

**STRATEGIC RESPONSE BY FIVE STAR HOTELS IN
HOSPITALITY INDUSTRY TO ENVIRONMENTAL TURBULENCE
IN KENYA**

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DECLARATION

I declare that this research project is my original work and it has not been submitted for examinations in any institution for academic purposes.

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This research project has been submitted for examinations with my approval as University supervisor.

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DEDICATION

I wish to dedicate the research project to my Mum Susan Chelimo for all the tirelessness encouragement throughout my life.

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ABBREVIATIONS & ACRONMYS

H &R Act	-	Hotel and Restaurant Act
RBV	-	Asset based view
SPSS	-	Statistical programme for social science

ABSTRACT

The research project addresses the strategic responses by five star hotels in hospitality industry to environmental turbulence in Kenya. The strategic responses are due to the competitive environment found in the dynamic hospitality industry. The ability of managers to make decisions and hard choices, the strategies adopted play an important role in defining the strategies that are used and how to overcome new competitions arising from the ever changing consumer needs. The study was guided by environmental dependency and resource based view theories. The research methodology was guided by descriptive survey research design. The study did target 168 respondents who consisted of upper and middle managers in 8 of the five star hotels. The study employed Krjelic & Morgan table as sample determination formula to obtain 117 respondents. Data was collected using questionnaire with response rate of 85% that was useful in obtaining several responses from a wide scope of target population. Data was then coded and analysed using descriptive statistics (mean, standard deviation, frequencies). The findings showed that 18% of the respondents have been working in the hotel for less than a year while 20% have been in the hotel for between 1-2 years. 52% and another 10% have been working in the hotel for between 3-4 years and over 5 years respectively. The findings also showed that 28% of the respondents have been in the position for less than one year while 54% have been in the position for between 1-2 years. Another 10% have been in the position for between 3-4 years while 8% have been in the position for over 5 years. It was noted that strategic plan of the hotel is often revised and the findings showed that hotels revise their strategic plans yearly (28%), 2-4 years (49%), 5-6 years (23%) and none revises between 6-10 years. The findings indicated that majority of the respondents were of the opinion that the hotels are experiencing turbulence (48%) while 24% stated that it was irregular. Some 18 % were of the opinion that it was relatively. The study also revealed that the most common strategic response for hotels is product development and modification (46%) and aggressive market campaigns (36%). Some respondents believed that market development (15%) and corporate social responsibility (03%) were the most common and best response to environmental turbulence. The study recommended that top management of the hotels should change their organization policies in order to ensure that strategies are integrated into the management policies as they contribute to organizational performance and response to the ever changing and dynamic environment in the hotel industry. At the same time, the owners of the hotels need to provide a favorable environment and support that will encourage creativity and innovation among employees while employees in lower cadres should embed strategic thinking practices, techniques and methods in their respective working procedures and activities.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

In different environments, responses of businesses vary based on the type they are exposed to. This enables these businesses to be a float as they try to manage these environments. Competition is cited as one of the major challenges facing majority of the businesses and organization within their operating environment. (Hamel & Prahalad 1993). Emergence of businesses has seen development of hospitality industry over the years. The study was seeking to establish the strategic responses that five star hotels in hospitality industry has to environmental turbulence.

Hamel & Prahalad (1993) stated that due to the presence of these factors with competition being the fiercest of them all, it has brought about extinction of hotel businesses and also affecting their profit margins. This has hotels going back to the drawing board and developing various tactics to be able to adapt the ever changing business environment.

Based on these threats, hotels aim their resources and energy on developing mechanisms that can propel them ahead of their competitors through analysis of the various factors that make them the preferred choice as compared to their rivals within the same the hospitality environment (Hame & Prahalad, 1993). As studies suggest, imitating a rival's strategy is difficult due to the fact that they are stretched within the hotels line of operations and rooted within its clientele and employees (Johnson & Scholes, 1997).

Due to the changing in equilibrium of the market and entrance of new market players in hotel industry, hotels are tasked with the task of reinventing itself so as to maintain its clientele of which if the reinventing is not done correctly loses are dimmed to be experienced in the long run. Change in consumer needs and preference act as the point of contention in making the organization review its playing cards thus trying to review and analyze its strategies based on the ever changing consumer needs. As argued by Johnson, Scholes & Whittington (2008) that the level of hotel competition experience is linked to the type of business in operation and its operating ecosystem.

1.1.1 Concepts of strategic management

Based on various scholars and studies conducted, the entire strategic process can be summarized into designing of the strategy and its implementation mechanisms. Studies done by Thompson & Martin (2005) state that the strategic process can be broken down into formulation, implementation and evaluation. However this argument is disputed by other scholars like Mintzberg et al. (2003) who attributed the classification as more of convenience rather than realistic thus encourages the whole or holistic interpretation of the complete cycle or process (Pettigrew & Whipp, 1991 & Ketchen et al., 2004).

Jurevicius (2013) stated that strategic formulation revolves around mission setting, goal setting and organizational objectives and the external business environment and how it affects the business performance. Further, it can be noted that organization's resources that are within and alternative strategic choices are part of strategic formulation activities. It can also be noted that stakeholder authority and ability of making independent

decisions have an effect on the decision making within the organization. The choice of strategies to be adopted relies on various aspects that include desires of the organization, feasibility and availability of resources to make the strategy a success and what the potential and desirable strategies to be enacted and employed (Seibel, 1996).

In his studies, Rajasekar (2014) stated that the implementation of strategies was concerned with the developing strategies to be implemented to maximize the firm's performance. This was found to be achieved through effectively managing change and its agents and also the commitment of management in managing these changes. However, it was noted that strategic evaluation was the least looked at component within the strategic ecosystem. It was found that strategic evaluation was important in analysing the extent of which the strategies adopted were successful. Although strategic evaluation is tied to organizational performance and measures used to achieve them, it contributes in understanding of what is required to meet the set objectives and what adjustments need to be made to those strategies that are under performing with relation to the ever changing business environment and consumer needs.

1.1.2 Strategic Response

According to Markides (2014) suggested that for any firm to be successful it had to align its strategies with its external environment as majority of businesses were entangled with constrictions and eventualities arising from these external environments. Jennings (2003) echoed these sentiments by stating that every organization and business had the task of

monitoring and evaluating its operational environment and device mechanisms to counter attack the various competitions arising from these external environments.

Majority of scholars within the strategic management portfolio have concentrated on the competitive business ecosystem but only from the economic angle under the premise that they are objective in nature and official thus management role in the creation and association with the ever-changing business atmosphere abandoned. Based on this understanding, ignoring these dimensions on competition within this business ecosystem limits the understanding of the competition phenomenon among the set business ecosystem (Panagiotou, 2006).

According to De Villa and Rajwani (2013) opines that the body of knowledge accumulated from the dynamism of organizations is appreciated in minimal measures based on the view by management on the competitive environment and its impact within the industry. Although the ability of managers to make decisions and hard choices, the strategies adopted play an important role in defining the strategies that are used and how to overcome new competitions arising from the ever changing consumer needs. Through this understanding, managers are tasked with the duty of ever developing new strategies to counter attack the emerging competition within their operation thus contributing to the survival of the organization and increase in consumer uptake of their products (Bukhszar, 1999).

1.1.3 Environment dependency

Thompson & Strickland (2002) in their study stated that strategic concepts act and revolve around the measures taken to compact the ever-changing business environment. These measures are tied to the ability and mechanisms used by the organizations remain relevant within its sphere of operations. These sentiments are supported by Porter (1980) who defined these strategies in three approaches that included pricing of commodities and services and product differentiation.

Porter (1980) further stated that these responses to threats within the business environment were plans that when executed they enabled the organization achieve its set of objectives thus achieving its mission. Most organization were found set their strategies on various aspects which included services and products they offered, there day to day activities and managerial and employee relationship. Through these aspects, majority of the organization achieved their success and also managed to eradicate the emerging competitions within their sphere of operations.

According to Johnson & Scholes (2002) it was noted that there is a linkage between corporate level response and business level responses to organization threats especially with competitiveness within the same industry of operations. Based on their analysis, it was found that corporate response was linked to the top-level management whom were tasked with various aspects of ensuring that the organization operated at its maximum as they reported the entire success and failures to their superiors and the various stakeholders. It can also be noted that based on the continues competition within and

organization operating environment diversification was found to be necessary in ensuring that the organization remained relevant thus a continued development cycle of strategies was necessary and all times as without these strategies the organization becomes irrelevant thus losing consumer touch (Ansoff & Mc Donnell (1990).

1.1.4 Hospitality industry in Kenya

Over the years the hospitality industry in Kenya has been faced with various myriads of problems especially with concerns of manpower. Various scholars have tried to look at some of the best performing hotels within the country i.e. Asudi (2011) praised the Serena Hotel for its ambience environment and consumer-oriented approach of which was found to be top notch thus a preferred destination for many people both local and internationally. He further, noted that the model employed by this hotel was well advanced and played a key role in ensuring that consumers had the best services and that it met the ever-changing consumer preferences. Employee relationship was also noted to be of importance as the employees had the knowledge and had the ability to interact with consumers thus enabling them to understand what shortfalls befell the hotel of which improvements were made.

Within the economy of a country, the hospitality industry plays an important role in ensuring that clients who use these services are satisfied thus making referrals to others to use the facilities. In his study, Heywood (2009) defined hotels as businesses that provided accommodation services to individuals who needed in exchange of money. The various

amenities he described included swimming pools, fitness centers, tours and travelling services amongst others.

1.1.5 Five Star Hotels

The hotel industry in Kenya has a rich history dating back to the period before the 19th century when the first catering unit was built in coast. Currently, there are eight 5-star hotels in Nairobi. The first hotel to be recorded in Kenya was built in Mombasa and will be called “The Grand Hotel which will be located at the site of the former “Minor Hotel”. In Nairobi, some of the first hotels to be established are the Stanley Hotels in Nairobi have remained of the key players in the Hotel business in the capital city. Today they are amongst the leading 5-star hotels in the capital city.

The Hotel and Restaurant Act in 1972 Chapter 492 gives a legal definition of a hotel as any buildings on which settlement is connected or accessible for supply with or without sustenance or administrations to at least five grown-up people at any one time in return for cash or cash's worth. This definition incorporates premises, for example, benefit pads, diversion hotels and shoreline houses, however, does exclude any premises kept running by a general public, individuals club, establishment or other association utilized only by and to serve individuals from that society, club, foundation or other association, which does not accommodate day by day enrollment.

1.2 Research Problem

Over the years the hospitality industry has been faced with challenges that are tied to poor strategic formulation and the inability to adapt to the ever-changing consumer needs and specification. The rigidity among some of the dominant players has contributed to majority of them closing shop due to limited customers or no business at all thus experiencing losses that are huge. The entrance of new technologies the likes of online marketing and e – commerce has enabled some of the bigger brands to amerce a huge following thus meeting consumer needs. Based on these arguments, the need for hotels to be observant and have analytical skills is important in determining which direction to follow thus adopting new techniques that enable them be at bar with their competitors within the same business environment. With the introduction of online marketing, majority of the players in the industry have adopted the e-commerce model so as customers can have all the required information about their hotels.

Over the years a variety of research work has been done on strategic responses to environmental changes both globally and locally. Goro (2003) in his findings stated that majority of commercial institutions i.e. banks adopted various marketing strategies the likes of advertisements so as to create their visibility thus increment in consumer base. These sediments were also echoed by Kandie (2001) who discovered that for the case of Telkom Kenya Ltd had to reduce their operational costs by laying-off its workers so as to be viable within the telecommunication spectrum and the competitive nature within it. Migunde (2003) also revealed that for the case of Kenya Broadcasting Corporation had to

do a lot of improvement of its programming and coverage so as to compact the ever-increasing competition from its rivals who had invested heavily in the media market.

Based on the intermittent and emerging working condition and the nature of competitive environment, organization leadership should be well placed to accommodate change and response effectively to novel and unexpected strategic issues. Due to these reasons there was need to look at what environmental change strategic responses does the five stars hotels adapt to environmental changes?

1.3 Research Objectives

The objective of the study was to determine the importance of strategic responses on performance by five-star hotels in hospitality industry to environmental turbulence in Kenya.

1.4 Value of the study

Findings of the study were set to value several persons and institutions:

To various stakeholders within the hospitality industry on the importance of promoting strategic ideas within the organization hierarchy among five – star hotels in understanding how strategic management formulation in an increasing competitive environment is important and advantageous.

The study will also contribute to the body of knowledge within the strategic capacity especially within the hospitality industry in Kenya and also to academicians. It will also provide basis for other studies and research to be done so as to bring out the importance

of proper strategic thinking within the management cycles of organizations and how to implement them based on the threats they are experiencing.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter dealt with review of thematic literature on concept of strategy, business environment and strategic responses. The chapter also outlined the various strategic responses firms make in attempts to enhance their competitive advantage and respond to opportunities and threats in the operating environment.

2.2 Theoretical basis of the study

Environmental dependency theory and resource-based view theories has for a long time received praise for being at the heart of the organization- environment co-alignment process in strategic decision making and so heavily emphasized in both the business policy and organization theories strategy management (Kotler, 1997). Coming up with strategy begins with formulation of a framework in which activities will be stationed upon, followed by strategic development. The next event involves providing the required conditions and resources that will facilitate the implementation process. The management will then take consideration of the dynamic environment when formulating such strategies (Hokinsson & Snehota, 2006).

Pearce & Robison (1997) state that in order for organizations to achieve their goals and objectives, it is necessary for them to adjust to their environment. This means that organizations should constantly change their strategies in order to remain competitive. It also requires that organizations should continuously learn, adapt and re-orient themselves to the changing environment. The process has to be deliberate and coordinated leading to

gradual or radical systematic realignments between the environment that result in improvements in performance and effectiveness.

Where an organization fails effectively to adapt to its environment it has led to a strategic problem (Ansoff & McDonnell, 1990). It is therefore through strategic response that a firm will be able to relate itself to the environment to ensure its success. A sequence of activities in which they will be performed systematically with integration of resources defines a competitive strategic response by an organization. Taking environment in consideration a combination of resources will be allocated optimally to fit a certain decision or response. The environment works like a system in which resources are borrowed and exchanged mutually across the organization scope (penning, 1985).

2.2.1. Environmental dependency theory

The theory takes in the account of the business condition being exceptionally unique and continues showing the two chances and difficulties to the associations that works in. Components that impact the business condition incorporate the administration, social-monetary elements and globalization; Organizations must get by investigating the ecological elements, recognize the chances and react in a way that grabs these chances to guarantee survival and development. A new age paradigm is emerging in the business environment where governments are expected to do less; that they should reduce their responsibilities, privatize public services where practicable and reform their own operations (Self, 1998).

The government strategic reactions to outer condition has been found to impact present day aggressiveness of firms inside it; the legislature can impact and be affected by the determinants of intensity in the business condition. The four determinants are; firms technique structure and competition, factor conditions; request conditions and related and supporting enterprises. Factor conditions are influenced through dies down, strategies towards capital markets, approaches towards training (Porter, 1990). The government also acts as a regulator, buyer, and shapes supporting industries. (Republic of Kenya: SEPIP-1996). The determinants measure the degree to which the national condition is a ripe one for contending in an industry.

The organization's corporate technique in reacting to condition change should help during the time spent building up an unmistakable ability and upper hand at the business level. There is an essential connection between corporate-level and business level. As per Johnson and Scholes (2002), corporate level reactions are the primary level of methodology at the highest point of the association, which is worried about the general reason and extent of the association to meet the desires for proprietors or significant partners and increase the value of various parts of the undertaking. At a general key level Ansoff & Mc Donnell (1990), proposes three reasons why firms differentiate. The goals cannot be accomplished by proceeding to work in their current market.

2.2.2 Resource based view theories

As composed by Grant (1991) and much similarly as Hill (1989) has put it, the asset-based model begins with a broad investigation of those working abilities and skills

existing inside the firm. The present overwhelming nature of work on the firms depends on the idea of monetary lease and the perspective of the organization as an accumulation of abilities. Allocation of resources contributes significantly on the functionality and performance of any enterprise as the main contributor to leadership (Kay, 2005).

The asset-based view (RBV) suggestions elementary and key bits of information organizations firms with profitable, uncommon, inimitable, and effectual assets may increase in value prevalent execution (Barney, 1995). Its present conspicuousness is mirrored not just by its predominance in the scholastic diaries, by its combination in motivating vital texts which permits the end that it is generally cultivated to understudies and professionals in undergrad, experts' and authorized projects. The asset-based view (RBV) of the firm forms itself around the interior capabilities of firms. Upper hand is viewed as being established inside a firm, in resources that are significant and matchless (Barney, 1991; Russo & Fouts, 1997).

Unmistakable resources make reference to the stable and existing resources of the suggestion that have a established long run limit (Wernerfelt, 1989). Precedents incorporate plant, hardware, arrive, other capital merchandise and stocks, borrowers and bank stores. Unmistakable resources have the properties of possession and their esteem is generally simple to gauge (Hall, 1989). The book estimation of these benefits is evaluated through customary bookkeeping components and is typically reflected to be decided sheet valuation of organizations. The other characterizing normal for unmistakable resources is that they are straightforward (Grant, 1991) and generally frail at opposing

duplication endeavors by contenders. For instance, however plant or land might be topographically stable, they are moderately imitable and substitutable (Rukwaro, 2001). Impalpable resources integrate threatened innovation, for instance, trademarks and licenses and also brand and friend's notoriety, organization systems and databases (Hall, 1992; Williams 1992). The nearness of elusive resources represents the huge contrasts that are seen between the monetary best valuation and securities exchange valuation of freely cited organizations (Grant 1991; Rumelt 1987) for example, in the pharmaceutical area where licenses are basic.

2.2.3 Concept of Strategy

As indicated by Porter (1980) procedure is about rivalry and the methods by which an association attempts to pick up an upper hand. He has depicted a class plot comprising of three general kinds of techniques that are usually utilized by organizations. The three non-specific methodologies are as per the following: key extension and key quality (Njau, 2000). Vital extension is an interest side measurement and takes a gander at the size and organization of the market to be focused on. Key quality is a supply-side measurement and takes a gander at the quality or center competency of the firm. Likewise, he distinguished two skills that he felt were most critical: item separation and item cost (proficiency) (Mpungu, 2005).

The four conceivable corporate techniques are; showcase infiltration, item advancement, advertise improvement and broadening as procedures that directors could consider as approaches to develop the business by means of existing as well as new items, in existing

or potentially new markets. In any case, he calls attention to that an expansion procedure stands separated from the other three methodologies. The initial three methodologies are typically sought after with a similar specialized, money related, and promoting assets utilized for the first product offering, while broadening as a rule requires an organization to secure new aptitudes, new procedures and new offices. In this manner, expansion is intended to be the most dangerous of the four techniques to seek after for a firm. As indicated by him, enhancement is a type of development promoting system for an organization. It tries to build benefit through more prominent deals volume got from new items and new markets (Ansoff, 1980).

Technique advancement is a multidimensional procedure that must include sound examination and instinct, experience, and feeling. Be that as it may, regardless of whether procedure definition is formal or casual, whether techniques are ponder or emanant, there can be little uncertainty with regards to the significance of deliberate investigation as an imperative contribution to the methodology procedure. Without examination, the procedure of methodology plan, especially at the senior administration level, is probably going to be clamorous with no reason for looking at and assessing choices. Besides, basic choices wind up helpless to the impulses and inclinations of individual supervisors, to contemporary prevailing fashions, and to pie in the sky thinking (Henry, 1978).

2.3 Organization and environment

The business condition is exceptionally unique and continues exhibiting the two chances and difficulties to the associations that works in it. Elements that impact the business

condition incorporate the administration, social-monetary elements and globalization; Organizations must get by breaking down the ecological elements, distinguish the chances and react in a way that grabs these chances to guarantee survival and development (Mintzberg & Quinn, 1988). A new age paradigm is emerging in the business environment where governments are expected to do less; that they should reduce their responsibilities, privatize public services where practicable and reform their own operations (Self P -1998). What has been driving this change is the question as to why some nations are seen to be more prosperous than others (Porter, 1990).

According to Porter a better question would be “Why does a nation become the home base for so many of an industry’s world leaders”? While struggling to answer the question governments try to encourage investments in their countries to meet high productivity level that would guarantee improved living standards. It is the decisive characteristics of a nation that would allow its firms to create and sustain competitive advantage on external environment effects in a particular field. The government strategic responses to external environment have been found to influence modern competitiveness of firms within it; the government can influence and be influenced by the determinants of competitiveness in the business environment. The four determinants are; firms strategy structure and rivalry, factor conditions; demand conditions and related and supporting industries (Kombo, 1997).

Factor conditions are influenced through dies down, approaches towards capital markets, strategies towards instruction, and so on (Watchman, 1990). The determinants measure

the degree to which the national condition is a rich one for contending in an industry. Administration conditions continue moving bringing about to an exceedingly capricious condition (Steiner, 1997). Then again, Social and political solidness of a nation has an exceptionally huge job in impacting the industrialization procedure. Globalization has made another circumstance where new sorts of employments are getting to be accessible; new ventures are made; generation, purchaser and exchange is changing; markets are disrupted; and financial arrangements are moving in any business condition making a wide range of chances for associations to exploit. (Hickman, 1992).

2.4 Strategic Response and Environment

The achievement of each organization is controlled by its responsiveness its operating environment. For any organization to hold its upper hand it needs to look at both outer and inside condition and react likewise. Associations get their contribution from nature and after change release their yield into a similar domain. The earth is made out of political legitimate social and mechanical variables (Porter, 1985).

Vital reactions are worried about choices and activities intended to accomplish business goals and reason. System answers the major inquiries of 'where would we like to go? Where are we now? Furthermore, how would we arrive?' Three territories of an organization procedure are imperative in distinguishing the reactions of a firm to its ecological difficulties. These include: Objective setting which include long haul and here and now objectives; the vision and mission of the organization; Strategic bearings which include what business exercises should the organization move in and where; Competitive

technique where after contemplations of the association's aggressive qualities and shortcomings strives a-vi rivalry and client needs, the organization builds up a place of upper hand (Lowes, 1994).

After an investigation of the condition the firm may pick any of the nonexclusive focused techniques in light of chances. Cost Leadership can be accomplished through efficiencies, cost decreases, overhead decreases and so on. Separation may appear as plan or brand picture, innovation, quality, sturdiness, after deal administrations, Distribution and market blend and so forth. Spotlight includes concentrating on a specific purchaser, fragment, or geographic markets. A firm neglecting to build up its procedures in any of the three bearings is 'stuck in the center' and experiences absence of center, low inspiration, obscured corporate culture and clashing arrangement of association courses of action. (Watchman, 1998) .The key bearings a firm may pick may incorporate Market entrance procedure, Market advancement system, Product improvement technique or broadening methodology. This could likewise be depicted as Horizontal development, Vertical development, Conglomerate development or internationalization (Ansoff, 1990).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter is concerned with research design to be used in the study, the study target population, sampling design, data collection procedure and the data analysis procedures to be used.

3.2 Research Design

The study adopted descriptive research design. As stated by Kothari (2004) descriptive research design is useful in the description of behaviors of individuals within the area of study. This description attempts to relate the relation between the various components under study. Moreover, research design made it possible for the researcher to undertake a robust and in-depth research with a view of realizing a holistic and explanation and examination of phenomenon (Oswald & Price 2010).

3.3 Target population

The study had a target population of 168 respondents from the 8 (5-star) hotels in Kenya. They consisted of general manager, marketing manager, finance manager, senior chef, security managers, front office manager, operations and other senior manager. The target population represented individuals with key information in reference to strategic response use in hotels.

Table 3.1: Target Population

Target group	Target population
General Managers	8
Finance managers	8
Operations managers	8
Front office managers	8
Senior chefs	24
Security managers	8
Other senior managers	96
Total	168

Source: (Hotels HR master roll, 2018)

3.4 Sampling design

The study used random sampling method as part of the sampling design. This method is found to be useful as it allows the researcher to use statistical data to analyze the prevailing conditions and also in finding levels of confidence. This method is useful in that the respondents have equal chances of representation within the study and purposively provide information relevant to the study (Nachmias & Nachmias, 1996).

The study sample size was 117 respondents using the Krecjie and Morgan tables

Table 3.2 : Sample determinations

Target group	Target population	Sample population
General Managers	8	$8/168*117 =5$
Finance managers	8	$8/168*117 =5$
Marketing managers	8	$8/168*117 =5$
Operations managers	8	$8/168*117 =5$
Front office managers	8	$8/168*117 =5$
Senior chefs	24	$24/168*117 =16$
Security managers	8	$8/168*117 =5$
Other senior managers	96	$96/168*117 =71$
Total	168	117

Source: (Hotels HR master roll, 2018)

3.4 Data collection procedure

The study collected data by use of questionnaires designed using Likert's scale of which they issued to Managers and some specific staff of the five – star hotels. The questionnaires were used to the respondents as they were structured to obtain the in-depth information of the hotels they work in and the general hospitality industry. The researcher sought permission from the university and the relevant authorities for conducting of the study.

3.5 Data analysis

The collected data was sorted using the various techniques that was aligned with study objectives and the type of information needed. Data was analyzed using descriptive

statistics that was measures of central tendency for example frequencies, percentages, means and standard deviation. The use of SPSS version 23 was employed as the tool to aid in coding the data, its analysis and representation. The data was represented by tables for the analyzed information.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Questionnaire Response Rate

A total of 117 questionnaires were issued to the respondents, and total of 100 were fully filled and returned for analysis. This represented an 85.5% questionnaire response rate. According to Kothari (2010) a response rate of 75% is sufficient for the study to continue.

4.2 Background information

The findings showed that 18% of the respondents have been working in the hotel for less than a year while 20% have been in the hotel for between 1-2 years. 52% and another 10% have been working in the hotel for between 3-4 years and over 5 years respectively.

The findings also showed that majority of the respondents were female (52%) and male (48%). Some 28% of the respondents have been in the position for less than one year while 54 have been in the position for between 1-2 years. Another 10% have been in the position for between 3-4 years while 8% have been in the position for over 5 years.

The researcher did ask respondents to state ownership of the hotel. This was important in order to determine the kind of response in relation to ownership. The findings revealed that 16% were individual owned, 38% were group ownership, 1% was government owed while the rest 45% were part of chain of hotels. Concerning how often the strategic plan of the hotel is often revised, the findings showed that hotels revise their strategic plans yearly (28%), 2-4 years (49%), 5-6 years (23%) and none revises between 6-10 years and never revises.

The findings indicated that majority of the respondents were of the opinion that the hotels are experiencing turbulence (48%) while 24% stated that it was irregular. Some 18 % were of the opinion that it was relatively stable while 10 % stated that it was stable. Respondents were also asked to state who is responsible for strategic response in the organization. Majority of the respondents stated that it was the responsibility of the top management (64%), middle management (10%), operational staff (8%) and all staff (28%). This means that the back stops with the top management in matters concerning how and when to respond to environmental turbulence. The study also revealed that the most common strategic response for hotels is product development and modification (46%) and aggressive market campaigns (36%). Some respondents believed that market development (15%) and corporate social responsibility (03%) were the most common and best response to environmental turbulence. This means that aggressive marketing campaigns and product development and modification are the best methods five star hotels can use to survive in hardships brought about by environmental turbulence.

4.3. Market development and environmental turbulence

Respondents were asked to state whether market development influences the response of five star hotels on environmental turbulence. Table 4.1 shows the findings.

Table 4.1 Marketing development and environmental turbulence

Category	N	Mean	Std. Deviation	Variance
Creating new markets is essential in responding to environmental turbulence	100	3.6392	.94852	.900
Market segmentation is an ideal method in responding to environmental turbulence	100	4.2062	.90067	.811
Marketing innovation is effective in enhancing organizational response to environmental turbulence	100	4.3711	.95000	.902
Medium of marketing affect organizational response to turbulence	100	2.8745	.8652	.7549

(Source: Author, 2018)

Findings from table 4.1 shows that creating new markets is essential in responding to environmental turbulence (mean of 3.6392 and SD of .94852). This shows that during environmental turbulence, the hotels should explore alternative markets. The findings also showed that market segmentation is an ideal method in responding to environmental turbulence (mean of 4.2062 and SD of .90067). This corresponds with the study carried

out by Thomson and Martin (2005) that during environmental turbulence, organizations need to innovate and create segment that they can pursue. This means that the hotels should create market segments and package products that reflects the needs of the customers in that segment. On the other hand, some respondents (mean of 4.3711 and SD of .95000) were of the opinion that marketing innovation is effective in enhancing organizational response to environmental turbulence while some respondents were of the view that medium of marketing affect organizational response to turbulence as represented with a mean of 2.8745 and standard deviation of .8652. This shows that majority of the respondents believe that medium of marketing has no effect on response by five star hotels towards turbulence in the environment.

4.4 Product development and modification and environmental turbulence

Respondents were asked to state whether product development and modification influences responses of five star hotels on environmental turbulence.

Table 4.2 Product development and modification and environmental turbulence

Statement	N	Mean	Std. Deviation	Variance
Product development contributes to customer satisfaction and thus responding to environmental turbulence	100	4.0000	.79057	.625
Different product features affect response to environmental turbulence	100	3.0412	.61097	.373
Product packaging influences market share	100	4.6701	.74612	.557
Product differentiation is ideal in responding to environmental turbulence	100	3.0412	.53847	.290

(Source: Author, 2018)

Findings from table 4.2 indicate that majority of the respondents were of the view that product development contributes to customer satisfaction and thus a good method of responding to environmental turbulence and that product packaging influences market

share as represented with a mean of 4.0000 and SD of .79057 and mean of 4.6701 and SD of .74612 respectively while others felt that different product features affect response to environmental turbulence (mean of 3.0412 and SD of .61097). The findings are in line with the study carried out by Pearce and Robison (1997) that product packaging aimed at responding to customer needs helps the organization to face even the harshest economic times. Product differentiation is ideal in responding to environmental turbulence (mean of 3.0412 and SD of .5384) believed so. The findings therefore shows that five star hotels that have good product package and develop products regularly to suit customer needs find it easy to pro-act and react to environmental turbulence.

4.5 Aggressive marketing campaigns and environmental turbulence

The respondents were asked to state whether aggressive marketing campaigns influences the response of the five star hotels on environmental turbulence.

Table 4.3 Aggressive marketing campaigns and environmental turbulence

Statement	N	Mean	Std. Deviation	Variance
Intensive marketing helps in reducing environmental turbulence	100	3.8825	.98605	.972
Promotional activities reduces the intensity of market turbulence	100	3.0619	.93335	.871
Pricing strategy affects bed occupancy and hence environmental turbulence	100	2.9897	1.02566	1.052
Team leadership influences response to environmental turbulence	100	4.0206	.98931	.979

(Source: Author, 2018)

The findings in table 4.3 shows that intensive marketing (mean of 3.8825 and SD of .98605) helps in reducing environmental turbulence while some respondents (mean of 3.0619 and SD of .93335) were of the opinion that promotional activities reduces the intensity of market turbulence. Pricing strategy does not affect bed occupancy and

hence environmental turbulence (mean of 2.9897 and SD of 1.02566) while majority of the respondents stated that team leadership influences response to environmental turbulence as represented with a mean of 4.0206 and SD of .98931. The findings contradict the findings of the study carried out by Watchman (1998) that pricing strategy is very influential element in dealing with environmental changes that affect the organization.

4.6 Corporate social responsibility and environmental turbulence

The respondents were asked to state whether corporate social responsibility has influence on strategic response to environmental turbulence.

Table 4.4 Corporate social responsibility and environmental turbulence

Statement	N	Mean	Std.	
			Deviation	Variance
Customers prefer hotels that practice CSR	100	2.5567	.70665	.499
Giving back to the society influences response to environmental turbulence	100	3.1134	.71990	.518
CSR has been the main response to environmental turbulence	100	2.8866	.59295	.352
Organizations that engage in CSR find it easy to cope with environmental turbulence	100	3.0887	.9933	.887

(Source: Author, 2018)

The findings as shown in table 4.4 revealed that customers preference is not based on hotels that practice CSR as represented with a mean of 2.5567 and SD of .70665 while some respondents were of the opinion that giving back to the society influences response to environmental turbulence (mean of 3.1134 and SD of .71990) while other were of the opinion that CSR has not been the main response to environmental turbulence (mean of 2.8866 and SD .59295). The findings are in agreement with the findings of the study done by Mignude (2003) that corporate social responsibility has not been able to show

results in terms of market growth. Organizations that engage in CSR find it easy to cope with environmental turbulence, this is the view of some respondents (mean of 3.0887 and SD of .9933).

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Overview

This chapter was divided into three major sections; summary, conclusions and recommendations. These divisions were informed by the purpose, objective study and the results of the study.

5.2 Summary of results

Creating new markets is essential in responding environmental turbulence. This shows that during environmental turbulence, the hotels should explore alternative markets. The findings showed that majority of the respondents were of the opinion that market segmentation is an ideal method in responding to environmental turbulence. This means that the hotels should create market segments and package products that reflects the needs of the customers in that segment. On the other hand, some substantial respondents (mean of 4.3711) were of the opinion that marketing innovation is effective in enhancing organizational response to environmental turbulence while some respondents were of the view that medium of marketing affect organizational response to turbulence. This shows that majority of the respondents believe that medium of marketing has no effect on response by five star hotels towards turbulence in the environment.

The study indicated that majority of the respondents were of the view that product development contributes to customer satisfaction and thus a good method of responding to environmental turbulence and that product packaging influences market share as

represented with a mean of 4.0000 and mean of 4.6701 respectively while others felt that different product features affect response to environmental turbulence. The findings showed that intensive marketing (mean of 3.8825) helps in reducing environmental turbulence while some respondents (mean of 3.0619) were of the opinion that promotional activities reduces the intensity of market turbulence. Pricing strategy does not affects bed occupancy and hence environmental turbulence (mean of 2.9897) while majority of the respondents stated that team leadership influences response to environmental turbulence as represented with a mean of 4.0206 and SD of .98931. The findings contradict the findings of the study carried out by Watchman (1998) that pricing strategy is very influential element in dealing with environmental changes that affect the organization.

The findings revealed that customers preference is not based on hotels that practice CSR as represented with a mean of 2.5567 and that giving back to the society influences response to environmental turbulence (mean of 3.1134 while other were of the opinion that CSR has not been the main response to environmental turbulence (mean of 2.8866). Organizations that engage in CSR find it easy to cope with environmental turbulence; this is the view of some respondents (mean of 3.0887).

5.3 Conclusions

From the findings, it can be concluded that strategic responses if well thought and implemented will reduce the impact of environmental factors on the hotels. The study concluded that market development is key strategic response to environmental

turbulence. The study showed that marketing segmentation is ideal method for responding to environmental turbulence. The study further showed that marketing innovation is a good strategic response while medium of marketing does not actually affect strategic response of five star hotels during environmental turbulence.

From the findings, it can also be concluded that product development contributes immensely to customer satisfaction and that a well packaged product will influence the market share. This is a good strategic response that five star hotels can actually adopt in order to wade through environmental turbulence. The study further concluded that marketing team leadership is very essential; and intensive marketing are the best strategic responses hotels should adopt towards mitigating the effects of environment. The researcher further concludes that price strategy does not affect bed occupancy of the five star hotels and therefore it might not be admirable strategic response to environmental turbulence.

The study further concluded that organizations that engage in CSR find it easy to cope with environmental turbulence. On the other hand the study showed that customers don't necessarily prefer hotels that practice CSR and that CSR has not been the main strategic response that five star hotels are using during environmental turbulence.

5.4. Recommendations

The findings can be useful to various individuals and institutions. The study recommends that top management of the hotels should change their organization policies in order to ensure that strategies are integrated into the management policies as they contribute to

organizational performance and response to the ever changing and dynamic environment in the hotel industry. At the same time, the owners of the hotels need to provide a favorable environment and support that will encourage creativity and innovation among employees while employees in lower cadres should embed strategic thinking practices, techniques and methods in their respective working procedures and activities. Finally, the National Government through the relevant ministry should provide a national framework that will be helpful for hotels in coming up with organizational policies.

5.5 Limitations

1. 15% of the respondents were unavailable to respond to the questionnaire.
2. Some of the respondents were still new in their current positions and therefore could not respond satisfactorily to some of the questions.
3. Visits to the targeted respondents were limited by financial constraints since it required more than one visit due to unavailability of the respondents.

5.6 Suggestions for Further study

The Researcher recommends a similar study to be done for all Hotels in Kenya. This will enable the Researcher gain in-depth understanding of Strategic response by the various levels of the Hotels in Hospitality Industry.

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APPENDICES

Appendix 1 Introductory Letter



**UNIVERSITY OF NAIROBI
COLLEGE OF HUMANITIES & SOCIAL SCIENCES
SCHOOL OF BUSINESS**

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P.O. Box 594 - 30100
Eldoret, KENYA

20 September 2018

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

INTRODUCTORY LETTER FOR RESEARCH


CHELIMO SHADRACK- REGISTRATION NO. D61/70141/2009

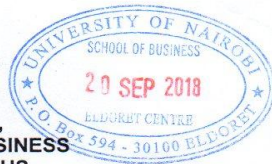
This is to confirm that the above named is a bona fide student in the Master of Business Administration (MBA. Strategic Management) option degree program in this University. He is conducting research on "*Strategic Response by Five Star Hotels in Hospitality Industry to Environmental Turbulence in Kenya*".

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the research project. The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.

Thank you.


DR. JOHN YABS
CO-ORDINATOR,
SCHOOL OF BUSINESS
ELDORET CAMPUS



JY/MK

Appendix II: Cover letter

**Shadrack Chelimo,
University of Nairobi,
P.O BOX, 30197
Nairobi.**

September 2018

Dear Sir/Madam,

RE: DATA COLLECTION

I am a postgraduate student at University of Nairobi, pursuing Master of Business Administration majoring in Strategic Management. Am doing a research on “the strategic response by five star hotels in hospitality industry to environmental turbulence in Kenya”.

In order to successfully complete the research, you have been selected as a respondent for the study. By this letter, I kindly request you to assist me collect the data by responding to the interview guide. The information you provide will be used strictly for academic purposes and will be treated with utmost confidence.

A copy of the final report will be available to you upon request. Your assistance will be highly appreciated.

Yours sincerely,

SHADRACK CHELIMO

Appendix III: Questionnaire

SECTION A: GENERAL INFORMATION

1. Years with the Hotel: Less than 1 year () 1-2 () 3-4 () Over 5 years
2. Years in the current position: Less than 1 year () 1-2 () 3-4 () Over 5 years
3. Gender Male () Female ()
4. Indicate ownership of the hotel (Please tick as appropriate)
 - a). Individual ()
 - b). Group Ownership ()
 - c). Government ()
 - d). Part of the chain ()
5. How often is your strategic plan revised?
 - a) Every Year ()
 - b) Every 2 to 4 years ()
 - c) After 5 years ()
 - d) After 6 to 10 years ()
 - e) Never revised ()
6. How could you describe your business or operating environment within the last five years? (Tick one)
 - a) Turbulent ()
 - b) Relatively stable ()
 - c) Irregularly ()
 - d) Stable ()

7. What are the strategic responses by five star hotels to environmental changes?
- a. Market development ()
 - b. Product development and modification ()
 - c. Aggressive marketing campaigns ()
 - d. Corporate social responsibility ()
8. Who is responsible for strategic response?
- a). Top Management ()
 - b). Middle Management ()
 - c). Operational Staff ()
 - d). All Staff ()

SECTION B : MARKET DEVELOPMENT AND ENVIRONMENT TURBULANCE

9. Please mark the box that best reveals your degree of agreement with the following proclamations.

(**SA:** Strongly Agree; **A:** Agree; **UD:** Undecided; **D:** Disagree and **SD:** Strongly Disagree)

Statements	SA	A	UD	D	SD
Creating new markets is essential in responding environmental turbulence					
Market segmentation is an ideal method in responding to environmental turbulence					
Marketing innovation is effective in enhancing organizational response to environmental turbulence					
Medium of marketing affects organizations' market share					

SECTION C PRODUCT DEVELOPMENT AND MODIFICATION

10. Please mark the box that best reveals your degree of agreement with the following proclamations.

(**SA:** Strongly Agree; **A:** Agree; **UD:** Undecided; **D:** Disagree and **SD:** Strongly Disagree)

Statements	SA	A	UD	D	SD
Product development contributes to customer satisfaction and thus responding to environmental turbulence					
Different product features affect response to environmental turbulence					
Product packaging influences market share					
Product differentiation is ideal in responding to environmental turbulence					

SECTION D: AGGRESSIVE MARKETING CAMPAIGNS

11. Please mark the box that best reveals your degree of agreement with the following proclamations.

(**SA:** Strongly Agree; **A:** Agree; **UD:** Undecided; **D:** Disagree and **SD:** Strongly Disagree)

Statements	SA	A	UD	D	SD
Intensive marketing helps in reducing environmental turbulence					
Promotional activities reduces the intensity of market turbulence					
Pricing strategy affects bed occupancy and hence environmental turbulence					
Team leadership influences response to environmental turbulence					

SECTION E: CORPORATE SOCIAL RESPONSIBILITY

12. Please mark the box that best reveals your degree of agreement with the following proclamations.

(**SA:** Strongly Agree; **A:** Agree; **UD:** Undecided; **D:** Disagree and **SD:** Strongly Disagree)

Statements	SA	A	UD	D	SD
Giving back to the society influences response to environmental turbulence					
CSR has been the main response to economic turbulence					
Organizations that engage in CSR find it easy to come with environmental turbulence					
Customers prefer hotels that practice CSR					

Thank you