# APPLICATION OF BUSINESS ETHICS AS A STRATEGY TO INCREASE COMPETITIVE ADVANTAGE IN SERENA HOTELS IN KENYA

GITAU MARTIN KIBANDI

D61/79877/2012

**SUPERVISED BY:** 

DR. JOHN YABS

A RESEARCH PROJECT REPORT PRESENTED IN PARTIAL

FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF

THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

**DECEMBER, 2018** 

# **DECLARATION**

This research project report is my original work and	d has not been presented for any award
in any other college, institution or university.	
Signed:	Date:
Gitau Martin Kibandi	
D61/79877/2012	
This research project report has been submitted for	r examination with my approval as the
university supervisor:	
Signed:	Date:
Dr. John Yabs,	
Lecturer, School of Business,	
University of Nairobi	

## **ACKNOWLEDGEMENTS**

I acknowledge God for granting me mercies and strength to complete my studies. I acknowledge my suprervisor, Dr. John Yabs and Mr. Victor Muya Ndambuki for the great contribution he has made in the completion of this research project. I also acknowledge the personnel at the deprtment of Business Adminstration for assistance in my studies, and my colleagues and family for the continious academic and moral support.

# **DEDICATION**

This research project is dedicated to daughter Vanessa, Son Ryan James and my dear dad for support and understanding during my studies.

# TABLE OF CONTENTS

DECLARATION	ii
ACKNOWLEDGEMENTS	iii
DEDICATION	iv
TABLE OF CONTENTS	V
LIST OF TABLES	vii
LIST OF FIGURES	viii
LIST OF ABBREVIATIONS AND ACRONYMS	ix
ABSTRACT	X
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Business Ethics	3
1.1.2 Competitive Advantage	4
1.1.3 Hospitality Industry in Kenya	6
1.1.4 Serena Hotels in Kenya	7
1.2 Research Problem	8
1.3 Research Objectives	
1.4 Value of the Study	
CHAPTER TWO	14
LITERATURE REVIEW	14
2.1 Introduction	14
2.2 Theoretical Foundation	14
2.2.1 Transaction Cost Theory	14
2.2.2 Resource-Based Theory	16
2.3 Empirical Review	
2.3.1 Corporate Culture	
2.3.2 Organization Codes of Ethics	
2.3.3 The Role of Ethics in Strategy	20
2.3.4 Organizational Pressures	21

2.3.5 The Role of Ethical Standards in Organizations	22
CHAPTER THREE	24
RESEARCH METHODOLOGY	24
3.1 Introduction	24
3.2 Research Design	24
3.3 Data Collection	25
3.4 Data Analysis	25
CHAPTER FOUR	27
DATA ANALYSIS, RESULTS AND DISCUSSION	27
4.1 Introduction	27
4.2 Personal Information	27
4.3 Practices and Measures on Business Ethics Implementation	28
4.4 Challenges of Strategy Implementation Process	35
CHAPTER FIVE	38
SUMMARY, CONCLUSIONS AND RECCOEMNDATIONS	
	38
SUMMARY, CONCLUSIONS AND RECCOEMNDATIONS	<b>38</b>
SUMMARY, CONCLUSIONS AND RECCOEMNDATIONS	38 38
SUMMARY, CONCLUSIONS AND RECCOEMNDATIONS	38 38 38
5.1 Introduction	38 38 41 42
SUMMARY, CONCLUSIONS AND RECCOEMNDATIONS	3838414243
SUMMARY, CONCLUSIONS AND RECCOEMNDATIONS	3838414243
SUMMARY, CONCLUSIONS AND RECCOEMNDATIONS	3838414243
SUMMARY, CONCLUSIONS AND RECCOEMNDATIONS	383841424343
SUMMARY, CONCLUSIONS AND RECCOEMNDATIONS	3838414243434143

# LIST OF TABLES

Table 4.1: Position in the Organization	2	28
---	---	----

# LIST OF FIGURES

Figure 4.1: Duration Worked at Serena Hotel
---

## LIST OF ABBREVIATIONS AND ACRONYMS

MNC Multinational Corporation

**RBV** - Resource-Based View

TCE Transaction cost economics

TCT Transactional Cost theory

#### **ABSTRACT**

Companies are dedicated to being sustainable organizations through building long-term shareholder value while being responsible corporate citizen. It is globally believed that the only way to achieve this is by combining economic, social, environmental and codes of conduct in coming up with the business strategy. The objective of this study was to determine ethical practices and measures adopted by the Nairobi Serena Hotel as strategy to increase competitive advantage; and to establish challenges faced by Serena hotels in implementation of ethics to achieve competitive advantage. The study was anchored on transaction cost theory and resource based theory. The research was conducted through a case study design as it allowed for in-depth contextual analysis. The study targeted 9 top level management staff in Nairobi Serena Hotel. The researcher collected primary data through interviews. An interview guide was used to collect data from the targeted management staff implementation of strategic plans in Serena hotel, Nairobi. Qualitative data was content analysis. The study found out that business ethics implementation in the organization aimed to address the stakeholders concerns and needs in the dynamic environment where the stakeholders need quality products and services. The study found out that there was regular communication from managers in the organizations to the other employees on all activities in the hotel. Communication helped the managers to perform their jobs and responsibilities and communicate any new strategies that have been formulated. The study also found out that Serena hotel evaluated and followed-up the strategy implementation process. This was aimed to inform the top management and the organization at large whether the goals and objectives were being achieved or not. The study also found out that resources such as financial resources and competences, skills of the organization made up the organization's strategic capability, which enabled success in implementation of business ethics strategy. It was also established that the leadership of Serena hotel was committed to strategy execution and that this is a task that leaders could not delegate. In addition, the study established that organization culture at Serena hotel did not hinder the strategy implementation because the company is dynamic it has young managers, flexible, risk takers. The study concludes that business ethics strategy implementation at Serena hotels was largely informed by the stakeholders. Dynamic environmental changes from external and internal side of organization influenced successful strategy implementation. Communication served as a foundation for planning and execution of strategies and to inform the employees on how they are expected to contribute towards the implementation of the strategy. The leadership also inspired the employees through the communication of a captivating vision designed to motivate the staff to ambitious goals. The study recommends that the company should ensure corporate re-alignment with the organization structure for effective implementation of strategy. The organization should work towards effective communication of the vision, involvement of the entire staff; continuous reaffirmation of the new direction, continuous review of the process and giving feedback on short term gains as this will leads to effective implementation of the strategy in the organization.

#### **CHAPTER ONE: INTRODUCTION**

#### 1.1 Background of the Study

Ethics refer to the rules or standards guiding the behavior of the members of a profession or organization (Cazalot, 2005). Gini (2010) also asserts that, management needs to be proactive in building an ethical environment and employee commitment to ethical behavior. Cazalot (2005), further argue that, ethical practices help to create and sustain trust with consumers and value chain members. There have been extensive public concerns about poor ethical practices in business organizations, fueled by highly publicized scandals such as those at Enron, Siemens, Uchumi supermarkets, Kenya airways and the infamous pyramid schemes among others.

A strategic plan is a set of processes undertaken in order to develop a range of strategies that will contribute to achieving the organizational direction (Tapinos *et al.*, 2005). This therefore calls for formulation of a coherent document which will guide the efforts of all the stakeholders, outline what the organization is trying to achieve and how it intends to achieve it. Strategic planning is important to an organization because it provides a sense of direction and outlines measurable goals. Strategic planning is a tool that is useful for guiding day-to-day decisions and also for evaluating progress and changing approaches when moving forward (Benjamin & Carroll, 1998).

Business ethics are concerned with "ethical rules and principles, moral or ethical problems, and special duties and obligations that apply to persons engaged in commerce. Marketing's involvement outside the organization with customers and value chain members often exposes it to situations where ethical and moral issues are particularly evident (Cazalot, 2005). According to Boatright (2005), the reality in the modern world is that ethics and social responsibility are important because of their impact on all stakeholders from shareholders and suppliers to employees and customers. Importantly, neglect or poor handling of these issues have a strong possibility of negative backlash.

According to Penrose (1959) resource based-theory, the firm is a bundle of resources and capabilities. These resources and capabilities are made up of physical, financial, human and intangible assets. The theory is conditioned on the fact that resources are not homogenous and are limited in mobility. The firm can translate these resources and capabilities into a strategic advantage if they are valuable, rare, and inimitable and the firm is organized to exploit these resources. Business ethics is an intangible asset.

The transaction cost approach to the theory of the firm was created by Ronald Coase (1937), Transaction cost refers to the cost of providing for some good or service through the market rather than having it provided from within the firm. Coase (1937) contends that, in order to carry out a market transaction it is necessary to discover who it is that one wishes

to deal with, to conduct negotiations leading up to a bargain, to draw up the contract, to undertake the inspection needed to make sure that the terms of the contract are being observed, and so on. More succinctly transaction costs are: search and information costs, bargaining and decision costs and policing and enforcement costs.

#### 1.1.1 Business Ethics

According to Cazalot (2005), ethics refer to the rules or standards guiding the behavior of the members of a profession or organization. Gini (2010) also asserts that, management needs to be proactive in building an ethical environment and employee commitment to ethical behavior. Cazalot (2005), further argue that, ethical practices help to create and sustain trust with consumers and value chain members. There have been extensive public concerns about poor ethical practices in business organizations, fueled by highly publicized scandals such as those at Enron, Siemens, and others.

Business ethics are concerned with "ethical rules and principles, moral or ethical problems, and special duties and obligations that apply to persons engaged in commerce. Marketing ethics focus on those ethical situations that fall within the marketing operations scope of in organization. Marketing's involvement outside the organization with customers and value chain members often exposes it to situations where ethical and issues are particularly evident (Cazalot, 2005). For example, sales people have been frequent targets for criticism regarding ethical standards they

exposed to more ethical pressures than people in other jobs do; they work in relatively unsupervised settings; they typically face demanding sales revenue targets; and many are largely "paid by results."

According to Boatright (2005), the reality in the modern world is that ethics and social responsibility are important because of their impact on all stakeholders from shareholders and suppliers to employees and customers. Importantly, neglect or poor handling of these issues have a strong possibility of negative backlash. Two trends are particularly indicative of the relevance of ethics to business firms in most industries. A rapidly increasing number of organizations have established ethics executives with responsibility for guiding their firm's ethics and social responsibility initiatives. Business ethics as competitive advantage involves effective building of relationships with a company's stakeholders based on its integrity that maintains such relationships. Business relationships, like personal ones, are built on trust and mutual respect (Boatright, 2005; White, 2006).

#### 1.1.2 Competitive Advantage

Competitive advantage is a business concept describing attributes that allow an organization to outperform its competitors. These attributes may include access to natural resources, such as high grade ores or inexpensive power, highly skilled personnel, geographic location, high entry barriers, etc. New technologies, such as robotics and information technology, can also provide competitive advantage, whether as a part of the product itself, as an

advantage to the making of the product, or as a competitive aid in the business process (for example, better identification and understanding of customers).

Michael Porter defined competitive the two types of advantage an organization can achieve relative to its rivals: lower cost or differentiation. advantage derives from attribute(s) that allow organization to This an outperform its competition, such as superior market position, skills, or resources. In Porter's view, strategic management should be concerned with building and sustaining competitive advantage.

Competitive advantage is the business competitiveness. It seeks to address some of the criticisms of comparative advantage. Porter proposed the theory in 1985. Porter emphasizes productivity growth as the focus of national strategies. Competitive advantage rests on the notion that cheap labor is ubiquitous and natural resources are not necessary for a good economy. The other theory, comparative advantage, can lead countries to specialize in exporting primary goods and raw materials that trap countries in low-wage economies due to terms of trade. Competitive advantage attempts to correct for this issue by stressing maximizing scale economies in goods and services that garner premium prices (Stutz & Warf, 2009).

The term competitive advantage refers to the ability gained through attributes and resources to perform at a higher level than others in the

same industry or market (Porter, 1980). The study of such advantage has attracted profound research interest due to contemporary issues regarding superior performance levels of firms in the present competitive market conditions. "A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential player" (Barney, 1991).

Successfully implemented strategies will lift a firm to superior performance by facilitating the firm with competitive advantage to outperform current or potential players (Passemard & Calantone, 2000). To gain competitive advantage, a business strategy of a firm manipulates the various resources over which it has direct control and these resources have the ability to generate competitive advantage. Superior performance outcomes and superiority in production resources reflects competitive advantage.

#### 1.1.3 Hospitality Industry in Kenya

This is traced back in the migration and settlement of ethnic groups messengers were sent on foot and they were accommodated where night found them. When the first Arabs to visit arrived at the Kenyan coast and they were accommodated by the coastal community. This hospitality stay in Kenya attracted more Arabs to trade in ivory and slaves. The traders needed accommodation thus leading to establishment of hospitality premises along the coast region of Kenya. In the construction of the famous Kenya-Uganda railway establishments were set up to cater for the laboures and the

managers for example, Stanley hotel. Later during the 1960's the government took initiative which lead to further development of hospitality establishments.

This attracted both local and international investors to invest in the industry hence exponential growth. Some have grown to be multinational companies (MNCs) e.g. Serena. Pfeffer (1994) defines Multinational Company as a corporation that has its facilities and other assets in at least one country other than its home country; however the industry has faced major challenges due to the travel advisories by foreign governments. This has resulted from the threats of terrorism which earlier started with the direct attacks on the hotels and kidnapping of foreign tourists for ransom.

#### 1.1.4 Serena Hotels in Kenya

Serena Hotels, owned and operated by the Aga Khan Fund for Economic Development, are luxury resorts, safari lodges, and hotels in some of the most exquisite and remote settings in Africa. When the Serena Group was established in the mid 70's, the aim was simple but challenging, to become the leading hotel group in East Africa. Today this goal has become a reality and Serena Hotels are recognized both locally and internationally as clear market leaders, offering the highest standards of service in establishments of unique design in prime locations throughout the region.

Serena's key aim is to assist developing countries to expand their economies and maintain adevelopment philosophy focusing on the creation of local employment and that design and operation respect the environment. The

Nairobi Serena Hotel is a member of the prestigious Leading Hotels of the World organization while Zanzibar Serena Inn and Kirawira Camp are members of the Small Luxury Hotels of the World organization. This has been achieved through a management philosophy that embraces customer service as the number one priority.

Emphasis on training means Serena has a staff committed to providing personalized and friendly service. Serena has the distinction of being the only purpose built hospitality network in East Africa and a massive investment programme has ensured that the Group properties offer unrivalled standards and facilities. Each property is enhanced by its unique surroundings, and expands horizons for travelers while respecting local ways of life. Indigenous design and materials are integrated with the most amenities and complemented by exceptional service. As pioneer, Serena Hotels has initiated important environmental programmes to protect the Continent's wildlife and fragile habitats. Focusing on smaller, high quality wildlife experiences, Serena promotes sustainably designed lodges and camps and prides itself on care of the land, wildlife and most importantly of people – be it guests or employees.

#### 1.2 Research Problem

Financial excellence results when a corporation's values and its ethics support its strategy (Petrick & Quinn, 2011). Svensson and Wood (2004) contends that many companies, unbeknownst to their leadership, operate with at least

three separate, and usually non-aligned, value systems: the values that management communicates, both orally and in writing; the values that employees believe drive management's conduct; and the values that actually underpin the interpersonal dynamics of the organization. Petrick and Quinn, (2011) asserts that, to gain strategic advantage, these three systems must first be identified, and then integrated into one system of values.

According to Shleifer (2004), ethics is a component of strategy because every business secures its future by making a contribution. Shleifer contends that, the act of making a contribution is fundamentally an ethical activity. Identifying that contribution and maximizing its value is the field of strategy. Profit is the value the market attaches to an organization's contribution and the efficiency with which it makes that contribution. According to Porter (1998), organizations optimize their productivity when employees view their work as much more than the mere trading of skills for money. To achieve this heightened commitment, organizations should integrate their values, translate them into an ethic, and align that ethic with their strategies. When an organization achieves this, its employees see their work as vehicles with which to fulfill their own higher spiritual quests to make rare and needed contributions. The money they earn reflects the value of their contribution and provides them with both economic security and emotional self-esteem. This leads employees to invest their intellects and their passion in the work they do, driving their

organizations' thinking to the very edge of competitiveness, and their performance (Porter, 1998).

A fundamental change in the business environment is likely to create pressure for change in an organization. Any specific factor in the business environment will affect some organizations more than others. It will also affect some organizations favorably while posing a threat to others. It is imperative for organizations to continuously study the environment and respond to its dynamism, heterogeneity, instability and uncertainty if they are to retain their competitive advantage. All organizations are environmental dependent, and can thus be referred to as open systems. Strategic response is important in dealing with environmental challenges because, if a firm wants to succeed in the long run, it has to make every effort to ensure that it is not affected adversely by environmental challenges. For any organizations to survive and succeed in such environment, it must understand the changes and adopt strategies that will enable it align and realign itself favorably (Ansoff, 1998).

Liberalization and globalization of world economies have caused turbulence in the business environment, more so to those in the hospitality industry, Serena Group of Hotels being in the industry. In this regard, protected organizations have found themselves in an unfamiliar trading environment. Their past operational efficiency and markets are no longer protected. Their employees are now faced with more pressure to deliver more value in a very competitive environment. Response strategies involve change as organizations and their environment are constantly changing. Some of the environmental challenges that have faced Serena

Group of Hotels include; decline in the shilling value, the Al-Shabaab terror attacks happening in the present, as well as the reduced tourists visiting the country.

At Serena hotels in Kenya, while not all consumers are driven by ethical concerns, and those who are may be a small part of the market, it has been noted that consumers with high ethical standards make up a distinct segment in many markets, with a willingness to pay higher prices for ethical products, and more inclination to "punish" producers of unethical products. Nonetheless, there is some virtue in testing rather than assuming that consumers care enough about moral issues to pay more.

A number of studies have been done locally on business ethics and response strategies in a changing environment; Waruingi (2012) focused on response strategies adopted by Serena hotels to deal with environmental challenges; Mathenge (2012) focused on ethical issues in the construction industry in Kenya; Mathenge (2013) researched on value of commercial banking in Kenya: an ethical perspective. Internationally, Desphade (1996) focused influence of organizations ethical climate on job satisfaction: Kooh and Boo (2006) focused on organizations ethics and job satisfaction. While these studies have revealed that ethical climate of an organization have an effect on the employees job satisfaction and performance, the organizations adopt equally different strategies to respond to use of ethics as a strategy to gain competitive advantage. Therefore, the findings cannot be generalized to apply across all organizations. Consequently, no known study has looked at application of business ethics as adopted by Serena Group of Hotels to gain competitive advantage. This study sought

to address the inherent gap by answering the questions: how is the Serena group adopting the business ethics as a strategy to gain competitive advantage? And what are the challenges encountered in the implementation of this strategy?

#### 1.3 Research Objectives

The study aimed at achieving the following research objectives:

- To determine ethical practices and measures adopted by the Nairobi Serena Hotel as strategy to increase competitive advantage.
- To establish challenges faced by Serena hotels in implementation of ethics to achieve competitive advantage.

#### 1.4 Value of the Study

This research work adopts Transaction cost theory, the strategic resources model, since resource-based theory identifies as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal. The theory may be beneficial in identifying the school potential key resources and Evaluate whether these resources fulfill: Valuable, Rare and In-imitable, Non-substitutable principles of the theory.

The business sector as whole and individual firms will also benefit from an understanding of business ethics in these terms. Once a firm has established itself as a company, which conducts business honestly, takes a level of corporate social responsibility and forgoes ruthless and cutthroat practices this is of immediate value to the business.

Creating strong partnerships with other ethical companies is another advantage to running an ethical workplace. In today's global economy businesses are often dependent on one another for sustainability and growth and this good reputation could aid in building partnerships. It is also proven that good ethics lead to a loyal following; customers tend to shy away from businesses that are known to be unethical or recognized for being less than stellar in their behavior. One bad experience, negative treatment or shady business deal is all it takes for a customer to be willing drop their loyalty. In today's competitive environment, the companies, which act unethical, will lose in the long run. Sure they might make a quick profit through their unscrupulous acts, but this kind of profit isn't the sustaining kind. Over the long term, their dishonesty is going to catch up with them because they will not be able to retain loyal customers.

Businesses that regularly practice good ethics attract consumers and build a solid reputation in the long run. When the business acts in an ethical fashion it gives the business a positive impression and as a result, it can achieve a good reputation. Word of mouth and good press are positive referrals and if the business can receive the stamp of approval from customers, news and even reviews on the Internet this will increase the organization chances to be more profitable.

#### **CHAPTER TWO: LITERATURE REVIEW**

#### 2.1 Introduction

In this chapter, a summary of theoretical literature, which explores the implementation of strategic plans in hotel sector and relates to the current situations of Serena hotels.

#### 2.2 Theoretical Foundation

In this study, transaction cost theory and strategic resource based theory is reviewed. Transaction cost theory, the strategic resources model, and the practice of many successful companies show that ethics can be a source of competitive advantage, while models of management decision making demonstrate that ethical problems are not limited to seemingly intractable dilemmas in medicine and the environment.

#### **2.2.1 Transaction Cost Theory**

The transaction cost approach to the theory of the firm was created by Ronald Coase (1937), Transaction cost refers to the cost of providing for some good or service through the market rather than having it provided from within the firm. Coase (1937) contends that, in order to carry out a market transaction it is necessary to discover who it is that one wishes to deal with, to conduct negotiations leading up to a bargain, to draw up the contract, to undertake the inspection needed to make sure that the terms of the contract are being observed. More succinctly transaction costs are: search and information costs, bargaining and decision costs and policing and enforcement costs.

The main research question that transaction cost theory (TCT) seeks to address is why economic transactions are organized in the way that they are in the modern society (Williamson, 1994). Specifically, why are economic transactions internalized within the boundaries of firms while others are procured to external parties? Stated more simply: why do firms do what they do? Or, as recently exposed by Madhok (2002) why don't firms do what they don't? The general conclusion is that activities internalized inside the firm when there is some form of market failure, and most notably market failure of intermediate inputs. TCT argues that there are costs to conduct transactions through the market; these transaction costs can be reduced through mechanisms other than markets (Coase, 1937; Williamson, 1975). Specifically there are costs to "drafting, negotiating, and safeguarding any exchange or transaction" that are "friction" impeding smooth transactions (Williamson, 1985, p. 20). TCT claims that these transaction costs driving economic organization are as important as production costs, or perhaps even more important.

TCT claims that the firm, in many cases, provides a relatively more efficient method of organizing relative to the market because of optimization of transaction costs or overall value. Therefore, TCT is about efficiency and views economic organization as being principally concerned with the relative efficiency of optimizing on transaction costs. TCE poses the problem of economic organization as a problem of contracting (Williamson, 1985, p. 20).

#### 2.2.2 Resource-Based Theory

The resource-based view (RBV) as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal (Penrose, 1959 and Wernerfelt, 1984). The currently dominant view of corporate strategy resource-based theory or resource based view (RBV) of firms is based on the concept of economic rent and the view of the company as a collection of capabilities. This view of strategy has a coherence and integrative role that places it well ahead of other mechanisms of strategic decision making. Each organization is a collection of unique resources and capabilities that provides the basis for its strategy and the primary source of its returns (Wernerfelt, 1984).

Resource-based theory can be confusing because the term resources are used in many different ways within everyday common language. It is important to distinguish strategic resources from other resources. To most individuals, cash is an important resource. Tangible goods such as one's car and home are also vital resources. When analyzing organizations, however, common resources such as cash and vehicles are not considered to be strategic resources. Resources such as cash and vehicles are valuable, of course, but an organization's competitors can readily acquire them. Thus an organization cannot hope to create an enduring competitive advantage around common resources.

The tangibility of a firm's resources is an important consideration within resource-based theory. Tangible resources are resources that can be readily seen, touched, and quantified. Physical assets such as a firm's property, plant, and equipment, as well as cash, are considered to be tangible resources. In contrast, intangible resources are quite difficult to see, to touch, or to quantify. Intangible resources include, for example, the knowledge and skills of employees, a firm's reputation, and a firm's culture. In comparing the two types of resources, intangible resources are more likely to meet the criteria for strategic resources (i.e., valuable, rare, difficult to imitate, and non-substitutable) than are tangible resources. Executives who wish to achieve long-term competitive advantages should therefore place a premium on trying to nurture and develop their firms' intangible resources.

#### 2.3 Empirical Review

This section entails conducting a critical review of relevant empirical research and making some original contribution to knowledge or understanding in the area of the study.

#### 2.3.1 Corporate Culture

Trevino and Weaver, (1997) in their work on "ethical issues in competitive intelligence practice: consensus, conflicts, and challenges", deduced that, cultural change is more effective when it begins with an acknowledgment of existing values. The final point again relates to the way in which education and personal development in values and ethics occur in individuals. The

ethical behavior of individuals is determined by their values and by how they think about ethical dilemmas. It is also influenced by the situation and culture within the organization, be that classroom, factory or office.

Many organizational change programs are based on the assumption that learning and change will be more effective if they build on existing knowledge, 'guiding their learning in graduated steps' (Robbins, 1993). If this is to occur, some information about the existing values and ethical understanding of the organization's members must be available to those to whom this aspect of education is entrusted. It also means that some understanding of the ethical preferences of the organization is required. Learning will be less effective if the words and actions do not match, and some organizations conduct value surveys to obtain this information.

According to Svensson and Wood, (2004) research on corporate ethics and trust in intra-corporate relationships", the ethical orientations of both organizations and individuals may be influenced by external or personal factors, but there will be many for whom the preferences are strongly held and stable.

#### 2.3.2 Organization Codes of Ethics

In his research work, "competitive advantage through people", Pfeffer, (1994) asserted that, ethical commitment enhances the bottom line through improved reputation, and is an enduring, hard-to-copy intangible asset. Development of ethics codes is the cornerstone of building an ethical culture in an

organization and that the codes enable employees to understand what is expected of them in the workplace.

According to Andrei (2004), codes cover areas that range from responsibilities communities, the environment and questions of safety and health, relationships with employees and customers, etc. Codes of ethics also provide a device for enabling employees to communicate to customers and suppliers about the expectations of their firm in its business dealings and that outside-the-chain-of-command ethics codes provide formal, to communicate upwardly in the organization without fear of reprisal. Shleifer (2004)'s work on "does competition destroy ethical behavior?", concluded that, the ethics code is a positive document that reminds us of those enduring values that influence attitudes, actions, and the choices and decisions we day in make our work stations that subsequently create organization's uniqueness. He however notes that, the code need not be allowed to work as a stand-alone.

Petrick and Quinn (2011) establishing "Integrity Capacity as a strategic asset in achieving organizational excellence", highlighted that, the strategic benefits of actively managing ethics in an organization include: building employee loyalty, hence reducing hiring and training costs, reducing theft, fraud and other illegal activities in the firm, driving sales up and building customer loyalty, creating community goodwill, attracting quality applicants with minimum investment in recruitment and substantial improvement of society

through poverty alleviation. Ethical business is indeed good business and, when it becomes part of your company's fabric; it really does pay off in the end.

#### 2.3.3 The Role of Ethics in Strategy

Boatright, (2005) in his book ethics and conduct of business, contends that, financialq excellence results when a corporation's values and its ethics support its strategy. Ethics is a component of strategy because every business secures its future by making a contribution. The act of making a contribution is fundamentally an ethical activity. Identifying that contribution and maximizing its value is the field of strategy. Profit is the value the market attaches to an organization's contribution and the efficiency with which it makes that contribution.

According to Hartman (2005), employees who see their company making a contribution (with profits outcome), rather as the generating shareholder wealth, commit to their work with greater passion. This leads to a partnership between employees and corporate leadership that boosts innovation and uplifts performance. Ethics play a vital role in the preservation of this priceless partnership, which can thrive only in an atmosphere of trust and integrity. Trust and integrity result from integrating an organization's disparate value systems and aligning them with the organization's strategic objectives.

Organizations optimize their productivity when employees view their work as much more than the mere trading of skills for money (Richard, 2006). To achieve this heightened commitment, organizations should integrate values, translate them into an ethic, and align that ethic with their strategies. When an organization achieves this, its employees see their work as vehicles with which to fulfill their own higher spiritual quests to make rare and needed contributions. The money they earn reflects the value of their contribution and provides them with both economic security emotional self-esteem. This leads employees to invest their intellects and their passion in the work they do, driving their organizations' thinking to the very edge of competitiveness, and their performance (Richard, 2006). This argument was confirmed in research conducted by Strategic Business Ethics among 10,000 people of 10 different cultures and all management levels (Lapin, 2002).

#### 2.3.4 Organizational Pressures

Organizational pressures can further complicate ethics issues, especially for employees of larger firms (Verhezen & Peter, 2005). The small business owner can often do a great deal to shape the ethical environment in which his or her employees work (and the ethical rules under which the business itself operates), but the responsibility for imposing ethical standards in larger organizations often becomes more diffuse. But both large and small

businesses sometimes impose operating systems that make it more tempting for workers to engage in acts that are questionable or wrong (Richard, 2006).

As Hosmer (2010) pointed out, a business may employ an incentive system for its sales force that is so heavily commission-oriented that salespeople feel greater pressure to take bribes, or a corporate control system may be so fixated on cost controls that production managers find it impossible to fulfill orders without using inferior materials or cutting corners on workmanship. Indeed, Hosmer observed that perhaps the most powerful organizational pressure that can be placed on an employee is the pressure to do the "wrong" thing for the alleged good of the company. In such instances, the employee is presented with a choice between career and morality. According to Hartman (2005) many people in business also find themselves at crossroads wherein the ethical road is clearly marked, but see at a glance that the other road looks far more inviting because of its promises of professional or financial advancement.

#### 2.3.5 The Role of Ethical Standards in Organizations

In examining the role of ethical standards in multinational companies, Bowie and Vaaler (1999) noted that the ethical climate of a corporation is knowledge-based, and embodied in individual employees or in organizational routines. Business ethics' is the moral evaluation of the goals, policies, practices, and decisions taken within business organizations as they impact on human well-being, fairness, justices, humanity, and decency. Here, the term 'ethics' is

synonymous with 'morality' which is in general equivalent terms. Often business ethics is presented in terms of the decisions facing individuals as board members, managers, or employees and the dilemmas that is choices between competing moral considerations, or temptations (as in conflicts of interest) facing them.

Friedman and Douglas (2000) however argues that, these individual choices have to be seen in the context of the roles that people are expected to play within a specific organization operating in a particular type of political, economic, and social system. This means that business ethics has to consider the moral critique of business and management practices as a whole and not just address the behavior of individual managers and others. It is individuals who must ultimately make moral choices, either on their own or collectively, but identifying what choices exist and decisions they ought to make requires analysis of the morality of the existing and potential system and its constituent roles.

#### CHAPTER THREE: RESEARCH METHODOLOGY

#### 3.1 Introduction

The chapter discusses the methodology, which was used in the study in order to achieve the research objectives. The areas covered include research design, data collection procedures and data analysis.

#### 3.2 Research Design

The research was conducted through a case study design as it allows for in-depth contextual analysis. Mugenda and Mugenda (1999) observes that a case study is a powerful form of qualitative analysis and involves careful and complete observation of a social unit be it a person, family, cultural group or an entire community and/or institution. This study therefore was built on similar ground as it allows the researcher to understand social reality in a subjective but scientific manner. Research design 'deals with a logical problem and not a logistical problem'. A research design is not just a work plan. A work plan details what has to be done to complete the project but the work plan will flow from the project's research design.

The function of a research design is to ensure that the evidence obtained enables us to answer the initial question as unambiguously as possible. Obtaining relevant evidence entails specifying the type of evidence needed to answer the research question, to test a theory, to evaluate a programme or to accurately describe some phenomenon. In other words, when designing research we need to ask: given this research question (or theory), what type

of evidence is needed to answer the question (or test the theory) in a convincing way?

#### 3.3 Data Collection

The researcher collected primary data through interviews. An interview guide was used to guide the researcher in collecting data on implementation of strategic plans in Serena hotel, Nairobi. A total of 9 interviewees were interviewed. The interviewees were drawn from the top level management that is the general manager and the managing Director. Middle level management were also interviewed that is finance manager, accountant, accounts assistant, procurement officer, chef, operation manager and property manager. The interviews were conducted by face to face to ensure that the all the question are sufficiently answered. This also helped in guiding on the time that was to be used.

### 3.4 Data Analysis

Qualitative data was analyzed through content analysis. According to Mugenda (1999), content analysis is the systematic qualitative description of the composition of the objects or materials of the study. It involves observation and detailed description of objects, items or things that comprise the study. The method allowed the researcher to learn and understand the underlying issues as well as get actual facts on strategy implementation, its challenges and ways of overcoming it.

Analysis of data is a process of inspecting, cleaning, transforming, and modeling data with the goal of discovering useful information, suggesting conclusions, and supporting decision-making. Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, in different business, science, and social science domains.

# CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

#### 4.1 Introduction

This chapter presents the results and findings as analyzed from the data collected. The main objective to determine ethical practices and measures adopted by the Nairobi Serena Hotel as strategy to increase competitive advantage and the challenges faced by Serena hotels in implementation of ethics to achieve competitive advantage.

#### 4.2 Personal Information

This section presents the demographic information of the respondents. The respondents' demographic information reflects the relevant attributes of the population; it forms the basis under which the study can rightfully access the relevant information. The respondents' information captured included: number of years worked in organization, current position and major responsibilities.

#### **4.2.1 Duration Worked at Serena Hotel**

The respondents were asked to indicate the number of years of they had worked at Serena Hotel. The findings are presented in Figure 4.1.

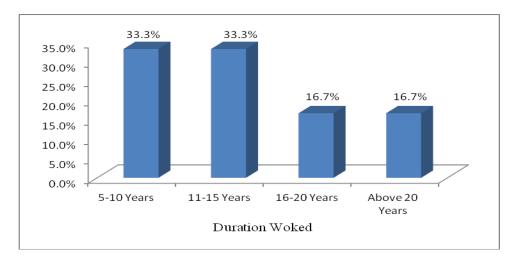


Figure 4.1: Duration Worked at Serena Hotel

The study results in Figure 4.1 show that 33.3% of the respondents indicated that they had worked at Serena Hotel for a duration of 5-10 years and 11-15 years respectively. On the other hand, 16.7% of the respondents indicated that they had worked at Serena Hotel for a duration of 16-20 years and more than 20 years respectively.

## **4.2.2 Position in the Organization**

The respondents were asked to indicate their position in the organization. The findings are presented in Table 4.1.

**Table 4.1: Position in the Organization** 

Position	Frequency	Percentage
Assistant managing Director	1	16.7
Finance Manager	1	16.7
Senior Accountant	1	16.7
Procurement officer	1	16.7
Senior Chef	1	16.7
Operation manager	1	16.7
Total	6	100.0

The study results in Table 4.1 show that the respondents who took part in the study includes one assistant managing director, one finance manager, one senior accountant, one procurement officer, one senior chef and one operation manager.

# **4.3 Practices and Measures on Business Ethics Implementation**

This section addresses the first objective of the study which sought to determine ethical practices and measures adopted by the Nairobi Serena Hotel as strategy to increase competitive advantage.

# 4.3.1 Stakeholders Concerns Consideration

The study enquired from the respondents whether the concerns of stakeholders were taken into consideration in implementing the strategy. The respondents overwhelmingly indicated that business ethics strategy implementation at Serena hotels was largely informed by the stakeholders. They explained that business ethics implementation was aimed to address the stakeholders concerns and needs in the dynamic environment where the stakeholders need quality products and services. These dynamic environmental changes from external and internal side of organization influenced successful strategy implementation.

The respondents further indicated that the organization recognized the views of key stakeholders. Serena hotels relied on these views as well as stakeholders' knowledge and expertise, in processes of strategy implementation. The respondents also indicated that participation by stakeholders allowed the management to tap into the specialized knowledge, for instance of lower-level employees which could improve the strategy and its execution. They explained that a strategy formulated without stakeholders consideration, for instance the employee involvement, was more likely to have major flaws.

## 4.3.2 Role of Communication in the strategy Implementation Process

The respondents were asked to indicate the role of communication in strategy implementation process in Serena Hotel. The respondents indicated that there was regular communication from managers in the organizations to the other employees on all activities in the hotel. The respondents indicated that communication helped the managers to perform their jobs and responsibilities and communicate any new strategies

that have been formulated. They stated that communication served as a foundation for planning and execution of strategies and to inform the employees on how they are expected to contribute towards the implementation of the strategy. The communication also included what the hotel wants to achieve and how they will go about it in achieving or implementing the strategies. Therefore all the essential information is communicated to the entire organization.

From the findings majority of respondents indicated communication to the staff is enhanced through meetings, written memos, or oral communication. The respondents also indicated that regular updates' from the top management on the strategy implementation and the open forums during the departmental quarterly business presentations improved the communication in strategy implementation. The respondents acknowledged that the channels of communication were clear and open with the employees.

#### 4.3.3 Team Training on Implementation Process

The study enquired from the respondents whether the team involved in implementation process was trained. Majority of the respondents indicated that the some staff were to spearhead strategies in the organization, though it was not always. The respondents indicated that a set of employees were trained to enhance knowledge, skills, and self-confidence to make them perform better and spear head the strategy implementation process.

Team training consisted of courses, collective classes, (on-the-job) training, and coaching. The respondents revealed that the trained was aimed at equipping the team with sufficient skills to execute the strategy through recruitment, ensure organizational change and impact positive attitudes to execute the strategy.

# **4.3.4** Evaluation and Follow-up During Implementation

The respondents were asked whether Serena hotel considered evaluation and follow-up necessary during implementation process. The respondents indicated that evaluation and follow-up of the strategy was necessary as it informed the top management and the organization at large whether the goals and objectives were being achieved or not; whether the goals were being achieved according to the timelines specified in the plan; whether the deadlines and timelines of implementation were on schedule and whether they needed to be changed.

The respondents further indicated that the evaluation and follow-up was necessary since it informed the top management whether the resources (money, equipment, facilities, training, etc.) were adequate to achieve the goals; whether the goals and objectives were still realistic; whether the goals should be changed. The feedback received during evaluation and follow-up helped the organization to make any necessary drastic changes in the implementation process. The information also helped to improve future planning activities.

## **4.3.5** Measuring Success of Implementation Process

The respondents were asked whether the team involved in the implementation process measured the success of implementation process. Majority of the respondent revealed that team involved in the implementation process measured the success of implementation process. They reported that the organization formulated a list of criteria against which to measure success of implementation process. The team used both quantitative and qualitative data to measure the success and that the measure indicators were specific and simple, measurable and realistic. The respondents revealed that team used balanced scorecard as performance measurement tools, which combined the measurement of financial and non financial perspectives.

## 4.3.6 Management Recognition of Performance Achieved by the Team Involved

The respondents were asked whether the management recognized performance achieved by the team involved. Majority of the respondents indicated that the management acknowledged and recognized performance achieved by the team involved. The respondents indicated that the team involved was well trained and competent and therefore their report and performance achieved was well recognized the management.

#### 4.3.7 Contribution of Organization Culture on Strategy Implementation Process

The study sought to determine whether the organization culture contributed to the strategy implementation process. From the findings majority of the respondents indicated that the company culture does not hinder the strategy implementation because the company is dynamic it has young managers, flexible, risk takers. They revealed that the organization's culture was strong and cohesive and the organization conducted its business according to a clear and explicit set of principles and alues which the management devoted considerable time to communicating to employees. They indicated that the values are shared widely across the organization and that the culture of the company was compatible with the strategy being implemented.

The researcher further enquired on the measures that are taken to ensure that the organization culture is always compatible with the strategy. Majority of the respondents indicated that the human department always organizes annual team building events to assist in bonding, the communication of corporate values to all employees including the new one as early as during the induction program. The respondents also indicated that there is the signing of performance targets and conducting of appraisals, the employee award scheme based on performance is also a cultivation factor to ensure that the organization's culture is always compatible with the strategy.

## 4.3.8 Role of Organization Structure in the Implementation Process

The respondents were asked to indicate the role played by organization structure in the implementation process in Serena hotel. The respondents indicated that the organization had a clear and decentralized organization structure that was aligned to the

strategy. The structure according to the respondents increased commitment of employees to decision-making, speed of decision-making, and improves the quality of decisions using specialized knowledge of employees at lower levels in the organization. The respondents further indicated that the organization had a clear structure with clear procedures, rules and responsibilities that gave employees certainty during strategy execution process.

#### 4.3.9. Leadership in the Strategy Implementation Process

The study sought to establish the leadership was useful in the strategy implementation process. Majority of the respondents indicated that the leadership as headed by the CEO was responsible for the outcome of the strategy implementation in the organization. The respondents reported that the leadership of Serena hotel was committed to strategy execution and that this is a task that leaders could not delegate.

The respondents revealed that the current leadership was useful as they were responsible for articulating and communicating an attractive strategic vision that guides the execution. Moreover, they stated that the leadership inspired the employees through the communication of a captivating vision designed to motivate the staff to ambitious goals; and with such, there was increased willingness of employees to follow the leader and the organization vision by practicing moral virtues such as fairness, integrity, honesty, loyalty, determination, courage and responsibility. This enhanced strategy implementation process to a great extent.

#### 4.4 Challenges of Strategy Implementation Process

This section addressed the second objective of the study which sought to establish challenges faced by Serena hotels in implementation of ethics to achieve competitive advantage.

#### 4.4.1 Slump in Tourism and Strategy Implementation

The study enquired from the respondents whether the slump in tourism imposed any challenge in strategy implementation process. From the findings, majority of the respondents indicated that the slump in tourism had not imposed any challenge implementation of business ethics strategy at Serena hotel. However, the respondents acknowledged that slump in tourism had affected the hotel's tourism earnings, hotel occupancy rates and hotel stay unit nights had all been negatively affected. As a result, the hotel was under pressure to come up with responsive measures and strategies to ensure that the companies enhanced its performance and its competitive edge in the market. The respondents indicated that the recent challenges had spurred the organization to explore new revenue streams, including business tourism and domestic tourism.

#### 4.4.2 Social Economic Environment and Strategy Implementation Process

The respondents were asked to indicate whether social economic environment hinder implementation process. Majority of the findings indicated that the social economic environment did not hinder implementation process of business ethics strategy. However, a few indicated that with the changing environment, there emerge a number of influences on an organization's purpose. They indicated that changing expectations of different stakeholders affect the purpose and focus of the strategy. Cultural influences from within

the organization and from the world around it also influence the business ethics strategy in the organization. The respondents revealed that for successful strategy implementation it is important for the company to understand the economic environmental effects as well as expected or potential changes in environmental variables

## **4.4.2** Technological Changes and Strategy Implementation Process

The study sought to establish whether technological changes and advancement causes challenges in the strategy implementation process. The respondents agreed that technological changes did not affect strategy implementation process, but rather it influenced the implementation process of business ethics strategy. The respondents explained that the organization existed in a changing technological environment which affected strategy implementation in the organization.

The respondents further revealed that new technologies had altered the strategic environment in ways that offer significant new opportunities for the hotel and that the technologies were strongly related to the long-term enterprise growth and prosperity, competitive advantages and innovations development. It therefore implies that technological changes and advancement enhances strategy implementation process.

## 4.4.3 Legal Awareness and Implementation Process

The study sought to determine whether legal awareness such as labour laws posed any challenge in the implementation process of business ethics strategy. From the findings, the respondents indicated that legal awareness such as labour laws influenced business ethics strategy implementation in Serena hotel. The respondents indicated that Serena

hotel industry operates in a regulated environment and that the organization has to adhere to the laid down laws and regulations.

The respondents revealed that the legal awareness gave an understanding on the relationship between ethics and the law and appreciate why it is important to behave ethically. The respondents revealed that that Serena hotel complied to all laws for instance, on labour laws and practices, which includes acknowledging employees rights to join a trade union. The respondents wee of the opinion that this enhanced professional reputation, personal credibility and improved client service in the organization, which enhanced competitive advantage of the firm.

## **4.4.4 Resources and Implementation Process**

The respondents were asked to indicate whether the level of resources committed hindered the implementation process of business ethics strategy. From the findings the respondents indicated that resources such as financial resources and competences, skills of the organization made up the organization's strategic capability, which enabled success in implementation of business ethics strategy.

The respondents further indicated that the available resources were adequate for the strategy implementation in the company. Physical and technological resources were adequate for the strategy implementation, however, a times the organization had inadequate finances and human resources which hinder the strategy implementation. This clearly indicated that insufficiency fund and insufficient personnel's in the company were challenges facing implementation of strategies in the Company.

# CHAPTER FIVE: SUMMARY, CONCLUSIONS AND

## RECCOEMNDATIONS

## 5.1 Introduction

This chapter provides a summary of findings, conclusions and recommendations of the study based on the objectives of the study. It entails a synthesis of key issues of the objectives of the study as deduced from the entire research.

#### **5.2 Summary**

The study found out that business ethics strategy implementation at Serena hotels was largely informed by the stakeholders. They explained that business ethics implementation was aimed to address the stakeholders concerns and needs in the dynamic environment where the stakeholders need quality products and services. These dynamic environmental changes from external and internal side of organization influenced successful strategy implementation. Serena hotel recognized the views of key stakeholders. Serena hotels relied on these views as well as stakeholders' knowledge and expertise, in processes of strategy implementation. The respondents also indicated that participation by stakeholders allowed the management to tap into the specialized knowledge, for instance of lower-level employees which could improve the strategy and its execution. They explained that a strategy formulated without stakeholders consideration, for instance the employee involvement, was more likely to have major flaws.

The study found out that there was regular communication from managers in the organizations to the other employees on all activities in the hotel. Communication helped the managers to perform their jobs and responsibilities and communicate any new

strategies that have been formulated. Communication served as a foundation for planning and execution of strategies and to inform the employees on how they are expected to contribute towards the implementation of the strategy. The communication also included what the hotel wants to achieve and how they will go about it in achieving or implementing the strategies. Therefore all the essential information is communicated to the entire organization. Communication to the staff is enhanced through meetings, written memos, or oral communication. The channels of communication were clear and open with the employees. The top management regularly updated the employees on the strategy implementation.

The study established that Serena hotel had a team which as mandated to spearhead strategies in the organization, though it was not always. There were a set of employees that were trained to enhance knowledge, skills, and self-confidence to make them perform better and spear head the strategy implementation process. The training was aimed at equipping the team with sufficient skills to execute the strategy through recruitment, ensure organizational change and impact positive attitudes to execute the strategy.

The study also found out that Serena hotel evaluated and followed-up the strategy implementation process. This was aimed to inform the top management and the organization at large whether the goals and objectives were being achieved or not; whether the goals were being achieved according to the timelines specified in the plan; whether the deadlines and timelines of implementation were on schedule and whether they needed to be changed. The evaluation and follow-up was also necessary since it

informed the top management whether the resources (money, equipment, facilities, training, etc.) were adequate to achieve the goals; whether the goals and objectives were still realistic; whether the goals should be changed. The feedback received during evaluation and follow-up helped the organization to make any necessary drastic changes in the implementation process.

The study established that organization culture at Serena hotel did not hinder the strategy implementation because the company is dynamic it has young managers, flexible, risk takers. The organization's culture was strong and cohesive and the organization conducted its business according to a clear and explicit set of principles and values which the management devoted considerable time to communicating to employees. The values were shared widely across the organization and that the culture of the company was compatible with the strategy being implemented. On organization structure, it was found out that the organization had a clear and decentralized organization structure that was aligned to the strategy. The structure increased commitment of employees to decision-making, decision-making, and improves the quality of decisions using specialized knowledge of employees at lower levels in the organization.

On leadership and strategy implementation process, it was established that the leadership of Serena hotel as headed by the CEO was responsible for the outcome of the strategy implementation in the organization. The leadership of Serena hotel was committed to strategy execution and that this is a task that leaders could not delegate. They were responsible for articulating and communicating an attractive strategic

vision that guides the execution. Moreover, they stated that the leadership inspired the employees through the communication of a captivating vision designed to motivate the staff to ambitious goals; and with such, there was increased willingness of employees to execute the organization vision which enhanced strategy implementation process to a great extent.

On social economic environment and implementation process of business ethics strategy, it was found out that cultural influences from within the organization and from the world around it also influence the business ethics strategy in the organization. The study also found out that resources such as financial resources and competences, skills of the organization made up the organization's strategic capability, which enabled success in implementation of business ethics strategy. The available resources were adequate for the strategy implementation in the company. Physical and technological resources were adequate for the strategy implementation, however, a times the organization had inadequate finances and human resources which hinder the strategy implementation.

#### **5.3 Conclusions**

The study concluded that for effective strategy implementation in hotel industry such as Serena, there needs to be adequate financing to meet the costs of strategy implementation, the funds allocated should be received on schedule without delays, there shouldn't be internal changes to the fund allocation for strategy implementation, there must be adequate resources to cater for training related to business ethics implementation. The study further concluded that for effective strategy implementation the organization must have adequate and competent

personnel to handle fund management and the organization should effective internal control systems that can enhance fund utilization.

Further, it was concluded that the organizational structure should be one which enhances internal communication which is key in enhancing strategy implementation, the organizational structure should be tailored in such a way that it facilitates the process of strategy implementation effectively and efficiently and the composition and structure of the board should be geared towards enhancing strategy implementation in the organization in order to achieve competitive advantage.

#### **5.4 Recommendations**

The study recommends that management of the company should ensures adequate communication was sought to be important to ensure staff understand the strategy through meetings, also it's incorporated in staff through the cascading of all target through performance contract and help in understanding the strategy of the company.

The study recommends that the company should ensure corporate re-alignment with the organization structure for effective implementation of strategy and this could be achieved through recruiting the professionals and undertaking skill gap analysis exercised and conducted annually with gaps shaped. This implies that there were measures taken to re align the company's structure to easy implementation of strategy in the company.

The study also recommends that the organization should work towards effective communication of the vision, involvement of the entire staff and community; continuous

reaffirmation of the new direction, continuous review of the process and giving feedback on short term gains as this will leads to effective implementation of the strategy in the organization.

The study further recommends that continuous monitoring of strategy implementation is importance to ensures performance evaluation of corporate bodies which should be done annually and adopting performance contracting as this will ensure the company performs better in it operations.

#### **5.5** Limitations of the Study

In carrying out the study, the researcher encountered a few challenges. One of the challenges was that, the target respondents for this study were managers. Majority of them were quite busy and had tight schedule due to work pressure and could not therefore have adequate time to answer the questionnaires at the time the researcher presented the questionnaire to them. To ensure that they adequately answered the questionnaire, the researcher used drop and pick later method as as to allow the respondents to answer the questionnaire at their own free time.

#### 5.6 Reccomendations for Further Research

This study sought to ethical practices and measures adopted by the Nairobi Serena Hotel as strategy to increase competitive advantage. This study was a case study of only one hotel among many other players in the industry. The study therefore recommends that a future studies should be conducted in other hotels or other organizations in different sectors for comparison of results.

# REFERENCES

- Boatright, J. (2005). Ethics and Conduct of Business, fourth edition, Pearson Education.
- Cazalot, C. (2005). Creating competitive advantage through business ethics, *Executive Speeches Journal*, April/May issue.
- Friedman, D. (2000). Ethics needed to be Part of the Cutting Edge, Erlanger, 104, 2-14.
- Geoghegan, J. & Azmi, R. (2005). *Corporate Governance Enforcement: Between Institutional Investors and Social Pressure*, the Fifth Annual Conference of the Faculty of Commerce Alexandria University on Corporate Governance, Alexandria, 545-560.
- Gini, A. (2010). Moral leadership and business ethics, Loyola University Chicago in ethics and leadership working papers, *Academy of Leadership*.
- Harting, T., Harmeling, S., & Venkataraman, S. (2006). Innovative Stakeholder Relations: When "Ethics Pays" and "When it doesn't" ", *Business Ethics Quarterly*, 16, 43-68.
- Hartman, L. (2005). *Perspectives in business ethics*, third edition, McGraw-Hill International Edition.
- Mugenda, M.O & Mugenda, G.A (1999). Research methods: Quantitative and

  Qualitative approaches: Nairobi, African Centre for Technology studies (ACTS)

  Press
- Papadis, V. M., Lioukas, M. & Chambers, D. (1998). Strategic decision-making processes: The role of management and context, *Strategic Management Journal* 19, 115–147.

- Penrose, E. (1959). *The Theory of the Growth of the Firm*, (Third Ed.). Oxford, UK: Oxford University Press
- Peteraf, M. A. (2003). The cornerstones of competitive advantage: a resource-based view, Strategic Management Journal 14, 179–191.
- Petrick, J., and Quinn, J. (2011). Integrity capacity as a strategic asset in achieving organizational excellence, *Journal of Measuring Business Excellence*, 5, 24-31.
- Pfeffer, Jeffrey (1994). Competitive advantage through People, California Management Review, Winter, 9-28.
- Porter, M. (1998). *The Competitive Advantage of Nations*, The Free Press, Simon & Schuster Inc.
- Schendel, D. and C. Hofer: (2009). Introduction, in D. Schendel and C. Hofer (eds.),

  Strategic Management: A New View of Business Policy and Planning (Little

  Brown, Boston, MA), 1–12
- Serena hotels website: http://www.serenahotels.com/serenanairobi/default-en.html, accessed on 13<sup>th</sup> June 2015
- Shleifer, A. (2004). Does Competition Destroy Ethical Behaviour? Harvard University.
- Svensson, G., and Wood, G. (2004). Corporate ethics and trust in intra-corporate relationships, *Journal of Employee Relations*, 26, 320-336.
- Trevino, L., and Weaver, G. (1997). Ethical issues in competitive intelligence practice: consensus, conflicts, and challenges, *Competitive Intelligence Review*, 8.
- Verhezen, Peter (2005). Integrity as good reputation, international conference on ethics and integrity of governance: A Transatlantic Dialogue, Belgium.
- White, R. (2006). Mutual respect pays off, Manufacturer's View Journal, 95.

**APPENDICES** 

APPENDIX I: LETTER OF INTRODUCTION

Dear Sir/Madam,

**REF: REQUEST FOR RESEARCH DATA** 

I am a Master of Business Administration (M.B.A.) student at the University

of Nairobi. I am required to submit as part of my course work assessment,

a research project report on "APPLICATION OF BUSINESS ETHICS AS A

STRATEGY TO INCREASE COMPETITIVE ADVANTAGE IN SERENA HOTEL

IN KENYA". Your institution has been selected to participate in the study. I kindly

request you to give an audience for a face-to-face interview to generate data required for

this study. This information will be used purely for academic purposes and will be treated

with confidentiality.

Your assistance and cooperation will be highly appreciated.

Thank you in advance.

GITAU MARTIN KIBANDI

D61/79877/2012

M.B.A. Student

University of Nairobi

i

#### APPENDIX II: INTERVIEW GUIDE

# Goals of the interview process

The main goal of the interview process is to determine the practices adopted and challenges encountered in the application of business ethics as strategy to increase competitive advantage at Serena hotel.

## **Section I: Personal information**

- 1. For how long have you worked at Serena hotel?
- 2. What is your current position in the organization?
- 3. What are the major responsibilities of the position held?

#### Section II: Practices and measures on business ethics implementation.

- 4 Were the concerns of stakeholders taken into consideration before implementing the strategy?
- 5 What role does communication play in the strategy implementation process?
- 6 Does the team involved trained on implementation process? If yes, how often?
- 7 Do you consider evaluation and follow-up necessary during implementation process?
- 8 Does the team involved measure success of implementation process? Specify the indicators used.
- 9 Does the management recognize performance achieved by the team involved?
- 10 Does the organization culture contribute to the strategy implementation process?
- 11 What role does the organization structure play in the implementation process?

12 Do you consider the current leadership useful in the strategy implementation process?

# **Section III: Challenges of Strategy Implementation Process**

- 5 Did the current slump in tourism impose any challenge in strategy implementation process?
- 6 Does social economic environment hinder implementation process?
- 7 Do the technological changes and advancement cause challenges in the strategy implementation process?
- 8 Does the legal awareness such as labour laws pose any challenge in the implementation process?
- 9 Does Kenya tourism board cause challenges in the implementation of the strategy?
- 10 Does the ministry of tourism regulations cause challenges in the implementation of the strategy?
- 11 Do the workers unions pose challenges in the process of strategy implementation?
- Does the level of resources committed hinder the implementation process?

# APPENDIX III: LIST OF SERENA HOTELS AND LODGES IN KENYA

- 1. Nairobi Serena hotel
- 2. Amboseli Serena
- 3. Serena Mara
- 4. Lake Elementaita
- 5. Serena mountain lodge
- 6. Serena beach resort and spa
- 7. Kilanguni
- 8. Sweet waters

Source: www.serenahotels.com