

**STRATEGIC MANAGEMENT DRIVERS AND PERFORMANCE OF FIVE STAR
HOTELS IN NAIROBI COUNTY**

JOSEPHINE NJERI MWANGI

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION, SCHOOL OF BUSINESS**

UNIVERSITY OF NAIROBI

2017

DECLARATION

Being my original work, this research project has never been submitted to any academic institution of higher learning for the award of any degree:

Sign..... Date.....

Josephine Njeri Mwangi

D61/81655/2015

Being the supervisor of the University, this research project has been approved for examination:

Sign..... Date.....

Dr. Raymond Musyoka

Department of Business Administration

School of Business

University of Nairobi

DEDICATION

I wish to dedicate this research project to my friends and family who encouraged me during the study period. My workmates too for their encouragement.

ACKNOWLEDGEMENT

First and foremost, praises and thanks to God, the Almighty, for His showers of blessings throughout my research work to complete the research successfully.

With the guidance and support of my supervisor Dr. Raymond Musyoka, this research project came to completion. You have been of great importance in all this period of writing and research and you have proved to be my ideal supervisor. Your continued support will be continually remembered and appreciated.

TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENT.....	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
OPERATIONAL DEFINITION OF TERMS.....	x
ABBREVIATIONS AND ACRONYMS.....	x
ABSTRACT.....	xii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background to the Study.....	1
1.1.1 Strategic Management Drivers	3
1.1.2 Organizational Performance	3
1.1.3 Strategic Management Drivers and Organizational Performance	4
1.1.4 Industry of Hospitality in Kenya.....	5
1.1.5 Five Star Hotels in Nairobi County	6
1.2 Research Problem	7
1.3 Objectives of the study.....	8
1.4 Study Value.....	8
CHAPTER TWO: LITERATURE REVIEW.....	10
2.1 Introduction.....	10
2.2 Theoretical Foundations.....	10
2.2.1 Porter's Theory.....	10
2.2.2 Resource-Based Theory	11
2.2.3 McKinsey 7S Model	11
2.3 Empirical Review.....	12
2.3.1 Empirical Review on the Drivers.....	12
2.3.1.1 Customer Relationship Management	13
2.3.1.2 Competitive Positioning	14
2.3.1.3 Organizational Learning	14

2.3.1.4 Information Communication Technology.....	15
2.3.1.5 Organizational Performance	16
2.4 Summary of Literature and Gaps	16
2.5 Conceptual Framework.....	17
CHAPTER THREE: RESEARCH METHODOLOGY	19
3.1 Introduction.....	19
3.2 Research Design.....	19
3.3 Population of the Study.....	19
3.4 Sampling Design.....	20
3.5 Validity and Reliability.....	20
3.5.1 Validity	21
3.5.2 Reliability.....	21
3.6 Data Collection Instruments	21
3.7 Analysis of Data.....	22
3.8 Diagnostic Tests.....	23
CHAPTER FOUR: DATA ANALYSIS, PRESENTATION, AND INTERPRETATION ..	24
4.1 Introduction.....	24
4.2 Rate of Response.....	24
4.2.1 Reliability Statistics	24
4.2.2 Diagnostic Tests.....	24
4.3 General Information.....	25
4.3.1 Number of Employees	25
4.3.2 The incorporation years	26
4.3.2 The challenges the Hotels are facing in embracing strategic drivers.....	26
4.4 Descriptive Statistics.....	26
4.4.1 Customer Relationship Management Driver	28
4.4.2 Competitive positioning Driver	28
4.4.3 Organizational Learning Driver.....	28
4.4.4 Information communication Driver	30
4.5 Regression Analysis.....	31
4.5.1 Test of hypotheses.....	31

4.5.2 Effect of customer relationship management on performance of 5-star hotel.....	31
4.5.3 Effect of competitive positioning driver on performance of 5-star hotel	33
4.5.4 Effect of organizational learning driver on performance of 5-star hotel.	34
4.5.4 Effect of Information Communication driver on performance of 5-star hotel.	35
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS	39
5.1 Introduction.....	39
5.2 Findings Summary	39
5.3 Conclusion	41
5.4 Recommendation	42
5.5 Areas for Further Study	42
REFERENCES.....	43
APPENDICES	47
Appendix I: Introductory Letter to Respondents	47
Appendix II: Research Questionnaire	48
Appendix III: 5-Star Hotels in Nairobi	53

LIST OF TABLES

Table 3.1: Sample Size	19
Table 4.1:Reliability Statistics	23
Table 4.2:Total number of employees	24
Table 4.1:Reliability Statistics	23
Table 4.2:Total number of employees	24
Table 4.3: Statement in relation to customer relationship management and hotel performance ..	26
Table 4.4: Statement in relation to competitive positioning and hotel performance	27
Table 4.5: Statement in relation to organizational learning and hotel performance	28
Table 4.6: Statement in relation to information communication and hotel performance	29
Table 4.7: Regression and Model results of strategic drivers	30
Table 4.8: Regression and Model results of Competitive positioning.....	32
Table 4.9: Regression and Model results of Learning	33
Table 4.10: Regression and Model results of Information communication.....	34
Table 4.11: Regression and Model results of strategic drivers	35

LIST OF FIGURES

Figure 2.1: Conceptual Framework	18
Figure 4.1: Normal Q-Q Plot	24

OPERATIONAL DEFINITION OF TERMS

Strategic management refers to a situation whereby objectives are set, competitive environment and internal organization are analyzed as well as carrying out of an evaluation on various strategies and ensure that those strategies are rolled out in the organization by the management.

Performance refers to a scenario when a task measured against a given known standard of completeness, accuracy, speed, cost and completeness is accomplished.

Management refers to a process that involves planning, organizing, staffing, directing, motivating and controlling during proposal implementation.

Learning refers to knowledge acquired through study, experience, or being taught.

Customer relationship management refers to that approach used to manage the interaction of the company with both potential and current customers.

Competitive positioning refers to how you will strike a difference with your offering so as to create your market value. It is all about identifying a spot in the competitive environment, put appropriate measures and become a winner in the market place.

ABBREVIATIONS AND ACRONYMS

CRM	Customer relationship management
SD	Standard Deviation
SPSS	Statistical Package for Social Sciences
Std Error	Standard Error
Sig	Level of significance

ABSTRACT

Strategic management is a collection of management actions and decisions used by an organization to achieve increased performance and retained a competitive edge over competitors. This study intended to assess the effect of drivers of strategic management five star hotels' performance in the county of Nairobi. Other specific objectives this study sought to achieve include: to establish the effect of customer relationship management on five star hotels' performance in the county of Nairobi; Also to determine the effect of the driver of organization learning five star hotels' performance in the county of Nairobi; to establish the effect of the driver of competitive positioning five star hotels' performance in the county of Nairobi and to determine the effect of the driver of information communication five star hotels' performance in the county of Nairobi. Questionnaires as primary data collection tools and secondary data sheet for secondary data collection were used to carry out data collection and later analyzed using Multiple regression (standard), descriptive analysis (means and standard deviations) and inferential statistics. The 10 five star hotels in Nairobi city were the target population of the Study. In each of the 10 five star hotels a senior manager was purposively selected to participate in the study as respondent. A sample size of 10 senior managers of the 10 five star hotels was therefore used. With the aid of SPSS (SPSS version 21.0) software quantitative results were tabulated and presented in the form of charts, bar graphs, and narratives. The study employed a research design of cross-sectional survey. It was found out that CRM driver was statistically significant in influencing performance of performance of 5-star hotels in Nairobi. The study found out that Competitive positioning driver was statistically significant in influencing performance of performance of 5-star hotels in Nairobi. The study found out that organization learning driver was statistically significant in influencing performance of performance of 5-star hotels in Nairobi. The study found out that communication information driver was statistically significant in influencing performance of performance of 5-star hotels in Nairobi.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The works of Andrews and Saelznick in 1957 gives a trace of strategic management. Andrews (1957) interpreted a strategy to refer to a parity of activities and options between the two environmental components: internal and external. Selznick (1957) on introduced vital concepts on compiling the two environmental components (internal and external environments) for policy exertion. Strategic management is a collection of management actions and decisions used by an organization to achieve increased performance and retained a competitive edge over competitors (Wheelen & Hunger, 2004). Strategic management is comprised of multiple steps that entail: environmental scanning in a bid to search for information, selection of appropriate data, interpretation of such data, the creation of a strategic model, verifying the model before putting it into practice (Cray & Mallory, 1998).

The study was guided by three main theories: Porter's five forces framework, resource theory and McKinsey's methodological approach to the 7S's. Porter's 1980 argument of industry competitive edge elaborates the manner in which competing forces operate within the industry perspective in the determination of an organizational advantageousness concerning the rest of other players in the industry (1980). The resource-based view constitutes an examination of an organization's distinct asset, skills, and capabilities combination and other intangibles. McKinsey's 7S view argues as per the 7S's forming the seven variables of strategy, skills, systems, structure, staff, shared values and the style by which a firm is propelled. (Peters & Waterman, 1982).

According to Carter and Pucko (2010), a robust drawn and implemented strategy is capable of positioning firms ahead of the rest when it comes to strategic uniqueness, and by so doing, this raises success prospects of this firms due to a remarkable performance. Regrettably, most firms globally are still struggling with the process of strategy execution as evidenced by previous years' researchers that record that many firms go astray executing amid 60% and 80% of their strategic (Sage, 2015).

It is recorded that the step of strategy execution is second in the process of strategic management and which is the hardest, costlier and lengthy amid the rest of steps (Sial et al., 2013). Strategic management field deals with the decisions taken by general management and which involve resource utilization aimed at performance enhancement for firms in their macroenvironment (Nag et al., 2007). These decisions comprise the specification of firms' vision, mission, and objectives as well as the development of plans and policies in the form of programs meant to help arrive at the goals of the firm.

According to Ansoff (1984), strategic management is a step by step approach towards an important general management responsibility of positioning and relating firms to their environment with the aim of ensuring their continued existence and stability from surprise shocks of competitors. A firm's strategic direction is embedded in its mission and vision statements which translate to the initial step of formulating and implementing the firm's strategies. For managers to survive and make valid decisions in a world full of surprises, competitive forces and uncertainty, they must seek to conform to the varied demands of managers in the environment they operate. Managers must also remain committed to their strategic plans' implementation. The process of strategic implementation comes second although being the most cumbersome and tedious process in all (Sage, 2015; Barnat, 2012; Sil et al., 2013).

Strategic management drivers are those factors that help in the translation of strategic thoughts into performances that can be attained (Mutindi et al., 2003). The drivers aim to help organizations achieve or exceed planned performance. Some of these drivers entail relationship management of customers, organizational learning, strategic planning and information communication technology. Five star hotels in Nairobi town are considered for this case study as they are presumed to be the main hotels in the country (though others exist) emanating from the fact that Nairobi is the capital city of Kenya and the very fact that five star hotels are the largest so far existing classification of hotels in the hotel industry.

1.1.1 Strategic Management Drivers

Mutindi et al. (2003) assert that the drivers of strategic management encompass the conversion of strategic plans to achievable performances. The process incorporates operating, strategic and financial foundations used to benchmark firms' ability to meet their objectives (Mshenga & Owuor, 2009). The drivers of strategy with regards to performance relate jointly with distinct drivers of value and strategies that work in tandem to maximize firm profitability.

There are very many factors which drive the performance of hotels, and some of these drivers are internal while others are external. However, some drivers are more crucial in influencing performance than others because when applied they have been proved to steer organizations to greater profitability (Namusonge *et al.*, 2012). Barnat (2012) posits that firms must experience huge sales turnover levels, low staff turnover coupled with relevant performance drivers for them to be termed as successful.

Njihia, Obara, and Mauti (2013) elucidate that the crucial tool for performance monitoring, motivation enhancement, communication improvement and improved answerability is performance measurement. Odhuno and Wadongo (2010) identify leverage, asset turnover working capital and profit margin as the main performance enhancement drivers. Mucheru (2008) further adds that the financial measurements as postulated by the balanced scorecard remain crucial in performance measurement alongside other futuristic drivers.

1.1.2 Organizational Performance

Since the major aim of business is to make profits, firm performance remains crucial to every firm. Performance is a creed to assessing firm functioning as per employee morale, productivity, and effectiveness (Fwaya, 2006; Porter, 2008). Sainaghi (2010) contends that hotel managers and academicians inclusive have adopted varied performance measurement parameters. Odhiambo (2009) pinpointed a three-staged approach to firm performance.

Odhiambo (2009)'s approach portrays performance as per goal fulfillment backed by the theory of goal setting. Wanjiku (2009) depicts performance intermit quadruple mindsets: internal processes, financial perspective, innovativeness and customer perspective. The major drivers of financial perspective for performance enhancement encompass working capital, leverage, profit margin, cash flow and asset turnover (Odhuno, Kambona, Othuno & Wadongo, 2010). The researchers termed successful organizations as those that were able to record high returns as compared to their counterparts in the same industry. Efficiency though being a resourceful traditional driver of performance has failed to measure firm effectiveness to strategic objectives (Sainaghi, 2011). Philips (2007) compounds that among the methods used to measure performance: quantitative and qualitative methods, qualitative methods are futuristic while quantitative methods are historical.

According to Mohsin and Lockyer (2010), the reason as to why the balanced scorecard has emerged a standard measure of performance in numerous hospitality literature is because it has the attributes of integrating strategic issues with performance measurement. The balanced scorecard also remains the very first tool that has been proven to measure non-financial performance. Strategic management performance drivers entail the conversion of plans into implementable objects. According to Mshenga and Owour (2009), the strategic drivers of performance combines operating, strategic and financial principles in gauging the potential of a firm to meeting its set goals. The management of the hospitality industry should adopt feedback processing in adjusting hotel policies and other operational modes within the hotel (Wadongo, Odhuno & Kambona, 2010).

1.1.3 Strategic Management Drivers and Organizational Performance

Many studies undertaken have sought to determine whether strategic management drivers influence organizational performance and if they do, in which ways do they influence such performance. The Traditional operational drivers of performance have been measuring performance regarding efficiency but have failed to measure firm efficiency to objectives of strategic management (Sainaghi, 2011).

The quantitative and qualitative methods took over the traditional operational drivers of performance following the weaknesses depicted in the near past by those traditional drivers. Nevertheless, the quantitative methods have been criticized as being past-oriented whereas qualitative methods are futuristic to organizations and hence relevant in redefining strategy (Phillips, 2007).

The Balanced Scorecard has been used widely in hospitality literature because it integrates performance measurement with strategic issues (Mohsin & Lockyer, 2010). It is also the first tool that attempted to measure performance based on non-financial measures. The Balanced Scorecard (BSC) has been said to provide cause and effect system, minimum standard system and wholly developed systems (Baggio & Sinaghis, 2010).

1.1.4 Industry of Hospitality in Kenya

Industry of Hospitality in Kenya has been the cash cow to Kenyan economy. It has Specifically, the hotel industry in Kenya contracted by 45% in 2013 compared loan expansion of 2.6 percent in 2012. The Kenya Economic Report (2013) reports that the industry strives to attain and retain leadership amid the rest of industries operating in the country through continuous improvement of its internal and external processes and through alignment of its strategic decisions to those of the environment in which it operates.

The global hotel sector plays a critical role but despite that, the industry faces tough times ahead (Sainaghi, Phillips & Corti, 2013). The council of World Travel and Tourism (2012) argues that the sector of tourism and travel in 2011 accounted for 0.09 of global, national income. It is projected that by 2022 the tourism in the world sector will increase by 4% of global GDP and over 328 million jobs thereby ejecting about US\$ 20 trillion in the world economy. Hotels are expected to contribute the most significant share of employment opportunities as a result of new ventures.

Some challenges have been responsible for the deteriorating performance of the hotel industry in Kenya. These challenges as postulated by Onyango and Kipchumba (2012) entail: limited availability of skilled personnel, lack of adequate security resulting in uncertainty among the investors and tourists and inadequate formulation of long-term goals. Kotler (2010) specifies the hospitality industry and the travel industry as the two main industries that comprise the functioning activities of tourism. The distinction between services offered in the different star-rated hotels are gradually shrinking, and it is becoming increasingly difficult to differentiate the services of one star rated hotel from another (Peterson & Lyer, 2006). Tourism is one of the six key areas that have been given priority in acting as the key growth drivers in Kenya (Owiti, 2011).

The National Tourism Strategy (2013) argues that the number of rooms a hotel has determined its performance. Kenya is rated as the second country with the greatest number of hotel rooms after South Africa (National Tourism Strategy, 2013). In 2013 tourism generated Kshs. 102, 150, 000, 000 which represented an increase from that realized in the previous year (Kenya Economic Report, 2013). The industry is fragile to hostilities such as post-election violence, terrorism among others (Kangogo, Musiega & Manyasi (2013).

1.1.5 Five Star Hotels in Nairobi County

According to Wadogo et al. (2010), the hospitality sector in Kenya contributes over 509,000 jobs in 2007. The research forecasted that the industry would contribute over 638,000 employment opportunities in 2017. The constant success of the hotel sector reveals its greater contribution prospects towards the country's GDP.

Ayele and Obonyo (2012) noted that one of the sectors lying within the hospitality sector in Kenya is the hotel industry and includes 1-star, 3-star, 4-star, 5 star, amongst others. The different classes of hotels provide a diverse range of services that suit customers of their diverse expectations. Quality, ambiance, class, quantity and elegance are some of the distinguishing factors that separate the different classes of hotels in the industry. The star classification of hotels is not only a Kenyan made a feature but a globally adopted and accepted feature for segmenting customer needs and wants.

The entity in charge of determining hotel conditions of accountability is responsible for determining the 5-star level of hotels in the world organization of tourism (Johanna, 2010). Hotel assessment is determined by the facilities and service quality they offer. According to the results published in a gazette notice on November 18th 2016, there are currently eight five star hotels in Nairobi County. The hotels have a bed capacity ranging from forty-six beds to seven hundred and sixteen beds. The eight five star hotels in Nairobi County include Fairmont the Norfolk, Villa Rosa Kempinski, Sankara Nairobi, Hemingways Nairobi, Sarova Stanley, Fairmont the Norfolk, Tribe Hotel, Dusit D2 and the Radisson Blu Hotel (Ringa, 2016).

1.2 Research Problem

According to Ayele and Obonyo (2012), some of the key strategic management drivers in the hotel industry entail organizational learning, information communication technology, customer relationship management and competitive positioning. These drivers are fundamental to the stability of five-star hotels and the growth of lower star hotels into five-star ratings (Sil et al., 2013). Kuria, Alice and Wanderi (2012) reports that there has been a decline in Kenyan tourism due to post-election chaos and terrorist attacks which have threatened the hotel industry as many of the hotels are dependent of the foreign tourists (Oketch, Wadawi, Brester & Needetea, 2010).

Because of this, many hotels have been closed down thereby resulting in declined bed occupancy resulting in a worse off situation if proper strategic control and positioning is not established (Nzuve & Nyaega, 2011). Kamau (2008) further reports that the Kenyan tourism sector under which hotels are found faces challenges of changes in social, cultural setups, competition, economic reforms and technological hyper nates.

The 5-star hotels in Nairobi could further be affected by a declined number of tourists following the declaration of the 2017 repeat elections rendering the country not fully stable as the outcome of the October 26th scheduled repeat elections is yet to be known. Managers have a current test of reviewing how to position themselves strategically to achieve strategic competitive advantage (Barnat, 2012). If the industry collapses, the 5-star hotels will be the most jeopardized cluster as they have made a massive investment in facilities and personnel with great expectations.

Akan et al. (2006) researched on the tactics applied to implement Porter's generic framework. Back (2005) studies the how image congruence affects hotels' customers brand loyalty. Lo (2012) examined hotels implementation of the generic strategy of Porter in China. Nyariki and Munyoki (2013) researched on practices applied in strategic management and how they influence the performance of Kenyan SMEs. Muthoka (2014) investigated how strategic management drivers influence firm hotel performance in Kenya. Watiki and Chirchir (2014) determined how the quality of services influence the level of customer satisfaction. Uzel, Namusonge and Obwogi (2015) assessed how strategic management drivers affect Kenyan Coast's hotel industry. This study intended give an answer to the question, what is the effect of strategic management drivers on five-star hotels' performance in Nairobi, Kenya?

1.3 Objectives of the study

This study aimed to determine the impact of strategic management drivers on five-star hotels' performance in Nairobi County.

1.4 Study Value

The findings of this study will serve as a model for the drivers of performance and strategic management in the hotel industry. This study will help hotel managers in Nairobi County and the rest of Counties to identify and use efficient and effective strategic management drivers to respond to performance challenges or threats.

The study will help current and future investors to gauge their investment options. This is because investors always want to invest their money where they could get value at the same time reducing production costs. The findings contribute to the general philosophies of strategic management. It also contributes to the academic literature in the hotel industry and specifically in Kenya and Nairobi County.

The recommendations of the study will assist policymakers as a reference for future policies involving strategic management and hotel performance. The findings from the research will broaden knowledge in the field of strategic management and hotel performance and propel hotels policymakers to adopt the hypothesized strategic management hotel drivers. The outcome of the study is an addition to the existing strategic management literature.

This study enriches theory and practice of strategic management. It adds more profound explanations which substantiate the theoretical arguments from the actual study findings thereby generating more knowledge to theorists who may want to propound more on strategic management drivers and performance shortly.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers the design of the research, population targeted, techniques of collecting data, analysis of data, and the study's ethical consideration. The chapter gives an explanation on matters relating to collection, measurement as well as data analysis. Research methodology is the overall plan used by a researcher to answer the study's questions. The section gives a finer detail on how the research was conducted and how an approach to the respondents was carried out as well as how it was completed. Sections that are covered in this chapter include: research design, data collection instruments, target population, sample design, procedures of collecting data and finally the analysis of data.

2.2 Theoretical Foundations

This is the theoretical anchorage of the study. The section captures relevant theories and models that inform the study. Porter's theory will be highlighted in this section which is of competitive advantage, as well as BirgeWenefeldt's resource-based theory and the 7S model of McKinsey.

2.2.1 Porter's Theory

This is a theory of competitive advantage had has its origin from the work of Michael Porter in 1980. The theory argues that the process of competitive strategy formulation relates to the environment of the company (Porter, 1980). The major facet therefore of the organization's environment is the place of competition.

This theory argues that the strategies of competitiveness alter organizational direction and act as a guiding principle in helping organizations know where they are, where they are headed and how they can get there. The theory argues from five forces perspective that influences firm competitiveness: new entrants's threat, buyer power as well as supplier power, substitute products' threat and ruvarly(Porter, 1980).

Teece (1984) supports the applicability of Porter's theory in real life through various illustrations of its empirical applicability. The theory informs the study in detailing the competitive attributes of the firm towards its industry in a bid to disseminating more knowledge pertaining strategic management drivers and performance.

2.2.2 Resource-Based Theory

Wernerfelt in 1984 initially developed the resource-based theory which was later compounded by Rumelt (1984), Penrose (1959), Peteraf (1993), Barney (1991) among many other scholars. The resource-based theory centers in the application of varied valuable resources readily available in the organization. According to Rumelt (1984), organizational resources are the main inputs for any desirable outcome.

Peteraf (1993) further adds that the resources of any organization are classified as either tangible or intangible. This theory states that the strategic resources' possession provides organizations a golden chance of developing competitive advantages over their competitors. Peteraf (1993) argues that organizations should invest in strategic change management practices for them to have their resource capabilities set at par. The organizations must also seek to attain the market leadership position in the industry by growing their strengths, reducing their weaknesses, identifying and exploiting their opportunities and overcoming their threats. This is important since every organization aspires to achieve market leadership position to not only emerge more profitable but also remain relevant in the fast-changing environment.

The critique of this theory was published by Priem and Butler (2001) who argued that the theory lacks adequate managerial implications and further lacks operational validity. The theory is also criticized by Connor (2002) and Miller (2003) as putting an over-emphasis of instructing management to develop distinct resources while keeping silent on the methodology of achieving the same. The theory was crucial for this study since it stipulated the influence of organizational performance which according to the theory is influenced by strategic resource capabilities.

2.2.3 McKinsey 7S Model

This framework stipulates seven variables all starting with 'S' to make it easily recognized and rememberable in business. The 7S' model entails 7 factors which entail: skills, shared values, structure, systems, strategy and staff. These variables include systems, staff, structure, skills, strategy, shared values, and style. This model aims identifying factors whose integration could result in increased firm performance (Peters & Waterman, 1982).

According to Peters and Waterman (1982), the day to day processes and procedures followed in the firm management define the 'systems.' Personnel categories of this firm describe the attribute 'staff' while 'skills' bring the idea of firm abilities within the human resources. The manner depicted by firm management in carrying out themselves to attain firm set plans defines the 'style' variable.

The objects which define important guidelines shared by which firm members is defined by the 'shared values' variable (Peters & Waterman, 1982). The complex components are strategy, systems and structure that usually emerge predominant due to their well-documented nature and the fact that they are tangible objects or reports like corporate plans, strategy documents and statements and organizational charts. A hierarchical, rigid organizational structure often is seen to result in a bureaucratic firm structure in which case power is centralized to higher management levels (Peters & Waterman, 1982).

2.3 Empirical Review

This section presents the empirical literature from past studies as per the research objectives.

2.3.1 Empirical Review on the Drivers

The sub-sections present empirical literature and gaps on the drivers under the study's focus. These are customer relationship management, competitive positioning, organizational learning, information communication technology and hotel performance.

2.3.1.1 Customer Relationship Management

The hotel industry analysts have argued that in days to come, 70 percent of the budget of hotels will be spent on activities related to Customer Relationship Management (CRM) for them to be relevant since CRM has the greatest potential to raise hotel efficiency (Alino, 2013). Mohammed and Rashid (2012) present a theoretical model to explain CRM dimensions' relationship with the performance of hotels. The researchers fail to test their hypothesized model to determine whether to reject or accept the hypothesis and thus to leave that for this study to uncover the same.

Vogt (2011) notes the existence of limited researchers on the variety of applications CRM has in the hotel industry despite the increasing use of CRM in the industry. According to Jain, Jain and Dhar (2007), CRM implementation helps develop some skills, functions, technologies and processes which help firms achieve long-lasting customer loyalty and hence improved performance. Coltman (2007) identifies CRM as a major process that enhances competitive edge thereby improving organizational performance in the hotel.

Abdullateef, Mokhtar and Yusoff (2010) notes that CRM improves performance through its various processes of enabling firms to evaluate their efficiency levels in customer service. For hotels to plan for customer needs, they must therefore start by identifying them. CRM is an important and valued asset to hotels since satisfied customers form repeat patterns and tend to market the hotels even more than what hotel publicity department can do (Jones, Mark & Sim, 2007).

Lo, Stalcup, and Lee (2010) found customer relationship management beneficial to improving overall output through first-time customer establishments and which is vital to the attainment of long-term competitiveness. CRM increases hotel performance through long-term customer relationships which makes it possible for hotels to advance on differentiation and focus strategies more preferably (Minal & Kasim, 2009).

2.3.1.2 Competitive Positioning

Fwaya et al. (2012) studied on competitive positioning and how that affects performance of the Kenyan hotel industry. The researchers established that competitive positioning and the findings from the output is positively related to hotel performance meaning that for hotels to emerge more competitive, they must position themselves well.

Hotel's strategies are a component of competitiveness tactics and business styles employed by management in attracting and pleasing clients, growth businesses, carry out firm functions and achieve target firm objectives (Tavitiyaman *et al.*, 2011). A hotel can only achieve Strategic Competitive Advantage (SCA) when many customers prefer its services over those of the competitors (Sabah, Laith & Manar, 2012).

Allen and Helms (2006) criticized porter's work that it's based on imprecisely developed concepts and generalizations. The researchers argued that the forces are highly rigid and too general as they are not open to changes as they remain constant and new researchers can only critique but not add concepts to the framework.

2.3.1.3 Organizational Learning

According to Denison (2008), an organization can develop distinct intellectual capital through organizational learning and which is worthy imitating by other organizations in the same industry. Johnson (2008) asserts that organizational learning is important in helping firm employees gauge their position to endeavor to seek appropriate solutions (Johnson, 2008).

King (2008) postulates that organizational learning is prevalent in various forms ranging from in-house learning forms, external learning forms, full-time learning form, part-time learning for, on the job learning, refresher learning among others. The researcher notes that for organizations to prosper, they must subject their employees to continuous learning of new methods and techniques of doing the job and advance on good remuneration packages to retain them to avoid losing good minds.

Muthoka and Wario (2014)'s study on strategic management drivers and especially organizational learning on organizational performance in Kenya's tourism sector analyzed data by use of SPSS software version 17. Descriptive statistics and inferential statistics were analyzed and data was presented using charts and tables. The study's outcome reveal that the drivers of strategy influences the tourism sector's performance. There was however need that the sector should have clear strategic plans and ensure that they are appropriately implemented in a bid to improve performance further.

2.3.1.4 Information Communication Technology

Jing-Zhao and Jing (2009) recognize Information Communication Technology (ICT) as one of the key performance drivers of strategic management. Sirawit, Nazrui, and Do Ba (2011) find ICT use an being an integral component of hotel industry as it improves hotel performance in a variety of ways. Leahy (2008) establishes that ICT implementation in the industry of hotels has reduced the gap that exist between the service and purchase experience.

Oparanma, Hamilton and Seth (2009) found that ICT use leads to high firm performance through increased efficiency and effectiveness of the sector. ICT is characterized by continuous innovation in the sector, high incomes, motivated personnel and satisfied customers. Salim, Shayo, Abaho and Sheikh (2013) find quality service an important attribute to high hotel performance. However the researchers failed to recommend modern ways of integrating varied services provided by ICT and their new complex into current hotel operations.

The use of ICT helps introduce new ideas within the firm which act as the driving forces to performance in hotels (GoK, 2007). Shimplon, West, Dawson, Birdi and Patterson, 2006) state that ICT sustainability depends on the involvement of human resources in managing, creating, transferring and implementing knowledge.

Piccoli (2008) identifies ICT adoption in the hotel industry as one of the greatest developments as regards strategic management performance drivers. Tanyeri (2007) supports ICT use in hotel operations by stating that organization and environmental factors influence ICT adoption in hotels. Hotels just like other firms are forced to advance on new competitiveness sources such as ICT to survive in the dynamic environment of the 21st century (Yang & Fu, 2007).

2.3.1.5 Organizational Performance

According to Olsen (2008), organizational performance deals with overall firm productivity and encompass such factors of measurement such as customer satisfaction, profitability, market share and stock turnover. Fwaya (2006) adds that financial performance is the only worthy performance measure since it gives value to executives, shareholders and the market as well. Financial performance is termed as an indicator of firm success and ability to emerge sustainably in the long run. Firms should, therefore, seek to attain high profitability by the financial measures by operating above costs.

The techniques of measuring performance are mainly divided into qualitative and quantitative methods. This study shall use financial measures like firm profitability while non-financial measures encompass market share, service quality, employee turnover and quality of service, image of the company, employee and customer turnover as well as share in the market. (Fwaya, 2006).

Wadongo *et al.* (2010) are of the opinion that only financial measures shouldn't determine firm performance. Non-financial measures are more effective in the motivation of management performance (Galetic *et al.*, 2007). Hotel industry sector is inseparable from its products which demand different methods of measurement (Enz, 2008).

2.4 Summary of Literature and Gaps

Murasiranwa, Nield and Ball (2010) studied hotel service quality and business performance and established that hotel managers should take responsibility for lack of performance in their hotels. Kangu, Wajau, Kusimbei and Arasa (2013) asserts that companies had spent millions of dollars on CRM but the returns were not substantial. Wang and Bowie (2009) in their findings reported that the biggest threat to companies is that firms were seeking profits instead of developing their relationship with customers.

Wadongo *et al.* (2010) tested the influence of a specific management driver on hotel performance but left out the influence of other drivers of hotel performance. Kingi (2013)'s study did not cover the star –rated hotels in other areas of the Kenyan coast but it recommended a study on the implementation of best practices and therefore this study represented an important contribution to this area. Muthoka (2014) failed to identify the non- financial drivers of hotel performance.

2.5 Conceptual Framework

This is a model whereby the relationship between various variables are presented and explained. Customer relationship management driver, Competitive position driver, Organization learning driver and information communication driver are independent variables; Hotel Performance is a dependent variable of the study which is measured regarding annual Turnover.

INDEPENDENT VARIABLE

DEPENDENT VARIABLE

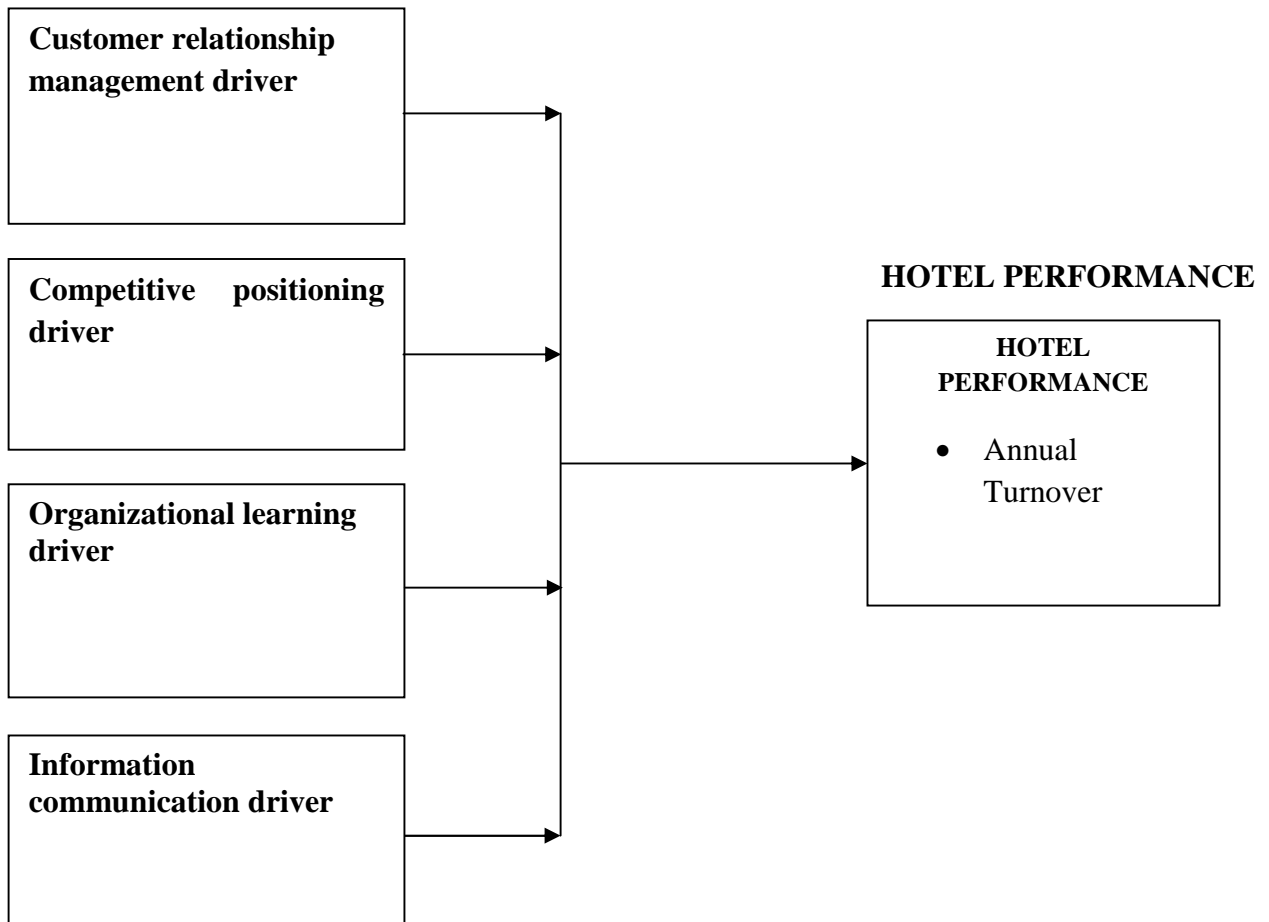


Figure 2.1: Conceptual Framework

Source: Researcher, 2017

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents ways of collecting data, data analysis and its presentation. Research design, the target population, sampled size and frame, a technique used in sampling, instrumentation, the procedure of collecting data and how the data will be presented will also be covered in this chapter.

3.2 Research Design

According to Kothari (2009) research design is explained as an order of ways in collecting and analyzing facts to compile important facts. Kothari (2009) further asserts that research designs must provide protection against bias and maximize reliability with greater concerns on the economical completion of the study.

Research design of a cross-sectional survey was employed. This design is justified for use in this study as it aims at describing or defining the subject by use of data that has been collected, tabulated according to its frequencies on research variables or the interaction of the problem, people and events (Schindlrer, 2003). The respondents for this study were the managers attached to the 5-star hotels in Nairobi County, Kenya.

Saunder (2009) defines a cross-sectional survey design as a simple and commonly used in the scientific technique to evaluate relationships, effects of treatments and comparisons between groups that are being studied by use of field data. By using the cross-sectional survey method, questions in questionnaires were posed to respondents thus facilitating investigations that answered the stated research questions.

3.3 Population of the Study

According to Mugenda and Mugenda (2003), a population is defined as the total respondents under the focus of the study and which can help the researcher achieve the intended research purpose. Population defines all the elements which are within the scope of the study and which are potentially answerable to the study. It is from the study population that the sample was drawn.

The study population consisted of 10 five-star-rated hotels in Kenya's Nairobi County. These are Sarova Stanley Hotel, Hotel Intercontinental, Sankara Nairobi, Nairobi Serena Hotel, The Boma Nairobi, Panari Hotel, Sovereign Suites, Villa Rosa Kempinski, Laico Regency and Hilton Hotel (National Tourism Strategy, 2016).

The entire management of the 10 hotels formed part of the researchers' target population. A census study was conducted to include all the 10 hotels from which there was a representation per hotel by the management staff. The senior management were targeted in this study as the researcher believed they are the ones with the most critical information pertaining strategic management drivers and performance which is the objectivity of the study.

3.4 Sampling Design

The sample size gives a description of population units from which the sample is selected (Cooper & Schindler, 2003). The study focused on all the 10 5-Star hotels in Nairobi. In each hotel, one representative from management was purposely selected to participate in the study as respondents. This yielded the size of the sample of 10 respondents as in Table 3.1 below. Purposive sampling was also done mainly to select respondents. According to Bernard (2002), purposive sampling is the choice done deliberately by the informant due to the qualities possessed by the informant.

3. 5 Validity and Reliability

3.5.1 Validity

According to Mugenda and Mugenda (2003), data validity refers to the degree to which the analysis of data results represents the phenomenon which is under study. Questionnaires were used and pre-tested among five respondents within the study area who were excluded from the actual study for the purpose of reducing potential biases. To achieve content validity the researcher sought assistance from experts; supervisor was sought in the development of the questionnaire to ensure it data collected was relevant in answering the questions under study.

3.5.2 Reliability

Reliability can be explained as the degree of precision and consistency demonstrated by a measuring instrument under same conditions (Mugenda & Mugenda,2003). The respondents involved are able to arrive at same results if they use the same instrument under same circumstances (Amin, 2005). Cronbach's alpha coefficient was used to test for reliability of the instrument. The internal consistency of items in a survey or average correlation of the same items is established by the Cronbach's alpha so as to gauge its reliability (Dawson, 2009). The readily accepted coefficient of reliability is 0.7 as proposed by Nunnly (1978).

3.6 Data Collection Instruments

Cresswell (2004) define data collection as the process involved in the acquisition of data for research purposes. Cresswell (2004) further adds that the collected data can be either from primary or secondary sources. Mugenda and Mugenda (2003) define data collection tools as the instruments used to collect data to aid a study. Questionnaires were used to collect Primary data. Munn and Drever (2004) define a questionnaire as a research tool that helps researchers in primary data collection from respondents.

Adams et al. (2007) encourages the use of questionnaires in data collection arguing from the point that questionnaires are cheaper to construct and administer and that they are convenient and aid in the timely collection of required data from respondents. Questionnaires give respondents ample time to respond to the questions and to seek clarity in questions they cannot comprehend properly before filling them. Adams et al. (2007) add that questionnaires are convenient to work with direct to the point and can produce important data covering varied disciplines.

The research questionnaires for this study was arranged into two sections. The first section comprised of questions on the respondents' backstory whereas the second section presented questions from the study objectives. Later on the method which was used to administer questionnaires was drop and pick method. Secondary data was collected from hotel websites, audited annual financial statements, and company releases.

3.7 Analysis of Data

Analysis of data entails the steps involved in organizing data to a reasonable form from which inferences can be established (Zikmund and Babin 2007). According to Cresswell (2004), the process of data processing encompasses the translation of questionnaire answers into a form easily manipulated to produce logical statistics. Data analysis involve assigning distinct data codes, entering it into relevant analysis software, editing it for completeness and monitoring the entire data processing process.

Before drawing conclusions from the analyzed data, data cleaning and coding was done on the raw data collected. Measures of central tendency were established using descriptive statistics. The median among other measures highlighted key findings and the relationship between variables was established using inferential statistics. Presentation of data was accomplished through use of graphs, pie charts and tables. The significance of each independent variable was tested. Descriptive statistics' analysis was done through the measures of central tendency such as mean. On the other hand, inferential statistics' analysis was necessitated through the use of chi-square test at 95% degrees of freedom. SPSS software version 21 for data analysis was used.

Data that had been analyzed was presented by the use of tables and charts. The following regression model guided the study:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \text{ Whereby;}$$

Y_i = Performance (Annual Turnover)

X_1 = Customer relationship management driver

X_2 = Competitive positioning driver

X_3 = Organization Learning driver

X_4 = Information communication driver

β_0 = Intercept

β_1 to β_4 = Regression Coefficient for each Independent Variable

ε = error term

Note: Hotel performance was measured over a five year period from 2012-2016. The average performance was then computed for each of the hotel performance indicators considering that the independent variable is cross-sectional.

3.8 Diagnostic Tests

The study performed several preliminary diagnostic tests in view of multiple regression analysis. The quantile-quantile plot was carried out to find out if in any case two data came from different populations that are of same distribution. A Q-Q test which is a quantiles plot of the first set of the second data set quantiles. A quantile is percentage of a given point below a given value. For example a 30 percent quantile means a point whereby 30 percent of the data falls below and 70 percent falls in that given value (Lldiko & Todeschini, 1994). A reference line at 45-degrees is plotted and at the end of the day if the two sets of data come from a given population of same distribution, then the point has to approximately fall along the line of reference. If the gap between the reference lines is big, then there is sufficient evidence for the conclusion made the sets of data came from the populations that had different distributions (Gnedenko & Chakravarty, 1999). This study used quantile-quantile plots (Q-Q plots) to test for normality owing to its usefulness in comparing two samples to see if they arise from the same distribution. In linear regression, this helped to ascertain the normality of the residuals.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, AND INTERPRETATION

4.1 Introduction

The study results as well as the interpretation and presentation of those results were presented in this chapter. With a view of documenting the results, both inferential and descriptive statistics were employed.

4.2.1 Rate of Response

The targeted population was 10 respondents but 2 declined to disclose their annual turnover hence it was not possible for the researcher to measure their performance against the independent variables thus making a rate of response of 80 percent. This rate of response rate was enough to draw conclusions for the study. Use of collected data was taken to be reliable enough as far this study was concerned since the rate of response rate was above the threshold response for the survey that involves questionnaires which is 51 percent in social sciences (Pinsonneault & Kraemer, 1993).

4.2.1 Reliability Statistics

The alpha coefficient of Cronbach was used for reliability test and results is as shown in table 4.1.

Table 4.1: Statistics of reliability

Cronbach Alpha coefficient	Cronbach Alpha as Based on given Standardized Items	Number of Items used
0.711	0.734	8

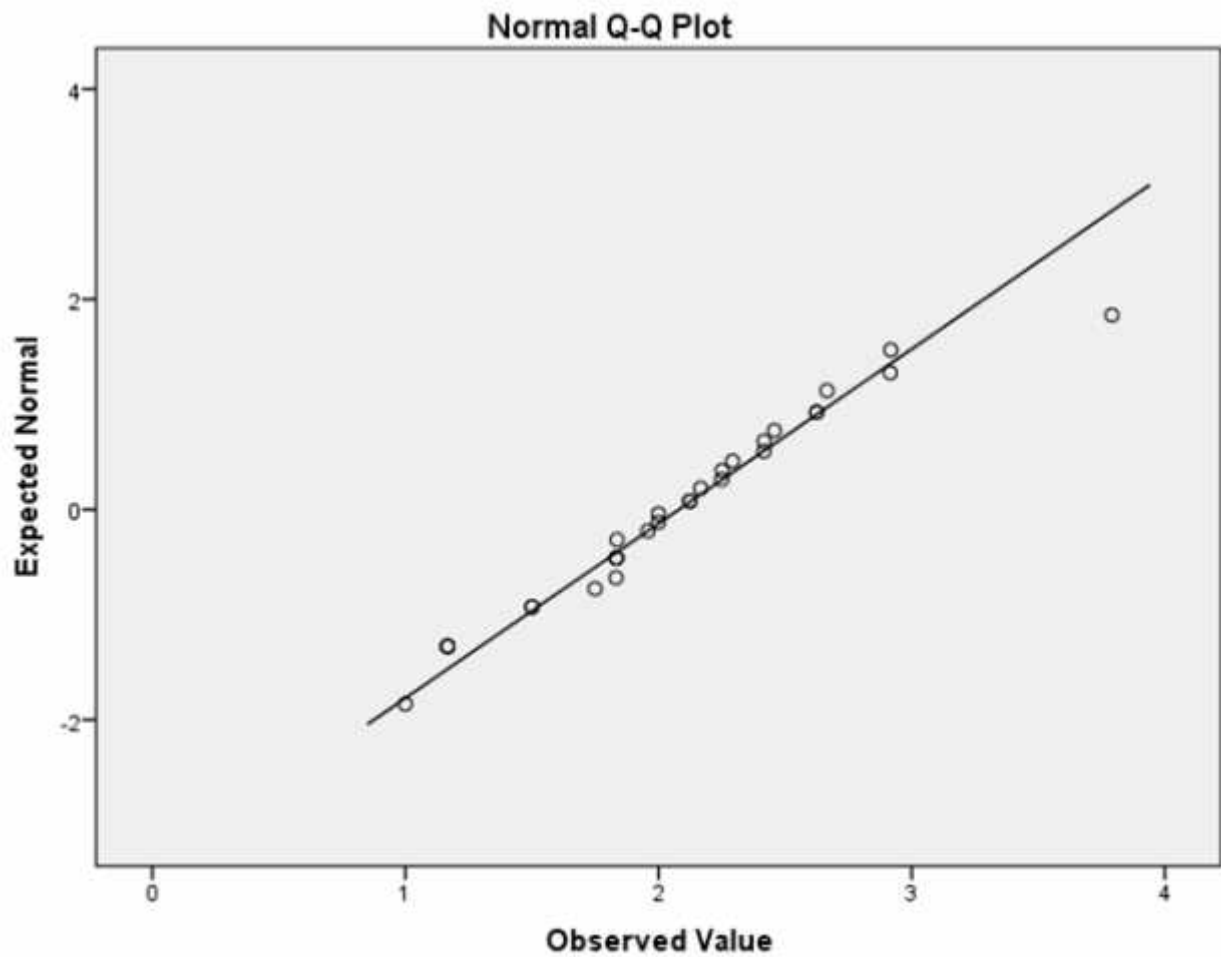
Source: Survey Data (2017)

The overall value of the alpha of Cronbach is 0.711. The conclusion made was that the research instrument was reliable since it surpassed the minimum threshold of 0.7.

4.2.2 Diagnostic Tests

Given multiple regression analysis, the study used Q-Q plot to test for Normality of the residuals. Using Q-Q plot on Figure 4.1 below the points fall along the straight 45-degree line, this indicates that the sample data quantiles follow the normal distribution quantiles. The study can therefore safely conclude that data used is normally distributed.

Figure: 4.1 Normal Q-Q Plot



4.3 General Information

4.3.1 Number of Employees

The response from the employees is as shown below:

Table 4.2: Total employees' number

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
51 – 150	2	25	25	25
151-250	2	25	25	50
251 – 350	4	50	50	100
Total	8	100	100	

Source: Survey Data (2017)

The research study sought to establish the respondent's employee distribution. From the findings above, 25% of the hotels had employees between 51-150, 25% of the hotels had employees between 150-250, 50% of the hotels had employees between 251-350.

4.3.2 The incorporation years

The years of incorporation were established so as to help in measuring the annual turn over of the hotels over a period of 5 years. From the findings the hotels were incorporated from between the year 1902 to the year 2008.

4.3.3 The challenges the Hotels are facing in embracing strategic drivers

The response from the respondents on the challenges hotels face while implementing organizational learning, information communication, competitive positioning and practices of CRM was as follows; inadequate information on how to carry out the innovation process, problem of status Quo, inadequate knowledge on the significance of CRM, current skills on technology, inadequate budget and good will in the organization.

4.4 Descriptive Statistics

This section consists of descriptive findings on variables that were employed. The mean and the standard deviation were calculated using this technique. The scores in the study used Likert-type scale. In this scale, a scale of 1 means strongly disagree, 2 means disagree, 3 means not sure, 4 means agree, and 5 means strongly agree.

4.4.1 Customer Relationship Management Driver

To find out, the relationship between customer relationship management driver and hotel performance respondents were asked their opinion on the statements below.

Table 4.3: Statement in relation to customer relationship management and hotel performance

	Count	Min	Max	Mean	Std. Dev
CRM has potentials to increase 5-star hotels' efficiency.	8	5	5	5.00	.000
"5-star Hotels have to identify needs of the customers so as to plan on their satisfaction.	8	4	5	4.63	.518

Post-election chaos and terrorist attacks have posed a threat to 5-star hotels in Nairobi.	8	3	5	4.38	.744
"With the implementation of CRM in 5-star hotels, a series of skills, functions, technologies and processes are developed that enhance the achievement of long term loyalty amongst customers in the organization leading to improvement in performance	8	4	5	4.50	.535
"The performance of 5-star hotels is improved by the management team associated with customer relationship by use of various processes since hotels' efficiency is evaluated more readily more especially in the serving of customers.	8	4	5	4.50	.535
Customer follow-ups are expensive and not recommended by 5-star hotels as they are a waste of finances.	8	1	4	2.38	1.061
One of the most valuable asset a hotel can pride on is having good customer relationships since customers who have been satisfied can return to the the hotels recommend it to others.	8	4	5	4.63	.518
Hotels that can sustain performance in the long term can also build customer loyalty as well as retention.	8	4	5	4.63	.518

Source: Survey Data (2017)

The mean value for the statements on CRM ranged from 2.38 to 5.0, indicating a strong agreement with all the statements while the standard deviation ranged from .000 to 1.061 as shown above. The result is consistent with Abdullateef, Mokhtar and Yusoff (2010), who established that the relationship between performance of hotels and CRM was positive and statistically significant.

4.4.2 Competitive positioning Driver

The relationship between competitive positioning driver and performance of hotels was investigated by asking respondents their opinion on the statements below. The response observed was as follows:

Table 4.4: Statement in relation to competitive positioning and hotel performance

	Count	Min	Max	Mean	Std. Dev
5-star hotels position themselves strategically depending on the varied needs of their customers	8	4	5	4.62	.518
Since hotels are dynamic and they are affected by diverse variables, the applying strategies of competitive positioning strategically will help in improving performance	8	4	5	4.63	.518
Hotels can out do their competitors by coming up with superior services than those of their competitors by taking advantage of their overall services and products.	8	4	5	4.50	.535
Competitive advantage can also be created by the strategies of Porters' Generic and create competitive advantage for 5-star hotels through use of other strategies such as cost-leadership and differentiation.	8	3	5	4.38	.744
Hotels can charge high prices more especially those that have adopted differentiation based on their distribution channels, costs and quality. They can also differentiate in any other area of their choice.	8	4	5	4.62	.518
Market differentiation such as promotions, branding, pricing, segmentation and advertising are used and they are practices of marketing which assist hotels to differentiate themselves.	8	4	5	4.62	.518

Source: Survey Data (2017)

The mean value for the statements on competitive positioning ranged from 4.38 to 4.62, indicating a strong agreement with all the statements while the standard deviation ranged from .518 to .744 as shown above. The result is consistent with Fwaya et al. (2012), who established a significant positive relationship existing between competitive positioning and hotel performance. The researchers established that competitive positioning and the findings from the output is positively related to hotel performance meaning that for hotels to emerge more competitive, they must position themselves well.

4.4.3 Organization Learning Driver

To establish the relationship between organization Learning driver and hotel performance respondents were asked their opinions and the response was as follows:

Table 4.5: Statement in relation to organizational learning and hotel performance

	Count	Min	Max	Mean	Std. Dev
There is a significant impact on tourism sector performance in Kenya by the drivers of organizational Learning.	8	4	5	4.50	.535
In hotels, organizational learning is taken to be a fundamental source in hotels as far as competitive advantage is concerned.	8	3	5	4.38	.744
Just like other organizations, hotels also have to encourage their respective employees to learn new skills continually and to carry out innovation activities so as to achieve their strategic goals.	8	4	5	4.63	.518
In most organizations, the key determinant of value creation is intellectual capital which if exploited well good performance in hotels can be realized.	8	4	5	4.38	.518
A unique intellectual capital can be developed through organizational learning that can be imitated by other firms.	8	4	5	4.50	.535
Since organizational learning is not easily imitated, then any form of it is very beneficial.	8	4	5	4.62	.518

Source: Survey Data (2017)

The mean value for the statements on organization learning ranged from 4.38 to 4.63, indicating a strong agreement with all the statements while the standard deviation ranged from .518 to .744 as shown above. The result is consistent with Muthoka and Wario (2014), who found out that there was a significant positive relationship existing between organizational learning and hotel performance.

4.4.4 Information communication Driver

To find out, the relationship between information communication driver and hotel performance respondents were asked their opinion on the statements below. The response observed was as follows:

Table 4.6: Statement in relation to information communication and hotel performance

	Count	Min	Max	Mean	Std. Dev
The use of information communication technology is such an integral part as far as hotels are concerned since it increases performance of hotels in many ways	8	4	5	4.88	.354
ICT implementation has been used in the industry of hospitality to eliminate the gap that exist between service and purchase experience	8	4	5	4.75	.463
Services of high technology have become a requirement for sophisticated hotel guests and demanding	8	4	5	4.63	.518
The use of ICT influences performance of employees positively since the only way innovations are spearheaded is through the use human capital.	8	4	5	4.50	.535
ICT can be maintained in the hotel industry by ensuring that human resources are involved in the management, creation, transfer and implementation of knowledge	8	3	5	4.63	.744
Among the key issues that influence use of ICT in hotel industry is the Firm and location of related factors.	8	4	5	4.62	.518

Source: Survey Data (2017)

The mean value for the statements on organization learning ranged from 4.50 to 4.88, indicating a strong agreement with all the statements while the standard deviation ranged from .354 to .744 as shown above. The result is consistent with Oparanma, Hamilton and Seth (2009), who found out that there was a significant positive relationship existing between organizational learning and hotel performance.

4.5 Regression Analysis

The analysis of multiple linear regression was used to examine the effect of customer relationship management driver, competitive position driver, organization learning driver and information communication driver on the performance of 5-star hotels in Nairobi.

4.5.1 Test of hypotheses

The study was carried out and was based on the assumption that strategic management drivers influence hotel performance. As a result of this, null hypotheses were constructed to guide the study as highlighted in the conceptual framework. To establish the statistical significance of the respective hypothesis, simple analysis of regression analysis was employed to carry out testing of the the hypotheses as presented in the discussions below statistically. At a confidence level of 95 percent, the hypothesis was tested.

4.5.2 Effect of the driver of customer relationship management on performance of 5-star hotel

To assess this effect, the null hypothesis; H_0 was set. It was found out that a relationship between the driver of customer relationship management and the performance of 5-Star hotels in Nairobi does not exist.

Table 4.8: Regression and Model Summary Results of CRM against Hotel performance.

Goodness of fit analysis

The Model	R value	R Squared	Adjusted R Squared	Estimate's std error
	.852 (a)	0.726	0.681	1.872

a. Predictors: (Constant), Customer Relationships management

Overall significance ANOVA(F-Test)

Model used	Squares' sum	Freedom degree	Mean Square	F- test	Significance
Regression	55.764	1	55.764	15.92	.007 ^b
Residual	21.02	4	3.503		
Total	76.784	5			

Predictors: (Constant), Customer Relationship Management Driver

Dependent Variable: The Hotel performance

Individual significance (T-test)

Model	Non standardized Coefficients		Standardized	t	Sig.
	B	Standard. Error	Beta		
Constant	3.308	4.634		2.11	0.08
Customer Relationship	.580*	1.249	0.852	3.4	0.01

a. Dependent Variable: Hotel Performance

Source: Survey Data (2017)

Significance level=0.05

The regression results reveal a linear relationship that is positive and significant between customer relations management and organizational performance ($\beta = .852$, $p\text{-value} = 0.007$).

The criteria was that the null hypothesis had to be rejected if $t > 0$ and if a $p\text{-value} < 0.05$ otherwise better fail to reject the null hypothesis if $p\text{-value} > 0.05$. The above results reveal that $p\text{-value} = 0.007$, and therefore a rejection in the null hypothesis since $t > 0$ and $p\text{-value} < 0.05$ and conclude that customer relationship management driver significantly affected hotel performance.

The regression results also show that CRM had more than moderate explanatory power on hotel performance in that it accounted for 85.2 percent of its variability ($R\text{square} = 0.852$).

4.5.3 Effect of competitive positioning driver on performance of 5-star hotel

To assess the influence of competitive positioning on performance of 5-star hotel, the study had set the following null hypothesis; H_0 . There never exist a relationship between competitive positioning driver 5-Star hotels' performance in Nairobi.

Table 4.9: Regression and Model Summary Results of competitive positioning against Hotel performance.

Goodness of fit analysis

Model	R value	R Squared	Adjusted R Squared	Estimate's std error
	.808 (a)	0.653	0.595	2.109

a. Predictors: (Constant), Competitive positioning

General significance ANOVA (F-Test)

Model	Squares' Sum	Degree of freedom	Mean Square	F	Sig.
Regression	50.104	1	50.104	11.268	.015 ^b
Residual	26.68	4	4.447		
Total	76.784	5			

Predictors: (Constant), Competitive positioning Driver

Dependent Variable: The Hotel performance

Individual significance (T-test)

Model	Non standardized Coefficients B	Standardized Coefficients Beta	t	Sig.
Constant	5.599		1.31	0.238
Competitive positioning	.3724*	0.808	3.357	0.015

a. Dependent Variable: Hotel Performance

Source: Survey Data (2017)

significance level=0.05

The regression results reveal a relationship that is positive and significant between customer relations management and organizational performance ($r = .808$, $p\text{-value} = 0.015$). The criteria was that there should be a rejection of the null hypothesis if $r \neq 0$ and a $p\text{-value} < 0.05$. If that is not the case then fail to reject. From the results, $p\text{-value} = 0.015$, therefore the null hypothesis had to be rejected because $r \neq 0$ and $p\text{-value} < 0.05$ and conclude that customer relationship management driver significantly affected hotel performance.

The regression results also show that Competitive positioning had strong explanatory power on hotel performance in that it accounted for 80.8 percent of its variability ($R\text{square} = 0.808$).

4.5.4 Effect of organizational learning driver on performance of 5-star hotel.

To assess the influence of organization learning on performance of 5-star hotel, the null hypothesis; H_0 was set. No relationship existed between organization learning driver and the 5-Star hotels' performance in Nairobi.

Table 4.10: Regression and Model Summary Results of Organization Learning against Hotel performance

Goodness of fit analysis

Model	R	R Squared	Adjusted R Squared	Estimate's std error
	.722 (a)	0.521	0.442	2.475

a. Predictors: (Constant), Learning driver

General significance ANOVA (F-Test)

Model	Squares' Sum	Degree of freedom	Mean Square	F	Sig.
Regression	40.030	1	40.030	6.535	.043 ^b
Residual	36.754	4	6.126		
Total	76.784	5			

Predictors: (Constant), Learning Driver

Dependent Variable: The Hotel performance

Individual significance (T-test)

Model	Non standardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
Constant	5.375	17.197		2.057	0.085
Learning	.459*	3.7	0.722	2.556	0.043

a. Dependent Variable: Hotel Performance

Source: Survey Data (2017)

significance level=0.05

The regression results reveal a linear relationship that is positive and significant between customer relations management and organizational performance ($\beta = .722$, $p\text{-value} = 0.043$). The criteria used was that the null hypothesis should be rejected if $\beta \neq 0$ and if $p\text{-value} < 0.05$. In any other case it will not be rejected. The results show that the $p\text{-value} = 0.043$. The null hypothesis is therefore rejected because $\beta \neq 0$ and $p\text{-value} < 0.05$ and the conclusion is made that customer relationship management driver significantly affected hotel performance. The regression results also show that learning had strong explanatory power on hotel performance in that it accounted for 72.2 percent of its variability ($R^2 = 0.722$).

4.5.4 Effect of Information Communication driver on performance of 5-star hotel

To assess the influence of organization learning on performance of 5-star hotel, the study had set the following null hypothesis; H_0 : There is no relationship between information communication driver and the performance of 5-Star hotels in Nairobi.

Table 4.11: Regression and Model Summary Results of Information communication against Hotel performance.

Goodness of fit analysis

Model	R	R Squared	Adjusted R Squared	Estimate's std error
	.926 (a)	.858	.834	1.348

General significance ANOVA (F-Test)

Model	Squares' Sum	Degree of freedom	Mean Square	F test	Significance
Regression	65.886	1	65.886	36.273	.001 ^b
Residual	10.898	4	1.816		
Total	76.784	5			

Predictors: (Constant), Information communication Driver

Dependent Variable: The Hotel performance

Individual significance (T-test)

Model	Non standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	3.492	7.481		7.151	0.000
Information communication	.46.5*	1.572	.926	6.023	0.001

a. Dependent Variable: Hotel Performance

Source: Survey Data (2017)

significance level=0.05

From the Table 4.5, the regression results reveal statistically significant positive linear relationship between customer relations management and organizational performance ($\beta = .926$, p-value = 0.001). The hypothesis criteria was that the null hypothesis H_0 should be rejected if $\beta > 0$ and p-value < 0.05 otherwise fail to reject H_0 if the p-value > 0.05 . From the above regression results, p-value= 0.001 < 0.05 , the study therefore rejects the null hypothesis since $\beta > 0$ and p-value < 0.05 and conclude that customer relationship management driver significantly affected hotel performance.

The regression results also shows that information communication had strong explanatory power on hotel performance in that it accounted for 92.6 percent of its variability (Rsquare = 0.926).

Table 4.12: Regression and Model Summary Results of strategic drivers against Hotel performance

Goodness of fit analysis

Model	R	R Squared	Adjusted R Squared	Estimate's std error
	.983 (a)	.966	.920	0.934

a. Predictors: (Constant), Competitive Positioning Driver , Information Communication Driver, Organizational Learning Driver, Customer Relationship Management driver.

Dependent Variable: The Hotel performance

Overall significance ANOVA(F-Test)

Model	Squares' sum	Degree of freedom	Mean Square	F	Sig.
Regression	74.168	1	18.542	21.262	.015 ^b
Residual	2.616	4	0.872		
Total	76.784	5			

a. Predictors: (Constant), Competitive Positioning Driver , Information Communication Driver , Organizational Learning Driver , Customer Relationship Management driver

Dependent Variable: The Hotel performance

Individual significance (T-test)

Model	Non standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
Constant	0.302	0.1426		2.16	0.12
CRM	.710*	1.776	0.695	4	0.03
1 Positioning	.580*	1.489	0.099	0.39	0.01
Learning	.137*	2.184	0.104	0.63	0
Communication	.189*	0.806	0.411	2.35	0

Dependent Variable: Hotel Performance

Source: Survey Data (2017)

significance level=0.05

$$Y_1 = 0.302 + 0.710X_1 + 0.580X_3 + 0.137X_4 + 0.189X_5$$

From the Table 4.5, the regression results reveal linear relationship that is positive and significant between customer relations management and organizational performance ($R^2 = 0.966$, $p\text{-value} = 0.015$). The criteria was that the null hypothesis was to be rejected if $F > F_{0.05}$ and $p\text{-value} < 0.05$. In any other case it will not be rejected. The results show that $p\text{-value} = 0.001$. The null hypothesis is therefore rejected and conclusion made that customer relationship management driver significantly affected hotel performance. The regression results also shows that strategic drivers had strong explanatory power on hotel performance in that it accounted for 96.6 percent of its variability ($R^2 = 0.966$).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives the summary as well as description of study's results. The chapter further draws conclusions from the findings as well as making concrete recommendations to various stakeholders and gives suggestions for further studies whose basis is the specific objectives of this study.

5.2 Findings Summary

The study's general objective was assess the impact of strategic management drivers on 5-star hotels' performance in Nairobi. Specific objectives were to establish customer relationship management drivers, competitive positioning, organization learning and communication information on performance of 5-star hotels in Nairobi. The study found out that CRM driver was statistically significant in influencing performance of performance of 5-star hotels in Nairobi. The study also found out that CRM significantly and positively affected hotel performance with 72.6 percent of the hotel performance ($R^2=0.726$)being explained by CRM. Customer relationship management has potentials to increase 5-star hotels' efficiency. When its implemented in a 5-star hotel, a series of skills, processes, functions as well as technologies are developed so as to help the organization achieve long-term loyalty of customers leading to improvement in performance. Hotels that sustain performance in the long run also build customer loyalty as well as retention.

The study found out that Competitive positioning driver was statistically significant in influencing performance of performance of 5-star hotels in Nairobi. The study found out that Competitive positioning significantly and positively affected hotel performance with 65.3 percent of the hotel performance ($R^2=0.653$) being explained by competitive positioning. The study further established that given the fact that hotels are such dynamic in nature and they are affected by various variables, then applying strategic competitive positioning strategies will be of great help in sustainance of exemplary performance. Hotels therefore take advantage of the overall products and services they produce so as to offer superior services than their competitors. The study also found that Hotels that employ differentiation strategy can at last charge prices which are high based on their distribution channels, quality, costs, or any other area that can lead to distinctive competence.

The study found out that organization learning driver was statistically significant in influencing performance of performance of 5-star hotels in Nairobi. The study found out that organization learning significantly and positively affected hotel performance with 52.1 percent of the hotel performance ($R^2=0.521$) being explained by competitive positioning. The study further established that Organizational Learning drivers have a significant impact on Tourism sector performance in Kenya. It was also proved that Intellectual capital is a key determinant of value creation for organizations which if well exploited can enhance performance of hotels. Employees therefore need to be encouraged to learn new skills continually and innovations so as to achieve strategic goals. The study also noted that any form of organizational learning would be quite beneficial to hotels because they are not easily imitable.

The study found out that communication information driver was statistically significant in influencing performance of performance of 5-star hotels in Nairobi. The study found out that organization learning significantly and positively affected hotel performance with 85.8 percent of the hotel performance ($R^2=0.858$) being explained by competitive positioning. The study found out that well employment of information communication technology is such important in hotels since it enhances performance in many ways. Employment of ICT impacts employee performance positively since what spearheads innovations is human capital. ICT can be maintained in hotel industry by using human resources in the management, creation, transfer and implementation of knowledge.

5.3 Conclusion

The study concludes that customer relationship management affects performance of the 5-star hotel in Nairobi to a great extent. Also, 5-star Hotels must find out needs of the customers so as to come up with a plan of satisfying them to enhance efficiency. Therefore with the implementation of CRM in 5-star hotels, a series of skills, processes, functions as well as technologies are developed to enable organizations achieve customer loyalty in the long term thus performance improvement.

Moreover, the study concludes that Competitive positioning affect of performance of the 5-star hotels in Nairobi. Hotels are dynamic in nature and are affected by various variables leading to application of strategies of strategic competitive positioning that helps in the maintainance of exemplary performance. The study concludes that Hotels that use differentiation strategy charges high prices having been based on their cots, quality and distribution channels. The study also concludes that organizational learning was found to significantly and positively affect performance of the 5-star hotel hence through continous learning in the organization, a firm develops intellectual capital that is very unique that cannot be imitated by other firms. Finally, the study concludes that ICT was found to significantly and positively affect performance of the 5-star hotel. Hence the use of information communication technology is very useful as far as performance in hotels is concerned.

5.4 Recommendation

From the study's findings as well as conclusions, the recommendations made are that there is a great need for Kenyan coast hotels to employ strategic management drivers in their areas of operation so as to improve performance. Strategic management drivers have been established from this study that they have a great impact on improving organizational performance.

5.5 Areas for Further Study

Finally, the study relied on self-reported data mainly from only one industry perspective alone and used a single industry setting. Further research could seek to address this limitation by use of multiple industries setting to conduct their studies, and this would enhance the validity and generalization of the outcome. Even though some setbacks have been mentioned in this study, the findings are useful for managerial and theoretical considerations. The study will assist intellectuals and be a reference for future studies and practitioner undertakings on strategic management drivers and organizational performance.

REFERENCES

- Adams, J., Hafiz, T.A. Khan, R.R. & David, W. (2007). *Research Methods for Graduate Business and Social Science Students*. California: Sage.
- Allen, R.S., & Helms, M. M. (2006). Linking Strategic Practices and Organizational Performance to Porter's generic Strategies. *Business Process Management*, 12(4), 433-454.
- Akama, J.S. (2007). Tourism development in Kenya: Problems and policy alternatives. *Progress Tourism and Hospitality Research* 3(2), 95- 105
- Akan, O., Allen, S., Helms, M. & Spralls III, A. (2006). Critical tactics for implementing Porter's generic Strategies. *The Journal of Business Strategy*, 27(1), 43-53
- Awino, Z. (2011). An empirical investigation of selected strategy variables on firm's performance: A survey of supply chain management in large private manufacturing firms in Kenya. *Journal of Public Administration and Policy research*, 3(8), 228-236.
- Back, K. (2005). The effects of image congruence on customers brand loyalty in the upper middle-class hotel industry. *Journal of Hospitality & Tourism Research*, 29(4), 448-467.
- Creswell, J.W. (2004). *Research Design: Qualitative and Quantitative Approaches*. Thousand Oaks, CA.: Sage Publications.
- Fwaya, O., Odhuno, E., Kambona, O. & Odhuon, O. (2012). Relationships between drivers and results of performance in the Kenyan Hotel Industry. *Journal of Hospitality Management and Tourism*, 3(3), 46-54.
- Government of Kenya (2012). *Statistical Abstract*. Nairobi: Government printer.

- Hair, J., Black, W., Babin, B., Anderson, R. & Tatham, R. (2006). *Multivariate Data Analysis(6thed.)* New Jersey: Pearson Education International.
- Han, X., Kwortnik, R. & Wang, C. (2008). Service Loyalty: An integrative model and examination across service contexts. *Journal of Service Research*, 11(1), 22-42.
- Iravo, M., Ongori, J. & Munene, C. (2013). Factors affecting the performance of hotels and restaurants in Kenya. A case of Kisii County. *Interdisciplinary Journal of Contemporary Research in Business*, 4(12), 897-928.
- Kamau, F. (2008). Strategic Planning Practices Adopted by Tour and Travel firms in Kenya. *Unpublished MBA Thesis*. Nairobi. University of Nairobi.
- Kihara, P., Bwisa, H. & Kihoro, J. (2016). Strategic direction as an antecedent between strategy Implementation and performance of small and medium manufacturing firms in thika sub-county, Kenya. *Asian Journal of Humanities and Social Studies*, 4 (3). p. 2321 – 2799
- Kingi, W. (2013). Effect of Human Resource Development on the Performance of Tourist Class Hotels in Malindi District, Kenya. *Unpublished PhD. Thesis*. Nairobi. Jomo Kenyatta University of Agriculture and Technology.
- Kothari, C. (2012). *Research Methodology Methods and Techniques*. New Delhi: Age International Publishers.
- Lo, Y. (2012). Back to Hotel Strategic Management 101: An examination of hotels, implementation of Porter's generic strategy in China. *The Journal of International Management Studies* 7(1), 56-69.
- Munn, P. & Drever, E. (2004). *Using Questionnaires in Small-scale Research: A Beginner's Guide*. The SCRE Centre Publishers

- Mutindi, U. J., Namusonge, G.S., & Obwogi, J. (2015). Effects of strategic management drivers on the performance of hotel industry in Kenyan Coast. *European Centre for Research Training and Development*. 2 (1), pp. 63-92
- Muthoka, M.N. (2014). Effects of strategic management drivers on organizational performance in the tourism sector in Kenya. *The strategic journal of Business, Management and Change*. 2 (40), pp 761-774
- Namusonge, G.S., Kabare, K. & Mutua, S. (2012). Role of Human Resource Management Practices on performance of financial cooperatives based in Nairobi County, *Kenya. International Journal of Humanities and Social Science*, 2(22), 289-297.
- Ngechu. M. (2004), *Understanding the research process and methods. An introduction to research methods*. Acts Press, Nairobi.
- Nyariki, R.N. (2013). Strategic management practices as a Competitive tool in enhancing performance of Small and medium enterprises in Kenya.
- Odhuon, L., Kambona, O., Othuno, E. & Wadongo, B. (2010). Key performance indicators in the Kenyan hospitality industry. A Managerial perspective. *Benchmarking, An International Journal*, 17 (6), 858-875.
- Porter, M.E. (2004). Building the Microeconomic Foundations of Prosperity: Findings from the business competitiveness index. In Sala-i-Martin, X. (ed.). *The Global Competitiveness Report 2003 – 2004*. Oxford University Press. New York.
- Porter, M.E. (2009). *Global Business. South-Western Cengage Learning*.

- Satirenjit, J., Alistair, B. & Martin, B. (2012). A Study on the use of mixed method approach via sequential procedure to investigate corporate governance in corporate entrepreneurship among the 100 UK Financial Times stock exchange companies. *African Journal of Business Management*, 6(21), 6369-6377.
- Tsuma, S. & Yabs, J. (2014). Global sourcing practices in five star hotels in Nairobi County, Kenya. *Unpublished MBA Projecs*. Nairobi. University of Nairobi
- Wadongo, B., Odhuno, E. & Kambona, O. (2010). Managerial roles and choice of performance measures in the Kenyan Five- Star hotels using a cross-sectional correlation design, *Managing Leisure*, 15(11), 17-31.
- Watiki, C. & Churchil, M.K. (2014). Service quality and customer satisfaction in hotels in Nairobi, Kenya. *Unpublished MBA Projecs*. Nairobi. University of Nairobi
- Zikmund, W. & Babin, J. (2007). *Exploring Marketing Research*(9th ed.): Thompson-SouthWestern.

APPENDICES

Appendix I: Introductory Letter to Respondents

Dear Respondent,

I am a Master student pursuing Business Administration (strategic management option) at the University of Naitrobi. As part of my course requirements, currently I am carrying out study on the topic, “Strategic Management Drivers And The Performance Of Five Star Hotels In Nairobi County, Kenya”.

For the success of my study, I am obligated to collect data from your hotel and through you as the chosen respondent. True and honest opinions will contribute majorly to the high validity and reliability of my study results and whose benefits will range from scholars, academicians, hotels, scholars, academicians and other policy makers who might be relevant to this topical study.

Kindly note that as part of the study’s ethical considerations, the information you provide will be confidentially treated and that it will only serve the purpose of this research.

May you need a copy of the final results, conclusions and recommendations don’t hesitate to keep in touch or provide your email address for the same. Thank you so much for accepting to participate in this research by answering the questions without bias.

Yours Sincerely,

Josephine Mwangi.

Appendix II: Research Questionnaire

Kindly fill the questionnaire as appropriately as possible using a tick (✓). The information you will provide will be treated with utmost confidentiality and will be used for research purposes only.

Section A: Background Information

1. Organizational Information

i. Total number of Employees in the hotel

- Less than 50
- 51 – 150
- 151-250
- 251 – 350
- Over 350

ii. Approximate Annual Turnover in Kenya Shillings overall for the hotel

- Below 1 million
- 1 – 100 million
- 101 – 300 million
- 301 – 500 million
- 501 – 700 million
- 701 – 999 million
- Over 1 billion

2. Which year was your hotel incorporated?

.....

3. What type of strategic change management drivers does your hotel employ?

.....
.....

4. In your own opinion, does the post-election chaos and terrorism attacks influence hotel performance? Take reference to your hotel

.....
.....

Section B: Customer Relationship Management

Part I: Customer Relationship Management Driver

Please indicate how much you agree or disagree with each of the following statements on a scale of 1 to 5. The scale is indicated as follows; 5 - Strongly Agree (SA); 4 – Agree (A); 3 – Neutral (N); 2 – Disagree (D); and 1 - Strongly Disagree (SD).

S/No	STATEMENT	SA	A	N	D	SD
1	CRM has potentials to increase 5-star hotels' efficiency.					
2	"5-star Hotels have to identify needs of the customers so as to plan on their satisfaction.					
3	Post-election chaos and terrorist attacks have posed a threat to 5-star hotels in Nairobi.					
4	"With the implementation of CRM in 5-star hotels, a series of skills, functions, technologies and processes are developed that enhance the achievement of long term loyalty amongst customers in the organization leading to improvement in performance					
5	"The performance of 5-star hotels is improved by the management team associated with customer relationship by use of various processes since hotels' efficiency is evaluated more readily more especially in the serving of customers.					
6	Customer follow-ups are expensive and not recommended by 5-star hotels as they are a waste of finances.					
7	One of the most valuable asset a hotel can pride on is having good customer relationships since customers who have been satisfied can return to the the hotels recommend it to others.					
8	Hotels that can sustain performance in the long term					

can also build customer loyalty as well as retention.					
-------------------------------------------------------	--	--	--	--	--

What barriers, if any, does your hotel face in embracing proper customer relationship management drivers? Briefly explain.

.....

Part II: Competitive Positioning Driver

Please indicate how much you agree or disagree with each of the following statements on a scale of 1 to 5. The scale is indicated as follows;

5 - Strongly Agree (SA); 4 – Agree (A); 3 – Neutral (N); 2 – Disagree (D); and 1 - Strongly Disagree (SD).

S/No	STATEMENT	SA	A	N	D	SD
1	5-star hotels position themselves strategically depending on the varied needs of their customers					
2	Since hotels are dynamic and they are affected by diverse variables, the applying strategies of competitive positioning strategically will help in improving performance					
3	Hotels can out do their competitors by coming up with superior services than those of their competitors by taking advantage of their overall services and products.					
4	Competitive advantage can also be created by the strategies of Porters’ Generic and create competitive advantage for 5-star hotels through use of other strategies such as cost-leadership and differentiation.					
5	Hotels can charge high prices more especially those that have adopted differentiation based on their distribution channels, costs and quality. They can also differentiate in any other area of their choice.					

6	Market differentiation such as promotions, branding, pricing, segmentation and advertising are used and they are practices of marketing which assist hotels to differentiate themselves.					
---	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--	--	--

What barriers, if any, does your hotel face in embracing competitive positioning drivers? Briefly explain.

.....

Part III: Organizational Learning Driver

Please indicate how much you agree or disagree with each of the following statements on a scale of 1 to 5. The scale is indicated as follows; 5 - Strongly Agree (SA); 4 – Agree (A); 3 – Neutral (N); 2 – Disagree (D); and 1 - Strongly Disagree (SD).

S/No	STATEMENT	SA	A	N	D	SD
1	5-star hotels position themselves strategically depending on the varied needs of their customers					
2	Since hotels are dynamic and they are affected by diverse variables, the applying strategies of competitive positioning strategically will help in improving performance					
3	Hotels can out do their competitors by coming up with superior services than those of their competitors by taking advantage of their overall services and products.					
4	Competitive advantage can also be created by the strategies of Porters’ Generic and create competitive advantage for 5-star hotels through use of other strategies such as cost-leadership and differentiation.					
5	Hotels can charge high prices more especially those that have adopted differentiation based on their distribution channels, cots and quality. They can also differentiate in any other area of their choice.					
6	Market differentiation such as promotions, branding,					

pricing, segmentation and advertising are used and they are practices of marketing which assist hotels to differentiate themselves.					
-------------------------------------------------------------------------------------------------------------------------------------	--	--	--	--	--

What barriers, if any, does your hotel face in embracing organizational learning drivers? Briefly explain.

.....

Part IV: Information Communication Driver

Please indicate how much you agree or disagree with each of the following statements on a scale of 1 to 5. The scale is indicated as follows;

5 - Strongly Agree (SA); 4 – Agree (A); 3 – Neutral (N); 2 – Disagree (D); and 1 - Strongly Disagree (SD).

S/No	STATEMENT	SA	A	N	D	SD
1	The use of information communication technology is such an integral part as far as hotels are concerned since it increases performance of hotels in many ways					
2	ICT implementation has been used in the industry of hospitality to eliminate the gap that exist between service and purchase experience					
3	Services of high technology have become a requirement for sophisticated hotel guests and demanding					
4	The use of ICT influences performance of employees positively since the only way innovations are spearheaded is through the use human capital.					
5	ICT can be maintained in the hotel industry by ensuring that human resources are involved in the management, creation, transfer and implementation of knowledge					

6	Among the key issues that influence use of ICT in hotel industry is the Firm and location of related factors.					
---	---------------------------------------------------------------------------------------------------------------	--	--	--	--	--

What barriers, if any, does your hotel face in embracing information communication technology drivers? Briefly explain.

.....

Thank you very much for sparing time within your busy schedule to complete this questionnaire and for your unwavering support and contribution to this particular study

Appendix III: 5-Star Hotels in Nairobi

1. Sarova Stanley Hotel
2. Hotel Intercontinental
3. Nairobi Serena Hotel
4. The Boma Nairobi
5. Panari Hotel
6. Sovereign Suites
7. Villa Rosa Kempinski
8. Sankara Nairobi
9. Laico Regency
10. Hilton Hotel