational innovation and competitiveness. Thirdly, resource-based theory asserts that knowledge is a resource and organizations that understand the value of knowledge management have the opportunity to establish long-term internal strengths, which will lead to external competitive advantage. Lastly, diffusion of innovation theory explains how, over time, an idea or product gains momentum and diffuses through a specific population or social system. The end result of this diffusion is that people, as part of a social system, adopt a new idea, behavior, or product.

Hotels can improve their service quality by enhancing employees' knowledge about customer's preferences and the corresponding service procedures. Service quality depends strongly on the ability of hotels to acquire, to develop, to accumulate and to distribute knowledge assets. Especially hotel chains, which have to deliver an overall quality standard in geographically distributed hotels, can exploit knowledge management's benefits. Nevertheless, the implementation of knowledge management requires considerations. Powers (1992) assert that hotels require staffs which are able to cope with different guests and their preferences. Many quality problems occur because the staff does not fully understand the consequences of service interactions and guest's preferences. Improving employees' knowledge about customer's preferences and the corresponding service procedures is therefore becoming increasingly important in hotels.

1.1.1 Knowledge Management Practices

Knowledge management is the process of figuring out what information an organization has that can boost its advantages, and making that information available to its people. Without a formal knowledge management processes in place, the knowledge that has been accumulated might never be discovered or passed along or shared. Sheikh (2008) asserts that formal knowledge management practices include creating repositories of information about the best practices, establishing both formal and informal networks among employees, and establishing formal processes and procedures to ensure the lesson learned are passed along to others. These processes and procedures must be much more than simply dumping the information into a repository. Knowledge sharing is not something that occurs naturally it must be encouraged, rewarded, and managed.

According to Lelic (2004) traditional knowledge management initiatives tend to focus primarily on re-using knowledge, looking at ways organizations can identify and get the most

from the intellectual capital already at their disposal. This practice may serve the organization in a very tough economic climate. He adds that one way an organization is able to differentiate itself from its rivals is by implementing truly innovative ideas. The process of knowledge creation is therefore something business cannot ignore if they are to remain competitive. Shaker and Gembicki (1999) suggest that maximizing the flow and control of information will be the key component to competitiveness and an organization's ability to compete will, in large part, be determined by how well it collects, analyzes, shares, and safeguards its information.

Van de Ven (2005) asserts that the success of knowledge management in an organization depends on effective knowledge sharing practices, and classifying knowledge on the basis of its strategic benefits. To transform knowledge incentive structure to knowledge-based structures it is necessary to make knowledge more visible and easily accessible to the employees. Sharing knowledge contributes to a more individual awareness of specific situations and contributions. A social constructionist considers that all individuals are constantly interacting with other individuals within the organization irrespective of the nature of its business or the economic sector. Thus, there is a constant two-way exchange of knowledge and experience between individuals and collective knowledge with an interactive social process of creating and sharing knowledge.

Nonaka (2004) argues that new knowledge creation will benefit both employees and their organizations, of which they are an integral part. The dissemination of knowledge is dominated by the system used in the organization. The organization has to select the best information to use so as to achieve an effective respite, capturing and avoiding as much as possible inefficiency in the decision making process (Barney, 2002). Knowledge management efforts have a long history, to include on-the-job discussions, formal apprenticeship, discussion forums, corporate libraries, professional training and monitoring

programs. More recently, with increased use of computers in the second half of the 20th century, specific adoptions of technologies such as knowledge bases, expert systems, intranets, and computer supported cooperative work have been introduced to further enhance such efforts.

1.1.2 Competitive Advantage

Competitive advantage is the value an organization is able to create to differentiate itself from its competitors (Dubé and Renaghan 1999). According to Passemard and Kleiner (2000) this value is measured by the price customers are willing to pay for its particular service. If customers perceive the service as producing the required benefits, they will purchase that service, and, more importantly, will continue to do so over time. Hitt, Ireland and Hoskisson (2001) posit that competitive advantage is something that occurs when an organization puts a value-creating strategy in place. This should be a strategy whose benefits cannot be copied, or which would simply be too expensive to copy.

Thompson and Strickland (2007) assert that a company has competitive advantage whenever it has an edge over its rivals in securing customers and defending itself against competitive forces. They further argue that a company competing in that market place with a competitive advantage tends to be more profitable and it is likely to earn higher returns than the one competing with no advantage. A firm experiences competitive advantage when its action in an industry or market creates economic value and when few competing firms are engaging in a similar action. The intensity of competition among firms varies across industries. Strategic decisions are therefore normally about trying to achieve some advantage for the organization over competition (Johnson and Scholes, 2002).

Businesses frequently adopt innovations to gain competitive advantages or capabilities. An organization may adopt an innovation because it fears being left behind by other

organizations that do so. During innovation diffusion, early adopters are more likely to seek efficiency and profit gains, whereas later adoptions may reflect the pursuit of legitimacy (Westphal, Gulati and Shortell, 1997). Specifically, powerful customers and suppliers may demand the adoption of innovative processes that they perceive will either reduce their costs of, or increase their benefits from, dealing with the focal organization. Companies must be flexible to respond rapidly to competitive and market changes. They must benchmark continuously to achieve best practice. In addition, strategic positions can be based on customers' needs, customers' accessibility, or the variety of a company's products or services (Ramsay, 2001).

Sheikh (2008) asserts that new knowledge may perhaps be the only remaining and one of the most critical sources of competitive advantage available to an organization in the 21st century. This is true as previously available traditional resources may no longer offer any significant competitive advantage. To remain competitive, organizations must create and use new knowledge. To create new knowledge and attain competitive advantage, organizations need to locate and gather information and business intelligence about their internal and external consumers of knowledge and convert them into new knowledge. According to Jackson, Hitt and Denisi (2003) firms will compete in complex and challenging business environments during this period, essentially transforming the business environment by factors such as generation, use, and management of new knowledge.

1.1.3 Hotel Industry in the Coastal Region, Kenya

The decline in world tourism has grossly affected hotel sales and posed a threat to hotel operators because Kenyan hotels largely depend on the International Tourism Market (Oketch et. al., 2010). Akama (2007) argued that in Kenya, there were declining incomes from agriculture and manufacturing sectors. As a result, Kenya has turned her attention to

tourism as an intervention to the numerous economic problems. Kenya was considered all over the world as a great tourist nation but recently the hotel industry was hit hard by the recent post-election violence as well as terrorism attacks (Kuria et. al., 2012). Many hotels were closed and this caused staff to be laid off. There were also a low bed occupancy capacity of 10-20% and the situation was headed for worse if something was not done (Nzuve and Nyaega, 2011).

Kenyan hotels have become more complex to manage because of the demands of the dynamic business environment. Hotels are finding it difficult to meet the challenge of customer demands as well as complicated service technologies and production processes. Kamau (2008) stated that the tourism sector under which hotels is found in Kenya has been facing numerous challenges which have posed a threat to their existence. These challenges include competition, socio-cultural changes, technological changes and economic challenges. Hotels like other businesses are turning to strategic management performance drivers so that they can qualify for international recognition for standardization certificates, company of the year awards and star rating as well as membership to professional bodies (Ongore and Kobonyo, 2011).

The warm temperatures in most parts of the coastal region attract tourists making tourism the main stay of the economy in the region since it creates employment to thousands of residents in the hotel industry, tour operators, and suppliers among other local traders. Estimates indicate that approximately 300, 000 visitors visit the Coast annually Knowledge management is therefore critical to hotels in the region. They have to save experience, which should not be lost when employees leave the hotel or rotate between hotels. They also need to support unskilled workers und new employees with other employees` experiences, build up easily understandable standards and foster learning. Hotels can particularly benefit from knowledge management system, which helps to transfer and save knowledge within the hotel

and supports the staffs' service interactions (Grant, 1996). Knowledge management helps to identify, generate, accumulate, save, retrieve, and distribute knowledge to contribute towards improving company-wide service quality.

1.2 Research Problem

In today's world, competition in the market has become so intense that firms are continuously developing and implementing strategies to stay relevant in business. Firms strive to gain and sustain competitive advantage through technological innovations, efficiency, quality products and services and being responsive to customer needs. Today business view is also shifting from a product-centric to a knowledge-centric view. Companies cannot afford to under invest in using, reusing and losing knowledge that they already have. The business environment is changing rapidly making intellectual capital to become a key asset of the enterprise. The ability of companies to exploit their intangible assets has become far more decisive than their ability to invest and manage their physical assets (Davenport and Prusak, 1998).

The hotel industry in Kenya plays an important role in economic growth of Kenya as well as employment creation. Hotels like many other businesses are facing a lot of competitive challenges arising from the dynamism and complexity of the business environment (De Nisi et al., 2003). This state of affairs has propelled academicians and hotel practitioners to study distinctive firm competencies that add value to the final consumer. Hotels have to encourage their employees to continually learn new skills and to be innovative in order to achieve their strategic alternatives. Winter (2003) proposed that knowledge acquisition, distribution, application and translation into organizational resources such as procedures, systems and databases can be used for leveraging the firm.

Tourism is highly influenced by the new demands deriving from the widening, deepening and enlargement of the world economy. DeNisi (2003) highlighted that when a firm obtains

knowledge or human capital it has to leverage these resources to organizational capital so that the whole organization can benefit. Rudez and Mihalic (2007) studied knowledge management in the hotel industry before and after the entry in the EU. The research revealed a progress in this period of time in knowledge management goals definition, transformation of not-owned into owned knowledge, inclusion of knowledge management in business reports, identification and elimination of the gaps between planned and actual knowledge. Another study by Chaudhary (2012) indicated that a fit between business and knowledge management strategy are significantly related to better organizational performance through effective management of human resource strategy in organizations. Al-Qudah, Khawaldeh and Bourini (2013) studied the role of knowledge management in the banking sector. The study concluded that the banking sector was successful in establishing its own concept of knowledge management and the results showed that knowledge management activities practiced were mostly high. In Kenya, Chweya, Ochieng, Ojera and Riwo-Abudho (2014) studied knowledge management practices and its effect on firm performance. The study sought to establish the extent of knowledge creation; knowledge sharing; knowledge acquisition, level of organizational performance and determine the relationship between organizational performance and knowledge creation; knowledge sharing and knowledge acquisition in commercial banks in Kisumu city. The study found that there is a significant positive relationship between organizational performance and knowledge sharing. Despite the popularity of knowledge management in other industries, hotel-specific concerns have thus been neglected in the literature and knowledge management has just rudimentarily been implemented in hotels. This is especially valid for hotel chains, which have to deliver an overall quality standard in geographically distributed hotels. This study will try to address this study gap by attempting to answer the research question, 'is adoption of knowledge management as a strategy by hotels helps them to gain competitive advantage?'

1.3 Research Objectives

The study sought to achieve two objectives:

- i. To determine the knowledge management practices adopted by hotels in the coastal region, Kenya in achieving competitive advantage
- ii. To determine the factors that influence adoption of knowledge management for competitive advantage by hotels in the coastal region, Kenya.

1.4 Significance of Study

This study will offer valuable contribution to theory, policy formulation and practice. First the study will add value to the body of strategic management discipline especially in the more demanding concept of competitive advantage and will form the basis of further research by identifying the knowledge gap that arises from this study. Knowledge Management has become an important strategic weapon for sustaining competitive advantage in firms. Researchers will be able to understand emerging issues in competition and how hotels are positioning themselves in the market place to increase customer share. The findings of this study would be useful to policy makers by informing them on knowledge management practices needed be addressed in order to foster a fair competitive business environment.

Secondly, the findings would be useful when developing policy guidelines for making changes in the institutional frameworks and policy interventions. Effective knowledge management promotes knowledge creation, knowledge sharing, knowledge acquisition and knowledge retention to maintain customer satisfaction and organizational performance. This will add value to growth of the entire economy. This is however contingent upon the adoption of legislation that guides knowledge management. This study will add insights into the area of legislation from its benefits point of view.

Lastly, for practices purposes, if organizations are to achieve competitive advantage by delivering value to the customers, the information in this study will help managers understand how value is created when knowledge management is adopted as a strategy in their firms. They will be able to understand and address factors that facilitate or hinder the adoption of knowledge management. The government will also have a chance to formulate policies related to knowledge management in public service. To scholars, the results would contribute to the existing knowledge on competitive strategies practices in the hospitality industry. It would assist in providing sources information for further research studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides a discussion of the various theories and concepts that provide explanations regarding adoption of knowledge management in achieving competitive advantage in hotels in Kenya; studies that have been done that are relevant to this study and a summary of the literature review.

2.2 Theoretical Foundation of the Study

This section focuses on theoretical review of how businesses achieve competitive advantage by adopting Knowledge management practices. The study is anchored on competitive theory, resource-based theory, diffusion of innovation theory and knowledge management theory.

2.2.1 Theory of Competition

According to Barney (1991) a firm has a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors. When two or more firms compete within the same market, one firm possesses a competitive advantage over its rivals when it earns a persistently higher rate of profit (Grant, 1996). Competition exist when different organization seek commitments of time and energy from the same target markets and an organization faces competition when its success depends upon behaviour of other actors who are trying to fulfill similar customer needs. Porter (1979) noted that it is a prudent for any firm to understand the underlying sources of competitive pressure in their industry in order to formulate appropriate strategies to respond. Firms often respond to such environmental changes through strategic responses.

Hax and Majluf (1996) stated that competitive advantage is created when resources and capabilities that are owned exclusively by the firm are applied to developing unique competencies. According to Jackson, Hitt and Denisi (2003) firms compete in complex and challenging business environments essentially transforming the business environment by factors such as generation, use, and management of new knowledge. Organizations can no longer rely on the rudimentary resources that gave them the advantage over competitors in the past. The emergent thinking in the knowledge management movement is that knowledge is the only remaining source of competitive advantage for organizations. Use of the proper new knowledge in business can mean gaining competitive advantage.

2.2.2 Diffusion of Innovation Theory

It is a hypothesis outlining how new technological and other advancements spread throughout societies and cultures, from introduction to wider-adoption. Rogers (1995) asserts that diffusion of innovations theory seeks to explain how and why new ideas and practices are adopted, with timelines potentially spread out over long periods. Most innovations diffuse over time within the organization. Essentially, the diffusion process for all innovations consists of individuals talking to one another about the new idea, thus decreasing the perceived uncertainty of the innovation.

Knowledge management is the process of figuring out what information an organization has that can boost its advantages, and making that information available to its people. Toffler (1999) asserts that formal knowledge management practices include creating repositories of information about the best practices, establishing both formal and informal networks among employees, and establishing formal processes and procedures to ensure the lesson learned are passed along to others. These processes and procedures must be much more than simply dumping the information into a repository. Knowledge sharing is not something that occurs

naturally it must be encouraged, rewarded, and managed. This is the ultimate emphasis of the theory.

2.2.3 Resource – Based Theory

Resource-based theory treats enterprises as potential creators of value-added capabilities, and the underlying organizational competences involve viewing the assets and resources of the firm from a knowledge-based perspective (Conner and Prahalad, 1996). It focuses on the idea of costly-to-copy attributes of the firm as sources of business returns and the means to achieve superior performance and competitive advantage (Barney, 1991). A firm's resources consist of all assets both tangible and intangible, human and nonhuman that are possessed or controlled by the firm and that permit it to devise and apply value-enhancing strategies (Wernerfelt, 1984).

Knowledge is a resource that is valuable, uncommon, poorly imitable and non substitutable and it comprise the firm's unique or core competencies (Prahalad & Hamel, 1990). It presents a lasting competitive advantage (Hitt, Bierman, Shimizu & Kochhar, 2001). Specifically, intangible firm-specific resources such as knowledge permit firms to add up value to incoming factors of production (Hitt et al., 2001). It represents competitive advantage for a firm. Such advantage is developed over time and cannot easily be imitated.

2.2.4 Knowledge Management Theory

Duhon (1998) assert that knowledge management is a discipline that promotes an integrated approach to identifying, capturing, evaluating, retrieving, and sharing all of an enterprise's information assets. These assets may include databases, documents, policies, procedures, and previously un-captured expertise and experience in individual workers. Knowledge is a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. In

organizations, it often becomes embedded not only in documents or repositories but also in organizational routines, processes, practices, and norms (Davenport and Prusak, 1998).

Davenport, De Long & Beers (1999) identify several factors of an organizational culture that inhibit the successful transfer of knowledge within an organization. Deficits in trust, differences in cultures and language habits, lack of time and meeting-opportunities, incentives for knowledge carriers, lack of capacity to absorb new knowledge, not invented here. Improvements in knowledge management promote those factors that lead to superior performance; organizational creativity, operational effectiveness and quality of products and services' (Wiig, 1997).

2.3 Adoption of Knowledge Management Practices for Competitive Advantage

According to Thompson and Walsham (2004) knowledge management efforts typically focus on organizational objectives such as improved performance, competitive advantage, innovation, the sharing of lessons learned, integration and continuous improvement of the organization. It overlap with organizational learning, and may be distinguished from that by a greater focus on the management of knowledge as a strategic asset and a focus on encouraging the sharing of knowledge. McAdam and McCreedy (2000) asserts that it help individuals and groups to share valuable organizational insights, to reduce redundant work, to reduce training time for new employees, to retain intellectual capital as employee's turnover in an organization, and to adapt to changing environments and markets.

Knowledge management efforts can help individuals and groups to share valuable organizational insights, to reduce redundant work, to reduce training time for new employees, to retain intellectual capital as employee's turnover in an organization, and to adapt to changing environments and markets (McAdam and McCreedy, 2000). For organizations to gain competitive advantage, they should therefore improve their ability to share knowledge,

that is, in order to acquire this, organizations should pay abundant attention to knowledge sharing components such as encouraging employees to participate in project teams, encouraging employees to use internets, intranets and extranets to support knowledge access and sharing of best practices among the different functional level.

2.4 Empirical Literature on Knowledge Management Practices

Al-Qudah et al (2013) studied the role of knowledge management in the banking Sector. The aim of this study was to identify the extent of knowledge management activities that are practiced by Jordan banks in the Hashemite Kingdom of Jordan. The study concluded that the banking sector was successful in establishing its own concept of knowledge management. The result also showed that knowledge management activities practiced were mostly high and that there was a positive statistical relationship between knowledge management strategy and practice degree of knowledge activities.

Chweya et al (2014) conducted a study on knowledge management practices and its effect on firm performance. The overall objective of this study was to analyze the effects of knowledge management practices on commercial banks' performance in Kisumu city in Kenya. The study sought to establish the extent of knowledge creation; knowledge sharing; knowledge acquisition, level of organizational performance and determine the relationship between organizational performance and knowledge creation; knowledge sharing and knowledge acquisition in commercial banks in Kisumu city. The study found that there was a significant relationship between knowledge creation and organizational performance. A significant positive relationship also existed between organizational performance and knowledge sharing. The study concluded that effective knowledge management promotes knowledge creation, knowledge sharing, knowledge acquisition and knowledge retention to maintain customer satisfaction and organizational performance.

Rudež (2010) studied knowledge management in the hotel industry before and after the entry in the EU: The Case of Slovenia. It explored the changes in knowledge management between 2003 and 2006; that is before and after Slovenia entered the EU. The research revealed a progress in this period of time in knowledge management goals definition, transformation of not-owned into owned knowledge, inclusion of knowledge management in business reports, identification and elimination of the gaps between planned and actual knowledge. On the other hand, there was no further progress in the field of strategies and policy of knowledge management, perception of the importance of knowledge management's measurement, development of measures of knowledge management and diminishment of barriers to knowledge development. Further, several recommendations were suggested for hotel managers.

Islam, Low and Hasan (2011) studied knowledge management practices and organizational effectiveness. They investigated the relationship between knowledge management practices and organizational effectiveness in commercial banks operating in Bangladesh. In order to obtain primary data, questionnaire survey was conducted to find out the general practices of knowledge management in Bangladeshi banks, which was administrated to the managerial staff. A knowledge management process model was developed from the previous literature and tested. Knowledge management practices were classified under knowledge acquisition, conversion, application and protection. The result indicated that knowledge management practices have significant influence over organizational effectiveness.

Gholami, Asli, Nazari-Shirkouhi and Noruzy (2013) conducted a study to investigate the influence of knowledge management practices on organizational performance. The aim of this study was to investigate the influence of knowledge management practices on organizational performance in small and medium enterprises (SMEs) using structural

equation modeling. A number of 282 senior managers from these enterprises were chosen using simple random sampling and the data were analyzed with the structural equation model. The results showed that knowledge acquisition, knowledge storage, knowledge creation, knowledge sharing, and knowledge implementation have significant factor loading on knowledge management. It further showed that productivity, financial performance, staff performance, innovation, work relationships, and customer satisfaction have significant factor loading on organizational performance. Finally, the results of this study suggested that knowledge management practices directly influence the organizational performance of SMEs.

2.5 Summary of Literature Review

Knowledge Management has become an important strategic weapon for sustaining competitive advantage in firms. Effective Knowledge Management promotes knowledge creation, knowledge sharing, knowledge acquisition and knowledge retention to maintain customer satisfaction and organizational performance. Van de Ven (2005) asserts that the success of knowledge management in an organization depends on effective knowledge sharing practices, and classifying knowledge on the basis of its strategic benefits. The use of knowledge management at the level of organization can foster innovation, identify gaps and trajectories, and enhance the quality of products and services.

Studies by Chweya et al (2014) and DeNisi (2003) highlights the significance of knowledge management in organizations as a competitive strategy. Despite the popularity of knowledge management in other industries, hotel-specific concerns have been neglected in the literature and knowledge management has just rudimentarily been implemented in hotels. This study will try to address this study gap by attempting to answer the research question, ‘is adoption of knowledge management as a strategy by hotels helps them to gain competitive advantage?’

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was applied in conducting the study. It covers the research design, target population, sampling design, and data collection methods and data analysis techniques.

3.2 Research Design

The study used a descriptive survey design. A survey design describes people responses to questions about a phenomenon or situation with aim of understanding respondent's perceptions from which truism is constructed. This is based on the constructivist epistemology which holds that reality is what respondents generally perceive to be. Mugenda and Mugenda (1999) asserts that the purpose of descriptive survey research is to determine and report the way things are and it helps in establishing the current status of the population under study. This design is the most appropriate since it ensures that the data obtained gives appropriate answers to the research questions.

3.3 Population of Study

A census study was conducted of all high end hotels in the coastal region as at August, 2014. The Coastal region consists of the coastal strip of Kenya on the Indian Ocean and is inhabited by Mijikenda, Swahili and Arab peoples, representing a population of roughly 22.5 million. All the high end hotels along the strip were considered for purposes of this research. The hotels were 47 in number according to tripadvisor (2014) (Appendix III). TripAdvisor is the world's largest travel site, enabling travelers to plan and have the perfect trip. TripAdvisor offers trusted advice from real travelers and a wide variety of travel choices and planning features with seamless links to booking tools. As cited in Marane, Asaad and Omer (2013), Trip Advisor branded sites make up the largest travel community in the world, reaching

nearly 280 million unique monthly visitors, and more than 170 million reviews and opinions covering more than 4 million accommodations, restaurants and attractions. This makes it reliable for this study as a source of information.

3.4 Data Collection

This study used primary data. Primary data was collected by the use of a structured questionnaire (Appendix I). The questionnaire was administered using drop-and-pick later method. The questionnaire included the knowledge management variables at different application areas. The data collected helped to assess the adoption of knowledge management practices. The respondents were the General Managers and Human resource managers of the hotels because they are deemed to be well versed with the knowledge management practices in the hotels. Knowledge management is a human resource function especially in the activities of training and development of employees.

3.5 Data Analysis

The data collected was cleaned, validated, and edited for accuracy, uniformity, consistency and completeness. Descriptive statistics was used to determine the extent to which knowledge management practices have been adopted. The data collected was meant to establish the extent of implementation of knowledge management practices by the hotels and to help determine the factors that influence adoption of knowledge management by hotels.

Issues arising from the interviews were analyzed appropriately. This offered a systematic and qualitative description of the objectives of the study. Inferential statistics was then be used to make judgements on the factors that influence adoption of knowledge management for competitive advantage from the data collected from the respondents.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

In the hotel industry, knowledge management is essential in effective management and competitiveness of the hotels. Knowledge management literature exhibits that to achieve a sustainable competitive advantage over competitors in the modern economy; an organization must be able to generate new knowledge by using its knowledge base resources. Knowledge management is a process of organizing and distributing an organization's collective perception so the right information gets to the right people at the right time for decision making and action in new ideas for products, services, ways to communicate new knowledge, and ways to distribute information throughout the organization. It centralizes information from variety locations of the organizations through simple access methods with technology that helps employees make decisions anywhere. Managers need to be able to drill down through data and information to gain knowledge for making effective and efficient decisions in analyzing information with a very quick and easy way.

The study was meant to determine the knowledge management practices adopted by hotels in the coastal region in achieving competitive advantage and to determine the factors that influence adoption of knowledge management for competitive advantage by hotels in the coastal region, Kenya. This chapter presents the analysis of data collected from the interviewees using the questionnaire in Appendix II. The information was obtained from the General Managers and Human resource managers of the hotels because they are deemed to be well versed with the knowledge management practices in the hotels. In most hotels, the general managers were only ones available to give the information as it was difficult to reach the human resource manager. 40 out of 47 questionnaires were returned for analysis.

4.2 Knowledge Management Practices adopted by the Hotels

The study found out that the hotels adopt different knowledge management practices as outlined in the tables below:

4.2.1 Knowledge Creation

This is the progress in which knowledge is captured and defined. Explicit knowledge can be easily captured and put in the form of a manual, booklet, or document. On the other hand, tacit knowledge is imbedded in social structures, and therefore, it needs to be extracted, codified, and made explicit. Through this codification process, tacit knowledge is transformed into explicit knowledge. From the findings, the knowledge creation practices are as outlined in the table (4.2) below:

Table 4.1 Knowledge Creation Practices

| Practices | N | Mean | Standard Deviation |
|--|----------|-------------|---------------------------|
| Development of abilities and skills of employees | 40 | 3.475 | .9055 |
| Concern with new ideas from employees | 40 | 3.625 | .9790 |
| Motivation and reward creative employees | 40 | 4.100 | .8712 |
| Encouraging teamwork and cooperation | 40 | 3.900 | .9282 |
| Encouraging employees to seek new ideas | 40 | 3.175 | .9842 |
| Initiatives to carry out jobs by appropriate methods | 40 | 4.175 | .8738 |
| Existence of a strong commitment to new ideas | 40 | 3.775 | .9470 |
| Facilitation of ideas sharing | 40 | 3.650 | 1.0513 |
| Valid N | 40 | | |

Source: Research data 2014

From the Table 4.1, it shows that the hotels adopted knowledge creation practices. The most adopted practice was initiatives to carry out jobs by appropriate methods with a mean of 4.175 followed by motivation and reward of creative employees at 4.100. The least adopted

practice was encouraging employees to seek new ideas. This practice was however above average at the value of 3.175.

4.2.2 Knowledge Acquisition

Organizations with high innovation potential can employ benchmarking and collaboration process. Benchmarks can identify gaps and problems over others outstanding practices and give knowledge for internal use to make change decision in effective way. On the other side collaboration can play role both internally and externally in transferring tacit knowledge with collaboration partners who can potentially reduce risk and cost in innovation by ensuring mutual trust and confidence between partners by creating efficient channels for knowledge flow. The researcher found out that the hotels practiced a variety of knowledge acquisition practices in different extent as given in the Tables below:

Table 4.2 Seeking help from External Experts and Specialists

| The extent | Frequency | Percent |
|-------------------|-----------|---------|
| Not at all | 2 | 5.0 |
| Small extent | 2 | 5.0 |
| Moderate extent | 14 | 35.0 |
| Great extent | 5 | 12.5 |
| Very great extent | 17 | 42.5 |
| Total | 40 | 100.0 |

Source: Research Data 2014

The Table 4.2 shows that the hotels averagely seek help from external experts and specialists as a method of knowledge acquisition to a great extent with a percentage of 42.5% with a frequency of 17. This practice is also adapted to a moderate extent in some hotels studied to a percentage of 35% with a frequency of 14. It is only a frequency of two (2) hotels that did not at all use experts and specialists.

Table 4.3 Participation in Conferences and Workshops inside and outside Kenya

| Extent | Frequency | Percent |
|-------------------|-----------|---------|
| Not at all | 3 | 7.5 |
| Small extent | 2 | 5.0 |
| Moderate extent | 6 | 15.0 |
| Great extent | 26 | 65.0 |
| Very great extent | 3 | 7.5 |
| Total | 40 | 100.0 |

Source: Research data 2014

The Table 4.3 shows that to great extent, the hotels participates in conferences and workshops inside and outside Kenya to a great extent with a percentage of 65% and a frequency of 26 hotels out of 40 studied. It is only three (3) hotels that the research shows that did not at all participate in conferences and workshops with a percentage of 7.5%.

Table 4.4 Personnel Join Training Programs inside and outside Kenya

| Extent | Frequency | Percent |
|-------------------|-----------|---------|
| Not at all | 5 | 12.5 |
| Small extent | 21 | 52.5 |
| Moderate extent | 9 | 22.5 |
| Great extent | 1 | 2.5 |
| Very great extent | 4 | 10.0 |
| Total | 40 | 100.0 |

Source: Research data 2014

From the Table 4.4, it is established that a majority of hotels with a frequency of 21 had their employees attend training programs inside and outside Kenya to gain knowledge in their fields. This represented a percentage of 52.5%. Only four (4) hotels adapted this practice to a very great extent with a percentage of 10%. Other hotels with a frequency of nine (9) adapted this practice to a moderate extent with a percentage of 22.5%.

4.2.3 Knowledge Filtering

This activity refers to the revision of the knowledge gained to fit the needs of the organization as well as to identify knowledge task of the organization to be disseminated and shared among individuals in the organization. In this study, the following practices were relevant in the hotels:

Table 4.5 Knowledge Filtering Practices

| Practices | N | Mean | Standard Deviation |
|---|----------|-------------|---------------------------|
| The hotel modifies international communication practices to fit in Kenyan environment | 40 | 3.450 | .7143 |
| The hotel filters obtained knowledge before distributing between personnel | 40 | 3.725 | .7506 |
| Each department determines important knowledge to distributed between personnel | 40 | 3.375 | 1.0300 |
| The hotel filters new knowledge to be suitable for the work environment | 40 | 3.475 | .7506 |
| Valid N | 40 | | |

Source: Research data 2014

From the Table 4.5, it was established that the hotels filters obtained knowledge before distributing between personnel at a mean of 3.725 and 3.475 followed by the practice of modifying international communication practices to fit Kenyan environment. All practices were however significantly adopted because all their means are above the average with the practice lowly practiced being each department determining important knowledge to distribute between personnel with a mean of 3.375.

4.2.4 Knowledge Storage and Representation

The main purpose of retention is to allow reuse of knowledge. Knowledge retained can be readily shared. Protection of knowledge is equally important. Without security measure, the integrity of the knowledge could be at stake. Erroneous knowledge is just as damaging as inaccessible knowledge if not more.

Table 4.6 Documentation of Newly Acquired Knowledge for each Project

| Extent | Frequency | Percent |
|-------------------|-----------|---------|
| Not at all | 3 | 7.5 |
| Small extent | 2 | 5.0 |
| Moderate extent | 30 | 75.0 |
| Great extent | 4 | 10.0 |
| Very great extent | 1 | 2.5 |
| Total | 40 | 100.0 |

Source: Research data 2014

The Table 4.6 shows 75% of the hotels representing a frequency of 30 hotels documents newly acquired knowledge for each project. A small percentage of 7.5% with a frequency of three (3) however do not adopt the practice. Of the forty (40) hotels, only one (1) adopted this practice to a very great extent.

Table 4.7 Hotels have Comprehensive, Adequate database available for all Personnel

| Extent | Frequency | Percent |
|-------------------|-----------|---------|
| Not at all | 2 | 5.0 |
| Small extent | 2 | 5.0 |
| Moderate extent | 7 | 17.5 |
| Great extent | 26 | 65.0 |
| Very great extent | 3 | 7.5 |
| Total | 40 | 100.0 |

Source: Research data 2014

The Table 4.7 shows that a majority of the hotels with a frequency of 26 have a comprehensive, adequate database available for all personnel representing 65%. This is to a great extent. It is only a small number of hotels representing 5% did not adopt the practice at all.

Table 4.8 Documentation of Problems faced and their Solutions

| Extent | Frequency | Percent |
|-------------------|-----------|---------|
| Not at all | 3 | 7.5 |
| Small extent | 5 | 12.5 |
| Moderate extent | 16 | 40.0 |
| Great extent | 14 | 35.0 |
| Very great extent | 2 | 5.0 |
| Total | 40 | 100.0 |

Source: Research Data

The Table 4.8 shows that 40% and 35% of the hotels studied documented problems faced and their solutions to moderate and great extent respectively. Only two (2) hotels adopted the practice to a very great extent as shown by 5%. Three (3) hotels however did not adopt this practice at all showing a percentage of 7.5%.

4.2.5 Knowledge Application

Knowledge is the base that ensures core competencies through the use of knowledge. Effective application of knowledge has helped companies improve their efficiency and reduce costs. Organizations can achieve competitive advantage if it locates the right kind of knowledge in the right form unless may cause difficulties to prove effectiveness. The knowledge application practices in the hotels are given in the Table 4.9.

Table 4.9 Employees do not face difficulty in applying Work Methods

| Extent | Frequency | Percent |
|-------------------|-----------|---------|
| Not at all | 4 | 10.0 |
| Small extent | 7 | 17.5 |
| Moderate extent | 22 | 55.0 |
| Great extent | 6 | 15.0 |
| Very great extent | 1 | 2.5 |
| Total | 40 | 100.0 |

Source: Research data 2014

The Table 4.9 shows that a majority of hotels (22) with a percentage of 55% are in agreement that their employees to a moderate extent do not face difficulty in applying work methods. It also shows that only four (4) hotels were in agreement that their employees face difficulty in applying work methods.

Table 5.0 Existence of Follow up Programmes

| Extent | Frequency | Percent |
|-----------------|-----------|---------|
| Not at all | 1 | 2.5 |
| Small extent | 6 | 15.0 |
| Moderate extent | 13 | 32.5 |
| Great extent | 20 | 50.0 |
| Total | 40 | 100.0 |

In the table 5.0, a large percentage of hotels (50%) have follow up programmes for all trainings done and new methods adopted. Only one hotel does not have these programmes.

Table 5.1 Treating of all Information received and benefitting from it

| Extent | Frequency | Percent |
|-------------------|-----------|---------|
| Not at all | 6 | 15.0 |
| Small extent | 22 | 55.0 |
| Moderate extent | 4 | 10.0 |
| Great extent | 4 | 10.0 |
| Very great extent | 4 | 10.0 |
| Total | 40 | 100.0 |

Source: Research data 2014

The table 5.1 shows that a significant number of hotels (22) adopted this practice to a small extent with a percentage of 55%. Only four (4) hotels adopted this practice to a moderate, great and very great extent respectively.

4.2.6 Knowledge Distribution and Exchange

When we communicate knowledge, it is the process of exchange. Both explicit and tacit knowledge can be shared. However, explicit knowledge can be shared more easily and will have little risk of creating error in the process. Tacit knowledge, which is hard to articulate, is the challenging part of knowledge exchange. In any case, distribution and exchange of knowledge should be as direct as possible with few intermediaries. The following practices have been adopted by the hotels.

Table 5.2 Knowledge Distribution and Exchange Practices

| Practices | N | Range | Mean | Standard Deviation | Variance |
|---|----------|--------------|-------------|---------------------------|-----------------|
| The hotels' database includes a list of names and addresses of experts to call up for consultancy | 40 | 3.00 | 3.8500 | .9487 | .900 |
| The hotel does not face difficulty in accessing any information needed in any work | 40 | 3.00 | 3.7000 | .9115 | .831 |
| The management fosters and promotes training courses to develop employees' skills in sharing and exchanging | 40 | 4.00 | 3.5250 | .9334 | .871 |
| The hotel has an intranet which enables sharing and exchanging of knowledge with others | 40 | 3.00 | 3.6500 | .8638 | .746 |
| The employees can easily access internet to collect any information needed | 40 | 4.00 | 3.4000 | .9001 | .810 |
| The employees use e-mail to share and exchange knowledge with others | 40 | 3.00 | 3.7500 | .8697 | .756 |
| Valid N | 40 | | | | |

The table 5.2 shows that all the practices have been adopted by the hotels averagely as given by the means. The practice that is however most adopted is the maintenance of the database by the hotels which include a list of names and addresses of experts to call up for consultancy. This is represented by a mean of 3.8500 followed by the use of e-mail to share and exchange knowledge with others at a mean of 3.7500. The least practice is the access of internet to collect any information needed at a mean of 3.4000.

4.3 Factors Influencing Adoption of Knowledge Management Practices in the Hotels

The study found out that organizational culture is believed to be the most significant factor in effective knowledge management. An effective organizational culture can provide support and incentives as well as encourage knowledge-related activities by creating suitable

environments for knowledge distribution and exchange. The findings further stated that an organization must have a strong culture that values trust, openness, and sociability to stimulate people's interactions and knowledge sharing. Most of the human resource managers were of the view that an effective knowledge culture encourages innovation, from the initial creative idea to the experimentation and sharing of insights with others.

The study further established that a team-based, non-hierarchical, self-organizing organizational structure is the most effective for knowledge sharing. Most of the hotel managers were of the opinion that a flexible organizational structure is essential successful knowledge management application. They further suggested that flexible structures help achieve decentralization of decision-making process by facilitating the communication process at all organizational levels. An emphasis was sought that organizational structure characterized by participative decision making, ease of information flow and cross-functional teams contribute positively to support knowledge sharing. The study also found out that for the structure of knowledge-based organizations it must be created in higher levels of structural dimensions. This level includes trust-based relationship, externally-oriented interactive relationship, emotionally- inclusive relationship.

The study also established that information technology (IT) is also a key contributor and an enabler in the field of knowledge management. It was established that a number of IT tools are applied to the different knowledge creation processes. This included communication technologies such as e-mail, video conferencing, electronic bulletin boards, and computer conferencing and decision-aiding technologies such as decision-support systems, expert systems, and executive information systems. The study also established an application of a multi-perspective view of intranet in some hotels. This is a technology that helps in creating an effective knowledge management environment, which includes Information perspective, awareness perspective and communication perspective.

In another finding, the study established that the efficiency of knowledge management depends on institutional capacity and trained human resource that can disseminate knowledge quickly. The findings were that the Hotels need to continually learn in order to remain relevant to the customers they serve. In order to gain competitive advantage from knowledge management, it was established that the hotels need to identify core competencies, or integrated knowledge sets, that distinguish them from competitors and add value for customers. An emphasis was established that employees create knowledge within the organization and a significant part of the organizational knowledge is saved in their minds, thus small mutation in their task positions can impose a fundamental effect on its total performance.

4.4 Knowledge Management Practices and Competitive Advantage

New knowledge may perhaps be the only remaining and one of the most critical sources of competitive advantage available to an organization in the 21st century. This is true as previously available traditional resources may no longer offer any significant competitive advantage. To remain competitive, organizations must create and use new knowledge. To create new knowledge and attain competitive advantage, organizations need to locate and gather information and business intelligence about their internal and external consumers of knowledge and convert them into new knowledge. Hotels compete in complex and challenging business environments during this period. Transforming the business environment using factors such as generation, use, and management of new knowledge is therefore essential. The study established that knowledge management practices help a company to reduce redundancy of work, reduced training time, easy adoption of new ideas, ease of sharing best practices, minimum loss of valuable knowledge and the development of innovative products and services. These competitive advantages vary with the extent of application of knowledge management practices as shown in the table below:

Table 5.3 Competitive Advantage

| | Easy to adopt new ideas | Easy to share best practices | Reduction in training time | Reduction of redundant work | Development of innovative products | There is minimum loss of valuable knowledge |
|----------------|-------------------------|------------------------------|----------------------------|-----------------------------|------------------------------------|---|
| Mean | 3.5500 | 3.1250 | 3.5000 | 3.4000 | 3.7000 | 3.6000 |
| Std. Deviation | 1.08486 | .91111 | 1.58519 | 1.05733 | 1.06699 | .90014 |

Source Research data

The table above shows that adoption of knowledge management practices made the hotels experience competitive advantage through the development of innovative products, followed by minimum loss of valuable knowledge as shown by the means of 3.7 and 3.6 respectively. The findings also show that knowledge management practices have helped the hotels to easily adopt new ideas. The table shows that the greatest advantage is ability to develop innovative products and reduced loss of valuable knowledge.

4.5 Discussion of Findings

The objective of the study was to determine the knowledge management practices adopted by hotels in the coastal region, Kenya in achieving competitive advantage and to determine the factors that influence adoption of knowledge management for competitive advantage by the hotels. The study focused on knowledge management as a practice in achieving competitive advantage. In the first objective, the study established that the hotels adopt knowledge management practices in the areas of knowledge creation, knowledge acquisition, knowledge filtering, knowledge storage and representation, knowledge application and knowledge distribution and exchange. This finding is consistent with the study by Al-Qudah et al (2013) who studied the role of knowledge management in the banking Sector. The study concluded

that the banking sector was successful in establishing its own concept of knowledge management. The most adopted practice was initiatives to carry out jobs by appropriate methods, followed by motivation and reward of creative employees while the least adopted practice was encouraging employees to seek new ideas. Most of the hotels used participation in conferences and workshops as a mechanism of knowledge acquisition. The workshops and conferences were both inside and outside the country. It was also established that on average, the hotels adopted Encouragement of Personnel to Join Training Programs. This practice was to a small extent. Only a few hotels adopted the practice to a great extent. Training of employees is mostly in house in most hotels through seminars and workshops. The hotels on average used external experts and specialists to a great extent to transfer knowledge and experience to existing personnel. It is only a few hotels that used them to small extent while a few hotels never used them at all.

In knowledge filtering, it was established that the hotels filters obtained knowledge before distributing between personnel, followed by the practice of modifying international communication practices to fit Kenyan environment. All practices were however significantly adopted because all their means are above the average with the practice lowly practiced being each department determining important knowledge to distribute between personnel. In Knowledge Storage and Representation, the study established that hotels have comprehensive, adequate database available for all personnel. It was also established that hotels do documentation of problems faced and their Solutions. Knowledge Application practices have also been adopted by the hotels. The hotels have follow up programmes to ensure that newly acquired knowledge is used properly. The study established that knowledge distribution and exchange practices have been adopted by the hotels averagely. The practice that is most adopted is the maintenance of the database by the hotels which include a list of

names and addresses of experts to call up for consultancy. The least practice is the access of internet to collect any information needed.

With respect to the second objective, the study established that a team-based, non-hierarchical, self-organizing organizational structure is the most effective for knowledge sharing. Most of the hotel managers were of the opinion that a flexible organizational structure is essential successful knowledge management application. They further suggested that flexible structures help achieve decentralization of decision-making process by facilitating the communication process at all organizational levels. It also established that organizational structure characterized by participative decision making, ease of information flow and cross-functional teams contribute positively to support knowledge sharing. The study also found out that for the structure of knowledge-based organizations it must be created in higher levels of structural dimensions. This level includes trust-based relationship, externally-oriented interactive relationship, emotionally- inclusive relationship. These findings are consistent with a past study done by Huang, Quaddus, Rowe and Lai (2011). In their findings, all enterprises highlighted the importance of sufficient hardware and software infrastructure, knowledge management manager, support from top management, vision, value and objective of an organization, collecting knowledge, as well as attitude towards knowledge management, in determining the employees' perceptions of knowledge management.

In competitive advantage achievement, adoption of knowledge management practices made the hotels experience competitive advantage through the development of innovative products and minimum loss of valuable knowledge. It was also established that knowledge management practices have helped the hotels to easily adopt new ideas. This is consistent with an earlier study by Sheikh (2008). In his study, the use of new knowledge and knowledge management to gain competitive advantage, he found out that to remain

competitive, organizations must create and use new knowledge. It is also consistent with a study Chweya et al (2014). They conducted a study on knowledge management practices and its effect on firm performance. The study found that there was a significant relationship between knowledge creation and organizational performance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the findings and conclusion of the study. The study sought to determine the knowledge management practices adopted and the factors that influence adoption of knowledge management for competitive advantage by hotels in the coastal region, Kenya.

5.2 Summary of Findings

The study found out that knowledge management practices are adopted by the hotels in the areas of knowledge creation, knowledge acquisition, knowledge filtering, knowledge storage and representation, knowledge application and knowledge distribution and exchange. In knowledge creation the hotels majorly adopted initiatives to carry out jobs by appropriate methods as well as motivating and rewarding of creative employees. The hotels also had the practice of encouraging teamwork and cooperation and at the same time encouraged a strong commitment to new ideas. In knowledge acquisition, the hotels encouraged training programmes for personnel, used external experts and Participated in conferences and workshops. In knowledge filtering, it was established that the hotels filter obtained knowledge before distributing between personnel, they modify international communication practices to fit in Kenyan environment and each department determines important knowledge to distribute between personnel.

The study also established the hotels have a comprehensive, adequate database which is available for all personnel. The hotels also document problems and their solutions for future benefits. The study also found out that the hotels document expert knowledge and organize it

as stories of success to be used later. In knowledge application, the hotels have a follow up programme to ensure that subordinates use and apply methods gained during training. The study also established that in knowledge distribution and exchange practices, the hotels maintain a database including a list of names and addresses of experts to call up for consultancy, the employees use e-mail to share and exchange knowledge with others and the hotel has an intranet which enables sharing and exchanging of knowledge with others.

Regarding factors influencing adoption of knowledge management practices in the hotels, the study found out that the factors like organizational culture, organizational structure, information technology and institutional capacity and level of training. The study further established that a team-based, non-hierarchical, self-organizing organizational structure is the most effective for knowledge sharing. Most of the hotel managers were of the opinion that a flexible organizational structure is essential successful knowledge management application. The study also established that the efficiency of knowledge management depends on institutional capacity and trained human resource that can disseminate knowledge quickly. The study further suggested that flexible structures help achieve decentralization of decision-making process by facilitating the communication process at all organizational levels. An emphasis was sought that organizational structure characterized by participative decision making, ease of information flow and cross-functional teams contribute positively to support knowledge sharing.

On competitive advantage, the study found that adoption of knowledge management practices made the hotels experience competitive advantage through the development of innovative products and minimum loss of valuable knowledge. It was also established that knowledge management practices have helped the hotels to easily adopt new ideas that are shared adequately to facilitate strategic decision making.

5.3 Conclusions

Hotels need to become aware of the significance of knowledge management in achieving organizational effectiveness, quality service delivery and to operate in an environment characterized by high levels of customer service. Knowledge management practices are adopted in the areas of knowledge creation, knowledge acquisition, knowledge filtering, knowledge storage and representation, knowledge application and knowledge distribution and exchange. Some hotels still operate in traditional structures where decisions are made at the top. Hierarchical structure negatively affects dissemination of information and can be detrimental to Knowledge Management Practices causing limited access to information by other departments within the organization. Hotels should encourage organizational culture that foster collaboration, trust, team work which are most significant in the implementation of knowledge management practices. Organization Culture creates suitable environments for knowledge exchange and accessibility. Information Technology plays a pivotal role in Knowledge Management practices as it determines how new knowledge is sourced, stored and disseminated in the organization thus hotels should endeavor to have IT infrastructure that will support knowledge management practices across the organization departments. Human Resource Capacity determines the requisite skills to effectively execute knowledge management practices. Based on the study findings, the type of organization Structure, nature of organization culture, level of application of Information Technology and Human Resource Capacity invariably affect implementation of Knowledge Management practices in Hotels in the coastal region in Kenya.

5.4 Recommendations for Policy and Practice

Knowledge management is increasingly becoming an important tool for businesses to gain a competitive advantage and in turn drive economic growth; the government should come up with relevant policies that will support the education of owners and employees of different

hotels on importance of adoption of knowledge management. In addition, owners and employees of the hotels should be encouraged to regularly attend workshops and courses to constantly improve on their technical skills and knowledge given the significance of knowledge.

5.5 Limitations of the Study

Since the respondents were senior managers, time was a constraint in that they were busy attending to managerial duties and some were not able to give ample time to answer the questions. Consequently, this resulted to a few responses received from the respondents. The study focused on senior managers in each department who may have not been directly involved in the actual work process especially in the application of knowledge. This may lead to biasness in the analysis. The study also has geographical limitations. The study was limited to the coastal region of Kenya only. It might not give a representation of all the tourist hotels in Kenya.

5.6 Suggestion for further Research

Further areas of research in Knowledge Management in the hotel industry that need to be conducted include the effect of Knowledge Process Capability; Knowledge Acquisition, Knowledge Conversion, Knowledge Protection and Knowledge Application on Organizational Performance. This is because Knowledge Process Capability is the backbone of Knowledge Management practices, and if not managed well, there is a risk of organizations not reaping the benefits of Knowledge Management. It will be important therefore to explore further whether there is a link between Knowledge process capabilities and organizational performance. The study also focused on hotels within the coastal region, the same study can be conducted for hotels in Kenya. This will it mean a larger sample and a confirmation may be made if the same practices are widespread across the country.

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APPENDIX I: LETTER OF INTRODUCTION

UNIVERSITY OF NAIROBI,
SCHOOL OF BUSINESS,
P.O BOX 30197 NAIROBI

Dear Sir/Madam,

RE: ACHIEVING COMPETITIVE ADVANTAGE THROUGH KNOWLEDGE MANAGEMENT PRACTICES IN THE HOTEL INDUSTRY IN COASTAL REGION, KENYA

The above subject matter refers.

I am a Postgraduate student undertaking a Master of Business Administration (MBA) degree at the University of Nairobi. I am currently undertaking a research on the title outlined above. Your organization has been chosen to be used for this research. I would therefore like to request for your assistance in completing the questionnaire attached to enable me complete the research. The information you provide will be treated with strict confidence and will only be used for academic purposes (this research).

Your cooperation in completing the questionnaire will be highly appreciated.

Yours faithfully,

Michael Gichuki

MBA Student.

APPENDIX II: QUESTIONNAIRE

PART A: BIODATA OF HOTEL

1. Name of the Hotel _____
2. Years of operation _____
3. Number of employees _____

PART B: THE EXTENT OF ADOPTION OF KNOWLEDGE MANAGEMET PRACTICES BY THE HOTEL

| The following is a list of knowledge management practices. Please indicate your level of agreement to each of the following items regarding whether the hotel adopt them using the scale of 1-5 where 1= Not at all; 2 = Small extent; 3 = Moderate extent; 4 = Great extent & 5 = Very great extent | What is the extent of adoption? | | | | |
|--|---------------------------------|--------------|-----------------|--------------|-------------------|
| | Not at all | Small extent | Moderate extent | Great extent | Very great extent |
| Knowledge Creation | 1 | 2 | 3 | 4 | 5 |
| Developing abilities and skills of subordinates | | | | | |
| Concerns with new ideas proposed by employees | | | | | |
| Motivating and rewarding creative employees | | | | | |
| Encouraging team work and cooperation instead of competition | | | | | |
| Encouraging employees to seek new ideas from all sources. | | | | | |
| Initiativeness to carry out jobs by methods believed as appropriate. | | | | | |
| Existence of a strong commitment to new ideas. | | | | | |
| Facilitation of ideas sharing among employees | | | | | |
| Knowledge Acquisition | | | | | |
| Seeking the help of external experts and specialists to transfer their knowledge and experience to existing personnel. | | | | | |
| Participation in conferences and workshops inside and outside Kenya as a method of obtaining knowledge. | | | | | |
| Encouraging personnel to join training programs inside and outside Kenya to gain knowledge in their fields. | | | | | |
| Knowledge Filtering | | | | | |
| In case of adopting successful international communication | | | | | |

| | | | | | |
|--|--|--|--|--|--|
| practices, the hotel modifies these practices to be suitable for Kenyan conditions and environment. | | | | | |
| The hotel filters obtained knowledge and determines the most important part to be distributed and exchanged between personnel. | | | | | |
| Each department determines important knowledge in its field to be distributed and exchanged between personnel. | | | | | |
| When new knowledge is created the hotel filter it to be suitable for work environment | | | | | |
| Knowledge Storage & Representation | | | | | |
| The hotel has a comprehensive, adequate database which is available for all personnel. | | | | | |
| The hotel documents new acquired knowledge for each accomplished project. | | | | | |
| Problems faced are documented and methods used to solve these problems for future benefits. | | | | | |
| Knowledge application | | | | | |
| The hotel treats all information received from any source and benefit from it. | | | | | |
| Employees don't face difficulty in applying work methods they have been trained on. | | | | | |
| There is always a follow up to ensure that subordinates use and apply method gained during training courses. | | | | | |
| Knowledge Distribution & Exchange | | | | | |
| The hotel's database includes a list of names and addresses of experts to call up for consultancy when needed. | | | | | |
| The hotel does not face difficulty in accessing any information needed in any work. | | | | | |
| The management fosters and promotes training courses to develop employees' skills in sharing and exchanging new ideas. | | | | | |
| The hotel has an intranet which enables sharing and exchange of knowledge with others. | | | | | |
| Employees can easily access internet to collect any information needed. | | | | | |

| | | | | | |
|---|--|--|--|--|--|
| Employees use e-mail to share and exchange knowledge with others. | | | | | |
|---|--|--|--|--|--|

PART C: THE EXTENT TO WHICH ADOPTION OF KNOWLEDGE MANAGEMENT PRACTICES AFFECT THE COMPETITIVE ADVANTAGE OF THE HOTELS

| The following is a list of competitive advantages practices. Please indicate your level of agreement to each of the following items regarding whether adoption of knowledge management affect them using the scale of 1-5 where 1= Not at all; 2 = Small extent; 3 = Moderate extent; 4 = Great extent & 5 = Very great extent | What is the extent of effect? | | | | |
|--|-------------------------------|--------------|-----------------|--------------|-------------------|
| | Not at all | Small extent | Moderate extent | Great extent | Very great extent |
| | 1 | 2 | 3 | 4 | 5 |
| Reduction of redundant work | | | | | |
| Reduced training time | | | | | |
| Easy adoption of new ideas | | | | | |
| Ease in sharing best practices | | | | | |
| Minimum loss of valuable knowledge | | | | | |
| Developing innovative products and services | | | | | |
| Supporting knowledge access | | | | | |
| Strategic decision making | | | | | |
| Application of intellectual expertise | | | | | |

SECTION D: FACTORS INFLUENCING ADOPTION OF KNOWLEDGE MANAGEMENT PRACTICES IN THE HOTEL

What factors influence adoption of knowledge management practices in the hotel in the following areas of application?

- a) Knowledge creation
- b) Knowledge acquisition
- c) Knowledge filtering
- d) Knowledge storage and representation
- e) Knowledge application
- f) Knowledge distribution and exchange

THANK YOU VERY MUCH

APPENDIX III: LIST OF HOTELS IN COASTAL REGION

1. Prideinn Hotel Mombasa
2. Voyager Beach Resort
3. Sarova Whitesands Beach Resort & Spa
4. Severin Sea Lodge
5. Kenya Bay Beach Hotel
6. PrideInn Hotel Nyali
7. Travellers Beach Hotel & Club
8. The Funzi Keys
9. BEST WESTERN PLUS Creekside Hote
10. Neptune Beach Resort
11. Emerald Flamingo Beach Resort & Spa
12. Bamburi Beach Hotel
13. Kahama Hotel
14. Makwetu Resort
15. Bahari Beach Hotel
16. Midview Central Hotel
17. Reef Hotel
18. The Plaza Beach Hotel
19. Hotel Radiance
20. Indiana Beach Apartment Hotel
21. Bliss Resort
22. Nyali International Beach Hotel
23. Hillpark Hotel - Tiwi Beach
24. Nyali Beach Holiday Resort
25. Northcoast Beach Hotel
26. Bamburi Beach Resort
27. Castle Royal Hotel
28. Pavilion Holiday Resort
29. Mombasa Beach Hotel
30. New Palm Tree Hotel
31. Pa Pweza Adamsville Beach Suites
32. Jambo Village Hotel
33. Jundan Hotel

34. Milele Beach Hotel
35. Royal Court Hotel
36. Vasco da Gama
37. Lotus Hotel
38. Ogali's K-Coast Hotel
39. Alliance Safari Beach Hotel
40. Manson Hotel
41. Sai Rock Beach Hotel
42. Hotel Sapphire Limited
43. Sai Rose Hotel
44. Sentrim Royal Castle Hotel
45. Sheba Resort & Lodges
46. Panaroma Gardens Hotel
47. Silver Star Beach Hotel

APPENDIX IV PROPOSAL CORRECTION FORM

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

Student Name..... MICHAEL GICHUKI
Registration Number..... D61/64548/2011
Department..... BUSINESS
Specialization..... STRATEGIC MANAGEMENT
Title of Project Proposal..... ACHIEVING COMPETITIVE ADVANTAGE
THROUGH KNOWLEDGE MANAGEMENT PRACTICES
BY THE HOTELS IN THE COASTAL REGION, KENYA.

The student has done all the corrections as suggested during the Proposal Presentation and can now proceed to collect data.

Name of Supervisor..... Dr. J. Maaly

Signature..... [Signature]

Date..... 30/9/2014

APPENDIX V DATA COLLECTION CERTIFICATE

