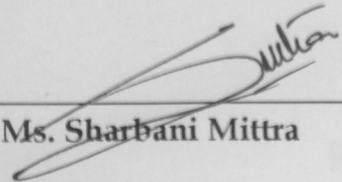


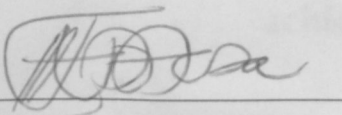
## DECLARATION

This management project is my original work and has not been presented for degree in any other university.

Sign   
Ms. Sharbani Mitra

Date 9<sup>th</sup> Nov 2001 .

This management project has been submitted for examination with my approval as university supervisor.

Sign   
Prof. Evans Aosa.

Date 9/11/2000

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**This project paper is  
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**who have been a source of  
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## Abstract

Organizations continually consume resources from the environment, transform and release them. The success and, indeed, survival of every organization depends on how well it relates with its challenges and how it positions itself to the environment. The study investigated on whether strategic planning is practiced in Kenya's hotel/restaurant industry.

The research considered all hotels/restaurants in Nairobi as the population. A sample of 100 hotels and restaurants was randomly selected. Out of the 100 selected, 52 organizations responded. The data was collected using a questionnaire where a method of "drop and pick" later was adopted. The data analysis was done by computing proportions, means and percentages.

The study concludes that the major task of the top management is to ensure that their organizations' survive long into the future. The study reveals that 87 percent of these organizations have mission statements, 90 percent set objectives, 83 percent develop plans, 83 percent have formal planning meetings, 87 percent have timetables for the preparation of plans and 78 percent have clear-cut responsibilities for planning. However, only 39 percent have planning departments. In addition, 79 percent of these organizations develop strategies for their operations. Further, 74 percent gather external data and information about competitors, all the organizations studied indicate that they make assessment of the resources available and 78 percent have Board of Directors. The role of the board includes developing organizational policies, setting the overall objectives and making major decisions. Strategic planning is therefore, indeed practiced in the hotel/restaurant industry in Kenya.



# CHAPTER ONE

## 1.0 INTRODUCTION

### 1.1 Background

Organizations continually consume resources from the environment (as inputs), transform (throughput process) and release them (as output) to the same environment (Porter, 1985; Ansoff & McDonnell, 1990; David, 1997; Pearce & Robinson, 1997; Thomson & Strickland, 1998; Johnson & Scholes, 1999).

Organizations cannot be separated from their external environment because they depend on it for their inputs and for the discharge of the output. This means that organizations are open systems, that is, they are environment-dependent.

Threatening the flow of inputs, through negative environment forces, is tantamount to killing the organization.

Organizations of varied types have been in existence for a long time, having been created in order to serve the need of the societies in which they exist. The key concern of these organizations has been and still is their continued existence and survival over time. However, such continuous organizational life is not automatically assured. Every organization has to justify its continuous existence in society (David, 1997; Pearce and Robinson, 1997).

In order, for organizations to achieve their goals and objectives, they have to constantly adjust to their environment (Pearson and Robinson, 1997). This environment is turbulent, constantly changing, and so it makes it imperative for organizations to continuously adapt their activities in order to survive.

Organizations that do not adequately adjust to meet environmental challenges will experience a big problem – the strategic problem. This problem arises out of the maladjustment of any organization to its environment (Ansoff, 1990).

The success and, indeed, survival of every organization depends on how well it relates with its challenges and how it positions itself to the external environment.

Informed estimates of the impact of these complex and dynamic external environmental considerations, through proper analysis, ensure an organization's success into the future (Pearson and Robinson, 1997; Hammond et al, 1998; Johnson and Scholes). An organization that does not take its external environment seriously will eventually perish.

The major task of managers is therefore to ensure the continued existence of their organizations. Organizations have developed and adopted different techniques over time to help them cope with the threat posed by the strategic problem. One of the most recent and most comprehensive of the management approaches is strategic management. Strategic management involves strategy formulation, implementation, control and evaluation (Pearson and Robinson, 1997).

Strategy is the heart of strategic management for it helps an organization to formulate and implement various tasks in its attempts to prosper (Hussey, 1991; Hill, 1992). It is the direction and scope of an organization over the long term: which achieves advantage of the organization through its configuration of resources within a changing environment, to meet the needs of markets and to fulfill the expectations of the stakeholders (Johnson and Scholes, 1999). Strategy should help organizations to develop and maintain a competitive edge on the market- focusing on the customer needs and competitors.

Hotels operate in a changing environment. In Kenya, the industry has been facing lean times due to the economic recession being experienced for over a decade. They have to compete to survive. Many hotels have faced liquidity problems and some have been taken over by receivers while others have closed down. This was accelerated by the volatile political situation experienced in 1991/1992 and 1997 periods. The tourism industry, which is closely related to the hotel industry, went into slump in the same period, which made the operation of hotels even more difficult. However, during the same period restaurants increased tremendously.

Hotels in Kenya can benefit from managing strategically. Currently, we do not know whether or how hotels and restaurants are implementing strategic management. Like many other businesses, hotels and restaurants have been affected by shifts in emphasis among peoples' living patterns. Preliminary research findings from more than 100 hotels support the strategic choice model and the relationship between competitive strategy, structure and subsequent performance (Schaffer, 1984). However, additional research is required to evaluate and validate these organizational perspectives as they relate to the hotel industry.

Some studies indicate that 70% of new business fail within eight years of their inception (Dees, 1998). In fact economic recession brings a drop in sales and arise in restaurant bankruptcies. For instance, in the 1989-1993 recession in the United States, table service restaurants declined in sales volume, and sales in fast food restaurants increased sales (National Restaurant Association, 1996). It is therefore, inevitable that hotels and restaurants formulate strategies that will ensure their future existence particularly when economic situation in the country impact on them negatively.

Similarly, we do not know whether hotels and restaurants operate in a similar manner in regard to strategic management. A hotel is defined as a building where rooms and usually meals are provided for people in return for payment. On the other hand, a restaurant is defined as a public place where meals can be bought and eaten (Oxford Advanced Learners Dictionary). Though little is recorded in Kenya, daily newspaper reports indicate a high hotels/restaurants failure rate.

## **1.2 STATEMENT OF THE PROBLEM**

As mentioned earlier, all organizations face similar environmental challenges. They are open systems depending on their external environment for inputs and outputs (Porter, 1985; Ansoff & McDonnell, 1990; David, 1997; Pearce & Robinson, 1997; Thomson & Strickland; 1998; Johnson & Scholes, 1999). Though



the usefulness of strategic management to organizations of all kinds has been established, this evidence draws largely from developed economies (Dees, 1998).

The hotel industry in Kenya is facing many challenges. The Kenyan economy has been undergoing recession for almost a decade now. The business environment has been changing due to liberalization resulting into stiff competition. The hotel industry has been facing a slump threatening its survival. These conditions are the ones that can be addressed by turning to strategic management to secure survival.

There have been studies on strategic management practices in Kenya (Aosa, 1992; Shimba, 1993; Karemu, 1993; Njuguna, 1996). All these studies indicated that strategic management is practiced but differently in each of the industries studied. However, there has been no study focusing on the hotels and restaurants industry. This study intends to establish and document strategy practices in Kenya's hotel and restaurant industry.

The study will be used by the Government to make policies for the industry.



### 1.3 OBJECTIVES OF THE STUDY

The objective for this study is to investigate the strategic planning practices in the hotel/restaurant industry in Nairobi, Kenya.

### 1.4 IMPORTANCE OF THE STUDY

This study will be important to:

- (a) The hotel and restaurant owners. It will assist them to plan ahead and anticipate the changes that may affect the industry.
- (b) The hotel and restaurant workers. The study will help them become proactive. This means that they will always have plans for the short-term and medium term for the business.
- (c) The study will contribute to the body of knowledge.
- (d) The study will be used by the Government to make policies for the industry.

## CHAPTER TWO

### 2.0 LITERATURE REVIEW

#### 2.1 Strategic Management

Teece (1984: 87) defines strategic management as: "... the ongoing process of ensuring a competitively superior fit between the organization and its ever changing environment. Harvey (1988), Pearce and Robinson (1997) look at strategic management as the formulation, implementation, control and evaluation of business strategies to achieve future objectives.

However defined, strategic management includes all of the activities that lead to the definition of the organization's objectives and to the development of programs, actions and strategies to accomplish these set objectives. The goal of strategic management is to build and maintain a sustainable competitive advantage (Porter, 1980).

Managing internal activities of an organization is only part of the modern executive's responsibilities. The modern executive must also respond to the challenges posed by the organization's immediate and remote external environment (Aosa, 1992; Shimba, 1993; Pearce and Robinson, 1977). The immediate external environment includes competitors, suppliers, scarce resources, government agencies, and customers whose preferences keep on shifting (Webb, 1989). The remote external environment comprises economic and social conditions, political priorities, and technological developments, all of which must be anticipated, monitored, assessed and incorporated into the executive's decision making (Pearce and Robinson, 1997).

An organization's strategy defines its unique image and provides a central purpose and direction to the activities of the organization, to the people who work in it, and often to the world outside (Kiggundu, 1989; David, 1997). Strategic management cultivates a culture of forward thinking thus making organizations pro-active rather

than reactive. This way an organization is able to prevent some problems through strategic planning, which gives the organization a “personality” or character that distinguishes it from other organizations.

Although knowledge of strategic management has increased greatly over the last three decades, most of the studies have been accumulated in developed countries' contexts. Studies by Woodburn (1984), Adegbite (1986) and Fubara (1986) documented valuable insights into the aspects of corporate planning practices in African countries.

Studies in strategic management in Kenya have tended to focus on profit making organizations (Shumbushe, 1983; Ngunjiri, 1987; Okutoyi, 1988; Aosa, 1992; Shimba, 1993; Karemu, 1993; Njuguna, 1996). Most of these studies pointed out that environmental and organizational (contextual) factors brought about significant variations in strategic management practices. Collectively, they imply that factors like ownership, complexity, company control, government intervention and management-orientation have impact on the managerial processes.

Complexity induces companies to adopt market driven strategies. As complexity increases, they react differently in developing and maintaining their edge over competitors.

Theoretical as well as empirical studies have pointed out the usefulness of strategic management to many organizations, a management approach and tool, which is invaluable for any organization to ignore. Porter (1980), and Aosa (1992) summarized the benefits of strategic management.

First, an organization's strategy provides a central purpose and direction (vision, mission, objectives) to the activities of the organization, to the people who work in it, and often to the world outside (framework of the organization's action).

Secondly, strategic management enables organizations to adapt under conditions of externally imposed stress or crisis because of the changing environment.



Organizations can and do often create their environment, besides reacting to it by focusing on strategic issues.

Thirdly, strategic management helps companies develop sustainable competitive advantage. In developing strategy, organizations carry out an analysis of their external and internal environments and see where they can outperform their competitors and vice versa.

Fourthly, strategic management is important for the management of the organization-environment boundaries or interface. It sustains the legitimacy of the organization and enhances the quality of its relationship with the outside environment (effective/futuristic orientation).

Finally, strategic management helps organizations to be more focused in their efforts, effective resource allocation and key success factors. Also, it helps to cultivate a culture of forward thinking in an organization, that is, a culture of a learning organization.

## 2.2 Historical Development of Strategic Management

Strategic management has been subject to "one-off" pressures for some decades (Wilson, 1998). Formal strategic management seems to have its beginning in the 1950s in the United States of America, through writers like Drucker (1954), Chandler (1962), Ansoff (1965) and Andrews (1971). Studies conducted in late 1960s and early 1970s indicated that corporate planning was practiced in the USA (Ringbakk, 1969; Rue, 1974; Lorange and Vancil, 1977; Steiner et al, 1983) and abroad (Denning and Lehr, 1971; Taylor and Irving, 1971; Steiner and Schollhamer, 1975). Managers increased their familiarity with strategic planning and increasingly adopted it in their operations. This period was characterized by relatively stable external environment.



Prior to the 1950s, organizations attempted to tackle the strategic problem by using such managerial techniques as long term planning, long- term budgeting and financial control. Harrison (1976), identified seven modes of planning: financial budgeting, operational planning, production/manpower planning, long range planning, ad hoc strategy formulation, formal strategic planning at intervals, and routine formal strategic planning. This was an era when the environmental turbulence was low (David, 1997). The future of the organizations was expected to be reasonably similar to the past due to the stable environment. Managers adapted and reacted to events as they occurred. Strategies emerged from a consensus of top management opinions.

From 1960s & 70s, strategic planning was adopted widely and the attitudes toward it started to change. Taylor (1986), Webb (1989) and Thompson (1990) attributed this to the increasingly turbulent business environment and the oil crisis. However, as time went by, organizations realized that they were not adequately adjusting to the needs of the environment. So, in the late 70s & 80s, it was a period of strategic planning criticism since the techniques in use failed in solving the emerging strategic problem. Demands were stabilizing, substitute products were being offered as a result of new technological developments. Foreign competitors were invading traditional markets. Serious challenges were posted to strategic planning and widespread criticism over its practice was reported (Porter, 1980; Peters and Waterman, 1982; Hussey, 1990).

This made strategic planning to be criticized by many writers (Aosa, 1992). Criticism of the process largely focused on the implementation of strategic planning and not the concept itself. It was necessary to have a match between strategy and the environment within which it is implemented. This would involve considering factors such as a firm's internal culture, functional capabilities and the social, political, behavioral and psychological factors at play (Ansoff & McDonnel, 1990). This process of matching structure, strategy, and environment is the basis of the "strategic choice" model of organization. In essence, the model states that organizational performance is largely the outcome of a series of choices made by

the creators or top echelon of the organization. The top managers must assess the environment of the organization and choose the appropriate competitive strategy. Then, they must create an organizational structure that properly supports that strategy (Galbraith & Nathanson, 1978).

In the late 80s to date, there has been a revival towards strategic planning. In his writing, (Aosa 1992) noted several writers who criticized long-range planning and made recommendations for its improvement. Strategic planning was also criticized (Porter, 1987) for hindering strategic thinking (hence creativity) within organizations. He, however, proposed that strategic planning needed to be re-discovered and not discarded entirely. From these criticisms and recommendations, several features emerged that characterized good strategic planning practices (Peters and Waterman, 1982; Porter, 1987; Rowe et al, 1989). For it to be complete, it was necessary that strategic planning should:

- (a) be flexible and adaptable,
- (b) address implementation issues,
- (c) be focused,
- (d) be instrumental in developing competitive edge,
- (e) enhance creativity and strategic thinking,
- (f) incorporate both analytical and behavioral features.

These features of strategic planning are still the dominating concerns in strategic management today.

1996 seems to have marked the re-emergence of strategic management (Wilson, 1998). It is an improvement over that of traditional long range planning. The recasting implies that strategic planning is an invaluable management tool (Porter, 1987). With the modifications, strategic management became beneficial to any organization. Organizations in Kenya, regardless of sector, are no exception for they would grossly benefit from the proper use of this concept.

## 2.3 Approaches to strategy

With regard to the strategy process, two schools of thought can be identified. First, there is the rational-analytical view, which looks at strategic development as a formal, deliberate, disciplined and rational process (Lorange & Vancil, 1977; Porter, 1980; Ansoff, 1984). Managers carry out rational analysis and then make strategic decisions. According to this view, the best rational strategies are always selected.

Secondly, there is the power-behavioral view. According to this school, strategy development is influenced by the power relationships and behavioral factors in a firm (Mintzberg, 1987). Emphasis is on the organization's multiple goals (with potential for conflict), the political aspects of strategic decisions, the importance of bargaining and negotiation and the role of coalitions in the strategy making process.

Further, the timing (deliberate and emergent strategies) is considered important. In the deliberate case, the strategy process is well planned in advance, while in the emergent process it evolves with time. Therefore, strategy is formed in bits and pieces, as events unfold and as managerial experience with the situation accumulates. Strategy making thus proceeds on two fronts- one proactively thought through in advance, the other conceived in response to new developments, special opportunities, and experience with the successes and failures of prior strategic moves, approaches, and actions.

Where deliberate efforts are made to formulate strategy, certain activities need to be undertaken by the organization. The following activities are important components in strategic management model (Pearce and Robinson, 1977):

- (a) Strategy formulation
1. Vision and mission specifications
  2. Statement of objectives



3. Identify strategic Strengths, Weaknesses, Opportunities and Threats (SWOT analysis) through:
    - Situation/Internal analysis
    - Environmental scanning
  4. Competitor analysis
  5. Industry analysis
  6. Market analysis
  7. Strategic Analysis choice - developing alternatives, comparing them and making the strategic choice.
- (b) Strategy implementation
- (c) Strategy evaluation and control.

The model assumes rational view of strategy. This is the model that will be used to guide this study.

## 2.5 Strategic Management in Hotels

Like any other business, hotels have been affected by shifts in emphasis among the people's living patterns. Nearly all hotels/restaurants have an almost human life cycle. However, unlike humans, restaurants can be revived periodically. A major reason for a hotel's/restaurant's decline comes in the changing demographics of the area in which it is located. Areas rise and fall economically and socially. The hotel/restaurant concept that excited the public when first introduced becomes fired after several years, and its power to excite fades as newer concepts are introduced in the same community. Menus that were entirely satisfactory at one time are no longer appealing (Rutherford, 1990).

*R not in Reference.*

Technology in the form of computer and laborsaving mechanical equipment has had and will have a major effect on the way in which hotels are managed and operated. The concept of market segmentation -every-increasing finely tuned market definitions - will dictate hotel/restaurant structures, organizations and



management tactics that are designed to pay particular attention to market segments.

In a competitive environment, it is essential that hotels carefully pick an appropriate strategy and match that strategy with an organizational structure that allows the company to fulfill its goals. This process of matching structure, strategy and environment is the basis of the "strategic choice" model of the organizations. In essence, the model states that organizational performance is largely the outcome of a series of choices made by the creators or top echelon of the organization. The top managers must assess the market environment of the organization's chosen product and choose appropriate competitive strategy. Then they must create an organizational structure that properly supports that strategy (Galbraith and Mathanson, 1978).

The choice of strategy and structure is not a one-time event, because the market environment is dynamic. Therefore, the hotel industry must continuously engage in matching their competitive strategies and organizational structures to the product and market environment.

An organization's competitive strategy is the means by which it attempts to link with, respond to, integrate with or exploit its environment. The organization's "patterns of decisions" reflect its strategy and the position of the firm in the environment, gives the firm identity, and allows it to mobilize its strengths. It also determines whether the firm will be successful. The strategy addresses the organization's environment as a set of problems and opportunities that the organization can seize upon and solve (Andrews, 1980).

In theory, the universe of potential strategies and organizational structures is unlimited. But researchers have suggested that only three strategies postulates stable decision patterns (Miles and snow, 1978; Hall, 1980). These strategies are the alternatives for an organization to apply in adapting to its environment, and

they reflect interaction between the firms target market and its approach to attaining an advantage in that market (Porter, 1980).

Hotels are organizations and therefore, open systems. As has been indicated, organizations can tremendously benefit from adapting strategic management. Many challenges that face organizations have forced them to turn to the concept of strategy for their survival. Hotels too face many external and internal challenges. We would expect that they too have turned to strategic management in their pursuit of success and survival.

Different organizations practice strategic management differently. However, we do not know how the hotels and restaurants are practicing strategic management in Nairobi. Therefore, this study will investigate the practice of strategic management in hotels and restaurants in Nairobi.

## CHAPTER THREE

### 3.0 RESEARCH METHODOLOGY

The objective of this study is to investigate the strategic planning practices in the hotel/restaurant industry in Nairobi. A hotel is defined as a building where rooms and usually meals are provided for people in return for payment. On the other hand, a restaurant is defined as a public place where meals can be bought and eaten.

#### 3.1 Scope of the study

The study has a bias towards the rational-analytical approach of strategic planning. It covered the strategic management of hotels in Nairobi. A cross-sectional study investigating the following specific aspects of strategic management has conducted:

1. Mission statement.
2. Objectives and objectives setting.
3. Planning - purpose, horizons, mix of plans developed, participation and formality in planning.
4. Internal analysis.
5. Written strategic plans and the levels of formulation.
6. Role of the chief executive officer.
7. Role of the Board of Directors.
8. Environmental scanning.
9. Competitor analysis.
10. Industry analysis.
11. Market analysis.

#### 3.2 Population Size

The population selected was 3 star and above hotels and restaurants operating in Nairobi. This population is estimated to be 100 (Nairobi Restaurant Guide 2001). Hotels/restaurants were selected in the whole of Nairobi. The key consideration of the population that was studied was the category of the hotel/restaurant. The star of the hotel/restaurant describes the type of services offered and facilities available in the hotel/restaurant.



### 3.3 The Sample

The sample consisted of hotels and restaurants in Nairobi that are categorized as 3 star and above. A sample size of 100 hotels and restaurants in Nairobi were selected for this study. 52 hotels and restaurants responded and therefore qualified for the study. All the hotels/restaurants were identified first and its location established. The Nairobi hotel/restaurant guide assisted in determining those hotels/restaurants that are categorized.

### 3.4 Data Collection

Aspects of strategic management of the sampled organizations were investigated and documented. A questionnaire with open-ended and closed questions was used to collect the relevant primary data for the study. "Drop-pick later" method was adopted for this study because of limitations of time and money. This method has been used in similar studies in Kenya ( Ngunjiri, 1987; Aosa, 1992; Karemu, 1993; Shimba, 1993; Njuguna, 1996). A letter of introduction and a questionnaire was dropped to each respondent. The questionnaire was picked later having been filled by the respondents. The respondents were mainly the members of the top management in the organizations studied.

### 3.5 Data Analysis

Before the responses were processed, the completed questionnaire was edited for completeness and consistency. The data was tabulated and then classified into sub-samples according to their common characteristics like the sector and area of operation (regional, national or international). The responses were coded to facilitate basic statistical analysis and descriptive statistics (such as frequency

distribution, means, percentages, simple and cross tabulations) that were used to establish relationships.

## CHAPTER FOUR

Both quantitative and qualitative data was collected. Quantitative data required the establishment of means and percentages to have a comparison of responses. This was found to be the most appropriate method since most of the questions had only two answers that is, "yes" and "no". In addition a few questions required the computation of mean responses.

Qualitative information was analyzed by establishing the frequency of a given response to the question. These frequencies were tabulated and hence conclusions made. This was found to be the best method of analysis since a lot of data was found to be very similar in the organizations studied.

Table 1: The age brackets

AGE	Frequency
Under 25 years	4
25 – 35 years	22
35 – 45 years	11
45 – 55 years	5
Over 55 years	3
TOTAL	45

Source: Questionnaire

Table 1 indicates that majority of those surveyed lie in the age bracket 25 – 35 years (49 percent), followed by 35 – 45 years (24 percent). The total number of those surveyed was 45. This analysis is an indication of the level of engagement that the hotel and restaurants industry operates in. It can therefore be concluded that the hotel and restaurant industry operates in hotels and restaurants for between 25 and 45 years.

## CHAPTER FOUR

### 4.0 STUDY RESULTS

A total of 52 hotels and restaurants responded representing 52 percent of the sample. Out of the 52 respondents, 13 were hotels (25 percent) and 36 were restaurants (69 percent) and 3 of them did not indicate whether they were hotels or restaurants (6 percent). We will first analyze the details of the hotels/restaurants followed by findings on strategic practices

#### 4.1 HOTELS/RESTAURANT DETAILS

**Table1: The age brackets**

AGE	Frequency
Under 25 years	4
25 – 35 years	22
36 – 45 years	11
46 – 55 years	5
Over 55 years	3
<b>TOTAL</b>	<b>45</b>

**Source: Questionnaire**

Table 1 indicates that majority of those interviewed lie in the age bracket 25 – 35 years (49 percent), followed by 36 – 45 years (24 percent). The total responses were 45. Perhaps this is an indication of the kind of environment that the hotels and restaurants industry operates in. It can therefore be concluded that 73 percent of those in top management in hotels and restaurants lie between 25 and 45 years.



## 4.2 ORGANIZATION DATA

Organization data helped in establishing where the hotel/restaurant serve, and the type in terms of category and ownership.

**Table 2: Level of the hotel's / restaurant's operation**

Hotel / Restaurant	Frequency	Percentage
Local	21	43.75
National	2	4.17
Regional	5	10.42
International	20	41.67
<b>TOTAL</b>	<b>48</b>	

**Source: Questionnaire**

Table 2 indicates that 44 percent serve at the local level and 42 percent serve at the international level. Local means that the hotel/restaurant mainly caters for Nairobi residents. National means that the hotel/restaurant caters for all Kenyans. Regional means serving the African region and international means having operations globally. This was necessary since the level of an organization's operations may affect strategic practices. The table 2 also indicates that there is a fair representation of hotels and restaurants that operate at both the local and international operation levels.

### **Type of Hotel / Restaurant**

The categorization of hotel / restaurant provides an indication of the services expected and rendered. In fact, the Kenya government recently launched a program to categorize hotels / restaurants into various categories depending on the services and facilities provided by the hotels / restaurants. The study intended to establish the categories of the hotels / restaurants.

**Table 3: Category of hotel/restaurant**

Category	Frequency	Percentage
3 <sup>rd</sup> Star	22	55
4 <sup>th</sup> Star	11	28
5 <sup>th</sup> Star	7	17
<b>TOTAL</b>	<b>40</b>	

Source: Questionnaire

Table 3 shows that 55 percent of the respondents were in the category of the 3<sup>rd</sup> star, 28 percent 4<sup>th</sup> star, and 17 percent 5<sup>th</sup> star. It can therefore be concluded that majority of the hotels/restaurants are 3<sup>rd</sup> and 4<sup>th</sup> star.

### Ownership

Ownership of the hotel/restaurant might give an indication of its management and operations. This may also determine and influence the strategic planning aspects.

**Table 4: The hotel/restaurant ownership**

Ownership	Frequency	Percentage
Wholly local	16	32
Wholly foreign	5	10
Individual	15	28
Group ownership	16	30

Source: Questionnaire

Table 4 indicates that 32 percent are wholly local, 10 percent foreign, 28 percent individually owned and 30 percent are under group ownership. The strategic planning aspects considered later give a strong indication that ownership is an important element in determining the direction a given hotel / restaurant takes in regard to strategic planning aspects.

Expansion is a necessary ingredient in determining whether a given organization is practicing the strategic planning aspects. This is because when strategic planning practices are implemented, the organizations are expected to grow and expand. Expansion has been achieved in 31 organizations (61percent).

**Table 5: Growth/expansion factors** **Frequency**

Good management skills	40
Quality maintenance of the equipment / facilities	40
Favorable business conditions	40
Demand for services such as cyber café, sauna, etc.	38
Increase in business volume	38
Quality service to customers	38
Good working relationship between the management and the employees	38
Demand for personal services	32
Aggressive marketing through the internet and other media	31
Product diversification due to diversity in customer's taste	30
Tourism sector expanded in the 1980's and early 1990's	30
A growing market as more urban Kenyans prefer eating out	30

Source: Questionnaire



**Table 6: Sources of funding for growth and expansion Frequency**

Loans from banks and overdrafts	44
Revenue generation from business operations	44
Increase of share capital through owners injection	36
Selling of equity through the stock market	01

**Source: Questionnaire**

#### **4.3 MISSION AND OBJECTIVES**

Mission statement explains in a broad view the reason why a given organization exists or the purpose of the organization. The objectives on the other hand are more specific and are fulfilled in the short-term and medium-term. 33 organizations representing 87 percent indicated that they have mission statements and 5 representing 13 percent do not have. However, the results indicate that even those that claim to have mission statements, do not know them since they could not write them down. The following were some of the sample mission statements:

- ◆ *"To strive to be one of the leading restaurant in Nairobi providing high quality food and services and to foster an attitude of continuous improvement and to grow our revenue from year to year."*
- ◆ *"To be the best fast food restaurant in Nairobi."*
- ◆ *"To be a leading hotel in the world."*
- ◆ *"To enhance professionalism and improve standards in the field of hospitality through training and consultancy services and innovations within set commercial goals."*
- ◆ *"To be the preferred choice in Nairobi."*
- ◆ *"Effective quest satisfaction through excellent service."*

- ◆ *“Food is our passion, welcoming you is our pleasure and our greatest reward is presenting delicious meals.”*
- ◆ *“To provide overwhelming service to our customers.”*

Writing of the missions and objectives gives an idea of how they are considered in an organization. Further, writing them serves as a reminder to the stakeholders of why an organization exists. In the organizations studied, 66 percent indicated that the mission statement is written, while 34 percent indicated that it is not. In addition, 21 percent indicated that it has changed over time, while 79 percent indicated that the mission statement has never changed. Though the mission statements do change, it is expected its achievement is in the long-term and hence it does not change that frequently as the results indicate.

The results also indicate that the mission statement was the idea of top management, especially owners and directors. The implementation is usually at the inception of the hotel/restaurant.

The results indicate that the mission statement is followed by 90 percent of the hotels/restaurants, while it is not followed by 10 percent of the cases. Top management ensures that the mission is followed. For those that the mission statement is followed, there is a regular reminder and review to all to ensure that it is followed.

In addition, 90 percent organizations indicated that they set objectives, while 10 percent do not. Some of the objectives include:

- To provide service that exceeds customer expectations.
- To provide customer satisfaction through quality food, service and comfort.
- To win as many customers as possible.
- To provide return to the owner's investment.

Directors, managers and employees, set the objectives individually, in combination or together as a team. The objectives are written in 71 percent of the organizations that responded but not written in 29 percent of the cases. Further, 76 percent of the organizations indicated that everyone in the organization is aware of the mission and the objectives, while 24 percent is not. The mission and objectives are communicated through weekly briefings, educational meetings, departmental heads, memos, culture of the organization, they are put in staff notice boards and emphasized during general staff meetings.

**Table 7: Key hindrances in developing the mission and the formulation of objectives.**

	Frequency
Lack of professionalism and poor quality of personnel	44
Employee resistance to change	42
Poor communication techniques	40
Lack of director/top management support	38
High turnover of staff in the hospitality industry	38
Lack of time	36
Unfocused business interests	36
Inconsistent tourism policies	30

**Source: Questionnaire**

#### **4.4 PLANNING**

The planning process results into plans that propel a given organization forward. The results indicate that 83 percent of the hotels/restaurants that responded develop plans, while 17 percent do not. These plans were developed first at various time durations. The results show that the plans cover these time periods:



**Table 8: The planning durations**

Period	Frequency	Percentage
1 <sup>st</sup> quarter	10	21
2 <sup>nd</sup> quarter	15	31
3 <sup>rd</sup> quarter	8	17
4 <sup>th</sup> quarter	15	31
<b>TOTAL</b>	<b>48</b>	

**Source: Questionnaire**

Table 8 shows that 62 percent of the hotels/restaurants plan covers either six months or one year equally. In addition, 21 percent covers three months, and 17 percent covers nine months.

Directors, managers and majority of the other categories of staff develop plans. These plans are developed by all concerned coming together in a participatory approach. The plans are reviewed quarterly, semi-annually or annually. The analysis shows that 93 percent have the plans written, while 7 percent do not have them written.

A number of features were presented to the respondents to indicate whether they characterize their planning processes.

**Table 9: The planning features**

Feature	Frequency (yes)	Frequency (No)	Frequency (Total)
Formal planning meetings	33(83%)	7(17%)	40
Informal planning sessions	20(67%)	10(33%)	30
Time tables for the preparation of plans	27(87%)	4(13%)	31
Clear-cut responsibilities for planning	28(78%)	8(22%)	36
Existence of a planning department	12(39%)	19(61%)	31

Source: Questionnaire

Table 9 shows that 87 percent have time tables for the preparation for plans, 83 percent have formal planning meetings, 78 percent have clear-cut responsibilities for planning and 68 percent have informal planning sessions. On the other hand, only 39 percent have planning departments. This perhaps indicates that although planning is considered important, few of these organizations find it necessary to have planning departments.

**Table 10: Factors affecting planning in the hotel/restaurant industry:**

Lack of knowledge as to what planning entails	44
Fluctuation in raw material prices	42
Infrastructure problems such as water shortages, power rationing	36
Lack of finance/financial constrains	36
Flow of clientele	35
Frequent staff changes	35
Participation of top and middle level managers is not adequate	30
Lack of proper coordination between individuals and departments	30
Difficult to forecast market trends	28

#### 4.5 STRATEGIES AND STRATEGIC PLANS

Strategies and strategic plans ensure that the organization achieves the short-term and medium-term objectives and the long-term mission. The analysis shows that 79 percent of the hotels/restaurants develop strategies for operations, while 21 percent do not. Some of the strategies suggested include:

- ◆ Advertising to attract customers.
- ◆ Development of new marketing teams.
- ◆ Improvement of control systems.



In 57 percent of the organizations, the strategies have changed over time, while 43 percent of the cases have not. In addition, 76 percent of the respondents indicated that they would maintain these strategies, while 24 percent will change them.

The strategies are developed in the following ways:

1. The management looks at what is happening in the hospitality industry and compare with the economic trends.
2. Through careful consultation and market research to find out what other hotels/restaurants are doing.
3. Review of market trends on a regular basis.
4. Holding of operational meetings regularly.
5. Evaluating the entire market and specifically the competitors.

The top management, managers and the operational staff develop the strategies. In 76 percent of the cases, the strategies are written, while 24 percent are not. In addition, 79 percent respondents indicated that they have strategic plans out of which 43 percent have them in written form and 57 percent do not have them in written form.

The following were identified as the problems experienced/faced in developing and documenting strategies. First, there is resistance to change. This makes the participation of those concerned difficult and hence, they are not willing to participate. Secondly, there is lack of knowledgeable personnel, and lack of time. In addition, there is lack of data and information. Thirdly, the market trends keep on changing. Finally, it is difficult to keep pace with new developments in the industry.

#### 4.6 ENVIRONMENTAL SCANNING

It is necessary for well management organizations to be aware of what is happening both internally and externally. This can only be possible if data is gathered both within and outside the organization. This can be achieved through environmental scanning. In 83 percent of the hotels/restaurants that responded, they find accounting data adequate for planning, while 18 percent do not find it adequate. Further, 74 percent of the hotels/restaurants that were studied indicated that they gather external information for planning, while 26 percent do not. Information on the aspects of the external environment is collected through research, survey by sales-people, visiting the competitors premises, published materials and observations. In addition, exchanging views with others in the hotel/restaurant industry is vital. Once the data is collected, it is analyzed and used for planning, formulating strategies and decision-making.

The analysis shows that general economic trends are highly considered in the planning process (89 percent). Political and legal developments considered by 67 percent, and 65 percent take competitors seriously. Further, 73 percent consider technological changes, social and cultural trends as important. Finally, the population shifts and market trends (92 percent) and organization's internal resources (90 percent) are considered as very significant.

The respondents indicate that, in general the hotel/restaurant industry operates in a fairly stable environment. The data analysis shows that 78 percent of the respondents indicate a fair-trading / operations environment.

#### 4.7 COMPETITOR ANALYSIS

Competition is important in any industry but the survival depends on how a given organization puts its acts together to face the competition. The results show that 86 percent of hotels/restaurants regularly collect information about competitors. Information gathered is about pricing of food and services, quality of food and

service, facilities, variety of menu, conference rates, staff levels and qualifications. This kind of information is gathered through surveys, observation, interviews and discussions, and sharing with others in the same industry. 55 percent of the hotels/restaurants indicated that they confirm hotels/restaurants do compete with each other. Competition is from the same class of hotels/restaurants and the fast food outlets. The following aspects of competition were considered.

**Table 11: Aspects of competition**

ASPECTS	Total	Mean
The goals of competitors	41	3.3
Possible new entrants	40	3.1
Current strategies used by competitors	39	3.6
The financial strength of your competitors	39	3.4
Competitors' marketing practices	41	3.7
Competitors' physical and human resources	39	3.2
The number of competitors	42	3.5
Special treatment by the government	37	2.2
Access to government bodies	34	1.9
Organization's internal resources	36	3.7

Table 11 shows that the following aspects of competition are considered to be important regarding competition:

- Organizations internal resources;
- Current strategies used by competitors;



Table 12

- The financial strength of the competitors;
- Competitors' marketing practices;
- The number of competitors.

	Percentage
	69
	8
	7
TOTAL	84

While the following aspects of competition are considered to be of average importance:

- The goals of competitors.
- Possible new entrants;
- Competitors' physical and human resources.

Source: Questionnaire

In addition, the following aspects are not considered to be important in competition:

- Special treatment by the government;
- Access to government bodies.

#### 4.8 INDUSTRY AND MARKET ANALYSIS

The industry and market analysis gives an indication of the position of the specific company in the sector and the factors that determine success in the industry. The results of the hotels/restaurants rank in the sector was as follows:

**Table 12: The rank/position**

Rank/Position	Frequency	Percentage
Best 10	22	69
11 - 20	3	9
21 - 30	2	6
31 - 40	2	6
41 - 50	1	3
Above 50	2	7
<b>TOTAL</b>	<b>32</b>	

**Source: Questionnaire**

Table 12 shows that 69 percent of the hotels/restaurants studied believe they are among the best ten in the sector.

**Table 13: The key success factors in the industry**      **Frequency**

	Frequency
Quality of service delivery	44
Cleanliness and general outlook	42
Internal décor/environment	40
Reception of customers and effective communications	40
Experienced and skilled management	38
Experienced and skilled employees	38
Technology adopted to improve on service delivery	36
Aggressive marketing activities	36
Product pricing strategy	35
Visible customer satisfaction	35
Perception of the current and potential customers	34

The hotels/restaurants studied indicated that to a certain extent they gather information unique to the sector. They do market surveys, use questionnaires and sometimes send surveillance teams. They also buy publications that are unique to the sector.



**Table 14: The sector faces the following difficulties** **Frequency**

Unstable market, caused by seasonality of customers/clients	42
High running expenses	40
Security at night	38
Political climate in the country that affects the tourism sector	38
Indiscipline of certain groups of customers	32
Bad publicity of Kenya abroad	32
Declining purchasing power of customers	30
Global economic trends	30
High rents and interference from property managers/owners	30

A number of factors were presented that are considered to be important in the hotel/restaurant industry.

Source: Questionnaire

Table 15 shows that the following aspects of the sector are considered and regarded as very important. These include winning customer loyalty; suppliers of goods and services; handling of customer complaints; setting objectives for the defined markets; and clearly defined markets. In addition, the following factors are considered important: new entrants in the sector; governmental regulatory influences; and existing competitors.

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#### 4.3 INTERNAL ANALYSIS

Internal analysis is important since it is an indicator of the strengths and weaknesses. The organizations studied indicated that they make assessment of resources they have. However, they have not indicated how it is done. In

**Table 15: Aspects of the sector**

ASPECTS	TOTAL (Frequency)	MEAN
Handling customer complaint	41	4.5
Winning customer	40	4.6
Suppliers of goods and services	36	4.6
Governmental regulatory influences	40	3.6
Growth rate of the sector	40	4.1
Exit/entry into/out of the sector	38	3.5
New strategic focus in the sector	40	3.7
Clearly defining markets	38	4.1
Setting objectives for the defined markets	38	4.4

**Source: Questionnaire**

Table 15 shows that the following aspects of the sector are considered and regarded as very important. These include winning customer loyalty; suppliers of goods and services; handling of customer complaints; setting objectives for the defined markets; and clearly defining markets. In addition, the following factors are considered important: new strategic focus in the sector; governmental regulatory influences; and exit/entry into/out of the sector.

#### 4.9 INTERNAL ANALYSIS

Internal analysis is important since it is an indicator of the strengths and weaknesses. The organizations studies indicated that they make assessment of resources they have. However, they have not indicated how it is done. In

addition, all of them feel they do better than competitors. 78 percent of those studied indicated that they have Board of Directors. The Board of Directors is considered in 70 percent of the cases to play an important role in the planning process, 17 percent to be important, 10 percent to be fairly important and 3 percent to be least important.

**Table 14: The role of the Board of Directors. Frequency**

To develop organizations policies	40
Oversee all aspects of the hotel/restaurants	38
Planning and provides financing	38
Set the overall objectives of the hotels/restaurant	38
Make major decisions	34

**Table 15: The hotels/restaurants major strengths Frequency**

Good customer care	42
Pricing strategies	40
The appropriate location	40
Good management	38
Security of the location	38
Well trained and motivated staff	38
Unique facilities	36
A well known name (brand name)	35

Source: Questionnaire



**Table 16: The weakness in the sector includes:** Frequency

Lack of well trained personnel	40
Lack of financial resources	38
Lack of strategy/direction	38
Unable to adjust with the changing times	36
Lack of professionalism	36
Bureaucracy of the decision makers (rigidity)	34

Source: Questionnaire

A number of statements were provided regarding planning practices.

**Table 17: Statements regarding planning practices**

PLANNING PRACTICES	TOTAL (Frequencies)	MEAN
Plays an important role in budget preparation	43	4.5
Ensures coordination of activities	41	4.4
Inhibits flexibility and adaptability	39	3.3
Provides a means of analyzing new opportunities	41	4.3
Constrains the use of initiatives by lower managers	42	2.9
Is a means of dealing with uncertainty	42	3.8
Is best done by all managers	42	3.8
Diverts attention from operational issues	43	2.5
Is best done by planning experts	40	2.4

Source: Questionnaire

Table 17 shows that the following statements are considered strongly in regards to planning practices:-

- plays an important role in budget preparation;
- ensures coordination of activities;
- provides a means of analyzing new opportunities;
- is a means of dealing with uncertainty;
- and is best done by all managers.

## CHAPTER FIVE

### 5.0 SUMMARY AND CONCLUSIONS

The study concluded that strategic planning is practiced in the hotel/restaurant industry in Nairobi, Kenya. The responses were 10 hotels and 25 restaurants. In addition, 15 were local and 15 international. Most of the restaurants were 3<sup>rd</sup> star (55 percent), 4<sup>th</sup> star (28 percent) and 5<sup>th</sup> star (17 percent).

The ownership is fairly distributed with wholly local representing 32 percent, wholly foreign 10 percent, group ownership 28 percent, and individual 30 percent.

Expansion has taken place in 61 percent of those hotels and restaurants studied but 39 percent have not. Growth has been contributed to a number of factors including good management, favorable business conditions, and good working relationship with workers, marketing activities and product diversification. In addition, growth has also resulted due to many more urban Kenyans wanting to eat out and shift in culture especially the younger generation.

The study results indicated that 87 percent of the hotels and restaurants have mission statements, 66 percent have them in written form and 79 percent have not changed them since the missions were formulated and 66 percent suggested they would maintain them in future. However, 87 percent of the respondents could not indicate their mission statements. This may perhaps suggest that though mission statements exist these executives may not know them.

Objectives are set in 90 percent out of which 71 percent are written. However, the kinds of objectives listed do not seem to reflect the above suggestions or support the high percentages in terms of setting and writing. 76 percent of the respondents indicated that everyone in the organization is aware of the mission and the objectives. Developing of the mission and the formulation of objectives is hindered by poor quality personnel, lack of professionalism, poor communication channels, lack of directors and top management support, high turnover of staff in the hospitality industry, lack of time, unfocused business interests and failure to accept change and new ways of doing things.



Planning is an important ingredient in business success. 83 percent of the hotels and restaurants studied developed plans. The development of these plans could be quarterly, semi-annually or annually. The top management, operational managers and all cadres of staff develop the plans, that is, it is participatory in nature. 93 percent of these organizations have formal planning meetings, 68 percent have informal planning sessions, 87 percent have timetables for the preparation of plans and 78 percent have clear-cut responsibilities for planning. However, only 39 percent have planning departments. This may suggest that most of these organizations do not find planning departments as important but planning is part of all departments.

Strategies and strategic plans describe the ways and means of achieving the objectives and the long-term mission. 79 percent these organizations develop strategies for their operations. 57 percent have changed these strategies over time and 76 percent intend to maintain the current strategies. However, there is some contradiction as the strategies mentioned look suspect as less than 10 percent suggests tangible and clear strategies and strategic plans. Problems faced in developing and documenting these strategies include: resistance to change, lack of qualified personnel, lack of participation and willingness of those concerned and market trends change very fast in the industry.

A progressive organization must seek to know what is happening both internally and externally. This will be important so as to know where it stands in the industry and the strategies to adopt to remain competitive. 83 percent of the organizations studied indicated that account data is adequate for planning. This therefore, suggests that accounting data is critical for the planning process. In addition, 74 percent gather external information for planning. Information on the aspects of external environment is collected through survey, use of questionnaire, visiting competitor's premises and exchanging views with others in the industry. Further, the following aspects are considered highly in the planning process, general economic trends, political and legal developments, competitors, population shifts and market trends, and organizations internal resources. The hotel/restaurant industry is considered to operate on an average stable environment.

The study concludes that organizations in this industry collect information about competitors (86 percent). Information collected include pricing strategies, kind of services, variety of menu, kind of employees, internal décor and other facilities. Competition is mainly within the same kind of hotels/restaurants but also from fast food outlets. The following aspects of competition are considered important in the industry: current strategies used by competitors, competitors' marketing practices, and organization's internal resources.

#### 5.1 RECOMMENDATIONS

Industry and market analysis is important since it shows where a given organization lie in the sector. The hotel/restaurant industry key success factors include: quality customer service, cleanliness, quality food, pricing, general outlook internal and external décor, reception of customers, human resources, marketing activities, experienced management and visible customer satisfaction.

The sector faces difficulties such as unstable market, high running expenses, security, stiff competition, unfavorable political climate, bad publicity of Kenya abroad and declining purchasing power of the customers. The following aspects of the sector are considered important: handling of customer complaints, winning customer loyalty, suppliers of goods and services, growth rate of the sector, new strategic focus in the sector, clearly defining your markets and setting objectives for the defined markets.

Assessment of resources is important since it helps an organization identify its strengths and weaknesses. All the organizations studied indicated that they make assessment of resources available. In addition, 79 percent shows that they have board of directors and the role of the board of directors is considered important in 87 percent of the organizations. Thus, it can be concluded that the board of directors play an important role in the planning process. The role of the board of director includes: developing organizational policies, overseeing all aspects of the organization, planning, setting overall objectives and making major decisions.

The main strengths in the sector include: good pricing strategies, good customer

care, good management, variety and diversity of the menu, security, parking space, well trained and motivated employees, brand name and unique facilities. The main weaknesses of the sector include lack of professionalism, poor trained personnel, lack of financial resources, rigidity and lack of teamwork. The organizations agrees strongly that planning practices are important since planning plays an important role in budget formulation, ensures coordination of activities, provides a means of analyzing new opportunities, is a means of dealing with uncertainty and is best done by managers in the industry.

## 5.1 RECOMMENDATIONS

Though the study concludes that strategic planning is practiced in the hotel/restaurant industry in Kenya, the following recommendations are vital if it's use could be optimized.

- 1) The mission statements should be written down precisely and communicated to all employees in the organization. The employees should continuously be reminded about the organizations mission statement lest they forget. It must be simple, understandable and concisely explained why the organization exists.
- 2) Objective setting should be a role of all starting from the board of directors, operational managers and operational employees.
- 3) The board of directors should play a more active role in these organizations, especially in setting of policies.
- 4) Strategies should be developed; continuous reviews should be done and must be written down.

### Limitations

- 1) Data collection was very difficult since a number of organizations that were selected to participate were not co-operative in providing the data.
- 2) Some of the issues in the questionnaire did not seem to be familiar to a number of respondents.



3) Respondents requested for face-to-face interviews but due to time limit it was not possible.

### Areas for further research

- 1) It may be necessary to know whether education level affects the strategic planning practices in the industry.
- 2) How is the classification of the hotel/restaurant emanated from?

### RESPONDENT DETAILS

3) It is necessary to find out whether ownership affects the strategic planning practices?

1. Sex

F  M

4) Does the level of operations affect strategic planning practices in the industry?

2. Age

Under 25

25-35

36-45

46-55

Over 55

3. Education (Highest level achieved)

High school

College/University

Hospitality: 2-3 years

4 years

Graduate

Non-Hospitality: 2-3 years

4 years

Graduate

The questionnaire below has been set in relation to the objectives of the study. All the questions are in relation to strategic management. Please answer all the questions. Any issues that may need any clarification will be discussed when the researcher calls to pick the completed questionnaire.

RESPONDENT DETAILS

1. Sex  F  M
2. Age:  Under 25  
 25-35  
 36-45  
 46-55  
 Over 55
3. Education (Highest level achieved)
  - High school
  - College/University
  - Hospitality:  2 – 3 years  
 4 years  
 Graduate
  - Non-Hospitality:  2-3 years  
 4 years  
 Graduate

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10. If yes, with 16-20 \_\_\_\_\_ contributed to this growth/expansion?

11. Kindly indicate Over 20 years \_\_\_\_\_ figures for your expenditure budget for the last five years:

5. Years with present company \_\_\_\_\_ 1996: Kshs. \_\_\_\_\_

1998: Kshs. 1-5 years \_\_\_\_\_

1997: Kshs. 6-10 \_\_\_\_\_

1995: Kshs. \_\_\_\_\_

12. How did you raise funds for the expenditure budgets in the years indicated above?

11-15 \_\_\_\_\_

16-20 \_\_\_\_\_

Over 20 years \_\_\_\_\_

6. Years in present position

1. (a) 1-2 years \_\_\_\_\_  Have a mission statement for your hotel/restaurant? Yes  No

if not, with 3-4 \_\_\_\_\_

(b) 5-6 \_\_\_\_\_  What is it? \_\_\_\_\_

Over 6 years \_\_\_\_\_  Is it a written statement? Yes  No

(ii) Has the hotel/restaurant ever changed its mission statement since it was established? Yes  No

If yes, what prime reason(s) necessitated this change?

2. Who came up with the idea of the mission statement? \_\_\_\_\_

3. When was the mission statement implemented? \_\_\_\_\_

Is the mission statement followed? \_\_\_\_\_

Yes  No

4. Who ensures whether the mission statement is followed? \_\_\_\_\_

5. Kindly indicate what happens if the mission statement is not followed \_\_\_\_\_



10. If yes, what factors contributed to this growth/expansion?
11. Kindly give approximate figures for your expenditure budget for the last five years:
- 1999: Kshs. \_\_\_\_\_ 1996: Kshs. \_\_\_\_\_
- 1998: Kshs. \_\_\_\_\_ 1995: Kshs. \_\_\_\_\_
- 1997: Kshs. \_\_\_\_\_
12. How did you raise funds for the expenditure budgets in the years indicated above?
- \_\_\_\_\_

### MISSIONS AND OBJECTIVES

1. (a) Do you have a mission statement for your hotel/restaurant? Yes [ ] No [ ]
- If not, why? \_\_\_\_\_
- (b) If yes, (i) What is it? \_\_\_\_\_
- (ii) Is it a written statement? No [ ] Yes [ ] No [ ]
- (iii) Has the hotel/restaurant ever changed its mission statement since it was established? Yes [ ] No [ ]
- If yes, what prime reason(s) necessitated this change? \_\_\_\_\_
2. Who came up with the idea of the mission statement? \_\_\_\_\_
3. When was the mission statement implemented? \_\_\_\_\_
- Is the mission statement followed? \_\_\_\_\_
- Yes [ ] No [ ]
4. Who ensures whether the mission statement is followed? \_\_\_\_\_
5. Kindly indicate what happens if the mission statement is not followed
- \_\_\_\_\_

PLANNING

6. (a) Do you set objectives for the hotel/restaurant? Yes [ ] No [ ]
- (b) If not, why?
- (c) If yes, what are they? Please rank them in order of importance attached to each – from the most to the least important.

1) 1<sup>st</sup> quarter [ ] 2<sup>nd</sup> quarter [ ]

2) 3<sup>rd</sup> quarter [ ] 4<sup>th</sup> quarter [ ]

- (d) How are these plans developed?
- (e) Who participates in the development of these plans?
- (f) Are these plans written once they have been developed? Yes [ ] No [ ]
- (d) At what levels in the hotel/restaurant are these objectives set?

(e) Who participates in setting these objectives? Describe your planning processes:

(f) Are these objectives written? Yes [ ] No [ ] Yes [ ] No [ ]

7. (a) Is everyone in the organization aware of the mission and the objectives? Yes [ ] No [ ]
- (b) How do you communicate with them? Yes [ ] No [ ]

8. What do you find as the major hindrance(s) in developing the mission and the formulation of your objectives? (Please rank them starting with the most to the least important).

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_
- 3) \_\_\_\_\_
- 4) \_\_\_\_\_
- 5) \_\_\_\_\_

## PLANNING

1. (a) Does your hotel/restaurant develop any plans? Yes [ ] No [ ]
- (b) If yes, how long ago were these plans first developed in your hotel/restaurant?  
\_\_\_\_\_
- (c) What time periods do your plans cover? (Please tick where appropriate).
- |                         |     |                         |     |
|-------------------------|-----|-------------------------|-----|
| 1 <sup>st</sup> quarter | [ ] | 2 <sup>nd</sup> quarter | [ ] |
| 3 <sup>rd</sup> quarter | [ ] | 4 <sup>th</sup> quarter | [ ] |
- (d) How are these plans developed?
- (e) Who participates in the development of these plans?
- (f) Are these plans written once they have been developed? Yes [ ] No [ ]
- (g) How often are these plans reviewed?
- (h) Indicate whether the following features characterize your planning processes:
- |  |         |        |
|--|---------|--------|
| i) Formal planning meetings                  | Yes [ ] | No [ ] |
| ii) Informal planning sessions               | Yes [ ] | No [ ] |
| iii) Timetables for the preparation of plans | Yes [ ] | No [ ] |
| iv) Clear-cut responsibilities for planning  | Yes [ ] | No [ ] |
| v) Existence of a planning department        | Yes [ ] | No [ ] |
- (i) What factor(s) greatly affect your planning? (Please rank them starting with the most to the least important).
- 1) \_\_\_\_\_
- 2) \_\_\_\_\_
- 3) \_\_\_\_\_
- 4) \_\_\_\_\_
- 5) \_\_\_\_\_



## STRATEGIES AND STRATEGIC PLANS

1. (a) Has your hotel/restaurant developed any strategies for operation?

Yes [ ] No [ ]

(b) If yes, what are they?

---

(c) Have you changed these strategies over time?

Yes [ ] No [ ]

(d) Do you intend to maintain these current strategies?

Yes [ ] No [ ]

(e) How are these strategies developed?

---

(f) Who are involved in the development of these strategies?

---

(g) Are these strategies in written form? Yes [ ] No [ ]

(h) Do you have strategic plans? Yes [ ] No [ ]

(i) Are they in written form? Yes [ ] No [ ]

(j) What problems, if any, have you faced in developing and documenting these strategies? (Please rank them starting with the most to the least important)

1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

ENVIRONMENT 4) SCANNING \_\_\_\_\_

5) \_\_\_\_\_

1(a) Do you find accounting data adequate for planning?

Yes [ ] No [ ]

(b) Does your hotel/restaurant gather external information for planning?

Yes [ ] No [ ]

(c) How do you collect information on the aspects of your external environment?

(d) Who is in charge of this activity?

(e) What do you do with the data once it has been gathered?

2. Please indicate the extent to which information on the following is considered in the planning process (by circling the appropriate option)

	Not Considered			Highly Considered	
	1	2	3	4	5
a. General economic trends	1	2	3	4	5
b. Political and legal developments	1	2	3	4	5
c. Competitors	1	2	3	4	5
d. Technological changes	1	2	3	4	5
e. Social and cultural trends	1	2	3	4	5
f. Population shifts and market trends	1	2	3	4	5
g. Organization's internal resources	1	2	3	4	5

### ENVIRONMENTAL SCANNING

3. Would you describe your environment as a stable or a turbulent one?  
Please indicate your perception on the scale below (by circling the appropriate option)
- 1(a) Do you find accounting data adequate for planning? *Turbulent*  
Yes [ ] No [ ]
- (b) Does your hotel/restaurant gather external information for planning?  
Yes [ ] No [ ]
- (c) How do you collect information on the aspects of your external environment?  
\_\_\_\_\_
- (d) Who is in charge of this activity?  
\_\_\_\_\_
- (e) What do you do with the data once it has been gathered?  
\_\_\_\_\_
2. Please indicate the extent to which information on the following is considered in the planning process (by circling the appropriate option)

		Not Considered			Highly Considered	
		1	2	3	4	5
a.	General economic trends	1	2	3	4	5
b.	Political and legal developments	1	2	3	4	5
c.	Competitors	1	2	3	4	5
d.	Technological changes	1	2	3	4	5
e.	Social and cultural trends	1	2	3	4	5
f.	Population shifts and market trends	1	2	3	4	5
g.	Organization's internal resources	1	2	3	4	5



3. Would you describe your environment as a stable or a turbulent one? Please indicate your perception on the scale below (by circling the appropriate option):

<b>Very stable</b>					<b>Extremely Turbulent</b>
The goals of your competitors	1	2	3	4	5
Possible new entrants	1	2	3	4	5
Current strategies used by your competitors	1	2	3	4	5

### COMPETITOR ANALYSIS

- 1(a) Does your hotel/restaurant regularly collect information about your competitors? Yes [ ] No [ ]
- (b) If yes, what kind of information and how do you gather it?
- (c) Who is in charge of this activity?
- (d) Do you identify hotels/restaurants that try to compete with you and either succeed or fail? Yes [ ] No [ ]
- (e) Please explain and describe the competition your hotel/restaurant faces?
- (f) Who are your major competitor(s)? Why do you consider them your competitors?
- (g) Please indicate the level of importance your hotel/restaurant attaches to the following aspects of competition (1 = least important up to 5 = most important)

### INDUSTRY AND MARKET ANALYSIS

1. (a) What is the hotel/restaurant's rank/position in the sector? Please tick the appropriate option:  
 Below 10 [ ] 11-20 [ ] 21-30 [ ] 31-40 [ ] 41-50 [ ] Above 50 [ ]
2. (a) What are the key factors that determine success in the sector?  
 (b) Does the company gather information that is unique to the sector?

(c) What difficulties do you face in this sector? **Totally** **Very**  
 (d) What opportunities and threats, if any, do you face in this sector? **Unimportant** **Important**  
 (e) Please indicate the level of importance that you attach to the following

	1	2	3	4	5
The goals of your competitors	1	2	3	4	5
Possible new entrants	1	2	3	4	5
Current strategies used by your competitors	1	2	3	4	5
The financial strength of your competitors	1	2	3	4	5
Competitors' marketing practices	1	2	3	4	5
Competitors' physical and human resources	1	2	3	4	5
The number of hotels you are competing with	1	2	3	4	5
Special treatment by the government	1	2	3	4	5
Access to government bodies	1	2	3	4	5
Organization's internal resources	1	2	3	4	5

### INDUSTRY AND MARKET ANALYSIS

- (a) What is the hotel's/restaurant's rank/position in the sector? Please tick the appropriate option:

Best 10 [ ] 11-20 [ ] 21-30 [ ] 31-40 [ ] 41-50 [ ] Above 50 [ ]
- (a) What are the key factors that determine success in the sector?

(b) Does the company gather information that is unique to the sector?





- (c) What difficulties do you face in this sector?
- (d) What opportunities and threats, if any, do you see in the sector?
- (e) Please indicate the level of importance that your hotel/restaurant attaches to the following aspects of the sector (1 = least important up to 5 most important):

Handling customer (beneficiary) complaints	1	2	3	4	5
Winning customer (beneficiary) loyalty	1	2	3	4	5
Suppliers of your goods and services	1	2	3	4	5
Governmental regulatory influences	1	2	3	4	5
Growth rate of the sector	1	2	3	4	5
Exit/Entry of hotels into/out of the sector	1	2	3	4	5
New strategic focus in the sector	1	2	3	4	5
Clearly defining your markets	1	2	3	4	5
Setting objectives for the defined markets	1	2	3	4	5

### INTERNAL ANALYSIS

1. (a) Do you make assessment of all your resources? Yes [ ] No [ ]  
Please explain.
- (b) Do you feel that you do better than your competitors? Why?
- (c) Do you have a Board of Directors? Yes [ ] No [ ]
- (d) If yes, what do you consider to be its role in the planning process in your hotel?

*Least important*

*Most important*

1      2      3      4      5

(please circle the appropriate option)

- (e) What is the role of the Board of Directors in practice in your hotel/restaurant?
- (f) What do you consider as your main strengths and weaknesses, if any (please rank them starting with the most important to the least important).

**Strengths**

**Weaknesses**

1)

1)

2)

2)

3)

3)

4)

4)

5)

5)

2 Please indicate your degree of agreement or disagreement about the following statements regarding planning practices in your hotel/restaurant:

Plays an important role in budget formulation	1	2	3	4	5
Ensures coordination of activities.	1	2	3	4	5
Inhibits flexibility and adaptability	1	2	3	4	5
Provides a means of analyzing new opportunities	1	2	3	4	5
Constrains the use of initiatives by lower manager	1	2	3	4	5
Is a means of dealing with uncertainty	1	2	3	4	5
Is best done by all managers in the hotel	1	2	3	4	5
Diverts attention from operational issues	1	2	3	4	5
Is best done by planning experts	1	2	3	4	5

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